



# **SCALING IMPACT** IN A **FRAGMENTED WORLD**

### ← Cover photo

Tagaddod, a Ventures Program investee, is a tech-enabled waste management company focused on collecting and aggregating used cooking oil (UCO) for conversion into biofuels. Founded in Egypt in 2013, Tagaddod has grown into a regional leader with operations in Egypt, Jordan, Saudi Arabia, and also Rotterdam, the Netherlands. They import some of the oil through the Rotterdam harbor, and also recently opened a regional hub in the Netherlands with on-site storage. FMO made a re-investment this year to prevent dilution.



# PIONEER DEVELOP SCALE

## 1 OUR VISION

We believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries.

## 5 TO FULFILL OUR MISSION AND LIVE UP TO OUR PURPOSE

### MISSION

We enable entrepreneurs to increase inclusive and sustainable prosperity.

### PURPOSE

We create development impact by being additional in financing the private sector in low- and middle-income countries.

## 4 OUR STRATEGY

### PIONEER

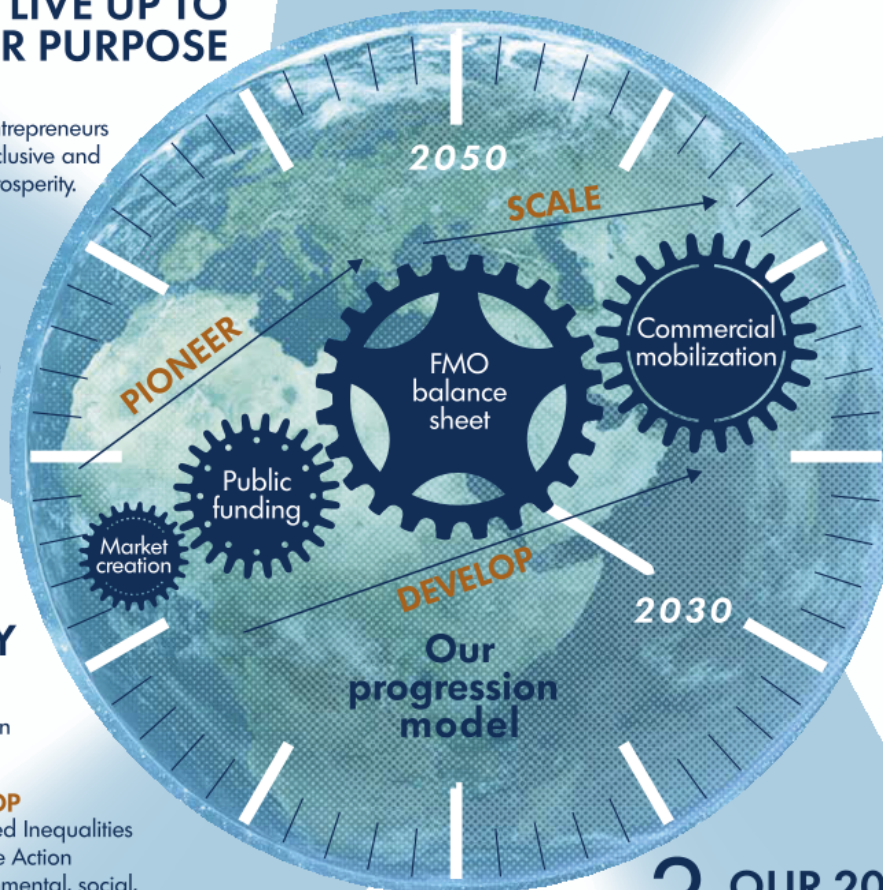
- Market creation
- Innovation

### DEVELOP

- Reduced Inequalities
- Climate Action
- Environmental, social, governance management

### SCALE

- Mobilization
- Efficiency



## 2 THE CHALLENGES

- Inequality on the rise
- Behind on the Paris goals
- Lack of bankable opportunities
- More stringent regulations
- Customers require speed and simplicity
- Increased stakeholder expectations

## 3 OUR 2030 AMBITIONS

To maximize our impact on 3 SDGs

...across 3 sectors

...with



Agribusiness, Food & Forestry

10 meaningful innovations



Energy

10 bln € invested in SDG 10



Financial Institutions

10 bln € invested in SDG 13

### SDG 8

- Grow jobs supported
- Increase decency and quality of jobs

### SDG 10

- Improve economic inclusion for the B40
- Increase gender lens investments
- Invest more in LDCs / fragile states

### SDG 13

- 'Net zero' portfolio by 2050 through just and inclusive transition
- Support customer alignment with Paris goals and customer resilience
- More investments in mitigation, adaptation, resilience, biodiversity

# ABOUT THIS REPORT

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This integrated annual report covers activities that took place in or had an effect on the reporting year. The report covers the period from January 1, 2025 to December 31, 2025 and was published on March 24, 2026 on FMO's website. The Annual General Meeting of Shareholders (AGM) is scheduled to be held on April 22, 2026.

This copy of the annual financial reporting of FMO for the year ended December 31, 2025 is not presented in the Standard Business Reporting (SBR) format in accordance with The Decree on electronic filing Business Register applicable for financial years starting on or after January 1, 2025. The SBR reporting package is available on FMO's website.

## Presentation of information

We strive to report transparently on our strategy, the way we implement it to create value for our stakeholders and the dilemmas we face along the way. The report provides a comprehensive overview of our financial and sustainability performance.

This annual report of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), as adopted by the European Union, and with Title 9 of Book 2 of the Dutch Civil Code. In addition, the Sustainability statement is prepared on a consolidated basis with Commission Delegated Regulation (EU) 2023/2772 comprising the European Sustainability Reporting Standards (ESRS). Furthermore, we applied the Partnership for Carbon Accounting Financials (PCAF) Standard to report on financed GHG emissions.

The management report in accordance with Part 9 of Book 2 of the Dutch Civil Code consists of the chapters 'At a glance', 'Report of the Management Board', 'Risk management' and the 'Sustainability Statement'.

## Sustainability-related matters

The double materiality assessment is a formal process that aids FMO in identifying and assessing our impacts on the economy, environment, and people, and determining the organization's material sustainability-related matters. The result of the assessment helps us decide what information to disclose in our annual report. The assessment further serves as input for our stakeholder dialogues and strategic plans. A detailed description of the approach and results are provided in the 'Sustainability statement'.

## External assurance and audit

We have engaged PricewaterhouseCoopers Accountants N.V. to audit the consolidated and company financial statements and to provide limited assurance on the 'Sustainability statement'. The scope, procedures, findings and conclusions from this engagement are summarized in the 'Independent auditor's report' and 'Limited assurance report of the independent auditor on the sustainability statement'.



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# AT A GLANCE

## FMO is the Dutch entrepreneurial development bank

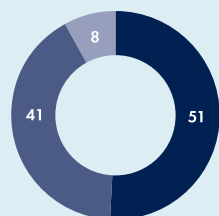
FMO is the Dutch entrepreneurial development bank. As a leading impact investor, FMO supports sustainable private sector growth in emerging markets and developing economies by investing in ambitious projects and entrepreneurs.

For more than 50 years we have been enabling entrepreneurs to make local economies more inclusive, productive, resilient and sustainable. We create development impact by being additional in financing the private sector in low- and middle-income countries, focusing on (1) Agribusiness, Food and Forestry, (2) Energy, and (3) Financial Institutions.

FMO has its head office in The Hague (the Netherlands) and local offices in Johannesburg (South Africa), Nairobi (Kenya), and San José (Costa Rica).

## Organization and ratings

Ownership structure %



- Dutch State
- Dutch banks
- Employers' associates, trade unions and individual investors

Ratings

**AAA**

Fitch ratings

**AAA**

Standard&Poor's

**4<sup>th</sup>**

/1011 banks  
Sustainalytics relative performance  
(1st=lowest risk)

**Prime**

ISS ESG rating

Employees

**911**

Total number of employees

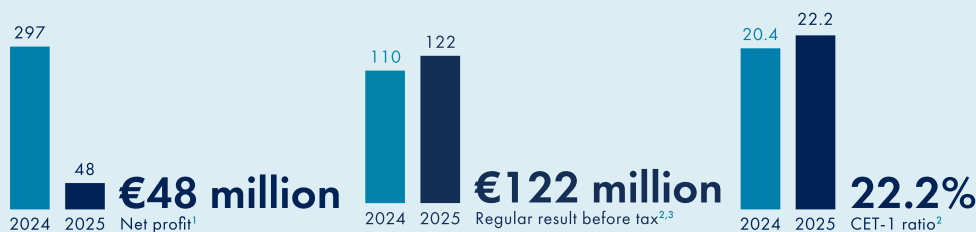
**78**

Number of nationalities

**45%**

women in senior and middle management

## Financial performance



1. The drop in net profit follows mainly from depreciation of multiple currencies against EURO. Regular result improved.

2. This is an alternative performance measure (APM) that is not included in the financial statements. Further details on APMs are provided in the chapter

"Alternative performance measures".

3. Regular result before tax is calculated as regular income minus operating expenses. Regular income consists of net interest and fee income, dividend income, and remuneration for services rendered.

# 2025 Performance

## Investing in inclusive and sustainable prosperity<sup>1</sup>

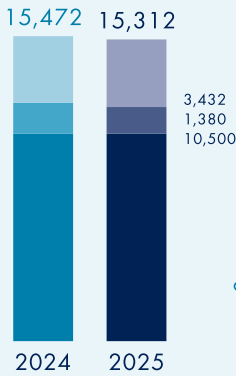


### Decent Work and Economic Growth

#### Total committed portfolio<sup>2, 3</sup>

44% of our total committed portfolio aims to contribute to reduced inequalities and 40% to climate action.

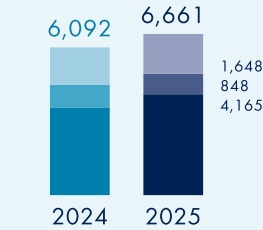
- Direct mobilized funds
- Public funds
- FMO's balance sheet



€15,312 million  
Total committed portfolio



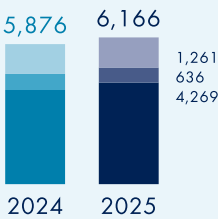
### Reduced Inequalities



€6,661 million  
RI-labelled  
total committed portfolio



### Climate Action

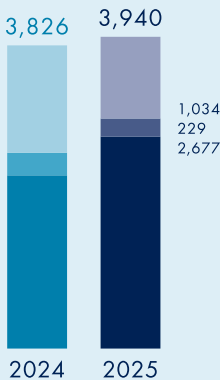


€6,166 million  
Green-labelled  
total committed portfolio

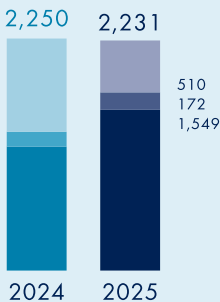
#### Total new investments<sup>2, 3</sup>

57% of the total new investment volume aims to contribute to reduced inequalities and 45% to climate action.

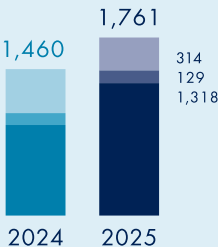
- Direct mobilized funds
- Public funds
- FMO's balance sheet



€3,940 million  
Total new investments



€2,231 million  
RI-labelled  
total new investments

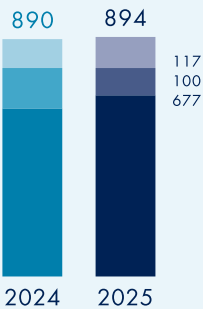


€1,761 million  
Green-labelled  
total new investments

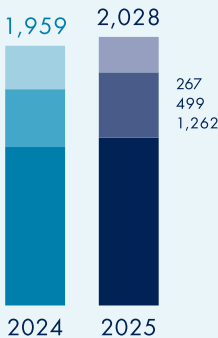
#### Other key indicators<sup>4</sup>

Our portfolio resulted in an estimated 894 thousand jobs supported and 2,028 ktCO<sub>2</sub>e financed avoided GHG emissions.

- Direct mobilized funds
- Public funds
- FMO's balance sheet



894 thousand  
Jobs supported



2,028 ktCO<sub>2</sub>e  
Total financed avoided  
greenhouse gas emissions

1. In addition to investments made on its own balance sheet, FMO also facilitates investments made through public funds and direct mobilized funds. The credit risk is for the providers of this capital.  
2. This is an alternative performance measure (APM) that is not included in the financial statements. Further details on APMs are provided in the chapter "Alternative performance measures".  
3. Certain investments carry both the Reducing Inequalities and Green labels, reflecting their contribution to each portfolio.  
4. 2024 GHG figure restated. The restatement results from an error identified for one customer that exceeded the 5% significance threshold under FMO's recalculation approach".





The background of the entire page is a photograph of a large pile of cardboard boxes and a green bag. The image is heavily blurred and has a dark blue overlay. The green bag on the left side has some text visible, including "Bea", "% Hum", and "ur Bea".

# 01

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# REPORT OF THE MANAGEMENT BOARD



# LETTER FROM THE MANAGEMENT BOARD .....

## Scaling impact in a fragmented world

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 FMO's customers made steady progress and their perseverance enabled FMO to continue supporting inclusive and sustainable prosperity across its markets.

FMO has also welcomed the close ties of some of our customers to Dutch economic interests. Our cocoa clients are a good example: their work is directly connected to the Netherlands' central role in the global cocoa trade as the world's largest importer of cocoa. At a time when cocoa prices remain high, investing in cocoa-farmers doesn't only enable these farmers to become more climate-resilient and protect their livelihood, it also helps to create a more stable supply to Dutch industry and consumers. It is an ecosystem we are proud to support.

Thanks to our partnerships and the strength our customers have shown, we achieved a record year for new investments, reaching €3.9 billion in commitments, surpassing last year's result (2024: €3.8 billion), and contributing strongly to our Strategy 2030 ambitions. It is also a clear reflection of the trust our partners place in FMO, and of our shared commitment to delivering impact, especially at a time when sustainable finance is more critical than ever.

## Financial results

Turning to our financials, FMO reports a net profit of €48 million at year-end, a sharp contrast to the half-year net loss of €90 million. For context, 2024 closed with a net profit of €297 million. This volatility, both within and between years, is primarily driven by the fluctuating euro/US dollar exchange rate. A significant share of our portfolio is denominated in US dollar while we report in euro. Therefore, currency movements can have a substantial impact on our net profit. In 2024, the change in the euro/US dollar exchange rate added more than €100 million to our net profit, whereas in 2025 it reduced our net profit by ~€180 million. Specifically, our equity investment results showed a gain (2025: €112 million vs 2024: €61 million), however, FX result from equity investments resulted in a loss (2025: - €210 million vs 2024: €116 million). We deliberately do not hedge the currency risk for our equity investments, as a weaker dollar also results in a decline of the amount of risk FMO has to report (risk-weighted assets), which in turn supports stability of our capital ratios. This volatility does make us focus mostly on our regular result - from interest income, fees, and dividend payments, minus costs - as the key indicator for managing our operational performance. In 2025, our regular result (€122 million) ended above the level of 2024 (€110 million). At the same time, we experienced only limited cost growth, demonstrating continued cost discipline. This led to an improved cost-to-regular-income ratio compared to 2024 (61 percent in 2025, 63 percent in 2024). It is noteworthy that a large part of our revenues are US dollar denominated, while our expenses are primarily euro denominated, making the improvement in the regular result even more significant. We also maintained a robust Common Equity Tier 1 (CET-1) ratio of 22.2 percent (2024: 20.4 percent). Preserving healthy levels for both ratios remains essential to maximizing our impact and ensuring long-term financial health. To ensure the growth of our expenses does not exceed the growth of our regular income in the years ahead, we will continue to prioritize cost-consciousness and operational efficiency.

Overall, while reported net profit shows a decline due to FX effects, the regular result demonstrates stable underlying performance, supported by higher income and cost discipline.

## Impact results

Above all, FMO's mission is to enable entrepreneurs to increase inclusive and sustainable prosperity. With our investments we aim to support specifically SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequality) and SDG 13 (Climate Action). In 2025, our total committed portfolio supported an estimated 894 thousand jobs, while our climate-focused investments helped avoid 2,028 ktCo2e greenhouse gas (GHG) emissions.

Our Total Committed Portfolio (TCP) in dollars shows the growth of our overall portfolio: \$17.9 billion in 2025 against \$16.1 billion in 2024. Reported in euro it stays close to last year's portfolio: €15.3 billion in 2025 (FMO-A, our own balance sheet: €10.5 billion, public funds: €1.4 billion, mobilized: €3.4 billion), compared to €15.5 billion in 2024 (€10.5 billion, €1.6 billion and €3.4 billion respectively). Strong new investment activity contributed significantly to this result. New investments were financed through FMO's own balance sheet (€2.7 billion), €229 million from public funds, and €1.0 billion in direct mobilized funds (2024: €2.2 billion, €285 million, and €1.4 billion respectively).

To steer our portfolio on impact, we label investments that contribute to Reduced Inequalities (SDG 10) and Climate Action (SDG 13). Our overall RI-labeled total committed portfolio amounted to €6.7 billion (2024: €6.1 billion), achieving €2.2 billion in RI-labeled new investments in 2025 (2024: €2.3 billion). Also showing growth, our Green-labeled total committed portfolio amounted to €6.2 billion (2024: €5.9 billion), including Green-labeled new investments of €1.8 billion (2024: €1.5 billion).

## Sector highlights

To achieve our impact, we support entrepreneurs in three sectors: (1) Agribusiness, Food & Forestry, (2) Energy, and (3) Financial Institutions, allowing us to combine climate action with socio-economic goals. Some of the highlights per sector over 2025 are as follows:

**Agribusiness, Food & Forestry:** Demonstrating the convening power of FMO, the AFF department brought together leaders from 40 prominent agribusiness companies across Africa, Eurasia, and beyond at the newly launched Cairo Agribusiness Roundtable, co-organized with Rabobank. Discussing climate smart growth, innovative financing, and leadership evolution, the roundtable has laid a foundation for deeper collaboration and shared innovation across the agribusiness sector in emerging economies.

**Energy:** The Ilute solar project in Zambia underscores how FMO's financial leadership and sector expertise can mobilize a blended finance package enabling one of Africa's first project-financed renewable energy plants operating under a market-based offtake structure. The project strengthens Zambia's energy resilience amid drought-related shortages, while offering a scalable model for private renewable energy investment across the region.

**Financial Institutions:** Contributing to FMO's goal to increase investments in Least Developed Countries (LDCs), we supported financial institutions in LDCs with six direct investments, complemented by additional investments towards LDCs through predominantly Africa-focused funds. By utilizing long-term financing, local currency solutions, and capacity development, we help our customers expand access to underserved MSMEs, women entrepreneurs, rural communities, and the bottom 40 percent of income earners.

Next to these highlights, other 2025 milestones are our bi-annual Future of Finance conference held in September in Rotterdam, bringing together over 500 financial leaders from more than 60 countries. We also launched FMO's new Market Creation Platform to help local organizations overcome systemic barriers in their markets, scale their efforts, and unlock more bankable opportunities. The Platform will implement 4 market creation programs through €70 million in funding. An event was held during the Future of Finance conference to mark this significant achievement, convening donors, philanthropies, DFIs, investors, and local actors, further strengthening our partnerships with Dutch as well as European parties.

We also updated our Independent Complaints Mechanism (ICM) policy, after concluding the public consultation in November. We thank all stakeholders who contributed their time and insights during this process. In June, FMO, our German counterpart DEG, and the communities affected by the Barro Blanco hydro project together reached an agreement, closing the 2014 ICM complaint submitted by the M10 movement and the Cacica General of the Comarca Ngäbe-Buglé.



## Regulatory requirements and FMO's role as gatekeeper

This annual report is the second report in which we present our sustainability information under the EU Corporate Sustainability Reporting Directive (CSRD). In 2025, the European Commission adopted targeted amendments to the existing ESRS, clarifying technical requirements and simplifying specific disclosures. FMO has incorporated these changes into its reporting and is closely monitoring further adjustments to anticipate and adapt to any changes that may affect our reporting obligations. Since 2024, FMO set up a bank-wide project for the timely and compliant implementation of the Basel IV standards (CRR3/CRD6 amendments), which required changes in FMO's internal policies, systems, and processes.

We emphasize the importance of our role as a gatekeeper for the financial system and have, over the past years, invested in further enhancing our risk management framework in relation to financial economic crime. During 2025, DNB reviewed the current state of the framework and concluded that the FMO framework is in line with regulatory requirements.

In August 2023 we reported that, as a result of late notifications of unusual transactions to the Dutch Financial Intelligence Unit (FIU-NL) in 2021 and 2022, the Dutch Central Bank (DNB) decided on enforcement measures. FMO is appealing these administrative measures.

In 2025, FMO continued to strengthen its foundations in data management and cyber security. The outsourcing of our data center enhanced efficiency, scalability, and cyber resilience, while our digitalization program delivered further improvements in the efficiency of our investment process. We also introduced resilience testing supported by rigorous third-party oversight and showed material compliance with the European Digital Operational Resilience Act (DORA). In addition, we advanced the responsible deployment of AI enabled tools, safeguarded by strong data protection measures, to boost productivity and streamline key workflows across the organization.

## Changes in Management Board and Supervisory Board

Fatoumata Bouaré was close to ending her second and final term in the Management Board as Chief Finance & Operations Officer (CFOO) and continued her career at the European Bank for Reconstruction and Development (EBRD). In addition, Peter Maila transitioned to Zvilo, a supply chain finance company headquartered in London, leaving a vacancy for the role of Co-Chief Investment Officer (Co-CIO). Our other Co-CIO Huib-Jan de Ruijter assumed his responsibilities, while CEO Michael Jongeneel took on the role of CFOO a.i..

Successors have now been identified for both positions. Drawing on FMO's own talent, our Director Financial Institutions Juan Jose Dada will take on the role of Co-Chief Investment Officer alongside Huib-Jan, starting May 1st. Idil Kural will join our team as the new Chief Finance & Operations Officer, also starting May 1st. With over 25 years of financial leadership experience in the Netherlands and in Türkiye, Idil joins FMO from ING, where she most recently served as CFO for Wholesale Banking EMEA. Both appointments strengthen the diversity of expertise and backgrounds within our Management Board. We look forward to working together in the years ahead.

During the Annual General Meeting of shareholders on 23 April 2025, Rob Becker was appointed chair of FMO's Supervisory Board, taking over from Dirk Jan van den Berg, who stepped down from the Supervisory Board after concluding his second and final term. At the upcoming AGM in April, we will also say goodbye to Koos Timmermans, chair of the Audit and Risk Committee, who served on the Supervisory Board for 8.5 years. We thank Koos for his valuable contributions to FMO over the past years. We will miss his collegial and constructive approach, as well as his remarkable ability to simplify complex issues. His successor will be introduced to the AGM also this April.

## Looking ahead

The impact of an increasingly volatile geopolitical environment – amplified by the escalating conflict in the Middle East and its consequences outside the region – combined with high fluctuations in FX-rates, and the influence of AI, are reshaping the environment in which FMO operates. Against that backdrop, 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 strongly calls for clarity of purpose and continued, steady commitment. We will stay focused on maximizing our impact, strengthening our partnerships, and supporting markets and customers to navigate uncertainty. As always, our ability to do so depends on the dedication and professionalism of our colleagues across FMO. We want to express our sincere appreciation for their hard work and steadfast commitment to our mission: thank you for everything you have done, and continue to do, to make our impact possible.

**Franca Vossen**, Chief Risk Officer

**Huib-Jan de Ruijter**, Co-Chief Investment Officer

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



**Franca Vossen**



**Huib-Jan de Ruijter**



**Michael Jongeneel**

# EXTERNAL ENVIRONMENT

A series of global and regional trends continued to shape our markets and strategic decision-making in 2025. Geopolitical fragmentation, economic uncertainty, climate disruption, and technological acceleration placed sustained pressure on the international system. For FMO, this dynamic environment presented a complex mix of challenges and opportunities.

At the same time, this landscape also gave rise to targeted forms of cooperation and innovation, particularly where shared challenges demanded collective solutions. From climate and transition finance partnerships to digital inclusion initiatives, collaboration emerged as a critical response to volatility. Within this environment, FMO's customers demonstrated exceptional resilience, adapting to shifting market conditions and sustainability expectations.

True to its mission, FMO maintained its course to increase impactful investments in developing markets, enabling entrepreneurs to drive inclusive and sustainable prosperity. This chapter provides a high-level overview of the external environment in which FMO operated in 2025 and outlines the key global trends influencing stability, economic growth and sustainable development. Further details on our performance in this context are described in the chapter 'Performance against our strategy'.

## Global trends affecting our markets

### Persistent geopolitical tensions and instability

Geopolitical tensions remained elevated throughout 2025, resulting in significant loss of life and widespread human suffering, particularly among civilians displaced from their homes or caught in the crossfire.

Among the many conflicts, developments in the Middle East continued to draw significant international attention. A short, armed confrontation between Israel and Iran in June, with involvement of the United States, raised concerns about broader regional instability beyond the Israel-Gaza conflict. In October, a ceasefire agreement between Israel and Hamas led to a pause in hostilities, after which Houthi groups halted attacks on Israel and vessels in the Red Sea. Nevertheless, conditions across the region remained fragile.

Meanwhile in Europe, the war in Ukraine continued for a fourth year, with efforts to resolve the conflict remaining unsuccessful. The situation continued to be a key geopolitical factor shaping global alliances.

Tensions increased across Asia. Fighting erupted between India and Pakistan in May, following a major terrorist attack in Indian-controlled Kashmir, though a ceasefire was reached after three days. A long-standing border dispute between Thailand and Cambodia flared into an open conflict in July, displacing thousands of people. Although a peace agreement was signed in October, tensions and sporadic violence persisted. Meanwhile, the civil war and humanitarian crisis in Myanmar continued, with ethnic minorities and militias battling the military junta across the country. Tensions between China and Taiwan remained high, although no major escalation occurred.

In Africa, instability persisted in several countries. The conflict in Sudan continued, triggering a humanitarian crisis with over 10 million people internally displaced and tens of millions facing acute hunger. Parts of the Horn of Africa and the Sahel remained affected by insecurity and the presence of armed groups. In the Great Lakes region, ongoing tensions in eastern Democratic Republic of Congo (DRC) and friction between the DRC and Rwanda heightened regional risks. Disputes over shared resources, including between Egypt and Ethiopia, also continued. These dynamics have heightened regional uncertainty.

The developments described above underscore persistent geopolitical risks affecting economic stability and investment conditions. In light of these dynamics, we launched a pilot to improve our conflict sensitivity and contextual risk awareness when investing in fragile contexts. We continue to monitor global developments closely, to ensure sound risk management and support our customers, within our mandate, in navigating these complex environments.

## Resilience amid global headwinds

The global economy faced headwinds from rising protectionism, including new trade measures in several major economies. These developments disrupted supply chains, especially in the first half of the year. Trade flows slowed as markets expected a major economic downturn,<sup>1</sup> yet the deceleration proved less severe than anticipated, with global GDP growth estimated to contract slightly from 3.3 percent in 2024 to 3.2 percent in 2025.<sup>2</sup>

Despite elevated uncertainty, we saw clear signs of resilience in the markets we serve. Inflation eased in many economies, allowing central banks to adopt more accommodative monetary policies. Employment and consumer spending remained robust across several key regions, supporting growth. Continued advancements in technological innovation offered new avenues for investment and development, particularly in renewable energy.

Looking at regional trends, Asia remained the fastest growing region globally, driven by India's 6.6 percent growth and China's 4.8 percent growth for 2025. Latin America experienced a more modest 2.4 percent growth, supported by recovering trade and commodity prices. Sub-Saharan Africa's growth remained at 4.1 percent.<sup>3</sup>

## Easing conditions in global financial markets

After a rapid tightening cycle, major central banks began cautiously easing policy rates as inflation pressures moderated, contributing to gradual improvement of global liquidity conditions.

Shifts in global financial and commodity markets influenced investment trends throughout 2025. Financial conditions improved significantly from the spring onward, supported by stronger investor confidence, rising stock markets, and recent policy rate cuts by the U.S. Federal Reserve. The resulting depreciation of the U.S. dollar against major currencies and decline in long-term interest rates improved financing conditions for emerging markets, facilitating a rebound in foreign-currency bond issuance.

## Technological changes and the impact of Artificial Intelligence

Across the Agribusiness, Food & Forestry, Energy, and Financial Institutions sectors, demand for financing is increasingly shaped by customers' efforts to adopt AI and digital technologies. In agribusiness, financing needs are rising as larger companies, SMEs, and smallholders seek capital and advisory support to strengthen data capabilities and adopt productivity-enhancing tools, though uptake varies between digitally connected farms and underserved producers. In the energy sector, developers and innovators are driving strong demand for core financing as renewable projects scale and as companies invest in digital infrastructure, AI-enabled performance improvements, and advisory services linked to grid and data readiness. Financial institutions are similarly expanding their demand for capital and advisory support as banks and fintechs scale AI-enabled channels, enhance regulatory alignment, and strengthen cybersecurity. Across all three sectors, traditional debt-financed clients tend to focus on incremental digital upgrades, while equity-backed innovators are generating faster-growing demand for more advanced, AI-linked financial solutions.

<sup>1</sup> World Bank Group, December 2025. *Economic growth in 2025 has defied the gloomy expectations.*

<sup>2</sup> World Economic Outlook, October 2025. *Global Economy in Flux, Prospects Remain Dim.*

<sup>3</sup> Ibid.



## Election results exerting pressure on sustainable development financing

While 2025 saw fewer national elections than the previous year, electoral outcomes in several advanced economies led to policy shifts with implications for global markets and development cooperation. Foreign aid budgets in a number of countries came under pressure, driven in part by increased defense spending, a stronger emphasis on domestic priorities, and slower economic growth.<sup>4</sup>

In the Netherlands, the general election held in October 2025 resulted in a fragmented parliament and coalition negotiations.<sup>5</sup> The subsequent coalition agreement reaffirmed the Netherlands' commitment to international cooperation, including additional allocations for Official Development Assistance (ODA) and strengthened support for Dutch diplomatic representation abroad.

In the United States, a presidential order freezing nearly all foreign aid in January signaled the start of a major shutdown of the U.S. Agency for International Development (USAID), ending decades of American foreign aid and development programming. Over 80 percent of USAID programs were terminated, with the remaining functions transferred to the State Department.<sup>6</sup>

Globally, the financing gap for achieving the Sustainable Development Goals (SDGs) has widened to over US\$4 trillion annually.<sup>7</sup> This shortfall is particularly concerning given that only about one-third of SDG indicators are on track to be met by 2030, while 18 percent of the targets are regressing, including those targeting poverty reduction and equality. In 2025, more than 800 million people were estimated to be trapped in extreme poverty.<sup>8</sup> Urgent action is therefore needed to reverse this trend. However global funding from ODA declined by 7.1 percent in 2024, the first decline in six years and the most recent year for which final data are available. Furthermore, only four donor countries met the United Nations target of allocating 0.7 percent of gross national income to development assistance.<sup>9</sup>

## Intersecting challenges needing urgent attention

As climate risks continued to intensify in 2025, record heatwaves, floods, droughts, and wildfires underscored the growing vulnerability of societies and economies. Least-developed countries (LDCs) are disproportionately affected by extreme weather events and often lack the resources to adequately adapt and recover at pace, magnifying existing vulnerabilities. These developments also affect the operating environment of FMO's customers and are reflected in FMO's assessment and management of climate-related and environmental financial risks (see the section 'Climate-related and environmental financial risk' in the Risk Management chapter).

As evidence increasingly points to ecosystems nearing critical climate tipping points, with shifts in ocean current and accelerating sea ice decline becoming more pronounced, the cost of inaction is mounting, reflected in rising economic losses, deepening social inequalities, and escalating environmental damage. Ambitious and effective mitigation efforts, particularly in the most vulnerable regions, are crucial for safeguarding long-term resilience.<sup>10</sup> Yet, financing remains inadequate, with the Organisation for Economic Co-operation and Development (OECD) warning that the global response to climate change falls short of what is needed. Closing the ambition and delivery gaps will require stronger policies, accelerated implementation, and robust, legally binding measures.

These intersecting pressures of poverty and inequality, which are exacerbated by a dynamic mix of climate change, shifting political agendas, and increasing regional instabilities, underscore the urgent need for renewed global cooperation and innovative financing to keep the promise of sustainable development alive.

4 OECD, June 2025, Policy Brief. *Cuts in official development assistance: OECD projections for 2025 and the near term.*

5 NOS, November 2025. *Kiesraad stelt uitslag verkiezingen vast. D66 grootste met 29.668 stemmen meer dan PVV.*

6 European Parliament, March 2025. *Cuts in US development assistance.*

7 AidData, 2026. *Sustainable Development Goals Data and Insights.*

8 UN, 2025. *The Sustainable Development Goals Report 2025.*

9 OECD, June 2025. *Policy Brief. Cuts in official development assistance: OECD projections for 2025 and the near term.*

10 OECD, November 2024. *The Climate Action Monitor 2025.*

FMO continues to respond to these challenges by intensifying efforts to mobilize private investment. Our blended finance approach aims to help narrow the financing gap and ensure that critical investments move forward despite shrinking public budgets. This directs capital to where it is needed most to support resilience and sustainable development.

## Expanding regulations that impact FMO

Financial institutions are required to responsibly manage the impact of their operations and value chains on the environment and local communities. Regulators and supervisors are continuously updating standards and setting new ones for companies to adhere to. In this section, we highlight the most important changes and updates to some of the regulations that (are most likely to) impact FMO.

### Basel IV

The new EU legislative package on the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6) implementing the Basel IV standards within the EU was published on June 19, 2024. CRR3 has been applied to FMO since January 1, 2025, and its implementation follows a phase-in approach. The CRD6 takes effect following its transposition into national law during 2026. The market risk framework (Fundamental Review of the Trading Book, or FRTB) under the new legislative package is expected to come into force on January 1, 2027 or later, depending on the progress of the international implementation of this framework. In addition to the implementation of the Basel IV standards, the legislative package introduced new rules requiring banks to systematically identify, disclose, and manage sustainability risks (ESG risks), and stronger enforcement tools for the supervision of EU banks.

Since 2024, FMO has set up a bank-wide project for the timely and compliant implementation of the CRR3/CRD6 amendments, which required changes in FMO's internal policies, systems, and processes. The project is currently on track, enabling FMO to implement and comply with the required changes in line with the regulatory timelines. Full implementation of the CRD6 will follow the finalization, transposition into national law, and publication of supporting regulatory and implementing technical standards and guidelines.

The package contains several items that have been impacting FMO's capital since January 2025 and were already considered in the 2025 Internal Capital Adequacy Assessment process. Regarding credit risk, the main capital impact is expected to come from phasing in the treatment of equity exposures to a 250 percent risk weight instead of the current 150 percent. Regarding market risk, FMO will be subject to the new alternative standardized approach for market risk (A-SA), when the new FRTB framework is applicable. The methodology is significantly more sensitive to movements in currency composition and its results are therefore more volatile.

### ESG financial risks

The CRR3 and CRD6 package introduces significant amendments in relation to environmental, social, and governance (ESG) risks positioning them as key drivers of traditional financial risks. ESG risks are now recognized as external factors impacting existing risk categories, and financial institutions, including FMO, are required to systematically identify, disclose, and manage ESG risks as part of their risk management frameworks. This includes regular climate stress testing and the integration of ESG considerations into capital requirements, with adjusted risk weights for assets exposed to high levels of climate risk. In addition to this, in January 2025, the European Banking Authority (EBA) published its final 'Guidelines on the management of ESG risks' and 'Guidelines on scenario analysis' with application starting in 2026 and 2027 accordingly.

Also, FMO is required to disclose ESG risks annually as part of its Pillar 3 disclosures. However, amidst the ongoing revision of several sustainable finance regulations under the European Commission's Omnibus proposal, the EBA issued a no-action letter advising competent authorities not to prioritize supervisory or enforcement actions on certain ESG disclosure templates while the regulatory framework is under review. This action, endorsed by De Nederlandsche Bank (DNB), provides temporary relief from enforcement for Dutch credit institutions, pending the adoption of amendments to the EBA disclosure technical standards (ITS).

Building on the European Central Bank's (ECB) 2020 guidance for the prudent management of climate-related and environmental (C&E) risks, and the above mentioned EBA guidelines on ESG risk

management that we consider as the natural successor of the ECB guidance, FMO continues to align its internal processes, disclosures, business strategy, and risk management practices with ECB, EBA, and DNB expectations. For further details, refer to the chapters 'Risk management' and 'Sustainability statement'.

## EU Taxonomy

In 2020, the European Commission introduced the EU Taxonomy to classify sustainable activities for financial and non-financial companies, supporting the Net Zero 2050 goal and broader environmental objectives. The Taxonomy establishes six climate and environmental objectives. Since 2023, banks must report alignment with the first two (climate change mitigation and climate change adaptation) and eligibility on all six.

In 2025, the European Commission adopted Omnibus amendments to simplify EU Taxonomy reporting: companies may omit the Taxonomy assessment of activities representing less than 10 percent of turnover, capital expenditure (CapEx) or operational expenditure (OpEx), provided such activities are explained as immaterial with appropriate contextual information. Reporting templates have been streamlined, and financial institutions with no eligible or aligned activities may defer detailed reporting until 2028, subject to the inclusion of a management statement. These amendments completed the scrutiny process on January 5, 2026, and Commission Delegated Regulation (EU) 2026/73 amending the EU Taxonomy Disclosures entered into force on January 28, 2026.

Furthermore, Omnibus proposals remain under negotiation, including raising thresholds for mandatory reporting, making sector-specific reporting voluntary, and limiting value chain data requests. FMO benefits from reduced data collection for non-material exposures as well as the option to opt out of Taxonomy reporting, and, hence, closely monitors ongoing legislative changes that may affect future compliance. See the 'EU Taxonomy' section for more on FMO's impacts and regulatory developments.

## Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Commission in 2023 but has not yet been transposed into Dutch law. The CSRD revises and extends the requirements of the EU Non-Financial Reporting Directive (NFRD). As a large public interest entity, FMO was in scope of the NFRD and is therefore among the first group of companies required to implement the CSRD. Companies subject to the CSRD must report according to the European Sustainability Reporting Standards (ESRS).

In 2025, several significant Omnibus developments have shaped the CSRD landscape:

- The Stop the Clock Directive postpones certain CSRD reporting deadlines for smaller companies during the transition to a new framework subject to the Omnibus proposal. As FMO does not qualify for this exemption as a first wave company required to implement the CSRD, it remains subject to the original CSRD reporting schedule.
- The European Commission has adopted targeted 'quick fix' amendments to the ESRS, clarifying technical requirements and simplifying specific disclosures. FMO has incorporated these changes into its 2025 reporting.
- A new legislative proposal to further adjust and streamline CSRD requirements is currently under negotiation between the European Parliament, Council, and Commission. Key topics include raising reporting thresholds and refining the scope of required disclosures. FMO is closely monitoring these negotiations to anticipate and adapt to any changes that may affect its reporting obligations.
- Work is ongoing to develop a simplified set of ESRS, aimed at reducing complexity and administrative burden, especially for smaller entities. FMO will assess any relevant changes and adjust its reporting approach as needed.

FMO continues to adhere to the CSRD and ESRS requirements, proactively implementing adopted changes and monitoring ongoing legislative developments. This is the second year that FMO is publishing a report in accordance with the ESRS. For further details on FMO's approach and the evolving regulatory context, see the 'Sustainability statement' section of this report.

## The Digital Operational Resilience Act

The Digital Operational Resilience Act (DORA) is a European regulation designed to create a standardized and comprehensive framework for digital operational resilience across the EU financial sector. This regulation provides a unified set of rules for the use of ICT systems by financial institutions, emphasizing governance and board responsibilities, ICT risk management, security and business continuity, resilience testing, and third-party risk management. DORA, along with its underlying applicable rules, came into effect on January 17, 2025.

FMO has made substantial progress in implementing DORA. As of July 2025, the DORA project implementation was marked as 'completed,' with the remaining action items integrated into 'Business as Usual' (BAU). FMO aims to have the latest items implemented by the end of Q1 2026. FMO Investment Management B.V has updated its policy framework and organizational handbook. Intra-group arrangements with FMO are expected to be completed in Q1 2026.



# PIONEER DEVELOP SCALE

## 1 OUR VISION

We believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries.

## 5 TO FULFILL OUR MISSION AND LIVE UP TO OUR PURPOSE

### MISSION

We enable entrepreneurs to increase inclusive and sustainable prosperity.

### PURPOSE

We create development impact by being additional in financing the private sector in low- and middle-income countries.

## 4 OUR STRATEGY

### PIONEER

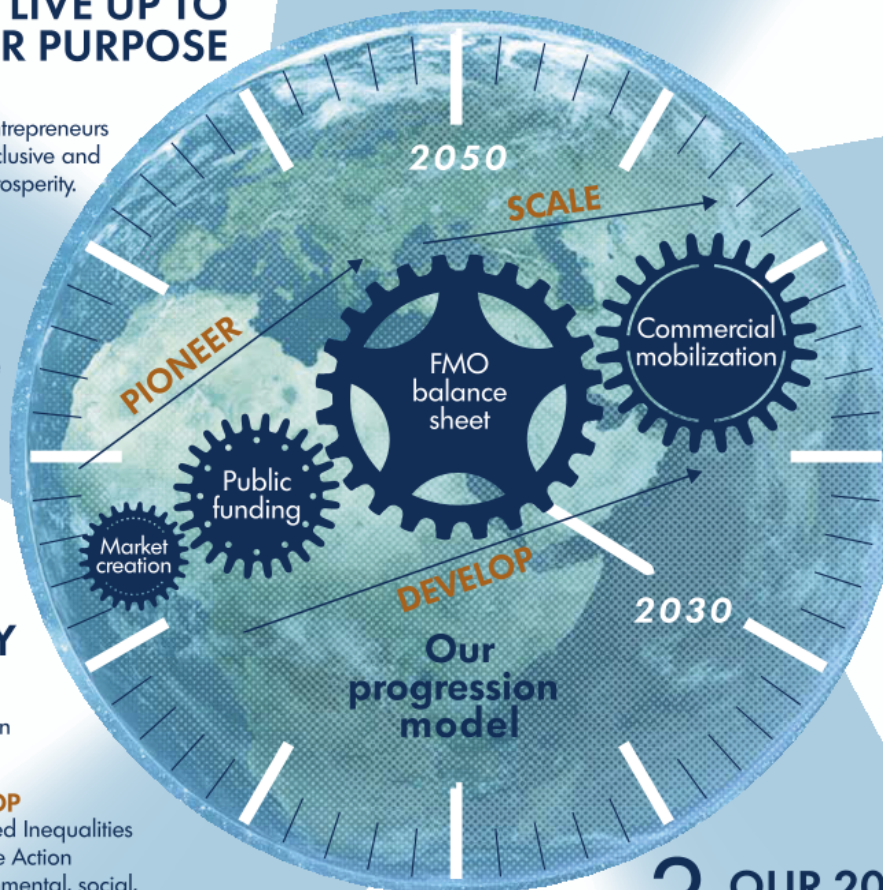
- Market creation
- Innovation

### DEVELOP

- Reduced Inequalities
- Climate Action
- Environmental, social, governance management

### SCALE

- Mobilization
- Efficiency



## 2 THE CHALLENGES

- Inequality on the rise
- Behind on the Paris goals
- Lack of bankable opportunities
- More stringent regulations
- Customers require speed and simplicity
- Increased stakeholder expectations

## 3 OUR 2030 AMBITIONS

To maximize our impact on 3 SDGs



...across 3 sectors



...with

**10** meaningful innovations

**10** bln € invested in SDG 10

**10** bln € invested in SDG 13

### SDG 8

- Grow jobs supported
- Increase decency and quality of jobs

### SDG 10

- Improve economic inclusion for the B40
- Increase gender lens investments
- Invest more in LDCs / fragile states

### SDG 13

- 'Net zero' portfolio by 2050 through just and inclusive transition
- Support customer alignment with Paris goals and customer resilience
- More investments in mitigation, adaptation, resilience, biodiversity

# OUR STRATEGY

At FMO, we believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries. This is the future we are working towards. This is the world we want to help make a reality.

Our work is guided by the three Sustainable Development Goals (SDGs) where our financing of the private sector can have the greatest impact in emerging markets: Decent Work & Economic Growth (SDG 8), Reduced Inequalities (SDG 10), and Climate Action (SDG 13). As progress towards achieving the SDGs lags worldwide, with poverty reduction stalling or reversing in many countries, inequality deepening, and the urgency of the climate crisis intensifying, we deem our work more relevant than ever. By strengthening collaboration with our partners, we aim to maximize our impact to counter these trends. Our contribution to SDG 8 is reflected across our entire portfolio through support for economic development and jobs, while we steer investments toward SDGs 10 and 13 through dedicated investment labels.

To focus our efforts, we have set clear impact ambitions for 2030. We aim to build a portfolio<sup>11</sup> of debt and equity investments of at least €10 billion in support of SDG 10 (Reducing Inequalities-labelled investments) and €10 billion in support of SDG 13 (Green-labelled investments) and achieve 10 meaningful innovations by 2030. We also aim to double our public and mobilized portfolios. Acting as a change agent on environmental, social and governance (ESG) issues, we aim to create value with our customers and together, drive impact in the societies and communities where they operate. The 2030 Strategy: 'Pioneer-Develop-Scale' depicted on the previous page provides an overview of our key ambitions for 2030.

## Pioneer-Develop-Scale

To achieve our 2030 ambitions, we pioneer, develop, and scale across three focus sectors: Agribusiness, Food & Forestry (AFF), Energy (EN), and Financial Institutions (FI). By focusing on these sectors, our portfolio contributes to food security, access to renewable energy, and a healthy financial sector, key enablers of inclusive and sustainable development. In addition to investing debt and equity in our focus sectors, we selectively invest in generalist private equity and venture capital funds because of their demonstrated impact on developing the private sector in low- and middle-income countries (LMICs).

### Agribusiness, Food & Forestry<sup>12</sup> – accelerating sustainable and resilient agricultural supply chains to increase food security

More than 800 million people worldwide face severe food insecurity, and an even greater number lack access to nutritious foods. In Africa, population growth, rising incomes, and urbanization are driving food imports to unsustainable levels, exceeding US\$60 billion per year. This undermines local economies and harms farmers.

Improving access to food is crucial for reducing inequality, and it requires higher economic development in rural areas and greater investments across agricultural supply chains. At the same time, transforming the agricultural sector is critical given its dual role as both a significant contributor to greenhouse gas emissions and one of the sectors most vulnerable to the impacts of climate change.

We address these challenges by supporting sustainable and climate-resilient practices throughout the agricultural and food supply chain. We also work to enable local supply chains to increase production and improve access to local food, while reducing food waste and reliance on imports. Moreover, we aim to increase the number of jobs supported and improve the quality of jobs, focusing on decent work and the inclusion of smallholders and women in supply chains.

<sup>11</sup> Portfolio refers to the combined total of FMO's balance sheet, public funds, and direct mobilized funds. Unless otherwise stated, portfolio-related targets, including the 10-10-10 ambitions, apply to this full scope. Further information on these definitions is provided in the 'Alternative Performance Measures' chapter of this report.

<sup>12</sup> Formerly Agribusiness, Food & Water

These challenges also present local and global opportunities for food and agribusiness companies that can effectively manage rising climate risk and supply chain volatility and develop the know-how to operate in weak enabling environments marked by poor infrastructure, limited access to finance, and social and political instability. Besides meeting increased local food needs, farmers, processors, and exporters in developing economies can also tap into the global demand for commodities such as pulses, cocoa, coffee, cashews, avocados, and tropical fruits.

FMO invests in integrated supply chain managers, input providers (e.g., fertilizers, seeds), and food companies to strengthen sustainable practices along (international) agricultural supply chains. We also continue to expand our integrated landscape approach to sustainable land use and ecosystem protection and restoration. We have strengthened our strategic focus on the forestry sector given its crucial role in climate mitigation (through carbon sequestration and avoided emissions), climate adaptation, and biodiversity conservation. As part of this shift, we have moved from a narrower plantation-centric approach toward a broader range of forestry business models, including conservation and restoration, as well as sustainable forest management.

Forestry, however, remains a complex sector to invest in due to the unique risks associated with long project timelines, exposure to adverse natural events, and political economy challenges, especially in frontier markets. To address these constraints, we use blended finance and public funds programs (e.g., Building Prospects, the Dutch Fund for Climate and Development – DFCD, and Mobilising Finance for Forests – MFF) to gradually scale up our forestry portfolio. Through our work in forestry, alongside climate-smart and regenerative agriculture and soil improvement, we support customers in strengthening their supply chains and aligning their activities with the goals of the Paris Agreement.

## Energy – driving and supporting sustainable energy access and transition

Limited access to affordable, clean, and reliable, energy is a key impediment to economic growth and human development. While progress has been made in recent years with 91 percent of the world's population now having access to energy compared to 78 percent in 2000, we continue to see stark regional disparities.

Of the people in the world without access to energy, 75 percent live in Africa.<sup>13</sup> Enabling energy access in emerging and developing economies is therefore crucial for sustainable development, with a primary focus on clean energy to reduce global CO<sub>2</sub> emissions and achieve internationally agreed climate targets. Investments in renewable energy solutions must therefore increase in these markets to meet their growing energy demand and decouple economic growth from rising emissions.<sup>14</sup>

FMO supports a low-emissions future in emerging and developing markets by investing in utility-scale clean energy generation projects, including solar, on- and offshore wind, hydropower and geothermal installations. We aim to phase out fossil fuels from our portfolio in line with our Combined Position Statement on Fossil Fuels.<sup>15</sup> Separately, for our power generation portfolio, we aim to reduce absolute financed greenhouse gas (GHG) emissions by 50 percent by 2030.

To ensure power grids can accommodate the growth of clean energy, we invest in transmission and distribution infrastructure, as well as storage solutions. We are also exploring the potential of new technologies, including green hydrogen. Additionally, we finance distributed energy solutions, including commercial and industrial (C&I) solar projects and decentralized grids that provide clean, reliable electricity to businesses and communities, bringing energy supply closer to end-users.

We are expanding cautiously into new energy-related sectors. For example, we are investing in e-mobility to accelerate the decarbonization of road transport. In addition, we are pursuing opportunities in water desalination (a highly energy-intensive process) by investing in desalination plants that use more energy-efficient technologies and are largely powered by renewable energy.

With renewable energy investments heavily skewed to the more advanced economies, we aim to reduce disparities in access to clean energy by expanding our portfolio in least developed countries (LDCs). We do so not only through our investments in renewable energy projects but also through our market

<sup>13</sup> IEA 2024. *Tracking SDG 7 The energy progress report* | 2024

<sup>14</sup> IEA 2021. *Financing Clean Energy Transitions in Emerging and Developing Economies – Analysis* - IEA

<sup>15</sup> FMO (n.d.) Position Statements | Policies. Dutch Development Bank.

creation activities. Finally, we aim to reach underserved rural areas and the bottom 40 percent of income distribution by investing in mini-grids and rooftop solar installations, mainly through the public funds under our management.

## Financial Institutions – creating inclusive, resilient, and sustainable financial sectors

A healthy financial sector and access to finance are cornerstones of a strong economy and a private sector that fosters entrepreneurship, stimulates economic growth, and creates jobs. Micro, small, and medium enterprises (MSMEs) play a critical role in the economic development of emerging markets through their contributions to employment and GDP; however they face a significant lack of access to finance. The International Finance Corporation (IFC) estimated that the MSME financing gap across 119 emerging and developing economies is estimated at approximately US\$5.7 trillion, equivalent to 19 percent of GDP across these economies and 20 percent of total private sector credit.<sup>16</sup>

Through FMO's investments in financial intermediaries, we help MSMEs gain access to capital, support business growth, and channel finance to businesses and end-beneficiaries that we cannot efficiently reach directly. At the same time, by strengthening the capacity and ESG practices of the financial institutions in these markets, we contribute to improving the broader financial system and the ESG performance of the businesses that these financial institutions serve.

Through our work with financial institutions, including increasingly sharing in our customers' credit risk exposure, we help reduce inequalities within countries. We achieve this by increasing access to finance for inclusive businesses and individuals within the bottom 40 percent of the income distribution, as well as previously underserved groups. This includes MSMEs, women, young people, and rural entrepreneurs. In addition, we invest in the nascent financial markets of LDCs and fragile states.

We also provide finance to financial institutions targeting climate mitigation, climate adaptation and resilience, biodiversity, and other environmental footprint reductions. We are increasingly engaging with the customers of these financial institutions to help build their climate strategies and capacity, thereby supporting the decarbonization of the financial institutions' portfolios.

Our focus extends to supporting fintechs (technology-based financial services companies), enabling customer digitalization, and helping (SME) banks and non-bank financial institutions in developing green propositions. We also aim to serve larger financial institutions by buying and advising on the issuing of green bond financing, expanding investable assets, and helping our customers strengthen their climate governance and climate risk frameworks.

## Private Equity – providing much needed venture and growth capital, and driving value creation

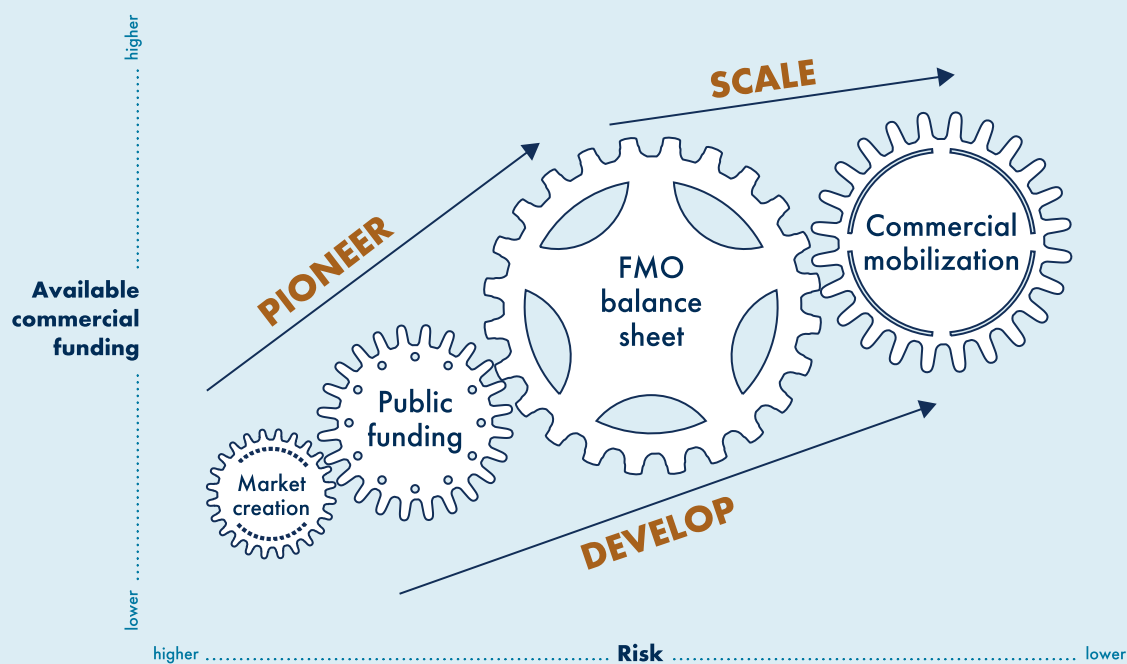
Access to early stage (venture) capital and growth capital remains a major constraint for businesses in the markets we serve, particularly for those seeking to scale operations, innovate, and create jobs. Through our private equity (PE) investments, both directly in our three focus sectors and indirectly via private equity funds, we provide this scarce capital to companies that often face limited access to traditional financing. By doing so, we often mobilize other investors and enable companies to expand, professionalize, and strengthen their resilience, contributing significantly to our focus SDGs. As part of managing a balanced and sustainable private equity portfolio, we continuously explore opportunities for exits and other liquidity from the portfolio.

Beyond financing, we actively engage in value creation, both through FMO's team of investment, sustainable finance and ESG experts, and through our network of technical assistance partners. Our approach includes providing support on sustainable environmental and social practices, governance improvements, and other technical and operational assistance programs. This way, we aim to amplify our reach and help build sustainable businesses that drive inclusive economic development in the markets where we operate.

16 World Bank 2025. *SME finance: Expanding access for small and medium enterprises*.



# Our progression model



Our progression model is at the heart of our ‘pioneer-develop-scale’ strategy, through which we support customers throughout their development journey with the most appropriate financing solutions. We help unlock opportunities from the earliest pioneering stages involving market creation and public funding, through financing from FMO’s balance sheet, and to the mobilization of commercial capital to scale projects. Through this progression model, we aim to maximize our impact, generate financial returns, and build a diversified portfolio in a balanced way.

The progression model outlines our long-term approach to supporting our customers, helping them strengthen and grow their businesses through four distinct funding stages. Throughout this journey, we also provide technical assistance and enhance capabilities on environmental, social, and governance (ESG) topics.

## Market creation

With market creation, we aim to make unbankable opportunities bankable, both through business development, and by developing ecosystems that seed and nurture nascent segments and businesses. We do so with the support of donor funding by working with other DFIs, impact investors, and on-the-ground partners who help develop businesses until they are investment-ready for us, leveraging our financing and ESG capabilities.

## Public funds

We make high-impact and high-risk investments possible by leveraging public funding to support entrepreneurs working on new business models or operating in underserved markets.

## FMO’s balance sheet

We finance and support proven models through our own balance sheet. This is the core of our operations. It is where we provide bankable businesses and projects with a range of solutions, including debt, equity, and guarantees.

## Mobilization

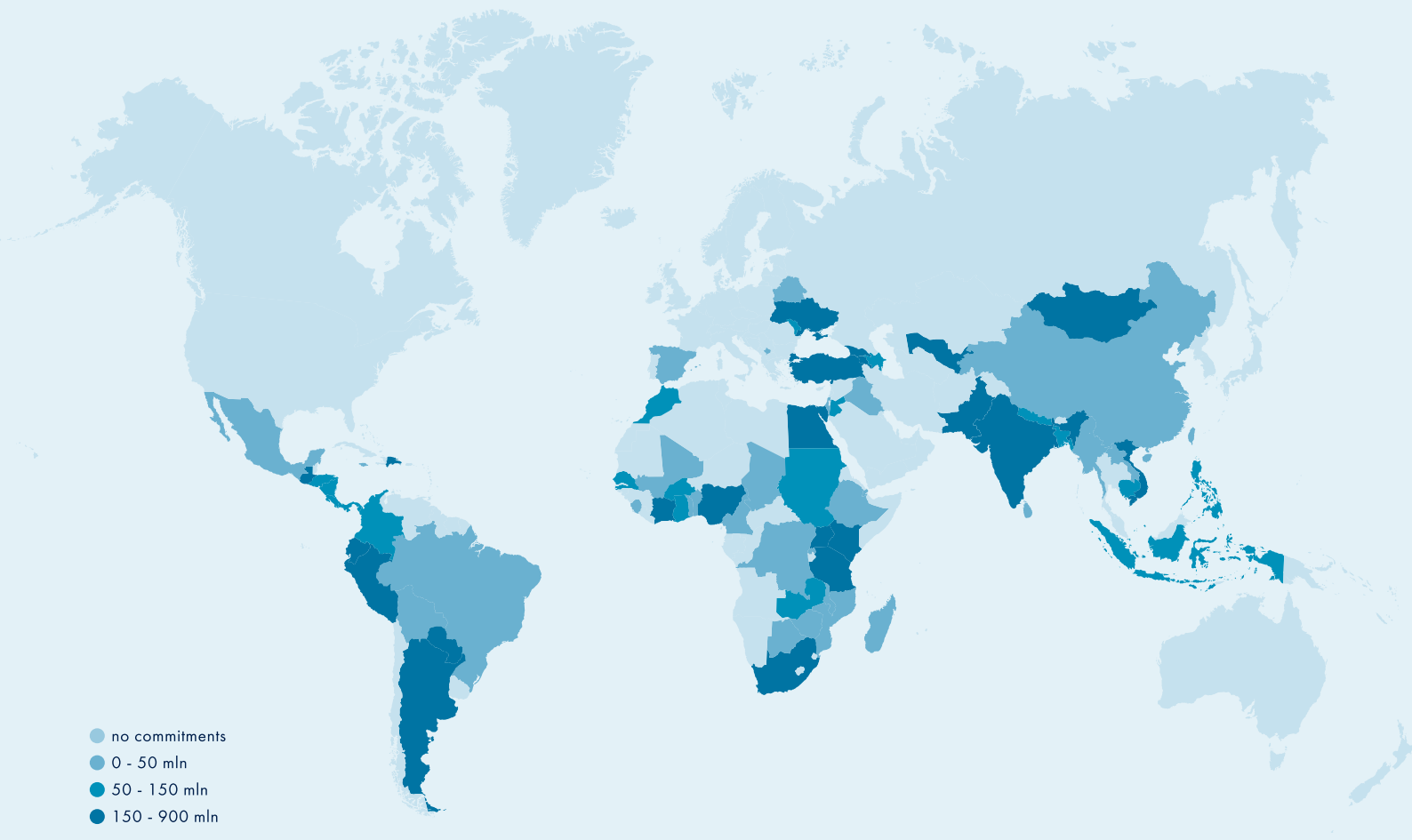
We scale our impact by mobilizing investors and bringing opportunities into the mainstream through new fund propositions, leveraging our own balance sheet, and by using blended finance structures that combine different sources of capital to unlock commercial funding.



# Total committed portfolio

€15.3 billion

Note: Total committed portfolio consists of €10.5 billion for FMO, €1.4 billion for public funds and €3.4 billion mobilized funds

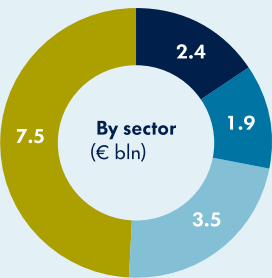


Total committed portfolio by region (per 31 December 2025)

| Africa       | Asia         | Europe & Central Asia | Latin America & the Caribbean | Non-region specific |
|--------------|--------------|-----------------------|-------------------------------|---------------------|
| €4.6 bln     | €3.1 bln     | €2.8 bln              | €3.1 bln                      | €1.7 bln            |
| 30% of total | 20% of total | 19% of total          | 20% of total                  | 11% of total        |

Total committed portfolio

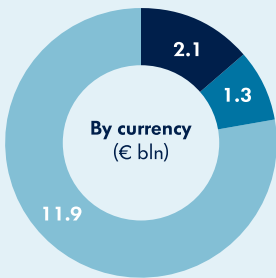
€15.3 bln



- Agribusiness, Food & Forestry
- Diverse Sectors
- Energy
- Financial Institutions



- Debt
- Equity
- Guarantee



- EUR
- Local currency
- USD

# PERFORMANCE AGAINST OUR STRATEGY .....

The table below shows FMO's SDG contributions by strategic sector

| Indicators                                                                        | SDG | 2024   | 2025   | AFF   | EN    | FI    | Diverse sectors |
|-----------------------------------------------------------------------------------|-----|--------|--------|-------|-------|-------|-----------------|
| Total committed portfolio*, of which:                                             |     | 15,472 | 15,312 | 2,399 | 3,498 | 7,546 | 1,869           |
| FMO                                                                               |     | 10,516 | 10,500 | 1,331 | 2,591 | 5,046 | 1,532           |
| Public funds                                                                      |     | 1,566  | 1,380  | 315   | 309   | 419   | 337             |
| Direct mobilized funds                                                            |     | 3,390  | 3,432  | 753   | 598   | 2,081 | 0               |
| Total new investments*, of which:                                                 |     | 3,826  | 3,940  | 770   | 694   | 2,352 | 124             |
| FMO                                                                               |     | 2,188  | 2,677  | 451   | 523   | 1,582 | 121             |
| Public funds                                                                      |     | 285    | 229    | 67    | 53    | 106   | 3               |
| Direct mobilized funds                                                            |     | 1,353  | 1,034  | 252   | 118   | 664   | 0               |
| Total number of jobs supported (in thousands), of which:                          |     | 889    | 894    | 165   | 107   | 546   | 76              |
| Direct jobs                                                                       |     | 83     | 91     | 38    | 12    | 19    | 22              |
| Indirect jobs**                                                                   |     | 806    | 803    | 127   | 95    | 527   | 54              |
| RI-labelled total committed portfolio                                             |     | 6,092  | 6,661  | 1,415 | 1,069 | 3,857 | 320             |
| RI-labelled total new investments                                                 |     | 2,250  | 2,231  | 572   | 208   | 1,359 | 92              |
| Green-labelled total committed portfolio                                          |     | 5,876  | 6,166  | 892   | 3,076 | 1,763 | 435             |
| Green-labelled total new investments                                              |     | 1,460  | 1,761  | 337   | 652   | 689   | 83              |
| Total financed avoided greenhouse gas emissions*** (ktCO <sub>2e</sub> )          |     | 1,959  | 2,028  | 77    | 1,821 | 0     | 130             |
| Total financed absolute greenhouse gas emissions (ktCO <sub>2e</sub> ), of which: |     | 5,853  | 6,435  | 1,123 | 747   | 3,897 | 668             |
| Scope 1 +2                                                                        |     | 1,378  | 1,162  | 325   | 447   | 122   | 268             |
| Scope 3                                                                           |     | 4,475  | 5,273  | 798   | 300   | 3,775 | 400             |
| ESG target performance (%)                                                        |     | 94%    | 95%    | 94%   | 95%   | 93%   | 98%             |

\* This is an alternative performance measure (APM) that is not included in the financial statements. Further details on APMs are provided in the chapter 'Alternative performance measures'.

\*\* Indirect jobs are modelled using the Joint Impact Model to illustrate FMO's broader economic footprint. They are included for contextual and strategic purposes only and are not used for risk management or impact mitigation. In the Sustainability Statement (S2 – Workers in the Value Chain), we report only on direct jobs supported, as these fall within the scope of S2.

\*\*\* The data for financed avoided GHG emissions for 2024 has been restated after incorrect data was identified for one customer, which on its own exceeded the significance threshold. The previously reported figure of 2,130 ktCO<sub>2e</sub> has been revised downward by 8 percent.

We invest with the goal of contributing to positive economic, social and climate impact in the markets we serve. To meet the diverse financing needs of our customers, we deploy a range of financial instruments, selecting the most appropriate instrument and structure based on each company's business model, risk profile, and stage of development.

FMO's activities are financed through three main sources: our own balance sheet, public funds (government and other public funding programs we manage), and direct mobilized funds (capital mobilized from public and private co-investors). Public funds enable FMO to invest in higher-risk markets and sectors, in line with the specific objectives agreed with funding partners. Through mobilization, we attract additional capital to scale investments and broaden our impact. Our own balance sheet remains the core source of financing across sectors and products. The investments and impact figures presented in this chapter reflect the combined contribution of these funding sources. Consequently, not all investments are financed directly by FMO, and the related risks may be shared with or fully borne by the funding partners, as applicable.

Our direct investments consist of debt, equity, and guarantee instruments provided to companies and financial institutions in our focus sectors: Agribusiness, Food & Forestry (AFF), Energy (EN), and Financial

Institutions (FI). We also make indirect investments through private equity and venture capital funds (which are discussed further in the section 'Private equity funds and venture capital').

Beyond investment, we deploy development contributions, including grants and technical assistance, and implement market creation interventions. These activities are aimed at reducing risks, strengthening capacity, and scaling impact at our customers or in the ecosystems and markets they operate.

We aim to create customer value by supporting our customers to reach their financial and non-financial objectives. This is achieved through our activities, namely the provision of investment and, importantly, financial and non-financial advisory services, development contributions, or inherent contributions.<sup>17</sup>

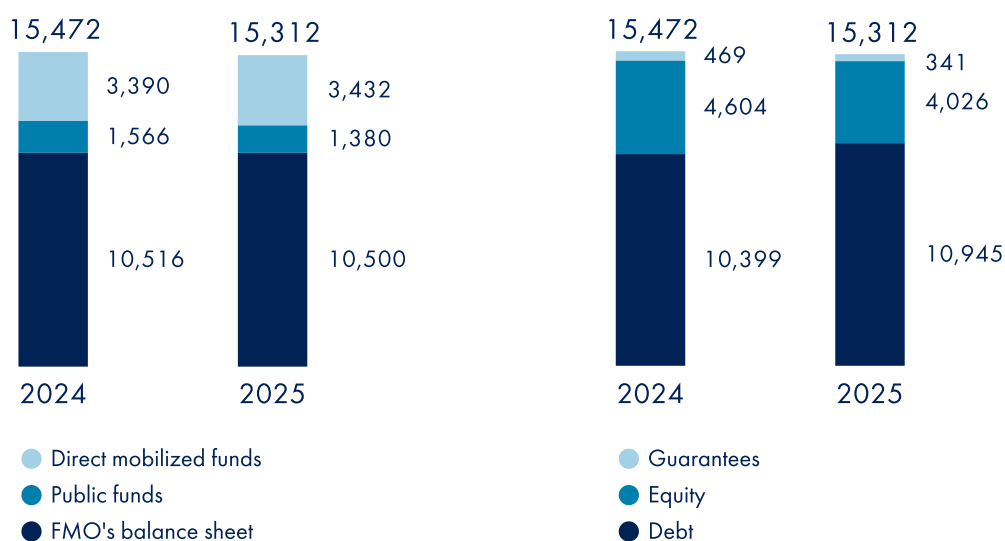
The performance of these activities is reflected in our total committed portfolio and total new investments, which together capture the scale and composition of our financing across products, sectors, and regions. We also report on the number of direct and indirect jobs supported through our customers' activities and on our avoided greenhouse gas (GHG) emissions. Definitions of these metrics is included in the 'Alternative Performance Measures' chapter. Throughout this chapter, we complement portfolio-level results with case studies that illustrate our investments, technical assistance, and the value we help create for customers.

While this chapter highlights areas where we currently track and report progress, it does not capture all of FMO's long-term strategic ambitions, as some initiatives are still under development or not yet part of our external reporting.

We start by looking at FMO's total committed portfolio and total new investments performance focussing on our strategic impact ambitions. Thereafter we report on the performance of our focus sectors. Finally, we will have a look at private equity funds and venture capital, market creation and organizational developments.

## Portfolio composition & performance drivers

### Total committed portfolio (in € mln)



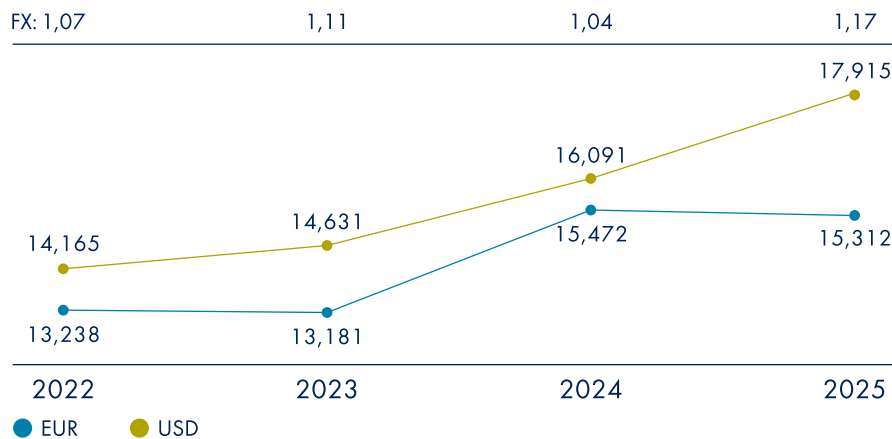
Our total committed portfolio declined to €15.3 billion in 2025 (2024: €15.5 billion) consisting of €10.9 billion in debt products, €4 billion in equity investments and €0.3 billion in guarantees. Of this total, €10.5 billion was invested through FMO's own funds (2024: €10.5 billion) and €1.4 billion through public funds (2024: €1.6 billion). Our direct mobilized committed portfolio amounted to €3.4 billion (2024: €3.4 billion). More than half of this amount (€2.0 billion) was mobilized from commercial

17 Inherent contributions: partnering with FMO provides reputational benefits and brand association, which may benefit the customer externally.

investors—primarily through syndications, private debt funds advised by FMO Investment Management (FMO IM) and unfunded risk participations with other commercial parties.

In 2025, the US dollar (US\$) depreciated by 13 percent against major currencies. Given that around 77 percent of FMO's portfolio is denominated in US\$, this depreciation had a significant adverse impact on the portfolio results that are reported in euros. It is important to note that the decline in euro value does not indicate a weakening of the portfolio itself but is primarily an accounting conversion effect.

### Total committed portfolio development in US\$ and € (in mln)

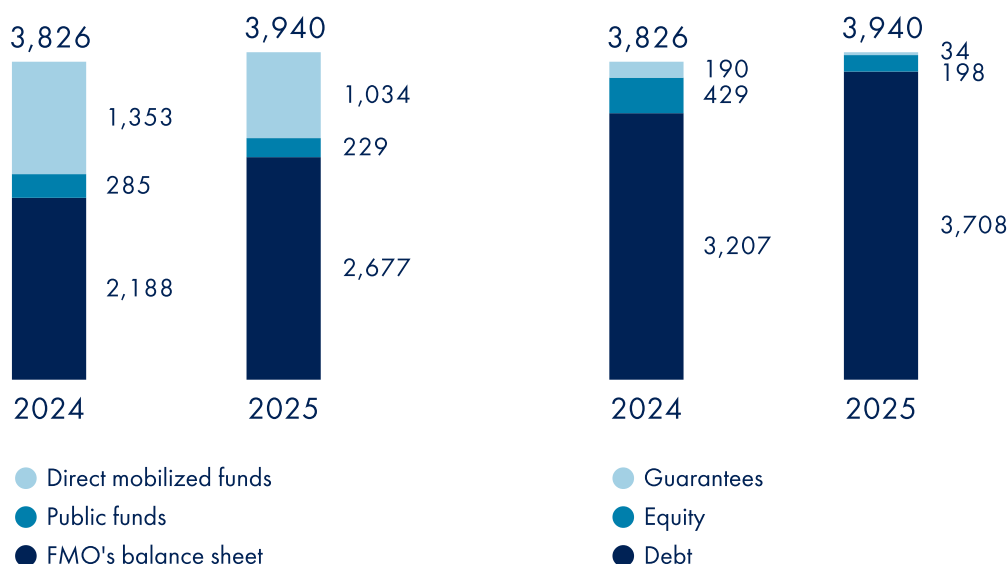


Taking a longer-term view, the portfolio has grown by 26 percent in US\$ terms (or 16 percent in euro terms) since 2022, the year we launched our current Strategy 2030. While recent currency volatility has somewhat obscured this positive trajectory, the portfolio's structural growth since 2022 demonstrates continued demand for FMO's financing and our ability to serve customers across market cycles.

In addition, we noted a significant increase in early repayments in our balance sheet portfolio on top of our scheduled repayments. These were potentially triggered by the weakening of the US dollar, as well as the interest rate cuts by the European Central Bank (ECB) and US Federal Reserve throughout 2025. Although FMO's new investments performed robustly throughout the year (detailed below), the volume was insufficient to fully offset the negative effects of the exchange rate movement and higher early repayments on our total committed portfolio results.

While the weaker dollar reduced the value of our portfolio when converted to euros, it also lowered the amount of risk we carry in euro terms. This had a positive effect on our regulatory capital ratio. More details on this can be found in the 'Risk Management' chapter.

## Total new investments (in € mln)



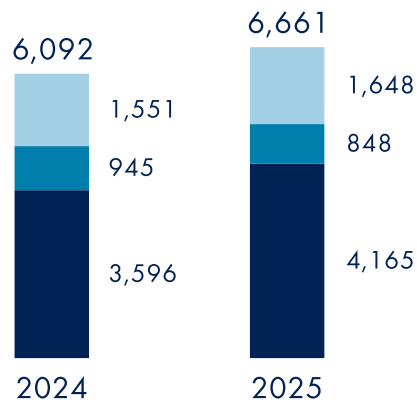
Despite entering the year with considerable uncertainties arising from increasing tariffs, geopolitical instability, and policy shifts in major economies, we achieved a 3 percent growth in total new investment volume compared to 2024. On the demand side, our customers demonstrated resilience amid these turbulent conditions, taking advantage of easing global inflationary pressures, the aforementioned interest rate cuts by central banks to stimulate growth, and a weakening US dollar. These factors improved liquidity conditions for many businesses in emerging markets.

On the supply side, FMO continued to apply its high standards to selecting and assessing new opportunities, resulting in a healthy pipeline and strong execution across our portfolio. Investments in the FI sector were instrumental in driving our robust performance throughout 2025. Furthermore, investment volumes in the Energy sector increased compared to the prior year.

Mobilization of third-party capital continued to exceed expectations, further contributing to our positive results. In 2025, mobilization was again particularly prevalent in our FI portfolio. We also mobilized capital for transactions with other customers whose risk and return profiles align well with those of private investors, further driving performance. Beyond private capital, we also attract public co-investors, mainly other development finance institutions (DFIs), which contributes to a more efficient development finance ecosystem. In 2025, €500 million was mobilized publicly and €534 million privately.

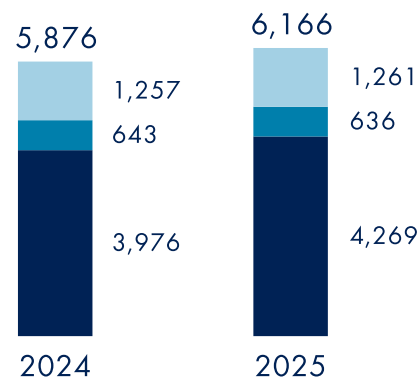


### RI-labelled total committed portfolio (in € mln)



- Direct mobilized funds
- Public funds
- FMO's balance sheet

### Green-labelled total committed portfolio (in € mln)



- Direct mobilized funds
- Public funds
- FMO's balance sheet

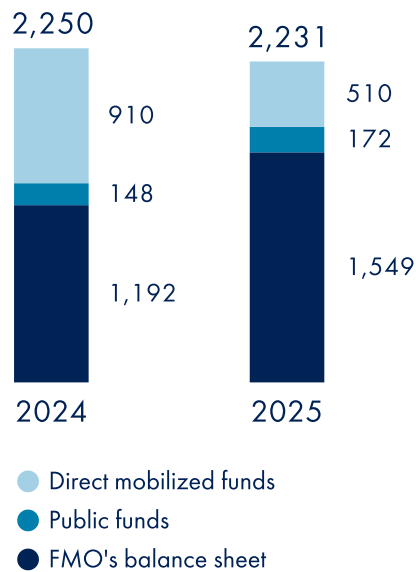
We are pleased to report robust portfolio performance in alignment with SDG 10's ambition to reduce inequalities within and among countries. This is an important achievement in light of persistent income inequality. Our Reducing Inequalities- (RI-) labelled portfolio increased by 9 percent. Although this represents a modest increase, the growth is noteworthy given the market volatility and the overall decline in total portfolio figures. Growth was primarily driven by increased investments supporting inclusive business models through financial institutions.

Geographically, 55 percent of the RI-labelled portfolio is located in Africa and Asia, reflecting our focus on regions with the most acute structural inequalities and financing gaps. This enables our capital to contribute more meaningfully to reducing inequalities.

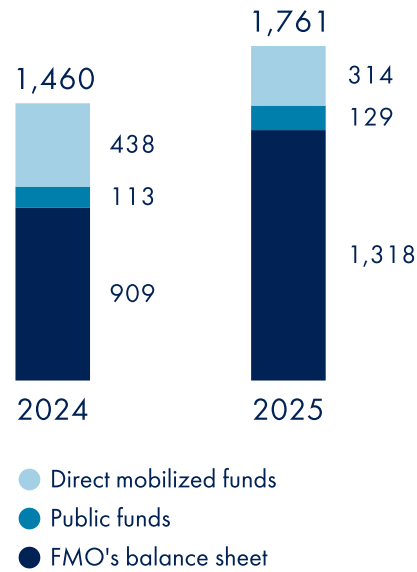
Our Green-labelled portfolio grew by €290 million in 2025, or 5 percent compared to year-end 2024, driven by a significant increase in new investments compared to 2024. The largest share of our Green-labelled portfolio remains concentrated in the Energy sector, reflecting both the maturity of renewable energy markets and the sector's ability to generate high-volume transactions with clear and measurable climate-mitigation impacts.

Two regions accounted for the largest proportion (55 percent) of the exposure of our Green-labelled portfolio: Latin America & the Caribbean, and Africa. This concentration is strategically important: both regions face severe climate vulnerability and have significant needs for sustainable energy investments. Directing green finance toward these markets strengthens energy security, supports the transition away from costly fossil fuel imports, and delivers high development impact particularly in lower-income countries where access to finance remains limited.

### RI-labelled total new investments (in € mln)



### Green-labelled total new investments (in € mln)



In 2025, RI-labelled investments amounted to €2.2 billion (2024: €2.3 billion). The FI sector accounted for the largest absolute contribution, with €1.4 billion invested to support SDG 10. As a share of its portfolio, the AFF sector had the highest level of RI-labelled investment, with 74 percent of its total invested amounts aligned with SDG 10 objectives. The Energy sector also expanded its reach to more customers through gender-responsive solutions, helping to maintain strong RI results.

Investments in least developed countries (LDCs), which fall under our RI label, increased to €433 million up from €349 million in 2024. We are delighted to see that our LDC Action Plan, adopted in 2024, is gaining traction. Over the past year, we have worked on removing internal constraints to investing in LDCs, while also contributing to a better understanding of the market barriers that continue to limit financial flows to these countries, along with solutions to help reduce these barriers.

The FI sector in particular stepped up its engagement, doubling new investments in LDCs to €217 million in 2025 compared to €108 million in 2024. The Energy sector also made a substantial contribution, investing €147 million with a focus on captive power solutions for mining and grid expansion in countries such as Zambia, Mozambique and Uganda. In the AFF sector, we invested in a large agricultural commodities trader specializing in sesame and cashew nuts, sourcing primarily from East and West Africa.

Green-labelled new investments – including renewable energy projects, green credit lines, and sustainable agriculture – amounted to €1.8 billion, a 21 percent increase from 2024. This was mainly due to increasing investments in financial institutions with a focus on green credit lines, such as for QNB in Türkiye, and JSICB Ipak Yuli Bank in Uzbekistan. The Energy portfolio maintained a high Green-labelled share, with 94 percent of all new investments supporting SDG 13 ambitions.

# Agribusiness, Food & Forestry

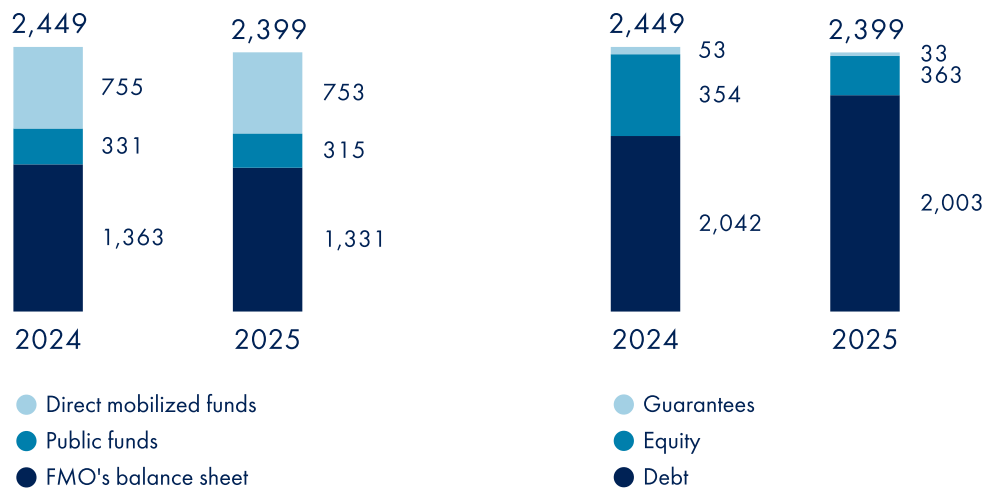
Despite a turbulent global backdrop, FMO's AFF portfolio delivered resilient performance with high development impact in 2025. This was supported by the decision to further diversify the portfolio by expanding exposure to larger, often regional customers. These customers typically uphold stronger corporate governance standards and operate across diversified business lines, giving them greater capacity to respond to external pressures as supply chain disruptions become the new normal.

While many of our customers showed resilience, global food security conditions deteriorated in 2025, with rising food insecurity and child malnutrition. Despite easing staple food prices, prolonged conflicts, such as those in Gaza, Sudan, Ukraine, and Yemen, remained key drivers. At the same time, challenging economic conditions, including high local inflation in several markets, currency devaluation, and weak institutions, contributed to persistent food shortages, particularly in least developed and fragile states.

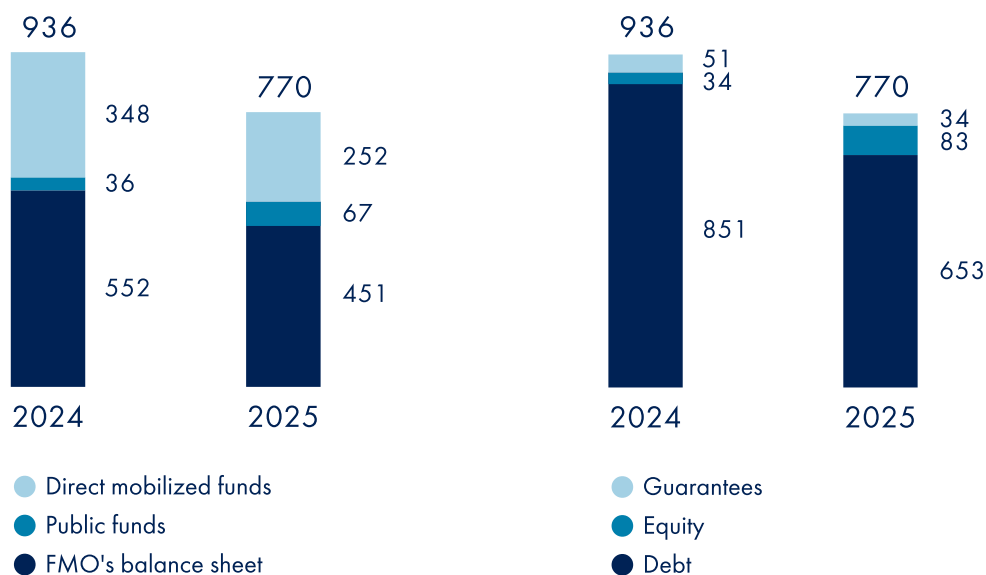
More frequent adverse weather events and a sharp decline in ODA funding further compounded these challenges, underscoring the urgent need to channel affordable financing to the countries most in need.

## Overall sector performance

### Total committed portfolio in AFF (in € mln)



### Total new investments in AFF (in € mln)



The AFF total committed portfolio remained largely stable in 2025, despite foreign exchange (FX) developments and the volatile market environment. Total new investments remained slightly below last year's level. Green-labelled investments increased modestly, while RI-labelled investments were slightly lower than in 2024.

In terms of geographical spread, the share of investments in global companies in our portfolio has increased considerably since 2024, compared to regional and local businesses, reflecting a targeted shift to diversify our client base and balance risk. Many of these companies operate in or source from emerging markets connecting local farmers, processors, and agribusiness SMEs to regional and global value chains. This allows us to reach smaller actors at scale. At the same time, we increased new investments with public funds in 2025, through which we finance higher risk, highly impactful projects often in more fragile economies or nascent sectors.

While FMO remains more transformational at the earlier and riskier investment stages in higher-risk markets, working with larger companies with diversified operations supports stable performance and helps crowd in private capital. In 2025, we mobilized €77 million in private capital, primarily alongside companies with more stable risk and return profiles.

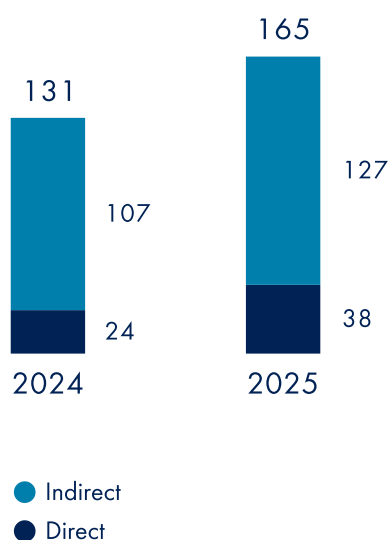
Nonetheless, many investors still perceive agribusiness in emerging markets as high risk. To address this, we also work closely with public partners, including other DFIs and impact investors. Through these partnerships, we mobilized an additional €175 million for projects not yet suitable for commercial financing.

Due in part to delays in closing new investments, particularly in Africa, the total level of new investments declined slightly compared to last year. Key challenges included governance issues and company readiness, especially in LDCs and fragile markets, where investments often require public funding support and technical assistance. In total, we invested €451 million through our own balance sheet, €67 million through public funds and €252 through direct mobilized funds. Of these, 85 percent were debt, while 11 percent were equity products.

## Contribution to FMO's strategic impact ambitions

### Agribusiness, Food & Forestry and SDG 8

#### Jobs supported (in thousands)



The AFF portfolio played a critical role in advancing our goals for SDG 8 in 2025, supporting 38,000 direct jobs, up from 24,000 in 2024. This growth is partly driven by new investments in labor-intensive customers. An estimated 44 percent of these direct jobs were held by women. Additionally, we supported an estimated 127,000 indirect jobs, primarily generated through supply chain activities and salary spending. By providing financing to commodity off-takers and processors that source from a large number of smallholder farmers across Africa, Asia, and Latin America & the Caribbean, we indirectly boost incomes for people at the base of the income pyramid. For example, our support to a cashew and sesame processor in West Africa, and to a Vietnam-based coffee exporter, enabled these companies to increase sourcing from small farmers, lifting earnings in rural communities.

## Robust International Pte Ltd

**Multinational agri-commodity processor and importer-exporter across Africa**

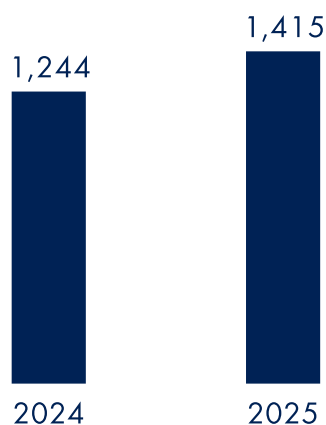
US\$15 million debt | FMO | SDG 8, 10



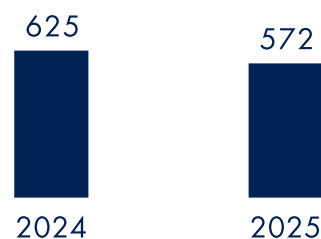
Robust International is a major trader and processor of cashew and sesame, sourcing 95 percent of its raw materials from various countries in East and West Africa. Robust conducts early-stage processing operations to serve markets worldwide and is currently transforming from a traditional merchant to an end-to-end integrated supply chain company with new facilities in Burkina Faso, Mozambique, and Ivory Coast. Through its supply chain, Robust works with over 30,000 smallholder farmers, many in underserved rural communities, where it offers technical assistance and access to digital tools. In 2024, FMO acted as Mandated Lead Arranger for a working capital facility of up to US\$105 million alongside various impact investors including BII, Proparco, and ILX. In 2025, two more DFIs, Impact Fund Denmark and OeEB, joined FMO's syndicated facility, and with a US\$15 million contribution from FMO, the facility grew to a total of US\$175 million. This will serve not only to enhance Robust's processing capabilities, but to also create substantial economic opportunities for farmers, with the expectation of creating an additional 2,000 direct jobs by 2026, the majority for women.

## Agribusiness, Food & Forestry and SDG 10

**RI-labelled total committed portfolio in AFF**  
(in € mln)



**RI-labelled total new investments in AFF**  
(in € mln)



The RI-labelled share of the AFF portfolio made a strong contribution to FMO's goals of fostering inclusive development in 2025. Our committed portfolio aimed at reducing inequalities amounted to €1.4 billion at the end of 2025, compared to €1.2 billion in 2024, despite volatile market conditions and the depreciating US dollar. Over half (59 percent) of the portfolio received an RI label, largely as a result of our investments supporting smallholder farmers either directly or indirectly through global traders, off-takers, and food processors.

We also increased our focus on inclusive development in new investments, with 74 percent of the new investments receiving an RI label in 2025. A portion of these investments aim to support smallholder farmers in origin markets and enhance rural livelihoods, while others aim to reach women-owned



businesses or cooperatives. FMO's globally active customers sourcing from local small suppliers in Africa and Asia helped drive this increase. In addition, FMO helped customers create gender action plans to empower women farmers and employees, thereby supporting existing businesses within our portfolio to strengthen their inclusivity and create value.

Geographically, we strive to prioritize countries where access to financial services is most limited, especially in LDCs and fragile states. In 2025, we invested €69 million in LDCs. While originating investments in these countries remains challenging, FMO maintains a strong focus on these markets and supporting inclusive development where needs are greatest.

## GH2 Industries (Private) Limited

### Agri-based manufacturing facility in Pakistan

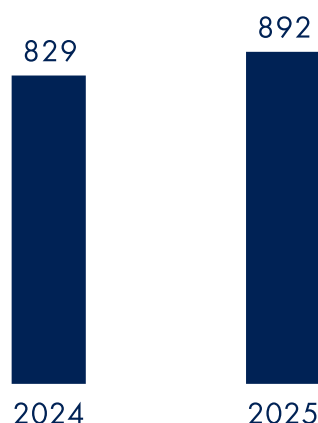
US\$10 million debt | Building Prospects, Land Use Facility | SDG 8, 13



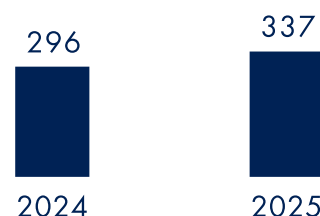
GH2 is a pioneering greenfield project in Sindh, Pakistan, transforming broken rice (rice grains fractured during milling) and other by-products into high-value ingredients such as sorbitol, dextrose, rice protein and sodium silicate. As a large producer of rice-based products, the project operates on circular economy principles, targeting net-negative carbon emissions while enhancing agricultural productivity and strengthening farmer livelihoods. Located in a climate-vulnerable region, GH2 integrates climate-smart agriculture to improve resilience against floods, droughts, and salinity risks, while reducing methane emissions from rice paddies by up to 40 percent and advancing net-negative GHG emissions ambitions. FMO supported the project through a US\$5 million investment via the Dutch Fund for Climate & Development and a US\$5 million investment through the Building Prospects fund (managed by FMO). The overall US\$55 million blended finance structure demonstrates strong additionality, with FMO's participation mobilizing further investment and enabling an innovative circular economy model. The project contributes to Pakistan's economic development by strengthening export capacity, creating employment, and enhancing food system resilience. It is also expected to deliver meaningful climate and social impact by directly supporting approximately 3,000 smallholder farmers through inclusive sourcing models and agronomic training focused on water efficiency, soil health, and gender-responsive business practices.

## Agribusiness, Food & Forestry and SDG 13

Green-labelled total committed portfolio  
in AFF (in € mln)



Green-labelled total new investments  
in AFF (in € mln)



As part of our SDG 13 focus, we explored new climate action avenues in 2025, such as investing in climate-smart opportunities and climate adaptations. For example, we partnered with the CASA

technical assistance facility to support drought-resilience of smallholder farmers and strengthen green and inclusive agribusiness models in low-income countries.

More than one-third (37 percent) of our committed portfolio in AFF now contributes to FMO's climate action objectives (SDG 13) and carries a Green label. In total, new Green-labelled investments reached €337 million, representing a 14 percent increase compared to 2024.

Additionally, through our forestry initiatives we contribute to climate mitigation and biodiversity, supporting projects that combine conservation, carbon sequestration, and sustainable livelihoods. Forestry and nature-based solutions still represent an emerging investment market, and FMO and similar parties play a key role in de-risking and demonstrating the viability of new ventures. We expect to see growth in this area as market fundamentals for (industrial) wood fiber remain compelling, driven by a growing demand for sustainable raw materials. While these still represent just a small portion of FMO's AFF portfolio, we continued our engagement in these markets during the year. We invested in York Timber, a South African forestry company, and supported Miro Forestry through the Sustainable Land Fund, laying the groundwork for reforestation and sustainable timber projects.

## Responsible Commodities Facility

### Sustainable soy production initiative in Brazil's Cerrado

US\$10 million debt | Mobilising Finance for Forests | SDG 13



The Responsible Commodities Facility (RCF) promotes the production of responsibly produced 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 no conversion of native vegetation. Short-term crop financing in the form of a one-year working capital loan is offered to farmers, enabling them to purchase inputs during the pre-harvest season and repay the debt at season-end. FMO supported this facility with a US\$10 million investment funded by Mobilising Finance for Forests (MFF). The initiative seeks to demonstrate how environmental protection and agricultural productivity can be mutually reinforcing. FMO's investment aims

to explore this potential and contribute to learning how blended finance can support environmental stewardship. If successful, this blended finance approach could offer a promising pathway for mobilizing additional capital to protect critical ecosystems while enabling sustainable agricultural development, with the model potentially scalable and replicable across Brazil to prevent further loss of natural habitat.

## Nile Fresh Pty Ltd

### Agri-tech B2B platform in South Africa

US\$3 million equity | Ventures | SDG 8, 13



South Africa's fresh produce value chain faces significant inefficiencies and food waste, creating an urgent need for technology-driven solutions. Nile Fresh's agri-tech platform connects farmers with institutional buyers through a secure B2B marketplace, reducing waste and improving transparency. To support Nile's growth and strengthen its ESG framework, FMO provided technical assistance for two critical initiatives: implementing Enterprise Resource Planning software and developing a robust Environmental and Social Management System (ESMS). The resource planning software is integrated with warehouse management and analytics to streamline operations and enhance financial and inventory traceability.

The ESMS builds internal capacity for sustainable operations through gap assessments, risk reviews, and an implementation roadmap aligned with international standards. Together, these upgrades position Nile to scale its marketplace, expand into agri-financing and export logistics, and embed strong governance practices. This demonstrates FMO's holistic approach to pairing digital transformation with ESG integration in Africa's agri-tech sector.

## Key sector events and initiatives

### Cairo Agribusiness Roundtable

Partnerships are vital to realize our mission and ensure our products and services are tailored to the changing needs of our customers. In November 2025, together with Rabobank, we hosted our inaugural Agribusiness Roundtable in Cairo, bringing together top senior executives from 40 leading companies from across Africa, Asia, Europe, and beyond. The event provided a dynamic platform for strategic exchange on topics such as climate change, shifting trade flows, technological disruption, focusing on how these forces can be leveraged to drive resilient and inclusive growth. The roundtable laid the foundation for deeper collaboration across agribusiness stakeholders and reinforced the need for climate adaptation, digital transformation, and financial innovation to secure food systems.

## Energy

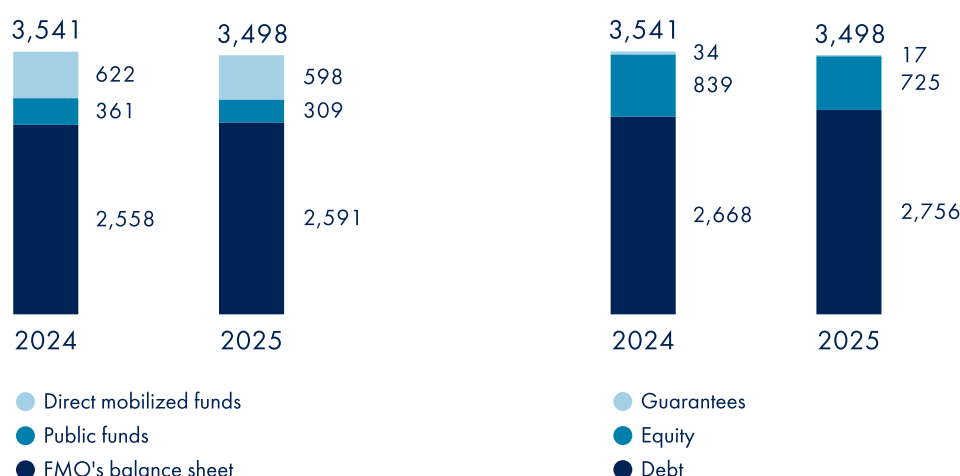
The global renewable energy market continued to grow in 2025 as companies increasingly focus on transitioning to cleaner energy sources. According to the IEA outlook, investments in clean energy technologies were set to increase to a record US\$2.2 trillion, attracting twice as much capital as fossil fuels. Falling technology costs and international support create opportunities for emerging markets to transition more quickly to modern, clean energy solutions, skipping older, carbon-heavy systems.

While global investment in renewables is accelerating, this growth is not evenly shared as 90 percent of investments flow to advanced economies and China, while Africa, and Latin America & the Caribbean receive only about 3 percent, combined. Numerous barriers are causing this imbalance: developing economies continue to face high capital costs, equity capital remains scarce, fiscal capacity is limited, financial markets are underdeveloped, and policy hurdles exist. To achieve progress in these markets, finance must scale and become more equitable. Mobilizing low-cost debt, concessional finance, and grants is critical to prevent worsening debt vulnerabilities and energy access inequality, especially as low-income populations face higher costs when transitioning to sustainable energy.

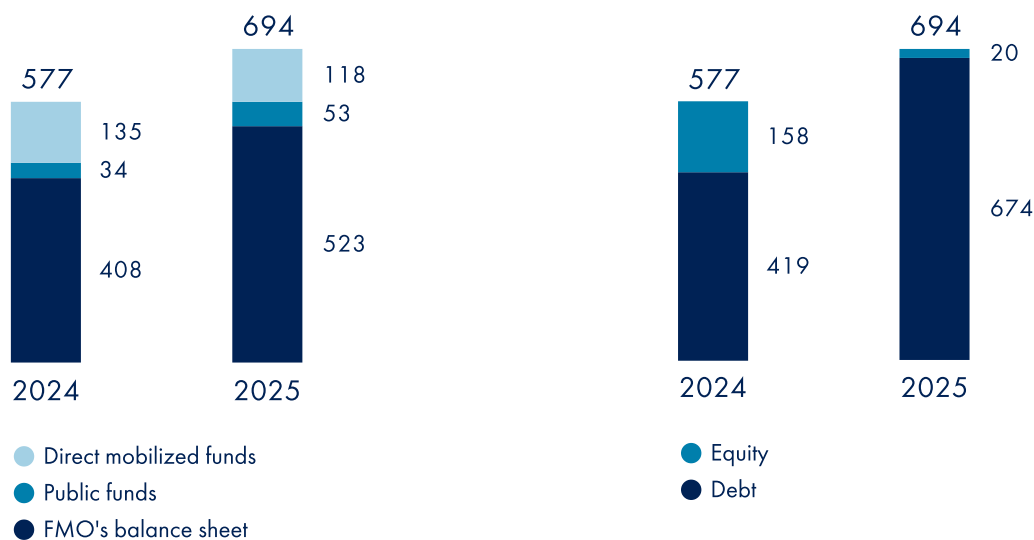
Progress is further hampered by unprecedented declines in public funding for development. Moreover, the mismatch between perception and actual risk is leading to inflated pricing expectations, which restricts mobilization of commercial capital at scale for renewable energy projects in less developed regions. Without sufficient capacity to i) de-risk renewable utility projects, ii) structure blended finance (combining public and private capital to make investments more attractive) and iii) fund grid upgrades, expansions, and storage, the growing demand for renewable energy will outpace supply and limit growth prospects for many emerging market countries.

## Overall sector performance

### Total committed portfolio in Energy (in € mln)



## Total new investments in Energy (in € mln)



In 2025, FMO's Energy portfolio totaled €3.5 billion, remaining broadly stable compared to 2024, despite higher (early) repayments, particularly in Latin America, and the depreciation of the US dollar. The debt portfolio amounted to €2.8 billion, while the private equity portfolio stood at €0.7 billion.

Nearly 90 percent of the portfolio is concentrated in utility-scale renewable energy projects, with solar accounting for the largest share. At the same time, we are expanding our portfolio into sub-sectors, such as commercial and industrial (C&I) renewable energy and storage solutions. We are focusing on non-residential customers like businesses and factories, while also supporting the growth of e-mobility.

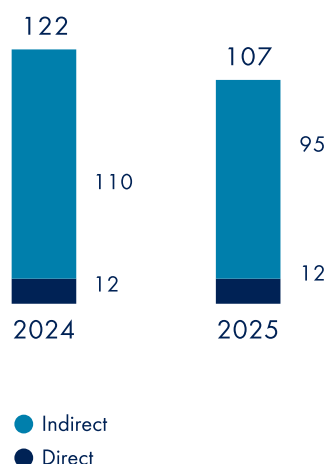
Geographically, the largest share of the portfolio is in Africa, followed by Asia. Investments in LDCs, often the most complex projects with the longest lead times, make up approximately 21 percent of the portfolio.

FMO's new investments in the Energy sector increased from €577 million in 2024 to €694 million in 2025, primarily driven by several large renewable energy investments. Of this total, €523 million was invested through our own balance sheet, €118 through direct mobilized funds, and €53 million through public funds. In terms of product type, 97 percent was debt, while 3 percent was equity products. The highest investment volumes this year in terms of capital deployed were realized in Africa, followed by Asia, and Latin America & the Caribbean.

## Contribution to FMO's strategic impact ambitions

### Energy & SDG 8

#### Jobs supported (in thousands)



Our Energy investments supported 12,000 direct jobs in 2025, a level consistent with 2024. An estimated 25 percent of these positions were held by women. When factoring in indirect jobs, including those supported through the supply of electricity, we estimate that our investments in this sector supported a total of 107,000 jobs in 2025, compared to 122,000 in 2024, using the Joint Impact Model for our estimations. The decrease in the total number of jobs is primarily driven by energy projects reaching operational status. As a result, the construction-related jobs previously reported for these projects are no longer included.

### Sol de la Sierra

#### Largest renewable distributed generation project in Colombia

US\$30 million debt | FMO | SDG 8, 13



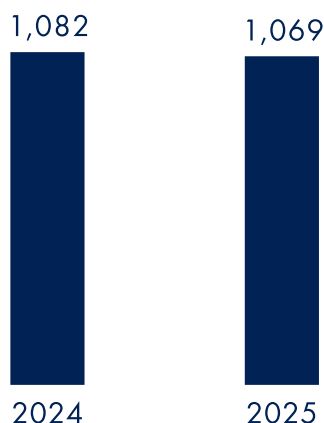
Colombia's renewable energy sector is rapidly accelerating: the country increased its solar capacity by 4 percent in 2025, to nearly 2,700 MW as part of a broader push toward distributed generation and grid modernization. FMO provided a US\$30 million Green-labelled investment to help finance an innovative renewable energy solution being developed by Ayurá S.A.S. and Solenium S.A.S. The solution, Sol de la Sierra, is a portfolio of 40 mini solar farms across Colombia, each with 1 MW capacity. These distributed systems connect directly to local distribution networks, reducing dependency on distant thermoelectric and hydroelectric plants, minimizing transmission losses and stabilizing the grid. Each mini-farm provides clean power to

approximately 1,000 households and creates local jobs while engaging with schools and farmers to support community development. As sole lender to the project, FMO is enabling Ayurá and Solenium, in partnership with Unergy, to scale Colombia's first large distributed-generation solar portfolio. This financing marks the country's largest investment in distributed-generation to date, showcasing a scalable model for democratizing clean energy access and advancing Colombia's energy transition.



## Energy and SDG 10

### RI-labelled total committed portfolio in Energy (in € mln)



### RI-labelled total new investments in Energy (in € mln)



The RI-labelled Energy committed portfolio amounted to €1.1 billion in 2025, remaining broadly consistent with 2024. The majority (70 percent) of this portfolio is invested in LDCs, with the largest exposures in Burkina Faso, Senegal, and Uganda. This reflects our contribution to reducing inequalities among countries by directing capital to markets that are underserved by the global financial system.

In 2025, RI-labelled total new investments amounted to €208 million, of which €147 million was directed to LDCs, representing more than half of all RI labelled new investments. These investments are often smaller in size, with longer lead times reflecting the complexity of operating in challenging markets.

One example is our €6 million investment in E.V. Assets Management which will support the shift to a green transportation system in Uganda by financing electric vehicle batteries and battery swapping stations infrastructure. We also saw an increase in new investments in support of inclusive growth and gender equality. In total, 30 percent of all Energy investments received an RI Label.

In addition to our investments, we also support women's economic empowerment through technical assistance. One example is the Power Women Ukraine project, launched in partnership with Scatec, IFC, and Swedfund. This educational initiative trains and upskills cohorts of around 20 women for careers in the energy sector, enabling them to work in green energy enterprises in Ukraine, as the country faces a critical shortage of electro-technical specialists in the renewable energy sector due to the war. The program not only strengthens energy resilience but also advances gender equality in a traditionally male-dominated field. The first cohort completed the training in 2025, with the second cohort beginning in 2026.

## Ilute Solar Limited

### Special purpose vehicle for solar power project in Zambia

US\$12 million debt | FMO, Access to Energy Fund | SDG 8, 10, 13

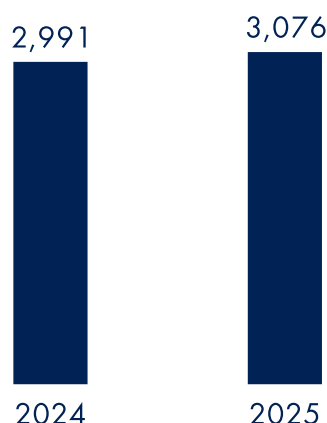


Located in Western Zambia, an LDC, Ilute is a 32 Megawatt-peak solar plant developed by Serengeti Energy and Kwama Energy. It is the first project-financed solar plant to sell electricity through the Southern African Power Pool (a regional electricity trading platform) under a market-based power purchase agreement (which allows prices to be set competitively rather than fixed) done in partnership with GreenCo Power Services Ltd. Instead of relying on government-backed contracts and guarantees, Ilute uses a merchant model selling electricity directly to the regional market. This approach encourages competitive pricing, attracts private investment and strengthens regional integration. This demonstrates how renewable energy

can be financed without burdening government budgets, while strengthening Zambia's energy transition. FMO acted as Mandated Lead Arranger for the US\$26.5 million financing package, blending commercial, development, and concessional capital to de-risk the project and attract private investment. The innovative financing structure enabled participation from commercial lenders and catalytic funding from the Sustainable Energy Fund for Africa (SEFA), a facility managed by the African Development Bank that supports renewable energy projects on the continent. The investment includes EU funding from ElectriFI and demonstrates the EU's Global Gateway approach through investments that enhance smart, clean, and secure connections in the digital, energy, and transport sectors.

## Energy and SDG 13

### Green-labelled total committed portfolio in Energy (in € mln)



### Green-labelled total new investments in Energy (in € mln)

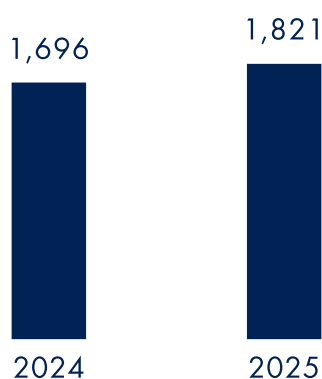


FMO's Green-labelled committed Energy portfolio remained largely stable compared to 2024, amounting to €3.1 billion in 2025, with 77 percent in debt and 23 percent in private equity. Renewable energy utilities continue to drive portfolio performance. To support further sector development and address the challenge of intermittency, which occurs because renewable sources like solar and wind produce energy only when conditions allow, we are increasing our presence in transmission and distribution as well as energy storage solutions.

In 2025, 94 percent of our total new investments in Energy received a Green Label, amounting to €652 million, an increase of €123 million compared to 2024. This included a participation as a parallel lender in a syndicate led by IFC to finance what is expected to become the largest integrated solar and battery energy storage system (BESS) project in Africa to date—Abydos II. This 1,000 MW solar PV and 300 MW / 600MWh BESS project in Egypt will provide affordable, renewable, and reliable electricity by generating

power at a cost well below the current average and by using the integrated BESS to store surplus energy from peak hours and supply it during evening demand.

### Financed avoided GHG emissions (in ktCO<sub>2</sub>e)



All Green-labelled new investments in the Energy portfolio were geared towards climate change mitigation. We estimate that the Energy portfolio resulted in financed avoided GHG emissions of 1,821 ktCO<sub>2</sub>e (2024: 1,696 ktCO<sub>2</sub>e).<sup>18</sup> This represents an increase compared to last year, which can be explained by higher avoided emissions recorded for on-grid energy investments. Around three quarters of the avoided emissions can be attributed to on-grid renewable power projects and around one quarter to off-grid and other energy investments.

We are committed to phasing out fossil fuels in our direct investments and implementing additional restrictions for our indirect investments. We have set an absolute emission reduction target for our power generation portfolio of 50 percent by 2030. In 2025, the power generation target GHG

emissions were 318 ktCO<sub>2</sub>e, a 49 percent reduction compared to the 2021 baseline. The reduction is due to an overall decrease of our outstanding exposure in operational fossil fuel plants, consistent with the commitments set out in the 'FMO Combined Statement on Fossil Fuels'. For details, please refer to 'E1-4 Targets related to climate change mitigation and adaptation' in the 'Sustainability statement'.

## Sustainable Asia Renewable Assets Pte. Ltd.

### Greenfield renewable energy platform across Asia

US\$50 million equity | FMO | SDG 13



Southeast Asia is one of the fastest-growing energy markets globally, projected to account for over a quarter of global energy demand growth by 2035. Yet nearly 80 percent of this demand has historically been met by fossil fuels. To expedite the clean energy transition, Sustainable Asia Renewable Assets (SARA) was launched as a new utility-scale renewable energy platform. Developed by SUSI Partners through SUSI Asia Energy Transition Fund (SAETF) in partnership with FMO and BII, SARA aims to build a 500 MW portfolio of greenfield renewable energy projects across Southeast Asia. The platform focuses on accelerating construction and operation of solar and wind projects while developing its own proprietary

pipeline to create a scalable, independent renewable power company. FMO committed US\$50 million to SARA through co-investment and top-up commitments into SAETF which have helped double the size of its Southeast Asia strategy, delivering significant positive climate impact in one of the world's most carbon-intensive growth regions.

## Key sector events and initiatives

### EDFI Renewable Energy Transition (RET) Program

With our partners, we aim to accelerate the transition towards affordable, reliable, clean energy in underserved regions. FMO played an active role in setting up and shaping the EU-supported program EDFI Renewable Energy Transition (EDFI RET). The operationalization of EDFI RET provides us with an important instrument in our toolbox: this risk guarantee program allows us to lower project financing costs, enhance project viability, and reduce end-user electricity tariffs. In 2025, we signed our first EDFI RET transaction, supporting the Green Investment Partnership, a blended finance fund designed to unlock investments for green infrastructure in Asia by supporting marginally bankable projects.

<sup>18</sup> The data for financed avoided GHG emissions for 2024 has been restated. The restatement is the result of incorrect data identified for one customer, which exceeded the significance threshold by itself. The previously reported figure for 2024 was 2,134 ktCO<sub>2</sub>e. This represents an 8 percent decrease.

## Powering Progress Responsibly: Unpacking IFC Performance Standard 6 for Renewable Energy Projects

As part of our Technical Assistance Program, FMO partnered with the consultancy Nature Positive New Zealand to launch 'Powering Progress Responsibly', a unique training program focused on the International Finance Corporation's (IFC) Performance Standard 6 (PS6): Biodiversity Conservation and Sustainable Management of Living Natural Resources. The program consists of self-paced online modules covering the core concepts of IFC PS6. In addition, FMO held three in-person workshops attended by more than 25 renewable energy developers and fund managers. These sessions highlighted practical applications of IFC PS6 through real-world case studies. The program equips participants with practical knowledge and tools to integrate biodiversity and ecosystem services considerations across the entire project lifecycle, from planning to operations and eventual decommissioning.

## Financial Institutions

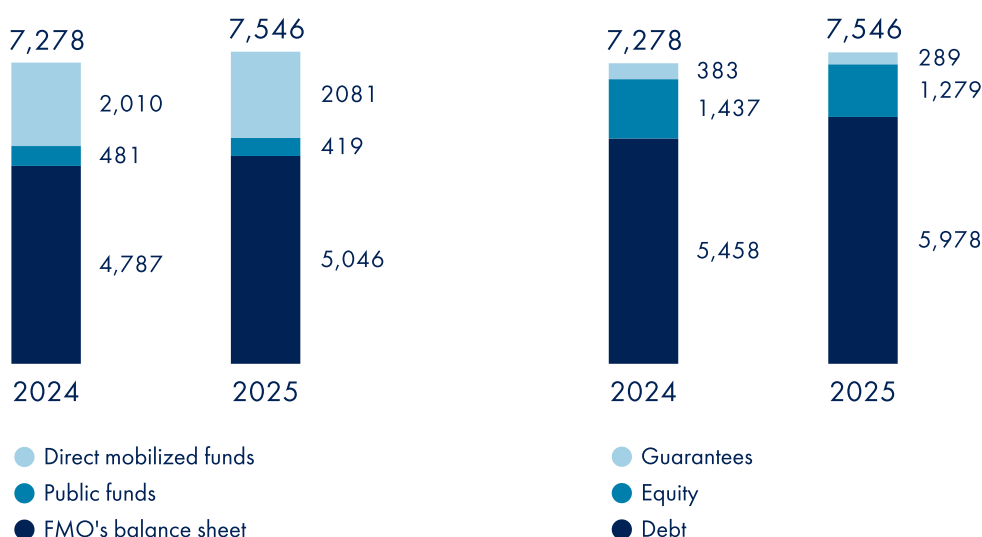
In 2025, financial institutions operating in emerging markets and developing economies demonstrated notable resilience against a backdrop of an unpredictable external environment. At the same time, structural transformation within the sector continued to accelerate. Rapid technological change, particularly the rise of fintech and artificial intelligence (AI), reshaped risk management, customer engagement, and operational processes. These trends created opportunities for efficiency gains and expanded access to finance for previously underserved segments, but also introduced new operational, cyber, and governance risks that require robust institutional capacity and oversight.

Foreign exchange risk was another key factor impacting the sector in 2025. Although the weaker US dollar in 2025 provided some relief compared to the sharp currency pressures experienced in 2022 and 2023, many banks and businesses still faced risks from borrowing in foreign currencies. As a result, demand for local-currency financing and stronger domestic financial markets remained high, reflecting a broader push to enhance financial system resilience and reduce vulnerability to external shocks.

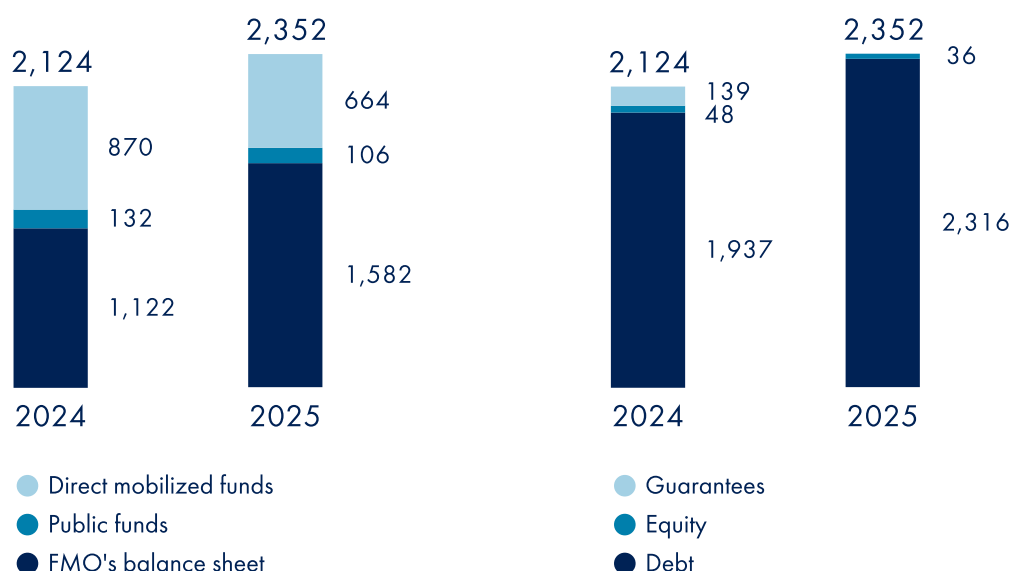
These dynamics underscore the critical role of DFIs in providing long-term, countercyclical capital and supporting local-currency solutions to strengthen financial system resilience. Rapid technological change highlights the need to complement financing with technical assistance in areas such as digital transformation, risk management, and governance. Finally, persistent geopolitical and currency-related uncertainties reinforce the importance of mobilizing private capital and targeting underserved segments to foster inclusive and sustainable growth.

## Overall sector performance

### Total committed portfolio in FI (in € mln)



## Total new investments in FI (in € mln)



FMO's total committed FI portfolio amounted to €7.5 billion at the end of 2025, remaining largely stable despite the negative impact of the depreciated US dollar on the euro-denominated portfolio. Debt instruments accounted for 79 percent of the portfolio, while 17 percent was invested in equity. Universal banking represented approximately 70 percent of the total exposure, with the portfolio well diversified across the four regions where FMO operates.

New investment activity was particularly strong in Europe, Asia and the Middle East, and Latin America & the Caribbean in 2025. This performance was driven by several large transactions with long-standing customers, underscoring FMO's commitment to deep, enduring partnerships. In addition, we actively leveraged collaborations with private and public third-party capital providers to mobilize additional funding alongside our own investments. By placing greater emphasis on partnerships, syndications, and blended finance structures, we were able to support a broader client base and facilitate larger transactions than would have been possible independently. Mobilized capital represented approximately 28 percent of total new investment volume contracted during the year.

In absolute terms, new investment activity was stronger than in the previous year. Reported investment volumes, however, were affected by the approximately 13 percent depreciation of the US dollar against the euro, given that the majority of the portfolio is USD denominated. Of the total new investments, €1.6 billion from FMO's own balance sheet and €107 million was deployed through public funds. Debt products accounted for 98 percent, while equity investments represented 2 percent of the total.

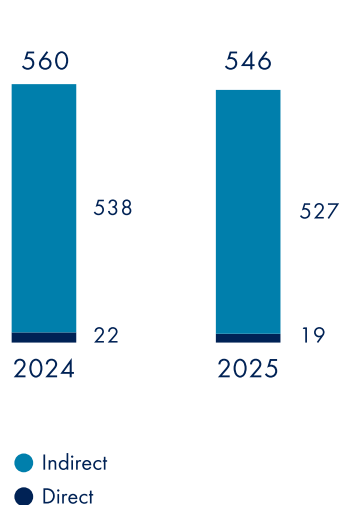
These results demonstrate strong performance across our FI portfolio, not only in terms of volume but also impact. Through targeted investments alongside our customers and co-investors across nearly every continent, we expanded access to finance for underserved entrepreneurs, supported climate-focused lending, and helped strengthen local financial systems, helping businesses and communities access more reliable and affordable financing.



## Contribution to FMO's strategic impact ambitions

### Financial Institutions and SDG 8

#### Jobs supported (in thousands)



MSMEs form the backbone of emerging economies, providing the majority of jobs and significant added value, yet they often face considerable barriers to accessing finance. Through investments in financial institutions, we support MSMEs to grow and innovate, which helps to foster a productive and resilient private sector. In 2025, this contribution was reflected not only in new investment volumes, but also in the strengthened capacity of financial institutions to serve MSMEs in a sustainable way.

The number of direct jobs supported through our financing in financial institutions remained broadly stable in 2025, reaching 19,000 and staying close to the 22,000 reported in 2024. An estimated 42 percent of these positions were held by women. Using the Joint Impact Model, we also estimate that our financing supported an additional 527,000 indirect jobs, a level broadly comparable to 2024 (538,000). These indirect jobs were primarily driven by employment supported through our

customers' financing activities.

### I&M Bank Rwanda

#### Universal bank in Rwanda

US\$20 million debt | EC, MASSIF, FMO | SDG 8, 10



Rwanda's MSMEs face a persistent challenge: access to credit is often tied to collateral that many enterprises cannot provide. To help address this constraint, FMO supported I&M Bank (Rwanda) Plc., the country's oldest bank, through a NASIRA-funded technical assistance program aimed at strengthening the bank's internal capabilities across financial modelling, dashboarding, risk management, reporting, and data utilization. The improvements, completed in 2025, enabled the bank to significantly redesign its MSME lending strategy. With strengthened credit assessment tools, enhanced business intelligence, and more efficient internal processes, I&M Bank Rwanda introduced two uncollateralized lending products based

on business performance rather than physical collateral, including cashflow-based lending and invoice-based lending. For MSMEs, these products provide more suitable and responsive financial solutions that reflect real business needs and cashflow cycles. This leads to improved access to the capital required to expand production, hire staff, and grow sustainably, while contributing to a more inclusive and competitive banking environment. By enhancing the bank's capacity to reach and finance MSMEs more effectively, FMO is supporting stronger business productivity and contributing to long-term economic resilience in Rwanda.

## 1st Valley Bank

### Development bank in the Philippines

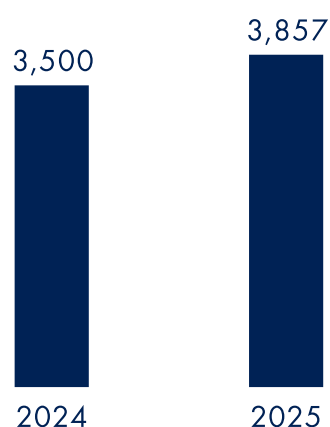
US\$15 mln debt | FMO | SDG 8, 10



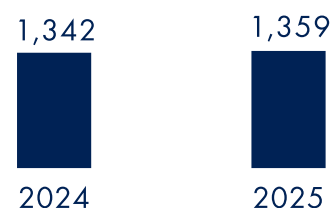
1st Valley Bank (1VB) is a development bank based in the Philippines, with a strong presence on the islands of Mindanao and Visayas. The bank primarily serves SMEs and farmers active in the production of coconut, corn, rice, and poultry, thereby providing financial services to support agricultural production and small-scale commercial and trade businesses. To support rural SMEs across the islands, FMO provided US\$15 million in local currency (LCY) financing. Our 100 percent RI investment aims to increase financial inclusion in the Philippines, particularly towards underserved groups within the agricultural and commercial sector.

## Financial Institutions and SDG 10

### RI-labelled total committed portfolio in FI (in € mln)



### RI-labelled total new investments in FI (in € mln)



The share of FMO's FI's portfolio supporting reducing inequalities (SDG 10) increased in 2025, with RI-labelled investments accounting for more than half of the total portfolio. The volume of new investments receiving an RI Label increased slightly in 2025, reaching €3.9 billion (2024: €3.5 billion).

FMO's focus on inclusive finance promotes the broad sharing of economic growth, rather than allowing its benefits to accrue primarily to those already well served by the financial system. By intentionally directing capital to groups that have historically faced barriers to accessing finance, such as women, youth, MSMEs, and rural entrepreneurs, our investments aim to reduce inequalities of opportunity and strengthen inclusive economic participation.

In line with this approach, in 2025 we invested in Lendable, an MSME fintech credit fund that supports underserved micro and small businesses across emerging markets. Through the MASSIF fund, a public fund managed by FMO, Lendable received US\$10 million to continue providing credit to socially impactful fintechs across Africa and Asia, while also expanding its reach to Latin America. Next to capital, we provided technical assistance, with a focus on strengthening risk management capabilities.

Beyond addressing inequalities within countries, FMO also seeks to reduce inequalities among countries by extending financing to markets underserved by the global financial system. These markets are often classed as higher-risk or affected by structural pricing mismatches. Reaching the least developed and fragile states and identifying investable opportunities in these contexts remains a challenge, even for DFIs. In 2025, we invested €217 million in LDCs, above the previous year's level. Through continued

market creation and ecosystem building efforts, we aim to help address the systemic barriers that constrain investment in these markets.

## Coris Holding

### Regional banking platform driving financial inclusion in West Africa

€10 million equity | FMO | SDG 8, 10



West Africa faces one of the lowest banking penetration rates globally, with less than 30 percent of the population in many of its markets having a bank account. Expanding access to finance is crucial for supporting entrepreneurship, job creation, and inclusive growth. Coris Holding, the second-largest banking group in the West African Economic and Monetary Union, operates in 11 countries and serves over one million customers through a network focused on SME financing. Founded in 2008, Coris has built a strong regional footprint and a customer-centric model that prioritizes tailored financial solutions for individuals and businesses. To support Coris' growth and regional expansion, FMO co-invested €10 million alongside Mediterranean Capital Partners (MCP) and three other European DFIs (BII, BIO, IFU) in a €102 million transaction. This investment is fully RI-labelled, with 83 percent of Coris' balance sheet exposed to LDCs. Beyond capital, FMO and its partners are strengthening governance and ESG standards through a comprehensive Environmental and Social Action Plan (ESAP) and Corporate Governance Action Plan (CGAP), reinforcing the banking group's role as a catalyst for financial inclusion across frontier markets.

## Banco BBVA Perú

### Universal banking institution in Peru

US\$75 million debt | FMO | SDG 10



MSMEs in Peru are a cornerstone of the economy, yet women-owned businesses face persistent barriers to accessing finance. Strengthening this segment is critical for inclusive growth and gender equality. Banco BBVA Perú, the country's second-largest bank with over nine million clients, is addressing this challenge through a landmark social bond aligned with ICMA's Social Bond Principles. The US\$200 million bond, arranged by IDB Invest, is fully dedicated to financing women-owned micro and small enterprises, enabling tailored credit solutions that foster resilience and economic empowerment. FMO invested US\$75 million in Series B of the bond, alongside IDB and COFIDE, marking a significant milestone in Latin

America's sustainable finance landscape. This transaction carries a full RI Label and strengthens Peru's social bond market, setting a precedent for thematic instruments that drive gender inclusion. FMO is also working with BBVA to integrate enhanced environmental and social risk management measures.

## ASA International

### Microfinance institution active in Africa and Asia

US\$15 million debt | MASSIF | SDG 8, 10

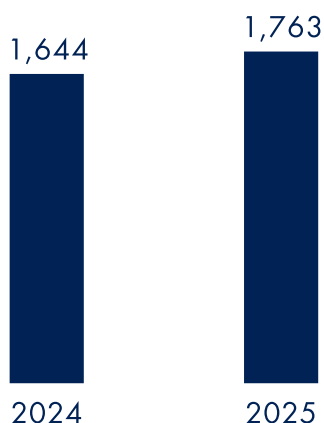


ASA International (ASAI) is one of the world's largest international microfinance institutions dedicated to serving low-income entrepreneurs, most of whom are women. Headquartered in Dhaka and Amsterdam and operating through 13 countries across Africa and Asia, ASAI provides small, socially responsible loans to underrepresented populations who lack access to traditional financial services. FMO's US\$15 million facility, which was labeled 75 percent RI, supports on-lending to female microentrepreneurs while also strengthening ASAI's digital transformation to make financial services more accessible for end clients. The transaction reinforces FMO's commitment to gender inclusion and financial empowerment, while also

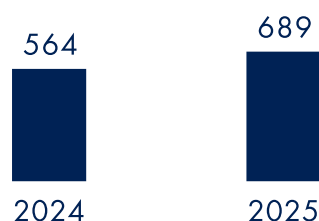
marking the renewal of a partnership with a globally impactful Dutch-based institution.

## Financial Institutions and SDG 13

**Green-labelled total committed portfolio in FI**  
(in € mln)



**Green-labelled total new investments in FI**  
(in € mln)



Despite the scaling back of climate policies in some parts of the world, FMO maintained a solid Green-labelled investment performance in 2025, with 23 percent of the FI portfolio contributing to SDG 13 objectives. Financial institutions, particularly those in Europe and Central Asia, the Middle East and North Africa, and Latin America & the Caribbean, continued to demonstrate strong commitment to climate mitigation and adaption within their portfolios, supporting national green transition agendas.

Total Green-labelled new investments amounted to €689 million in 2025, an increase compared to the €564 million invested in 2024. A key highlight was FMO's US\$75 million senior loan facility to DAVR Bank, a mid-sized bank in Uzbekistan which focuses on micro, SME, and retail customers. The 100 percent Green and RI-labeled transaction was used fully to finance these customers' sub-loans (all of which were Green projects). FMO supported DAVR through a 2024 Green Diagnostic study that delivered a clear roadmap for developing and implementing its green finance strategy, helping the bank expand green products and strengthen its position in the local market.

### Vietnam Maritime Commercial Joint Stock Bank (MSB)

**Blended finance facility driving green and inclusive growth**

US\$80 million debt | FMO, DFCD | SDG 8, 10, 13



Rural and women-led businesses in Vietnam often lack access to long-term finance for climate-smart investments. Vietnam Maritime Commercial Joint Stock Bank (MSB) is addressing this gap through a landmark blended finance facility that combines concessional capital from the Dutch Fund for Climate and Development (DFCD) with funding from FMO. The US\$80 million facility will enable MSB to expand lending to SMEs, micro-SMEs, and women-led enterprises in rural, sustainable, and agricultural sectors, accelerating Vietnam's climate resilience and inclusive growth. FMO provided long-tenor financing via DFCD's Origination Facility, supporting MSB's entry into underserved climate-smart segments. This partnership

strengthens Vietnam's green finance ecosystem and aligns with the EU's Global Gateway strategy, fostering sustainable economic development and climate adaptation in one of Southeast Asia's most dynamic emerging markets.

## Banco Bolivariano

Universal bank in Ecuador

US\$20 million debt | FMO | SDG 13



FMO supported the launch of Ecuador's first ever Biodiversity Bond through a US\$20 million co-investment in Banco Bolivariano, a longstanding locally-owned universal bank in Ecuador with a 45+ year track record. With a strong regional presence in the coastal region, Banco Bolivariano has become a key financier to Ecuador's aquaculture sector. The US\$120 million Biodiversity Bond, issued in 2025, will enable the bank to further grow its green and climate finance portfolio across sectors such as sustainable agriculture, the circular economy, forestry, and ecotourism. By deploying a biodiversity linked structure through a systemically important financial institution, this investment fosters private sector engagement in nature-positive financing and strengthens conservation and ecosystem protection efforts in Ecuador.

## Key sector events and initiatives

### Future of Finance

Continuing our drive for increased engagement across the financial sector, we hosted the seventh edition of FMO's flagship event, The Future of Finance, in Rotterdam, the Netherlands, over two days in September. The event brought together more than 500 financial leaders from over 60 countries. Under the theme, 'Turn the Tide', the conference served as a call to action for financial institutions to lead with intention in an increasingly uncertain world. Keynote speakers and panelists explored how the sector can drive meaningful change, ranging from rethinking economic systems and empowering communities to designing inclusive financial services and navigating transformative technologies.

### Nasira+

In 2025, FMO signed a new EFSD+ guarantee agreement with the European Commission for up to €264.5 million titled 'Nasira+: A New Chance Guaranteed for Underserved Entrepreneurs and Green Financing'. MASSIF also committed up to €29 million to the program. This new Nasira+ guarantee program, aligned with the EU's Global Gateway investment agenda, is designed to bridge the financing gap for entrepreneurs who are typically excluded from or underbanked by formal financial systems, including youth, women, migrant entrepreneurs, and agricultural and rural MSMEs. In addition, the program will support green investment opportunities. Nasira+ is expected to channel up to €1 billion in investment. The new program will expand into additional countries in Asia and Latin America & the Caribbean, while continuing its reach in Africa and the European Neighborhood, including Türkiye.

Nasira+ is complemented by a €17.1 million technical assistance facility, allowing FMO to offer both pre- and post-investment capacity-building support to customers and prospective partners. This integrated approach strengthens financial institutions' ability to serve underserved segments responsibly and sustainably.

### Sustainable Microfinance in Cambodia

The rapid expansion of microfinance institutions (MFIs) in Cambodia has supported economic development for low-income individuals and microenterprises, but it has also contributed to rising borrower indebtedness. In 2022, at FMO's request, the UN Resident Coordinator initiated a stakeholder engagement process to promote a more sustainable microfinance sector that protects borrower rights. A key outcome is the Debt Counselling and Mediation Working Group, supported by the National Bank of Cambodia, in which FMO participates. The group aims to strengthen local dispute-resolution capacity for microfinance cases. As part of this effort, FMO has partnered with Oxfam Cambodia to enhance the National Alternative Dispute Resolution mechanism under the Ministry of Justice by building the skills of mediators who often lack sufficient knowledge of financing regulations and practices.



## Private equity funds and venture capital

This section covers our investments in private equity funds and venture capital. Our direct private equity investments are reflected in the 'Portfolio composition & performance drivers' section, as well as in the sector sections on Agribusiness, Food & Forestry, Energy, and Financial Institutions presented earlier in this chapter.

Amid heightened macroeconomic uncertainty, private equity fundraising in our markets remained challenging throughout 2025. In response, FMO adopted a more deliberate investment approach, while liquidity concerns continued to shape the priorities of limited partners. At the same time, we observed stronger collaboration among DFIs and financing partners, alongside a promising rise in interest from local institutional investors, marking an important step toward mobilizing domestic capital.

True to our conviction of investing across economic cycles, we continued to back private equity funds as a cornerstone of our contribution to SDG 8, driving job creation and inclusive economic growth. Through dedicated gender and climate frameworks, tailored technical assistance, and ESG value creation, FMO remains a value-adding investor, committed to building sustainable businesses and accelerating the transition to resilient economies.

Following the sharp contraction in global venture capital markets since 2022, driven by geopolitical tensions and rising interest rates, markets started showing early signs of recovery in 2025. However, performance varied by region, sector, and stage of company development.

Despite these challenges, we remained committed to supporting early-stage innovators in Africa and Asia through the FMO Ventures Program. We invest indirectly through our commitments to venture capital funds and selectively invest directly in companies driving impact through fintech, clean energy, and agri-tech solutions. These investments focus on businesses aligned with our strategic sectors and combine scalable innovation with inclusive and sustainable economic growth.

Supported by the European Commission-backed Ventures Technical Assistance Program, we delivered an FMO Venture Capital ESG MasterClass, bringing together venture capital, ESG, and sector teams to share ESG best practices and strengthen impact measurement.

## Market creation

FMO's market creation efforts aim to unlock opportunities in underserved and frontier markets by addressing the barriers that prevent impactful businesses from becoming investment-ready. In line with our 2030 Strategy, we work closely with partners to build a strong pipeline of bankable, high-impact projects, mobilizing capital, strengthening ecosystems, and supporting early-stage ventures. Over the past year, these initiatives have increasingly translated into tangible results, demonstrating how targeted market creation activities can mobilize private investment and contribute to more inclusive, resilient economies.

### Key achievements

Through the African Resilience Investment Accelerator (ARIA), a partnership with BII and, more recently, Proparco, we support the growth of select frontier markets across Africa and have unlocked €137 million in DFI investment since its launch in 2021. In addition, the Commercial Agriculture for Smallholders and Agri-business (CASA) program, a partnership with BII and FCDO, has mobilized more than €15 million in green and inclusive agriculture investments, increasing incomes of over 150,000 smallholder farmers and strengthening their climate resilience.

In addition to mobilizing capital into investable businesses, FMO strengthens earlier stages of the pipeline. Through the Market Creation program, we also supported two Africa-based clean energy-focused venture builders: Delta40 and Persistent, which help entrepreneurs build new businesses.

Continuing our focus on early-stage African ventures, the third season of the Endeavor-FMO Agri Tech Accelerator Program launched in 2025 with a new cohort. The program provides tailored growth support to early-stage African agri-tech ventures over a 12-month period, helping promising companies scale toward investment readiness.



In 2025, FMO significantly expanded the market creation funding it manages. Following an initial contribution of €22 million from the Dutch Ministry of Foreign Affairs in 2023, we mobilized a further €75 million from the European Commission and the UK Government's Foreign, Commonwealth and Development Office. Together, this €97 million Market Creation Platform brings five programs under one umbrella, strengthens collaboration with Dutch and European partners, and supports the development of a strong pipeline of high-impact, bankable opportunities.

### Partnerships and stakeholder engagement

FMO continued to deepen partnerships with public and private stakeholders to scale market creation efforts. In September 2025, FMO hosted a Market Creation Platform milestone event during its Future of Finance conference together with the Dutch Ministry of Foreign Affairs. The event brought together key partners and marked the formalization of the platform's governance through the establishment of a Donor Forum and an Advisory Forum. The Donor Forum coordinates and advocates for the strategic direction of the platform's market creation activities and programming among donors. The Advisory Forum serves as a community of practice, bringing together market creation experts and key FMO partners to provide guidance on market creation topics. Together, these forums foster meaningful dialogue with external stakeholders, further strengthening the Market Creation Platform's relevance and impact.

FMO's market creation activities also align with the European Union's Global Gateway investment priorities, particularly in renewable energy, the digital economy, infrastructure, and agriculture value chains. In 2025, under the Invest in Young Business in Africa (IYBA) Team Europe Initiative, we began implementing two market creation programs supporting young and growing businesses in these sectors. These companies form a potential pipeline for European Fund for Sustainable Development Plus (EFSD+) guarantee programs, including several managed by FMO such as Nasira+, DFCD-Aya, and EDFI RET. Nasira+ expands access to finance for underserved MSMEs and green entrepreneurs through risk-sharing with financial intermediaries, while DFCD-Aya supports the de-risking of bankable climate-resilient investments in sustainable agriculture and land-use value chains. EDFI RET complements this by accelerating renewable energy markets through coordinated EDFI risk-sharing for direct and indirect debt and equity investments. Together, these programs illustrate how market creation and blended finance can jointly mobilize private investment at scale.

### European alignment

These market creation efforts show how FMO uses grants and blended finance to build investable pipelines, unlock private capital, and support entrepreneurs access finance, grow their activities, thereby contributing to more inclusive and resilient economies.

For further information on how FMO manages the public funds it receives and administers on behalf of the Dutch government, the UK government, and other partners, and how these arrangements affect FMO's financial position and performance, please refer to the 'Services in relation to government and public funding' section of the Consolidated Financial Statements.

## Organizational developments

FMO's organizational strength is essential to delivering our Strategy 2030 ambitions. In 2025, we focused on building the skills, culture, and operational effectiveness needed to support this trajectory. Guided by the People & needed skillsets and Efficiency focus themes, we continued strengthening leadership, enhancing collaboration, and advancing digitalization to boost productivity. These developments help ensure that FMO remains resilient, capable, and well-equipped to achieve its strategic goals.

### People and needed skillsets

People are central to FMO's ability to deliver on its mission and long-term strategy. Our impact depends on a skilled, engaged, and adaptable workforce that is aligned with our values and equipped to support FMO's strategic ambitions. We are committed to fostering an environment where employees can thrive, develop relevant capabilities, and contribute meaningfully to our mission.

Regular Employee Engagement Surveys and interim pulse checks ensure our people initiatives remain relevant and effective. In 2025, our employee survey reported an Employee Net Promoter Score (eNPS)<sup>19</sup> of 43, a significant increase from 21 in 2024, reflecting stronger employee engagement and satisfaction.

While no Dutch-specific benchmark for the banking sector is publicly available, this score compares favorably with international sector benchmarks. FMO's eNPS is above the 2025 global banking sector average of 39 and only slightly below the broader financial sector average of 46, indicating a strong level of employee advocacy and positioning FMO as an attractive and engaging place to work.

Building on the Values in Action program<sup>20</sup> launched in 2023, we further reinforced FMO's culture by annually highlighting specific values and behaviors and continued initiatives to embed these naturally in our day-to-day operations. The 2025 focus themes built on increased effectiveness and efficiency, as well as feedback and, supporting stronger collaboration and alignment across the organization. Leadership development remained a priority, promoting conscious leadership and authentic decision-making in line with our values and strategic ambitions. For more information on these topics, refer to 'S1 - Own workforce' in the Sustainability statement.

## Efficiency

Strengthening organizational efficiency is a key enabler of FMO's Strategy 2030: 'Pioneer-Develop-Scale'. Our approach remains threefold: focusing on bottom-up efficiencies, automation and digitalization, and the responsible use of AI. In 2025, efficiency was a six-month focus behavior for all FMO employees, supported by awareness initiatives, knowledge sharing, and practical training to embed continuous improvement in our daily work.

Bottom-up efficiency remained an important driver. Through our Continuous Improvement approach and Kaizen workshops, employees and managers across FMO delivered many incremental improvements that collectively have a material effect. These initiatives reduce waste, simplify handovers, and limit manual work, while at the same time strengthening ownership, engagement, and a culture of continuous improvement.

The Digitalization Program delivered several significant milestones in 2025. We further automated core credit processes by digitizing the Change Request and Customer Credit Review processes using an in-house developed workflow system, giving FMO greater control over process design and future enhancements. We also progressed the redesign of the loan origination process and strengthened customer relationship capabilities through improved CRM and deeper integration of data and processes. In parallel, we introduced advanced process analytics, providing clear insight into throughput times and bottlenecks, and enabling more targeted improvements.

Building on secure pilots conducted in previous years, we started the responsible deployment of Microsoft Copilot and other AI-enabled tools, with robust safeguards for data protection and governance. Together, these developments are freeing up capacity, improving quality and consistency, and supporting FMO's ambition to operate as a more efficient and resilient organization.

## Financial performance

### Financial results

For 2025, FMO recorded a net profit of €48 million, compared to €297 million in 2024. The decline in net profit is almost entirely explained by significant foreign exchange movements, in particular the weakening of the US Dollar against the Euro. Over the year, the EUR/USD exchange rate moved from 1.04 to 1.17, resulting in a €210 million unrealized FX loss on our equity investments. In 2024, the opposite occurred: the strengthening of the US Dollar contributed €116 million in FX gains, which explains the year-on-year volatility in the reported net profit.

Because the FX impact is non-operational and outside management control, FMO focusses on the regular result<sup>21</sup> as key alternative performance measure. The regular result increased to €122 million in 2025, up from €110 million in 2024, despite the stronger euro. This increase is driven by:

- 
- 19 eNPS is based on the Net Promoter Score (NPS) system which measures customer loyalty. The eNPS measures employee sentiment, on a scale from -100 to +100, with scores calculated as the percentage of promoters minus the percentage of detractors.
  - 20 For additional information on the Values in Action program, please refer to the Sustainability Statement, sections 'S1 Own Workforce' and 'G1 Business Conduct'.
  - 21 This is an alternative performance measure (APM) that is not included in the financial statements. For a definition of this APM, please refer to the chapter 'Alternative Performance Measures'.

- Higher interest and fee income, supported by strong underlying business activity
- Higher dividend income
- Limited cost growth, as operating expenses increased by only €2 million, demonstrating continued cost discipline

It is noteworthy that regular income<sup>21</sup> increased even though a large part of our revenues are USD-denominated, while the appreciation of the euro reduced EUR-translated income. Expenses, being primarily euro-denominated, were not affected, making the improvement in the regular result even more significant.

Loan impairment levels also contributed positively to the result. Similar to last year, FMO recorded a net release of loan loss provisions, reflecting improved credit risk performance across the portfolio. The NPE ratio<sup>21</sup> for the lending portfolio on December 31, 2025 is 5.5 percent, down from 7.0 percent in 2024.

FMO's approach to foreign currency exposures remains unchanged. In line with FMO's mandate to support local market development, FMO extend loans and make equity investments in local and foreign currencies. FMO therefore accept FX volatility on net profit and deliberately do not hedge open FX position on equity investments, as it provides a natural partial hedge for FMO's regulatory capital ratios. While a depreciation of the euro reduces income in euro terms, it also reduces the euro value of FMO's foreign-currency risk-weighted assets (RWA), which has a stabilizing effect on capital ratios.

Overall, while reported net profit shows a decline due to FX effects, the regular result demonstrates strong underlying performance, supported by higher income and cost discipline.

## Cash flow

The net cash flow for the year was an outflow of €241 million. Net cash flows from operating activities amounted to an outflow of €578 million. Cash outflows relate primarily to disbursements from new investments in the lending portfolio, as well as additional investments in interest-bearing securities.

## Capital position

On December 31, 2025 FMO's capital position remained above the minimum levels required by the Dutch Central Bank as well as the requirements of FMO's own internal Risk Appetite Framework. The total capital ratio increased to 22.3 percent (2024: 21.3 percent). The CET-1 ratio<sup>21</sup> increased to 22.2 percent (2024: 20.4 percent).

FMO's liquidity ratios remained within the regulatory limits with a liquidity coverage ratio (LCR) of 294 percent for the current financial year. The survival period was over 7 months (2024: more than 12 months). The net stable funding ratio (NSFR) was 110 percent at the end of the financial year (2024: 109 percent).

FMO maintained its AAA ratings from both Fitch and Standard & Poor's during the financial year. FMO's funding portfolio increased by €163 million, where redemptions were offset by new bond issuances totaling approximately €2,096 million.

## Proposal for appropriation of the net result

Taking into account the conditions set out in the State-FMO Agreement of July 1, 2023, the Management Board and Supervisory Board propose allocating the net profit as follows: distribution of €2.0 million as a cash dividend (€5.01 per share) and allocating the remaining net profit of €46.5 million to the contractual reserve.

## Risk and uncertainties

FMO's primary risk exposures are investment risk (credit risk, equity risk, concentration risk and counterparty credit risk), market risk and liquidity risk. FMO monitors developments in these areas on an ongoing basis. This includes assessments of the impact of broader global macro-economic trends,

21

This is an alternative performance measure (APM) that is not included in the financial statements. For a definition of this APM, please refer to the chapter 'Alternative Performance Measures'.

such as increasing interest rates and foreign exchange rate movements, as well as more acute impacts arising from country- or region-specific political or environmental events. Risk levels are continuously measured against predefined risk tolerances and proactive measures are taken when challenging events take place.

Risks and uncertainties also arise in the financial reporting processes related to investment valuations, the estimation of expected credit losses and impairments on the lending portfolio, and the treatment of large, structured investments. These processes rely on professional judgement, therefore there is an inherent degree of uncertainty that arises in accounting for these items. FMO embeds controls in the financial reporting and valuation processes to ensure all estimates are reasonable and free from bias.

## Further information

For more details and analysis on the financial performance, please refer to the 'Consolidated statement of profit or loss' sub-chapter in the 'Consolidated financial statements'. For more information on developments related to equity investments, ECL allowances and impairments, funding, and liquidity, please refer to the 'Equity risk', 'Credit risk' and 'Liquidity risk' sections in the 'Risk Management' chapter.

## Additionality

Additionality is a core principle of FMO's work and a requirement under our agreement with the Dutch State. It ensures that FMO offers financial services to the extent that the commercial market does not or does not sufficiently provide them, or which are only offered by the commercial market on terms that do not fit in a solid business model. FMO's role is not to crowd out private investors but to fill the gaps, offering support that drives long-term market development. In certain cases, FMO demonstrates additionality by contributing to higher ESG standards that go beyond local market norms, achieving a transformative effect. This approach is essential to promoting sustainable market growth and supporting communities without competing with commercial financing sources. The following examples showcase how FMO exemplifies additionality in each of its investments.

### Horizon Capital Catalyst Fund

Ukraine's ongoing war has created a difficult investment climate, leaving many businesses with limited access to growth capital, particularly in sectors essential for rebuilding the economy. To help address this gap, FMO committed €10 million through a dedicated Ukraine allocation from the Dutch government's Building Prospects Fund to the Horizon Capital Catalyst Fund at its first close. The fund invests equity capital into Ukrainian mid-sized projects and companies in reconstruction-linked sectors such as energy, digital infrastructure, and construction materials.

FMO's additionality is primarily financial. By acting as an anchor investor alongside other development finance institutions, FMO helps the fund attract further investment from both public and private investors. This signaling role is especially important in Ukraine's current environment, where fundraising is challenging. The investment contributes to closing an equity gap and mobilizing capital needed for reconstruction and economic recovery. The fund also follows a gender-focused approach and is labelled 100 percent RI.

Beyond financing, FMO works with the fund manager Horizon Capital to strengthen environmental and social risk management systems. This helps ensure investments are managed responsibly in a complex operating context, supporting sustainable and resilient private sector development.

### First National Bank Zambia Limited

Zambia's economy has faced significant challenges in recent years. Following the government's debt default in 2020 and a severe drought in 2024 that caused widespread power shortages and sharply reduced harvests, many businesses have struggled to access affordable, long-term financing, especially in US dollars.

To help address this gap, FMO is providing a US\$50 million senior loan to First National Bank Zambia (FNBZ), of which USD 20 million is currently committed. The funding will support FNBZ in expanding loans to businesses investing in climate mitigation and adaptation measures, including renewable energy, sustainable agriculture and smart irrigation systems. The investment is labelled 100 percent Green and 100 percent RI.

FMO's additionality lies in providing long-term US dollar funding at a time when such financing is scarce in Zambia. This enables local entrepreneurs to invest in solutions that help them respond to climate stress and reduce their dependence on unreliable power supply. Thereby, FMO is crowding in institutional investors in the uncommitted tranche, bringing back commercial capital into the Zambian banking sector for the first time since the sovereign default.

Beyond financing, FMO is working with WWF to provide technical assistance to FNBZ. This support helps the bank strengthen its environmental and social risk management and build expertise in financing climate adaptation projects, raising standards and contributing to long-term market development in Zambia.

### Stichting Hivos Triodos Fonds

Small- and medium-sized enterprises (MSMEs) play a vital role in food security, job creation, and the transition to cleaner energy in many developing countries, yet they often struggle to secure financing. Through the Dutch Fund for Climate and Development (DFCD), FMO is providing a €20 million loan to Stichting Hivos-Triodos Fonds, an impact fund that helps address this gap primarily through investments in local impactful SMEs across Africa, Asia, and Latin America. Its portfolio focuses on agribusiness, sustainable food production, and renewable energy solutions. These are all areas essential for improving livelihoods and reducing inequalities.

By investing in the fund, FMO indirectly reaches smaller businesses and smallholder farmers that are typically beyond the scope of direct financing and/or lack access to finance. The investment supports climate-friendly agricultural practices and renewable energy solutions, including solar-powered irrigation. The transaction is labelled 100 percent Green and 100 percent RI.

FMO's additionality is both financial and ESG-related. The funding helps close a financing gap in sectors perceived as higher risk and enables the fund to expand its portfolio. By participating in a more risk-bearing position, FMO helps mobilize additional funding from other partners. Beyond financing, FMO contributes technical assistance to strengthen environmental and social risk management and supports training that enables businesses to invest in climate-resilient solutions, fostering a more inclusive and sustainable local economy.

# CORPORATE GOVERNANCE

Good corporate governance at FMO is crucial for two reasons. The first relates to our mission to enable entrepreneurs to increase inclusive and sustainable prosperity. We believe that to carry out this mission, a high standard of corporate governance is paramount. The second is that, as a public-private development bank, our own governance, structure and reporting lines must be both sound and transparent.

## Governance structure

FMO's corporate governance structure is based on the premise that FMO has established a long-term partnership with various stakeholders who, directly or indirectly, influence or are influenced by the achievement of our objectives. Stakeholders include customers, the Dutch government, shareholders and other providers of capital, employees, NGOs, and local communities in the countries where we work, as well as partners.

FMO is expected to take the interests of all stakeholders into account at all times. In governance terms, this expectation is expressed through the responsibilities and accountability of the Management Board and Supervisory Board, with regard to our shareholders and other stakeholders.

The Management Board is responsible for ensuring it considers the interests of its employees and regularly meets with FMO's Works Council. In addition, the Works Council meets with the Supervisory Board twice a year.

FMO's Supervisory Board has non-executive responsibilities, including supervising and advising the Management Board. New members of the Supervisory Board are appointed by the General Meeting of Shareholders on the nomination of the Supervisory Board. The Supervisory Board has the following three committees, which advise and prepare decision-making: the Audit and Risk Committee; the Selection, Appointment and Remuneration Committee; and the Impact Committee.

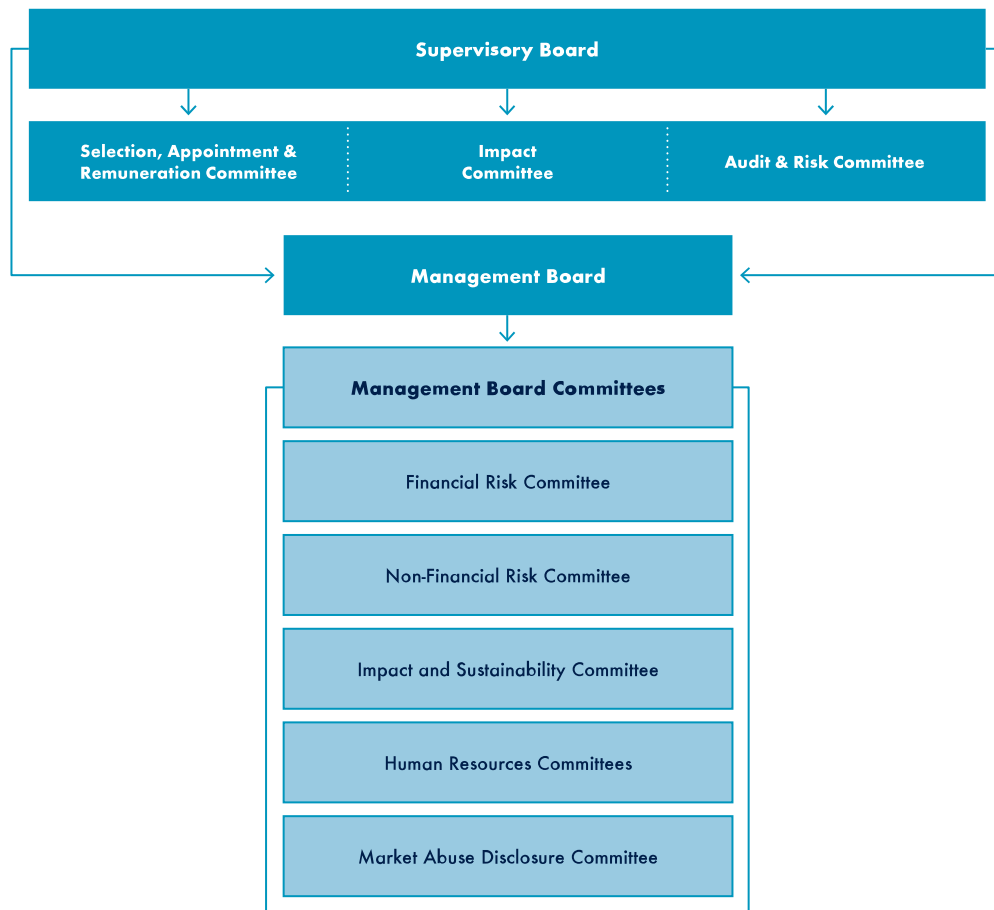
The daily management of our bank lies with the Management Board. The members of the Management Board are appointed by the Supervisory Board and are independent. The Articles of Association, Standing Rules of the Supervisory Board, and Standing Rules of the Management Board contain provisions and procedures to follow in case of any conflict of interests of members of the Management Board or Supervisory Board. Appointments of members of the Supervisory Board and Management Board are subject to approval by the Dutch Central Bank (DNB), which assesses the reliability and suitability of candidates. FMO organizes extra training where necessary and offers a lifelong learning program to its Management Board and Supervisory Board members.

FMO's Supervisory Board consists of six non-executive members. FMO's Management Board consists of five executive members. It is noted that in 2025, two Management Board members resigned, resulting in two vacancies in the Management Board.

The Management Board has established committees to assist it in fulfilling its oversight responsibilities as shown in the following figure.



## Governance structure



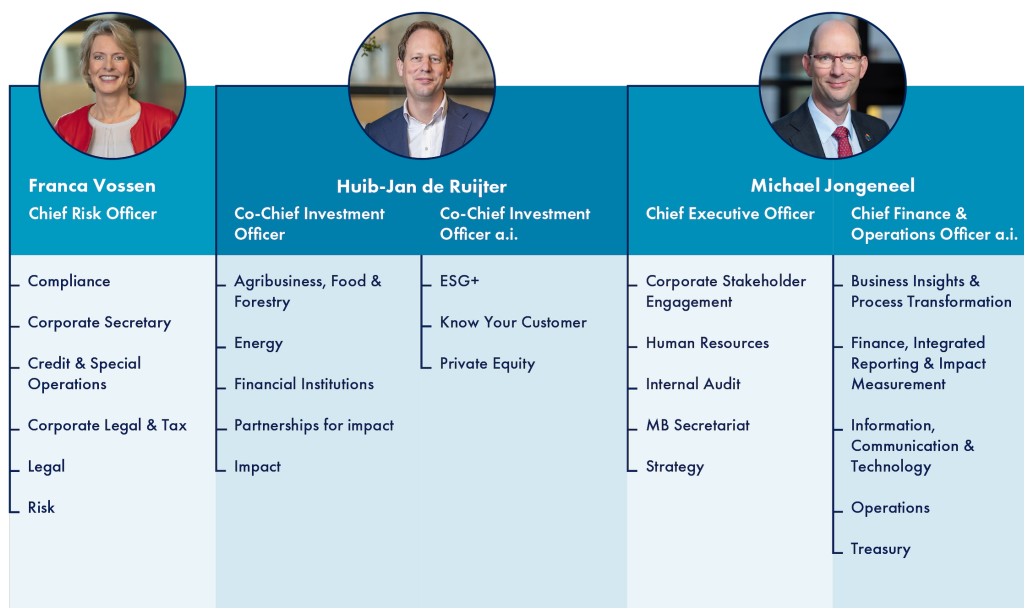
## Members of the Management Board

Details of the members of the Management Board on December 31, 2025, including their outside positions, are included in the following table.

| M.A.S. (Michael) Jongeneel                                                                                                                                                                                                                                                   | H. (Huib-Jan) de Ruijter                                                                                                                                                                                                           | F.P.C.G. (Franca) Vossen                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chief Executive Officer & Chief Finance & Operations Officer a.i.                                                                                                                                                                                                            | Co-Chief Investment Officer                                                                                                                                                                                                        | Chief Risk Officer                                                                                                                                                                                                                                                                                                                                                        |
| Dutch, 1973, male                                                                                                                                                                                                                                                            | Dutch, 1976, male                                                                                                                                                                                                                  | Dutch, 1972, female                                                                                                                                                                                                                                                                                                                                                       |
| Appointment in current position: 2025-2029                                                                                                                                                                                                                                   | Appointment in current position: 2025-2029                                                                                                                                                                                         | Appointment in current position: 2022-2026                                                                                                                                                                                                                                                                                                                                |
| Experience: Managerial, Banking (incl. Development Banking), Sustainable Finance, Leadership, Strategy, Finance, Human Resources, KYC/AML, Impact & ESG, Stakeholder Engagement (incl. NGOs), Operations, ICT, Business Process Transformation, Project Portfolio Management | Experience: Managerial, Banking (incl. Development Banking), Financial Institutions, Financial Markets, Debt Financing, Private Equity, Blended Finance, Treasury, Risk Management (incl. Credit), Impact & ESG, Strategy, KYC/AML | Experience: Managerial, Supervisory, Banking (incl. Development Banking), Private Equity, Asset Management, Insurance, Regulatory Affairs, Restructuring, Risk Management (incl. Credit), Compliance, Privacy, Legal, Corporate Governance, Tax, KYC/AML, Strategy, Impact & ESG, Finance, Operations, ICT (incl. AI and Cyber Security), Business Process Transformation |
| Other positions: Member of the Board of Directors, EDFI Association, Member of the Supervisory Council of the Africa Financial Summit (AFIS), as per May 2025.                                                                                                               | Other positions: IBR - Advisory Board Member, started as per July 2025.                                                                                                                                                            | Other positions: None                                                                                                                                                                                                                                                                                                                                                     |

## Organizational chart

FMO's organizational structure per December 31, 2025 was as follows.



## Diversity and inclusion

FMO promotes diversity at all levels, including the Management Board and Supervisory Board. FMO's Diversity Policy is embedded in several documents and ways of working. The aim of our Diversity Policy is to have well-balanced boards, with the relevant expertise and the ability to reach well-reasoned solutions while considering the members' different perspectives, backgrounds and experiences.

The Supervisory Board aims for a diverse composition with respect to gender, education, experience, and age, as well as relevant knowledge, expertise, and experience in the business areas in which FMO is active. Similar diversity aspects apply to the composition of the Management Board. This is deemed important to ensure effective supervision and management respectively and, by extension, long-term value creation. FMO strives to meet its gender target as outlined in FMO's Diversity Policy, and included in the Supervisory Board Profile and the Standing Rules of the Management Board, and also in line with the Act on Gender Balance in Management and Supervisory Boards (In Dutch: *Wet evenwichtiger verhouding tussen mannen en vrouwen in bestuur en raad van commissarissen*).

For both Boards, the target is for the members to consist of at least one third men and at least one third women. On April 23, 2025, during the Annual General Meeting of Shareholders (AGM), Rob Becker was appointed as member and Chair of the Supervisory Board. At year-end, the Supervisory Board consisted of three women (50 percent) and three men (50 percent). Two of the Supervisory Board members hold nationalities other than Dutch: Dugald Agble holds Ghanaian and British nationality and Eme Essien Lore holds US nationality.

For the Management Board, at year end, members consisted of one woman (33.33 percent) and two men (66.67 percent). All three members have Dutch nationality. During the search for suitable candidates for the CFOO and Co-CIO roles, consideration is given to ultimately achieving a Management Board with diverse nationalities.

The ages of the members are well distributed, and knowledge and experience comply with the applicable matrices.

## Aligned remuneration policies

The remuneration policies attach equal importance to investment and risk functions, by ensuring similar salary scale levels for both functions and avoiding bonus structures that incentivize excessive risk-taking.

As a purpose-driven organization, FMO does not offer identified staff (senior management and staff whose professional activities have a material impact on FMO's risk profile) any form of variable remuneration, such as bonuses. Our results are mainly based on team effort, innovation, knowledge sharing, and collaboration between colleagues in different disciplines, which does not align well with offering substantial bonuses for individual performance.

FMO's remuneration policy for the Management Board aims to attract, motivate, and retain capable people with sufficient knowledge and experience in international development finance. The remuneration policy is aligned with the mission of FMO, our corporate values, strategy, and risk appetite, as well as the expectations of various stakeholders. The remuneration policy does not incentivize directors to act in their self-interest or to take risks that do not fit with FMO's Risk Appetite Framework (RAF). The remuneration policy is based on a market median, composed of two equal proportions of a private benchmark (the Dutch financial sector) and a public benchmark that considers financial sector remuneration regulation and principles applied by the Dutch government as majority shareholder of FMO.

Employment contracts of members of the Management Board are awarded for a definite period (except for internal appointments). In the event of the employment contract being terminated before the expiry date, the maximum severance payment will amount to one year's salary, unless the Management Board member resigns voluntarily, or the termination is the result of his or her actions. The remuneration policy for the Management Board is reviewed every three to four years and amendments are subject to approval at the AGM. During the April 2025 AGM, no amendments to the remuneration policy were proposed or approved.

More details on the remuneration of the Supervisory Board, Management Board, and other (identified) staff members can be found on FMO's website. Aspects of Management Board members' remuneration are also disclosed in the paragraph 'Related party information' in the 'Consolidated Financial Statements'.

The ratio between the remuneration of FMO's CEO (the highest-paid individual) and the median of all other colleagues (including the other Management Board members) per December 31, 2025 was 0.29 (2024: 0.29). This means that the CEO receives a total fixed remuneration of 3.5 times the median of the fixed income paid to the rest of the total staff population, which, in comparison with the Dutch financial sector, is relatively low.

## Independent complaints mechanism

FMO invests in emerging markets and developing economies and aims to create value for the organization, its stakeholders, society, and the environment. When investments lead to environmental and/or human rights harm, FMO can be held accountable to affected communities through its independent accountability mechanism. FMO has implemented an Independent Complaints Mechanism (ICM) together with the German DFI, DEG, and French DFI, Proparco. The ICM allows people who feel affected by an FMO-financed operation to file a complaint with an Independent Expert Panel. The Independent Expert Panel is part of the ICM and has a dual mandate: a fact-finding and monitoring role ('compliance review') and a problem-solving role ('dispute resolution'). Utilizing the problem-solving role is only possible if all parties agree and there is a reasonable expectation that a mutually agreed resolution of the complaint will be possible.

The Independent Expert Panel prepares reports in several phases of a complaint (e.g. notice of admissibility, preliminary review, compliance review, dispute resolution process, monitoring report), as specified in the ICM's policy. Before publicly publishing the complaints disclosure on FMO's website, the parties (complainant, customer, and FMO) are asked for comments to ensure adequate reflection of the facts and any sensitivities. These reports can be used to monitor the complaint's progress and outcomes.

The ICM applies an approach of continuous improvement. In the ICM annual report, the overall effectiveness of the mechanism is publicly reported. In addition, peer complaint mechanism good

practices are considered to achieve improvements. Procedures are then developed and/or adjusted accordingly. The ICM and its policy are also evaluated at least every four years. Based on the evaluation performed in 2022-2023, the new ICM Policy is being revised. The policy revision process started in 2024 and the proposed new version was publicly consulted from mid-August to mid-October 2025. In addition to webinars held across different time zones, two in-person events were organized in The Hague and in Nairobi. The final version of the policy, following the review of public feedback, is expected to be published early 2026 and to enter into force by March 1, 2026.

Additionally, due to an Independent Expert Panel Member reaching the end of her five-year term in April 2026, a vacancy for the position was published on November 2, 2025 via the DFIs' websites and LinkedIn. FMO is leading the recruitment on behalf of the participating institutions.

The Ministry of Foreign Affairs periodically carries out an independent 'FMO-A evaluation', which includes the ICM. The 2025 evaluation is underway and scheduled for completion in early 2026.

For more information, please refer to the [Independent Complaints Mechanism](#) on FMO's website.

## Corporate governance codes

FMO abides by two governance codes: the Dutch Corporate Governance Code and the Dutch Banking Code. We comply with the Banking Code, or will otherwise explain where and how we diverge from this code, including concrete examples. This document can be found on our website. Monitoring of the Code and other operational risks are further described in the 'Non-financial risk' sub-chapter in the 'Risk management' chapter.

The Dutch Corporate Governance Code (the 'Code') only applies to organizations whose shares are listed on a regulated market. As a non-listed bank, FMO is not required to adhere to the Code, but we have chosen to do so, nonetheless. In March 2025, the Code was last updated, which applies as of the fiscal year 2025. Besides a number of technical changes, the risk management statement (verklaring omtrent risicobeheersing, VOR) was added to the Code. This statement is aimed at offering stakeholders more transparency regarding the management of operational, compliance and reporting risks at listed companies.

The Supervisory Board and Management Board fully endorse the basic principle on which the Code is based, namely that the company has a long-term partnership with various stakeholders. FMO has a policy regarding bilateral contacts with our shareholders, which is provisioned by the Code and published on our website.

The Code consists of in total 143 (sub-) principles and best practices. The relevant principles and best practice provisions of the new Dutch Corporate Governance Code have been implemented, with the exception of the following 11 principles and best practice provisions, which are explained below. In addition, a list of 18 (sub-) principles and best practices that are considered not to be applicable to FMO, accompanied by a brief explanation, is included at the end of this section.

**BPP 2.1.5:** This principle regards the policy on Diversity and Inclusion. The diversity and inclusion policies of the Supervisory Board and Management Board are included in the Supervisory Board profile and the Standing Rules of the Management Board. In practice they are well adhered to, given that the Supervisory Board consists of 50 percent female and 50 percent male members. The current Management Board's composition is 33.33 percent female, 66.67 percent male. In the search processes for the CFOO- and the Co-CIO positions, diversity and inclusion is taken in consideration. Until the end of 2025, for staff, FMO had various Diversity, Equity, Inclusion & Belonging (DEIB) practices, a statement, communities and reports on several elements. The policies on Diversity and Inclusion for staff, the Management Board and the Supervisory Board have now been brought under one DEIB policy that was approved by the Supervisory Board in its meeting on December 11, 2025, and will be applicable as of 2026. The policy itself has been made available to the FMO staff on the intranet in 2026.

**BPP 2.1.6:** This principle regards the reporting on the policy on Diversity and Inclusion. Reporting takes place via (amongst other things) the annual report, the SER portal and internal gender diversity reporting. As FMO's DEIB policy has only been approved in December 2025, no reporting has happened yet against the DEIB policy. This will happen for the first time in 2026.

**BPP 2.2.2:** This provision refers to the reappointment of Supervisory Board members. The third term of four years, as meant in the previous version of the Corporate Governance Code, is split into two terms of two years in the current version of the Corporate Governance Code. Sections 2.4 and 2.7 of the Supervisory Board Standing Rules, which deal with reappointments and the duration thereof, will be amended accordingly in the next revision, which is scheduled for approval end of March 2026. None of the Supervisory Board members exceeded the eight-year term in 2025, with the exception of the Chair of the Audit & Risk Committee, who will have exceeded this term by about 7 months when he steps down directly after the AGM in April 2026, which is allowed by FMO's Articles of Association.

**BPP 2.2.4:** This provision requires a written (separate) succession plan, which focuses on knowledge, experience and diversity. At FMO, knowledge, experience and diversity are included in the profiles of the Supervisory Board and Management Board. Succession and knowledge are regularly discussed in meetings of, among others, the SARC. The Supervisory Board retirement schedule is on the website and used by the Supervisory Board as a basis for succession planning.

**BPP 2.3.10:** This provision states that the Supervisory Board is supported by the Corporate Secretary of FMO. Section 6.1 of the Standing Rules of the Supervisory Board states that the Supervisory Board secretary might also be one of its members. In practice, it is the Corporate Secretary of FMO. This will be amended in the next revision, which is scheduled for approval at the end of March 2026.

**BPP 2.5.3:** This principle prescribes that if a company has established an employee participation body, amongst other topics, the company's policy on Diversity and Inclusion should be discussed by the management board and the supervisory board with the employee participation body. In practice, FMO complies with this principle in terms of the other topics listed in this principle. FMO's DEIB policy was approved by the Supervisory Board on 11 December 2025, and therefore this topic will be part of the discussion as of 2026.

**BPP 2.8.1 - 2.8.3:** These principles regard takeover situations. Stipulations on takeover bids are not implemented, given our stable majority shareholder, the State of the Netherlands.

**BPP 4.1.4:** This principle prescribes that an explanation to the AGM agenda are to be published on the company's website. The explanation of the agenda of the AGM is not published on FMO's website, since this document is sent to all shareholders of FMO.

**BPP 4.2.6:** This best practice provision requires the Management Board to provide a survey in the annual report of all anti-takeover measures to prevent control from being relinquished. FMO has not incorporated any anti-takeover measures in its articles of association, because it has a stable majority shareholder, namely the State of The Netherlands. Therefore, an overview as meant in this provision is not incorporated in this annual report.

## (Sub-)Principles and best practices of the Code not relevant to FMO

**BPP 4.2.3:** This provision relates to analysts' meetings and presentations to institutional investors. This provision is of no practical significance to FMO and therefore does not apply.

**BPP 4.3.3:** This provision does not apply, as this provision refers to a legal entity that does not apply a so-called 'structuurregime'. FMO is a so-called 'structuur' legal entity as defined in paragraph 2.4.6 of the Dutch Civil Code.

**BPP 4.3.4:** This provision does not apply, as it refers to financing preferred shares, which FMO does not use in its share capital.

**BPP 4.3.7 and 4.3.8:** These provisions are not applicable, as FMO's shares are not listed.

**BPP 4.5.1 - 4.5.8:** These provisions concern the issuing of depositary receipts for shares. According to its Articles of Association, FMO is not permitted to cooperate in issuing depositary receipts of shares.

**BPP 5.1.1 - 5.1.4:** These provisions do not apply, as FMO does not have a one-tier board.

## FMO Investment Management BV

FMO Investment Management B.V. (FMO IM) is a wholly owned subsidiary of FMO, established to advance FMO's strategic ambition to mobilize and scale up private capital for impact investing in emerging and frontier markets. Its mandate is to develop and grow investment management solutions for institutional investors. Through its co-investment funds, FMO IM leverages FMO's extensive experience and pipeline enabling investors to co-invest alongside FMO in its core sectors.

FMO IM has a license as an investment firm and is authorized to provide investment advice. FMO IM has its own Management Board. As sole shareholder of FMO IM, FMO determines the charter and scope within which the company operates, and FMO has approval rights for specific matters.



# 2026 OUTLOOK

For 2026, the World Bank projects that the global economic growth will ease slightly to 2.6 percent (from approximately 2.7 percent in 2025), as the temporary boost from an early spike in global trade and strong AI-related investment fades. Overall, the global economy is projected to remain resilient.<sup>22</sup> Inflation is also forecast to continue easing in 2026, falling from an estimated 4.1 percent in 2025 to around 3.8 percent in 2026, according to the IMF.<sup>23</sup>

Emerging markets and developing economies (excluding China) are forecast to maintain steady growth of 3.7 percent, though regional divergences remain pronounced across FMO's markets. Growth is set to remain subdued in Europe and Central Asia (2.4 percent in 2026), where trade tensions, slower euro area demand, and ongoing uncertainty continue to weigh on activity.

Sub-Saharan Africa is projected to strengthen to 4.3 percent growth in 2026, while Latin America & the Caribbean is expected to see a modest pickup to 2.3 percent as external conditions and domestic demand gradually improve. South Asia is set to remain one of the fastest growing regions globally at 6.2 percent, driven by resilient domestic activity and services exports. Growth in low-income countries is projected to remain robust at 5.6 percent, supported by lower interest rates, higher real incomes, improved consumer confidence, and increased trade and industrial activity.<sup>24</sup>

As we look ahead, the world around us continues to shift at a rapid pace, sometimes even on a daily basis. The joint United States and Israeli strikes on Iran, followed by retaliatory actions targeting Gulf States and other countries, have further destabilized an already volatile region, with consequences extending far beyond the Middle East. These rising geopolitical tensions, the economic uncertainty that accompanies them, and, on a different technological front, the accelerating impact of AI, are reshaping the environment in which FMO operates.

Heightened geopolitical risks influence our outlook for 2026. The war in the Middle East came on top of an already uncertain global economic environment. A prolonged conflict has the potential to disrupt the entire Gulf region for years to come, with repercussions on global energy markets, price stability and food security.<sup>25</sup> Net energy importers and countries with weaker social safety nets and limited fiscal space, such as the many of countries in Sub-Saharan Africa and South Asia, are exposed to downside risks. The global trading system that was already under stress due to the volatile US tariff regime could be substantially impacted.<sup>26</sup> Much depends on the duration and geographic spread of this conflict. We will continue to monitor geopolitical developments closely and reflect on how different scenarios might affect the markets we serve.

Additionally, with global temperatures reaching new highs, the coming year may bring more severe climate-related disasters. The likelihood of major events, such as crop failures, water shortages, and storm damage, is expected to increase due to a stronger El Niño weather pattern and ongoing warming trends heading into 2026.<sup>27</sup>

## Priorities in 2026

Against a backdrop of economic and geopolitical uncertainty, FMO's role as a development finance institution is more vital than ever. In 2026, we will build on our strong performance in 2025 and stay on course toward our Strategy 2030 goals by focusing on (i) growing our impactful business, (ii) further strengthening our capabilities and (iii) ensuring our foundation is solid. In particular, we aim to grow

22 World Bank, January 2026. *Global Economic Prospects*.

23 IMF, January 2026. *World Economic Outlook Update*.

24 Ibid.

25 Bloomberg, 3 March 2026. *Iran War, Oil Price Surge Put Global Economic Recovery at Risk*.

26 IMF, 1 May 2023. *Economic Growth in Sub-Saharan Africa Could Permanently Decline if Geopolitical Tensions Escalate*.

27 IRI – International Research Institute for Climate and Society, January 2026. *Quick Look*.

our impactful business portfolio and ensure sufficient (future) regular results by growing income at least in line with, or faster than, costs.

## Growing impactful business

We remain firmly committed to our 2030 ambitions: €10 billion in Green investments and €10 billion in RI investments. In 2026, we will prioritize strengthening FMO's balance sheet and laying the foundation for future income and impact by further embedding productivity-enhancing initiatives and improving how we serve our customers.

Growing our impactful business is not only about increasing volume but also about quality, for example, by increasing investments in least developed countries (LDCs). In 2026, we will place greater focus on these markets, supported by an annual LDC investment target and continued implementation of our LDC Action Plan. We will also strengthen our longstanding entrepreneurial spirit by further enhancing our capacity for innovation, creating space for transformational ideas, and reassessing our products and capabilities.

## Improving our capabilities

To support the growth of our impactful business, we will continue strengthening FMO's organizational capabilities, particularly in efficiency, and people and needed skillsets. Improving productivity is a necessity to achieving our 2030 ambitions and maintaining financial health. We will enhance our ability to work smarter and more efficiently, including through increased use of AI. In 2026, our Digitalization Program will further advance the digitalization of the investment origination processes, with the aim of reducing handling times.

Culture is a key enabler of our strategic goals, and we rely on our people to achieve these goals. We will continue embedding a culture aligned with our values, with a strong focus on the behaviors that shape our day-to-day ways of working.

## Ensuring FMO's foundation is solid

Ensuring a solid foundation remains a key priority, as it underpins our license to operate. In 2026, we will focus on increasing income while keeping growth in staff-related and other expenses under control to safeguard our long-term financial health. We will also closely monitor the effectiveness of our interventions to keep the Total Capital Ratio outlook above the alert level in the years leading up to 2030. In addition, we will maintain strong regulatory compliance by adapting to evolving requirements and further strengthening our risk processes.

# IN CONTROL STATEMENT

FMO has internal risk management and control systems in place to support the attainment of objectives in the following categories:

- Realization of strategic and business objectives;
- Effectiveness and efficiency of processes;
- Reliability of financial reporting and sustainability reporting; and
- Compliance with laws and regulations.
- The Management Board is accountable for the design, implementation and functioning of FMO's internal risk management and control systems.

The Management Board regularly considers the design and operation of FMO's internal risk management and control systems (taking into account the approved risk appetite) and discusses all related significant aspects with senior management. The results of the Management Board's monitoring of FMO's internal risk management and control system, including failings, significant changes and planned major improvements (ref. Non-financial risk section), and the defined risk appetite are discussed with FMO's Audit & Risk Committee, which reports these to the Supervisory Board.

Based upon the assessment of the internal risk management and control systems of FMO, the Management Board states that during the year under review:

1. The management report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
2. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
3. The aforementioned systems provide limited assurance that the sustainability reporting is free from material misstatements;
4. The Management Board is not aware that the aforementioned systems do not provide sufficient comfort that the material operational and compliance risks faced by the company are effectively controlled in line with the risk appetite;
5. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
6. The report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Reference is also made to the Corporate Governance Code section in the Corporate Governance paragraph and the Risk Management section in the Annual Report for an explanation on FMO's Risk Management Framework.

It should be noted that the above does not imply that the internal risk management and control systems provide absolute assurance to FMO as to the realization of its objectives, or that those systems can prevent or detect all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations.

## Responsibility Statement

The Management Board has committed to ensuring to the best of its ability that this report was prepared and is presented in accordance with the Integrated Reporting framework and that the integrity of all information presented can be assured. In accordance with article 5:25c sub 2 part c of the Dutch Financial Supervision Act (Wft), the Management Board states that, to the best of its knowledge:

- The annual accounts give a true and fair view of the assets, liabilities, financial position and profits of FMO and its consolidated companies;
- The annual report gives a true and fair view of the position on the balance sheet date and developments during the 2025 financial year of FMO and its consolidated companies; and
- The annual report describes the material risks that FMO faces.

The Hague, March 23, 2026

**Franca Vossen**, Chief Risk Officer

**Huib-Jan de Ruijter**, Co-Chief Investment Officer

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



## KuviWatt Power Plant

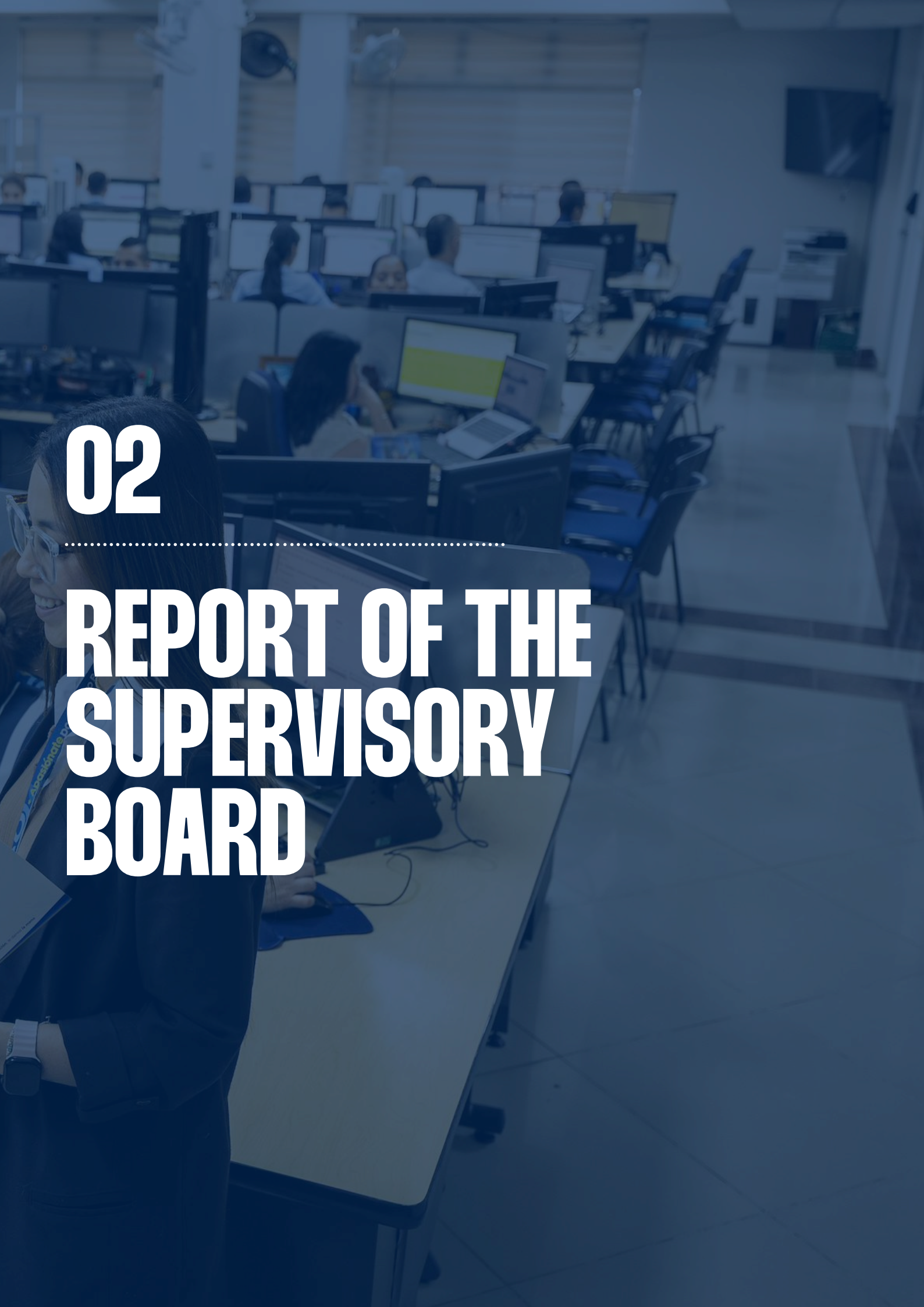
World's first floating gas extraction platform on a lake in Rwanda











02

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# REPORT OF THE SUPERVISORY BOARD

# REPORT OF THE SUPERVISORY BOARD

## Letter from the Supervisory Board

In 2025, despite a challenging external environment, FMO made significant progress toward its impact ambitions for 2030. The organization continued to grow its new investments in 2025, achieving another record level and building on last year's success. Also, both the Green-labeled investments and Reduced Inequalities-labeled investments grew compared to last year. This performance underscores FMO's strong position in emerging markets, the resilience of its customers, and the growing demand for development finance, particularly as Official Development Assistance (ODA) budgets face reductions. Despite the negative effect of the euro/US dollar exchange rate (minus ~€180), the organization still made a net profit of €48 million in 2025. FMO continues to demonstrate that impact-driven investing in emerging economies, when combined with robust risk management, delivers sustainable returns.

### Increase in regular income

The volatility of the exchange rates reinforces the Supervisory Board's close monitoring of trends in FMO's regular income relative to organizational expenditure. Thanks to the organization's cost-consciousness and commitment to efficiency - both fully supported by the Supervisory Board - FMO has successfully kept expenditure growth under control. At the same time, higher investment activity over recent years has strengthened returns; since 2021, FMO has about doubled its new investment level, resulting in a steady increase in regular income. Nevertheless, the organization will need to remain vigilant on cost control in the coming years to offset anticipated increases in expenses, driven primarily by higher wage costs and the risk of further negative currency effects.

### New appointments within the Management Board

One of the key priorities for the Supervisory Board in 2025 was to identify two candidates to restore the full composition of FMO's Management Board. Fatoumata Bouaré was close to ending her second and final term on the Management Board as Chief Finance & Operations Officer and continued her career at the European Bank for Reconstruction and Development (EBRD). In addition, Peter Maila transitioned to Zvilo, a supply chain finance company headquartered in London, leaving a vacancy for the role of Co-Chief Investment Officer. The Supervisory Board is pleased that two successors have now been identified, including one from FMO's own ranks. Starting May 1st, FMO's current Director Financial Institutions Juan Jose Dada will assume the role of Co-Chief Investment Officer, working alongside Huib-Jan de Ruijter as fellow Co-CIO. For the position of Chief Finance & Operations Officer, Idil Kural will join FMO, bringing along over 25 years of financial leadership experience in the international banking sector. We are pleased that both individuals will enhance the diversity of the Management Board, bringing complementary expertise, varied backgrounds, and strong connections to FMO's geographies. We warmly welcome Juan Jose and Idil to FMO and look forward to constructive dialogue and close cooperation in the years ahead. We also take this opportunity to thank Huib-Jan for taking on the responsibilities of both Co-Chief Investment Officer positions throughout the year, and David Wyatt for supporting the Management Board as Senior Director Finance & Operations.

### Changes in the Supervisory Board

The Supervisory Board itself also experienced changes in 2025 and recently in 2026. During the Annual General Meeting (AGM) on 23 April 2025, Rob Becker was appointed Chair of the Supervisory Board, succeeding Dirk Jan van den Berg, who completed his second and final term. We extend our sincere gratitude to Dirk Jan for his steadfast leadership during complex times. He guided the organization through significant growth and helped define Strategy 2030, which we are confident will steer FMO successfully into the future. At the upcoming AGM in April, we will also say goodbye to Koos Timmermans, chair of the Audit and Risk Committee, who served on the Board for 8.5 years. We will miss Koos' extensive knowledge of FMO, his collegial and constructive approach, as well as his remarkable ability to simplify complex issues. His successor will be introduced to the AGM also this April.

## Private Equity

The Supervisory Board continued to keep a close eye on portfolio composition and valuation matters, particularly within FMO's private equity portfolio, where fair value adjustments – also mostly due to FX fluctuations – introduce volatility. We are encouraged to see that the increased focus on exits is beginning to deliver first results, a positive development against the backdrop of the evolving Basel capital framework and its implications for equity exposures and market risk. Equity investments remain a vital impact instrument; as is often the case, without equity investors, debt investors do not follow. Effective deployment of equity capital is therefore essential to our impact, ensuring that these investments strengthen and complement FMO's broader ecosystem.

## Data governance

In 2025, the Supervisory Board devoted particular attention to data governance and cybersecurity. FMO strengthened its governance framework and implemented resilience testing alongside rigorous third-party oversight. As part of this effort, FMO outsourced its data center, improving efficiency, scalability, and cyber resilience. FMO also showed material compliance with the European Digital Operational Resilience Act (DORA). The Supervisory Board is confident that FMO is aligned with evolving regulatory requirements and industry best practices, reinforcing operational resilience and safeguarding stakeholder trust.

## Independent Complaints Mechanism (ICM) policy

Following the conclusion of the public consultation in November, the Supervisory Board's Impact Committee is pleased with the outcome of the updated policy for the Independent Complaints Mechanism (ICM), which FMO shares with DEG and Proparco. The consultation process engaged a broad range of stakeholders, including civil society organizations, peer DFIs, accountability experts, and customers. This inclusive approach ensured that diverse perspectives were considered. The Supervisory Board views the updated policy as an important step in safeguarding FMO's commitment to accountability and stakeholder engagement and expresses its appreciation to the ICM Panel for their time and efforts in reaching this new policy.

## Market creation

The Impact Committee is also pleased to see the progress made in the innovative Market Creation initiative. With regard to Market Creation, FMO established a platform to channel donor capital toward market-development activities in Least Developed Countries. This platform aims to remove barriers, build markets, and help companies reach a level at which they can be financed by FMO and other DFIs. Noteworthy is also the alignment of FMO's portfolio with the 2050 net-zero target of the Paris Agreement.

## CSRD

On sustainability reporting, 2025 marked FMO's second CSRD cycle. The Supervisory Board acknowledges the significant effort required to meet these evolving standards and emphasizes the importance of maintaining efficiency as the European sustainability reporting framework continues to mature.

## Outlook

In 2026, the midterm review of the 2030 Strategy will be an important element. The impact of an increasingly volatile geopolitical environment – amplified by the escalating conflict in the Middle East – combined with high fluctuations in FX-rates, and the influence of AI, requires careful consideration. We need to maintain the balance between impact, risk and return. The shifts in global, European, and Dutch foreign aid and development budgets also highlight the importance of remaining sensitive to donor priorities. We are looking forward to being a sounding board for the Management Board during this process.

The Supervisory Board greatly values the constructive and transparent cooperation with the Management Board throughout 2025. This close collaboration has been essential in navigating a year of significant change while maintaining strategic focus and operational resilience. We also extend our gratitude to FMO staff for their hard work, professionalism, and ongoing dedication to FMO's mission. Your commitment has enabled the organization to deliver impact and achieve strong results.

## Corporate governance

The Supervisory Board ensures that FMO adheres to all applicable corporate governance codes, further described in the sub-chapter 'Corporate governance'. Specific responsibilities include ensuring the principles described in the in the 2021 Dutch Banking Code regarding sound and ethical operation are followed.

In addition, the Audit and Risk Committee of the Supervisory Board has discussed and reviewed the Risk Management Statement (VOR) of the Management Board in accordance with the Dutch Corporate Governance Code.

## Board composition and members of the Supervisory Board

The Supervisory Board currently consists of six members with very specific expertise in FMO's focus areas. The Supervisory Board members are, on the nomination of the Supervisory Board, appointed by the General Meeting of Shareholders. The Works Council recommends the nomination of one third of the members. The Supervisory Board is supported by three dedicated committees, each consisting of three of its own members: The Audit and Risk Committee (ARC), the Impact Committee (IC) and the Selection, Appointment and Remuneration Committee (SARC).

The following table provides an overview of the members of the Supervisory Board and the committees of which they are part.

|                      | Supervisory Board | Audit & Risk Committee | Selection, Appointment & Remuneration Committee | Impact Committee |
|----------------------|-------------------|------------------------|-------------------------------------------------|------------------|
| R. Becker (chair)    | •                 |                        | •                                               |                  |
| D.K. Agble           | •                 | •                      |                                                 |                  |
| M. Demmers           | •                 |                        | •                                               | •                |
| E.M. Essien Lore     | •                 | •                      |                                                 | •                |
| R.P.F. van Haeringen | •                 |                        | •                                               | •                |
| J.V. Timmermans      | •                 | •                      |                                                 |                  |

## Board activities

The Supervisory Board held five regular meetings during 2025 and 10 additional meetings. The attendance of the Supervisory Board members during the year is summarized in the following table.

|                                                                       | SB     | Extraordinary SB | ARC    | SARC   | Impact Committee | Lifelong Learning |
|-----------------------------------------------------------------------|--------|------------------|--------|--------|------------------|-------------------|
| R. Becker (Chair, appointed on the AGM in April 2025)                 | 3 of 5 | 5 of 10          |        | 1 of 2 |                  | 4 of 5            |
| DJ. van der Berg (former Chair, resigned after the AGM in April 2025) | 2 of 5 | 5 of 10          |        | 1 of 2 |                  | 1 of 5            |
| D.K. Agble                                                            | 5 of 5 | 8 of 10          | 6 of 6 |        |                  | 5 of 5            |
| M. Demmers                                                            | 5 of 5 | 6 of 10          |        | 2 of 2 | 3 of 3           | 3 of 5            |
| E.M. Essien Lore                                                      | 5 of 5 | 9 of 10          | 6 of 6 |        | 3 of 3           | 5 of 5            |
| R.P.F. van Haeringen                                                  | 5 of 5 | 9 of 10          |        | 2 of 2 | 3 of 3           | 5 of 5            |
| J.V. Timmermans                                                       | 5 of 5 | 8 of 10          | 6 of 6 |        |                  | 5 of 5            |

The following sections provide an overview of the Supervisory Board and its committee activities. Further detailed information on the members of the Supervisory Board is included at the end of this chapter.

## Supervisory Board

During the year, the Supervisory Board closely monitored progress on the 2025 Business Plan, including the pace of hiring staff, and devoted particular attention to data governance and cybersecurity. The Supervisory Board gave its approval to, among other things, the 2026 Business Plan; the updated Standing Rules of the Management Board and the three supporting committees of the Supervisory Board; the Risk Appetite Framework and Recovery Plan, and the yearly and interim reporting. Other topics that were discussed included the preparation for the implementation of new CSRD regulations, the searches for a new ARC Chair, a new Chief Finance and Operations Officer (CFOO), and a new Co-Chief Investment Officer (Co-CIO).



## Appointments and reappointments

The new Chair of the Supervisory Board, Rob Becker, was appointed at the AGM of April 2025. The Supervisory Board successfully rounded off the search process for the new ARC Chair, who will be nominated for appointment at the AGM of April 2026. In addition, the SARC successfully rounded off the search for a new CFOO and a new Co-CIO. Both the new CFOO, Idil Kural and the new Co-CIO, Juan José Dada Ortiz will be appointed in April 2026. Furthermore, the SARC prepared the reappointment of the Chief Risk Officer, Franca Vossen.

## Permanent education

The Supervisory Board continued its regular lifelong learning program, focused on the requirements of, for instance, the Dutch Banking Code, as well as other relevant topics. This included workshops on, amongst others, i) geopolitical developments such as the US elections, (potential) conflicts worldwide, impact on emerging markets and implications for DFI's in general and FMO specifically, ii) Financial Economic Crime / AML-CFT, and iii) Market Conduct – FMO disclosure committee + Market abuse.

## Culture, including compliance

The compliance function at FMO is safeguarded within the Management Board and Supervisory Board. In 2025, the Supervisory Board continued discussions on the progress made on KYC reviews, KYC quality and improvement, and the efficiency of KYC procedures. The Supervisory Board received quarterly compliance updates during its meetings. In addition, the Chairman of the Supervisory Board met periodically with the Compliance Director to discuss relevant issues.

Furthermore, the Supervisory Board regularly interacted with the Works Council to discuss matters such as successions within the Management Board and Supervisory Board, Employee Engagement Survey (EES) results, and FMO's culture and development program.

## Evaluation

At the start of 2025, the Management Board comprised five members. With the resignation of the CFOO as per 1 April 2025, followed by the resignation of the Co-CIO as per July 1, 2025, the Management Board composition decreased to three members. Throughout 2025, it made efforts to discuss its performance and collaboration during regular offsites. After these, it prepared an assessment of how it functioned in 2025, which consisted of, amongst other things, the achievement of the financial and non-financial targets, as well as areas of personal development. Non-financial targets included, for example, impact-related targets and efforts that strengthen the foundation of FMO's operations.

The Supervisory Board evaluated the Management Board members by means of separate interviews, conducted by two Supervisory Board members per Management Board member. During these meetings, the self-assessments and 2025 objectives and targets were discussed, as well as the collaboration between the Management Board members. The conclusions from these meetings will be carried forward into the 2026 team targets and personal goals. The Supervisory Board discussed the outcomes of the evaluation in a concluding session without the Management Board present.

It was agreed that the Management Board functioned effectively in 2025, despite the two vacancies in the Management Board. However, there is always room for enhancement. The Supervisory Board and the Management Board are continuously striving to further develop a well-balanced team where the qualities of all Management Board members complement each other and are utilized to their full potential. The Management Board continued to participate in a senior leadership development program and regularly discussed its cooperation during Management Board offsites.

Regarding the evaluation of the Supervisory Board, the Dutch Banking Code requires an external evaluator to conduct such an evaluation once every three years. This was done for 2021 and 2024. For 2025, the Supervisory Board conducted its self-evaluation independently by means of a self-assessment questionnaire. The members discussed the outcome, together with additional reflections and observations, in a dedicated session. The functioning of the Supervisory Board, its three committees, and the functioning, independence, and availability of the individual members were part of the evaluation.

The assessment concluded that the Supervisory Board, along with its committees and members, functions as a competent and effective team, operating in an engaged and highly committed fashion. This included members' interaction with the Management Board through open dialogue, which was well facilitated and expertly guided by the Chair (both the former Chair, and, as of May 2025, the new Chair).



It was noted that the members invest sufficient time when the agenda requires this. Further, the individual Supervisory Board members have a diverse set of skills and background, which is deemed not only beneficial to adequate supervision but also much needed, given the higher risk exposure of FMO due to the markets it operates in. In respect of its own organizational activities, the Supervisory Board will continue its efforts to allocate more time for reflection on matters not included in the often-extensive meeting agendas. The supervision plan following the 2024 evaluation—elaborating on the ways of working as a Supervisory Board—is under development. Finally, some updates have been and will continue to be made to the existing by-laws, rules, and regulations to align them further with the ever-changing regulatory landscape.

## **Audit and Risk Committee (ARC)**

The ARC supervises and advises the Supervisory Board on FMO's financial, sustainability, and (audited) statutory reporting, and the effectiveness of FMO's internal risk management and control systems in relation to financial reporting. It monitors and offers expertise on issues such as our risk appetite and strategy, internal and external auditing systems, and compliance with legislation and external and internal regulations. It also monitors the performance of internal and external auditors. The ARC held five regular meetings and one additional meeting in 2025. During these, the ARC discussed recurring matters such as yearly and half-yearly reporting; the business plan for the upcoming year; the risk appetite report and framework; internal and external audit plans; reporting, capital, and liquidity adequacy; the status of the KYC files; and the recovery plan.

## **Impact Committee (IC)**

FMO's material sustainability-related impacts, risks, and opportunities are reflected in the Standing Rules of the Supervisory Board IC, as part of its objective of assisting the Supervisory Board in overseeing the quality and integrity of FMO's statements regarding development impact. The IC also prepares advice for the Supervisory Board and Management Board to support their decision-making concerning FMO's strategy relating to impact and ESG, including policies and target setting. The IC also carries out supervision of the Management Board and acts as a sounding board for the Management Board with regard to impact and ESG matters. The IC held three meetings in 2025. During these, it discussed, among other things, the 2024 Annual Report and 2025 Interim Report, impact-focused strategy implementation, the 2026 Business Plan, the periodic status updates and Annual Report of the Independent Complaints Mechanism, and updates on complex projects.

## **Selection, Appointment and Remuneration Committee (SARC)**

A key task of the SARC is to advise the Supervisory Board on the proposals for the appointment and re-appointment of Supervisory Board and Management Board members. Other tasks include monitoring the remuneration policy and preparing proposed adjustments to and providing advice on the remuneration of individual members of the Management Board. The SARC officially met twice in 2025 and deliberated several times on an ad-hoc basis. It discussed, among others, the search for a new ARC Chair, a new CFOO, and a new Co-CIO. It also prepared the reappointment of the Chief Risk Officer, Franca Vossen. Moreover, the SARC discussed remuneration and human resources topics, such as the quality of interaction, including company values and pensions, and prepared an update of the SARC Standing Rules, which were approved by the Supervisory Board in December 2025.

## **Independence, conflicts of interest and governance**

The Supervisory Board is of the opinion that all of its members are independent (100 percent), as defined by Best Practice Provisions 2.1.7 up to and including 2.1.9 of the Dutch Corporate Governance Code. In 2025, a (potential) conflict of interest was identified in respect of a topic that was discussed in two Supervisory Board meetings. The Supervisory Board and its conflicted members acted in line with the relevant provisions in the Articles of Association and Standing Rules of the Supervisory Board and the followed procedure was recorded in the minutes of the respective meetings.

FMO has specific regulations concerning private investments. Compliance with FMO's regulations on private investments is addressed regularly for all members of the Supervisory Board, Management Board, and all other employees.

## Proposals and recommendations to the Annual General Meeting of Shareholders (AGM)

Having stated all of the above, the Supervisory Board endorses the report of the Management Board. We propose that the AGM adopts the 2025 Financial Statements audited by PricewaterhouseCoopers Accountants N.V.. In accordance with Article 6 (2) of the State-FMO Agreement of July 1, 2023, and the current dividend policy, we propose that the AGM approve the allocation of €48.5 million net profit (2024: €297.2 million net profit) as follows: €46.5 million profit to Contractual Reserves, and a distribution of €2.0 million as a cash dividend equal to €5.01 per share A and share B.

The Supervisory Board is pleased to nominate a candidate for the position of Chair of the Audit and Risk Committee and member of the Supervisory Board. Furthermore, the General Meeting will be informed regarding the intended appointments of two new Management Board members.

We trust that the AGM will discharge the Management Board for its management of FMO and the Supervisory Board for its supervision during the reporting year.

# Members of the Supervisory Board

Details of the members of the Supervisory Board per December 31, 2025, including other positions, are provided in the following table.



**Rob Becker (Chairman)**



**Dugald Agble**



**Marjolein Demmers**



**Eme Essien Lore**



**Reintje van Haeringen**



**Koos Timmermans**

| <b>Rob Becker, Chair SB, member SB, member SARC</b>                                                                                                                                                                                                                                                                                                                                                                       | <b>D.K. (Dugald) Agble (member ARC)</b>                                                                                                                                                                                                                                               | <b>M. (Marjolein) Demmers (member SB, Chair Impact Committee, member SARC)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dutch, 1965, male                                                                                                                                                                                                                                                                                                                                                                                                         | British, Ghanaian, 1970, male                                                                                                                                                                                                                                                         | Dutch, 1967, female                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Appointment in current position: 2025-2029 (first term)                                                                                                                                                                                                                                                                                                                                                                   | Appointment in current position: 2020 - 2028 (second term)                                                                                                                                                                                                                            | Appointment in current position: 2020 - 2028 (second term)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Experience: Supervisory, Strategy, Governance, Organisational (IT) transformation, Finance, NGO                                                                                                                                                                                                                                                                                                                           | Experience: Supervisory, Private Equity, Impact investing                                                                                                                                                                                                                             | Experience: Supervisory, NGOs, Sustainability, Compliance, Operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Positions:</b><br>1. Chair of the Supervisory Board of Zuyderland Group<br>2. Non-executive Director of AXA UK<br>3. Chair of the Advisory Committee of Dutch State Treasury Agency Ministry of Finance<br>4. Chair of the Advisory Committee of Kamer van Koophandel<br>5. Member of the Independent Expert Oversight Advisory Committee of the World Health Organization<br>6. Chair of the Supervisory Board of FMO | <b>Positions:</b><br>1. Director Patria Private Equity Trust Plc (formerly named abrdn Private Equity Opportunities)<br>2. Director Black Volta limited<br>3. Director Black Volta Ventures UK limited<br>4. Chairman of Green Kokoo Ltd<br>5. Member of the Supervisory Board of FMO | <b>Principal position:</b><br>Director/CEO of Dutch environmental NGO "Natuur & Milieu"<br><b>Other positions:</b><br>1. Chair of the Supervisory Board of DRIFT (research, consultancy and education in transitions)<br>2. Member of the Strategic Advisory Council of TNO ISP (ICT, Policy & Strategy)<br>3. Member of the Sustainability Board Van Oord<br>4. Member of the Advisory Council Environmental Sciences Group (ESG), WUR<br>5. Member Raad van Toezicht Stichting Sustainable Industry Lab (SIL), UU<br>5. Member Raad van Toezicht Stichting Robin Food Coalition (research and collaboration in the food transition)<br>7. Member of the Supervisory Board of FMO |

| <b>E.M. (Eme) Essien Lore (member SB, member ARC, member Impact Committee)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>R.P.F. (Reintje) van Haeringen (member SB, Chair SARC, member Impact Committee)</b>                                        | <b>J.V. (Koos) Timmermans (Vice-chair SB, Chair ARC)</b>                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| American, 1970, female                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Dutch, 1963, female                                                                                                           | Dutch, 1960, male                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Appointment in current position: 2024 - 2028 (first term)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Appointment in current position: 2020 - 2028 (second term)                                                                    | Appointment in current position: 2017 - 2025 (AGM 2026) (second term)                                                                                                                                                                                                                                                                                                                                                                                 |
| Experience: Supervisory, Finance, Risk, Emerging Markets, Impact Investing, Corporate Governance, Diversity & Inclusion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Experience: Supervisory, Development, Poverty reduction                                                                       | Experience: Supervisory, Banking, Finance, Sustainability, International relations, Risk & Regulatory                                                                                                                                                                                                                                                                                                                                                 |
| Positions:<br>1. Senior Advisor for ESG Africa<br>2. Co-founder and Executive Director of Wealth4Impact<br>3. Independent non-executive director and member of the Audit Committee of Africa50 Infrastructure Acceleration Fund<br>4. Independent non-executive director, chair of the Investment Strategy Committee and member of the Audit Committee of ARM Pension Managers (until 18 September 2024)<br>5. Independent non-executive director, member of the Remuneration Committee and chair of the Audit & Risk Committee of AfyA Nigeria<br>6. Member of the Sustainability and ESG Advisory Committee of Blue Like an Orange Sustainable Capital<br>7. Chair of African Children's Hospital Foundation (this organization is inactive. There have been no activities in the last 3 years)<br>8. Investment Committee member of Chui Ventures<br>9. Investment Committee member of Enko Impact Credit Fund<br>10. Member of the Advisory Board of Africa Forward<br>11. Member of the Supervisory Board of FMO | Principal position:<br>Executive Director CARE International<br>Other positions:<br>1. Member of the Supervisory Board of FMO | Positions:<br>1. Member of the Supervisory Board of PostNL<br>2. Chair of the Supervisory Board of Havenbedrijf Rotterdam (Port Authority Rotterdam)<br>3. Board Member Administratie Kantoor Vopak<br>4. Board Member Administratie Kantoor Philips<br>5. Member Advisory Board Van Lanschot Kempen<br>6. Member Supervisory Board KWF Dutch Cancer Society<br>7. Member of the Supervisory Board of NN<br>8. Member of the Supervisory Board of FMO |









03

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# RISK MANAGEMENT

# RISK MANAGEMENT

This chapter provides an overview of FMO's risk governance and risk management approach. The sections describe the risk domains relevant to FMO and developments throughout 2025. Together with the quantitative Pillar 3 disclosures-available on FMO's website-it constitutes FMO's Pillar 3 disclosure.

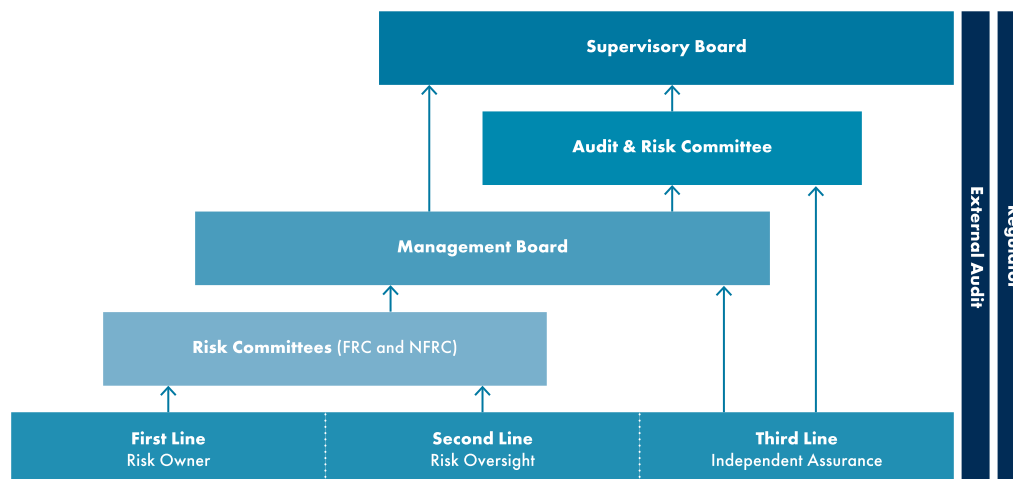
## Risk governance

FMO defines risk as the effect of uncertainty on objectives. FMO maintains a comprehensive risk management framework, aligned with its banking license, State Support Agreement and mandate to conduct business in jurisdictions with elevated risk profiles. The risk management framework helps FMO realize its ambitions and safeguard its viability. Risk management practices are integrated across the organization, from day-to-day activities to strategic planning, to ensure both compliance with relevant regulations and adherence to the risk appetite.

The Management Board defines and promotes the desired corporate culture and high ethical and professional standards. Employees are encouraged to take measured risks thoughtfully, acting with integrity and careful considering the interests of all stakeholders.

The risk management framework is based on the 'three lines model', where the first line (Investment departments and supporting functions) is challenged and advised by the second line (Risk department, Compliance department and Credit department), and the third line (Internal Audit) that performs independent assessments of the functioning of the first and second line.

The organizational structure is shown below.



The Management Board has established Risk Committees to assist in oversight FMO's risk appetite, risk management framework, and the supporting governance structure. The Risk Committees and their responsibilities are described below:

**The Financial Risk Committee (FRC)** is appointed by the Management Board for the purpose of monitoring, challenging and deciding upon the execution of financial risk management within FMO.

**The Non-Financial Risk Committee (NFRC)** is appointed by the Management Board for the purpose of monitoring, challenging and deciding upon the execution of non-financial risk and strategic risk management within FMO.

Both the FRC and NFRC are chaired by the Chief Risk Officer (or Director Risk in Chief Risk Officer's absence). Several sub-committees report into the FRC and NFRC, such as the Investment Committee, the Integrity and Issue Management Committee, the Corporate Information Security Office, and the Regulatory Monitoring Group. These sub-committees are chaired by directors.

## Risk appetite and taxonomy

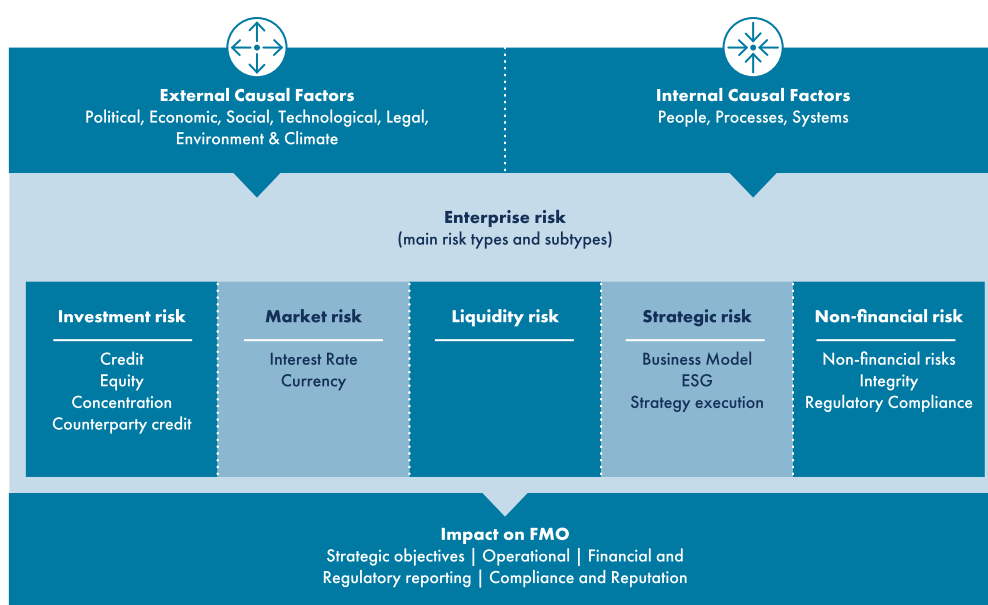
The risk taxonomy defines the main risk types and subtypes FMO is exposed to in the pursuit of its objectives. This common set of risk categories facilitates the structuring of other elements of the risk management framework, such as the risk appetite and risk policies.

The risk appetite includes reporting metrics with target, alert and breach levels for the main risk types and subtypes. The Risk Appetite Framework (RAF) is reviewed by the Management Board and approved by the Supervisory Board on an annual basis. If necessary, it can be revised during the year in the event of material developments or a change in the strategic goals.

The risk appetite of FMO is summarized as follows:

"FMO actively takes Credit risk, Equity risk and risks inherent to the realization of our impact objectives, because the potential rewards contribute directly to our mission and objectives. FMO's risk appetite for other risk categories in general can be expressed as cautious, which means that we prefer safe options and do not tolerate high levels of residual risk. FMO operates in low and middle-income countries (including fragile states) where the inherent risk of financial crime is high. FMO accepts that even with sound and compliant customer onboarding and monitoring procedures in place, financial crime related events can occur".

The risk appetite, governance and monitoring metrics for each risk domain are described in more detail in the sections below.



## Pillar 3 disclosure

FMO publishes the required Pillar 3 disclosures on an annual basis alongside the publication of the annual report. These documents fulfil the Pillar 3 disclosure requirements of the Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR).

The objective of FMO's disclosure policies is to ensure maximum transparency in a practical manner. The consolidation scope for prudential reporting is equal to the accounting scope for FMO. FMO was granted the solo waiver for prudential reporting based on Article 7(3)- Regulation (EU) No 575/2013-CRR and therefore only reports figures related to CRR/CRD on a consolidated basis.

## Climate-related and environmental financial risk

Climate-related and environmental (C&E) financial risk is not a separate risk type but an external causal factor of FMO's existing risk types. FMO defines C&E financial risk as the risk of any negative financial impact on FMO stemming from the current or prospective impact of climate-related and environmental factors on FMO directly (e.g. on FMO's own operations and policies regarding its aggregate investment portfolio) or indirectly, (e.g. through FMO's customers and invested assets).

Since 2021, FMO has been embedding C&E financial risks within the organization, based on the European Central Bank (ECB) Guide on Climate-Related and Environmental Risks. Throughout 2024 and into 2025, FMO has consistently reported quarterly portfolio scans to its Financial Risk Committee. These portfolio scans provide an aggregated overview of C&E financial risks in FMO's investment portfolio (i.e. all loans and private equity exposures) and offer an initial assessment of climate-related risk exposures in industries and geographies, as well as a view of risk concentrations in the portfolio. In Q3 2025, FMO upgraded its approach with respect to the quarterly portfolio scans, which are now directly connected to the climate risk assessments that are being performed on an individual customer level both during origination and review phase. Moreover, the upgrade included an expansion of physical hazard types that are being covered, from eight to 14 hazard types that are currently being assessed.

Since 2023, FMO has been developing an application to operationalize climate risk assessments as part of the investment process, which supports FMO's investment teams in carrying out the climate risk assessments step by step. As of the beginning of 2024, the application had been rolled out to investment departments, enabling improved data collection and granular identification of climate-related and environmental financial risks. After a gradual rollout, the requirement of performing climate risk assessments became mandatory for all new investments in 2025, whilst climate risk assessments are now also periodically updated as part of the Customer Credit Review (CCR) process. FMO continues to work on improving the application using an iterative approach, enhancing data collection and enabling more granular identification of C&E financial risks.

As part of supervisory discussions, De Nederlandsche Bank (DNB) has been assessing FMO's progress in managing C&E financial risks. FMO is among others expected to periodically review, update, and improve the C&E materiality assessment and to include the outcomes in its Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP). In early 2025, FMO updated its materiality assessment and concluded that C&E financial risks are material to FMO's investment risk (credit and equity), liquidity risk, strategic/business model risk and reputation risk over the short, medium and long term. Based on current insights and the profile of FMO, it also concluded that C&E financial risks do not pose a material risk for FMO's market risk, business continuity risk or litigation risk across the different time horizons. FMO has mitigants in place for all its risk types to manage the risks within appetite. For further information, please refer to the 'Sustainability Statement' chapter.

## IFRS Reporting Requirement

Certain disclosures in this 'Risk Management' section are an integral part of the 'Consolidated Financial Statements'. These sections include risk disclosures of financial instruments (IFRS 7) and capital disclosures (IAS 1). The specific sections include this introductory section, and sections labelled 'Climate-related and environmental financial risk', 'Capital adequacy', 'Credit Risk', 'Equity risk', 'Concentration risk', 'Counterparty credit risk', 'Liquidity risk' and 'Market risk'.



# Capital adequacy

## Definition

FMO aims to maintain a sound capital position that exceeds regulatory requirements and supports its AAA rating, issued by Fitch Ratings and S&P Global Ratings.

## Risk appetite and governance

FMO maintains a sound capital position by means of an internal capital adequacy planning and control framework. Capital adequacy metrics are calculated by the Risk department and regularly reviewed by the FRC and senior management.

FMO uses both regulatory capital ratios and an internal economic capital ratio to determine its capital position. The regulatory ratios, the Total Capital Ratio and Common Equity Tier 1 (CET1) Ratio, are determined by dividing their respective capital base to the risk-weighted assets (RWA). The RWA are calculated based on the standardized approach of the Capital Requirements Regulation (CRR) and reflect credit, market, operational and credit valuation adjustment risks into account. Based on FMO's investment portfolio the main factors influencing the ratios are the USD/EUR exchange rate, fair value adjustments and deduction of holdings of capital instruments of financial sector entities (FSE). As these ratios are calculated in line with the regulatory framework in force, they are subject to change. With the implementation of CRR 3 framework, commonly referred to as Basel IV, this year a new classification structure with new risk weights were applied. The next section will give more insight into the development of TCR.

On the other hand, the Economic Capital Ratio is based on an economic capital approach, with credit risk as the most important element. Additional risks included in FMO's economic capital approach are operational, market (FX), credit value adjustment, interest rate risk in the banking book (IRRBB), credit spread risk in the banking book (CSRBB), concentration risk and ESG risk.

FMO has implemented a Capital Management Framework that aggregates all elements to manage FMO's current and future capital position in line with the line with the Risk Appetite Framework (RAF). The Capital Management Framework provides insights into FMO's management regarding the degree to which the strategy and capital position may be vulnerable to (unexpected) changes. These insights may require management intervention to steer FMO's capital position through these unexpected events. Risk is responsible for flagging potential capital issues, forecasting future capital needs, and proposing and quantifying possible interventions to FRC.

## Developments

FMO's Total Capital Ratio increased from 21.3 percent at year-end 2024 to 22.3 percent at year-end 2025, well above the Supervisory Review and Evaluation Process (SREP) minimum (13.3 percent) and other regulatory requirements. Given that FMO has no additional Tier 1 and limited Tier 2 Capital, the Total Capital ratio requirements are more restrictive than the CET-1 Ratio requirements.

The observed increase in the Total Capital Ratio for 2025 is attributable to a combination of factors. On the one hand, from an RWA perspective, the foreign-exchange impact, driven by the nearly 12 percent depreciation of the USD against the euro, resulted in lower asset fair value, thereby reducing RWA. Moreover, the implementation of the new CRR 3 regulatory framework, commonly referred to as Basel IV standards, further decreased RWA, due to revised treatments of off-balance sheet exposures and for collective investment undertakings (CIUs). These effects were partially offset by the FMO's portfolio growth throughout the year, which led to an increase in RWA across both loans and the equity investment book. On the other hand, the total capital decreased significantly due to higher capital deductions, stemming from increased FSE holdings volume leading to higher FSE deduction percentages under the CRR 3 regulatory framework. This decrease was partially offset by an increase in additional Tier 2. Similar to the previous year, the 2025 year-end profit has not yet been recognized in the capital ratios, as realized in the second half of the year, resulting in a temporarily lower capital ratio.

The lower RWA, combined with a partial offset by reduced own funds, led to a slight increase in the total capital ratio of 1.0 percent.



## Regulatory own funds

Under the CRR/CRD banks are required to hold sufficient capital to cover for the risks they face. FMO reports its capital ratio to the DNB on a quarterly basis according to the standardized approach for all risk types. Per December 31, 2025, FMO's total available qualifying capital equals €3,128 million (2024: €3,399 million).

| (€ x 1,000)                                      | 2025              | 2024              |
|--------------------------------------------------|-------------------|-------------------|
| IFRS shareholders' equity                        | 3,861,951         | 3,855,680         |
| Tier 2 capital                                   | 300,000           | 250,000           |
| Regulatory adjustments:                          |                   |                   |
| -Interim profit not included in CET 1 capital    | -48,458           | -166,995          |
| -FSE holdings adjustments (deducted from CET 1)  | -415,427          | -382,242          |
| -Other adjustments (deducted from CET 1)         | -283,502          | -42,833           |
| -FSE holdings adjustments (deducted from Tier 2) | -286,114          | -114,715          |
| <b>Total capital</b>                             | <b>3,128,450</b>  | <b>3,398,895</b>  |
| Of which Common Equity Tier 1 capital            | 3,114,563         | 3,263,610         |
| <b>Risk weighted assets</b>                      | <b>14,034,324</b> | <b>15,994,823</b> |
| Of which:                                        |                   |                   |
| - Credit and counterparty risk                   | 11,036,429        | 12,243,509        |
| - Foreign exchange risk                          | 2,368,518         | 3,180,955         |
| - Operational risk                               | 601,988           | 554,290           |
| - Credit valuation adjustment                    | 27,390            | 16,069            |
| Total capital ratio                              | 22.29%            | 21.25%            |
| Common Equity Tier 1 ratio                       | 22.19%            | 20.40%            |

Following specific provisions in the CRR, FMO is required to deduct from its regulatory capital significant and insignificant stakes for subordinated loans and (in)direct holdings of financial sector entities above certain thresholds. Exposures below the thresholds are risk-weighted accordingly and included in the risk-weighted assets.

As part of the SREP, DNB sets the minimum capital requirements for credit institutions, encompassing Pillar 1 and Pillar 2 risks. On top of the total SREP capital requirement, additional capital buffers are applicable according to the regulation.

The combined buffer requirement applicable to FMO consists of the capital conservation buffer and the institution specific countercyclical buffer.

The Pillar 2 guidance (P2G) determines the adequate level of capital to be maintained above the existing capital requirements for withstanding stressed situations. The P2G is a non-binding requirement, but is expected to be met under normal circumstances and a breach would represent an important early warning signal.

FMO's regulatory target capital ratio incorporates the fully phased-in (Basel IV, CRR3/CRD6) capital requirement (including the P2G) supplemented by:

- A management buffer, which is an internally defined capital cushion added on top of regulatory requirements to provide early warning and intervention room before breaching supervisory thresholds. We will discuss internally and include/change accordingly.
- A dynamic foreign exchange (FX) buffer. The dynamic FX buffer is in place to cover variations in the regulatory capital ratio following short-term changes in the EUR/USD exchange rate not covered by the structural hedge. The structural hedge functions as a partial hedge against an adverse effect of the exchange rate on the regulatory capital ratios. Further information regarding the structural hedge is provided in the 'Currency Risk' section.

FMO's Total Capital Ratio and CET-1 Ratio remained above the SREP and appetite level throughout 2025.

## Economic capital

The economic capital framework differs in two elements from the regulatory capital ratios. First, it captures risks that are not covered under Pillar 1, such as ESG risk, interest rate risk in the banking book (IRRBB), credit spread risk in the banking book (CSRBB) and concentration risk. Second, the EC approach applies internal methodologies for credit risk of the loan and equity portfolio, as well as for market risk (FX). FMO invests in emerging markets, which results in a profile with higher credit risk exposure than generally applies to credit institutions in developed economies. The internal model is more risk sensitive and more conservative, leading to a higher capital requirement than the standardized approach. From the economic capital framework, an internal capital adequacy indicator (Economic Capital Ratio) is derived. FMO's Economic Capital Ratio remained above the appetite level throughout 2025.

## Leverage ratio

The leverage ratio represents the Tier 1 Capital as a percentage of FMO's total unweighted exposures. FMO's leverage ratio equals 26 percent (2024: 27 percent), far above the minimum requirement of 3 percent proposed by European authorities.

## Financial risk

### Credit risk

#### Definition

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

### Risk appetite and governance

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

Credit risk management is important when selecting and monitoring investments. In this process, a set of investment criteria per sector and product is used that reflects minimum standards for the required financial strength of FMO's customers. This is further supported by credit risk models that are used for risk quantification, calculations of expected credit loss allowance, and the determination of economic capital use per transaction. Funding decisions depend on the risk profile of the customer and financing instrument. As part of regular credit monitoring, FMO customers are subject to annual reviews at a minimum. Customers that are identified as having financial difficulties fall under an intensified monitoring regime to proactively manage loans before they become non-performing, including semi-annual reviews. Additionally, portfolio movements and trends are discussed and analysed during the 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, the Credit department will assess the underlying movements and analyze trends per sector, geography, and any other relevant parameter. The Credit department will also consider market developments and peer group benchmarks. Based on the analysis, it 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.

The Credit Risk Metrics were within risk appetite during 2025.

### Exposures and credit scoring

The following table shows FMO's total gross exposure to credit risk at year-end. The exposures, including derivatives, are shown gross, before impairments and the effect of mitigation using third-party guarantees, master netting, or collateral agreements. Regarding derivative financial instruments, only the ones with positive market values are presented. The maximum exposure to credit risk increased during the year to €10.2 billion at year-end 2025 (2024: €9.8 billion).

| Maximum exposure to credit risk, including derivatives (€ x 1,000) | 2025              | 2024             |
|--------------------------------------------------------------------|-------------------|------------------|
| <b>On-balance</b>                                                  |                   |                  |
| Cash balances with Banks                                           | 140,239           | 43,096           |
| Current accounts with State funds and other programs               | 3,207             | 1,336            |
| Short-term deposits                                                |                   |                  |
| -of which: amortized cost                                          | 623,999           | 1,111,886        |
| -of which: fair value through profit or loss                       | 446,130           | 369,481          |
| Other receivables                                                  | 33,487            | 18,393           |
| Interest-bearing securities                                        |                   |                  |
| -of which: amortized cost                                          | 573,221           | 481,858          |
| -of which: fair value through profit or loss                       | 134,120           | 107,596          |
| Derivative financial instruments                                   | 233,483           | 126,339          |
| Loans to the private sector                                        |                   |                  |
| -of which: amortized cost                                          | 5,829,129         | 5,443,421        |
| -of which: fair value through profit or loss                       | 742,085           | 686,588          |
| Current tax receivables                                            | 893               | 13,297           |
| <b>Total on-balance</b>                                            | <b>8,759,993</b>  | <b>8,403,291</b> |
| <b>Off-balance</b>                                                 |                   |                  |
| Contingent liabilities (guarantees issued)                         | 218,713           | 193,176          |
| Irrevocable facilities (loans and financial guarantee commitments) | 1,189,750         | 1,186,725        |
| <b>Total off-balance</b>                                           | <b>1,408,463</b>  | <b>1,379,901</b> |
| <b>Total credit risk exposure</b>                                  | <b>10,168,456</b> | <b>9,783,192</b> |

When measuring the credit risk of the emerging market portfolio at 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 its own credit scoring methodology. The model follows the European Banking Authority (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 credit scoring 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 'Material accounting policies' section, for details of the expected credit loss calculation methodology.

The majority of FMO's gross loan portfolio (68 percent) remains in the F11 to F16 ratings categories.

## Credit quality analysis

FMO is exposed to on-balance positions including loans which carry credit risk. The following table shows the credit quality and the exposure to credit risk of the on-balance loan positions for the period.

| 2025                                                           |                                         |                |                |                                     |                  |             |
|----------------------------------------------------------------|-----------------------------------------|----------------|----------------|-------------------------------------|------------------|-------------|
| Indicative counterparty credit rating scale of S&P (€ x 1,000) | Financial instruments at amortised cost |                |                | Financial instruments at fair value |                  |             |
|                                                                | Stage 1                                 | Stage 2        | Stage 3        | Fair value                          | Total            | %           |
| F1-F10 (BBB- and higher)                                       | 1,332,052                               | -              | -              | 118,819                             | 1,450,871        | 22%         |
| F11-F13 (BB-,BB,BB+)                                           | 2,482,035                               | 31,156         | -              | 430,941                             | 2,944,132        | 45%         |
| F14-F16 (B-,B,B+)                                              | 1,196,108                               | 177,114        | -              | 139,370                             | 1,512,592        | 23%         |
| F17-F19 (CCC,CCC+, CCC-)                                       | 24,579                                  | 268,818        | -              | 5,907                               | 299,304          | 5%          |
| F20 (CC)                                                       | -                                       | -              | 317,241        | 47,048                              | 364,289          | 5%          |
| <b>Gross exposure</b>                                          | <b>5,034,774</b>                        | <b>477,088</b> | <b>317,241</b> | <b>742,085</b>                      | <b>6,571,188</b> | <b>100%</b> |
| Less: amortizable fees                                         | -43,960                                 | -4,245         | -1,881         | -                                   | -50,086          |             |
| Less: ECL allowance                                            | -21,832                                 | -20,061        | -132,509       | -                                   | -174,402         |             |
| Plus: FV adjustments                                           | -                                       | -              | -              | -32,385                             | -32,385          |             |
| <b>Carrying amount</b>                                         | <b>4,968,982</b>                        | <b>452,782</b> | <b>182,851</b> | <b>709,700</b>                      | <b>6,314,315</b> |             |

| 2024                                                           |                                         |                |                |                                     |                  |             |
|----------------------------------------------------------------|-----------------------------------------|----------------|----------------|-------------------------------------|------------------|-------------|
| Indicative counterparty credit rating scale of S&P (€ x 1,000) | Financial instruments at amortised cost |                |                | Financial instruments at fair value |                  |             |
|                                                                | Stage 1                                 | Stage 2        | Stage 3        | Fair value                          | Total            | %           |
| F1-F10 (BBB- and higher)                                       | 1,027,684                               | -              | -              | 40,097                              | 1,067,781        | 17%         |
| F11-F13 (BB-,BB,BB+)                                           | 2,206,347                               | 7,293          | -              | 429,664                             | 2,643,304        | 43%         |
| F14-F16 (B-,B,B+)                                              | 1,077,219                               | 133,435        | -              | 129,572                             | 1,340,226        | 22%         |
| F17-F19 (CCC,CCC+, CCC-)                                       | 169,094                                 | 476,569        | -              | 9,929                               | 655,592          | 11%         |
| F20 (CC)                                                       | -                                       | -              | 345,772        | 82,415                              | 428,187          | 7%          |
| <b>Gross exposure</b>                                          | <b>4,480,344</b>                        | <b>617,297</b> | <b>345,772</b> | <b>691,677</b>                      | <b>6,135,090</b> | <b>100%</b> |
| Less: amortizable fees                                         | -38,701                                 | -5,674         | -2,337         | -                                   | -46,712          |             |
| Less: ECL allowance                                            | -30,723                                 | -31,694        | -143,766       | -                                   | -206,183         |             |
| Plus: FV adjustments                                           | -                                       | -              | -              | -39,616                             | -39,616          |             |
| <b>Carrying amount</b>                                         | <b>4,410,920</b>                        | <b>579,929</b> | <b>199,669</b> | <b>652,061</b>                      | <b>5,842,579</b> |             |

In addition to its on-balance finance activities, FMO is also exposed to off-balance credit-related commitments. Guarantees, which represent contingent liabilities to make payments if a customer cannot meet its obligations to third parties, carry similar credit risks as loans. Most of the guarantees denominated in US dollars. Guarantees on export facilities are collateralized by the underlying letters of credit, and therefore carry less credit risk than direct uncollateralized borrowing. The following table shows the credit quality and the exposure to credit risk of the financial guarantees for the period.

## 2025

| Indicative counterparty credit rating scale of S&P (€ x 1,000) | Stage 1        | Stage 2       | Stage 3      | Total          |
|----------------------------------------------------------------|----------------|---------------|--------------|----------------|
| F1-F10 (BBB- and higher)                                       | 92,794         | -             | -            | 92,794         |
| F11-F13 (BB-,BB,BB+)                                           | 160,299        | -             | -            | 160,299        |
| F14-F16 (B-,B,B+)                                              | 29,837         | 25,138        | -            | 54,975         |
| F17-F19 (CCC,CCC+, CCC-)                                       | 7,459          | 15,091        | -            | 22,550         |
| F20 (CC)                                                       | 3,337          | -             | 3,877        | 7,214          |
| <b>Gross exposure</b>                                          | <b>293,726</b> | <b>40,229</b> | <b>3,877</b> | <b>337,832</b> |
| ECL allowance                                                  | -250           | -1,143        | -533         | -1,926         |
| <b>Net exposure</b>                                            | <b>293,476</b> | <b>39,086</b> | <b>3,344</b> | <b>335,906</b> |

## 2024

| Indicative counterparty credit rating scale of S&P (€ x 1,000) | Stage 1        | Stage 2       | Stage 3       | Total          |
|----------------------------------------------------------------|----------------|---------------|---------------|----------------|
| F1-F10 (BBB- and higher)                                       | 50,037         | -             | -             | 50,037         |
| F11-F13 (BB-,BB,BB+)                                           | 293,199        | -             | -             | 293,199        |
| F14-F16 (B-,B,B+)                                              | 12,238         | 28,502        | -             | 40,740         |
| F17-F19 (CCC,CCC+, CCC-)                                       | 45,702         | 2,117         | -             | 47,819         |
| F20 (CC)                                                       | -              | -             | 24,553        | 24,553         |
| <b>Gross exposure</b>                                          | <b>401,176</b> | <b>30,619</b> | <b>24,553</b> | <b>456,348</b> |
| ECL allowance                                                  | -1,137         | -296          | -1,386        | -2,819         |
| <b>Net exposure</b>                                            | <b>400,039</b> | <b>30,323</b> | <b>23,167</b> | <b>453,529</b> |

Financial guarantees represent €219 million (2024: €193 million) classified as contingent liabilities and €119 million (2024: €263 million) classified as irrevocable facilities.

Additionally, irrevocable facilities represent commitments to extend finance to customers and consist of contracts signed but not disbursed, which are usually not immediately and fully drawn.

The following table shows the credit quality and the exposure to credit risk of the loan commitments to the private sector of contracts signed but not yet disbursed.

## 2025

| Indicative counterparty credit rating scale of S&P (€ x 1,000) | Stage 1        | Stage 2        | Stage 3       | Other         | Total            |
|----------------------------------------------------------------|----------------|----------------|---------------|---------------|------------------|
| F1-F10 (BBB- and higher)                                       | 115,990        | -              | -             | 42,608        | 158,598          |
| F11-F13 (BB-,BB,BB+)                                           | 433,540        | 8,522          | -             | 30,451        | 472,513          |
| F14-F16 (B-,B,B+)                                              | 315,010        | 46,384         | -             | 1,544         | 362,938          |
| F17-F19 (CCC,CCC+, CCC-)                                       | -              | 62,394         | -             | -             | 62,394           |
| F20 (CC)                                                       | -              | -              | 14,187        | -             | 14,187           |
| <b>Gross exposure</b>                                          | <b>864,540</b> | <b>117,300</b> | <b>14,187</b> | <b>74,603</b> | <b>1,070,630</b> |
| ECL allowance                                                  | -3,113         | -6,586         | -576          | -             | -10,275          |
| <b>Net exposure</b>                                            | <b>861,427</b> | <b>110,714</b> | <b>13,611</b> | <b>74,603</b> | <b>1,060,355</b> |



## 2024

| Indicative counterparty credit rating scale of S&P (€ x 1,000) | Stage 1        | Stage 2        | Stage 3      | Other          | Total          |
|----------------------------------------------------------------|----------------|----------------|--------------|----------------|----------------|
| F1-F10 (BBB- and higher)                                       | 23,094         | -              | -            | 140,096        | 163,190        |
| F11-F13 (BB-,BB,BB+)                                           | 301,222        | -              | -            | 3,225          | 304,447        |
| F14-F16 (B-,B,B+)                                              | 288,950        | 63,139         | -            | -              | 352,089        |
| F17-F19 (CCC,CCC+, CCC-)                                       | 58,431         | 38,008         | -            | -              | 96,439         |
| F20 (CC)                                                       | -              | -              | 7,388        | -              | 7,388          |
| <b>Gross exposure</b>                                          | <b>671,697</b> | <b>101,147</b> | <b>7,388</b> | <b>143,321</b> | <b>923,553</b> |
| ECL allowance                                                  | -4,742         | -5,443         | -397         | -              | -10,582        |
| <b>Net exposure</b>                                            | <b>666,955</b> | <b>95,704</b>  | <b>6,991</b> | <b>143,322</b> | <b>912,972</b> |

The "Other" category relates to loan commitments for which no expected credit loss (ECL) is calculated (fair value loans).

## Non-performing exposures

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

- An unlikelihood to pay (UTP) trigger is in place that automatically leads to NPE; or
- An impairment analysis, conducted upon a UTP trigger that possibly leads to NPE, results in an impairment higher than 12.5 percent on any outstanding facility;
- The customer is past due more than 90 days on any outstanding facility;

There are additional criteria for a customer to enter NPE status in case of Forbearance. If a customer with 'No Financial Difficulty – Forbearance' status is under probation and during probation is extended additional forbearance measures/concessions, or becomes more than 30 days past-due, they shall be classified as non-performing. This only applies if the customer has been non-performing while the loan was forborne.

When a loan is deemed no longer collectible, it is written off against the related loss allowance. In 2025, FMO's write-offs including disposals amounted to €22.0 million (2024: €54.9 million).

## Developments

During 2025, NPEs in FMO decreased from 7.0 percent as of December 31, 2024 to 5.5 percent as of December 31, 2025. In Euro terms, the NPEs decreased from €428 million to €362 million. The reduction was driven by a combination of relatively low new NPEs, repayments from several NPE Customers, certain NPEs being reclassified as performing, write offs and other movements (mainly foreign exchange movements).

NPEs remain concentrated in a few large facilities. Top three NPEs are 23 percent of the total (2024: 21 percent), top ten are 50 percent (2024: 52 percent). As a result, a limited number of large new NPEs result in large movements in the NPE percentage. In terms of sector, NPEs are highest in Energy, in absolute terms at €201 million (2024: €215 million), followed by AFF at €92 million (2024: €127 million), FI at €47 million (2024: €56 million) and Diverse Sectors at €20 million (2024: €28 million). In relative terms (as percentage of the exposure in that sector) NPEs remain highest for Diverse Sectors at 16 percent, followed by Energy at 13 percent, AFF at 8 percent, and FI at 1 percent. FMO stopped providing loans to Diverse Sector customers in 2017. NPEs excluding other sectors are 5.3 percent.

At the end of 2025, the 3 countries with the highest level of NPEs were Ghana, Honduras and Ukraine, each making up around 13 percent of total NPEs.

NPE levels in FMO's portfolio partially reflect long recovery periods, which are inherent in the markets in which FMO operates. The longer recovery periods also reflect FMO's desire to find a workable solution to non-performing exposures whereby a client may eventually return to a performing status given its mission statement and business model.

Past due information related to FMO's loans portfolio is presented in the tables below.

| 2025                        |                         |                |                |                     |                  |
|-----------------------------|-------------------------|----------------|----------------|---------------------|------------------|
| (€ x 1,000)                 | Loans at amortised cost |                |                | Loans at fair value |                  |
|                             | Stage 1                 | Stage 2        | Stage 3        | Fair Value          | Total            |
| Loans not past due          | 4,981,338               | 424,142        | 133,841        | 742,085             | 6,281,406        |
| Loans past due:             |                         |                |                |                     |                  |
| -Past due up to 30 days     | 27,474                  | 10,325         | 11,828         | -                   | 49,627           |
| -Past due 30-60 days        | -                       | 42,621         | 33,560         | -                   | 76,181           |
| -Past due 60-90 days        | 25,962                  | -              | -              | -                   | 25,962           |
| -Past due more than 90 days | -                       | -              | 138,012        | -                   | 138,012          |
| <b>Gross exposure</b>       | <b>5,034,774</b>        | <b>477,088</b> | <b>317,241</b> | <b>742,085</b>      | <b>6,571,188</b> |
| Less: amortizable fees      | -43,960                 | -4,245         | -1,881         | -                   | -50,086          |
| Less: ECL allowance         | -21,832                 | -20,061        | -132,509       | -                   | -174,402         |
| Less: FV adjustments        | -                       | -              | -              | -32,385             | -32,385          |
| <b>Carrying amount</b>      | <b>4,968,982</b>        | <b>452,782</b> | <b>182,851</b> | <b>709,700</b>      | <b>6,314,315</b> |

| 2024                        |                         |                |                |                     |                  |
|-----------------------------|-------------------------|----------------|----------------|---------------------|------------------|
| (€ x 1,000)                 | Loans at amortised cost |                |                | Loans at fair value |                  |
|                             | Stage 1                 | Stage 2        | Stage 3        | Fair Value          | Total            |
| Loans not past due          | 4,382,686               | 506,981        | 134,542        | 691,677             | 5,715,886        |
| Loans past due:             |                         |                |                |                     |                  |
| -Past due up to 30 days     | 97,658                  | 16,025         | 13,598         | -                   | 127,281          |
| -Past due 30-60 days        | -                       | 64,845         | 8,209          | -                   | 73,054           |
| -Past due 60-90 days        | -                       | 29,446         | -              | -                   | 29,446           |
| -Past due more than 90 days | -                       | -              | 189,423        | -                   | 189,423          |
| <b>Gross exposure</b>       | <b>4,480,344</b>        | <b>617,297</b> | <b>345,772</b> | <b>691,677</b>      | <b>6,135,090</b> |
| Less: amortizable fees      | -38,701                 | -5,674         | -2,337         | -                   | -46,712          |
| Less: ECL allowance         | -30,723                 | -31,694        | -143,766       | -                   | -206,183         |
| Less: FV adjustments        | -                       | -              | -              | -39,616             | -39,616          |
| <b>Carrying amount</b>      | <b>4,410,920</b>        | <b>579,929</b> | <b>199,669</b> | <b>652,061</b>      | <b>5,842,579</b> |

The table below presents the distribution of Stage 3 loans according to regions and sectors.

**Stage 3 - ECL distributed by regions and sectors (€ x 1,000)**

| December 31, 2025             | Financial Institutions | Energy        | Agribusiness, Food & Forestry | Infrastructure, Manufacturing, Services | Multi-Sector Fund Investment | Total          |
|-------------------------------|------------------------|---------------|-------------------------------|-----------------------------------------|------------------------------|----------------|
| Africa                        | 11,779                 | 19,402        | 7,110                         | 3,935                                   | 625                          | 42,851         |
| Asia                          | 12,236                 | 21,521        | 5,173                         | 4,593                                   | -                            | 43,523         |
| Latin America & the Caribbean | 10,013                 | 12,723        | 10,605                        | -                                       | -                            | 33,341         |
| Europe & Central Asia         | -                      | 1,580         | 11,214                        | -                                       | -                            | 12,794         |
| <b>Total</b>                  | <b>34,028</b>          | <b>55,226</b> | <b>34,102</b>                 | <b>8,528</b>                            | <b>625</b>                   | <b>132,509</b> |

### Stage 3 - ECL distributed by regions and sectors (€ x 1,000)

| December 31, 2024             | Financial Institutions | Energy        | Agribusiness, Food & Forestry | Infrastructure, Manufacturing, Services | Total          |
|-------------------------------|------------------------|---------------|-------------------------------|-----------------------------------------|----------------|
| Africa                        | 8,034                  | 14,985        | 8,946                         | 4,458                                   | 36,423         |
| Asia                          | 3,384                  | 24,977        | 4,775                         | 5,089                                   | 38,225         |
| Latin America & the Caribbean | 21,529                 | 12,735        | 11,898                        | 566                                     | 46,728         |
| Europe & Central Asia         | -                      | 4,948         | 17,442                        | -                                       | 22,390         |
| <b>Total</b>                  | <b>32,947</b>          | <b>57,645</b> | <b>43,061</b>                 | <b>10,113</b>                           | <b>143,766</b> |

## Modified financial assets

Changes in terms and conditions usually include extending the maturity, changing the interest margin and changing the timing of interest payments. When the terms and conditions are modified due to financial difficulties, these loans are qualified as forborne. For more details refer to the section on 'Modification of financial assets' in the 'Accounting policies' sub-chapter. The Credit department reviews modified loans periodically in accordance with the watch-list process. When a loan is deemed no longer collectible, it is written off against the related loss allowance. In 2025, FMO's write-offs including disposals equaled to €22.0 million (2024: €54.9 million).

The following table provides an overview of the total portfolio of Loans to the private sector, including FMO's forborne assets, both classified as performing and non-performing, as of December 31, 2025.

| 2025                                                      |                                              |                                          |                  |
|-----------------------------------------------------------|----------------------------------------------|------------------------------------------|------------------|
| (€ x 1,000)                                               | Loans to the private sector (Amortised Cost) | Loans to the private sector (Fair value) | Total            |
| Performing                                                | 5,514,418                                    | 695,037                                  | 6,209,455        |
| of which: performing but past due > 30 days and <=90 days | -                                            | -                                        | -                |
| of which: performing forborne                             | 133,137                                      | 1,435                                    | 134,572          |
| Non Performing                                            | 314,685                                      | 47,048                                   | 361,733          |
| of which: non performing forborne                         | 190,509                                      | 29,580                                   | 220,089          |
| of which: impaired                                        | 275,168                                      | -                                        | 275,168          |
| <b>Gross exposure</b>                                     | <b>5,829,103</b>                             | <b>742,085</b>                           | <b>6,571,188</b> |
| Less: amortizable fees                                    | -50,086                                      | -                                        | -50,086          |
| Less: ECL allowance                                       | -174,402                                     | -                                        | -174,402         |
| Plus: fair value adjustments                              | -                                            | -32,385                                  | -32,385          |
| <b>Carrying amount at December 31</b>                     | <b>5,604,615</b>                             | <b>709,700</b>                           | <b>6,314,315</b> |

| 2024                                                      |                                              |                                          |                  |
|-----------------------------------------------------------|----------------------------------------------|------------------------------------------|------------------|
| (€ x 1,000)                                               | Loans to the private sector (Amortised Cost) | Loans to the private sector (Fair value) | Total            |
| Performing                                                | 5,097,642                                    | 609,262                                  | 5,706,904        |
| of which: performing but past due > 30 days and <=90 days | -                                            | -                                        | -                |
| of which: performing forborne                             | 145,591                                      | 2,488                                    | 148,079          |
| Non Performing                                            | 345,771                                      | 82,415                                   | 428,186          |
| of which: non performing forborne                         | 225,767                                      | 50,798                                   | 276,565          |
| of which: impaired                                        | 216,080                                      | -                                        | 216,080          |
| <b>Gross exposure</b>                                     | <b>5,443,413</b>                             | <b>691,677</b>                           | <b>6,135,090</b> |
| Less: amortizable fees                                    | -46,712                                      | -                                        | -46,712          |
| Less: ECL allowance                                       | -206,183                                     | -                                        | -206,183         |
| Plus: fair value adjustments                              | -                                            | -39,616                                  | -39,616          |
| <b>Carrying amount at December 31</b>                     | <b>5,190,518</b>                             | <b>652,061</b>                           | <b>5,842,579</b> |

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

| (€ x 1,000)                                         | Post - modification      |                   | Pre - modification       |                   |
|-----------------------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
|                                                     | Gross outstanding amount | Corresponding ECL | Gross outstanding amount | Corresponding ECL |
| <b>December 31, 2025</b>                            |                          |                   |                          |                   |
| Restored loans since forbearance and now in Stage 1 | 51,317                   | 604               | 105,451                  | 3,528             |
| Loans that reverted to Stage 2/3 once restored      | 23,120                   | 1,968             | 6,532                    | 439               |

| (€ x 1,000)                                         | Post - modification      |                   | Pre - modification       |                   |
|-----------------------------------------------------|--------------------------|-------------------|--------------------------|-------------------|
|                                                     | Gross outstanding amount | Corresponding ECL | Gross outstanding amount | Corresponding ECL |
| <b>December 31, 2024</b>                            |                          |                   |                          |                   |
| Restored loans since forbearance and now in Stage 1 | 73,443                   | 1,417             | 115,651                  | 4,202             |
| Loans that reverted to Stage 2/3 once restored      | 19,724                   | 2,217             | 21,884                   | 3,172             |

The 2024 table above has been revised to ensure consistent presentation with current year disclosures.

The table below includes Stage 2 and Stage 3 assets for which terms and conditions were modified including the related net modification result.

| (€ x 1,000)                                                   | 2025   | 2024  |
|---------------------------------------------------------------|--------|-------|
| Amortized cost of financial assets modified during the period | 97,636 | 4,744 |
| Net modification result                                       | -      | -     |

## Credit risk mitigation

As per December 31, 2025, the total carrying value of the FMO's loan portfolio was €6.3 billion (2024: €5.8 billion) of which €1.8 billion (2024: €1.4 billion) is guaranteed by highly rated guarantors. The following table shows a breakdown of guaranteed amounts received and carrying values of guaranteed loans at amortized cost or fair value per credit ranking of the guarantors.

| Guarantor credit ranking based on rating scale S&P (€ x 1,000) | 2025                          |                                    | 2024                          |                                    |
|----------------------------------------------------------------|-------------------------------|------------------------------------|-------------------------------|------------------------------------|
|                                                                | Amount of guarantees received | Guaranteed loans - carrying amount | Amount of guarantees received | Guaranteed loans - carrying amount |
| Dutch government                                               | -                             | -                                  | -                             | -                                  |
| AA- and higher ratings                                         | 475,805                       | 1,751,014                          | 498,375                       | 1,411,156                          |
| A+ to A-                                                       | 29,923                        | 29,923                             | -                             | -                                  |
| BBB+ to B-                                                     | -                             | -                                  | -                             | -                                  |
| CCC+ to CCC-                                                   | -                             | -                                  | -                             | -                                  |
| CC                                                             | -                             | -                                  | -                             | -                                  |
| <b>Total</b>                                                   | <b>505,728</b>                | <b>1,780,937</b>                   | <b>498,375</b>                | <b>1,411,156</b>                   |

The total carrying value of defaulted (Stage 3) loans in FMO's loan portfolio is €186 million of which €23.4 million is guaranteed by either the Dutch Government or highly rated guarantors. The following table shows a breakdown of guaranteed amounts received and carrying values of guaranteed amortized cost loans per stage.

| Stage of guaranteed loans (€ x 1,000) | 2025                          |                                    | 2024                          |                                    |
|---------------------------------------|-------------------------------|------------------------------------|-------------------------------|------------------------------------|
|                                       | Amount of guarantees received | Guaranteed loans - carrying amount | Amount of guarantees received | Guaranteed loans - carrying amount |
| 1                                     | 433,699                       | 1,639,775                          | 419,422                       | 1,279,560                          |
| 2                                     | 19,102                        | 74,903                             | 20,737                        | 71,315                             |
| 3                                     | 11,868                        | 23,397                             | 29,872                        | 60,281                             |
| <b>Total</b>                          | <b>464,669</b>                | <b>1,738,075</b>                   | <b>470,031</b>                | <b>1,411,156</b>                   |

## Equity risk

### Definition

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

### Risk appetite and governance

FMO has a long-term view on its equity portfolio, usually selling its equity stake within a period of 10 years. FMO can accommodate an increase in the average holding period of its equity investments and wait for markets to improve before pursuing an exit. The equity investment portfolio comprises direct investments, primarily in the financial institutions and energy sectors, complemented by smaller investments in agribusiness, food, and forestry. Equity investments for both new and existing clients are approved by the Investment Committee.

On a quarterly basis the Private Equity department determines the valuation of direct equity investments and assesses the valuation of equity fund investments. Before the valuations are presented to the FRC for approval, the Credit and Finance departments will perform a final assessment on the valuation of equity investments. Diversification across geographical area, sector and equity type across the total portfolio is evaluated in terms of both return and impact before new investments are made.

Based on this performance and the market circumstances, direct exits are pursued by involving intermediaries. In the case of co-investments, FMO fund managers initiate the exit process as they are in the lead. Exits are challenging due to limited availability of liquidity in some markets and the absence of well-developed stock markets.

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

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

Equity returns in 2025 were affected by external market factors that influenced the translation of underlying results. Valuation developments have been subdued for a longer period, in line with broader trends in emerging-market private equity. The return indicators reflect performance over a longer period, meaning that individual quarterly movements may not fully capture the broader trend. For 2025, the return based on realized outcomes remained within appetite, while the broader performance indicator that also reflects valuation developments remained below its threshold throughout the year. These dynamics highlight the importance of maintaining a disciplined focus on return potential and exit prospects when assessing and managing investments.



## Developments

During 2025, global economic growth remained subdued but resilient, with emerging and developing economies continuing to outperform advanced economies amid ongoing trade fragmentation and geopolitical uncertainty. The war in Ukraine persisted without a durable resolution, while the conflict in Gaza moved into a fragile ceasefire phase later in the year. Climate risks intensified, as 2025 ranked among the warmest years on record and extreme weather events continued to affect vulnerable regions. Monetary policy eased in both the US and Europe, although longer-term interest rates remained elevated, resulting in only a gradual loosening of global financial conditions. Across emerging markets, including Asia and Sub-Saharan Africa, growth held up, but tight financing conditions, high debt-service burdens and limited fiscal space constrained capital inflows. Currency developments were mixed, with pressures in some local currencies partly offset by periods of US dollar weakness. Against this backdrop, investor sentiment towards emerging markets and private equity remained selective, with outcomes differing across countries, sectors and fund managers.

Despite these challenging circumstances, portfolio activity during 2025 was characterized by strong distributions, while new investments remained relatively limited. Distributions from fund managers and exits resulted in cash distributions of €334 million and again generated a strong level of dividends of €57 million. New commitments during the year amounted to €125 million, while paid in capital totaled €281 million. Overall, the committed equity portfolio (including associates) decreased to €2.8 billion (2024: €2.9 billion). The net result is €40 million loss of which the fair value result, excluding foreign exchange revaluation, is €112 million gain across the portfolio.

## Exposures

The total outstanding equity portfolio on December 31, 2025, amounted to €2.8 billion (2024: €2.9 billion) of which €1.2 billion (2024 €1.5 billion), was invested in investment funds. Certain presentation updates have been made to the split between direct and fund's investments under the header "Multi-Sector Fund Investments" compared to the presentation in the prior year annual report, to ensure appropriate reflection of the nature of the investments.

**Equity portfolio including Associates distributed by region and sector (€ x 1,000)**

| December 31, 2025             | Financial Institutions |               | Energy         |                | Agribusiness, Food & Forestry |               | Multi-Sector Fund Investments | Infrastructure, Manufacturing, Services |          | Total            |                  |
|-------------------------------|------------------------|---------------|----------------|----------------|-------------------------------|---------------|-------------------------------|-----------------------------------------|----------|------------------|------------------|
|                               | Direct                 | Funds         | Direct         | Funds          | Direct                        | Funds         | Funds                         | Direct                                  | Funds    | Direct           | Funds            |
| Africa                        | 459,573                | 39,349        | 88,445         | 62,696         | 105,469                       | 8,679         | 349,510                       | 107,953                                 | -        | 761,440          | 460,234          |
| Asia                          | 156,554                | 19,680        | 51,541         | 90,461         | 79,778                        | 8,651         | 256,295                       | 16,326                                  | -        | 304,199          | 375,087          |
| Latin America & the Caribbean | 68,618                 | -             | 12,770         | 13,464         | -                             | 16,351        | 60,213                        | 37,222                                  | -        | 118,610          | 90,028           |
| Europe & Central Asia         | 74,021                 | 5,233         | -              | 10,479         | -                             | 16,771        | 112,504                       | -                                       | -        | 74,021           | 144,987          |
| Non-region specific           | 225,892                | 34,263        | 26,404         | 45,865         | -                             | 16,862        | 54,174                        | 44,147                                  | -        | 296,443          | 151,164          |
| <b>Total</b>                  | <b>984,658</b>         | <b>98,525</b> | <b>179,160</b> | <b>222,965</b> | <b>185,247</b>                | <b>67,314</b> | <b>832,696</b>                | <b>205,648</b>                          | <b>-</b> | <b>1,554,713</b> | <b>1,221,500</b> |

**Equity portfolio including Associates distributed by region and sector (€ x 1,000)**

| December 31, 2024             | Financial Institutions |                | Energy         |                | Agribusiness, Food & Forestry |               | Multi-Sector Fund Investments | Infrastructure, Manufacturing, Services |          | Total            |                  |
|-------------------------------|------------------------|----------------|----------------|----------------|-------------------------------|---------------|-------------------------------|-----------------------------------------|----------|------------------|------------------|
|                               | Direct                 | Funds          | Direct         | Funds          | Direct                        | Funds         | Funds                         | Direct                                  | Funds    | Direct           | Funds            |
| Africa                        | 379,366                | 40,221         | 65,054         | 59,558         | 92,083                        | 10,672        | 448,459                       | 127,342                                 | -        | 663,845          | 558,910          |
| Asia                          | 209,191                | 13,850         | 46,743         | 117,380        | 42,538                        | 10,037        | 367,380                       | 15,616                                  | -        | 314,088          | 508,647          |
| Latin America & the Caribbean | 85,858                 | -              | 10,524         | 17,303         | -                             | 12,783        | 66,513                        | 81,098                                  | -        | 177,480          | 96,599           |
| Europe & Central Asia         | 60,879                 | 5,750          | -              | 11,325         | -                             | 21,841        | 120,094                       | -                                       | -        | 60,879           | 159,010          |
| Non-region specific           | 202,464                | 44,510         | 26,319         | 38,677         | -                             | 3,273         | 48,800                        | 25,485                                  | -        | 254,268          | 135,260          |
| <b>Total</b>                  | <b>937,758</b>         | <b>104,331</b> | <b>148,640</b> | <b>244,243</b> | <b>134,621</b>                | <b>58,606</b> | <b>1,051,246</b>              | <b>249,541</b>                          | <b>-</b> | <b>1,470,560</b> | <b>1,458,426</b> |

The equity portfolio is left unhedged. Negative value adjustments due to currency effects (EUR/USD and USD/local currencies), negative economic developments in emerging markets (EM), and specific investee-related issues impacting business performance and, consequently, FMO's profitability reflect the unhedged nature of the private-equity portfolio. For more information, please refer to the 'Currency risk' and 'Structural hedge' sections.

## Concentration risk

### Definition

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

### Risk appetite and governance

Diversification within FMO's emerging market portfolio is ensured through stringent limits on individual counterparties (single risk limits), sectors, countries and regions. These limits are monitored by the Risk department, reviewed regularly, and approved by the FRC, the Management Board and the Supervisory Board. Diversification across countries, sectors and individual counterparties is a key strategy to safeguard the credit quality of the portfolio. In 2025, portfolio performance remained fully within FMO's risk appetite, and all exposures were within the applicable single-name, sector, country and regional limits at year-end.

### Developments

Global growth slowed from 3.5 percent in 2023 to 3.3 percent in 2024 and was 3.3 percent in 2025, and according to the IMF's January 2026 World Economic Outlook Update, is expected to remain at 3.3 percent in 2026 and ease slightly to 3.2 percent in 2027. Among advanced economies, growth in the United States is expected at 2.4 percent in 2026, supported by looser financial conditions and technology-related investment, while the Euro Area is expected to grow by 1.3 percent. In emerging markets, growth prospects are mixed. China's growth forecast has been revised upward to 4.5 percent for 2026, reflecting policy support and improved external conditions. India is expected to grow by 6.4 percent, while growth in the Middle East and Central Asia is expected at 3.9 percent, and sub-Saharan Africa at 4.6 percent. Overall, global growth remains below the pre-pandemic average of 3.7 percent, and the outlook is clouded by persistent uncertainty and downside risks.

Recent trade policy developments have played a central role in shaping global economic conditions. After the tariff announcements earlier in 2025, the United States and several key trading partners reached agreements that temporarily halted additional tariff increases. Despite this pause, uncertainty surrounding the longevity and stability of current trade arrangements remains elevated. Firms continue to restructure supply chains in response to heightened protectionist measures. These dynamics have contributed to increased global uncertainty and have influenced both trade and investment flows, including some front-loading of activity in anticipation of potential future tariff hikes.

Headline inflation was 4.1 percent in 2025 and expected to decline to 3.8 percent in 2026, with notable differences across countries. Inflation is expected to remain above target in the United States, while being more subdued in other large economies. Energy prices are expected to fall by about 7 percent in 2026, though geopolitical tensions and trade policy uncertainty could trigger renewed volatility in commodity markets. Global financial conditions have remained broadly accommodative since late 2025, with the US dollar slightly weakening against the euro over the course of the year, with the depreciation being most pronounced in the first half of 2025 and capital flows continuing to emerging markets. The USD depreciation during the first half of the year contributed to volatility in FMO's reported financial performance, mainly through valuation effects on USD-denominated exposures. Nevertheless, high public debt levels and widening fiscal deficits, particularly in the United States, could lead to higher long-term interest rates and renewed volatility in financial markets.

Geopolitical tensions remain a significant risk to the outlook. The ongoing war in Ukraine and heightened conflict in the Middle East, including military strikes between Iran and Israel, have led to temporary spikes in oil prices and increased uncertainty. While the physical supply of oil has not been disrupted, risk premiums remain elevated. Countries with substantial external financing needs and limited international reserves remain vulnerable to shifts in global risk sentiment, which could lead to capital outflows and debt distress.

The UK, US, and EU continue to maintain sanctions on Russia and Belarus. FMO has no exposure to Russia, while exposure to Belarus is limited to approximately €10 million in indirect equity.

The conflict in Gaza has intensified regional tensions, already impacting neighboring countries. FMO's exposure in the Palestinian Territories is limited to €5.6 million in commitments to two microfinance customers through the NASIRA guarantee program (a risk-sharing facility for which FMO provides the guarantee), with €1.8 million currently outstanding. While FMO has no exposure to Israel, Syria, Iran, or Lebanon, it maintains commitments in Jordan and Egypt. FMO continues to closely monitor these developments.

In line with ESMA's enforcement considerations on geopolitical risk disclosures, FMO also assesses the implications of the ongoing war in Ukraine for its portfolio. FMO has exposure both in Ukraine and in Moldova, one of Ukraine's neighboring countries. These exposures are monitored with a focus on potential spillover effects, operational constraints, and borrower performance. Based on the information available to date, no material financial impact has been observed. FMO will continue to closely follow developments in the region and reflect any material changes in its risk assessment.

Throughout 2025, FMO has actively monitored its portfolio and will continue to do so, leveraging its diversified exposure across more than 70 markets to mitigate the negative impact of country-specific crises.

Despite the heightened geopolitical and macro-economic tensions described above, the overall impact on FMO's financial performance in 2025 has been limited. This reflects the strong diversification of FMO's portfolio across more than 70 countries and multiple sectors, which helps absorb localized shocks. Concentration limits and active portfolio monitoring further mitigated potential adverse effects. As a result, no material deterioration in portfolio quality or capital ratios occurred due to concentration risk during the year. In addition, ECL developments did not indicate a material adverse impact from these heightened geopolitical and macro-economic tensions.

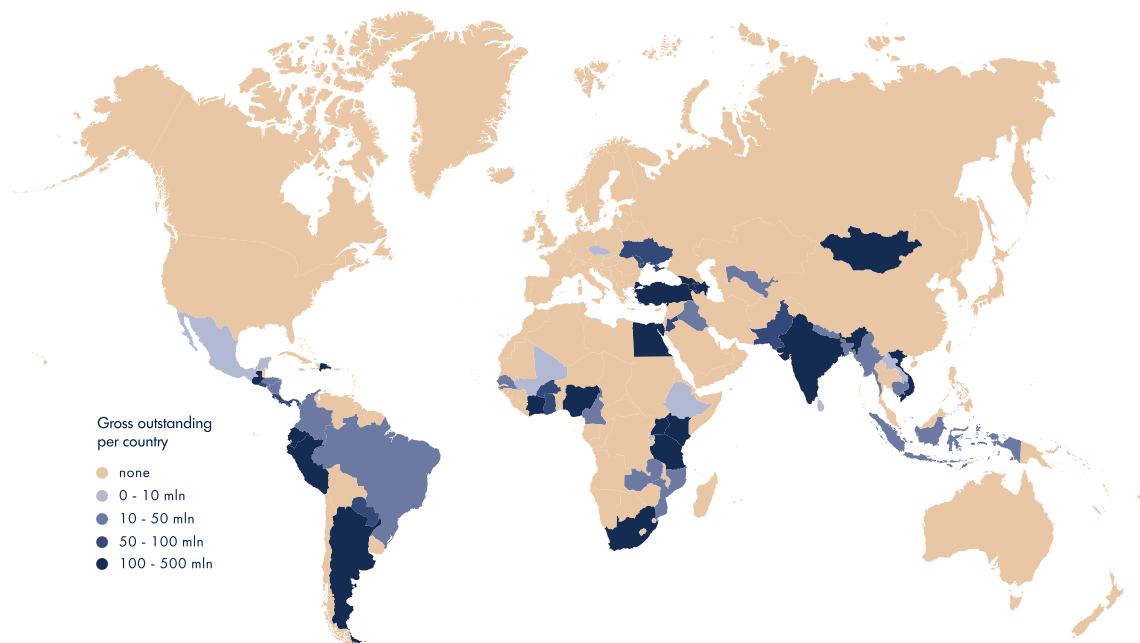
## Country, regional, and sector exposures

Country risk arises from country-specific events that adversely impact FMO's exposure in a specific country. Within FMO, country risk is broadly defined and it includes all relevant factors that have a common impact on FMO's portfolio such as economic, banking and currency crises, sovereign defaults, and political risk events.

To ensure diversification within FMO's emerging market portfolio across regions, a country limit is in place to minimize concentration risk in the portfolio as a whole. Country limits range from 8 percent to 22 percent of FMO's shareholders' equity, depending on the country rating, with higher limits in lower risk countries. The assessment of the country rating (F-rating scoring in line with internal credit risk rating) is based on a benchmark of external rating agencies and other external information. The average of the long-term foreign currency ratings of Moody's, S&P and Fitch is used (debt and issuer

rating). If none of the aforementioned ratings are available, then the average among OECD and IHS medium-term ratings is used.

In determining the limit within a country for investments, the committed portfolio amount, as well as underlying transaction specific elements (which may lead to effective reduction of country risk) are considered. The figure below provides an overview of the diversification across countries of FMO's gross outstanding in the loan portfolio.



In general, the loan portfolio remains well diversified across different countries. The single largest country exposure represents less than 10 percent of the total loan book. The three largest country exposures in the loan book at the end of 2025 were Türkiye, Georgia, and India, together accounting for around 19 percent of the total loan exposure. In 2025, Türkiye remained at F13, Georgia at F12, and India at F10, with no rating changes during the year.

|                                        | 2025 (%)     | 2024 (%)     |
|----------------------------------------|--------------|--------------|
| F9 and higher (BBB and higher ratings) | 4.7          | 4.6          |
| F10 (BBB-)                             | 10.7         | 8.8          |
| F11 (BB+)                              | 7.1          | 3.8          |
| F12 (BB)                               | 19.9         | 11.9         |
| F13 (BB-)                              | 13.7         | 23.2         |
| F14 (B+)                               | 16.8         | 9.2          |
| F15 (B)                                | 6.4          | 10.9         |
| F16 (B-)                               | 11.9         | 16.4         |
| F17-F19 (CCC+, CCC-, CCC)              | 8.8          | 10.2         |
| F20 (CC)                               | 0.0          | 1.0          |
| <b>Total</b>                           | <b>100.0</b> | <b>100.0</b> |

In addition to country risk limits, FMO has limits to ensure adequate diversification across sectors and regions. At year-end 2025, all exposures were within the applicable limits. An overview of the gross exposure of loans distributed by region and sector is given below.

#### Gross amount of loans distributed by region and sector (€ x 1,000)

|                               | Financial<br>Institutions | Energy           | Agribusiness,<br>Food &<br>Forestry | Multi-<br>Sector Fund<br>Investments | Infrastructure,<br>Manufacturing,<br>Services | Total            |
|-------------------------------|---------------------------|------------------|-------------------------------------|--------------------------------------|-----------------------------------------------|------------------|
| <b>December 31, 2025</b>      |                           |                  |                                     |                                      |                                               |                  |
| Africa                        | 745,970                   | 578,476          | 162,708                             | 17,554                               | 30,094                                        | 1,534,802        |
| Asia                          | 820,417                   | 283,222          | 116,159                             | -                                    | 44,331                                        | 1,264,129        |
| Latin America & the Caribbean | 957,348                   | 424,618          | 256,640                             | -                                    | 3,339                                         | 1,641,945        |
| Europe & Central Asia         | 1,185,432                 | 144,404          | 285,572                             | -                                    | 46,292                                        | 1,661,700        |
| Non-region specific           | 77,287                    | 121,549          | 269,776                             | -                                    | -                                             | 468,612          |
| <b>Total</b>                  | <b>3,786,454</b>          | <b>1,552,269</b> | <b>1,090,855</b>                    | <b>17,554</b>                        | <b>124,056</b>                                | <b>6,571,188</b> |
|                               | Financial<br>Institutions | Energy           | Agribusiness,<br>Food & Forestry    | Multi-Sector<br>Fund<br>Investments  | Infrastructure,<br>Manufacturing,<br>Services | Total            |
| <b>December 31, 2024</b>      |                           |                  |                                     |                                      |                                               |                  |
| Africa                        | 695,284                   | 650,977          | 175,453                             | 29,598                               | 76,824                                        | 1,628,136        |
| Asia                          | 722,162                   | 284,860          | 120,970                             | -                                    | 51,439                                        | 1,179,431        |
| Latin America & the Caribbean | 944,900                   | 439,723          | 270,313                             | -                                    | 11,972                                        | 1,666,908        |
| Europe & Central Asia         | 871,354                   | 201,861          | 238,982                             | -                                    | 52,938                                        | 1,365,135        |
| Non-region specific           | 42,058                    | 11,274           | 242,148                             | -                                    | -                                             | 295,480          |
| <b>Total</b>                  | <b>3,275,758</b>          | <b>1,588,695</b> | <b>1,047,866</b>                    | <b>29,598</b>                        | <b>193,173</b>                                | <b>6,135,090</b> |

## Single risk exposures

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

FMO has set internal single risk limits at the level that the maximum possible loss for one customer is limited to approximately one year of FMO's net historical profit. This has resulted in a nominal single risk limit of 6 percent of shareholders' equity. Given their strategic importance, FMO applies higher Single Risk Limits of 10 percent for Arise B.V. and 8 percent for TCX Investment Management Company B.V. In addition, temporary limits of €325 million for TBC and €331 million for AMEA Power have been approved. Nevertheless, these limits are still well below the CRD IV restriction of 25percent of Regulatory Capital. At year-end 2025, all exposures were within the applicable limits.

## Counterparty credit risk

### Definition

The Treasury portfolio is defined as the set of investments, derivative transactions, and cash management activities handled by the Treasury function to manage liquidity and interest rate risks, including government funds and fronting arrangements for syndicated loans. Counterparty credit risk in the treasury portfolio is the risk that FMO will suffer economic losses because a counterparty fails to fulfill its financial or other contractual obligations from open positions in the portfolio.

### Risk appetite and governance

The main responsibility of FMO's Treasury department is to fund FMO's core business, manage the interest rate and foreign-exchange risk of the loan portfolio, and manage liquidity within FMO's risk appetite. The Treasury department's portfolio consists of high-quality liquid assets that form the liquidity buffer enabling FMO to meet its liquidity needs under both normal and stressed circumstances. The derivatives portfolio aims to hedge interest rate risk and foreign-exchange risk. Counterparty risk arising from derivatives is mitigated through collateral arrangements, ensuring that the net exposure to each



derivatives counterparty remains within approved limits. The Treasury department does not have its own trading book and does not actively take open positions in the pursuit of profits. FMO aims to balance between keeping losses within its limited risk tolerance and supporting FMO's business strategy, thereby minimizing credit risk and concentration risk in the treasury portfolio, derivative portfolio, and several bank accounts.

The Treasury department is responsible for day-to-day counterparty risk management. The Risk department is the second line and responsible for assessing, quantifying, and monitoring counterparty risk daily. Limit excesses and material findings are reported to the FRC on a monthly basis, together with recommended mitigations and actions. The Risk department is also responsible for updating policies and processes, and for setting limits, including minimum credit rating requirements, exposure limits, and transaction limits. The policies, processes, relevant parameters, and limits are reviewed and approved by the FRC periodically.

At year-end 2025, all exposures were within the applicable limits.

## Developments

Macroeconomic developments continued to influence the broader counterparty landscape, particularly through currency movements and rating actions across Europe. The euro appreciated notably against the US dollar during parts of the year, easing imported inflation pressures and supporting European bank funding conditions. At the same time, the downgrade of France's sovereign rating led to rating adjustments for several French financial institutions, modestly tightening available counterparty headroom under FMO's minimum rating thresholds. Nevertheless, FMO's treasury exposures remained primarily concentrated with high-quality, strongly rated counterparties, and no material deterioration was observed across the broader counterparty set.

In 2025, counterparty credit risk remained within FMO's risk appetite, supported by daily monitoring performed by OPS Treasury and prompt notifications of any limit excesses. OPS Treasury provided same-day updates to Risk on exposure movements and emerging issues, enabling timely assessment and remediation. Monthly independent reviews performed by the Risk department confirmed that treasury exposures and limit utilizations remained in line with policy requirements and were reported to the FRC. A minor limit exceedance during the year was addressed promptly and did not signal any structural weaknesses in counterparty quality.

As part of liquidity planning efforts for 2026, internal work progressed on the governance and limit framework for potential investment in covered bonds. FMO defined the relevant limit structures within the finance kit and obtained the required committee approvals to ensure that any future use of covered bonds aligns with FMO's conservative credit stance. Given that covered bonds typically carry strong credit ratings and robust structural protections, this preparatory work enhances future optionality while maintaining a prudent counterparty risk profile.

## Exposures

Counterparty risk exposures in FMO's treasury portfolios originate from short-term investments (deposits, investment in money market funds, commercial papers, and collaterals related to transacted derivatives), interest-bearing securities (e.g., bonds), and transacted derivatives for hedging purpose. The tables below show outstanding positions as of December 31, 2025.

**Overview interest-bearing securities based on rating scale S&P and Fitch (€ x 1,000)**

|              | 2025           | 2024           |
|--------------|----------------|----------------|
| AAA          | 193,276        | 262,438        |
| AA- to AA+   | 304,194        | 315,028        |
| A+           | 198,852        | -              |
| BBB-         | 10,968         | 11,928         |
| <b>Total</b> | <b>707,290</b> | <b>589,394</b> |

### Geographical distribution interest-bearing securities

|                  | 2025 (%)   | 2024 (%)   |
|------------------|------------|------------|
| Belgium          | 4          | 4          |
| Finland          | 7          | 11         |
| France           | 18         | 20         |
| Germany          | 25         | 17         |
| The Netherlands  | 5          | 11         |
| Slovenia         | 3          | -          |
| Sweden           | 7          | 11         |
| Denmark          | 7          | 4          |
| India            | 1          | 2          |
| Luxembourg       | 6          | 2          |
| South Korea      | 4          | 4          |
| Supra-nationals* | 13         | 14         |
| <b>Total</b>     | <b>100</b> | <b>100</b> |

\* Supra-nationals are international organizations or unions to which member states delegate part of their national powers.

### Overview short-term deposits based on rating scale S&P (€ x 1,000)

|                                  | 2025             | 2024             |
|----------------------------------|------------------|------------------|
| European Central Bank            | 2,946            | 2,946            |
| Dutch central bank               | 524,818          | 710,956          |
| Financial Institutions           |                  |                  |
| A-1/A-1+                         | 365,863          | 598,151          |
| A-2                              | -                | 23,820           |
| Money Market Funds               |                  |                  |
| A-1+                             | 176,498          | 145,494          |
| <b>Total at December 31 2025</b> | <b>1,070,125</b> | <b>1,481,367</b> |

FMO mitigates its counterparty credit risk through various means. Minimum requirements of credit quality are set for counterparties of treasury activities. Netting and collateral agreements are also utilized to reduce counterparty credit risk originating from derivative transactions. FMO has Credit Support Annexes (CSAs) with all derivative counterparties. Additionally, part of the derivative portfolio, particularly EUR and USD interest rate swaps, is cleared through central counterparties, as required by the European Market Infrastructure Regulations.

### Derivative financial instruments distributed by rating, based on rating scale S&P and Fitch (€ x 1,000)

|                 | 2025           |            | 2024           |            |
|-----------------|----------------|------------|----------------|------------|
|                 | Net exposure   | CSA (%)    | Net exposure   | CSA (%)    |
| AA- to AA+      | 83,916         | 100        | 7,352          | 100        |
| A- to A+        | 144,670        | 100        | 107,765        | 100        |
| BBB to BBB+     | -              | -          | -              | -          |
| Central cleared | -              | -          | -              | -          |
| <b>Total</b>    | <b>228,586</b> | <b>100</b> | <b>115,117</b> | <b>100</b> |

The table above presents only derivative positions with a positive market value, shown on a net basis per counterparty. Gross derivative assets of €228.6 million and liabilities of €126.7 million net to a positive exposure of approximately €101.9 million.

The tables below include derivative financial assets and derivative financial liabilities that:

- Are offset in the consolidated balance sheet of FMO; or
- Are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the consolidated balance sheet.

FMO receives and pledges only cash collateral with respect to derivatives.

| 2025                                                                     |                    |                                    |                                         |               |
|--------------------------------------------------------------------------|--------------------|------------------------------------|-----------------------------------------|---------------|
| (€ x 1,000)                                                              |                    | Derivatives<br>financial<br>assets | Derivatives<br>financial<br>liabilities | Total         |
| Gross amounts recognized in balance sheet                                | (a)                | 233,483                            | 143,989                                 | 89,494        |
| Gross amount of financial assets/liabilities offset in the balance sheet | (b)                | -                                  | -                                       | -             |
| <b>Net amount presented in the balance sheet</b>                         | <b>(c)=(a)-(b)</b> | <b>233,483</b>                     | <b>143,989</b>                          | <b>89,494</b> |
| Related amounts not offset in the balance sheet                          |                    |                                    |                                         |               |
| Financial instruments (including non-cash collateral)                    | (d)                | -                                  | -                                       | -             |
| Cash collateral                                                          | (d)                | -                                  | -                                       | -61,631       |
| <b>Net amount</b>                                                        | <b>(e)=(c)+(d)</b> | <b>233,483</b>                     | <b>143,989</b>                          | <b>27,863</b> |

| 2024                                                                     |                    |                                    |                                         |                 |
|--------------------------------------------------------------------------|--------------------|------------------------------------|-----------------------------------------|-----------------|
| (€ x 1,000)                                                              |                    | Derivatives<br>financial<br>assets | Derivatives<br>financial<br>liabilities | Total           |
| Gross amounts recognized in balance sheet                                | (a)                | 126,339                            | 471,386                                 | -345,047        |
| Gross amount of financial assets/liabilities offset in the balance sheet | (b)                | -                                  | -                                       | -               |
| <b>Net amount presented in the balance sheet</b>                         | <b>(c)=(a)-(b)</b> | <b>126,339</b>                     | <b>471,386</b>                          | <b>-345,047</b> |
| Related amounts not offset in the balance sheet                          |                    |                                    |                                         |                 |
| Financial instruments (including non-cash collateral)                    | (d)                | -                                  | -                                       | -               |
| Cash collateral                                                          | (d)                | -                                  | -                                       | 364,147         |
| <b>Net amount</b>                                                        | <b>(e)=(c)+(d)</b> | <b>126,339</b>                     | <b>471,386</b>                          | <b>19,100</b>   |

## Liquidity risk

### Definition

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

### Risk appetite and governance

FMO's risk appetite is to maintain adequate liquidity buffers to fulfill FMO's current and future financial obligations at all times. The appetite follows a similar rationale as for capital and is aimed at maintaining enough liquidity to ensure FMO would never need to fall back on the guarantee provided by the Dutch Government to FMO's investors. To realize this ambition, minimum liquidity requirements apply as prescribed by the regulator.

FMO's liquidity risk policy framework is built on four pillars:

1. Survival period and minimum liquidity buffer under stress;
2. Maturity matched funding;
3. Diversified funding; and
4. Regulatory ratio requirements.

FMO's risk appetite levels are defined to ensure a minimum buffer above the seven month minimum survival period under stress, a Liquidity Coverage Ratio (LCR) above 135 percent, a Net Stable Funding Ratio (NSFR) above 107 percent, and restrictions on failed funding periods and cost of wholesale funding compared to peers. Additional thresholds such as matching funding, funding diversification and liquidity in specific currencies, are also in place for managing and monitoring the risk profile of the bank. These monitoring metrics are delegated to the Director Risk and the Director Treasury and are subject to a formal sign-off procedure and reported to the FRC. The FRC is also responsible for approving the liquidity risk policy.

FMO has a conservative liquidity policy and funding strategy that is well suited to its business. Stress tests are conducted on FMO's liquidity position on a weekly basis to ensure this conservative position is maintained. During the Internal Liquidity Adequacy Assessment Process (ILAAP), FMO performs additional stress tests, including scenarios provided by DNB and reverse stress testing. A continuous review is performed on the liquidity position, FMO's assumptions, internal expectations and external market conditions to ensure that FMO's liquidity planning is accurate.

The liquidity contingency plan sets out FMO's strategy for addressing liquidity needs in the case of a crisis, ensuring various sources of emergency liquidity are available to meet all current and future financial obligations, while avoiding excessive funding costs, incurring unacceptable losses or significantly changing the business profile. The liquidity sources include a long-term bond portfolio and a portfolio of short-term instruments such as cash, money market funds, commercial papers, and treasury bills. The long-term bonds and commercial paper can be used as collateral in repurchase agreements to obtain short-term cash from the ECB.

## Developments

In 2025, global financial markets continued to adjust to a more accommodative monetary stance as major central banks sought to balance growth and inflation. The European Central Bank (ECB) lowered its deposit facility rate by 100 basis points bringing it to its 2 percent medium-term target, while maintaining a cautious outlook amid trade uncertainty and deflationary pressures in Europe. The U.S. Federal Reserve (FED) cut the federal funds rate by 25 basis points each in September, October, and December 2025, bringing it to the 3.50 percent–3.75 percent range, aiming to support economic activity without reigniting inflation.

EUR appreciated significantly against USD, reversing the trend of the previous year. This appreciation led to considerable collateral inflows from FMO's derivative positions, which in turn boosted FMO's liquidity buffers. FMO maintained uninterrupted access to funding markets, reinforcing its reputation as a reliable issuer. Building on its 2024 initiative to launch a commercial paper program, FMO achieved a major milestone in 2025 by obtaining the Short-Term European Paper (STEP) label, making its commercial papers eligible for Eurosystem collateral and enhancing their attractiveness to investors.

Continuing its commitment to developing capital markets in line with its mandate, FMO solidified its position as an established issuer in local currency frontier markets through regular issuance activities. In 2025, FMO issued approximately €522 million in equivalent funding through 25 transactions in 13 local currencies. These efforts not only reinforced FMO's presence in these markets but also contributed to the overall development and stability of local financial systems.

## Liquidity position

FMO's liquidity position remained above regulatory requirements and internal managerial limits in 2025, with an LCR never falling below 239 percent.

The following table shows the categorization of the balance sheet per maturity bucket. This table shows the timing of the undiscounted contractual cash flows (and not the market values) per instrument. The totals per instrument may therefore differ from the totals on the balance sheet. Expected cash flows resulting from irrevocable facilities being drawn are not included in the liquidity gap. For internal liquidity planning and management, cash flows from irrevocable facilities are included in the cash flow forecasts.

It presents contractual cash flows only, as such, does not necessarily reflect FMO's actual liquidity risk profile. For example, certain assets (such as money market funds and equity investments) do not generate contractual interest cash flows, whereas the funding raised to finance them may do so. FMO manages liquidity risk using an expected-behavior perspective that incorporates observed and anticipated cash-flow patterns of assets and liabilities, product features (e.g., prepayments, roll-overs) and undrawn commitments.

## 2025

| (€ x 1,000)                                                 | < 3<br>months  | 3-12<br>months   | 1-5 years        | >5 years         | Maturity<br>undefined | Total             |
|-------------------------------------------------------------|----------------|------------------|------------------|------------------|-----------------------|-------------------|
| <b>Assets</b>                                               |                |                  |                  |                  |                       |                   |
| Cash balances with Banks                                    | 140,239        | -                | -                | -                | -                     | 140,239           |
| Current accounts with State funds and other programs        | 3,207          | -                | -                | -                | -                     | 3,207             |
| Short-term deposits                                         | 1,067,178      | -                | -                | -                | -                     | 1,067,178         |
| -of which: Amortized cost                                   | 621,048        | -                | -                | -                | -                     | 621,048           |
| -of which: Fair value through profit or loss                | 446,130        | -                | -                | -                | -                     | 446,130           |
| Other receivables                                           | 33,487         | -                | -                | -                | -                     | 33,487            |
| Interest-bearing securities                                 | 25,235         | 62,947           | 548,419          | 134,030          | -                     | 770,631           |
| -of which: amortized cost                                   | 23,645         | 60,629           | 434,162          | 103,265          | -                     | 621,701           |
| -of which: fair value through profit or loss                | 1,590          | 2,317            | 114,257          | 30,765           | -                     | 148,929           |
| Derivative financial instruments                            | 6,994          | 95,477           | 265,006          | 11,798           | -                     | 379,275           |
| Loans to the private sector                                 | 289,365        | 1,336,215        | 4,015,619        | 2,532,411        | -                     | 8,173,610         |
| -of which: Amortized cost                                   | 274,988        | 1,155,432        | 3,734,334        | 1,986,746        | -                     | 7,151,501         |
| -of which: Fair value through profit or loss                | 14,377         | 180,782          | 281,285          | 545,665          | -                     | 1,022,110         |
| Equity investments                                          | -              | -                | -                | -                | 2,389,610             | 2,389,610         |
| -of which: Fair value through OCI                           | -              | -                | -                | -                | 223,452               | 223,452           |
| -of which: Fair value through profit or loss                | -              | -                | -                | -                | 2,166,158             | 2,166,158         |
| Investments in associates                                   | -              | -                | -                | -                | 386,603               | 386,603           |
| Total financial assets                                      | 1,565,706      | 1,494,638        | 4,829,044        | 2,678,239        | 2,776,213             | 13,343,840        |
| <b>Liabilities and shareholders' equity</b>                 |                |                  |                  |                  |                       |                   |
| Short-term credits                                          | 307,861        | 240,000          | -                | -                | -                     | 547,861           |
| Current accounts with State funds and other programs        | 2,117          | -                | -                | -                | -                     | 2,117             |
| Derivative financial instruments                            | 14,964         | 37,790           | -27,759          | -30,659          | -                     | -5,664            |
| Debentures and notes                                        | 321,537        | 1,097,344        | 4,441,503        | 1,217,866        | -                     | 7,078,251         |
| Dutch government program liabilities                        | -              | -                | -                | -                | 96,887                | 96,887            |
| -of which: Fair value through profit or loss                | -              | -                | -                | -                | 96,887                | 96,887            |
| Accrued and other liabilities                               | 147,056        | 1,911            | 9,470            | 23,155           | -                     | 181,592           |
| Shareholders' equity                                        | -              | -                | -                | -                | 3,861,951             | 3,861,951         |
| <b>Total financial Liabilities and shareholder's equity</b> | <b>793,536</b> | <b>1,377,045</b> | <b>4,423,214</b> | <b>1,210,363</b> | <b>3,958,838</b>      | <b>11,859,882</b> |
| <b>Liquidity surplus/(gap) 2025</b>                         | <b>772,170</b> | <b>117,593</b>   | <b>405,831</b>   | <b>1,467,876</b> | <b>-1,182,625</b>     | <b>1,483,958</b>  |



| 2024                                                        |                  |                  |                  |                  |                    |                   |
|-------------------------------------------------------------|------------------|------------------|------------------|------------------|--------------------|-------------------|
| (€ x 1,000)                                                 | < 3 months       | 3-12 months      | 1-5 years        | >5 years         | Maturity undefined | Total             |
| <b>Assets</b>                                               |                  |                  |                  |                  |                    |                   |
| Cash balances with Banks                                    | 43,087           | -                | -                | -                | -                  | 43,087            |
| Current accounts with State funds and other programs        | -                | 1,336            | -                | -                | -                  | 1,336             |
| Short-term deposits                                         | 1,081,315        | 16,715           | -                | -                | -                  | 1,482,218         |
| -of which: Amortized cost                                   | 1,095,203        | 16,715           | -                | -                | -                  | 1,111,918         |
| -of which: Fair value through profit or loss                | 370,300          | -                | -                | -                | -                  | 370,300           |
| Other receivables                                           | 18,393           | -                | -                | -                | -                  | 18,393            |
| Interest-bearing securities                                 | 22,288           | 156,105          | 350,661          | 98,345           | -                  | 627,399           |
| -of which: amortized cost                                   | 20,698           | 154,817          | 264,151          | 66,815           | -                  | 506,482           |
| -of which: fair value through profit or loss                | 1,590            | 1,288            | 86,510           | 31,530           | -                  | 120,918           |
| Derivative financial instruments                            | 5,377            | -23,936          | -30,469          | -12,349          | -                  | -61,378           |
| Loans to the private sector                                 | 334,466          | 1,457,267        | 4,384,435        | 1,573,791        | -                  | 7,749,959         |
| -of which: Amortized cost                                   | 277,942          | 1,356,241        | 3,996,038        | 1,246,415        | -                  | 6,876,637         |
| -of which: Fair value through profit or loss                | 56,524           | 101,026          | 388,397          | 327,376          | -                  | 873,322           |
| Equity investments                                          | -                | -                | -                | -                | 2,556,913          | 2,556,913         |
| -of which: Fair value through OCI                           | -                | -                | -                | -                | 201,287            | 201,287           |
| -of which: Fair value through profit or loss                | -                | -                | -                | -                | 2,355,626          | 2,355,626         |
| Investments in associates                                   | -                | -                | -                | -                | 372,073            | 372,073           |
| Total financial assets                                      | 1,504,926        | 1,607,487        | 4,704,626        | 1,659,787        | 2,928,986          | 12,790,000        |
| <b>Liabilities and shareholders' equity</b>                 |                  |                  |                  |                  |                    |                   |
| Short-term credits                                          | 217,100          | -                | -                | -                | -                  | 217,100           |
| Current accounts with State funds and other programs        | 93               | -                | -                | -                | -                  | 93                |
| Derivative financial instruments                            | -5,303           | -31,144          | 86,549           | 15,692           | -                  | 65,794            |
| Debentures and notes                                        | 76,548           | 1,590,055        | 5,159,321        | 124,929          | -                  | 6,950,853         |
| Dutch government program liabilities                        | -                | -                | -                | -                | -                  | -                 |
| -of which: Fair value through profit or loss                | -                | -                | -                | -                | 121,715            | 121,715           |
| Accrued and other liabilities                               | 39,532           | 2,291            | 7,973            | 18               | 7,792              | 57,606            |
| Shareholders' equity                                        | -                | -                | -                | -                | 3,855,680          | 3,855,680         |
| <b>Total financial Liabilities and shareholder's equity</b> | <b>327,970</b>   | <b>1,561,202</b> | <b>5,253,842</b> | <b>140,639</b>   | <b>3,985,187</b>   | <b>11,268,841</b> |
| <b>Liquidity surplus/(gap) 2024</b>                         | <b>1,176,956</b> | <b>46,285</b>    | <b>-549,216</b>  | <b>1,519,148</b> | <b>-1,056,201</b>  | <b>1,521,159</b>  |

The tables below are based on the final availability date of the contingent liabilities and irrevocable facilities.

**Contractual maturity of effective guarantees issued and irrevocable facilities (€ x 1,000)**

| December 31, 2025           | < 3 months | 3-12 months   | 1-5 years      | >5 years         | Total            |
|-----------------------------|------------|---------------|----------------|------------------|------------------|
| Effective guarantees issued | -          | 15,499        | 68,122         | 135,092          | 218,713          |
| Irrevocable facilities      | -          | 31,539        | 251,334        | 1,646,900        | 1,929,773        |
| <b>Total off-balance</b>    | <b>-</b>   | <b>47,038</b> | <b>319,456</b> | <b>1,781,992</b> | <b>2,148,486</b> |

**Contractual maturity of effective guarantees issued and irrevocable facilities (€ x 1,000)**

| December 31, 2024           | < 3 months | 3-12 months   | 1-5 years      | >5 years         | Total            |
|-----------------------------|------------|---------------|----------------|------------------|------------------|
| Effective guarantees issued | -          | 23,996        | 48,726         | 120,454          | 193,176          |
| Irrevocable facilities      | -          | 67,771        | 199,730        | 1,899,758        | 2,167,259        |
| <b>Total off-balance</b>    | <b>-</b>   | <b>91,767</b> | <b>248,456</b> | <b>2,020,212</b> | <b>2,360,435</b> |

FMO expects that not all of these off-balance items will be drawn before expiration date.

FMO complies with DNB's Pillar 2 liquidity requirements methodology for Less Significant Institutions (LSIs), which have been applied from the Supervisory Review and Evaluation Process (SREP). The liquidity requirements are a survival period of at least six months based on internal stress testing methodology, a Net Stable Funding Ratio (NSFR) of 100 percent and a specific Liquidity Coverage Ratio (LCR) requirement of 100 percent. FMO's internal liquidity appetite levels include a safety cushion over and above the minimum requirements as described in the section above.

FMO's liquidity position has been above regulatory requirements and internal risk appetite levels throughout 2025. Per the reporting date, FMO has a survival period exceeding 7 months, an LCR of 368 percent (2024: 428 percent) and a NSFR of 111 percent (2024: 108 percent).

FMO's major liquidity exposures are in EUR and USD currencies. However, some transactions are denominated, and may be settled, in local currencies. These exposures are specifically hedged using financial instruments to minimize liquidity and settlement risks.

## Funding and sustainability bonds

The Treasury department aims to ensure good market access by diversifying FMO's funding sources. The result of this is a balanced funding mix in terms of currency, instrument and maturity.

Eurodollar (e.g. USD investors outside the United States) constitutes a key market for FMO. The Treasury department has identified USD and EUR as strategic funding markets. Other markets to attract funding include Australia, Sweden, UK, Japan and local frontier currencies. Except for our Tier II issuance, FMO funding is plain vanilla and generally senior unsecured funding.

ESG bonds are an important part of FMO's funding strategy and accounted for about 50 percent of the funding portfolio in 2025. Updated in 2025, The Sustainability Bond Framework reflects FMO's internal processes and strategy regarding ESG as well as detailed Green and Social eligible categories. The Framework has been externally reviewed by S&P Global Ratings. In its 2025 update, FMO aimed to align its Bond Framework with the latest internal and external developments. The Framework allows FMO to issue i) Green; ii) Social; and iii) Sustainability Bonds. In October 2025, FMO priced a EUR 500 million 5-Year Inaugural Social Bond, which is seeking to widen access to financial services and contribute to economic development by improving access to food and energy, and directly aligned with the goal of Reducing Inequalities (SDG 10).

## Market risk

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

## Interest rate risk in the banking book

### Definition

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

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

## Risk appetite and governance

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

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

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

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

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

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

Economic value methods capture the effects of yield-curve changes. Value-based metrics measure the long-term effects of interest rate changes over the full tenor of the balance sheet. The following economic value metrics are calculated:

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

The interest rate gap and BPV exposure are monitored on a weekly basis against limits set by the FRC. BPV limits are defined dynamically to accommodate a 200 basis-points shock within five percent of Tier I. The delta EVE limit is defined in the Risk Appetite Framework (RAF) and set at five percent of Tier I. The NII at Risk limit is defined based on one percent of Tier 1.

Credit spread risk is measured under both economic value and NII, in line with IRRBB.

The interest rate positions were within risk appetite in 2025.

## Developments

No material developments occurred in 2025. FMO's positions remained well within the limits.

## Exposures

Basis point value (BPV) is the loss in economic value of equity as a result of a one basis point change in the yield curve. The impact is calculated for cash flows from all interest-bearing assets, liabilities and off-balance sheet items in the banking book under an assumption of a run-off balance sheet. The metric is calculated by discounting projected cash flows (including commercial margins and other spread components). Credit spreads are included in the discount curves for internal management purposes.

On December 31, 2025 the scenario with the highest impact is the scenario where interest rates increase by instantaneously.

NII-at-Risk is the difference in NII between a base scenario and an alternative scenario observed over a 1-year horizon. NII-at-Risk is calculated for a 200bps instantaneous increase in interest rates (parallel move up) and for a 200bps instantaneous decrease in interest rates (parallel move down). NII-at-Risk includes all expected cash flows, including commercial margins and other spread components, from all interest rate-sensitive assets, liabilities and off-balance sheet items in the banking book. The NII-at-Risk assumes a constant balance sheet.

On December 31, 2025, the NII-at-Risk was EUR 2 million for the scenario where there is an instantaneous increase in interest rates of 200bps, and EUR 2 million negative for the scenario where there is an instantaneous decrease in interest rates of 200bps.

The following table summarizes the sensitivities to interest rate movements.

### Interest rate risk sensitivities (€ x 1,000)

|                                                                  | December 31, 2025 | December 31, 2024 |
|------------------------------------------------------------------|-------------------|-------------------|
| BPV, 1 bps instantaneous increase in interest rates              | <b>-226</b>       | <b>-83</b>        |
| BPV, 1 bps instantaneous decrease in interest rates              | 226               | 83                |
| NII at Risk 1 year, 200 instantaneous increase in interest rates | 2,034             | 8,222             |
| NII at Risk 1 year, 200 instantaneous decrease in interest rates | -2,066            | -8,830            |
| based on material currencies (EUR and USD)                       |                   |                   |
| NII at Risk based on a constant balance sheet assumption         |                   |                   |

## Currency risk

### Definition

Currency risk is defined as the risk of changes in foreign currency exchange rates having an adverse effect on the value of FMO's financial position and future cash flows. FMO also reviews currency risk in terms of impact on capital ratios.

### Risk appetite and governance

FMO's appetite for market risk (including currency risk) is cautious and direct currency risk is largely hedged to remain within conservative boundaries. Currency risk management falls under the responsibility of the FRC. The Treasury department acts as the first line and is responsible for the day-to-day management of currency risk and daily transactions. The quantification, monitoring and control of currency risk is the responsibility of the Risk department as the second line. Exposures are hedged through matching currency characteristics of assets with liabilities, or through derivative transactions such as cross-currency swaps and FX forwards conducted with either commercial parties or The Currency Exchange Fund (TCX Fund). Most currency exposures are micro-hedged to USD, with the USD position managed on a portfolio basis. FMO does not take active positions in any currency for the purposes of making a profit. Each individual currency is managed within a strict position limit, and an overall appetite level is set at 1 percent of shareholders' equity for the total open position across all currencies. Additionally, FMO deliberately maintains an unhedged foreign currency position in equity investments (this position is not included in position limits and in 1 percent of shareholders' equity limit) in order to manage the volatility of the capital ratio. By managing a structural open currency position, FMO can stabilize the capital ratio, but simultaneously increases the sensitivity of P&L (and thus shareholders' equity) towards currency movements. Individual and total open currency positions were within risk appetite during 2025.

### Developments

No material developments occurred in 2025. FMO's positions remained well within the limits.

### Exposures

Individual and total open currency positions were within risk appetite in 2025. The table below (based on significant currencies) illustrates that the currency risk sensitivity gap as of December 2025 was almost completely part of FMO's equity investments and investments in associates and mainly in USD.



| 2025                                                                                                               |                  |                  |                |                |                  |                   |
|--------------------------------------------------------------------------------------------------------------------|------------------|------------------|----------------|----------------|------------------|-------------------|
| (€ x 1,000)                                                                                                        | EUR              | USD              | INR            | UZS            | Other            | Total             |
| <b>Assets</b>                                                                                                      |                  |                  |                |                |                  |                   |
| Cash balances with Banks                                                                                           | 52,664           | 83,556           | 162            | -              | 3,857            | 140,239           |
| Current accounts with State funds and other programs                                                               | 1,376            | 1,840            | -              | -              | -9               | 3,207             |
| Short-term deposits                                                                                                |                  |                  |                |                |                  |                   |
| -of which: Amortized cost                                                                                          | 623,995          | -                | -              | -              | -                | 623,995           |
| -of which: Fair value through profit or loss                                                                       | 99,636           | 346,494          | -              | -              | -                | 446,130           |
| Other receivables                                                                                                  | 20,551           | 11,918           | -75            | -              | 1,093            | 33,487            |
| Interest-bearing securities                                                                                        |                  |                  |                |                |                  |                   |
| -of which: amortized cost                                                                                          | 525,973          | 36,229           | 10,968         | -              | -                | 573,170           |
| -of which: fair value through profit or loss                                                                       | 107,636          | 26,484           | -              | -              | -                | 134,120           |
| Derivative financial instruments                                                                                   | 807,906          | -835,058         | -319,320       | 1,766          | 578,188          | 233,483           |
| Loans to the private sector                                                                                        |                  |                  |                |                |                  |                   |
| -of which: Amortized cost                                                                                          | 632,594          | 3,714,674        | 388,324        | 164,188        | 704,836          | 5,604,615         |
| -of which: Fair value through profit or loss                                                                       | 153,285          | 541,685          | -              | -              | 14,730           | 709,700           |
| Equity investments                                                                                                 |                  |                  |                |                |                  |                   |
| -of which: Fair value through OCI                                                                                  | 9,139            | 214,313          | -              | -              | -                | 223,452           |
| -of which: Fair value through profit or loss                                                                       | 459,693          | 1,441,630        | 115,625        | 63,363         | 85,847           | 2,166,158         |
| Investments in associates and joint ventures                                                                       | 2,051            | 384,552          | -              | -              | -                | 386,603           |
| Current tax receivables                                                                                            | 876              | 11               | -              | -              | 6                | 893               |
| Property, plant and equipment                                                                                      | 31,387           | 16               | -              | -              | -                | 31,403            |
| Intangible assets                                                                                                  | 37,883           | -                | -              | -              | -                | 37,883            |
| Deferred income tax assets                                                                                         | 3,647            | -                | -              | -              | -                | 3,647             |
| <b>Total assets</b>                                                                                                | <b>3,570,292</b> | <b>5,968,344</b> | <b>195,684</b> | <b>229,317</b> | <b>1,388,548</b> | <b>11,352,185</b> |
| <b>Liabilities and shareholders' equity</b>                                                                        |                  |                  |                |                |                  |                   |
| Short-term credits                                                                                                 | 496,540          | 46,146           | -              | -              | 1,279            | 543,965           |
| Current accounts with State funds and other programs                                                               | 881              | 1,290            | -              | -              | -54              | 2,117             |
| Derivative financial instruments <sup>1</sup>                                                                      | -682,388         | 901,117          | 94,852         | 135,931        | -305,523         | 143,989           |
| Dutch government program liabilities                                                                               | -                | -                | -              | -              | -                | -                 |
| -of which: Fair value through profit or loss                                                                       | 92,514           | 4,373            | -              | -              | -                | 96,887            |
| Debentures and notes                                                                                               | 1,899,303        | 2,924,788        | -              | 36,714         | 1,638,087        | 6,498,892         |
| Accrued and other liabilities                                                                                      | 76,035           | 93,742           | 2,961          | 15             | 1,410            | 174,163           |
| Provisions                                                                                                         | 18,053           | 11,883           | -              | -              | 6                | 29,942            |
| Deferred income tax liabilities                                                                                    | 279              | -                | -              | -              | -                | 279               |
| Shareholders' equity                                                                                               | 3,861,951        | -                | -              | -              | -                | 3,861,951         |
| <b>Total liabilities and shareholders' equity</b>                                                                  | <b>5,763,168</b> | <b>3,983,339</b> | <b>97,813</b>  | <b>172,660</b> | <b>1,335,205</b> | <b>11,352,185</b> |
| Currency gap 2025                                                                                                  |                  | 1,985,005        | 97,871         | 56,657         | 53,343           |                   |
| Currency gap 2025 excluding equity investments, investments in associates and Dutch government program liabilities |                  | -51,117          | -17,754        | -6,706         | -32,504          |                   |

| 2024                                                                         |                  |                  |               |               |                |                   |
|------------------------------------------------------------------------------|------------------|------------------|---------------|---------------|----------------|-------------------|
| (€ x 1,000)                                                                  | EUR              | USD              | INR           | ZAR           | Other          | Total             |
| <b>Assets</b>                                                                |                  |                  |               |               |                |                   |
| Cash balances with Banks                                                     | 23,981           | 14,913           | 247           | -             | 3,946          | 43,087            |
| Current accounts with State funds and other programs                         | 633              | 622              | -             | -             | 81             | 1,336             |
| Short-term deposits                                                          |                  |                  |               |               |                |                   |
| -of which: Amortized cost                                                    | 1,067,099        | 40,901           | -             | -             | 3,886          | 1,111,886         |
| -of which: Fair value through profit or loss                                 | 8,030            | 361,451          | -             | -             | -              | 369,481           |
| Other receivables                                                            | 3,177            | 14,350           | -90           | -             | 956            | 18,393            |
| Interest-bearing securities                                                  |                  |                  |               |               |                |                   |
| -of which: amortized cost                                                    | 345,763          | 124,107          | 11,928        | -             | -              | 481,798           |
| -of which: fair value through profit or loss                                 | 107,596          | -                | -             | -             | -              | 107,596           |
| Derivative financial instruments                                             | -174,782         | 791,731          | -376,312      | -94,374       | -19,924        | 126,339           |
| Loans to the private sector                                                  |                  |                  |               |               |                |                   |
| -of which: Amortized cost                                                    | 471,716          | 3,780,368        | 359,408       | 121,503       | 457,523        | 5,190,518         |
| -of which: Fair value through profit or loss                                 | 107,891          | 530,604          | -             | -             | 13,566         | 652,061           |
| Equity investments                                                           |                  |                  |               |               |                |                   |
| -of which: Fair value through OCI                                            | 10,072           | 191,215          | -             | -             | -              | 201,287           |
| -of which: Fair value through profit or loss                                 | 479,818          | 1,635,225        | 102,215       | 49,076        | 89,292         | 2,355,626         |
| Investments in associates and joint ventures                                 | 2,494            | 369,579          | -             | -             | -              | 372,073           |
| Current tax receivables                                                      | 13,253           | 39               | -             | -             | 5              | 13,297            |
| Property, plant and equipment                                                | 16,336           | 29               | -             | -             | -              | 16,365            |
| Intangible assets                                                            | 26,445           | -                | -             | -             | -              | 26,445            |
| Deferred income tax assets                                                   | 9,075            | -                | -             | -             | -              | 9,075             |
| <b>Total assets</b>                                                          | <b>2,518,597</b> | <b>7,855,134</b> | <b>97,396</b> | <b>76,205</b> | <b>549,331</b> | <b>11,096,663</b> |
| <b>Liabilities and shareholders' equity</b>                                  |                  |                  |               |               |                |                   |
| Short-term credits                                                           | 216,912          | -                | -             | -             | -              | 216,912           |
| Current accounts with State funds and other programs                         | 93               | -                | -             | -             | -              | 93                |
| Derivative financial instruments <sup>1</sup>                                | -583,027         | 2,128,526        | 8,736         | -33,011       | -1,049,838     | 471,386           |
| Dutch government program liabilities                                         |                  |                  |               |               |                |                   |
| -of which: Fair value through profit or loss                                 | 119,370          | 2,345            | -             | -             | -              | 121,715           |
| Debentures and notes                                                         | 1,241,501        | 3,494,656        | -             | 64,230        | 1,535,594      | 6,335,981         |
| Accrued and other liabilities                                                | 42,117           | 16,591           | -             | 15            | 1,501          | 60,224            |
| Provisions                                                                   | 24,060           | 11,234           | -             | -             | 1,486          | 36,780            |
| Deferred income tax liabilities                                              | 510              | -                | -             | -             | -              | 510               |
| Shareholders' equity                                                         | 3,854,681        | 992              | -             | -             | 7              | 3,855,680         |
| <b>Total liabilities and shareholders' equity</b>                            | <b>4,916,217</b> | <b>5,654,344</b> | <b>8,736</b>  | <b>31,234</b> | <b>488,750</b> | <b>11,096,663</b> |
| Currency gap 2024                                                            |                  | 2,200,790        | 88,660        | 44,971        | 60,581         |                   |
| Currency gap 2024 excluding equity investments and investments in associates |                  | 4,770            | -13,554       | -4,105        | -28,711        |                   |

\* Fair value of individual components (e.g., individual swap legs) of derivative financial instruments is allocated to the relevant currency category.

As described above, FMO's loan assets in local currencies, such as the Indian Rupee (INR), are fully swapped to the US Dollar on a cash flow basis. The positions in these currencies are therefore fully hedged. For IFRS reporting, however, the loans are recorded at (amortized) cost, while the related swaps are recorded at fair value, leading to an accounting mismatch in these currencies.

### Sensitivity of profit & loss account and shareholders' equity to main foreign currencies (€ x 1,000)

| December 31, 2025                                                                                    |                                      |                                     |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Change of value relative to the euro                                                                 | Sensitivity of profit & loss account | Sensitivity of shareholders' equity |
| USD value increase of 10%                                                                            | 177,069                              | 21,431                              |
| USD value decrease of 10%                                                                            | -177,069                             | -21,431                             |
|                                                                                                      | -                                    | -                                   |
| INR value increase of 10%                                                                            | 9,787                                | -                                   |
| INR value decrease of 10%                                                                            | -9,787                               | -                                   |
|                                                                                                      | -                                    | -                                   |
| UZS value increase of 10%                                                                            | 5,666                                | -                                   |
| UZS value decrease of 10%                                                                            | -5,666                               | -                                   |
| Sensitivity of profit & loss account and shareholders' equity to main foreign currencies (€ x 1,000) |                                      |                                     |
| December 31, 2024                                                                                    |                                      |                                     |
| Change of value relative to the euro                                                                 | Sensitivity of profit & loss account | Sensitivity of shareholders' equity |
| USD value increase of 10%                                                                            | 200,957                              | 19,122                              |
| USD value decrease of 10%                                                                            | -200,957                             | -19,122                             |
|                                                                                                      |                                      |                                     |
| INR value increase of 10%                                                                            | 8,866                                | -                                   |
| INR value decrease of 10%                                                                            | -8,866                               | -                                   |
|                                                                                                      |                                      |                                     |
| ZAR value increase of 10%                                                                            | 4,497                                | -                                   |
| ZAR value decrease of 10%                                                                            | -4,497                               | -                                   |

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

Shareholders' equity is sensitive to equity investments valued at fair value through other comprehensive income.

## Structural hedge

The structural hedge is an FX strategy which aims at stabilizing the capital ratios from FX volatility. FMO deliberately maintains long open FX positions to (partially) hedge against an adverse effect of FX rates on its capital ratios. For example, a depreciation of FMO's reporting currency (EUR) will, on one side, generate a profit that will increase FMO's own funds and, on the other side, increase the risk weighted assets in euro equivalent. The first effect will increase the capital ratios while the second one will decrease them. This balancing system stabilizes the capital ratios from FX movements, irrespective of whether that effect derives from an appreciation or a depreciation of that foreign currency with respect to the reporting currency (EUR).

## Strategic risk

### Environmental, social, and governance (ESG) risks

#### Definition

FMO's investments may, unintentionally, lead to negative impacts on people and the environment. ESG risk is defined as the negative ESG impacts of our investments and the resulting financial risks these may pose to FMO. Negative impacts on people and the environment could result in financial risks, leading to, for example, financial (remediation, legal) costs to FMO or its customers, jeopardizing access to capital for FMO (from external investors), jeopardizing the license to operate, jeopardizing shareholder relations, or reputational damage. FMO is exposed to ESG risk via our investment selection (the risks associated with our investments, which include the investments of our customers/investees) and the effectiveness of customers'/investees' ESG risk management, including the effectiveness of FMO'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 its ESG risk mitigation requirements within 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 its standards. This gap acknowledges residual risk posed by contextual and implementation challenges in FMO's 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 customer's risk management performance). For a detailed description of FMO's ESG risk management process, refer to the section 'ESRS 2 - IRO management'.

For FMO's high ESG risk investments, net ESG risk, exposure is monitored 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.

FMO's ESG performance target indicates portfolio alignment with its ESG risk appetite. The target aims for 90 percent of the ESG risks of FMO's high ESG risk portfolio to be managed adequately by its customers/investees. 95 percent of the ESG risks was managed at adequate level in 2025.

## Developments

Similarly to previous year, the 2025 ESG target group covers high risk customers in FMO's portfolio contracted prior to 2025 ('target list'). FMO continues to register the ESG risk assessments of the customers with high risk and report against the ESG target. The ESG Performance Target remains the same as in 2024, except that the target list is redefined annually, as described in the methodology. This resulted in a slightly expanded scope in 2025 (304 customers) compared to 2024 (258 customers), due to enhancements to the CG risk categorization framework.

## Business model risk

### Definition

Business model risk is defined as the risk of a non-viable business model or strategy, in line with FMO's 2025 RAF. For banks in general, long-term viability is achieved when a bank is able to cover all its costs and provide an appropriate return on equity, taking into account its risk profile. For FMO, as an impact investor, business model risk is also related to the (in)ability to reach impact goals.

### Risk appetite and governance

FMO's appetite for business model risk is minimal: both the organization's continuity and its ability to achieve its impact targets are highly dependent on its ability to generate impactful investments in often higher-risk environments and produce sufficient returns from these investments. At the same time, exposure to this risk cannot be entirely avoided, given the nature of FMO's business model. FMO's ability to invest is dependent on both demand- and supply-side factors, not all of which are within FMO's direct control. On the demand side, this is most notably the demand for funding provided by FMO, which is itself dependent on activity of other DFIs and impact investors as well as commercial market risk appetite. On the supply side, in addition to market liquidity FMO takes a strategic decision to attract public funding and funding from private investors willing to take higher risks. Additionally, the nature of FMO's investments leads to investment risk. This in turn affects FMO's ability to generate operating income and impact. Production targets (volumes and impact) are updated on a yearly basis in the

annual Business Plan and actuals are reported quarterly in the Integrated Quarterly Report. Progress against targets and potential bottlenecks are shared and discussed with senior management on a quarterly basis.

The Business Model Risk Metrics were within risk appetite during 2025.

## Developments

In 2025, volatile market developments increased FMO's business model risks. The USD FX rate changed from 1.045 in December 2024 to 1.17 in December 2025 which resulted in lower interest income. Moreover, the declining trend in margins continued across sectors. The declining margins were partly offset by larger investment volumes in 2025. Private equity (PE) fair value was positive in 2025, but the portfolio decreased due to exits and the impact of the depreciation of the US dollar. PE returns improved but remained below the aspired levels.

This development, combined with the increasing capital weighing of private equity investments required by BASEL IV regulations, has led to a review of FMO's private equity and overall asset allocation strategy. In addition, a continued focus was placed on realizing efficiency gains throughout the organization by advancing FMO's digitalization agenda and implementing bottom-up efficiencies. Finally, several interventions to align FMO's investment process and operations with changing market circumstances and the evolving regulatory landscape were implemented. Some of these interventions were completed in 2025, while others will require further effort and embedding in 2026. All in all, the uncertain and volatile geopolitical environment required vigilance and flexibility to ensure FMO's business model remains robust and relevant to achieve the positive impact we want to make in emerging and developing markets. FMO managed to remain within risk appetite levels, with return on regular income at 3.4 percent (Target:  $\geq 3.4$  percent) and cost to regular income at 59.7 percent (target:  $\leq 61$  percent).

## Public Funding

The business model risk for 'Government Subsidized Program management' is defined as the risk of losing the accreditation status as Government Program Manager and/or losing the Government Subsidized Programs due to not adequately managing them in accordance with the formal requirements or expectations of the fund provider or donor. These activities do not expose FMO to financial risks (most of these publicly funded programs are largely outside of FMO's balance sheet and are managed separately). These requirements and expectations of fund providers / donors mean that investment proposals should be assessed in accordance with internal FMO procedures, and payment and overall (risk) management are to be embedded in the FMO standard operating procedures. There is a distinction between two categories of requirements and expectations:

- Grant compliance concerns the corporate governance and procedures of FMO to adequately identify and select investment opportunities as well as manage and monitor the risks related to the customers (projects) in which the Government Subsidized Programs are invested.
- Fund mandate compliance includes specific requirements on what the Government Subsidized Program should aim to achieve, the level of return the investments should generate, and the countries and sectors on which the funds need to be spent. These requirements and expectations differ per program and per fund provider / donor and may include 'revolvability'.

## Commercial Mobilization (FMO Investment Management)

The business model risk for FMO regarding the activities of FMO Investment Management (FIM) is defined as the risk of failing to implement or execute the FMO Strategy 2030 due to FIM losing its position as preferred advisor and portfolio manager, resulting in a failure to mobilize external commercial funds for participating in FMO N.V. originating loans. 'Commercial mobilization' is an integral part of FMO's 2030 strategy and a key element of FMO's 'Progression model'. FIM plays a critical role in mobilizing external commercial funds for participating in FMO N.V. originated loans. If FIM is to lose its position as preferred advisor and/or portfolio manager, a critical part of the progression model cannot be continued. FMO's ability to achieve its impact targets, to implement the progression model' and thereby execute the strategy 2030, are highly dependent on FIM's ability to mobilize external commercial funds for participating in FMO N.V. originated loans. FMO's appetite for the business model risk regarding FIM is minimal, but exposure to this risk cannot be entirely avoided. Commercial mobilization also depends on the quality and long-term performance of the investments that can be

offered to the commercial funds. It should be noted that FIM is managed separately from the FMO balance sheet and operates as an independent entity.

A failure to commercially mobilize may be caused by a wide range of financial and non-financial risk events, including but not limited to:

- Performance of FIM Serviced Funds not in line with expectations of the Fund Manager or the Funds' investors.
- FIM not providing adequate advice to and/or not adequately managing the portfolio of the FIM Serviced Funds in accordance with the fiduciary duty of FIM towards the FIM Serviced Funds.
- Insufficient availability of investments that fit within the Fund mandate.
- FIM not adequately managing outsourced activities that are essential to ensuring the integrity of the investments offered to and participated in by the FIM Serviced Funds.-
- Loss of the license that FIM holds pursuant to the Act on Financial Supervision.

As a separate legal entity and licence holder, FIM needs to have a risk management system in place, including a risk appetite framework. This risk management system is as much as possible based on and inspired by FMO's risk management system.

## Strategy execution risk

### Definition

Strategy execution risk is defined as the risk of failed execution of strategic projects, initiatives or decisions. FMO is only willing to take strongly justified project risks. Some uncertainty and variation are expected. FMO prefers options that are most likely to result in successful delivery while also providing an acceptable level of risk-reward trade-offs, where the potential rewards will clearly contribute to FMO's strategic ambitions and objectives. Examples of risks related to projects include lack of experience, resource constraints, project interdependencies and complexity and dependency on external parties.

### Risk appetite and governance

FMO's performance is measured against the year-to-date (YTD) realization of agreed deliverables (total overall FMO project portfolio level). Baseline and performance are measured in the PMO model, based on quantified data from project templates/reports. 87 percent of the project portfolio deliverables were achieved for the year.

### Developments

In 2025, project selections were strongly aligned with FMO's priorities set out in the annual business plan and regulatory requirements. The complexity of many projects, combined with human resource constraints in areas such as data, ICT, and operations, posed potential significant risks to strategy execution. To meet mandatory regulatory deadlines, prioritization and careful replanning were necessary throughout the year. External staff were recruited to expand capacity and add specialized knowledge to ensure project quality and delivery. As a result, 87 percent of project deliverables were achieved, with both expense and investment projects remaining within approved budgets.

## Non-financial risk

### Operational risk

#### Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people or 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, and transaction execution. FMO uses the terms operational risk and non-financial risk interchangeably.



## Risk appetite and governance

FMO is generally cautious about non-financial risks and does not seek them as they have no direct material reward in terms of return/income generation, but they are inherent to FMO's business. Safe options are preferred 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 draw 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 and accountabilities and require 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 Internal 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, 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 monthly basis. These metrics include the amount of YTD operational loss, highest loss per quarter, timely follow-up of remediating actions by management, control effectiveness testing results, and specific metrics for all non-financial risk subtypes. Based on these metrics, all of the non-financial risk sub-types were reported as within appetite at year-end. All departmental directors evaluate the operational risks in their area of responsibility and sign a departmental in control statement at year end.

## Developments

The scope and quality of the Internal Control Framework have been further improved in 2025 through two half-yearly rounds of control monitoring and testing.

## Financial economic crime risk

### Definition

Financial economic crime (FEC) risk is the risk that FMO, its subsidiaries, investments, customers and/or employees are involved in or used for any crime that has a financial component, even though 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, and any other predicate offences as defined by the Dutch Penal Code or any other applicable rules or regulations.

## 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 FEC regulations. Given FMO's mandate, the operating environment (countries with high(er) financial crime risks) as well as the risk maturity level of its customers, FMO is aware that risks are present and incidents within customer complexes (i.e. the customer and any associated and/or third parties) may occur. FEC risk is considered within risk appetite in 2025.

## Financial economic crime framework

FMO's FEC procedures include measures to ensure compliance with applicable anti-money laundering, counter financing of terrorism and international sanctions laws and regulations and to mitigate risks of FMO being involved in FEC. Due diligence is performed on customers, which includes checks such as verifying the ultimate beneficial owners of the customers financed, identifying politically exposed persons and screening against mandatory international sanction lists. These checks are also performed regularly during the relationship with existing customers.

In FMO's continued efforts to implement learnings, the Compliance department reviews its FEC framework in cooperation with the Know Your Customer (KYC) department on an ongoing basis. The ongoing reviews take 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 in both the first- and second line including sample-based and thematic monitoring. FMO also conducts ongoing training programs for its employees to raise awareness on topics related to FEC. In addition, FMO continues to remind its customers of the importance of integrity in business operations, including sanctions compliance.

FMO continues to work on strengthening its risk culture and creating awareness of 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' covering customer and personal integrity topics, such as bribery and corruption. In 2025, DNB conducted an onsite investigation into FMO's compliance with the Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft), as well as relevant provisions of the Wet op het financieel toezicht (Wft) and Besluit prudentiële regels Wft (Bpr). The investigation concluded that FMO's policies and procedures are generally compliant with the applicable legal requirement.

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. Those remedies may include the right to cancel a loan or suspend upcoming disbursements. FMO will report to the regulatory authorities when necessary. Refer to the sub-chapter 'G1 Business conduct' in the Sustainability Statements Section for recent developments in this area.

FMO has conducted a review of the organization-wide Systematic Integrity Risk Analysis (SIRA). The review confirmed the inherent top integrity risks and assessed the effectiveness of existing mitigation measures. Based on the analysis, current mitigation strategies were found to be adequate, with targeted enhancements identified to address emerging risks.

In August 2023, FMO reported that, as a result of late notification of unusual transactions to the Dutch Financial Intelligence Unit (FIU-NL) in 2021 and 2022, DNB decided on enforcement measures. FMO is appealing these administrative measures.

## General Data Protection Regulation

FMO has a strong data privacy framework. Employees increasingly recognize the importance of data privacy and their role in it. Processes have been streamlined, and privacy impact is assessed early on in projects and new applications. The focus is on continuous improvement of FMO's data protection framework taking into account regulatory requirements and internal developments.

## 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 (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. It closely monitors and assesses future regulations that apply to FMO and strives for full and timely implementation of regulations. Regulatory compliance risk is considered within risk appetite in 2025.

To ensure compliance with the EU Banking Supervisory Regulations as implemented by DNB and the ECB and other laws and regulations applicable to FMO, FMO closely monitors 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 of identifying, assessing and implementing regulatory changes.

## Developments

### Basel IV implementation in the EU

The new EU legislative package on the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6) implementing the Basel IV standards within the EU was published on June 19, 2024. CRR3 has been applied to FMO since January 1, 2025, and its implementation follows a phase-in approach. The CRD6 takes effect following its transposition into National Law during 2026. The market risk framework (Fundamental Review of the Trading Book or FRTB) under the new legislative package is expected to come into force on January 1, 2027 or later depending on the progress of the international implementation of this framework. In addition to the implementation of Basel IV standards, the legislative package introduced new rules requiring banks to systematically identify, disclose and manage sustainability risks (ESG risks), and stronger enforcement tools for supervision of the EU banks.

Since 2024, FMO set up a bank-wide project for the timely and compliant implementation of the CRR3/CRD6 amendments, which required changes in FMO's internal policies, systems and processes. The project is still ongoing and on track, in line with the regulatory timelines, allowing FMO to implement and comply with the required changes in time. Full implementation of the CRD6 will follow the finalization, transposition into National Law, and publication of supporting Regulatory and Implementing Technical Standards (RTS/ITS) and guidelines.

The package contains several items that have been impacting FMO's capital since January 2025 and were already considered in the 2025 Internal Capital Adequacy Assessment process (ICAAP). Regarding credit risk, the main capital impact is expected to come from the phasing in of the treatment of equity exposures to 250 percent risk weight instead of the current 150 percent. Regarding market risk, FMO will be subject to the new alternative standardized approach for market risk (A-SA), when the new FRTB framework will be applicable. The methodology is significantly more sensitive to movements in currency composition, and its results are therefore expected to be more volatile.

### Digital Operational Resilience Act (DORA)

The Digital Operational Resilience Act (DORA) is a European regulation designed to create a standardized and comprehensive framework for digital operational resilience across the EU financial sector. This regulation provides a unified set of rules for the use of ICT systems by financial institutions, emphasizing governance and board responsibilities, ICT risk management, security and business continuity, resilience testing, and third-party risk management. DORA, along with its underlying applicable rules, came into effect on January 17, 2025.

FMO has made substantial progress in implementing DORA. As of July 2025, the DORA project implementation was marked as 'completed,' with the remaining action items integrated into 'Business as Usual' (BAU). FMO aims to have the latest items implemented by the end of Q1 2026. FMO Investment Management B.V has updated its policy framework and organizational handbook. Intra-group arrangements with FMO are expected to be completed in Q1 2026.

### ESG-related regulatory requirements

In 2025, significant regulatory developments continued to shape the way financial institutions manage and report ESG risks.

#### Prudential ESG requirements

The new EU legislative package amending the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6) strengthens the role of ESG risks by positioning them as key drivers of traditional financial risks. In 2025, the European Banking Authority (EBA) published new Guidelines on

ESG risk management and scenario analysis, applicable in 2026 and 2027, respectively. These developments require financial institutions to systematically identify, disclose, and manage ESG risks. For FMO, this introduces an additional perspective that complements its existing focus on preventing adverse environmental, social, and governance impacts in line with its policy commitments. During 2025, FMO continued aligning its internal processes, disclosures, business strategy, and risk management in line with DNB's expectations subject to the above-mentioned EBA guidelines.

### Corporate Sustainability Reporting Directive (CSRD)

The European Commission's 2025 Omnibus simplification package introduces amendments to the CSRD and ESRS, of which the "quick-fix" amendments are applicable as of January 1, 2026. These changes may raise reporting thresholds to companies with at least 1,000 employees and €450 million in turnover, reducing the number of entities in scope. The 2025 Sustainability Statement included in this Annual Report marks FMO's second CSRD report. FMO also considers the transitional reliefs provided through the ESRS "quick-fix" amendments, which lighten and delay some disclosure requirements.

### EU Taxonomy

The EU Taxonomy is a classification system that defines criteria for environmentally sustainable economic activities and requires banks to report their level of taxonomy alignment with the first two environmental objectives (climate change mitigation and climate change adaptation), and their taxonomy eligibility on all six environmental objectives (the two objectives above, plus sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; and protection and restoration of biodiversity and ecosystems). While FMO has reported against these rules since 2021, in this Annual Report, FMO will opt out detailed Taxonomy reporting. This omission is allowed under the Delegated Act published in January 2026, which temporarily exempts financial undertakings from detailed Taxonomy reporting for financial years 2025 and 2026.

### EU Pay Transparency Directive

The EU Pay Transparency Directive aims to strengthen the principle of equal pay for equal work or work of equal value with a strong focus on avoiding pay discrimination and closing the gender pay gap across the European Union. The expected implementation date of this Directive will be January 1, 2027. FMO has been reporting on the (un-)adjusted gender pay gap for several years and is preparing for implementation to ensure timely compliance with the EU Pay Transparency Directive. The gender pay gap 2025 is disclosed in the S1-16 Section of this Report.

### EU AML/CFT Legislative package

In July 2021, the EU published its AML/CFT (Anti-Money Laundering and Countering the Financing of Terrorism) Legislative package, which included four legislative proposals: (i) a regulation establishing the new EU AML Authority, (ii) the revision of the 2015 Regulation on Transfers of Funds, (iii) the 6th Directive on AML/CFT and (iv) a new Regulation on AML/CFT. The Regulation on AML/CFT is relevant for FMO as it contains the majority of legal requirements currently contained in the 5th AML/CFT Directive (e.g. requirements on CDD, FIU reporting, UBO and PEP), as well as certain new legal requirements. The package was adopted in May 2024 and is expected to enter into force in 2027. FMO has started impact analyses to ensure timely compliance.

### EBA Guidelines on restrictive measures

On November 14, 2024, the European Banking Authority (EBA) published its final report regarding the Guidelines on 'internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures'. These Guidelines became applicable on December 30, 2025. The aim of the Guidelines is to ensure the effective management of legal risks relating to the violation of Union restrictive measures. FMO has conducted an impact assessment and implemented the Guidelines where required.

### New fiscal qualification policy for legal forms (Wet Fiscale Kwalificatie rechtsvormen)

As of 2025 a change has been introduced in the Dutch corporate income tax regulations (Wet VPB), changing the fiscal qualification of partnership-like vehicles, resulting in a change of fiscal qualification of a large number of FMO's investments in Private Equity (PE) Funds. The purpose of this legislation is to reduce the number of hybrid mismatches in an international context. The effect of the change is that vehicles become tax transparent, requiring FMO to report its pro rata share of the Funds' balance sheet assets and income. As a result, a smaller number of PE Fund investments will qualify for the participation

exemption. The impact of this change depends on the actual result of the PE funds and can go in either direction. For 2025, this impact is not considered to be material.

### EMIR 3.0

EMIR 3.0 came into force on December 24, 2024, requiring FMO to begin preparations for implementation. FMO conducted a detailed impact assessment on its derivatives business, based on the Regulatory Technical Standards (RTS) adopted on October 29, 2025 by the EC. The assessment revealed that FMO is currently below the €3 billion threshold for the relevant interest rate categories, on an ongoing monthly and rolling 12-month basis, making it currently exempt from the Active Account Requirement (AAR). A working group is set up to address expected breach of threshold during 2026. Other action items, such as data quality control and a new reporting system for all trades cleared through non-EEA clearing houses are on hold pending publication of relevant (draft) RTS and ITS.

### EU Financial Data Access (FIDA) Regulation

The FIDA Regulation, proposed by the European Commission in June 2023, is expected to be adopted in early 2026 with a phased implementation starting in 2027. It aims to expand Open Finance by allowing consumers and businesses to securely share, with explicit consent, a broad range of financial data—such as loans, savings, investments, pensions, insurance, and mortgages—with authorized third-party providers. FIDA builds on PSD2's open banking framework, promotes innovation and competition, while ensuring robust, consent-based data protection.

### Dutch Corporate Governance Code (DCGC): VOR

In March 2025, the Dutch Corporate Governance Code was amended with a statement on Risk Management ('Verklaring omtrent Risicobeheersing', or VOR). The VOR requires a broader statement by the Management Board on FMO's operational and compliance risks and on its sustainability reporting. It is applicable for the first time (as part of and implemented in the 'In control statement') for the 2025 Annual Report.

## Effectiveness assessment internal risk management and control systems

In accordance with the Dutch Corporate Governance Code, the Management Board has assessed the effectiveness of the risk management and control systems that are in place within FMO to substantiate its statement on risk management (VOR).

This assessment involved the creation of an assurance map for eight categories of operational, compliance and reporting risks, covering (combinations of) all sixteen ORX risk types.

The assurance map includes the outcomes of the risk management and control systems and results of first-, second-, and third line evaluations, such as the results of the control monitoring and testing program, results of the compliance monitoring program, results from internal audits, reviews and agreed-upon-procedures, assessments and validations conducted by specialized external companies, risk events that have occurred, and yearly control statements of department directors. The assessment includes evaluations based on frameworks such as COSO 'Internal Control Integrated Framework 2013' and the NOREA 'DORA In Control' framework.

Based on abovementioned information, a scorecard was created for each of the eight topics, with a choice of four levels of comfort for five categories of first-, second- and third line evaluations. Evaluations by external auditors and supervisory bodies cannot increase the level of comfort but can reduce the overall score.

The levels of comfort used are a) minimal comfort, b) some level of comfort, c) sufficient comfort, and d) comfort with limitations.

### Conclusion of the effectiveness assessment

Based on the scorecards for the eight categories of operational and compliance risks, a single and final level of comfort is concluded as the Managing Board's statement on the effectiveness of internal risk management and control systems in relation to these risks. The Managing Board's conclusion on the effectiveness assessment, determined at "some level of comfort", is incorporated in the In Control Statement: The Management Board is not aware that the aforementioned systems do not provide

sufficient comfort that material operational and compliance risks faced by the company are effectively controlled in line with the risk appetite.

The indicated level of comfort is based on FMO's assessment of identified improvement areas in three of the eight operational risk and compliance topics: "sound business operations", "operational resilience" and "model risk". These entail the following in particular:

- FMO established internal projects (eg, Partnerships Operations Program, Basel IV) aimed at enhancing existing business and operational processes and/or adequately implementing regulatory change. Reference is made to the External Environment section, Expanding regulations that impact FMO, which provides further details on the main regulatory changes for FMO.
- FMO seeks to further develop and enhance the scope, comprehensiveness and quality of its Internal Control Framework, achieving further maturity. This includes further embedding the linkage between key business processes and identified key risks, optimizing key controls and connecting these, where relevant, to financial reporting line items.
- FMO also periodically reviews the internal risk governance set-up and makes adjustments where these are deemed appropriate. In model risk management this applies specifically to ECL models, model (re)development and implementation, and End-User Applications.
- The abovementioned improvements contribute to ensuring that FMO continues to perform within the boundaries of its non-financial risk appetite parameters.

This assessment was prepared by the operational risk management team within the Risk department, and the Compliance department, and discussed with the Management Board. The Management Board presented its findings and conclusions to the Audit and Risk Committee of the Supervisory Board.











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# SUSTAINABILITY STATEMENT

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## ESRS 2 General Information

The EU Corporate Sustainability Reporting Directive (CSRD) was adopted by the European Commission (EC) in 2023 but has not yet been transposed into Dutch law. The CSRD revises and extends the requirements of the European Union's (EU) Non-Financial Reporting Directive (NFRD). As a large public interest entity, FMO is in scope of the NFRD and is, therefore, among the first wave of companies required to implement the CSRD. By implementing the CSRD, FMO covers all aspects required by the NFRD that are still applicable to FMO under the current situation. Companies subject to the CSRD have to report according to the European Sustainability Reporting Standards (ESRS).

This is the second year that FMO is publishing a report aligned with the ESRS. For this year's report, we have applied the 'quick fix' amendments to the first set of ESRS, which were published on July 11, 2025, and aim to reduce complexity and reporting burden.<sup>28</sup> However, the regulatory landscape may evolve further, particularly in light of the Omnibus packages submitted to the European Parliament on February 26, 2025. These packages aim to simplify EU requirements for businesses. We will continue to closely monitor these developments and assess their implications for FMO going forward.

In its Integrated Annual Report, FMO continues to disclose information in line with other regulations such as the Dutch Corporate Governance Code. For this reporting year, FMO will opt out from detailed reporting in accordance with the EU Taxonomy, making use of the relief option provided under the Omnibus proposal, which allows financial institutions to omit detailed taxonomy disclosures, provided they include a statement in their management report clarifying that they do not claim their activities are associated with environmentally sustainable activities under the EU Taxonomy Regulation. For further information, refer to the 'EU Taxonomy' section in E1 Climate Change.

## Our sustainability reporting approach

We remain committed to monitoring regulatory developments and implementing requirements in line with the CSRD and other relevant frameworks, drawing lessons along the way, and we aim to revise the report's structure and content in the coming years, with a focus on improving clarity and conciseness.

The 'Sustainability statement' consists of four sections:

1. General information ('ESRS 2 General information').
2. Environmental information ('E1 Climate change', 'E3 Water and marine resources', 'E4 Biodiversity and ecosystems').
3. Social information ('S1 Own workforce', 'S2 Workers in the value chain', 'S3 Affected communities', 'S4 Consumers and end-users').
4. Governance information ('G1 – Business conduct').

The double materiality assessment (DMA), explained in 'ESRS 2 Double materiality assessment', helped us identify FMO's material impacts, risks and opportunities, which then determined the material topic-specific ESRS standards and the underlying disclosure requirements to report on. Each section in this 'Sustainability statement' covers detailed information on FMO's material sustainability-related matters including the relevant policies, actions, targets and metrics FMO has put in place to manage these matters.

## Actions and resources

Because FMO's mission is to enable entrepreneurs to increase inclusive and sustainable prosperity, FMO manages sustainability-related impacts, risks and opportunities (IRO) as an integral part of its core activities and functions. There are dedicated departments and teams that focus specifically on sustainability to maximize positive impact and minimize negative impact. To manage sustainability-related matters, the OpEx involved reflects the expenditures of the departments and teams responsible for these activities. For an organization with a mission like FMO's, it is neither feasible nor meaningful to allocate OpEx to individual material sustainability-related matters or IROs, as the work is inherently cross-functional and integrated across the organization.

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We have used the relevant transitional provisions, as described in ESRS 1 10. Transitional provisions, and more specifically in 10.2 Transitional provision related to chapter 5 Value chain, and 10.4 Transitional provision: List of Disclosure Requirements that are phased-in mostly relating to anticipated financial effects. Under the ESRS 'quick fix' amendment, companies may continue to apply these transitional provisions for financial years 2025 and 2026.

Overall, our actions are focused on growing the investment portfolio towards our Sustainable Development Goal (SDG) 10 and SDG 13 strategic objectives. In addition, we continue to take action to enhance customer environmental, social and governance (ESG) management processes and address gaps by agreeing environmental and social action plans (ESAPs) and corporate governance action plans (CGAPs). Progress on these customer-related action plans is part of our ESG target performance. Updates on the sustainability-related actions initiated in previous years are provided in the relevant sections of the topical statements.

## Incorporation by reference

To avoid duplication of information, FMO has chosen to disclose certain sustainability-related information that is required under the ESRS, but which is also critical to our strategy or corporate governance, in other parts of the 2025 Integrated Annual Report. The following chapters and sub-chapters in this Integrated Annual Report are referenced throughout in the 'Sustainability statement':

1. At a glance
2. Report of the Management Board
  - a. Performance against our strategy
  - b. Corporate governance
3. Report of the Supervisory Board
4. Risk management
5. Consolidated financial statements

The chapter 'At a glance' contains a snapshot of FMO as an organization and of its annual results. The Report of the Management Board consists of several sub-chapters that are referenced in the 'Sustainability statement.' The sub-chapter 'Performance against our strategy' contains detailed information on FMO's annual results, including those related to the sustainability matters covered by the 'Sustainability statement.' The sub-chapter 'Corporate governance' and the chapter 'Report of the Supervisory Board' contain information on FMO's overall governance structure and processes as well as the role of the Management Board and Supervisory Board in monitoring, managing and overseeing sustainability-related matters that are material to FMO. The chapter 'Risk management' contains information on FMO's overall risk management approach, governance and internal control system. The chapter 'Consolidated financial statements' contain disclosures regarding the basis for preparation that are similar to the financial information as well as the financial effects of sustainability matters on the financial statements.

The following disclosure requirements are also addressed outside the Sustainability Statement:

- BP1 and E16: Consolidated Financial Statements.
- GOV1 and GOV3: Report of the Management Board.
- GOV1 and GOV2: Report of the Supervisory Board.
- GOV5: Risk Management chapter.

The information that has been incorporated by reference is produced using the same basis for preparation of ESRS information, including the scope of consolidation and treatment of value chain information.

For a detailed overview of the ESRS disclosure requirements that are material for FMO as well as the (sub)chapters and sections in which these are addressed and disclosures for which we have applied applicable phase-in provisions, refer to the 'Reference tables - List of material ESRS disclosure requirements'.

## ESRS 2 Basis for preparation Reporting frameworks

The sustainability statement is prepared on a consolidated basis. The Commission Delegated Regulation (EU) 2023/2772 comprising the ESRS forms the basis of our 2025 sustainability statement preparation. In addition, we have applied the Partnership for Carbon Accounting Financials (PCAF) Standard to report on financed greenhouse gas (GHG) emissions. No other reporting standards have been used.



## Consolidation

The scope of consolidation for the sustainability statement is equal to the scope of consolidation for the financial statements. For additional details on the accounting of FMO's subsidiaries, joint ventures, associates, and programs, please refer to section 'Group accounting and consolidation' in the 'Consolidated financial statements' chapter.

FMO also receives funding from the Dutch government for MASSIF, Building Prospects and Access to Energy Fund. Furthermore, FMO receives funding for the Mobilising Finance for Forests (MFF) from the UK government. These programs are reported from a value chain perspective, as explained in the following section.

## Scope

Our 'Sustainability statement' covers FMO's value chain, including FMO's own operations as well as specific upstream and downstream activities. An overview of FMO's value chain has been included in the section 'ESRS 2 - Strategy, business model and value chain'.

The double materiality assessment considered FMO's own operations, FMO's upstream value chain, including key suppliers and the attraction of third-party capital, and our downstream value chain with respect to customers we invest in across our three core strategic sectors.

As a development finance institution (DFI), the majority of our material impacts, risks and opportunities occur through our financing and engagement with our customers (i.e., our investment portfolio) in the downstream value chain that operate within FMO's strategic sectors.

In our sustainability reporting, where relevant, we distinguish between three business lines: FMO's own balance sheet, funds made available by public entities ('public funds') and funds made available by other third parties ('direct mobilized funds'). The following metrics relate to the downstream value chain and are disaggregated according to the proportional share of funding provided by each business line: RI (reducing inequalities)-labelled total new investments, Green-labelled total new investments, number of jobs supported, total gross indirect (scope 3, category 15) GHG emissions, and financed avoided GHG emissions.

Where FMO has identified a material impact, risk or opportunity in its value chain, we report on value chain information or data. If there is no value chain data available, we use estimates. The methodology used to calculate metrics, including where estimations or calculations are performed, is noted alongside the disclosure. The table included in the section 'Value chain estimation and sources of estimation (degree of reliability)' summarizes the metrics for which estimates were used.

FMO has not used the option to omit specific information corresponding to, for instance, intellectual property, know-how, or the results of innovation.

## Time horizons

Short, medium, and long-term time horizons are defined in line with the ESRS definitions. When applicable, deviations from these time horizons are clarified within the respective disclosures. Other time horizons were considered in FMO's climate risk assessment as further explained in 'E1 - Impacts, risks and opportunities'.

## Value chain estimation and sources of estimation

For reported metrics where (value chain) estimates are used and which are subject to a certain level of measurement uncertainty, please refer to the following table.

This table includes the following guidance for measurement uncertainty:

- **Low:** *The reported metric is fully based on primary metric data (e.g. primary metric data for financed emissions is emissions data reported by customers).*
- **Medium:** *The majority of the reported metric is based on primary metric data. The other part of the metric is estimated, for example using activity data (e.g. revenues, power production).*
- **High:** *The majority of the reported metric is estimated, for example using activity data (e.g. revenues, power production).*



Table 1. Metrics and data subject to measurement uncertainty

| ESRS topic                      | Metrics                                                                                 | Methodology used including (value chain) estimations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Measurement uncertainty | Actions to improve data quality                                             |
|---------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-----------------------------------------------------------------------------|
| Climate change (E1)             | Gross scope 1 and 2 emissions, scope 2, scope 3 category 6 and category 7 GHG emissions | The emissions are calculated based on measured data collected internally, such as information on commuting and flights and heating consumption of the FMO office in The Hague.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Low                     | No further actions needed                                                   |
|                                 | Gross scope 3 category 1.5 GHG emissions (financed absolute GHG emissions)              | Where primary GHG data is not available, financed emissions are estimated using the Joint Impact Model (JIM). The majority of FMO's financed absolute GHG emissions are estimated with the JIM.<br><br>The JIM modeling has clear limitations and it depends on 6 simplistic assumptions. Assumptions of the model include: No supply and capacity constraints (model assumes additional output is generated regardless of the availability of resources [e.g. labor, raw materials, production capacity], which may be tied up in other activities), fixed prices (price changes in the local economy are not considered, thus prices do not constrain input availability), and sector averages (all companies in a certain sector have the same production structure). FMO is using the JIM model 3.1.6 (referencing GTAP 11A database) for this statement. For additional details on the assumptions and limitation associated with the JIM, please reference The JIM Methodology on FMO's website.                                                                                                         | High                    | Continuously increase primary data collection and improving JIM estimations |
|                                 | Avoided emissions                                                                       | GHG avoidance for renewable energy projects is calculated as the annual electricity production during the latest available reporting year, multiplied by the country emission factors in accordance with the International Financial Institution (IFI) harmonized list of emission factors (version 3.2).<br><br>For avoided emissions in other sections, all figures are based on data reported by our clients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | High                    | Further refine estimation and verification methodologies                    |
|                                 | Power generation target                                                                 | Emissions data for fossil fuel customers is based on reported data by customers or estimated based on power production. For renewable energy customers without reported emissions data, the assumption is made that their scope 1 emissions are zero.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Medium/Low              | For the purpose of the target, no further actions are required              |
| Workers in the value chain (S2) | Number of direct jobs supported                                                         | FMO mainly relies on primary data for reporting on direct jobs which are provided by the customers and reviewed by FMO. However, when this data is not available, the JIM model will estimate the number of direct jobs based on the customer's available financials, sector and country of operations.<br><br>The JIM modeling has clear limitations and it depends on 6 simplistic assumptions. Assumptions of the model include: No supply and capacity constraints (model assumes additional output is generated regardless of the availability of resources [e.g. labor, raw materials, production capacity], which may be tied up in other activities), fixed prices (price changes in the local economy are not considered, thus prices do not constrain input availability), and sector averages (all companies in a certain sector have the same production structure). FMO is using the JIM model 3.1.6 (referencing GTAP 11A database) for this statement. For additional details on the assumptions and limitation associated with the JIM, please reference The JIM Methodology on FMO's website. | High                    | Continuously increase primary data collection and improving JIM estimation  |

## Changes in preparation or presentation of information

FMO has limited structural changes to this year's disclosures. The focus has been on reinforcing our sustainability policy framework through policy updates and launches, including the launch of a new Diversity, Equity, Inclusion and Belonging (DEIB) policy (see 'S1 Own workforce') and targeted updates to

the Climate-related and Environmental Financial Risk Policy (see 'E1 Climate change'), and the Anti-Bribery and Corruption Policy (see G1 Business conduct). These updates reflect our commitment to aligning with evolving regulatory expectations and strategic ambitions.

This year also marked the following significant developments:

- The refinement of our Green Label methodology, which now includes biodiversity finance- and adaptation & resilience- tracking aligned with our Strategy 2030 and SDG 13 ambitions (see E4 Biodiversity and ecosystems).
- Minor editorial adjustments have also been made to some descriptions of impacts, risks, and opportunities in E1, E4, S1 and G1, ensuring consistency and clarity across disclosures.
- A new FMO entity specific metric 'Gender lens investments – total committed portfolio (TCP)' is presented in S4 Consumers and end-users.
- Financed avoided emissions (FMO entity specific metric – E1 Climate change): The 2024 figure has been restated due to incorrect data identified for one customer, which on its own exceeded the significance threshold. The previously reported 2024 figure was 2,134 ktCO<sub>2</sub>e, compared with the restated figure of 1,959 ktCO<sub>2</sub>e. This represents an eight percent decrease.
- The 2024 figures in the Employee Age Distribution table (section S1-9 Diversity metrics) were restated because the age categories were updated from 30-49 to 30-50, resulting in adjusted numbers.
- The estimated computer-based training time on the topic of bribery and corruption (section G1 -3 Prevention and detection of corruption and bribery) for 2024 has been restated. While most employees take approximately 25-45 minutes to complete the computer-based training, the estimate has been updated to 25 minutes to reflect the duration shown in the learning management system.

Further details on the revised IROs, Green label methodology update, and the new S4 metric are explained alongside the disclosures in which our sustainability-related metrics and targets are presented.

## Comparability of information

FMO reports on ESRS-defined and entity-specific metrics that are used to evaluate the performance and effectiveness of material impacts, risks, or opportunities. Since this is the second ESRS aligned report, the comparative figures are being presented in the relevant sections in ESRS 2 and the topical statements.

FMO acknowledges that comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information presented in accordance with the ESRS, and by the absence of a uniform practice on which to draw, and to evaluate and measure this information. And that this allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

## ESRS 2 Double materiality assessment – 2025 Update

In 2024, we conducted a double materiality assessment (DMA) aligned with the ESRS, considering both impact materiality (inside-out) and financial materiality (outside-in). This comprehensive approach enabled us to evaluate sustainability-related impacts, risks, and opportunities (IROs) across FMO's entire value chain, while integrating stakeholder perspectives.

In 2025, we maintained the results of the 2024 DMA and continued to monitor developments related to the European Commission's "Omnibus" sustainability simplification package and the revised ESRS closely. As part of our ongoing review process, we reassessed the total list of IROs and explored opportunities to streamline certain IRO descriptions, while keeping the DMA results intact. These refinements are reflected in the relevant topical ESRS disclosures (see IRO tables in E1, E4, S1, and G1).

In the following sections, we describe the DMA that we performed in 2024.

## ESRS terminology and definitions

In its sustainability statement, FMO has adopted the definition of impacts, risks and opportunities as prescribed by the ESRS. A sustainability-related matter is material from an impact perspective when it pertains to FMO's material actual or potential, positive or negative impacts on people or the environment over the short-, medium and long-term. This includes impacts connected to FMO's own

operations and upstream and downstream value chain, including through our products and services, as well as through business relationships. Most of the impacts identified through the DMA are in FMO's downstream value chain.

A sustainability-related matter is material from a financial perspective if it generates risks or opportunities that affect (or could reasonably be expected to affect) FMO's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. Whereas sustainability-related risks relate to negative financial effects, sustainability-related opportunities relate to positive financial effects arising from environmental, social or governance matters that may positively affect FMO. The way we manage material impacts, risks and opportunities is further explained in section 'ESRS 2 – IRO management'.

## Process and methodology

As a starting point for our 2024 DMA, we leveraged several existing activities and insights, as follows:

- **Previous materiality assessments:** We have been performing materiality assessments in line with the Global Reporting Initiative (GRI) Standards since the early 2000s. In 2023, we performed a comprehensive materiality assessment focusing on impact materiality, with the aim of bringing our approach closer to alignment with the CSRD. This assessment, presented in our 2023 annual report, considered both positive and negative as well as actual and potential impacts.
- **Previous and ongoing stakeholder engagement:** We drew on insights from stakeholder engagement conducted for the 2023 materiality assessment. This was complemented by numerous touchpoints with key stakeholders as part of regular stakeholder engagement activities.
- **Investment portfolio insights:** At the investment portfolio level, we gathered relevant insights into material ESG risks and stakeholder perspectives related to the ESG performance of our customers collected through our regular ESG impact management practices.
- **Climate risk assessments:** We incorporated findings from our climate risk assessments, conducted for our supervisor DNB in 2023 and updated in Q1 2024, which provided insights into the materiality of climate-related risks.

Building on these insights, our DMA approach and methodology focused on three main phases:

1. **From long list to short list:** We narrowed down our long list of relevant sustainability-related matters to a shortlist, linking them to our value chain and investment portfolio.
2. **Assessment and prioritization:** We assessed and prioritized shortlisted sustainability-related matters, along with their related impacts, risks and opportunities. This process included updating our assessment methodology to better align with our internal risk management framework.
3. **Validation and approval:** FMO subject matter experts validated the results, after which the Management Board approved the final list of sustainability-related matters.

### Phase 1. From long-list to short-list

The process began with the creation of a long list of potential material sustainability-related matters, informed by insights from internal and external sources, including standards like GRI, MSCI indexes, peer reporting, sector trends, media analysis and internal documentation (e.g. E&S performance data, climate risk assessments, FMO's 2030 Strategy, previous materiality assessments and related stakeholder input). FMO's investment portfolio was systematically taken into account across all phases of the process, to ensure the identification of material matters relevant to the specific sectors in which FMO's investments are concentrated.

Using this foundation, we conducted multiple working sessions with FMO subject matter experts—such as impact and ESG officers, stakeholder engagement advisors, and (climate) risk management officers—to further refine the list. Internal and targeted external stakeholder input was then gathered to sharpen the definitions of impacts, risks, and opportunities, ensuring they accurately reflected both our business context and stakeholder expectations while also addressing any existing gaps.

Subsequently, we included stakeholder views in our assessment. We primarily engaged with internal subject matter experts to evaluate our sustainability-related impacts, risks, and opportunities. To complement this, interviews and a survey involving both internal and external stakeholders were conducted as part of our 2023 impact assessment. These activities provided a valuable proxy for incorporating external stakeholder perspectives into our DMA. For more details, please refer to the

section 'ESRS 2 - Interests and views of our stakeholders'. More specifically, during the 2024 DMA, we performed the following activities:

- Direct engagement with representatives from our main shareholders, the Dutch Ministry of Foreign Affairs and Ministry of Finance via a targeted interview. They confirmed that the current 2030 Strategy and the focus on SDG 8, 10 and 13 continues to be supported. This is in line with the results from FMO's previous impact materiality assessment.
- Targeted interviews with an FMO Human Resources expert representing employees for validation and definition of employee-related IROs. Our employees continue to be passionate about our mission. In line with FMO's previous materiality assessment, working conditions, and equal treatment and opportunities for all remain important topics.
- An analysis of the input received from our existing stakeholder engagement activities, brought in via stakeholder engagement team members that have a good overview of the interests and views of our key stakeholders, including affected stakeholders.
- An analysis of E&S performance data. Perspectives of affected stakeholders (or rights-holders) in due diligence and engagement processes are included and reflected in this assessment data. Stakeholder and community engagement is a fundamental principle outlined in the IFC Performance Standards (IFC PS) that FMO applies during the selection and monitoring of investments.
- Desktop review of documents reflecting climate risk assessments and evaluation of losses and concerns within FMO's loan portfolio related to sustainability matters.

## Phase 2: Assessment and prioritization

The scope of our materiality assessment included our downstream investment portfolio, where, given our core investment activities, we expect most of FMO's material sustainability-related matters to arise. To enhance the accuracy of the assessment, we evaluated our strategic investment sectors individually, recognizing that different sustainability-related matters are likely to be material within each of these sectors. Additionally, our assessment covered FMO's own operations and our upstream business activities where we mostly focused on identifying opportunities for attracting and mobilizing funds and considered potential reputational and investment risks relevant for our shareholders and investors.

To determine which IROs from the shortlist were material to FMO, each was assessed using a scoring methodology aligned with the criteria of severity (scale, scope, and irremediable character) for negative impacts, scale and scope for positive impacts, and likelihood for potential impacts as outlined by the ESRS. For risks and opportunities, the parameters of magnitude and likelihood were used.

The parameters of both impact and financial materiality scoring were defined leveraging FMO's risk management framework which includes parameters for financial effects related to the severity of the consequences of a risk or opportunity. The FMO subject matter experts mentioned previously were involved in assessing these criteria and assigning scores. For impacts related to our investment portfolio, aggregated data from our ESG impact assessments was used to inform the scoring process. This ensured that actual risk exposure across all ESG topics monitored within our portfolio was considered in the materiality assessment.

## Thresholds and outcome

To ultimately determine materiality, thresholds were applied to the impact, risk, and opportunity scores based on FMO's operational risk matrix and risk appetite statement. This matrix already has parameters in place for likelihood and magnitude to be able to indicate the severity of the consequences if a risk or opportunity were to arise, and these parameters were also used to assess impacts. Seven risk categories, plus a separate category for opportunities, were included, with consequences articulated ranging from trivial to extreme. FMO applied a higher financial materiality threshold to reflect the nature of FMO having a higher tolerance for risk. A higher score also reflects having stakeholders that require investments that are higher risk, have higher additionality and are more pioneering in nature, whilst limiting risk exposure to high reputational risks. Further substantiation of the materiality of the sustainability-related matters of water resources, pollution and circular economy was required, because the materiality of these matters could not be conclusively determined based on the scoring methodology alone.

Our DMA found an (inter)connection between the topics of water (withdrawals), climate change (adaptation), biodiversity (condition of ecosystems) and affected communities and also presented an overlap of water-related impacts and risks between these topics. Given the nature of our investments (agricultural practices) water-related impacts are to be expected. Considering FMO's climate resilience

ambitions and water withdrawals being a potential driver of biodiversity loss, it was decided to include the topic of water withdrawals as a material topic from an impact perspective.

The topic of pollution was also discussed by FMO experts and the FMO's Impact and Sustainability Committee (ISCO). Although FMO addresses potential pollution-related impacts through ESG activities, which require customers to uphold relevant (inter)national ESG standards, we assessed that within both our Agriculture sector and Energy sector the likelihood of a major pollution event is considered relatively low. Therefore, it was concluded that pollution is not a material sustainability-related matter for FMO.

### Phase 3: Validation and approval

The final list of material sustainability-related matters was validated through FMO's ISCO (for impact materiality) and the Financial Risk Committee (FRC) (for financial materiality). Both the impact and financial materiality assessments were approved by FMO's Management Board. The DMA identified eight sustainability-related topics as material for FMO covering impacts, risks, and opportunities across three environmental topics, four social topics and one business conduct topic.

Table 2. FMO material sustainability-related matters

| ESRS Topic                    | ESRS subtopics                                                                                                                                                                                   | Aggregate 2024 Double Materiality Assessment Results |               |              |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|---------------|--------------|
|                               |                                                                                                                                                                                                  | Impact Perspective                                   | Risk          | Opportunity  |
| E1 Climate Change             | <ul style="list-style-type: none"> <li>Climate change mitigation</li> <li>Climate change adaptation</li> <li>Energy</li> </ul>                                                                   | Material                                             | Material      | Material     |
| E3 Water                      | <ul style="list-style-type: none"> <li>Water withdrawals</li> </ul>                                                                                                                              | Material                                             | Not material* | Not material |
| E4 Biodiversity               | <ul style="list-style-type: none"> <li>Direct impact drivers of biodiversity loss</li> <li>Impacts on the extent &amp; condition of ecosystems</li> </ul>                                        | Material                                             | Not material  | Material     |
| S1 Own workforce              | <ul style="list-style-type: none"> <li>Working conditions</li> <li>Equal treatment and opportunities for all</li> </ul>                                                                          | Material                                             | Material      | Material     |
| S2 Workers in the Value Chain | <ul style="list-style-type: none"> <li>Working conditions</li> <li>Equal treatment and opportunities for all</li> <li>Other work-related rights</li> </ul>                                       | Material                                             | Material      | Not material |
| S3 Affected Communities       | <ul style="list-style-type: none"> <li>Communities' economic, social and cultural rights</li> <li>Communities' civil and political rights</li> <li>Rights of indigenous communities</li> </ul>   | Material                                             | Material      | Not material |
| S4 End Users and Consumers    | <ul style="list-style-type: none"> <li>Social inclusion of consumers and/or end-users</li> </ul>                                                                                                 | Material                                             | Not material  | Material     |
| G1 Business Conduct           | <ul style="list-style-type: none"> <li>Corporate culture</li> <li>Protection of whistle-blowers</li> <li>Political engagement and lobbying activities</li> <li>Corruption and bribery</li> </ul> | Material                                             | Material      | Not material |

\*We identified a material risk related to water that is related to climate change; therefore, it is discussed in E1 Climate Change.

Detailed information on the material impacts, risks and opportunities related to FMO's eight material sustainability-related matters, where they are concentrated in our value chain, time horizons and how these affect people or the environment is included in each topical chapter. Each chapter outlines how FMO responds to these impacts, risks and opportunities through our strategy and actions, and how they relate to our strategy, business model, and business activities. As part of our ongoing review process, we reassessed the total list of IROs and explored opportunities to streamline certain IRO descriptions, while keeping the DMA results intact. These refinements are reflected in the relevant topical ESRS disclosures (see IRO tables in E1, E4, S1, and G1).



# Theory of Change

## Our vision

**We believe in a world in which, by 2050, more than 9 billion people live well and within planetary boundaries.**

## Impact

Inclusive & sustainable economic growth

Productive employment & decent work for all

Reduced inequalities between countries

Reduced inequalities within countries

Climate change adaptation

Climate change mitigation

Protecting & promoting biodiversity

## Indirect outcomes

Improved livelihoods, including for the B40, increased gender equality and poverty reduced

A more inclusive, resilient, responsible, and sustainable private sector

A transition towards low-carbon and climate resilient economies in a just and inclusive way and protecting and promoting biodiversity

## Direct outcomes

### Benefiting people

Increased access to better goods, services, and income-generating opportunities

Increased economic empowerment for marginalized groups

Increased decent jobs supported

Avoided or mitigated negative social and environmental impacts

### Benefiting companies

Increased financial and non-financial customer value

Increased adaptation and resilience of customers' businesses

Additional (commercial) capital attracted

### Benefiting markets

Customers' increased Paris alignment, reduced emissions and/or positive biodiversity outcomes

Strengthened entrepreneurial and ESG ecosystems

## Indirect Outputs

Entrepreneurs enabled by FMO's customers

### Entrepreneurs enabled by FMO in our three key sectors

Financial Institutions (incl. funds)

Agribusiness, Food & Forestry

Energy

Making businesses 'bankable'

Initiatives for ecosystem development

## Direct Outputs

Finance provided

Impact & ESG roadmaps agreed

Capacity development and advisory projects initiated

Initiatives developed for market creation

Carefully selecting our customers and encouraging transformation where relevant in low- and middle-income countries

## Activities

**We provide finance:** equity, debt, and guarantees

**We blend finance** with public partners

**We mobilize finance,** preferably with private partners

**We stimulate impact, ESG, and value creation** through ESG, impact advisory and capacity development

**We (help others to) innovate** through opportunity development, ecosystem development

## Inputs

Financial capital

Human & intellectual capital

Networks & partnerships

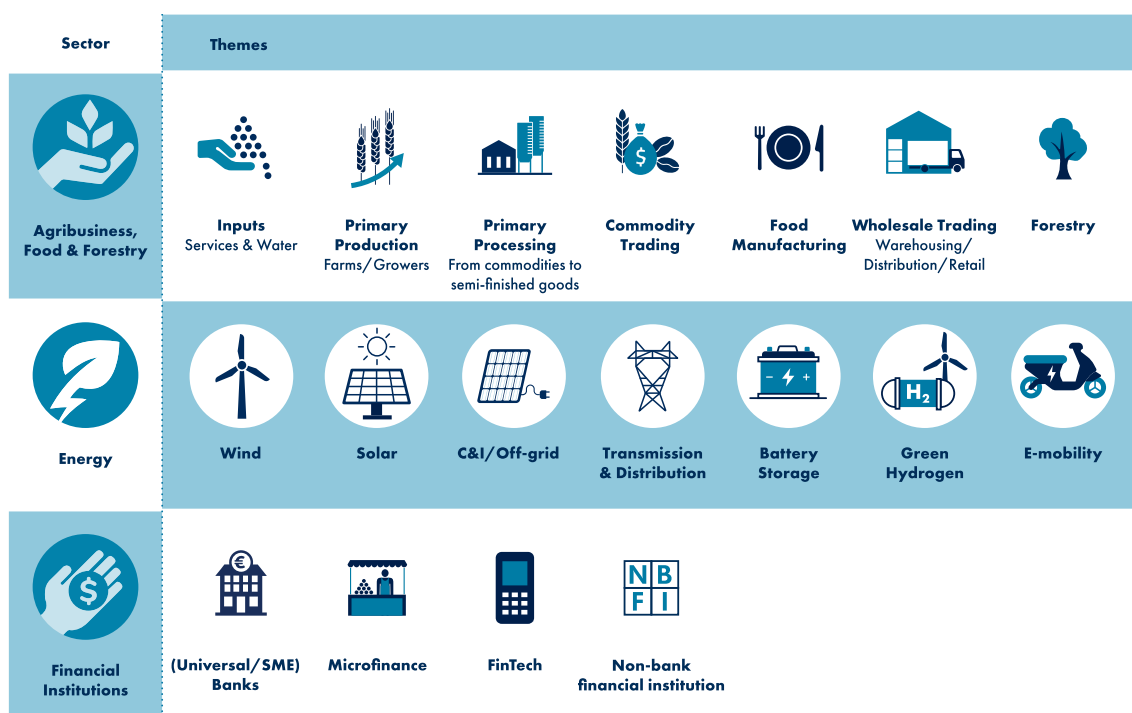
## ESRS 2 Strategy, business model and value chain

FMO supports sustainable private sector growth in emerging markets and developing economies by investing in ambitious businesses and projects.

We invest in 75 countries across four regions: Africa, Asia, Europe and Central Asia, and Latin America and the Caribbean. We focus on emerging markets and developing economies which are often perceived as too risky by commercial actors. Our customers operate in environments that can be more susceptible to institutional and political instability, commodity price and foreign exchange fluctuations, as well as natural disasters and conflicts. To support them effectively, we engage with them throughout the investment process to understand their unique risks and tailor our products accordingly. This approach helps our customers enhance their ESG practices, aimed at creating meaningful impact and fostering sustainable change.

FMO focuses on three key sectors: Agribusiness, Food & Forestry, Energy, and Financial Institutions. We also finance other sectors indirectly through our investments in financial institutions (FIs) and private equity (PE) funds. By concentrating our efforts in these areas, we take a leading role, build strong relationships, and contribute to such SDGs as promoting Decent Work and Economic Growth (SDG 8), Reduced Inequalities (SDG 10), and Climate Action (SDG 13).

Figure 1. The sectors and customer segments we focus on



## Our business model

Through our core business activities and interactions with others, FMO transforms resources into outputs that, over the short, medium, and long-term can create value for the organization, its stakeholders, the local society, and the environment. By offering and creating financing solutions, supporting our customers with technical assistance and capacity development, and helping customers enhance their capabilities around sustainability-related matters, we aim to move investment opportunities from market creation and public funds, through our own balance sheet, to commercial mobilization. Our core business activities are described in the following sections.

## Our Resources

To deliver on our strategic ambitions, FMO relies on specific capabilities, resources, and inputs. Most notably people and needed skillsets, networks and partnerships and financial resources.

## People

- Employee numbers and diversity have been growing in line with our strategy to enable portfolio growth, new strategic focus areas (e.g., market creation) and the increasing complexity and regulatory requirements. In the future, the growth in employee numbers is expected to tail off. The total number of employees is included in the sub-chapter 'S1 Own workforce'.
- We will continue to improve our ability to attract, hire, on-board, train, develop and retain employees while ensuring that employee wellbeing remains a key focus.
- Strategic workforce and succession planning are needed to have a multi-year view on required employee skills and capacity.

## New skillsets

- We need to continue developing new skillsets through hiring, training and/or forming external partnerships to support, for example market creation, investing in fragile states, deal sourcing, ESG risk assessment, customer advisory, data analytics, agile project management, etc. This will require further strengthening of FMO's learning & development programs and tools.
- Leadership need to stimulate the right behaviors and develop their own skillsets in line with the envisioned scaling and diversity of FMO staff.

## Network and partnerships

FMO cannot achieve its strategic ambitions alone. We rely on partners and other stakeholders to secure funding, innovate and create new offerings, support market creation, engage with local communities, and develop new skillsets. As the number and diversity of these relationships grows, FMO needs to be able to adapt and manage multifaceted, complex relationships in the most effective way.

## Financial

FMO benefits from a solid financial foundation with a healthy net interest margin, supported by its strong capital base, and has similar credit ratings, AAA, to the Dutch Government. The relationship with the Dutch State covers three pillars: the Support Agreement, ownership structure, and government funds. The Support Agreement reaffirms the vital role that FMO plays in Dutch government policy, the State's intention to ensure FMO's continuity in accordance with the Agreement and to facilitate FMO's stable access to capital market funding in order to effectively carry out its mandate.

## Products and services

Through the following business activities and interactions with others, FMO transforms resources into outputs that, over the short-, medium- and long-term, create value for the organization, its stakeholders, local society, and the environment.

### 1. We provide financing

We finance and support proven business models. This is the core of our operations. It is where we provide bankable businesses and projects, for example loans, equity investments, guarantees and development contributions. We offer long-term finance and, where possible, provided in local currencies to mitigate the exchange rate risk of our customers. This includes:

- Offering direct medium- and long-term loans at both fixed and variable interest rates, with a repayment grace period where needed.
- Investing equity directly or indirectly (through private equity funds) or investing alongside partners. We provide stable, long-term capital and intend to sell our stake after five to ten years. We receive dividends and account for fair value gains or losses during the lifetime of an investment.
- Structuring guarantees that meet the needs of the (end) beneficiary, the market, and the targeted creditors.

### 2. We blend and mobilize finance

We make high-impact and high-risk investments possible by leveraging public funding to support entrepreneurs working on new business models or operating in low-income countries. This includes:

- Deploying - on behalf of governments and multilateral organizations - public finance in higher-risk projects. Such finance helps to reduce and share risks. Private and institutional capital will then be more easily attracted towards scalable but higher-risk investments that otherwise would not have been considered by commercial investors.

- Arranging syndicated loans by bringing together commercial banks, investors, and other DFIs. Commercial investors have access to FMO's expertise in impact investing in emerging markets and developing economies.
- Through FMO Investment Management, providing services to several funds with different market-based, risk-return profiles to accommodate different investor risk appetites. FMO receives a fee for providing these services.

### 3. We (help others to) innovate

We aim to make unbankable opportunities bankable; through business development, and by developing ecosystems that seed and nurture nascent segments and businesses. We do this by means of collaboration and partnerships. This includes:

- Fostering innovation by encouraging and participating in the evolution of new approaches, business models, and products that possess the potential for heightened impact and scalability.
- Enabling market ecosystem development and strengthening customer business development through strategic collaborations with partners.

### 4. We actively promote impact and ESG standards

Our services also include advisory support and technical assistance, aimed at assisting customers in establishing sustainable and profitable enterprises. This encompasses guidance in designing and implementing ESG risk mitigation measures, conducting master classes and events, facilitating capacity development, and spearheading sector initiatives.

## Long-term outcomes

FMO believes in a world in which, in 2050, more than 9 billion people live well, within planetary boundaries. In order to achieve this, FMO aims to maximize its contribution towards the SDGs while minimizing the negative impacts that may occur as a result of its activities.

FMO's approach involves generating intentional, positive development impact through its investment portfolio. This is in line with our mandate and strategic objectives.

FMO has identified the following long-term impact and sustainability-related outcomes that we believe our activities can contribute to:

1. A more inclusive, resilient, responsible and sustainable private sector.
2. Improved livelihoods, including for people in the bottom 40 percent of income distribution, increased gender equality and poverty reduced.
3. A transition towards low-carbon and climate resilient economies in a just and inclusive way and protecting and promoting biodiversity.

However, we recognize that our activities may also result in unintended impacts - impacts we do not deliberately seek to generate, but which may affect society or the environment. Hence, we aim to minimize the potential negative impacts that may occur as a result of our activities through ESG performance management. Furthermore, FMO also integrates ESG in its own operations.

### A more inclusive, resilient, responsible and sustainable private sector

To contribute towards a more inclusive private sector, we invest in countries where other investors perceive risks as too high, including least developed countries (LDCs) and fragile states. In addition, we encourage our FI customers to increase access to finance to marginalized groups, particularly women. By providing finance and expertise, we aim to support customer resilience during economic downturns, as well as navigate the adverse impacts of climate change and other uncertainties. We intend to help our customers to be more responsible and sustainable by supporting the implementation of (improved) ESG risk identification and management and the adoption of responsible business practices within their operations. We believe these activities lead to more robust and resilient customer operations, which in turn enables them to attract additional (commercial) capital and further grow their businesses. Furthermore, we support business ideas that have not yet matured to a commercial phase and strengthen private sector ecosystems.

## Improved livelihoods, including for people in the bottom 40 percent of income distribution, increased gender equality and poverty reduced

We focus on three areas to improve the livelihoods of the people in our markets. First, we invest in increased access to goods and services—such as food, finance, and electricity—thereby facilitating income-generating opportunities. Second, we support our customers in growing and/or sustaining the number of jobs in their own businesses as well as the wider economy, and encourage them to improve the quality and inclusiveness of those jobs. Third, by investing in climate adaptation and resilience, we aim to protect and strengthen livelihoods from the adverse impacts of climate change. We believe our approach can be particularly beneficial to the most vulnerable groups such as women and people belonging to the bottom 40 percent of income distribution.

## A transition towards low-carbon and climate resilient economies in a just and inclusive way and protecting and promoting biodiversity

Climate change poses a threat to people's livelihoods and wider efforts to meet the SDGs. For this reason, we aim to contribute to a just and inclusive transition towards low-carbon and climate-resilient economies. We focus on reducing the environmental footprint of our customers and their value chains through energy solutions, agriculture, forestry, and customer engagement. In addition, we target investments in climate adaptation and resilience to support our customers to mitigate physical climate risk and reduce the impact of climate change on their activities. Through our ESG activities, we work with our customers to improve risk management practices, recognizing the linkages between climate, environment, and social risks.

## Minimizing negative impact

We recognize that our activities and the projects in which we invest may result in unintended negative impacts on people and the planet - impacts we do not deliberately seek to generate but which may affect society or the environment. We identify and manage these unintended impacts through our ESG management processes. For example, whilst a hydro power investment can provide clean energy, support economic growth, and improve lives overall, it may also require the resettlement of surrounding communities. In such cases, we would require the customer to put safeguards in place including a grievance mechanism, and to respond to community concerns. The ESG standards we expect our customers to apply are intended to identify, evaluate and mitigate key environmental and social (E&S) risks as well as the negative impact of their activities.

## FMO's own operations

As an organization, FMO is required to comply with applicable laws and regulations, including Dutch and European law, as well as the Dutch Corporate Governance Code and Dutch Banking Code. With regards to the Dutch Corporate Governance Code and Dutch Banking Code, FMO complies or will otherwise explain where we diverge from these codes. FMO believes in diversity, and embraces and promotes this within its recruitment, career management and management development. This topic is further addressed in section 'S1-5 Targets'. FMO strives to remain climate-neutral in all its operational activities, through energy efficiency, compensation, and sustainable energy production. In its supply chain, FMO pays particular attention to the terms and conditions of employment of the contractors working in its offices and to minimizing the environmental impact of the food supplied in FMO's offices. FMO provides healthy and organic food to FMO's employees. FMO informs employees regularly on external and internal results from ESG and sustainability-related efforts and provides regular staff training on its Sustainability Policy and on specific ESG issues and processes. Further information on this topic is provided in section 'S1-13 Training and skills development metrics'.

## Main features of FMO's value chain

As a DFI, the most material impacts, risks and opportunities occur through our investments by financing and engaging with our customers in the **downstream** value chain. We invest in customers that operate within FMO's strategic sectors.

In turn, FMO's customers have their own operations and value chains that have different impacts in the areas and local context in which they operate, affecting both people (end-users, beneficiaries, local communities) and the environment (climate and nature). A description of the type of customers we serve is included in the 'Report of the Management Board' in the sub-chapter 'Our strategy'.

Our **own operations** revolve around identifying potential investment opportunities (customer relationships), determining their sustainability-related impacts and risks, securing funding, and



establishing contracts and agreements with customers. Additionally, our operations include providing loans, guarantees, equity and technical assistance to our customers (our financing products), monitoring the portfolio's health (credit risk, impact, customer satisfaction, and compliance), and managing the overall investment lifecycle. Enabling activities to support our core operations include strategy setting, product management, policy and compliance definition, risk management, external reporting, sustainability and impact management, and various corporate functions like IT, finance, procurement as well as human resources as FMO acts as an international employer to the people that work for our organization.

We need **upstream** shareholders and public and private investors to provide capital as well as key partners and key suppliers to support us in our business model. Our upstream value chain activities are, therefore, focused on attracting and mobilizing funds and capital to scale up our development impact. We use public funds to de-risk investments and to be able to attract private capital. We bring in commercial investors through syndicated loans or fund management. Our public investment partners include: the Dutch Government, the UK Government, the EC and the Green Climate Fund (GCF). Mobilization activities include loan syndications, participations by several private debt funds that FMO Investment Management (FMO IM) advises for and through unfunded risk participations by commercial parties such as commercial banks. In addition, we work with suppliers that provide goods and services. We only want to work with trustworthy suppliers and have put in place a due diligence process in line with the Dutch Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft). This process applies to new or existing suppliers related to our main activities, such as consultants, legal advisors, government intermediaries, and/or providers of critically outsourced services. This is set out in FMO's Procurement and Outsourcing Policy.

## ESRS 2 Interests and views of stakeholders

FMO is committed to taking into account the relevant interests of its stakeholders. Close dialogue with our stakeholders is an integral and natural part of our operations. We see stakeholder engagement as a two-way dialogue. Our external stakeholders challenge us to improve, bring diverse perspectives, and be transparent and accountable. They help us reflect on and enhance key practices, such as our financial performance, ESG risk assessment, and impact management. Overall, stakeholder engagement helps us strengthen the quality of our decision-making.

It is important for us to engage with our stakeholders timely, openly, transparently, and constructively. We actively engage with our external stakeholders to create partnerships, harmonize approaches, exchange knowledge, and seek insights that inform and help shape our policies and approaches.

## FMO stakeholders and stakeholder management

Our customers, the State of the Netherlands, shareholders, employees, investors, NGOs, supervisors, other DFIs/IFIs and regulators are among our most important stakeholders. Engagement can take various forms, from day-to-day, business-as-usual engagement to more strategic and planned engagements, such as regular meetings, surveys, forums, and stakeholder dialogues. For more information on stakeholder engagement, see our Position Statement on Corporate Stakeholder Engagement & Lobbying available on the FMO website.

FMO distinguishes between three stakeholder groups:

1. **External (investment-specific) stakeholders:** Customers, local communities, and employees employed by our customers as well as other (positively/negatively) affected individuals. The relationships with our customers are managed by FMO's investment teams, including ESG and impact specialists.
2. **Business Stakeholders:** Our customers, investors, donors, suppliers, business partners, and employees.
3. **Corporate stakeholder groups:**
  - The Dutch State in its role as policy and lawmaker.
  - The EU and its institutions in their role as policy and lawmakers and creators of regulations.
  - Political parties, members of parliament, and politicians.
  - Non-governmental organizations, community-based organizations, think tanks, universities, and relevant experts.
  - The media, media representatives, and opinion leaders.

## Policies

FMO believes that transparency and accountability in its financing and investments are fundamental to fulfilling its development mandate. It allows us to improve our investment decisions and helps us be transparent to our stakeholders about whether FMO is achieving what it intends.

To facilitate this, FMO adheres to a Customer Disclosure Policy, outlining the scope and type of information that it makes available to the public. In addition to the disclosure of its annual reports, press releases and corporate- and policy-related disclosure, FMO also discloses selected relevant information about its investments and financing, both prior to (explicitly inviting comments from the stakeholder community), and after contracting.

Table 3. Minimum disclosure requirements for Customer Disclosure Policy

|                                                              |                                                                                                                                                                                     |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                              | All investments involving FMO debt and equity transactions                                                                                                                          |
| Accountable body                                             | Management Board                                                                                                                                                                    |
| Third-party standards/initiatives (if relevant)              | International Finance Corporation Performance Standards (IFC PS), European Development Finance Institutions' (EDFI) Principles for Responsible Financing of Sustainable development |
| Consideration to interests of key stakeholders (if relevant) | Stakeholders are invited to provide comments on our investments, prior to and after contracting                                                                                     |
| Availability to stakeholders (if relevant)                   | Customer Disclosure Policy is publicly available on our website                                                                                                                     |

As a DFI, we are sensitive to the social context and environment in which we are active. The businesses and projects we invest in have an important impact on local communities and society at large. Therefore, we integrate stakeholder considerations and information, based on consultation with stakeholders (including affected communities, in line with the IFC PS), into our investment decision-making, and we monitor whether decisions will further contribute to the quality and positive impact of FMO's investments, and also ensure community support. For more information, see our Sustainability Policy.

FMO makes a distinction between project-related complaints and general complaints. General complaints can be communicated in writing. For project-related complaints, FMO has implemented an Independent Complaints Mechanism (ICM) and accompanying procedures. For further information, please refer to the ICM on the FMO website. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution, and assisting FMO in drawing lessons learned. The ICM Policy describes the structure and governance of the complaints procedure, which allows affected external parties to file a complaint concerning a project financed by FMO. For more information on the project-related complaints procedure, refer to 'S2-3 Processes to remediate negative impacts and channels to raise concerns'.

Table 4. Minimum disclosure requirements for Independent Complaints Mechanism Policy

|                                                              |                                                                                                                                                                                                                   |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                              | The mechanism applies to FMO-financed operations                                                                                                                                                                  |
| Accountable body                                             | Management Board                                                                                                                                                                                                  |
| Third-party standards/initiatives (if relevant)              | IFC PS, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises                                                                                              |
| Consideration to interests of key stakeholders (if relevant) | Following the completion of the draft policy, we initiated a public consultation process and invited stakeholders to share their views. Their feedback will be incorporated into the final version of the policy. |
| Availability to stakeholders (if relevant)                   | ICM policy can be found publicly on our website                                                                                                                                                                   |

FMO reports on the number of admissible complaints received through the ICM. Details of this entity-specific metric and results are included in the following table.

Table 5. Minimum disclosure requirements for metrics: new admissible complaints received

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | <p>Number of complaints filed with the ICM that were declared admissible by the Independent Expert Panel (IEP) are defined as 'New admissible complaints received'.</p> <p>When the IEP groups several complaints pertaining to the same project as one case, this is treated as one complaint. An admissible complaint is a complaint for which the IEP has decided that it meets the admissibility criteria in the reporting year. These are specified in the ICM policy, which can be accessed on our website.</p> |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Unit                                                                          | Number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2025                                                                          | 0 admissible complaints                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2024                                                                          | 0 admissible complaints                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## Stakeholder engagement and outcomes

We are in constant dialogue with various stakeholders. Throughout the years, at a corporate level we have taken the outcomes of stakeholder engagement into account in, among other things:

- FMO's strategy development (*2030 Strategy: Pioneer-Develop-Scale*)
- FMO's double materiality assessment
- FMO's Sustainability Policy
- FMO's position statements
- FMO's Customer Disclosure Policy
- The Independent Complaints Mechanism (policy update)
- FMO's Climate Action Plan (CAP)

During the development of our long-term 2030 Strategy Pioneer – Develop – Scale we consulted internal stakeholders (including FMO's employees) and external stakeholders. For this consultation, meetings were held with the Dutch Ministry of Finance, Dutch Ministry of Foreign Affairs, Dutch Central Bank (DNB), NGOs, (E)DFIs, private banks, commercial finance partners, and the European Commission. At the start of the strategic development process, FMO collected the key topics and expectations of these stakeholders, which was part of the foundation for the further development of the long-term strategy. The Dutch Ministries of Foreign Affairs and Finance provided their vision during various stages of the strategy development process.

During the materiality assessment, FMO takes the views and interests of stakeholders into account. We do this either by consulting them directly or integrating knowledge about stakeholder interests coming out of regular stakeholder engagement activities as described in this section.

When developing or updating policy statements or key impact policies, we invite stakeholders to give their views on new policies and position statements that guide our investment process and decision-making. For example, in 2025, FMO, DEG (the German Investment and Development Corporation), and Proparco initiated a review of the Independent Complaint Mechanism Policy, giving a broad range of FMO, DEG, and Proparco stakeholders the opportunity to give their opinion, which will be used to further improve the policy.

At an investment level, the outcomes of stakeholder engagement are taken into account via our due diligence process. Stakeholder and community engagement is a key principle embedded within the IFC PS. This means that FMO is committed to actively engaging with affected stakeholders and local communities throughout the project lifecycle in order to understand their concerns, incorporate their perspectives into decision-making processes, and mitigate any negative impacts on them. On an ad-hoc basis, FMO also engages with value chain workers as part of its monitoring. For more information refer to section 'ESRS 2 - IRO management' and specific information on this type of stakeholder engagement in the sections 'S2-2 Processes for engaging with value chain workers', 'S3-2 Processes for engaging with affected communities' and 'S4-2 Processes for engaging with consumers and end-users'.

The Integrity and Issue Management Committee (IIMC) is a sub-committee of the Non-Financial Risk Committee (NFRC) and is appointed by the Management Board. The purpose and scope of the IIMC is as follows:

- The Committee contributes FMO's governance framework by ensuring that reputational, compliance and integrity considerations are systematically integrated into decision-making, ensuring that reputational, compliance and integrity considerations are systematically integrated into decision-making.
- The Committee protects FMO against regulatory scrutiny and reputational damage related to, among others, financial, integrity and stakeholder-related matters.
- Additionally, the Committee serves as a decision-making and escalation forum for investment teams and Special Operations and includes various perspectives on issues that require careful assessment. In doing so, the IIMC complements existing risk management and control functions, and supports the organization in navigating complex dilemmas in a transparent and accountable manner.

The Management Board is informed of the views and interests of FMO project affected stakeholders on a case-by-case basis and the Supervisory Board (through the Management Board) via periodic briefs. For example, when there is a material impact voiced via 1) ex-ante (prior to commitment) disclosure questions; 2) NGO questions; or 3) (ongoing) complaints with the ICM.

FMO regularly conducts employee surveys to gauge employee satisfaction and engagement levels. For more information on how we engage with our employees please refer to the sub-chapter 'S1 - Own Workforce'.

## Future steps towards our stakeholder dialogues

In 2025, we published the position Statement on Corporate Stakeholder Engagement & Lobbying. Prior to publication, the statement has been submitted for stakeholder consultation. The Position Statements explain FMO's choices in relation to major global sustainability issues and further explain how we select investments, work with customers and other stakeholders, and monitor performance. They reflect our objective to apply the highest possible standard of ethics and integrity to our business activities.

The ICM Policy is in its final draft stage. To support the public consultation process, an external provider has developed a platform that enables stakeholders and NGOs to submit feedback via questionnaires and email. These responses are being reviewed during public consultation events including webinars and in-person meetings. Following the completion of public consultation, inputs received during the process will be incorporated into the draft policy, which will then be finalized. The public consultation aims to enhance and clarify the policy, while also fostering stakeholder trust and buy-in.

## ESRS 2 IRO management

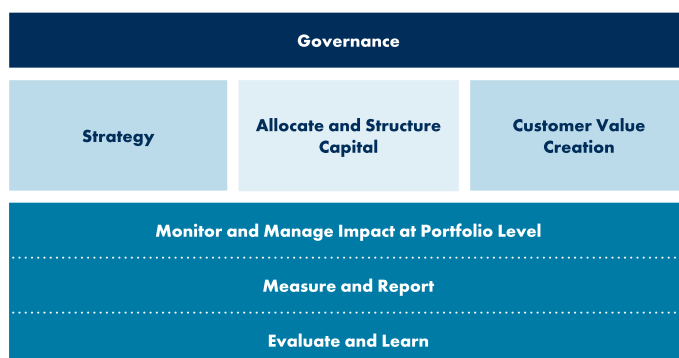
FMO manages material sustainability-related matters, including material impacts, risks and opportunities, through various policies and actions. Material impacts, risks and opportunities identified for S1 and G1 relate to FMO's own operations and are, therefore, managed by FMO's Human Resources and Compliance departments. Material impacts, risks and opportunities identified for E1, E3, E4, S2, S3 and S4 relate to FMO's customers and investments (downstream value chain) and are managed as part of our investment process. In addition, FMO has developed an impact management framework to ensure it takes an integrated approach to managing positive and negative impacts – potential and actual – as well as the financial risks that may result from the negative impacts in its investment portfolio. FMO's Impact Management Framework outlines the core components of how impact is managed at FMO and describes how these components work together in support of realizing and growing our impact as FMO (see figure 2 below).

Our management approach to our own workforce and business conduct are described in the S1 and G1 topical statements, respectively. Our approach to impact management is common across E1, E3, E4, S2, S3, and S4 and is described in the following section.

- Negative impacts and the resulting financial risks are managed through ESG management practices. Negative impacts on people and the environment could result in financial risks, leading to, for example, financial (remediation, legal) costs to FMO or its customer, jeopardize access to capital for FMO (from external investors), jeopardizing the license to operate, jeopardizing shareholder relations or reputational damage. This is further described in the paragraphs relating to ESG management.

- Positive impacts are managed through allocating and structuring capital towards the SDGs, mostly through our RI and Green Labels. This is further described in the paragraphs relating to impact management.

Figure 2. Impact management framework



## Strategy and policy

FMO's impact and sustainability commitments are outlined in FMO's Sustainability Policy, which was first approved by FMO's Management Board in 2016. The policy is supplemented with our exclusion list, position statements on – among other things – human rights, land governance, fossil fuels and coal, and impact and ESG for financial intermediaries. Together, these documents form the Sustainability Policy Universe (SPU), available on our website. Every three years, the SPU is (re)approved by the Management Board.

FMO requires that all customers comply with applicable environmental, social, and human rights laws in their home and host countries. In addition, FMO upholds (inter)national standards, including the IFC Performance Standards (2012), United Nations Guiding Principles on Business and Human Rights, and the Client Protection Principles (CPPs). FMO requires its customers to comply with these standards and in doing so to identify, prevent and mitigate negative social and environmental impacts.

FMO's Sustainability Policy and position statements apply to all our new investments. This includes both direct investments and investments through financial intermediaries. This policy is the foundation of our impact management framework and provides guidance for FMO's internal processes. FMO considers this policy a living document. It will be updated based on various internal and external factors, such as feedback received from key stakeholders, and striving to harmonize practices with peers.

Any material changes to our Sustainability Policy and position statements undergo targeted stakeholder consultation with key experts and general public consultation with various relevant stakeholder groups (e.g., the Dutch government, DFI partners, (commercial) peers, (inter)national Civil Society Organizations (CSOs) and think tanks, and relevant (industry) standard organizations).

Table 6. Minimum disclosure requirements for FMO's Sustainability Policy

|                  |                                                                                                                                                                                                                                                                                                                                                          |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy  | The scope of this policy extends to FMO's entire footprint. This includes FMO's activities at the organizational level and new investments with respect to all products provided by FMO. The nature of the services FMO delivers can in some situations limit FMO's level of influence. FMO will then apply this policy to the greatest extent possible. |
|                  | This Policy is the foundation of our sustainability management and provides guidance to FMO's internal processes.                                                                                                                                                                                                                                        |
|                  | This Sustainability Policy is the leading part of a broader Sustainability Policy Universe (see Annex 1 of the Policy) that also encompasses thematic and sectoral Position Statements that complement the Sustainability Policy and give further depth and content to the choices FMO makes.                                                            |
| Accountable body | Management Board with approval delegated to Impact and Sustainability Committee (ISCO)                                                                                                                                                                                                                                                                   |



|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Third-party standards/initiatives (if relevant)              | As part of the Sustainability Policy, FMO upholds various (inter)national standards. They are listed in the policy, which is publicly available.<br><br>With respect to the management of environmental and social impact, the primary standards that FMO upholds are the IFC PS and the associated World Bank Group Environmental Health and Safety Guidelines. They cover the larger part of the ESG requirements in the OECD Guidelines on Multinational Enterprises, which also reference the UN Guiding Principles on Business and Human Rights. |
| Consideration to interests of key stakeholders (if relevant) | We invite stakeholders to give their views on new policies and position statements that guide our investment process and decision-making.                                                                                                                                                                                                                                                                                                                                                                                                             |
| Availability to stakeholders (if relevant)                   | Sustainability Policy Universe, as well as a document describing how FMO navigates dilemmas and issues are all published on FMO's website.                                                                                                                                                                                                                                                                                                                                                                                                            |

## Allocate and structure capital

FMO's policy requirements are translated into internal investment criteria that are applied and assessed at the investment level where FMO assesses both the positive and negative impacts to define the boundaries of where we allocate capital. The exclusion lists and ESG risk appetite define the boundaries for negative impacts.

Our labels highlight the potential that individual investments must contribute to certain principles and objectives. The RI and Green Labels help classify individual investments as per their ex-ante (prior to commitment) potential to materially contribute to SDG 10 Reducing Inequalities and SDG 13 Climate Action respectively, thereby allocating capital towards FMO's strategic impact ambitions.

For each investment, FMO measures volume indicators (assets under management) which include FMO's RI and Green-labelled total committed portfolio. Labelling processes are operationalized using FMO's Sustainability Information System (SIS).

## Reducing Inequalities Label

The Reducing Inequalities (RI) label is FMO's framework for identifying investments with the ex-ante potential to materially contribute to reducing inequalities, in line with SDG 10, and explicitly encompassing gender equality under SDG 5. The RI label recognizes investments in least developed countries (LDCs), as defined by the United Nations, and select countries classified as Fragile and Conflict-Affected Situations (FCS), as defined by the World Bank that are also either African countries, small island developing states, or landlocked developing countries. The RI label is an ex-ante steering and classification framework and, thus, does not measure realized social impact. Its application depends on the availability and quality of transaction-level data. If information is missing, FMO takes a conservative approach to avoid overstating the results. More information on the 2025 performance results is provided in the sub-chapter 'Performance against our strategy' in the section 'Sector performance'.

Table 7. Minimum disclosure requirements for RI-labelled total new investments

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | <p>The RI label is structured around two objectives:</p> <ul style="list-style-type: none"> <li>- Reducing inequality among countries, through directing financial flows to LDCs and select FCS.</li> <li>- Reducing inequality within these countries through inclusive growth, through inclusive business and economic empowerment.</li> </ul> <p>The methodology is informed by international standards and definitions, including the publicly available 2X Gender Lens criteria and definitions of the IFC, G20, OECD, FAO and others.</p> |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Unit                                                                          | EUR million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2025                                                                          | 2,231                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 2024                                                                          | 2,250                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

## RI label assessment methodology

To assess the RI label of investments, first it is determined whether the investment meets the RI objectives. Next, the investment is verified against the RI principles, namely whether it improves access

to goods, services, opportunities, and economic resources, and enhances the lives of low-income or marginalized groups (marginalized groups are determined by income thresholds and proxy groups, e.g., youth, women). Finally, the RI allocation is determined. It can be labelled either 100% (RI clients, whose business models inherently reduce inequalities and align with the RI objectives and principles) or partially (0-100%) depending on the use of proceeds of the clients' activities and projects.

### Key definitions

- **Inclusive business:** Market-based solutions to expand access to essential and affordable goods, services, and livelihood opportunities to low-income populations on a scalable basis, by making them a material part of the value chain of companies' core business as suppliers, distributors, retailers, employees or customers.
- **Economic empowerment:** Access to economic resources and opportunities that help economically marginalized groups participate in, contribute to, and benefit from the economy in ways that recognize their contributions and are dignified and fair, including jobs, financial services, property and other productive assets, skills development and market information.
- **Low-income populations:** Also referred to as the base of the economic pyramid (BOP), are defined by FMO using poverty line of US \$6.85 per day in Purchasing Power Parity as a proxy.
- **Economically marginalized groups:** Groups facing structural barriers based on attributes such as gender, age, disability, ethnicity, origin, or migration status. Where direct data is unavailable, FMO uses defined proxy groups (e.g., women, youth, rural populations, migrants, smallholders).
- **Improved access:** When goods, services, and livelihood opportunities are of higher quality than those previously available or are more affordable or efficient than the alternatives being replaced.
- **Improved lives:** Income improvement for low-income or economically marginalized populations, directly linked to the investment activity (e.g., access to jobs, services, finance, markets).

### Green Label

The Green label is FMO's framework for identifying investments with the ex-ante potential to materially contribute to environmental objectives, particularly climate action (SDG 13), as well as biodiversity, water security, circular economy, and pollution prevention. The Green label is an ex-ante steering and classification framework and thus does not measure realized environmental impact. Its application depends on the availability and quality of transaction-level data. If information is missing, FMO takes a conservative approach to avoid overstating the results. More information on the 2025 performance results is provided in the sub-chapter 'Performance against our strategy' in the section 'Sector performance'.

Table 8. Minimum disclosure requirements for Green-labelled total new investments

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | <p>The Green label follows two key principles:</p> <ol style="list-style-type: none"> <li>1. Contributing to a genuine improvement: going beyond local regulatory requirements (e.g., an investment that contributes to pollution prevention to comply with local regulations is not a genuine improvement and is not considered Green), being unrelated to local resource stress, and being sustainable throughout the value chain.</li> <li>2. Not contributing to a long-term lock-in of high carbon infrastructure.</li> </ol> <p>The framework is informed by the Multilateral Development Banks' Common Principles for Climate Mitigation and Adaptation Finance Tracking of October 2021 and 2022 respectively, and the MDB Common Principles for Tracking Nature Finance.</p> |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Unit                                                                          | EUR million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 2025                                                                          | 1,761                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2024                                                                          | 1,460                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

### Green label assessment methodology

The Green label assessment process begins with applying the Green label principles. All clients are assessed at the activity or project level, and each financed activity must comply with these principles as contractually agreed. Then, the relevant environmental objectives are identified; every activity must align with at least one of FMO's six objectives: climate mitigation, climate adaptation, biodiversity, water security, circular economy, and pollution prevention. Next, the use-of-proceeds category is determined. Clients are classified as (a) Green clients, whose business models inherently deliver environmental

benefits aligned with the Green label objectives and can demonstrate these through verifiable activities or certifications; (b) Future-state activities, representing near-zero or negative emissions; (c) Transitional activities, meeting at least a 20% efficiency improvement or BAT criterium; or (d) Enabling activities that support the development or implementation of future-state or transitional activities. Based on the use-of-proceeds category, the Green labelled amount is determined, with Green clients receiving a 100% label and other categories receiving between 0% and 100% depending on the use of proceeds. Finally, annual monitoring is conducted to verify that activities, especially transitional or commitment-based ones, continue to meet Green label criteria.

### Key definitions

- **Lock-in of high carbon infrastructure:** When fossil fuel infrastructure and assets (e.g., coal mines, pipelines, tanker trucks) continue to be used, despite the possibility of substituting them with low-emission alternatives, delaying or preventing the transition to (near-)zero emission alternatives.
- **Best available technique (BAT):** Using the most resource-efficient technology or approach that is widely available and applicable today.
- **20% criterium:** If FMO's investment goes towards an activity, equipment, or expansion, it must be at least 20% more efficient than what is replaced or updated.

### ESG management at customer level

Our investments may, unintentionally, lead to negative impacts on people and the environment. FMO is exposed to financial risks resulting from our investment selection, the effectiveness of customers to manage their impacts and the effectiveness of FMO's engagement therein. At FMO, ESG management covers the management of both negative impacts, as well as potential financial risks. As part of its investment process, FMO screens and categorizes all customers according to their gross ESG risk profile. Gross risks represent the risks inherent to the activity to be financed (for example, sector-specific risks, location of the investment or the nature of operations etc.) irrespective of a customers' ESG performance. Note that FMO's E&S risk categories are aligned to the IFC's Environmental and Social Risk Categorization Framework (please refer to the FMO Sustainability policy, specifically the 'ESG Risk categorization Annex' and the 'Position Statement on Impact and ESG for Financial Intermediaries', that are available on the FMO website, for further details). Based on this initial screening, the following categorization of customer E&S risk profiles is determined: A and B+ (high risk), B (medium risk) and C (low risk) for direct investments; and ID-A (high risk), ID-B+ (high risk), ID-B (medium risk) and ID-C (low risk) for indirect exposure through debt and PE funds.

Note that in the case of direct investments, E&S impact is assessed at customer-level. For indirect exposure to FIs, E&S impact is assessed by considering the operations as well as the investments of the FI (i.e., on a portfolio level basis). In particular, the FI customers' level of exposure to high E&S impact sectors is considered. Similarly, in the case of funds, the E&S risk categories of the underlying investments the fund is composed of are taken into consideration when determining the funds' E&S risk profiles. Similarly, an initial assessment of the corporate governance (CG) risk for a customer is also conducted, resulting in a CG risk categorization of High, Medium or Low. The CG risk categorization depends on the number of CG risk drivers identified through the CG Rapid Risk Assessment tool.

Customers are evaluated, as well as their ESG performance, i.e. their capacity to manage these. FMO assesses the customers' performance in mitigating and managing ESG impacts during the due diligence by conducting site visits and stakeholder engagement by dedicated ESG specialists for high ESG risk customers. The level and exact focus of engagement depend on the type and severity of impact and/or the extent to which the identified impact pose a threat to the environment, communities, the customer and/or FMO.

Impacts that are not adequately managed by high-risk customers are considered a performance gap, and recorded as such. FMO accepts a limited gap in successful ESG management to our standards. This gap acknowledges residual risk posed by contextual and implementation challenges in our market. FMO ESG specialists work with customers to develop Environmental and Social Action Plans (ESAPs) and Corporate Governance Action Plans (CGAPs) to enhance customer ESG impact management processes and remediate these gaps.

For FMO's high ESG risk customers, we monitor our exposure through FMO's proprietary SIS. The net ESG risk exposure is the customers' gross risk exposure corrected for by the customer's performance managing down the negative impact.

E&S performance tracking is conducted for all high E&S risk customers, to determine their adherence to the IFC PS. The performance tracker considers all applicable IFC PS criteria per customer and allows these to be scored to assess the potential negative impacts (the risk exposure the IFC PS criteria) and the performance of the customer to mitigate it. For each applicable IFC PS criteria for each high E&S risk customer, the following is determined: 1. the customers' risk exposure (1 – Low | 2 – Medium | 3 – High), and 2. the customers' performance score against (1 – Exemplary | 2 – Good | 3 – Fair | 4 – Caution | 5 Unacceptable). The combination of these elements leads to a 7-letter scale E&S risk rating (AAA, AA, BBB, BB, CCC, CC, D) for each applicable criterion. For example, a high E&S risk exposure combined with a satisfactory performance result in E&S risk rating of BB for this criteria; similarly, a medium E&S risk exposure combined with a caution performance result in an E&S risk rating of CCC for this criteria.

CG performance tracking is conducted for all high and medium CG risk customers to determine their level of CG maturity (basic (1), emerging (2) and advanced (3)) and assess the adequacy of the CG maturity given, the nature, complexity and size of the customer (1. Adequate, 2. Adequate but room for value add or 3. Inadequate). The CG maturity levels are derived from the Corporate Governance Development Framework which is Based on the IFC's Corporate Governance Methodology. The combination of these elements leads to a 7-letter scale CG risk rating (AAA, AA, BBB, BB, CCC, CC, D) per customer. For example, a basic average CG Maturity combined with adequate but room for value add CG adequacy performance result in CG risk rating of CCC for this customer; similarly, an emerging CG maturity combined with an adequate performance result in a CG risk rating of AA for this customer.

Ratings BB/BBB/AA/AAA represent adequate customer ESG risk management per criterion, whilst CCC/CC/D represent performance gaps and are deemed to be inadequate. The lowest rating that the customer has achieved across all IFC PS criteria and the CG risk rating is used as the overall customer ESG performance rating. Performance is monitored over the lifetime of the investment.

It should be noted here that the nature of the ESG assessment does not always allow a strict quantitative delineation. FMO works across numerous sectors, and various dimensions. Hence assessing the ESG risk exposure and performance of our customers in managing their ESG risks will always require some level of expert judgement. Risk management and internal control systems for ESG Risk management are part of FMO's comprehensive risk governance and risk management framework and follows the three lines model.

ESG performance tracking in SIS is integrated within the investment process: FMO's Credit department evaluates the ESG impacts and performance of each financial proposal and prepares credit advice to guide the final investment decision. Upon approval, all customer contracts will include ESG requirements, and FMO monitors the implementation of these requirements by our customers (throughout the investment period) through regular contact and site visits, often supported by independent consultants. Customer compliance against the ESAP and CGAP, as well as closing of actions, is monitored as part of the Customer Credit Review (CCR) process. In addition, FMO monitors serious incidents as reported by our customers or underperformance that would warrant corrective actions. We follow up on each incident to ensure a robust root cause analysis is conducted and corrective action implemented.

ESG performance is 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 our customer's performance in managing potential ESG negative impacts.

### Impact management at customer level

At FMO, different teams contribute to different core elements relating to the management of positive impacts. This includes defining the strategic impact ambition of an investment aligned with 2030 Strategy ambitions, providing methodological guidance and defining reporting frameworks (how to measure), gathering data from customers and other sources, and recording this data in FMO's SIS; and aggregating and reporting this data internally and externally.

To measure, report and monitor the development impact of transactions, deal teams work with customers to define how the investment supports the core SDGs. They select approximately one to three impact indicators that best capture the intended positive impact of that investment and establish baselines and (where possible) time-specific expected values for these indicators. During the annual review process, customers report on the indicators.

FMO engages with other EDFIs to harmonize indicators to measure impact and align requirements across DFIs for customers. FMO strives towards alignment vis-à-vis the Harmonized Indicators for Private Sector Operations (HPSO), the Global Impact Investing Network (GIIN), and Impact Reporting and Investment Standards Plus.

## Customer Value Creation

Customer Value Creation (CVC) is FMO's active contribution to support customers to reach their financial and non-financial objectives. FMO offers a range of value creation services and products to customers including the provision of investment, financial and non-financial advisory by FMO own staff (f.i., on governance, E&S management or green finance), development contributions that facilitate external expertise, technical assistance and access to FMO's networks and lastly inherent contributions where partnering with FMO may provide reputational value that may benefit the customer's objectives.

Three key motivations have helped shaped FMO's definition and intentions under CVC: (1) Focus on our customers amid competing priorities, (2) optimize our resources allocated to customer value creation activities, and (3) improve our value proposition in the market.

## Monitor and manage impact at portfolio level

At the portfolio level, FMO manages and steers towards positive and negative impacts. FMO measures volume indicators.

## Impact management at portfolio level

The volume indicators include FMO's RI and Green-labelled total committed portfolio. FMO has a 2030 target of €10 billion for investments that will contribute towards SDG 10 Reduced Inequalities and SDG 13 Climate Action. The labels are a strategic steering tool to this end. In addition, FMO has identified several metrics to measure FMO's contributions to the SDGs. While these metrics will be monitored for broader impact management purposes or external reporting requirements, only the metrics with a target are used to steer towards our strategic impact objectives.

Table 9. Minimum disclosure requirements for SDG 10 Target

|                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable) | By 2030, we aim to have an investment portfolio of at least €10 billion in SDG 10 by financing assets that contribute to our SDG 10 objectives.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Scope of target                                                                                                                  | SDG 10 investments in the total committed portfolio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Baseline value                                                                                                                   | €4.0 billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Baseline year                                                                                                                    | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Application period                                                                                                               | 2023 – 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Milestones or interim targets                                                                                                    | Annual targets are set as part of the annual business planning process.<br>2025 target: €1.46 billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Methodologies and assumptions                                                                                                    | <p>The target has been established following the intent to double FMO's impact regarding SDG 10 compared to the baseline year 2021. In the absence of a single impact metric, we focused on doubling the size of the relevant portfolios. Setting the target involved a forecasting exercise of the portfolio and subsequent internal discussions.</p> <p>Key assumptions for this target are that FMO can contribute to reducing inequalities within and between countries by steering investments towards 1) least developed countries or 2) activities that support inclusive growth. Hence, an investment can receive an ex-ante RI Label if the investment takes place in, or funds are expected to flow predominantly to LDCs (aligned with SDG 10.9) and/or if the investment is expected to contribute to inclusive business practices or targets the bottom 40 percent of the population (SDG 10.1).</p> <p>Portfolio trajectories per department were forecast during the 2030 Strategy process and SDG 10 targets were confirmed with investment directorates, based on past and expected performance. It should be noted that portfolio growth was forecasted using a stable EUR/USD foreign exchange (FX) rate of 1.10 through 2030. An appreciating USD has a positive effect on our portfolio results.</p> |
| Target related to environmental matters is based on conclusive scientific evidence (if applicable)                               | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |



|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stakeholder involvement with target setting | The target has been set as part of the 2030 Strategy process. Key input to setting the target was the Corporate Evaluation of our performance on reducing inequalities in the years 2015-2020. The evaluation was concluded in 2021. The target and strategic focus were discussed both formally and informally with key stakeholders during the strategy process. This included the Dutch government, being the main shareholder, and multi-stakeholder dialogues held in the course of 2021. |
| Changes in target                           | No changes were made to the target                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Performance                                 | There was a 1% decrease in 2025 compared to 2024, to €2.23 billion. However, the target of €1.46 billion, that was set for 2025 was still reached. For more information on key trends and drivers, refer to the sub-chapter 'Performance against our strategy', 'Sector performance'.                                                                                                                                                                                                          |

Table 10. Minimum disclosure requirements for SDG 13 Target

|                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable) | By 2030, we aim to have an investment portfolio of at least €10 billion in SDG 13 by financing assets that contribute to our SDG 13 objectives                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Scope of target                                                                                                                  | SDG 13 investments in the total committed portfolio                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Baseline value                                                                                                                   | €4.1 billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Baseline year                                                                                                                    | 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Application period                                                                                                               | 2023 – 2030                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Milestones or interim targets                                                                                                    | Annual targets are set as part of the annual business planning process.<br>2025 target: €1.45 billion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Methodologies and assumptions                                                                                                    | <p>The target has been established following the intent to double FMO's impact regarding SDG 13 compared to the baseline year 2021. In the absence of a single impact metric, we focused on doubling the size of the relevant portfolios. Setting the target involved a forecasting exercise of the portfolio and subsequent internal discussions.</p> <p>The Green Label is applied ex-ante to investments that are identified to contribute to potential positive impact on climate.</p> <p>Portfolio trajectories per department were forecast during the 2030 Strategy process and SDG10 targets were confirmed with investment directorates, based on past and expected performance. It should be noted that portfolio growth was forecasted using a stable EUR/USD FX rate of 1.10 through 2030. An appreciating USD has a positive effect on our portfolio results.</p> |
| Target related to environmental matters is based on conclusive scientific evidence (if applicable)                               | The Green Label methodology is based on and largely aligned with the Multilateral Development Banks (MDB) common principles on climate- and nature- finance tracking. This set of principles is not intended to be scientifically evidenced per se, but evidence (such as certification of agricultural products or buildings) is required to support that these investments meet the principles and definition as set out in FMO's Green Label methodology.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Stakeholder involvement with target setting                                                                                      | The target has been set as part of the 2030 Strategy which has been discussed both formally and informally with key stakeholders during drafting, including the Dutch government as key stakeholder and shareholder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Changes in target                                                                                                                | No changes were made to the target                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Performance                                                                                                                      | There was a 21% increase in 2025 compared to 2024, to €1.76 billion. This means that the target of €1.45 billion, that was set for 2025 was reached. For more information on key trends and drivers, refer to the sub-chapter 'Performance against our strategy', 'Sector performance'.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

## ESG management at portfolio level

FMO measures ESG gross and net risk in our portfolio to monitor our risk profile and to ensure we remain within risk appetite while measuring ESG performance. FMO has a public ESG target on the ESG performance of its high-ESG risk customers' portfolio. The target is part of FMO's Risk Appetite Framework (RAF), which specifies the appetite for accepting residual ESG risk. FMO has a cautious appetite for ESG risk in its investments. Full adherence cannot generally be expected at the start of the relationship. FMO strives for investments to be brought in line with our standards within a credible and reasonable period of time. It is understood and accepted that customers/investees have performance gaps as they need knowledge and resources to implement ESG improvements.

## E&S performance gaps

Table 11. Minimum disclosure requirements for number of customers with E&S performance gaps in portfolio

|                                                                               |                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope                                                                         | Number of High E&S risks customers for which subpar performance (performance gaps) has been identified (denoted by 'n'). Please refer to the methodology described above in section 'ESG management at customer level' on how performance gaps are defined. |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                         |
| Unit                                                                          | Number                                                                                                                                                                                                                                                      |
| 2025                                                                          | 52                                                                                                                                                                                                                                                          |
| 2024                                                                          | 54                                                                                                                                                                                                                                                          |

The following table provides an overview of the current E&S performance gaps we have identified and how we engage with these customers. It includes the number of High E&S risk customers for which subpar performance has been identified (denoted by 'n'). The outcomes shown below were compiled as part of FMO's E&S performance tracking on a customer level (the methodology underlying this is outlined in table 11). These performance gaps have been summarized by theme in the table that follows which illustrates the high priority issues that still require attention.

Table 12. E&S performance gaps

| E&S performance gaps                               | Risk type | Number of unique customers (n) |      | Description                                                                                                                                                                                                                                                                                                                                                                                        | Our engagement                                                                                                                                                                                       | ESRS topic |
|----------------------------------------------------|-----------|--------------------------------|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
|                                                    |           | 2024                           | 2025 |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                      |            |
| Willingness and commitment                         | PS1       | 7                              | 10   | Resistance to engage on E&S issues can stem from over-reliance on DFIs to drive ESG work streams. Commitment can waver due to financial, operational and contextual difficulties. Wavering commitment can have tangible implications on human rights and the environment, for example through delays in implementing management plans or community benefits, or in conducting specialized studies. | We use contractual leverage on specific E&S items, raise issues with customers' top management and exert influence on their boards, e.g. to push for the improvement of organizational culture.      | -          |
| Environmental and social governance and budget     | PS1       | 9                              | 12   | The customer's leadership is not fully aware of and involved with E&S performance management, and/or has not allocated sufficient budget, resources, or time. Governance issues can result in poor protection of workers' rights, a range of risks to communities, as well as damage to the environment.                                                                                           | We use contractual leverage and escalate the issue to top management. We may offer capacity building and advice on integrating E&S costs into financial planning and monitor frequently.             | -          |
| Identification and assessment of risks and impacts | PS1       | 8                              | 6    | Weak (initial and ongoing) identification and mitigation of risks. This can adversely impact human rights.                                                                                                                                                                                                                                                                                         | We provide customers with continuous engagement with our ESG staff and capacity building. If needed, we exert formal pressure, e.g., through withholding additional financing or triggering default. | -          |

|                                                                          |     |    |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                 |                               |
|--------------------------------------------------------------------------|-----|----|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Environmental and social management system                               | PS1 | 13 | 12 | <p>Since the assessment and management of E&amp;S risks and impacts is part of a larger set of processes that the customer uses to manage its projects, the customer needs to deploy an environmental and social management system (ESMS) to warehouse and utilize such processes. A weak system hampers the ability to identify issues or risks, and through that to improve E&amp;S performance, and so can lead to adverse economic, financial, social, and environmental impacts.</p> | We support customers in the development and improvement of an ESMS.                                                                                                                                                                             | -                             |
| Organizational capacity and competency                                   | PS1 | 10 | 7  | <p>E&amp;S teams can be too small, change often, continue to perform poorly, or lack qualified staff. This is an issue in countries where environmental legislation is developing, and/or state human rights policy and practice are weak.</p>                                                                                                                                                                                                                                            | We use contractual leverage, offer capacity building and look for competent staff in our network.                                                                                                                                               | -                             |
| Stakeholder engagement, external communication, and grievance mechanisms | PS1 | 16 | 16 | <p>Trust and communication between FMO's customer and its stakeholders are eroding or have broken down. Ineffective channels of communication play an important part here, particularly when grievances are insufficiently captured or redressed. Poor performance in this area can infringe on the freedom of opinion and expression, and even result in inhuman treatment, retaliation, and risk to lives.</p>                                                                          | We intensify our customer engagement, offer to connect customers to experts, mediate or provide capacity building.                                                                                                                              | S3 Affected communities       |
| Voluntary land rights transfer                                           | PS1 | 2  | 2  | <p>Customer needs to demonstrate that the buyer and the seller were both willing to transfer the land. Involuntary land transfer can be masked as voluntary, which can weaken community cohesion, cause tension between company and community and affect people's livelihoods.</p>                                                                                                                                                                                                        | We engage with our customers to help them establish a land acquisition process that shows both the buyer and seller are willingly transferring the land.                                                                                        | S3 Affected communities       |
| Working conditions and management of workers (incl. third party workers) | PS2 | 14 | 15 | <p>Project workers working in substandard conditions, unaware of their rights or without access to grievance mechanisms. This can infringe on labor rights.</p>                                                                                                                                                                                                                                                                                                                           | We discuss gaps with the customer, enable capacity building, and set conditions, e.g., by making disbursements conditional on improvement.                                                                                                      | S2 Workers in the value chain |
| Occupational health and safety                                           | PS2 | 10 | 12 | <p>Gaps in ensuring safe and healthy working conditions, possibly leading to serious injuries and fatalities. This could infringe upon the right to health and safety in the workplace, and the right to life.</p>                                                                                                                                                                                                                                                                        | We discuss gaps with the customer, enable capacity building, and set conditions, e.g., by making disbursements conditional on improvement.                                                                                                      | S2 Workers in the value chain |
| Supply chain working conditions                                          | PS2 | 3  | 2  | <p>When the customer does not monitor its primary supply chain, risks, or incidents affecting vulnerable groups are not adequately addressed.</p>                                                                                                                                                                                                                                                                                                                                         | We require customers with supply chains susceptible to high human rights or environmental risks to conduct a supply chain risk assessment. In some cases, they also need to develop a leverage plan and/or action plan to mitigate those risks. | S2 Workers in the value chain |

|                                                                    |     |    |    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                     |                                |
|--------------------------------------------------------------------|-----|----|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Resource efficiency and pollution prevention                       | PS3 | 10 | 10 | Projects reduce the availability of water in arid regions or pollution prevention measures are inefficient. This can infringe upon the right to life, the rights of the child and the right to live in a safe, clean, and healthy environment.                                                                                                                                                                                                                                                                                              | We discuss gaps with the customer, enable capacity building and set conditions, e.g., by making disbursements conditional on improvement.                                                                           | –                              |
| Community health, safety, and security                             | PS4 | 9  | 9  | Potential negative impacts to local communities are poorly managed, especially when security forces are mandated to protect personnel and assets. The increasing fragility of political environments across the geographies we work in makes this a complex area.                                                                                                                                                                                                                                                                           | We discuss gaps with the customer, enable capacity building and set conditions, e.g., by making disbursements conditional on improvement. FMO can require a root cause analysis and corrective measures or redress. | S3 Affected communities        |
| Land acquisition and involuntary resettlement                      | PS5 | 9  | 8  | When resettlement and livelihood restoration plans are poorly managed or insufficiently recognize vulnerable groups and/or have ineffective grievance mechanisms. This can impoverish people and infringe on their right to an adequate standard of living, notably the right to food and adequate housing.                                                                                                                                                                                                                                 | We find an expert to conduct gap analyses and implement recommendations. In the event of an early exit, FMO seeks to provide remedy to those impacted.                                                              | S3 Affected communities        |
| Biodiversity conservation and living natural resources             | PS6 | 9  | 14 | Biodiversity potential negative impacts have not been modeled well enough or monitoring and mitigation are insufficient, or new findings are missed or ignored. This reduces biodiversity and access to forest products, thereby infringing on the right to food and/or an adequate standard of living.                                                                                                                                                                                                                                     | We intensify customer monitoring, engage a biodiversity expert and use our leverage to improve the situation.                                                                                                       | E4 Biodiversity and ecosystems |
| Indigenous Peoples                                                 | PS7 | 3  | 2  | Community engagement processes do not meet FPIC requirement and/or do not allow for sufficient participation of Indigenous Peoples. In some cases, we recognize challenging operating conditions where risks to these communities are difficult to control. This may lead to the infringement of their right to food, traditions and sacred sites.                                                                                                                                                                                          | FMO encourages customers to meet FPIC standards, share benefits with communities, and include indigenous groups in livelihood restoration. We may intensify monitoring of contextual risk factors.                  | S3 Affected communities        |
| Cultural heritage                                                  | PS8 | 3  | 4  | Failure to protect cultural heritage. This can infringe on the rights of people to benefit from their and other people's cultural heritage.                                                                                                                                                                                                                                                                                                                                                                                                 | We use our leverage to improve the situation, looking at past and future risks.                                                                                                                                     | S3 Affected communities        |
| Financial intermediaries: Financial institutions and fund managers | –   | 22 | 18 | Substandard system for identifying and managing E&S potential negative impacts of financed activities. Processes and procedures are unclear, E&S management responsibilities are insufficiently defined and/or capabilities are lacking, or inadequate E&S due diligence and monitoring is performed. This can be compounded by lack of exposure to and experience in E&S risks management by the financial sector and the lack of a level-playing field. This can lead to infringements of all types of human rights as referenced before. | We provide expertise and funding for the ESMS or sit on E&S risk management committees. We negotiate improvement plans and, in some cases, initiate or contribute to sector initiatives.                            | –                              |

### ESG performance target

While we monitor all negative impacts in our portfolio, FMO's ESG performance target is set annually for high-ESG risk customers contracted prior to 2025 (identified as the 'target list'). The target list for 2025

includes high E&S risk customers and/or high CG risk customers for which the assessment has been approved in the current financial year. We register and monitor all IFC PS criteria and the CG criteria (the ESG Risks) potential negative impacts of our high-risk customers and aim to have at least 90 percent of ESG risks in our target list managed at an adequate level by our customers.

The 2025 results indicate that, on average, 95 percent of ESG risks were adequately managed. In instances where customer performance deteriorates or open action items are not implemented on time, customers receive lower ratings, which bring down the average of the entire portfolio. The target has been met, and the 2025 performance has improved from 94 percent in 2024, resulting from improved impact management by our clients, with a particular increase in performance of our FI portfolio.

Table 13. Minimum disclosure requirements for ESG performance target

|                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable) | At least 90 percent of the ESG risks in our target list are managed at an adequate level by our customers                                                                                                                                                                                                                                                                                                                                   |
| Scope of target                                                                                                                  | High ESG-risk customers. By consolidating customers within the same corporate group or group of companies, and excluding those in B Loans* or contracted in 2025, we created a target list of 304 customers. This is a slightly more extended scope than in 2024 (258 customers), due to enhancements made to the CG risk categorization framework. Moreover, this way, all high-risk deals (E&S and CG) are considered in the target list. |
| Baseline value                                                                                                                   | 90% (annual target)                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Baseline year                                                                                                                    | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Application period                                                                                                               | 2025-2030                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Milestones or interim targets                                                                                                    | Annual targets are set as part of the annual business planning process.                                                                                                                                                                                                                                                                                                                                                                     |
| Methodologies and assumptions                                                                                                    | The target is calculated as the share of adequately managed ESG Risks amongst all ESG Risks assessed in the target list customers (see scope for target list).<br><br>Ratings BB/BBB/AA/AAA represent adequate customer ESG risk management per criterion, whilst CCC/CC/D are deemed to be inadequate. Please refer to the section 'ESG management at customer level' for further details on the ESG risk rating methodology.              |
| Target related to environmental matters is based on conclusive scientific evidence (if applicable)                               | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Stakeholder involvement with target setting                                                                                      | The target has been set as part of the 2030 Strategy which has been discussed both formally and informally with key stakeholders during drafting, including the Dutch government being the key stakeholder and shareholder.                                                                                                                                                                                                                 |
| Changes in target                                                                                                                | Target remains the same as in 2024 except the target list is redefined every year as described in the methodology (see also 'scope of target' above).                                                                                                                                                                                                                                                                                       |
| Performance 2025                                                                                                                 | 95%                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Performance 2024                                                                                                                 | 94%                                                                                                                                                                                                                                                                                                                                                                                                                                         |

\*FMO participates in 'B-loans', contractual arrangements where it has a sub-participation where another DFI/MDB manages the customer relationship. In these cases, FMO does not have a direct business relationship with the end recipient. In 2023, it was decided that, while FMO will continue to monitor B-loan performance, the results would not be included in our ESG target.

## Evaluate and learn

FMO conducts evaluations to assess and learn from FMO's performance against our committed (impact) objectives. At the portfolio level, we perform corporate evaluations to assess FMO's contributions to the SDGs, while for fund evaluations, we selectively choose specific investments for review. Evaluations help us to be accountable and to learn from the results that our financial and non-financial activities create in order to continuously improve.

## ESRS 2 Governance of sustainability matters

The topic of governance is mostly covered in the sub-chapter 'Corporate governance' and the chapter 'Report of the Supervisory Board'. In this section, we provide information on the governance aspects relating to sustainability-related matters.



## Roles and responsibilities in managing IROs

FMO's sustainability agenda is managed in an integrated way. The Supervisory Board oversees the overall strategy and performance. The Supervisory Board (SB) has three dedicated committees: The Audit and Risk Committee (ARC), the Impact Committee (IC), and the Selection, Appointment and Remuneration (SARC). The ARC, on behalf of the SB, supervises the Management Board (MB) on sustainability reporting and the sustainability statements from a reporting perspective focusing on timeliness, accuracy, and completeness. Additionally, the ARC provides - among others - advice to the Supervisory Board on approving the Risk Appetite Framework. The Audit and Risk committee also discusses the quarterly Risk Appetite Reports on a regular basis. This report includes sections on whether climate risk and ESG risk are within appetite level. The Impact Committee prepares the decision-making and advice of the Supervisory Board on FMO's strategic impact commitments, including policies and targets related to sustainability-related matters.

Our material sustainability-related impacts, risks and opportunities are reflected in the standing rules of the Supervisory Board Impact Committee as part of their objective of assisting the Supervisory Board in overseeing the quality and integrity of FMO's statements regarding development Impact. The Supervisory Board Impact Committee also prepares advice to support Supervisory Board and Management Board decision-making concerning FMO's strategy in respect to sustainability-related matters, including policies and target-setting.

Our Management Board is responsible for FMO's mission, vision, strategic goals and strategy including our long-term value creation. The Management Board is also responsible for implementing the strategy and the subsequent delivery of results, as reflected in the standing rules of the Management Board. Our sustainability-related matters are closely connected to managing FMO's development impact, which is a core Management Board responsibility. In 2022, the Management Board approved FMO's 2030 Strategy, including its 2030 strategic targets and ambitions. FMO's long-term strategy is translated into annual business plans, outlining the priorities as well as the annual targets for the year, which are discussed and approved by the Management Board. The Management Board also approves the overall outcome of FMO's double materiality assessment and reporting approach.

Specific investments and divestments are discussed and/or approved by the Management Board. The Management Board decides and steers on strategic ambition levels regarding sustainability, through the setting of sustainability-related targets at corporate level, approving elements of our sustainability policy universe and guiding on items with high sustainability-related risks of reputational damage.

## Management Board committees

Regarding the management of sustainability-related impacts, risks and opportunities, the Management Board is supported by the Impact and Sustainability Committee (ISCO), the Non-Financial Risk Committee (NFRC), and the Financial Risk Committee (FRC).

The ISCO supports the Management Board by driving the day-to-day impact and sustainability agenda through improved decision-making of sustainability-related matters and interpretation of external developments, with a view to implementation consequences. The Co-CIO has been appointed as the single point of accountability in the Management Board for sustainability-related matters and acts as Chair of the ISCO. In addition, the committee is composed of the following permanent members: Director Strategy, Director ESG+, Director Finance, Integrated Reporting and Impact Measurement, Investment Director and Director Credit and Special Operations. The ISCO is informed on the results of the FMO's DMA from an impact materiality perspective, for the Management Board to approve. The Sustainability Policy is approved by the Management Board at least once every 3 years. The ISCO has delegated authority for its annual approval.

The NFRC is appointed by the Management Board for the purpose of monitoring, challenging, and deciding upon the execution of non-financial risk within FMO including ESG risks and will decide on the escalation of unacceptable ESG risks related to investment projects and cases with high reputational risk. The FRC deals with ESG risk at a portfolio level including, for example, climate risk assessments and results. The FRC is informed on the results of the DMA from a financial materiality perspective. Both the FRC and NFRC are chaired by Management Board members.

## Internal functions

The responsibility for managing sustainability-related impacts, risks, and opportunities lies with several internal functions within FMO. The Strategy department is tasked with managing FMO's corporate

strategy and implementation, including defining the sustainability strategy and related policies. FMO's strategic goals and objectives are cascaded down to the investment departments, which are supported by the respective Impact and ESG+ departments for managing impacts and opportunities. These departments are responsible for identifying the areas in which FMO can work with customers to minimize our negative impacts and optimize our development impacts, to build customer capabilities and for the integration of sustainable standards in our investment processes. Up until August 2025, the Credit department was responsible for performing an independent review of FMO's impact assessments at an investment level. From September 2025 and onwards, the Impact Measurement team in the Finance, Integrated Reporting and Impact Measurement department has taken over this responsibility. The Finance, Integrated Reporting and Impact Measurement department, together with the Strategy department, prepares periodic reports to monitor progress on our strategic goals and operational targets, from both a financial and impact perspective. These are discussed with the Management Board on a monthly, quarterly, and annual basis. Other relevant sustainability-related developments can be brought to the Management Board's or ISCO's attention when deemed necessary. For a description of the procedures to manage ESG risks and FMO's risk management framework, please refer to the 'Risk management' chapter.

## Skills and expertise

As an impact-driven development finance institution, operating in emerging markets, we deal with a diverse group of stakeholders and topics. The Management Board aims to have a diverse composition with respect to gender, education, experience and age as well as relevant knowledge, expertise, and experience in the business areas in which FMO is active. This includes sustainability-related matters, which are core to FMO's mission. Having an up-to-date understanding of the topic is important for all board members. The Management Board and Supervisory Board can rely on internal experts or hire external experts, should the topic in hand require it. Moreover, the Supervisory Board and Management Board follow a Lifelong Learning Plan where besides, for example, topics that are required by the Dutch Banking Code, sustainability-related matters are included from time to time. The knowledge and experience we have at Supervisory Board and Management Board level relate to FMO's development goals, which includes contributing to in particular SDGs 8, 10 and 13.

## Sustainability-related matters addressed

The Management Board is informed and discusses progress on material sustainability-related impacts and opportunities on a quarterly basis via the Integrated Quarterly Reports. These reports are prepared by the Strategy department to enable the Management Board to monitor progress towards our strategy, including progress on this year's three priorities: 1) growing impactful business, which among other things includes progress on investments related to SDGs 8, 10 and 13; 2) improving our capabilities; and 3) regulatory compliance, financial sustainability and risk management.

The Management Board discusses the Risk Appetite Report every quarter and assesses whether the ESG risk and climate risks are within risk-appetite levels. If this is not the case, the Management Board discusses ways to steer our portfolio back towards risk-appetite levels. With regard to the approval of policies that touch upon ESG and climate risk, the Management Board generally invites representatives of the departments involved to the meeting to discuss the pros and cons and thereafter decides whether to approve the proposed policy. The same goes for prospective investments that have an ESG, climate or sustainability-related element that poses a dilemma. In general, the representatives of the departments involved elaborate on their point of view. Thereafter, the Management Board takes a decision on whether to invest, sometimes subject to conditions.

The Supervisory Board Impact Committee acts as a sounding board for the Management Board with regard to sustainability-related matters. For information on the topics discussed by the Supervisory Board and its committees, refer to the 'Corporate governance' section.

For a list of impacts, risks and opportunities that were addressed by the Management Board, Supervisory Board or their relevant committees, refer to the section on impact, risk and opportunity management included in each topical standard.

## Sustainability-related performance in incentive schemes

FMO's remuneration policy includes no direct relationship between sustainability-related elements such as the avoidance or reduction of GHG emissions and remuneration elements such as a pay-for-performance system in which the achievement of individual or team targets related to climate/emissions

results in an (additional) reward element or benefits. Sustainability-related goals and ambitions, as stated in FMO's strategy, are translated into an annual corporate business plan and goals per department/team. The contribution to the annual performance related to these goals and ambitions is part of the annual performance and appraisal interviews. The specific individual contribution towards FMO's sustainability agenda varies greatly by role. Therefore, along with many other elements, while sustainability-related performance can contribute in part to individual annual performances, it only has an indirect effect on remuneration. Further information on FMO's remuneration policy is provided in the sub-chapter 'Corporate governance' in the section 'Aligned remuneration policies'.

## ESRS 2 Risk management and internal controls

The risk management and internal control system associated with the sustainability reporting process is integrated into FMO's comprehensive risk governance and risk management framework.

The governance of non-financial risk in FMO follows the three lines model.

- **First line** – Management monitors whether the (key) controls in their area of responsibility are functioning effectively or need any improvement. For this purpose, they assess through direct or indirect feedback and evidence the effectiveness of the (key) controls in place.
- **Second line** - For non-financial risk is performed by the Operational Risk Management team (ORM) and the Compliance department. They perform independent testing on an agreed subset of key controls. These tests verify if Control Monitoring activities have resulted in a correct assessment of the effectiveness of the controls.
- **Third line** – Internal Audit performs independent oversight over non-financial risk and internal control. The mandate and responsibilities of Internal Audit are described in the Audit Charter.

Control monitoring and testing is facilitated by ORM twice a year, in November and June. ORM provides guidance, training and sampling instructions, and reports the results of control monitoring and testing, as well as the progress of control remediation, to the Non-Financial Risk Committee (NFRC). Internal Control activities follow a yearly cycle and are aligned with the financial reporting process, because the results are used to substantiate the Management Board's In Control Statement (ICS) in the annual report. Detailed information is provided in the 'Risk Management' chapter in the 'Risk governance' section and 'Non-financial risk' sub-chapter.

FMO's approach to the annual reporting of findings of risk assessment and internal controls to administrative, management and supervisory bodies, can be found in the 'Risk Management' chapter, in the section 'Risk governance'.

The purpose of FMO's annual report is to be compliant with existing regulations, and to meet additional external commitments, which are not prescribed by law but have been made on a voluntary basis. Through the annual report, FMO ensures that we report in line with sustainability reporting standards which include a compliant and timely report, as well as accurate and complete data and narrative. As such, when it comes to sustainability reporting, two layers of risks have been identified: the first level relates to key risks to process and content, while the second level goes with more granularity into the controls over the data and policies reported in our 'Sustainability statement'.

Four categories of key risks have currently been identified; two that address the process and two that address our sustainability-related data and narrative, included in our 'Sustainability statement'.

1. Report is compliant with regulations and standards (process).
2. The report is on time (process).
3. Data is accurate and complete (content).
4. Narrative is accurate and complete (content).

For all identified key risks, controls and mitigation actions are in place. To ensure the sustainability report is compliant with regulations and standards, the Risk department actively monitors new regulations and identifies changes that need to be addressed. Checks are performed throughout the sustainability reporting process to make sure all applicable regulatory requirements are included. Timeliness of the report is managed as part of business-as-usual activities, adhering to an agreed-upon timeline with internal escalation routes in case of unexpected delays. For data accuracy and completeness, FMO has implemented manager approvals and four-eye principle checks as controls on data to the first level of

risk. For the second level of risks, manager approval controls are in place, with an additional confirmation at the director level which is gathered during the process for the In-Control Statement – explained under the Dutch Corporate Governance Code section below. Additionally, to ensure the narrative's accuracy and completeness, the report undergoes multiple levels of review within FMO.

At FMO, risks are prioritized based on their severity, which is assessed using two factors: probability and impact. Probability measures how likely a risk event is to occur. Impact considers the potential consequences, which can include operational loss, financial errors, failure to meet business goals, regulatory issues, or damage to reputation.

Risk severity is assessed based on probability and impact, and classified as high, medium, or low. This corresponds to a 'Level of Concern' (LoC) rating: high (LoC 3), medium (LoC 2), or low (LoC 1). Depending on the severity, actions are required:

- High (LoC 3): Actions must be completed within 3-6 months.
- Medium (LoC 2): Actions should be completed within 6-9 months.
- Low (LoC 1): Actions are optional.

As the four risks identified as part of the first layer are key risks, they have a high LoC, while the risks in the second layer have been qualified with a medium LoC.

All risks, in the first and second layers, have controls in place that are regularly being monitored and tested by their designated owners, in line with FMO's overall risk governance and risk management approach.

## Dutch Corporate Governance Code

FMO adheres to the Dutch Corporate Governance Code (DGCC). The Monitoring Committee Dutch Corporate Governance Code has amended the Code in 2025 to include a 'Verklaring omtrent Risicobeheersing' (VOR). Companies following the DGCC are required to include for the first time in the annual report over 2025 a statement that the system of internal control over sustainability reporting provides at least limited assurance that the reporting is without significant omissions.

The Risk department, in cooperation with Compliance and Internal Audit, has incorporated these requirements in the 'In Control Statement' of the 2025 annual report (for further details, refer to the Non – Financial Risk section of the Risk Management Chapter).

1. The updated DGCC requires the Board to state that the internal risk management and control systems provide at least limited assurance that the sustainability reporting is free from material misstatements. Limited external assurance on sustainability reporting is also required under the CSRD and the ESRS. The 2025 annual report meets this requirement, as it has been prepared in accordance with the ESRS. The process for obtaining management's statement on the sustainability reporting is described further in this section.
2. Next to the management statement on limited assurance, the DGCC requires the management board to render account (in the risk management section of the management report) of its assessment of the effectiveness of internal risk management and control systems concerning operational, compliance and reporting risks (including sustainability reporting) during the past financial year. The Risk department proposes to deliver to the MB an 'Assurance Map' for this purpose. For each material risk (including sustainability reporting), this Assurance map will show an overview of relevant risk management and control systems and a conclusion. This will include for example (not limitative) 1) results of control testing 2) results of recent internal audits 3) results of external audit 4) results from department director in control statements 5) any major failings (risk events) noticed in 2025.

The Risk department coordinates the proposal for the management statement and the proposal for the risk management section of the management report, and provides it to the MB.

FMO's current sustainability reporting consolidates data from various sources, with most impact data governed by the Data Management Policy, while some HR, Compliance, and Internal Audit data are not yet fully governed but must still meet essential criteria for limited assurance. The sustainability reporting process includes sign-offs by data owners, and new controls are being introduced to ensure data

accuracy and completeness. Control monitoring and testing are conducted biannually, and directors provide annual In Control Statements, which have been updated to reflect the new requirements for sustainability reporting assurance. Results are reported to the NFRC and MB, with directors required to submit departmental In Control Statements that now explicitly address sustainability reporting in line with the updated Dutch Corporate Governance Code. This approach provides a foundation that auditors can rely on and help ensure reliable sustainability data.

## Statement on due diligence

FMO conducts due diligence guided by international standards such as the IFC Performance Standards, the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. These standards inform FMO's governance, strategy, and business model, and are considered throughout the investment cycle—from ESG risk screening and action planning to monitoring, stakeholder engagement, and access to the Independent Complaints Mechanism (ICM) that applies to all of FMO's material sustainability topics.

FMO seeks to incorporate stakeholder perspectives by engaging with affected communities, workers, and end-users to better understand their concerns and inform decision-making. Through its impact management framework, FMO assesses ESG risks, supports the development of ESAPs and CGAPs, and tracks progress using internal systems such as the Sustainability Information System (SIS) and periodic reviews. Performance is reviewed in relation to relevant standards, and FMO shares updates through stakeholder consultations, policy revisions, and the ICM to support continuous learning and improvement.

Table 14: Statement on due diligence

| Core elements of due diligence                                            | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Section                                                                                                                                                                                                                                                                                                              | Page                                                                                        |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Embedding due diligence in governance, strategy, and business model       | FMO embeds due diligence across its governance, strategy, and business model in line with the IFC Performance Standards, UN Guiding Principles, and OECD Guidelines. Stakeholder engagement includes input from, for example, affected communities and workers which inform investment decisions and risk management. Oversight is provided by the Integrity and Issue Management Committee (IIMC) and regular Board updates. Through its Impact Management Framework, FMO integrates the management of positive and negative impacts and related financial risks. Customers must meet international ESG standards, mitigate negative impacts, and address gaps through Environmental and Social Action Plans (ESAPs) and Corporate Governance Action Plans (CGAPs). ESG risks are monitored through the Sustainability Information System (SIS) and annual reviews, while policies are continuously refined based on lessons learned and stakeholder feedback. | ESRS 2 - Interests and views of stakeholders<br>ESRS 2 - Impact management framework                                                                                                                                                                                                                                 | 136-139;<br>139-150                                                                         |
| Engaging with affected stakeholders in all key steps of the due diligence | FMO integrates stakeholder engagement into its due diligence process. Guided by the IFC Performance Standards and UN Guiding Principles, FMO actively engages affected communities, value chain workers, and end-users to understand concerns, incorporate feedback, and mitigate negative impacts. Stakeholder input informs investment decisions, ongoing monitoring, and policy development, with the Management Board regularly updated on key stakeholder views. FMO's Sustainability Policy and position statements are consulted and revised based on stakeholder feedback.                                                                                                                                                                                                                                                                                                                                                                              | ESRS 2 - Interests and views of stakeholders<br>ESRS 2 - Impact management framework<br>S2-2 Processes for engaging with value chain workers<br>S3-2 Processes for engaging with affected communities<br>S4-2 Processes for engaging with consumers and end-users                                                    | 136-139;<br>139-150;<br>210;<br>217;<br>223                                                 |
| Identifying and assessing adverse impacts                                 | FMO identifies and assesses adverse impacts through its double materiality assessment, covering environmental, social, and governance topics. The outcomes from the double materiality assessment guide FMO in managing material risks and steering investments toward positive outcomes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | E1 Impacts, risks and opportunities<br>E3 Impacts, risks and opportunities<br>E4 Impacts, risks and opportunities<br>S1 Impacts, risks and opportunities<br>S2 Impacts, risks and opportunities<br>S3 Impacts, risks and opportunities<br>S4 Impacts, risks and opportunities<br>G1 Impacts, risks and opportunities | 157-159;<br>181-182;<br>184-185;<br>191-193;<br>206-207;<br>214-215;<br>220-221;<br>225-227 |



| Core elements of due diligence                                | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Section                                                                                                                                                                                                                                             | Page                                                                                                |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Taking actions to address those adverse impacts               | FMO addresses adverse impacts through policies and actions that require customers to comply with environmental, social, and human rights standards and to identify, prevent, and mitigate negative impacts. Improvements are captured in Environmental and Social Action Plans (ESAPs), which are incorporated into contracts and monitored through regular reviews. FMO also implements initiatives to strengthen climate action, biodiversity management, labor conditions, community engagement, and governance practices.                                                                                                                                       | ESRS 2 - Impact management framework<br>E1-3 Actions and resources in relation to climate change policies<br>E3-2 Key actions<br>E4-3 Key actions<br>S1-4 Key actions<br>S2-4 Key actions<br>S3-4 Key actions<br>S4-4 Key actions<br>G1 Key actions | 139-150;<br>168-171;<br>182-183;<br>189-190;<br>197-198;<br>211-212;<br>218-219;<br>223-224;<br>234 |
| Tracking the effectiveness of these efforts and communicating | FMO tracks the effectiveness of its due diligence through continuous monitoring, performance reviews, and stakeholder engagement. ESG performance is integrated into the investment process via the Sustainability Information System (SIS), with results reviewed annually. Customer performance is assessed against the IFC Performance Standards. Progress is monitored through regular credit reviews, audits, and site visits, while stakeholder engagement and grievance mechanisms ensure transparency and feedback from affected parties. Outcomes and lessons learned are communicated through ongoing reporting and the Independent Complaints Mechanism. | ESRS 2 - Impact management framework<br>E3-2 Key actions<br>E4-2 Policies<br>E4-3 Key actions<br>S2-1 Policies<br>S2-4 Key actions<br>S3-1 Policies<br>S3-4 Key actions                                                                             | 139-150;<br>182-183;<br>186-189;<br>189-190;<br>208-210;<br>211-212;<br>215-217;<br>218-219         |

# E1 Climate Change

## E1 Introduction

In its 2030 Strategy and Climate Action Plan (CAP), FMO presents a set of ambitions, targets and actions to contribute to climate change mitigation. SDG 13 on Climate Change is one of the core components of our 2030 Strategy. An important component of FMO's climate ambition is that it contributes to a just and inclusive transition. We recognize that environmental and social objectives are inextricably linked. For FMO, this represents both the synergies and necessity of pursuing our core SDG goals SDGs 8 (Decent Work and Economic Growth), 10 (Reducing Inequalities), and 13 (Climate Action) together, if we are to be successful in contributing to any of them individually.

FMO acknowledges that climate change will undermine sustainable development goals if not urgently addressed. This implies that FMO's customers (both current and new) might face new and never previously experienced risks from negative climate change consequences. The rise in weather and climate extremes has already led to some irreversible effects, while the preservation of ecosystems is essential for human well-being and the achievement of the SDGs. FMO recognizes that development finance is urgently needed to contribute to SDG 13, and to support an inclusive and just transition. FMO steers its investments towards those aiming at contributing to a positive impact towards SDG 13, such as investments related to climate adaptation and resilience or mitigation, while managing possible negative impacts.

## E1 Impacts, risks and opportunities

Based on our double materiality assessment (DMA), we have identified the following impacts, risks, and opportunities (IROs) related to the topic of climate change.

Table 15. Overview of how each IRO relates to the policies, actions, and targets respectively.

| ESRS Subtopic                     | Material impact, risk, opportunity | Description                                                                                                                                                                                                                                                                                                                                                                                       | Short description & reasonably expected time horizons of the impacts                                            | Value chain location            | Policy                | Actions                                                                                                                                  | Targets                                                       |
|-----------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|
| Climate change mitigation         | Actual negative impact             | Financed emissions contributing negatively to climate change.                                                                                                                                                                                                                                                                                                                                     | Financed emissions<br>Short term                                                                                | Downstream Investment portfolio | Sustainability Policy | CAP: Aligning our portfolio and investments with the Paris Agreement goals.                                                              | Emission reduction target only for Power Generation portfolio |
| Climate change mitigation; Energy | Potential positive impact          | The potential positive impact on climate change mitigation as a result of investments into renewable energy production capacity, CO <sub>2</sub> storage, and energy infrastructure in developing countries and fragile states, while also reducing volatility of energy prices experienced using fossil fuel sources and increasing the stability of local energy grids and production capacity. | Contribution to climate mitigation and renewable energy production capacity through investments.<br>Medium term | Downstream Investment portfolio | Sustainability Policy | CAP: Aligning our portfolio and investments with the Paris Agreement goals; Increasing climate investments and support to our customers. | SDG 13 Target                                                 |

|                           |                           |                                                                                                                                                                                                                                                                                      |                                                                                         |                                           |                                                         |                                                                             |                    |
|---------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------|--------------------|
| Climate change adaptation | Potential positive impact | The potential positive impact of investments in our agriculture, energy, and financial institutions portfolios to enhance and strengthen adaptation and resilience to address changing weather patterns and extreme events (e.g. droughts or floods) associated with climate change. | Contribution to climate adaptation and resilience through investments.<br><br>Long term | Downstream investment portfolio           | Sustainability Policy                                   | CAP: Increasing climate investments and support to our customers.           | SDG 13 Target      |
| Climate change adaptation | Opportunity               | The opportunity for FMO to identify, create and develop new markets relating to climate adaptation (e.g. climate smart and resilient solutions) into bankable projects, to deploy and attract public or private funds and generate return on investment at scale.                    | Opportunity to create new markets related to climate adaptation.                        | Upstream, Downstream investment portfolio | No specific policy                                      | CAP: Increasing climate investments to support our customers.               | No specific target |
| Climate change mitigation | Risk                      | Risk of not achieving net zero alignment by 2050, caused by misaligned investment decisions or poor progress by clients and beneficiaries, resulting in reputational, legal and financial issues.                                                                                    | Risk of not being in the path to Net Zero.                                              | Own operations                            | No specific policy                                      | CAP: Aligning our portfolio and investments with the Paris Agreement goals. | No specific target |
| Climate change adaptation | Risk                      | The risk of climate hazards having a material impact on client creditworthiness, caused primarily by effects from acute physical climate hazards such as floods, wildfires, droughts and other extreme weather events.                                                               | Risk of physical climate hazards on clients.                                            | Downstream investment portfolio           | Climate-related and environmental financial risk policy | CAP: Active management of our climate action.                               | No specific target |
| Climate change adaptation | Risk                      | The risk of choosing inefficient climate mitigation innovations or some which have the need to be further developed. Investments in the innovative sector have the potential of not being profitable.                                                                                | Risk of investing in inefficient climate mitigation innovations.                        | Downstream investment portfolio           | No specific policy                                      | No specific action                                                          | No specific target |

|                           |      |                                                                                                                                                                                                                                                                                                                                |                                                     |                                 |                                                         |                                               |                    |
|---------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------|---------------------------------------------------------|-----------------------------------------------|--------------------|
| Climate change adaptation | Risk | The risk of FIs being affected by macroeconomic conditions in the event of a chaotic transition to a low-carbon economy (i.e. rapid, large changes in policy, financing or sentiment), or as a result of the ineffective transition and adaptation to the new reality of climate change, resulting in financial damage to FMO. | Risk of a chaotic transition to low-carbon economy. | Downstream investment portfolio | Climate-related and environmental financial risk policy | CAP: Active management of our climate action. | No specific target |
|---------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------|---------------------------------------------------------|-----------------------------------------------|--------------------|

FMO's DMA, as described in 'ESRS 2 - Double materiality assessment', identified potential negative impacts through financed absolute emissions and potential positive impacts through investments in climate adaptation, climate mitigation, and renewable energy as well as physical, and transition risks. The Climate Risk Report and Climate Action Plan, both prepared in 2022, provided important input for determining FMO's climate-related IROs.

## Impacts

Both positive and negative impacts take place downstream in our investment portfolio. The impact of our own operations or those of our upstream suppliers are not considered material because of the small scale of emissions compared to those in our portfolio.

The CAP describes how FMO actively monitors its activities and portfolio, thereby identifying actual and potential future GHG emission sources and other climate-related impacts within its operations and across its value chains. The CAP includes our commitment to assess new investments for Paris alignment from a mitigation and resilience perspective (as described in further detail in E1-3). The intent of our data/information collection drive is not only to use the information we gather for reporting and compliance purposes, but to actively manage our portfolio better, and to tailor our climate actions towards what is most effective. We will continue to work on improving our internal management and reporting systems to actively manage progress towards our sustainability goals.

FMO also manages emissions through our ESG management process. We uphold IFC Performance Standard 3 (IFC PS3) (addressing resource efficiency and pollution prevention), which includes minimizing the GHG emissions from project activities. In line with IFC PS 3, FMO requires its customers to adopt measures to avoid or reduce emissions (e.g. use of renewable energy sources, sustainable agricultural, the reduction of fugitive emissions, etc.) and that projects implement technically and financially feasible and cost-effective measures for integrating emission reduction into product design and operational processes.

FMO reports on financed absolute emissions in scopes 1, 2 and 3 in line with the GHG Protocol, as described in more detail in section 'E1-6 Gross Scope 1, 2, 3 and Total GHG emissions'. The financed absolute GHG emissions are reported in line with the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF).

Although emissions from FMO's own operations are not considered material (based on the DMA results), we will continue to report scope 1 and 2 emissions to be able to present a full picture of our GHG emission footprint.

## Risks & opportunities

The material climate-related risks and opportunities for FMO occur across our own upstream activities, our own operations, and our downstream activities. Within our downstream activities, the risks and opportunities occur across the value chains of the customers in our investment portfolio.

The climate-related risks identified in the DMA are aligned with internal risk assessment processes and documents. The assessment of climate risks happens on an ongoing basis at FMO. We run a portfolio

scan on a quarterly basis that is reported to the Financial Risk Committee (FRC), which monitors our portfolio's exposure to physical and transition risks. We also conduct materiality assessments which determine the potential for climate risk drivers to affect FMO's portfolio or the entity itself. Both processes are discussed with the FRC. Furthermore, we embedded climate risk assessments at the organizational level as well as within the investment cycle.

The regular climate risk assessments inform senior management decisions. Scenarios are considered and factors are stressed in FMO's Internal Capital and Liquidity Adequacy Assessment Processes (ICAAP and ILAAP), which are aligned with our regular Supervisory Review and Evaluation Process (SREP) cycle, which is the periodical assessment used by the Dutch Central Bank to evaluate FMO's risk profile and determine its capital and liquidity requirements.

FMO's physical climate risks were assessed over the current, medium and long-term using a high-emissions scenario and in line with the European Central Bank's (ECB) guide on Climate-related and Environmental Risks. While the climate risk assessment covers physical risks and transition risks, the various time horizons and high-emissions scenario were applied only to physical risks. Physical risks are prioritized as they are more material given our sector focus (e.g., renewable energy has less transition risk, while agrifood has more physical risk) and the markets in which we operate (e.g., little climate-related regulation results in less transition risk, while an increase in climate hazards results in more physical risk). FMO is currently working on further defining a methodology to assess transition risks that is suitable for the markets in which it operates.

The climate risks associated with FMO's investment portfolio are also described in FMO's first climate risk report, which, as mentioned above, are aligned with the climate-related risks identified in the DMA. This report was written in line with the Dutch Central Bank (DNB) requirements and shows that FMO's portfolio is exposed to climate change risks, which will increase over time, with clear differences across locations, sectors and hazard types. This analysis, as well as those resulting from FMO's ICAAP and ILAAP and continuous monitoring, served as input for the DMA, where additional transition risks (and opportunities) were identified.

The climate scenarios used are currently independent of the financial models, as FMO currently does not include climate-related assumptions in the financial models. FMO will explore assessing possible inclusion of climate-related risks in our financial models, for instance, based on expected credit losses.

As part of our DMA, we identified a specific downstream (portfolio) risk related to water (E3) that we feel is better addressed under the risk of climate hazards here in E1: "There is a global risk of increased water scarcity due to climate change, increased water withdrawals and unsustainable water practices. This affects costs of production through higher water prices and leads to reduced crop yield and failure." This is covered by the current climate hazards risk described in Table 15.

## Physical risks

FMO performs a physical risk assessment in line with the ECB guide on Climate-related and Environmental (C&E) Risks (ECB, 2021). For this reason we have developed a C&E risk assessment tool that supports the identification and monitoring of C&E risks at the customer level. The tool currently focuses mainly on physical climate-related and environmental risks.

Various physical risks (e.g. flooding, temperature extremes, fire, water stress, drought, erosion, tropical cyclones and crop yield loss) are assessed based on a multiplication of hazard scores at specific locations or regions and sensitivity scores (specific to the sector/industry of the investment/business activity) to these hazards. In Q3 2025, FMO upgraded its approach with respect to the quarterly portfolio scans, which are now directly connected to the climate risk assessments that are being performed on an individual customer level both during origination and review phase. Moreover, the upgrade included an expansion of physical hazard types that are being covered, from eight to 14 hazard types that are currently being assessed.

The climate-related physical hazards have been identified over current-, medium- and long-term time horizons. For the physical climate risks, current-, medium- and long-term time horizons have been defined as follows:

- Current-term: 2011-2040



- Medium-term: 2041-2070
- Long-term: 2071-2100

These time horizons are different from the time horizons specified by the ESRS. The time horizons used are in line with standard practice in the climate science community, where climate refers to the long-term weather pattern in a region, typically averaged over 30 years. In some cases, if the original data source did not overlap with these time horizons, the closest time period was chosen. The physical risk assessments are currently not tied to the lifetime of the exposure. Even if human-induced climate changes would not materialize in the near future under the climatological time horizon, foreseen changes may already affect investment decisions and other financial parameters today and therefore materialize earlier from a financial risk perspective, within the time horizons as specified by the ESRS.

The ICAAP assessments consider climate risks over a period of three years. Physical risks hazards are estimated to affect FMO's customers in various locations and sectors to different extents, according to the climate risk assessment. The physical risks assessed in the climate risk assessments were summarized as one physical risk in the DMA.

The various physical risks for FMO's relevant industries are assessed on an ongoing basis and reported through regular reviews within internal committees at portfolio level. To increase the granularity and understanding of these risks, FMO has rolled out physical climate risk assessments in the investment process, complementing the assessment at portfolio level as mentioned above.

The scores for physical hazards were created for both acute and chronic hazard types under a high emissions or worst-case climate scenario, which is the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathway (RCP) 8.5 scenario. RCP 4.5 was also considered, but the projections from RCP 8.5 cover a greater range of climate conditions, especially for the long-term time horizon. Furthermore, the temperature and rainfall changes are more intense under RCP 8.5, and the long-term projections from RCP 4.5 are quite similar to the medium-term projection from RCP 8.5. In conclusion, RCP 8.5 covers a wider range of climate conditions (more extremes) for the risk assessment, so we believe this is the more appropriate choice, as it better covers potential risks and uncertainties.

RCP 8.5 makes the following assumptions about policies, macro-economic trends, energy usage and mix, and technology:

- **Policy Assumptions:** It assumes minimal or no additional climate policies beyond those already in place, leading to high GHG emissions.
- **Macroeconomic Trends:** The scenario includes assumptions about high population growth and relatively slow income growth.
- **Energy Usage and Mix:** It projects high energy demand with a continued reliance on fossil fuels, resulting in significant GHG emissions.
- **Technology Assumptions:** The scenario assumes modest rates of technological change and improvements in energy intensity, meaning that advancements in energy efficiency and low-carbon technologies are not sufficient to offset the high energy demand.

The scores for physical hazards were derived from climate models listed in the IPCC Coupled Model Intercomparison Project phase five (CMIP5) and phase six (CMIP6) protocols, where available. Each hazard was evaluated using a specifically chosen modeling method and simulated hazard exposure outputs from leading, peer-reviewed research institutions, and was further developed in partnership with well-known research institutions. The risk scores were created and standardized at a minimum 50x50 km spatial resolution, or finer as a level 1 detailed product. If grid location or country data was missing for an investment or loan, it was excluded from the analysis. Additionally, if the provided location data was not at least at the country level (e.g. listed as 'Global' or 'Latin America'), it was also not included in the analysis.

## Transition risks

Transition risks are described in FMO's climate risk methodology. FMO is currently in the process of adjusting its transition risk methodology with a specific focus on considering how this risk can materialize and affect clients in unique ways based on the different markets where FMO invests. In addition, other activities support transition risk management, for example:

- The Paris Alignment methodology was developed in 2023 and 2024, and it applies to new investments made from September 1, 2025 (as described in further detail in E1-3).
- ICAAP and ILAAP stress testing as described in 'E1 Resilience Analysis'.

The transition risks identified in the current assessment framework are focused on industry sensitivities. Additionally, transitional risks and opportunities were identified and scored as material during the DMA 2024 process, due to the inputs from interviews and discussions with the project group.

We currently do not perform a climate transition risk assessment for new investments, but only at portfolio level. FMO evaluates its exposures to transition risk at portfolio level by considering industry sensitivities, as well as a range of specific energy technologies, various transition risk (drivers) and scale possible risk exposure from 1-5. These risks were taken as input for the DMA, which have been summarized into three transition risks, as presented in the overview table at the start of this section.

The risks outlined in the (internal) climate risk assessment align with the risks identified by the DMA. The transition risk assessment at portfolio level analyzes the transition risks (policy and legal; technology-related; market-related and reputational risks) for the various sectors in our portfolio in more detail than the DMA provides.

Furthermore, our ICAAP 2022 includes information on the identification of transition events and assessment of exposure informed by climate-related scenario analysis. Our ICAAP from 2023 covers more detail on transition events, and an assessment of exposure based on the stress test assumptions for transition risk, where a disorderly transition is tested. In our ICAAP 2025 we once again stress tested our portfolio against a combination of physical and transition climate-related factors.

The transition risk assessments mentioned in the 2022 risk assessment are less mature than the physical risks. In early 2025, FMO explored transition risk drivers across sectors. Moreover, FMO concluded that transition risk is of limited materiality for its investment risk, with physical climate risks considered more significant. This is supported by FMO's renewable-focused business model and fossil fuel exclusion policy, which together help mitigate transition-related risks. The transition risks are not yet linked to current-, medium- and long-term time horizons, and these horizons have not been yet defined (transition trends, however, have been linked to current-, medium- and long-term time horizons).

We finalized the methodology for Paris Alignment in 2024 and fully implemented this methodology in 2025. This methodology will enable FMO to identify activities that are incompatible with, or need significant efforts to be compatible with, the transition to an economy that is aligned with the climate goals in the Paris Agreement. New transactions have been assessed for alignment with the Paris Agreement goals from September 1, 2025.

In the remainder of the E1 chapter, we describe the policies, actions, targets and decarbonization levers related to the IROs that were identified during the DMA, as well as FMO's resilience analysis.

## E1 Resilience analysis

The section 'E1-IRO' describes the material climate-related risks, including whether they are classified as physical or transition risks.

To determine the resilience of both its investment portfolio and its own operations, FMO is required by the DNB to assess material risks under the Internal ICAAP and ILAAP through stress testing. FMO's upstream value chain is not included in this resilience assessment and was also not found to be material by the DMA.

The ICAAP and ILAAP assessments are conducted every year, though the depth of the assessments differs depending on whether a SREP runs in a specific year. The frequency of the latter is decided upon by the DNB based on the risk profile of the institution but is typically done once every two years. The ICAAP and ILAAP assessments are aligned with FMO's Risk Appetite Framework (RAF), which formulates the type and amount of risk that the bank is able and willing to accept in pursuit of its strategy.

The 2025 ICAAP and ILAAP assessments are the latest ones that were part of a Supervisory Review and Evaluation Process.

Part of the input for the stress tests that were performed for this assessment cycle was based on a Climate Risk Analytics Methodology for FMO to identify material climate risks. Additionally, the materiality assessment on Climate-related and environmental financial risks that FMO conducted for prudential purposes also informed the stress test. Based on the assessment of physical risks by using this methodology, a bespoke stress test scenario was created. Transition risks have also been included, based on an expert-based approach assuming a form of 'disorderly transition' scenario developed by the Network for Greening the Financial System (NGFS).

Based on the outcomes of the DMA, the focus of FMO's climate-related risks is on its investment portfolio rather than its own operations or upstream value chain. All material risks as identified in DMA were already included in the materiality assessment underlying the ICAAP and ILAAP assessments.

The 2025 ICAAP and ILAAP assessments used 2024 as a base year to make a forecast for the period 2025 - 2027. The climate risk stress testing includes both physical and transition risks, based on established climate scenarios (IPCC, NGFS) to evaluate potential impact on FMO's portfolio.

The ICAAP and ILAAP assessments use stress testing scenarios that include macroeconomic factors, such as currency fluctuations and market volatility. A 'disorderly transition' scenario to a low-carbon economy has been formulated with help of experts, which has been used to evaluate potential transitions risks for FMO. This scenario assumed 1) US withdrawal from the Paris Agreement, signaling global fragmentation in the transition risk pathway, 2) continuation of Emissions Trading Schemes with plans to widen the scope and similarly Carbon Border Adjustment Mechanism policies to follow their planned implementation and expansion timelines, and 3) Climate-related regulations (including prudential regulations) in countries with continued ambitions on decarbonization to become more sophisticated and wider in scope.

The stress tests show that FMO is resilient to material climate risks. Both physical and transition risks under different scenarios have limited impact on liquidity and are within the risk appetite formulated by FMO. Additionally, FMO's capital position remains adequate, and the excess capital remains robust under all circumstances simulated by the stress test scenarios. Specifically, the climate risks scenarios show that, despite the risks that are relevant for FMO and for the markets in which FMO operates, the impact on the capital position is estimated to remain limited.

There were several limitations to the resilience analysis. First, the definition of the physical climate risks used includes the fact that the risk definitions are ex-ante and model based, do not include potential adaptation measures, and use a top-down, national level approach. Moreover, climate tipping points are generally not factored in available climatologic models. These critical thresholds, beyond which irreversible and abrupt changes occur, cast a shadow over science's ability to predict and manage the impacts of climate change. Capacity to predict these types of risks was further limited by the use of proxy data to fill in data gaps, applying averages over long time-periods, and not including all potential hazards. Secondly, with regards to transition risks, the risk assessment is predominantly based on qualitative information, reducing its systemization and comparability, and not allowing for granularity (e.g., at country-level). While there are inherent uncertainties to climate change and society's response to it, FMO continues to improve its methodology and run (stress) scenario analyses to capture plausible but severe scenarios for the institution.

As mentioned previously, the stress testing done for the resilience analysis is in line with FMO's RAF. The RAF is monitored, managed and revised regularly to accommodate any market or organizational changes, and is reviewed by the Management Board and approved by the Supervisory Board on an annual basis. If necessary, it can be revised on a semi-annual basis in case of material developments. The outcomes of the ICAAP and ILAAP assessments are used to formulate possible strategic responses.

Climate- and environmental risks are inherently material to FMO's business model & strategic risks, but this risk is also well managed by means of monitoring and reviewing of its business environment and strategic planning embedded within the organization and periodically reviewed with its stakeholders. Currently, the conclusion is that the risks to capital and liquidity related to climate change are well-managed by FMO and do not constitute a risk for the resilience of the business model.

In addition to monitoring and managing risks, FMO has a pro-active investment strategy that contributes to climate adaptation and mitigation worldwide, also specifically aiming to increase the resilience of its customers, by engaging actively with them to define climate adaptation solutions and providing technical assistance. How FMO implements this in practice will be elaborated further in 'E1-3

Actions'. Through these actions, FMO not only aims to achieve a positive impact, but also increases resilience of the portfolio against both physical and transition risks.

## E1 ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

As explained in 'ESRS 2 - Governance of sustainability matters', there is no direct relationship between sustainability-related elements, including climate, and remuneration elements in FMO's remuneration policy. Along with many other elements, climate-related performance only has an indirect effect on remuneration, even though it can contribute in part to individual annual performances.

### E1-1 Transition plan for climate change mitigation

FMO does not have a formal transition plan, however, information included in this section is described in other relevant FMO documents and covers elements that describe our approach to climate change mitigation.

Two sets of actions, directly contributing to climate change mitigation, can be classified as decarbonization levers, as per the ESRS definition:

1. Aligning our portfolio and investments with the Paris Agreement goals.
2. Increasing climate investments and support to our customers.

These levers are described in more detail in section 'E1-3 Actions and resources in relation to climate change policies'.

FMO monitors its GHG emissions and has specifically set a GHG emission reduction target for its power generation portfolio: the Power Generation Emission Reduction Target. FMO aims to reduce emissions from financed scope 1 emissions in power generation by 50 percent in 2030. This target was developed using a 1.5°C pathway scenario (REMIND-MAGPIE 3.0-4.4, Scenario: Orderly - Net Zero 2050 scenario, electricity). FMO has not yet set targets for financed emissions beyond its power generation portfolio and additionally steers on climate action through its SDG 13 target as described in ESRS 2 (see ESRS 2 IRO management). This is due to the many unknowns ahead including how climate change itself will evolve, how our markets and customers will respond, lack of data, and what solutions are needed and effective. We seek to carefully balance our climate objectives with customer- or location-specific social and environmental considerations, including the need for a just and inclusive transition. More details on the power generation target are provided in section 'E1-4 Targets related to climate change mitigation and adaptation'.

FMO has set the ambition in its 2030 Strategy to be Net Zero by 2050. FMO strives to align financial flows with 1.5°C aligned sectors and activities. In 2025, FMO did a pilot to assess the 1.5°C alignment of the portfolio. This will inform our next steps in our journey to be Net Zero by 2050. FMO has developed and implemented a Paris alignment assessment methodology, based on internationally acknowledged guidelines and best practice. As a component of our climate change mitigation approach, we will continue to improve our data collection, including at the level of our customers, and use it to assess our progress.

FMO recognizes that climate objectives should be carefully balanced with customer- and/ or location specific social and environmental considerations, including the need for a just and inclusive transition and will further study how to treat potential tradeoffs in this regard. In addition, FMO invests in projects that contribute to GHG removals and storage, including forestry, and aims to grow forestry investments.

The significant operational expenditures (OpEx) in the form of internal and external staff required for the implementation of the decarbonization levers are provided in section 'E1-3 Actions and resources in relation to climate change policies', since they are aggregated for the implementation of the Climate Action Plan. The Climate Action Plan includes actions on both climate mitigation and adaptation.

There are no material capital expenditures (CapEx) in the form of investments in FMO's own operations associated with the transition plan, as explained further below and in the section 'ESRS 2 - Our sustainability reporting approach'.

FMO has no key (physical) assets in its own operations that materially contribute to climate change, nor do we sell any direct-use products. As such, no carbon lock-ins are expected to occur in the own operations of FMO under the definition provided in ESRS E1.

In relation to the application of the lock-in definition for investments in the investment portfolio, as of today FMO does not have a definition of carbon lock-ins related to investments. FMO may have carbon-intensive assets in its current portfolio, for example, via indirect investments through financial intermediaries in the Financial Institutions portfolio. However, mechanisms are in place to mitigate this risk in the investment portfolio. In this regard, a distinction between new and legacy investments should be made:

1. For new investments:
  - The Combined Position Statement on Coal and Phasing Out Fossil Fuels excludes and screens out investments that are expected to have a high risk for future carbon lock in.
  - FMO uses the Paris Alignment methodology to screen potential investments for alignment with the Paris Agreement. See section 'E1-3 Actions and resources in relation to climate change policies' for more background on the methodology.
2. While there may be carbon-intensive assets locked in, in the current portfolio, the Power Generation Emission Reduction Target applies to both new and existing investments, thereby ensuring that the total emissions from investments in power generation will be reduced by 50 percent in 2030. See section 'E1-4 Targets related to climate change mitigation and adaptation' for more information on the Power Generation target.

For the financial year 2025 FMO will opt out from detailed reporting in accordance with the EU Taxonomy, as no activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Based on FMO's interpretation of as investments in physical assets in scope 1 and 2 of an organization, there is no CapEx to be identified as material for FMO. As a financial institution, FMO does not do climate-related investments in physical assets in its own operations that can be considered material (see 'ESRS 2 - Double materiality assessment'). FMO is awaiting guidelines or sector standards specifically for financial institutions for possible adaptation of the CapEx definition to financial institutions.

FMO is not excluded from the EU Paris-aligned Benchmarks.

The decarbonization levers presented are based on FMO's 2030 Strategy and the CAP, i.e. the aims and actions described are embedded in FMO's strategy. This is explained in more detail in the chapter on 'E1 Impact, risks, opportunities'. Details on the progress of each of the decarbonization levers are provided in 'E1-3 Actions and resources in relation to climate change policies'. Details on the targets that are part of the decarbonization levers (e.g. the Power Generation Emissions Reduction target and €10 billion SDG 13 target) are provided in 'E1-4 Targets related to climate change mitigation and adaptation'.

The 2030 Strategy was approved by the Supervisory Board in 2022. The CAP was approved by the Management Board in 2022.

In 2025, FMO has been actively monitoring external developments regarding transition plan expectations (e.g., Omnibus, EBA Guidelines on the management of ESG risks). FMO will reevaluate the desired approach in due time. For the 2025 annual report, FMO continues to rely on its Climate Action Plan and the additional elements described in section on E1-1.

## E1-2 Policies related to climate change mitigation and adaptation

Our material IROs related to climate change are covered in the following two policies.

1. Sustainability Policy
2. Climate-related and environmental financial risk policy



In the following sections, these policies are described in further detail. FMO's commitments and actions on climate are described in the CAP and reported in 'E1-3 Actions and resources in relation to climate change policies'. All policies are subject to frequent revisions as per the Bank Risk Policy and are continuously evolving.

## Sustainability Policy

FMO's sustainability policy is mostly related to our (positive and negative) impacts and is described in more detail in 'ESRS 2 - IRO management'. The Sustainability Policy encompasses FMO's organizational activities, including energy consumption, resource utilization, travel practices, and new investments, addressing all products offered by FMO. As such, our Sustainability Policy covers how we manage climate-related impacts throughout our value chain. The Sustainability Policy is complemented by several position statements and an exclusion list. For climate change the most noteworthy include:

- Our Combined Position Statement on Coal and Position Statement on Phasing Out Fossil Fuels from our Investments reflects our approach to phasing out fossil fuels from our portfolio, both direct and indirect.
- Our Position Statement on Hydro Power Plants outlines our approach to investing in hydroelectric projects, emphasizing the balance between harnessing their economic and environmental benefits and rigorously assessing and mitigating potential technical and E&S impacts, including adherence to IFC PS and continuous monitoring.
- Our Position Statement on Impact and ESG for financial intermediaries outlines FMO's structural approach to impact steering and ESG management in financial intermediary financing, including restricting our financial intermediary portfolio exposure to coal activities, and promoting and advising on green credit lines or green bonds that support climate action.
- Our exclusion list contains the activities, products, uses, distribution, business or trade that FMO and the borrower will not finance, extending to the borrowers' shareholders, their affiliates and their subsidiaries.

Additional major documents and processes that explain how material climate positive and negative impacts are managed are:

- The Paris alignment methodology, which describes our methodology for checking our new investments for alignment with the Paris goals, thereby helping our clients with the transition to become Paris aligned.
- ESG in the investment process: While the Sustainability Policy explains FMO's ESG management process, this is operationalized via different internal documents such as the Risk Appetite Framework, Investment Criteria, and SIS manual.
- The Green Label Guidelines are used to assess eligibility of new investments for a 'Green Label'. A Green Label is assigned based on the ex-ante potential of an investment in terms of its positive impact on our portfolio, including for instance the reduction of greenhouse gas emissions, increasing resource efficiency, preserving and growing natural capital, and/or supporting climate adaptation. The label is not intended to monitor (ex post) impact. The Green Label thereby serves as a strategic steering tool and a proxy for FMO to measure progress against its €10 billion SDG 13 2030 target.

In relation to the upstream value chain, an additional relevant document is the Sustainability Bonds Framework (SBF), which addresses the four key pillars of the ICMA ESG Bond Principles. The framework explains how FMO attracts private or public funds by issuing sustainable or green bonds in the capital market. Moreover, FMO aims to mobilize public and private capital and to create new bankable opportunities, as described in our 2030 Strategy.

## Climate-related and environmental financial risk policy

The Climate-related and environmental financial risk policy covers our climate-related risks in the entire value chain. Complementing this policy, the climate risk methodology explains how we identify the physical and transition risks associated with climate change.

All policies are subject to frequent revisions as per the Bank Risk Policy and are therefore continuously evolving.

The Climate-related and environmental financial risk policy aims to:

1. Define climate risk in terms of physical and transition risk drivers.
2. Introduce the approach used to identify climate risks in all FMO's operations, products, and services.
3. Define the roles and responsibilities related to climate risk identification, assessment, and action.

Table 16. Minimum Disclosure Requirements for Climate-related and environmental financial risk policy

|                                                              |                                                                                                                                                                                                                              |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                              | The policy applies to the FMO-A portfolio (both on and off-balance sheet) and to FMO-managed government funds. It has a specific focus on assessing and managing climate risks related to FMO's loan and equity investments. |
| Accountable body                                             | The document is approved by the Financial Risk Committee (FRC).                                                                                                                                                              |
| Third-party standards/initiatives (if relevant)              | The document was developed in the light of the ECB Guide on climate-related and environmental risks.                                                                                                                         |
| Consideration to interests of key stakeholders (if relevant) | No key external stakeholders were consulted upfront in this process, but the policy has been shared with DNB for information afterwards.                                                                                     |
| Availability to stakeholders (if relevant)                   | This is an internal policy and the document is therefore not publicly available.                                                                                                                                             |

With regards to climate change mitigation, FMO manages material IROs through several processes. Most importantly, through our Green Label guidelines, with which we aim for our portfolio to materially contribute to climate mitigation, reduction of GHG emissions and/or increasing sequestration of GHG emissions from the atmosphere (along with adaptation and energy efficiency, as described below). FMO's Green Label definition is based on the Common Principles for Climate Mitigation Finance Tracking, as defined by the Multilateral Development Banks. All Green-labelled investments should meet FMO's Green Principles, namely that Green-labelled investments contribute to a genuine improvement and should not contribute to a long-term lock-in of high carbon infrastructure. A genuine improvement implies that 1) the improvement goes beyond the local regulatory requirements 2) the improvement is unrelated to local resources stress and 3) the improvement is sustainable throughout the value chain of an industry or a business. The implementation of our Paris Alignment methodology contributes to further aligning our new investments to the Paris Agreement.

Furthermore, as per our combined Position Statement on Coal and Phasing Out Fossil Fuels, FMO will not invest in any upstream coal mining activities, transportation of coal, construction or renovation of a coal producing plant, or other associated business or infrastructure. Other fossil fuels are only invested in the exceptional case that a transition phase is deemed necessary to improve a country's energy accessibility. The combined position statement applies to both direct and indirect investments of FMO.

The Sustainability Bonds Framework (SBF) sets out a list of climate change mitigation activities eligible for the sustainability bonds issued.

The Climate-related and environmental financial risk policy includes components such as knowledge and awareness development, embedding climate risk in the organization's strategy, governance, risk appetite determination, policy adjustments, stress testing, climate risk assessment methodology development, and internal and external reporting.

FMO manages its knowledge components and supports customers primarily via technical assistance. Investment teams are responsible for assessing climate risks and it is at their discretion to discuss the outcomes with clients. The Risk department maintains the methodology and supports knowledge development across the organization.

Besides climate mitigation, FMO also aims to contribute to climate adaptation. Most notably, we do this through our Green Label, through which we label those investments that ex ante are expected to positively contribute to climate adaptation. For a customer or an activity to be eligible for a Green Label in this category, it needs to be assessed to meet the climate adaptation principles set by the IFC-MDB joint methodology for climate change adaptation. This means that climate change adaptation is defined as achieving climate resilience outcomes in response to relevant climate change impacts, by managing or reducing physical climate risks, reducing the underlying causes of vulnerability and avoiding maladaptation.

Our Paris Alignment methodology further aims to ensure a minimum level of resilience for Paris alignment.

Our physical Climate Risk Assessment underpins our climate adaptation label analysis.

The SBF sets out a list of climate change adaptation activities eligible for the sustainability bonds.

Following the EDFI Statement on Climate and Energy Finance and as part of our Climate Action Plan, FMO aims to finance initiatives that contribute to adaptation and resilience to climate change, especially in respect of vulnerable communities and natural ecosystems.

Improving energy efficiency is one of the ways by which FMO strives to remain climate neutral in all its operational activities. FMO looks to build-up a portfolio that is targeted at improving access to basic services, such as energy, and aiming to optimally use scarce resources.

Energy efficiency is seen as a form of climate change mitigation when assessing activities according to the Green Label Guidelines: at least 20 percent reduction in energy consumption or GHG emissions is required for it to comply with that category. Through our E&S practices, we apply IFC PS3: Resource Efficiency and Pollution Prevention, which is specific for water and pollution (e.g. air, noise, water) related impacts and for opportunities on efficiencies (e.g. energy or water).

This also involves the issuance of sustainability bonds used to finance renewable energy and improve energy.

Regarding renewable energy deployment, following the EDFI Statement on Climate and Energy Finance, our Sustainability Policy states that FMO is committed to increase its share of investment that contributes to low-carbon, reliable and affordable energy. As described previously, through our Green Label and Position Statements, we aim to increase our portfolio's share of contribution to renewable energy deployment and avoid investments in non-renewables respectively. Also, investing in renewable energy is central to our Energy sector strategy, which is one of the three core sectors in which FMO invests.

Finally, FMO aims to increase the volume of investments in biodiversity and forestry, to remove carbon and increase resilience. For further information please refer to 'E4 Biodiversity and Ecosystems'.

## E1-3 Actions and resources in relation to climate change policies

The three main actions to operationalize FMO's 2030 Strategy in relation to climate are as follows:

1. Aligning our portfolio and investments with the Paris Agreement goals.
2. Increasing climate investments and support to our customers.
3. Active management of our climate action.

Details regarding these actions are described in the following sections.

### Aligning our portfolio and investments with the Paris Agreement goals

This action consists of the following sub-actions:

1. Striving to align our financial flows with 1.5°C aligned sectors and activities so that our portfolio is on track to be Net Zero by 2050, taking into account a just and inclusive transition.
2. Reduce power generation portfolio emissions by 50 percent to 2030, while at the same time approximately doubling our sustainable power generation portfolio and overall energy portfolio. We will consider additional targets in other parts of the portfolio.
3. Assess new investments for Paris alignment from a climate mitigation and resilience perspective, by implementing an investment-level Paris alignment assessment for new transactions.
4. Implement our commitment under the EDFI Climate and Energy Statement regarding fossil fuels in our indirect investments, and consider other policies that support our goals.

In 2024, FMO finalized its Paris alignment methodology, based on the MDB Principles for Paris Alignment. This methodology was implemented in 2025 to assess new investments for Paris alignment from a mitigation and resilience perspective. This methodology enables FMO to identify activities that are incompatible with, or need significant efforts to be compatible with, the transition to an economy that is aligned with the climate goals in the Paris Agreement. FMO can proceed with a transaction if it is already aligned with the Paris Agreement or if additional measures can be put in place to achieve alignment. In the latter case, FMO engages with the customer during the investment period to ensure those measures are implemented. New transactions have been assessed for alignment with the Paris Agreement goals from September 1, 2025.

Additionally, FMO did a pilot in 2025 to assess the 1.5°C alignment of the portfolio. This will inform our next steps in our journey to be Net Zero by 2050.

The overall action can be classified as a decarbonization lever, since the sub-actions will reduce emissions in FMO's investment portfolio, thereby mitigating climate change. While FMO does not have an emissions reduction target directly linked to this overall action, FMO has set a target for the power generation portfolio and monitors emissions for the rest of the portfolio. As described in ESRS E1-1, this is due to the many unknowns including how climate change itself will evolve, how our markets and customers will respond, lack of data, and what solutions are needed and effective.

The target of reducing power generation emissions by 50 percent in 2030 is part of this action. This target – together with performance on expected and achieved GHG reductions - is elaborated in section 'E1-4 Targets related to climate change mitigation and adaptation'.

## Increasing climate investments and support to our customers

This action is made of by the following sub-actions:

1. Building up a portfolio of at least €10 billion dedicated to SDG 13 goals in climate mitigation, adaptation & resilience (including nature-based solutions), biodiversity, and other footprint reduction. We do this by engaging with customers such as our financial institutions to encourage their further investments in these objectives, through activities that contribute to developing our markets (market creation), and by mobilizing additional capital to closing the financing gap needed in emerging markets.
2. Increasing our climate mitigating investments and investments that contribute to solutions for adaptation, resilience and biodiversity, thereby strengthening our customers' resilience to climate change. Examples include:
  - Corporate governance advisory work focused on climate governance and climate risk, building on the work we have done in this area to date.
  - Technical assistance funding, building on platforms like our Green Finance Framework. Engagement with portfolio companies and new customers to influence them to set targets and transition plans to reduce their emissions over time, or at a minimum to consider technical solutions together.
  - Engagement with portfolio companies and new customers to influence them to set targets and transition plans to reduce their emissions over time, or at a minimum to consider technical solutions together.
  - Supporting green finance innovation in our investments.
  - Active shareholdership by ensuring our investees are prepared for both climate risks and opportunities.
  - Creating coalitions with key nature conservation organizations, contributing to the understanding of the landscape approach, and promoting community and stakeholder engagement.
3. Provide sector-specific solutions for energy, financial institutions, agriculture, and forestry. Regarding energy, FMO will continue financing utility scale clean energy generation projects (solar, wind both on- and offshore, hydro power and geothermal), with an increased attention towards the least developed countries (LDCs) and fragile states. These efforts will be an important driver behind our climate mitigation and resilience goals. Towards 2030, through sector initiatives, partner engagement, and other means, we will work to remove bottlenecks currently slowing down the sustainable energy transition in some of our markets. We will also work toward sustainable energy access and inclusion, while further scaling both already established/proven and innovative technologies and solutions.

For financial institutions, FMO will increasingly aim to have a 'transformative' impact on customers through a strategic approach including the development of product propositions, capabilities, and related financing with the goal of having the same effect on end beneficiaries.

Finally, regarding agriculture and forestry, our focus will remain on strengthening local agricultural and food supply chains for both local or regional markets to increase local production and reduce reliance on imports, to improve local access to nutritious food, and to reduce food waste (e.g. through more and improved storage and distribution). We continue our focus on decent work and economic inclusion of the bottom 40 percent of income distribution, including smallholder farmers and women. Towards 2030, emphasis will be on engagement and investing more in global merchants, input providers and food companies with leverage to increase sustainable practices, along the (international) agricultural supply chains. We will continue expanding our integral/landscape approach to supporting and investing in sustainable land-use and ecosystem protection and restoration, among others, through our work on forestry (carbon sequestration), climate smart and regenerative agriculture, soil improvements and livelihoods.

4. Continue to invest in carbon removals, specifically forestry, and help build these markets. More details on this are provided in the section 'E1-7 GHG Removals and GHG mitigation projects financed through carbon credits'.
5. Contribute to our impact portfolio growth objectives through our market creation efforts and scale our activities through our mobilization efforts. In order to advance our impact contributions (including for climate action), through 'market creation' we aim to develop unbankable opportunities into bankable projects, as well as drive topics and business models of the future. We aim to accelerate impact by upscaling mobilization of private and public capital by aiming to double this portfolio by 2030 through:
  - Developing climate fund propositions for large scale mobilization, following a just and inclusive transition approach, targeting both climate impact and social impact.
  - Blending public and commercial funding for high-impact propositions in LDCs. Exploring possibilities for equity mobilization.
  - Strengthening syndication efforts by increasing sourcing capacity of transactions, and by expanding and diversifying our investor base.
6. Engaging with our customers to increase their Paris alignment and provide them with technical assistance and other support. This will include helping to develop climate governance and climate risk frameworks and tools to work with their clients. We will specifically start with pan-regional customers as agents of change, gradually expanding to all customers over time.

FMO's Green Label Methodology was updated in 2025 following the 2023 update in Common Principles for Climate Change Adaptation Finance Tracking methodology. The update did not change the eligibility criteria but rather clarified the finance tracking attribution methodology. This methodology will then be used to support investment teams with Green deal origination and labelling.

On advancing sector-specific solutions for energy, financial institutions, and agriculture and forestry, in 2025, FMO, through its climate framework, was able to offer customers in the Private Equity and Agribusiness and Food sectors Technical Assistance on climate adaptation and mitigation. The framework offers services such as climate awareness training, climate risk assessments, GHG measurement and reporting, climate action planning and implementation, climate opportunity origination, and compliance with sustainability standards.

As part of our ambition to continue to invest in carbon removals, specifically forestry, and help build these markets, FMO has investment officers specialized in forestry in various investment teams.

Under market creation, FMO has defined four focus themes: financial inclusion and resilience for entrepreneurs, responsible energy transition, forestry and sustainable land-use, and food system transformation. In 2025, we started fundraising efforts on the energy transition and food systems transformation theme and continued deploying funds under the financial inclusion theme. We also launched the Market Creation Platform, FMO's multi-donor, multi-program vehicle to deliver its market creation activities.



The overall action can be classified as a decarbonization lever, since the sub-actions will reduce emissions in FMO's investment portfolio, thereby mitigating climate change. While FMO does not have an emissions reduction target directly linked to this overall action, FMO has set a target for the power generation portfolio and monitors emissions for the rest of the portfolio. As described in ESRS E1-1, this is due to the many unknowns including how climate change itself will evolve, how our markets and customers will respond, lack of data, and what solutions are needed and effective.

## Active management of our climate action

This action is comprised of a set of sub-actions:

1. Monitor our work at a portfolio level, including absolute and relative emission levels. In order to achieve the impact we aim for, having the right data and additional information needed for measuring and steering our work will be key.
2. Continue to improve data quality and collection, including at the level of our customers. Data collection in our markets and for our specific customer types is not always readily available, especially for investments in smaller companies and for financial institutions and funds, which need to obtain data from their clients. To tackle this challenge, together with our development finance institution partners, we launched the Joint Impact Model (JIM) in 2021. The JIM allows us to model the emissions in the absence of emission data, to have an indication of our portfolio emissions.
3. Adopt an adaptive management approach and adjust our actions based on data and information. The intent of our data/information collection drive is to not only use the information we gather to report and for compliance purposes, but to also better actively manage our portfolio and tailor our climate actions to what is most effective. Moving forward, we will continue to work on improving our systems.
4. Implement a climate risk framework to manage the portfolio for both physical and transition climate risk. Integrating climate risk at FMO is about ensuring that risks to our portfolio due to climate change (physical and transition risks) are structurally identified, assessed, and managed. It is also about bringing this knowledge to our customers and structuring our transactions with the same considerations. Ultimately managing climate risk is another way to drive the change we want to see in our markets.

The climate risk framework has been further operationalized in 2025. Physical climate risk assessments are being implemented for all new transactions and as part of clients' annual review processes. Next to that, FMO has now automated the aggregation of all physical climate risk assessments into a dashboard with a full portfolio overview.

FMO will further work on transition risk assessment and improving data quality and management. FMO will also aim to refine emissions data to better take into account known use-of-proceeds instruments, i.e., when the investment is allocated to specific assets of a customer.

While this action aims to enhance FMO's management of climate actions, such as creating more awareness via enhanced data and methodologies, this overall action cannot be classified as a decarbonization lever since it does not directly contribute to GHG reduction.

Table 17. Minimum Disclosure Requirement applicable for all presented actions

|                                                                                                  |                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | The actions apply to FMO's value chain, with a focus on the downstream value chain. No actions regarding FMO's own operations are included, as these were found to be not material in the DMA.      |
| Time horizon                                                                                     | The actions are formulated for the period until 2030, in line with our Strategy.                                                                                                                    |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                 |
| Progress of actions disclosed in prior periods                                                   | Progress of actions is reported in the section above.                                                                                                                                               |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'. |

## E1-4 Targets related to climate change mitigation and adaptation

FMO has two targets related to the Policies and Actions described in the sections 'E1-2 Policies related to climate change mitigation and adaptation' and 'E1-3 Actions and resources in relation to climate change policies' respectively. Table 15 presented in the 'E1 Impacts, risks and opportunities' section shows which target relates to which IRO, policy and/or action. The table, therefore, indicates for each action whether there is a related target, thereby specifying whether and how the effectiveness of these actions are quantitatively tracked.

Firstly, a GHG emission reduction target has been set in the form of the Power Generation Emission Reduction target. The target is to reduce the financed scope 1 emissions in the power generation portfolio by 50 percent in 2030. Given the baseline value of 624 ktCO<sub>2</sub>e, this would imply an absolute reduction of 312 ktCO<sub>2</sub>e. This target will specifically contribute to reducing the financed absolute GHG emissions, i.e. the GHG emissions in scope 3 category 15 (Investments). The target has the same reporting boundary as the financed absolute GHG emissions. In 2025, the power generation portfolio emissions are 318 ktCO<sub>2</sub>e, which is 38 percent of the financed scope 1 emissions and 5 percent of total financed absolute GHG emissions. In line with the 'Financial Sector Climate Commitment Guideline on relevant financing, investments and action plans' FMO has prioritized target setting for its power generation portfolio, being an emission-intensive sector.

Secondly, a strategic target has been set in the form of the €10 billion SDG 13 target. FMO aims to have developed a portfolio of at least €10 billion in investments dedicated to SDG 13 goals by 2030. An ex-ante assessment is made to assess an investment's potential impact and its related contribution to SDG 13, determining eligibility to receive the Green Label. The Green Label includes positive impact contributions to for instance climate change mitigation and adaptation and biodiversity. While it is no direct emission reduction target, the Green Label as a tool to steer towards FMO's €10 billion SDG 13 target will contribute to reduced emissions in FMO's investments portfolio and overall positive impact to SDG 13. Detailed information on this target is provided in 'ESRS 2 – IRO management'.

Since the Power Emission Reduction Target is the only target related to GHG emission reduction, disclosures requirements focusing on emission reductions are only applicable to this target.

Table 15 in the 'E1 Impact, risks and opportunities' section indicates to which IRO the Power Generation Emission Reduction Target and the €10 billion SDG 13 target relates to.

Table 18 provides information on the Power Generation Emission Reduction target, whereas the relevant details for the €10 billion SDG 13 target are presented in 'ESRS 2 - IRO management'.

Table 18. Minimum Disclosure Requirements for Power Generation Emission Reduction Target

|                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable) | 50 percent emission reduction in FMO's financed Scope 1 power generation emissions by 2030.                                                                                                                                                                                                                                                                |
| Scope of target                                                                                                                  | The power generation target GHG emissions include active investments that have production of electricity (NACE Rev. 2 code 35.11) as their main economic activity. They are calculated based on customers' Scope 1 emissions, attributed in line with the PCAF Global Standard. The outstanding amounts include FMO-A, public funds and mobilized capital. |
| Baseline value                                                                                                                   | 624 ktCO <sub>2</sub> e                                                                                                                                                                                                                                                                                                                                    |
| Baseline year                                                                                                                    | 2021                                                                                                                                                                                                                                                                                                                                                       |
| Application period                                                                                                               | 2021 – 2030                                                                                                                                                                                                                                                                                                                                                |
| Milestones or interim targets                                                                                                    | None                                                                                                                                                                                                                                                                                                                                                       |

|                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodologies and assumptions                                                                      | <p>The target is based on a calculated 1.5°C pathway provided by the REMIND-MAGPIE 3.0-4.4 database, using the Orderly - net zero 2050 scenario for electricity. This scenario is broken down by region, and country income level (upper middle income, lower middle income, low income using World Bank categorization) within regions, using our best estimate of proxies where there is no perfect match. The REMIND-MAGPIE 3.0-4.4 database is a scenario of the NGFS, which has as its goal meeting the goals of the Paris agreement. REMIND-MAGPIE is a comprehensive Integrated Assessment Model that simulates the dynamics within and between the energy, land use, water, air pollution and health, economy, and climate systems.</p> <p>It has been assumed that the portfolio distribution at country-income level will remain constant up to 2030 compared to 2021. Moreover, power production growth projections are based on 2030 Strategy projections, including direct mobilized funds (average of ~8.0 percent p.a. between 2021-2030). Thereafter, a projection of 4 percent per year is used. For renewable energy customers without reported emissions data, the assumption is made that their scope 1 emissions are zero.</p> |
| Target related to environmental matters is based on conclusive scientific evidence (if applicable) | The REMIND-MagPIE scenario is based on the SSP2 scenario defined by the IPCC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Stakeholder involvement with target setting                                                        | The target has been set as part of the CAP, and while taking into consideration the expectations following FMO's commitment to the Financial Sector commitment to the Dutch Climate Agreement. The CAP was discussed both formally and informally with key stakeholders during drafting.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Changes in target                                                                                  | <p>We include only scope 1 emissions, as this is the primary emission driver of power generation plants. For renewable energy customers without reported emissions data, the assumption is made that their scope 1 emissions are zero. The Joint Impact Model is not used to estimate power generation target GHG emissions if no reported emissions data is available.</p> <p>In order to compare performance year-on-year, data is aligned according to reporting year to the extent possible. Given that this annual report is published in early 2026, not all 2025 customer data (e.g. emissions data) was available. As a result, the reported 2025 power generation emissions combines 2024 customer emissions data with 2025 portfolio data from FMO (e.g. outstanding amounts). The 2025 number will be finalized in next year's annual report. The 2024 power generation emissions are, in principle, finalized in this annual report with a value of 413 ktCO<sub>2</sub>e, based on 2024 portfolio data and 2024 customer data.</p>                                                                                                                                                                                                     |
| Performance                                                                                        | The power generation target GHG emissions were 318 ktCO <sub>2</sub> e in 2025, which is a 49 percent reduction compared to the 2021 baseline. This is also a reduction compared to last year 2024, when the power generation target GHG emissions were 442 ktCO <sub>2</sub> e. The reduction is due to an overall decrease of our outstanding exposure in operational fossil fuel plants, consistent with the commitments set out in the 'FMO Combined Statement on Fossil Fuels'.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

FMO has set a GHG emission reduction target for financed scope 1 emissions in the power generation portfolio, as described in E1-4. FMO has not yet set other reduction targets for financed scope 1, 2 and 3, therefore no information and data can be provided regarding such targets. This is due to the many unknowns ahead including how climate change itself will evolve, how our markets and customers will respond, lack of data and what solutions are needed and effective. We seek to carefully balance our climate objectives with customer- or location-specific social and environmental considerations, including the need for a just and inclusive transition. FMO strives to align financial flows with 1.5°C aligned activities and has piloted a qualitative approach to measure this in 2025. FMO will consider the outcomes of this pilot in determining the approach to further 1.5°C alignment. We will continue to improve our data collection, including at the level of our customers, and use it to assess and monitor our progress, as a component of our climate action project workstream.

The progress made regarding the Power Generation Reduction Emission Target has been disclosed in table 18. The baseline value is considered representative as there are no indications that for the power generation portfolio the activities covered and influences from external factors in the base year were significantly different to other years. Table 18 provides information on the scientific base used to define the Power Generation Emission Reduction Target.

Since no other targets for GHG emission reduction exist, no other progress can be disclosed, nor can information be provided on how it has been ensured that the baseline value of such targets is representative in terms of activities covered and influences from external factors.

The decarbonization levers of FMO are defined in the section 'E1-1 Transition plan for climate change mitigation'. The Power Generation Emission Reduction target is part of the lever 'Aligning our portfolio and investments with the Paris Agreement goals'. Refer to table 18 for information on the quantitative

contribution to GHG emission reduction and the definition of the target, for which one scenario has been used.

The €10 billion SDG 13 target is part of the decarbonization lever 'Increasing climate investments and support to our customers', supporting mitigation of and adaptation to climate change. Because of the nature of this target, no quantitative contribution to GHG emission reduction can be provided for this target. More details on how the decarbonization levers and targets relate is provided in table 15 in the 'E1 Impacts, risks and opportunities' section.

## E1-6 Gross Scope 1, 2, 3 and Total GHG emissions

Table 19 provides the previous year and the reporting period's emissions. Compared to the previous year emissions, total GHG emissions increased in the reporting period mainly due to increased exposure and data refinements in the FI sector, which has significant scope 3 emissions. For more details, please refer to the 'FMO methodology for reporting financed GHG emissions and jobs', available on FMO's website.

Even though emissions in scope 1 and 2 from FMO's own operations were found not to be material (based on the DMA), these have been added for completeness and consistency with previously reported emissions. Milestones and targets have not been defined and are therefore left blank. FMO did set a target to reduce emissions in its power generation portfolio, which is described in section 'E1-4 Targets related to climate change mitigation and adaptation'.

The excluded scope 3 categories are indicated in the following table with 'N/A'. These categories are excluded because they are not expected to be material for FMO. Most upstream scope 3 categories 1-5 are not relevant as they only pertain to goods and serviced purchased for FMO's one office building, scope 3 category 8 is not applicable as upstream leased assets (e.g. vehicles and building) are included under Scope 1 and 2, and the downstream scope 3 categories 9-14 are not applicable because FMO's operations do not include sold physical products, downstream leased assets or franchises.

Table 19. Overview of total GHG emissions\*

|                                                                                 | Base year | Retrospective     |       |         | Milestones and target years |      |       |                           |
|---------------------------------------------------------------------------------|-----------|-------------------|-------|---------|-----------------------------|------|-------|---------------------------|
|                                                                                 |           | Comparative (N-1) | N     | % N/N-1 | 2025                        | 2030 | -2050 | Annual % target/Base year |
| Gross Scope 1 GHG emissions (ktCO <sub>2</sub> e)                               |           | 0.06              | 0.03  | -50%    |                             |      |       |                           |
| Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%) |           | 0%                | 0     | 0%      |                             |      |       |                           |
| Gross location-based Scope 2 GHG emissions (ktCO <sub>2</sub> e)                |           | 0.33**            | 0.24  | -27%    |                             |      |       |                           |
| Gross market-based Scope 2 GHG emissions (ktCO <sub>2</sub> e)                  |           | 0.03              | 0.04  | 33%     |                             |      |       |                           |
| Total Gross indirect (Scope 3) GHG emissions (ktCO <sub>2</sub> e)              |           | 5,861             | 6,442 | 10%     |                             |      |       |                           |
| 1. Purchased goods and services                                                 |           | N/A               | N/A   |         |                             |      |       |                           |
| 2. Capital goods                                                                |           | N/A               | N/A   |         |                             |      |       |                           |
| 3. Fuel and energy-related Activities (not included in Scope 1 or Scope 2)      |           | N/A               | 0.04  |         |                             |      |       |                           |
| 4. Upstream transportation and distribution                                     |           | N/A               | N/A   |         |                             |      |       |                           |
| 5. Waste generated in operations                                                |           | N/A               | N/A   |         |                             |      |       |                           |
| 6. Business traveling                                                           |           | 5.26              | 5.57  | 6%      |                             |      |       |                           |
| 7. Employee commuting                                                           |           | 0.52              | 0.53  | 2%      |                             |      |       |                           |
| 8. Upstream leased assets                                                       |           | N/A               | N/A   |         |                             |      |       |                           |
| 9. Downstream transportation                                                    |           | N/A               | N/A   |         |                             |      |       |                           |
| 10 Processing of sold products                                                  |           | N/A               | N/A   |         |                             |      |       |                           |
| 11. Use of sold products                                                        |           | N/A               | N/A   |         |                             |      |       |                           |
| 12. End-of-life treatment of sold products                                      |           | N/A               | N/A   |         |                             |      |       |                           |

|                                                            |       |       |     |
|------------------------------------------------------------|-------|-------|-----|
| 13. Downstream leased assets                               | N/A   | N/A   |     |
| 14. Franchises                                             | N/A   | N/A   |     |
| 15. Investments                                            | 5,855 | 6,436 | 10% |
| Total GHG emissions (location-based) (ktCO <sub>2</sub> e) | 5,861 | 6,442 | 10% |
| Total GHG emissions (market-based) (ktCO <sub>2</sub> e)   | 5,861 | 6,442 | 10% |

\*There is a discrepancy between the absolute greenhouse gas emissions in this table and in the table 'FMO's SDG contributions by strategic sector' in the chapter Performance Against Our Strategy. This discrepancy is due to rounding.

\*\*Restatement is the result of an incorrect emission factor identified for the 2024 electricity consumption.

The scope 1 and scope 2 emissions are calculated for the consolidated accounting group using the operational control approach. FMO does not have operational control over any investees that are not fully consolidated in the financial statements, such as associates, joint ventures and unconsolidated subsidiaries, and therefore exposures towards these investees are reported under scope 3 category 15.

The following graph shows the financed absolute emissions under scope 3 category 15 per strategic sector and emissions scope.

Figure 3. Financed absolute GHG emissions under scope 3 category 15 per strategic sector (in ktCO<sub>2</sub>e)

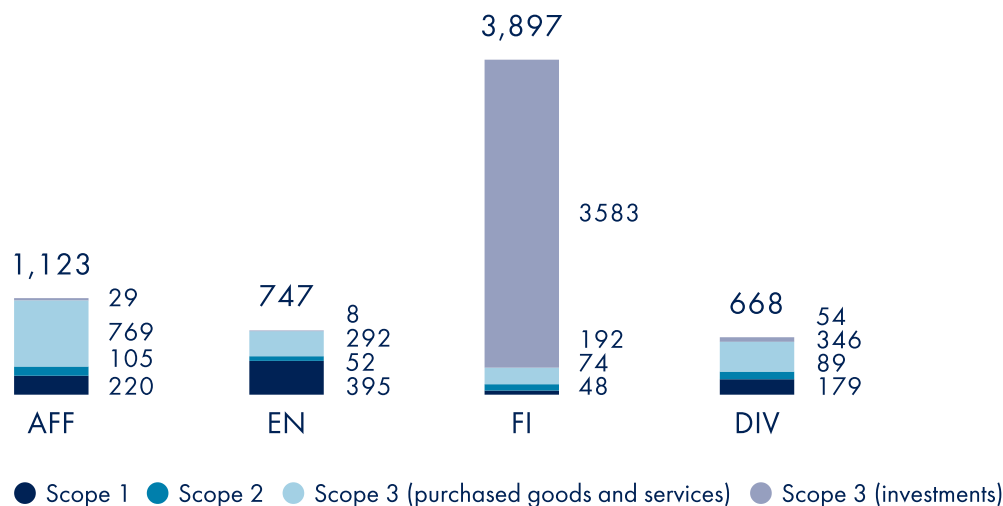


Table 20a shows the total overview of financed emissions under scope 3 category 15. Table 20b disaggregates the financed emissions under scope 3 category 15 per strategic sector, funding source, product and emissions scope.

Table 20a. Overview of financed absolute emissions under scope 3 category 15 (totals)

| Financed emissions                     | 2024                |                            |            |           |          | 2025                |                            |            |           |          |
|----------------------------------------|---------------------|----------------------------|------------|-----------|----------|---------------------|----------------------------|------------|-----------|----------|
|                                        | ktCO <sub>2</sub> e | ktCO <sub>2</sub> e/BN EUR | % coverage | % primary | DQ score | ktCO <sub>2</sub> e | ktCO <sub>2</sub> e/BN EUR | % coverage | % primary | DQ score |
| Scope 1                                | 1,042.5             | 96.6                       | 99.5%      | 52.6%     | 3.5      | 842.0               | 81.4                       | 99.3%      | 54.0%     | 3.2      |
| Scope 2                                | 337.1               | 31.4                       | 98.8%      | 15.1%     | 3.5      | 320.3               | 31.1                       | 98.8%      | 22.8%     | 3.3      |
| Total Scope 1 + Scope 2                | 1,379.5             |                            |            |           |          | 1,162.3             |                            |            |           |          |
| Scope 3 - Purchased goods and services | 1,508.0             | 140.7                      | 98.9%      | 12.1%     | 3.7      | 1,599.6             | 155.9                      | 98.7%      | 15.7%     | 3.6      |
| Scope 3 - Investments                  | 2,967.4             | 527.8                      | 98.3%      | 6.5%      | 4.6      | 3,673.9             | 600.3                      | 97.0%      | 12.8%     | 4.4      |
| Total Scope 1 + Scope 2 + Scope 3      | 5,854.9             |                            |            |           |          | 6,435.8             |                            |            |           |          |

\*There is a discrepancy between the absolute greenhouse gas emissions in this table and in the table 'FMO's SDG contributions by strategic sector' in the chapter Performance Against Our Strategy. This discrepancy is due to rounding.



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Table 20b. Overview of financed emissions under scope 3 category 15 per strategic sector, funding source, product and emissions scope

| Financed emissions***                           |          |        | AFF                 |                                |               |              |             | EN                  |                                |               |              |             | FI                  |                                |               |              |             | DIV                 |                                |               |              |             |
|-------------------------------------------------|----------|--------|---------------------|--------------------------------|---------------|--------------|-------------|---------------------|--------------------------------|---------------|--------------|-------------|---------------------|--------------------------------|---------------|--------------|-------------|---------------------|--------------------------------|---------------|--------------|-------------|
| Source                                          | Product* | Scope  | ktCO <sub>2</sub> e | ktCO <sub>2</sub> e/<br>BN EUR | %<br>coverage | %<br>primary | DQ<br>score | ktCO <sub>2</sub> e | ktCO <sub>2</sub> e/<br>BN EUR | %<br>coverage | %<br>primary | DQ<br>score | ktCO <sub>2</sub> e | ktCO <sub>2</sub> e/<br>BN EUR | %<br>coverage | %<br>primary | DQ<br>score | ktCO <sub>2</sub> e | ktCO <sub>2</sub> e/<br>BN EUR | %<br>coverage | %<br>primary | DQ<br>score |
| Scope 1                                         | FMO-A**  | Debt   | 99.2                | 94.9                           | 100.0%        | 43.8%        | 2.9         | 257.1               | 174.1                          | 100.0%        | 84.6%        | 3.7         | 32.8                | 9.4                            | 100.0%        | 13.7%        | 3.2         | 8.9                 | 72.6                           | 100.0%        | 19.5%        | 3.2         |
|                                                 | FMO-A**  | Equity | 53.6                | 376.4                          | 99.7%         | 60.1%        | 4.0         | 98.9                | 452.6                          | 97.1%         | 84.0%        | 3.4         | 10.6                | 7.4                            | 99.4%         | 37.4%        | 3.0         | 150.3               | 221.1                          | 98.9%         | 15.0%        | 3.3         |
|                                                 | PIM      | Debt   | 28.7                | 199.6                          | 100.0%        | 19.8%        | 2.9         | 17.1                | 167.3                          | 99.4%         | 0.0%         | 3.9         | 1.6                 | 14.8                           | 100.0%        | 6.7%         | 3.5         | 2.8                 | 914.0                          | 100.0%        | 48.6%        | 2.0         |
|                                                 | PIM      | Equity | 13.7                | 486.7                          | 98.7%         | 16.8%        | 3.1         | 10.1                | 156.6                          | 94.3%         | 94.2%        | 3.6         | 1.0                 | 10.3                           | 98.8%         | 0.1%         | 3.5         | 16.8                | 126.0                          | 97.2%         | 9.5%         | 3.9         |
|                                                 | MOB      | Debt   | 24.6                | 116.7                          | 100.0%        | 52.9%        | 2.4         | 12.3                | 56.1                           | 100.0%        | 94.3%        | 3.9         | 1.8                 | 2.8                            | 100.0%        | 50.8%        | 3.1         | 0.0                 | N/A                            | N/A           | N/A          | N/A         |
|                                                 | MOB      | Equity | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         | 0.0                 | N/A                            | 97.0%         | N/A          | N/A         | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         |
|                                                 | Total    | Total  | 219.8               | 139.9                          | 99.8%         | 44.0%        | 2.9         | 395.4               | 190.0                          | 99.1%         | 81.3%        | 3.7         | 47.8                | 8.3                            | 99.7%         | 19.8%        | 3.1         | 178.9               | 190.4                          | 98.7%         | 15.3%        | 3.4         |
| Scope 2                                         | FMO-A**  | Debt   | 57.8                | 55.2                           | 100.0%        | 21.3%        | 3.0         | 36.7                | 25.3                           | 98.6%         | 5.4%         | 3.8         | 39.2                | 11.3                           | 100.0%        | 16.4%        | 3.2         | 3.5                 | 28.7                           | 100.0%        | 51.6%        | 3.4         |
|                                                 | FMO-A**  | Equity | 18.0                | 126.6                          | 99.7%         | 24.4%        | 4.1         | 6.8                 | 33.6                           | 96.7%         | 26.7%        | 3.5         | 16.5                | 11.6                           | 99.0%         | 35.3%        | 3.0         | 82.2                | 119.3                          | 98.6%         | 26.1%        | 3.2         |
|                                                 | PIM      | Debt   | 11.3                | 78.7                           | 100.0%        | 70.4%        | 2.9         | 2.4                 | 25.4                           | 97.0%         | 18.7%        | 4.0         | 1.4                 | 13.0                           | 100.0%        | 4.2%         | 3.5         | 0.1                 | 21.8                           | 100.0%        | 7.0%         | 2.0         |
|                                                 | PIM      | Equity | 1.7                 | 73.3                           | 98.1%         | 33.7%        | 3.2         | 0.5                 | 7.6                            | 93.7%         | 8.3%         | 3.6         | 2.4                 | 24.0                           | 98.8%         | 0.4%         | 3.3         | 3.4                 | 26.7                           | 96.5%         | 4.0%         | 4.0         |
|                                                 | MOB      | Debt   | 15.8                | 75.0                           | 100.0%        | 41.9%        | 2.5         | 5.8                 | 26.7                           | 98.1%         | 2.3%         | 3.8         | 14.8                | 23.2                           | 100.0%        | 5.8%         | 3.1         | 0.0                 | N/A                            | N/A           | N/A          | N/A         |
|                                                 | MOB      | Equity | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         | 0.0                 | N/A                            | 97.0%         | N/A          | N/A         | 0.0                 | N/A                            | 98.7%         | N/A          | N/A         |
|                                                 | Total    | Total  | 104.6               | 66.8                           | 99.7%         | 30.5%        | 3.0         | 52.3                | 25.8                           | 97.7%         | 8.5%         | 3.8         | 74.3                | 12.9                           | 99.6%         | 17.7%        | 3.1         | 89.2                | 94.5                           | 98.3%         | 26.3%        | 3.4         |
| Scope 3 -<br>Purchased<br>goods and<br>services | FMO-A**  | Debt   | 563.7               | 538.9                          | 100.0%        | 21.6%        | 3.6         | 207.2               | 142.8                          | 98.6%         | 0.2%         | 4.0         | 120.0               | 34.5                           | 100.0%        | 13.7%        | 3.5         | 11.3                | 91.4                           | 100.0%        | 0.0%         | 4.1         |
|                                                 | FMO-A**  | Equity | 41.1                | 288.8                          | 99.7%         | 9.5%         | 4.2         | 36.3                | 179.2                          | 96.7%         | 8.8%         | 3.5         | 30.1                | 21.1                           | 99.0%         | 3.2%         | 3.1         | 294.9               | 451.3                          | 98.2%         | 11.6%        | 4.0         |
|                                                 | PIM      | Debt   | 36.3                | 252.5                          | 100.0%        | 0.8%         | 3.7         | 15.5                | 152.2                          | 99.4%         | 0.0%         | 3.9         | 8.6                 | 81.4                           | 100.0%        | 52.1%        | 3.5         | 0.3                 | 111.9                          | 100.0%        | 1.4%         | 2.0         |
|                                                 | PIM      | Equity | 8.9                 | 377.7                          | 98.1%         | 11.3%        | 3.8         | 11.8                | 197.5                          | 93.7%         | 0.1%         | 4.0         | 5.0                 | 50.3                           | 98.8%         | 0.1%         | 3.5         | 39.6                | 308.3                          | 94.5%         | 27.6%        | 3.7         |
|                                                 | MOB      | Debt   | 119.2               | 566.2                          | 100.0%        | 41.0%        | 3.4         | 20.9                | 95.8                           | 98.1%         | 0.1%         | 4.0         | 28.7                | 45.2                           | 100.0%        | 16.1%        | 3.1         | 0.0                 | N/A                            | N/A           | N/A          | N/A         |
|                                                 | MOB      | Equity | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         | 0.0                 | N/A                            | 100.0%        | N/A          | N/A         | 0.0                 | N/A                            | 97.0%         | N/A          | N/A         | 0.0                 | N/A                            | 98.7%         | N/A          | N/A         |
|                                                 | Total    | Total  | 769.2               | 491.1                          | 99.7%         | 22.8%        | 3.6         | 291.7               | 143.4                          | 98.0%         | 1.2%         | 3.9         | 192.5               | 33.5                           | 99.6%         | 13.8%        | 3.3         | 346.1               | 381.1                          | 97.5%         | 13.0%        | 3.9         |



|                       |         |        |      |       |        |      |     |     |       |        |       |     |         |         |        |       |     |      |          |        |      |     |
|-----------------------|---------|--------|------|-------|--------|------|-----|-----|-------|--------|-------|-----|---------|---------|--------|-------|-----|------|----------|--------|------|-----|
| Scope 3 - Investments | FMO-A** | Debt   | 13.8 | 201.8 | 100.0% | 0.0% | 5.0 | 0.0 | N/A   | N/A    | N/A   | N/A | 1,877.1 | 540.0   | 98.4%  | 8.0%  | 4.5 | 0.1  | 10,597.1 | 100.0% | 0.0% | 5.0 |
|                       | FMO-A** | Equity | 7.3  | 144.7 | 100.0% | 0.0% | 5.0 | 8.3 | 407.7 | 100.0% | 34.8% | 3.7 | 708.3   | 501.0   | 95.7%  | 38.3% | 4.1 | 33.0 | 180.7    | 95.8%  | 0.0% | 5.0 |
|                       | PIM     | Debt   | 2.0  | 385.1 | 100.0% | 0.0% | 5.0 | 0.0 | N/A   | N/A    | N/A   | N/A | 110.2   | 1,044.0 | 96.8%  | 1.8%  | 4.8 | 0.0  | N/A      | N/A    | N/A  | N/A |
|                       | PIM     | Equity | 0.0  | 0.0   | 50.0%  | 0.0% | 5.0 | 0.0 | 0.0   | 100.0% | N/A   | N/A | 62.7    | 697.5   | 92.6%  | 17.4% | 4.0 | 21.4 | 398.3    | 98.0%  | 0.0% | 5.0 |
|                       | MOB     | Debt   | 5.5  | 415.6 | 100.0% | 0.0% | 5.0 | 0.0 | N/A   | N/A    | N/A   | N/A | 824.2   | 1,296.2 | 100.0% | 4.0%  | 4.5 | 0.0  | N/A      | N/A    | N/A  | N/A |
|                       | MOB     | Equity | 0.0  | N/A   | N/A    | N/A  | N/A | 0.0 | N/A   | 100.0% | N/A   | N/A | 0.0     | N/A     | 90.0%  | N/A   | N/A | 0.0  | N/A      | 93.3%  | N/A  | N/A |
|                       | Total   | Total  | 28.5 | 201.2 | 85.7%  | 0.0% | 5.0 | 8.3 | 407.6 | 100.0% | 34.8% | 3.7 | 3,582.6 | 626.2   | 97.4%  | 13.0% | 4.4 | 54.5 | 230.6    | 96.4%  | 0.0% | 5.0 |

\* FMO-A = FMO consolidated; PIM = public investment management; MOB = direct mobilized funds

\*\* The scope of consolidation for the sustainability statement is equal to the scope of consolidation for the financial statements. For blended finance programs like DFCD, LUF & FMO Ventures, we disaggregate scope 3 category 15 emissions according to the funding source.

\*\*\* There is a discrepancy between the absolute greenhouse gas emissions in this table and in the table 'FMO's SDG contributions by strategic sector' in the chapter Performance Against Our Strategy. This discrepancy is due to rounding. | AFF = Agribusiness, Food & Forestry, EN = Energy, FI = Financial Institutions, DIV = Diverse sectors

No significant changes have taken place in the definition of what constitutes the reporting undertaking and its value chain. The financed emission calculations have benefitted from data improvements and methodological refinements compared to the previous Annual Report. The adjustments are elaborated upon in the FMO methodology for reporting financed GHG emissions and jobs, which is available on FMO's website.

FMO follows the GHG Protocol Corporate Standard to report its GHG emissions scopes 1, 2 and 3. The absolute GHG emissions from FMO's own operations are calculated based on measured data collected internally, such as information on commuting and flights and heating consumption of the FMO office in The Hague.

To report on the scope 3 category 15 emissions (i.e. the financed absolute GHG emissions), FMO follows the Global GHG Accounting and Reporting Standard for the Financial Industry published by the Partnership for Carbon Accounting Financials (PCAF).<sup>29</sup> The reporting boundary includes the debt and equity portfolio at the time of reporting, and excludes the treasury/liquidity portfolio. The majority of FMO's financed absolute GHG emissions are estimated through economic modelling using the Joint Impact Model (JIM). The JIM version used only allows to calculate two financed Scope 3 categories, namely 'Purchased goods and services' and 'Investments'. For more details, please refer to the FMO methodology for reporting financed GHG emissions and jobs, which is available on FMO's website.

Financed emissions are calculated based on the most recent data available from customers. For the Annual Report 2025, this means that numbers reflect customer data for 2025 to the extent that information is available, and otherwise 2024 (or older) data. Customer data is recorded per year. In other words, if the reporting date of the client is March 31, 2025, the data is reported for the year 2025 and similarly for customers where the reporting date is December 31, 2025. When investments are no longer in the portfolio as of December 31, 2025, we no longer include emissions of these customers.

Information about the percentage of different contractual instruments within scope 2 is not provided, since scope 2 emissions were found to be non-material by the DMA.

The percentage of financed emissions calculated using primary data is disclosed in table 20a and 20b. The tables also include information on the coverage percentage and the PCAF data quality score.

Biogenic emissions of CO<sub>2</sub> from combustion or bio-degradation of biomass that occur in value chain are included in the gross scope 3 emissions, as data limitations do not allow to disclose these separately.

The net revenue figure was calculated by summing the line items 'Interest income from financial instruments measured at AC' (amortized cost), 'Interest income from financial instruments measured at FVPL' (fair value through profit or loss), 'Dividend income', 'Fee and commission income' and 'Remuneration for services rendered' from the financial statements (see 'Consolidated statement of profit or loss' in the 'Consolidated Financial Statements' chapter).

Table 21. GHG intensity per net revenue

| GHG intensity per net revenue                                                  | Comparative | 2025   |           |
|--------------------------------------------------------------------------------|-------------|--------|-----------|
|                                                                                |             | N      | % N / N-1 |
| Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> e/MEUR) | 9,293       | 10,868 | 17%       |
| Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> e/MEUR)   | 9,293       | 10,867 | 17%       |

## E1-7 GHG Removals and GHG mitigation projects financed through carbon credits

In the downstream value chain, FMO invests in projects that contribute to GHG removals and storage. As per FMO's 2030 Strategy, Climate Action Plan and Forestry Strategy, we will increase our contribution to GHG removals and storage, by investing more in, for example, forestry. Specifically, FMO's Forestry strategy was launched in 2023 and aims to grow investments in forestry, including nature-based

solutions, sustainable natural forest management, and greenfield plantations. Projects that contribute to GHG removals and storage are moreover eligible for FMO's Green Label.

FMO does not yet quantitatively report on emission removals through these activities. This is something that is being worked on for future reporting.

Even though operational emissions were found to not be material during the DMA, FMO offsets its operational emissions from business travel by investing in a mix of different carbon credits. In 2025, FMO has offset 5,615 tons of CO<sub>2</sub>e using Verified Carbon Standard (VCS) Landfill Gas Pichacay Ecuador credits and 600 tons of CO<sub>2</sub>e VCS REDD+ (reducing emissions from deforestation and forest degradation in developing countries) Forestry credits.

It should be noted that no carbon credits are used to claim emission reductions towards the Power Generation Emission Reduction Target. The offset emissions are also not deducted from the operational emissions reported in section 'E1-6 Gross Scope 1, 2, 3 and Total GHG emissions'. In other words, we report our gross operational emissions.

Within our own value chain, FMO invests in activities that contribute to carbon removals, including forestry investments. Currently, we are choosing to not quantitatively assess the GHG removals across our investment portfolio. This decision reflects our intention to await further clarity on global standards before choosing an appropriate GHG accounting tool or methodology. Relevant guidance includes, for example, the recently published GHG Protocol on Land Sector and Removals Guidance, which we will further analyze.

The carbon credits FMO acquires are all retired on a yearly basis. These carbon credits do not originate from FMO's customers and are therefore outside FMO's value chain. FMO plans to keep offsetting its market-based operational emissions by purchasing carbon credits, but there are no contractual agreements for future purchase of carbon credits.

FMO has committed to be Net Zero by 2050. FMO strives to align financial flows with 1.5°C aligned activities so that we are on track to be Net Zero by 2050. In 2025 we piloted a qualitative approach in order to measure portfolio alignment. In the short-term, FMO does not utilize emissions removals to reach Net Zero financed emissions, but we will monitor industry developments in this regard. FMO will continue to improve our data collection for financed emissions, including at the level of our customers, and use it to assess our progress.

FMO strives to remain climate neutral in all its operational activities, through energy efficiency, sustainable energy procurement and compensation through the use of carbon credits. FMO's operational emission neutralization initiative does not affect the set reduction targets because carbon credits or removals do not count as emission reductions. Moreover, FMO's material emissions take place in the downstream value chain. While FMO's operational emissions are not subject to an emission reduction target, they are considered part of its net zero ambition.

## FMO entity specific metrics – climate change

In addition to ESRS-specific metrics on emissions, FMO reports on Green-labelled new investments and financed avoided GHG emissions.

### Green-labelled new investments

The Green Label Guidelines provide criteria and a methodology to assess new investments for their eligibility for FMO's Green Label. The Green Label is a strategic steering tool and a proxy for us to measure progress against the €10 billion SDG 13 target and includes, but is not limited, to climate change. The metric disclosure for Green-labelled total new investments is presented in 'ESRS 2 - IRO management'.

### Financed avoided GHG emissions

Avoided emissions are the reduction in systemic emissions resulting from a project, product, or service compared to a counterfactual scenario. For example, emissions can be avoided by renewable power production that is assumed to displace fossil fuel-based power plants, or emissions avoided through the

protection of forests against illegal logging. The financed avoided GHG emissions metric aims to quantify our contributions to climate change mitigation activities. A significant proportion of avoided emissions was attributable to our debt and equity portfolios in on-grid renewable power projects. While this metric is not defined under the ESRS, financed avoided emissions is an important entity-specific metric for FMO and its stakeholders and further defined in Table 22. Table 23 disaggregates the financed avoided emissions per strategic sector, funding source, product and project type.

Table 22. Minimum Disclosure Requirements for Metrics for Financed Avoided Emissions

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | GHG avoidance for on-grid renewable power projects is calculated as the annual electricity production during the latest available reporting year, multiplied by the country emission factors in accordance with the International Financial Institution (IFI) harmonized list of emission factors (version 3.2).<br><br>The financed avoided GHG emissions are attributed in line with the PCAF Global Standard. |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                              |
| Unit                                                                          | ktCO <sub>2e</sub>                                                                                                                                                                                                                                                                                                                                                                                               |
| 2025                                                                          | 2,028                                                                                                                                                                                                                                                                                                                                                                                                            |
| 2024                                                                          | 1,959                                                                                                                                                                                                                                                                                                                                                                                                            |
| Restatement information                                                       | Restatement is the result of incorrect data identified for one customer, which exceeded the significance threshold by itself. The previously reported figure for 2024 was 2,134 compared with the new figure 1,959. This represents a 8 percent decrease.                                                                                                                                                        |

Table 23. Results on Financed Avoided Emissions

|                         |         |         | 2024               |                    |                    |                    | 2025               |                    |                    |                    |
|-------------------------|---------|---------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                         |         |         | AFF***             | EN***              | FI***              | DIV***             | AFF***             | EN***              | FI***              | DIV***             |
| Project type            | Source* | Product | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> | ktCO <sub>2e</sub> |
| On-grid renewable power | FMO-A** | Debt    | -                  | 834                | -                  | 23                 | -                  | 957                | -                  | 24                 |
| On-grid renewable power | FMO-A** | Equity  | -                  | 27                 | -                  | -                  | -                  | 74                 | -                  | -                  |
| On-grid renewable power | PF      | Debt    | -                  | 31                 | -                  | -                  | -                  | 53                 | -                  | -                  |
| On-grid renewable power | PF      | Equity  | -                  | 5                  | -                  | -                  | -                  | 44                 | -                  | -                  |
| On-grid renewable power | MOB     | Debt    | -                  | 301                | -                  | -                  | -                  | 267                | -                  | -                  |
| On-grid renewable power | MOB     | Equity  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| On-grid renewable power | Total   | Total   | -                  | 1,198              | -                  | 23                 | -                  | 1,395              | -                  | 24                 |
| Other                   | FMO-A** | Debt    | 70                 | 52                 | -                  | -                  | -                  | 53                 | -                  | -                  |
| Other                   | FMO-A** | Equity  | -                  | 254                | -                  | 112                | 12                 | 50                 | -                  | 92                 |
| Other                   | PF      | Debt    | 50                 | 279                | -                  | -                  | -                  | 252                | -                  | -                  |
| Other                   | PF      | Equity  | 1                  | 66                 | -                  | 7                  | 65                 | 71                 | -                  | 14                 |
| Other                   | MOB     | Debt    | -                  | 22                 | -                  | -                  | -                  | -                  | -                  | -                  |
| Other                   | MOB     | Equity  | -                  | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Other                   | Total   | Total   | 121                | 673                | -                  | 119                | 77                 | 426                | -                  | 106                |

\* FMO-A = FMO consolidated; PF = public funds; MOB - direct mobilized funds

\*\* The scope of consolidation for the sustainability statement is equal to the scope of consolidation for the financial statements. For blended finance programs like DFCD LUF & FMO Ventures, we disaggregate financed avoided emissions according to funding source.

\*\*\* AFF = Agribusiness, Food & Forestry, EN = Energy, FI = Financial Institutions, DIV = Diverse sectors

## EU Taxonomy

For the financial year 2025, FMO will opt out from detailed reporting in accordance with the EU Taxonomy, as no activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (Taxonomy Regulation).



## E3 Water and Marine Resources

### E3 Introduction

FMO recognizes the critical role of water management in supporting climate and nature goals, ecosystems, and economic development. FMO invests in projects dependent on freshwater resources in the water, energy and agrifood portfolios, and impacts are expected regarding both water quality and water availability. As part of the impact management strategy, FMO has an ambition to invest in water efficient projects that align with the wider goals of environmental protection, safeguard affected communities, and ensure the sustainable use of water resources. By addressing water impacts, FMO aims to contribute to sustainable development and help mitigate the negative impacts of climate change on water resources.

### E3 Impacts, risks and opportunities

The following table provides an overview of how each impact, risk and opportunity (IRO) relates to the policies, actions and targets respectively. The impacts caused by our own operations fell below the materiality threshold. However, two negative impacts in our investment portfolio are considered to be material.

It should be noted that the double materiality assessment (DMA) for E1 on Climate included a Climate Risk Assessment, through which a material financial risk related to water dependency was identified. This risk will be reported under 'E1 Climate change' as it relates to climate change effects that lead to increased water scarcity.

Table 24. Overview of how each IRO relates to the policies, actions and targets respectively

| ESRS Subtopic     | Material impact, risk, opportunity | Description                                                                                                                                                                                                                                                                                                                                                                                    | Short description & reasonably expected time horizons of the impacts | Value chain location            | Policy                | Actions                                                          | Targets            |
|-------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------|-----------------------|------------------------------------------------------------------|--------------------|
| Water withdrawals | Actual negative impact             | The actual negative impacts on water quality and availability resulting from significant water usage or degradation by customers and/or projects financed by FMO. Water scarcity and degradation undermine the long-term sustainability of water resources, posing risks to ecosystems, biodiversity, and the livelihoods of communities dependent on water for agriculture and other purposes | Degraded water quality and reduced availability<br><br>Short term    | Downstream investment portfolio | Sustainability Policy | Development and monitoring of ESAPs and corrective action plans. | No specific target |

|                   |                        |                                                                                                                                                       |                                  |                                 |                       |                                                                  |                    |
|-------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|-----------------------|------------------------------------------------------------------|--------------------|
| Water withdrawals | Actual negative impact | Actual impact on water withdrawals through the creation of reservoirs because of construction of hydro power dams and/or generators by our customers. | Water availability<br>Short term | Downstream investment portfolio | Sustainability Policy | Development and monitoring of ESAPs and corrective action plans. | No specific target |
|-------------------|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|-----------------------|------------------------------------------------------------------|--------------------|

## E3-1 Policies

Our Sustainability Policy and related underlying documents outline how we manage our material water-related IROs. The Sustainability Policy is mostly related to our (positive and negative) impacts in our downstream value chain and is part of the Sustainability Policy Universe.

The ESG management approach for screening and monitoring customers with regard to potential negative impacts on local communities are described in 'ESRS 2 - IRO management'. FMO has adopted the IFC Performance Standards (IFC PS) as its operating standard. The following documents are relevant for water:

- IFC PS3, 4 and 6 provide specific guidance on water related topics, as they respectively cover Resource Efficiency and Pollution Prevention, Community Health, Safety, and Security, and Biodiversity Conservation and Sustainable Management of Living Natural Resources.
- Our Position Statement on Hydropower Plants outlines our approach to investing in hydroelectric projects, emphasizing the balance between harnessing their economic and environmental benefits and rigorously assessing and mitigating potential technical, environmental, and social impacts, including adherence to IFC PS and continuous monitoring.

FMO's policies that address water-related impacts are aimed at reducing the material negative impacts downstream in FMO's value chain. FMO aims to support customers to improve their sustainable use of natural resources, such as water, and to prevent degradation of ecosystems. FMO assesses its direct and indirect potential and existing investments over time according to ESG criteria such as the presence and quality of the E&S management system, availability, quantity and quality of resources such as water for local communities and related impacts on resource efficiency including the consumption and use of water. The scope of this assessment applies to the financed activities and their primary suppliers, though FMO may look beyond the direct financed activities when salient risks are expected in the value chain.

Potable water availability or sanitary wastewater collection, treatment, or discharge are also considered, whereby opportunities are explored to improve these aspects, especially where these can be provided at marginal cost to the project.

When projects are a potentially significant consumer of water, in addition to applying the resource efficiency requirements of the IFC PS3, FMO requires its customers to adopt measures (e.g., use of additional water conservation measures, the use of alternative water supplies, water consumption offsets, evaluation of alternative project locations) that avoid or reduce water usage so that the project's water consumption does not have significant negative impacts.

FMO requires that projects implement technically and financially feasible and cost-effective measures for improving efficiency in its consumption of water, integrating the principles of cleaner production into product design and production processes with the objective of conserving water.

Policies related to water management pertain to an organization's own operations. Since FMO's own operations were not identified as material in the DMA, this type of water management policies is not relevant for FMO. Since the water-related impacts that were identified to be material for FMO are not related to our own operations, there are no policies required to address water stress near one of FMO's operating sites.

## E3-2 Key actions

As part of the normal due diligence process, we identify performance gaps against our standards, and we agree with our customers on improvements that are required in relation to negative impacts on water and marine resources (e.g. impact of hazardous materials on ecosystem services, degradation of

natural resources, water usage etc.). These improvements are translated into an ESAP which is incorporated into the contract. The ESAP also stipulates timelines for the customers to close the actions (see 'ESRS 2 - IRO management' and 'ESRS 2 - ESG management at customer level').

Compliance with the ESAP and closing of actions is monitored as part of the customer credit review process which takes place annually. Where incidents take place, a corrective action plan may be required to mitigate and possibly remediate the impact; this can be agreed with the customer.

Table 25. Minimum Disclosure Requirements for actions related to water resources

|                                                                                                  |                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | ESAPs and corrective action plans are developed and monitored for all high-risk customers with gaps identified towards IFC PS 3 requirements.                                                       |
| Time horizon                                                                                     | ESAPs and corrective action plans take place on an ongoing basis.                                                                                                                                   |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                 |
| Progress of actions                                                                              | No specific actions were announced in prior periods.                                                                                                                                                |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'. |

## E3-3 Targets

FMO has not adopted targets related to water resources. However, FMO's ESG performance target includes but is not limited to water impact from related investments (incl. IFC PS3, 4 and 6). Detailed information on this target is provided in 'ESRS 2 – IRO management'.

## E4 Biodiversity and ecosystems

### E4 Introduction

FMO recognizes the value of ecosystems that form the natural capital for the world economy. Their degradation poses a direct risk for FMO's customers and the societies in which they operate. When considering biodiversity, FMO looks at it from a broader perspective, taking into consideration nature and natural capital. FMO's impact management procedures are aligned with environmental conservation, sustainable use of natural resources, and protection of ecosystems. FMO aims to achieve positive impacts through biodiversity finance that are focused on supporting nature-based solutions, integration of sustainable use and management of nature, its conservation and restoration, and integration of enabling conditions such as policies, model and sectoral instruments, incentives, data and other tools that enable the above activities. As per the 2030 Strategy, FMO aims to increase the volume of investments contributing to biodiversity. Together with our partners, FMO committed to engage on climate adaptation and resilience, and biodiversity, by creating coalitions with key nature conservancy organizations, contributing to the understanding of the landscape approach, promoting community and stakeholder engagement.

### E4 Impacts, risks and opportunities

Table 26 below gives an overview of how each material IRO relates to policies, actions, and targets, which will be covered in the sections of this statement.

Table 26. Overview of how each IRO relates to the policies, actions and targets respectively

| ESRS Subtopic                                                                                     | Material impact, risk, opportunity | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Short description & reasonably expected time horizons of the impacts                                                                                            | Value chain location                  | Policy                | Actions                                                 | Targets            |
|---------------------------------------------------------------------------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------|---------------------------------------------------------|--------------------|
| Direct impact drivers of biodiversity loss<br><br>Impacts on the extent & condition of ecosystems | Actual negative impact             | Investments in agriculture, forestry, and renewable energy projects can lead to negative impacts on biodiversity. These may include habitat loss and fragmentation due to land-use changes (e.g. deforestation, conversion of natural landscapes), introduction of monocultures or non-native species, and poor water management. Investments in hydropower plants can disrupt aquatic species migration and alter natural hydrological cycles, while large-scale wind and solar installations may interfere with wildlife movement and degrade habitats. | Negative impacts from investments in AFF, in hydro power plants, large scale wind turbines, and solar panels (energy portfolio)<br><br>Short term - Medium term | Downstream (AFF and energy portfolio) | Sustainability Policy | ESG impact using IFC Performance Standards.             | No specific target |
| Direct impact drivers of biodiversity loss<br><br>Impacts on the extent & condition of ecosystems | Potential positive impact          | Impact on biodiversity and other ecosystems through the financing of AFF and energy investments and projects that are specifically aimed at ecosystem restoration and regeneration.                                                                                                                                                                                                                                                                                                                                                                       | Finance projects that restore and regenerate ecosystems<br><br>Long term                                                                                        | Downstream (AFF and energy portfolio) | Sustainability Policy | Increase volume of investments related to biodiversity. | SDG 13 target      |

|                                                 |             |                                                                                                                                                                                                                                                                              |                                                          |                                       |                       |                                                         |                    |
|-------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------|-----------------------|---------------------------------------------------------|--------------------|
| Direct impact drivers of biodiversity loss      |             | The opportunity for FMO to identify, create and develop new markets with a biodiversity positive impact (e.g. forestry projects, regenerative agriculture) into bankable projects, to deploy and attract public or private funds and generate return on investment at scale. | Opportunity to develop new biodiversity positive markets | Downstream (AFF and energy portfolio) | Sustainability Policy | Increase volume of investments related to biodiversity. | No specific target |
| Impacts on the extent & condition of ecosystems | Opportunity |                                                                                                                                                                                                                                                                              |                                                          |                                       |                       |                                                         |                    |

FMO identified biodiversity and ecosystems to be a material topic because of its potential and actual positive and negative impacts from FMO's investments in the agrifood, water, and energy sectors (downstream value chain), and because of the developments in biodiversity-positive financing markets that can create material opportunities for FMO. However, currently FMO does not consider biodiversity a material topic from the financial risk perspective. For more details, please refer to our double materiality assessment process (DMA) as described in 'ESRS 2 - Double materiality assessment'.

As part of FMO's assessment on the materiality of the topic of biodiversity and ecosystems in its own operations and downstream value chain, a desk research was conducted to evaluate the agrifood, water, and energy sectors looking into international sector standards, peers, trends, and media coverage. Additionally, FMO considered its 2030 Strategy and current ways of working (such as our ESG management process, climate risk assessment, Green Label assessments, and forestry strategy). As such, impact drivers were taken into consideration, including climate change, land-use change, the impact on marine and freshwater-use, direct exploitation and invasive alien species and pollution, as well as impacts on the state of species, impacts on the extent and condition of ecosystems and impacts and dependencies on ecosystem services.

While the DMA was being conducted, FMO was also in the process of creating a methodology to assess our dependency on nature. As this methodology was still in early stages of development, it was not taken into consideration during the DMA.

For the methodology to assess dependencies on nature FMO is applying the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) materiality ratings to help evaluate FMO's exposure to nature-related risks, and to better understand our dependencies and impacts on nature. FMO expects to continue developing its methodology and improving ways of assessing dependencies and risks related to biodiversity and ecosystems. This work will continue throughout 2026.

FMO's Climate Risk Report (see 'E1 - Impact, Risk and opportunity management') formed part of the input for the material risks and opportunities determined in our DMA. Our climate risk assessment explicitly covers physical and transition risks related to climate change, which also indirectly impacts nature, biodiversity and ecosystems. Within the climate risk assessment, the relevant risks for biodiversity and ecosystems are sometimes direct and sometimes indirect (as climate change can affect ecosystems and biodiversity). These risks have been covered as material under 'E1 Climate Change' and FMO did not find any additional material nature-related risks during the DMA.

The outcome of the DMA concluded that biodiversity-related outside-in financial risks are currently not material to FMO. However, as the methodology to assess the dependency on nature continues to develop, FMO may identify material biodiversity-related risks in the future.

Exploring biodiversity-related opportunities has been embedded into FMO's 2030 Strategy, in which FMO aims to continue increasing the volume of investments contributing to biodiversity as part of our SDG 13 ambition through the growth of FMO's Green Label investments portfolios.

As FMO's methodology for assessing dependency on nature is still under development and was not considered during the DMA, those systemic risks have not yet been taken into consideration.

FMO did not consult with potentially affected communities specifically for the purposes of the DMA. As discussed in 'ESRS 2 - IRO management', FMO applies the relevant IFC Performance Standards (IFC PS) in its investment process and due diligence, which may require consultation of potentially affected communities (depending on the investment) in order to avoid causing negative impacts on communities.



FMO's approach towards affected communities is described further in the ESRS statement 'S3 Affected communities'.

As the topic of biodiversity and ecosystems is not material to FMO's own operations, the potential impacts on ecosystem services of relevance to affected communities in FMO's own operations are not applicable.

FMO does not have sites of its own that can create material impacts on biodiversity. Some investments can take place in physical locations that may be in or near biodiversity sensitive areas. FMO manages potential negative impacts in our investment process with the implementation of IFC PS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources).

FMO assesses the necessity of implementing climate mitigation measures on an individual project level. FMO's relevant process is described further in the section 'E4-2 Policies'.

## E4-1 Transition plan

FMO identified material potential positive and negative impacts on biodiversity and ecosystems in its downstream value chain. Additionally, FMO is developing a methodology on how to assess dependencies on nature, and is in the process of identifying potential risks from ecosystem degradation, regulatory and market shifts, climate change and biodiversity loss. Lastly, FMO has identified biodiversity-related opportunities as part of our 2030 Strategy, where FMO aims to increase the volume of investments contributing to biodiversity towards its SDG 13 ambition and Green Label growth target.

As discussed in the previous section of this statement and in section 'ESRS 2 - Double materiality assessment', no material biodiversity and ecosystems-related risks were identified during the DMA. Therefore, our conclusion from our DMA is that FMO is resilient in terms of biodiversity and ecosystems.

The DMA covered FMO's upstream and downstream value chain, and FMO's own operations. The time horizons used for the DMA were in line with the time horizons mentioned in ESRS 1. Furthermore, no specific stakeholder engagement was performed for the purposes of the DMA on the topic of biodiversity and ecosystems.

As mentioned before, FMO is developing a methodology to assess FMO's risks and dependencies related to nature. This methodology covers FMO's entire portfolio (downstream value chain). This work is still in progress and is expected to continue to develop further in the coming years as our understanding of FMO's resilience in terms of biodiversity and ecosystems evolves.

Lastly, during the reporting period, FMO developed the Biodiversity definition and methodology to outline how FMO defines biodiversity and nature finance, and how it will internally track investments in biodiversity positive finance. The biodiversity scope definition and FMO's accounting methodology contribute towards the \$10bn target in Climate (SDG13) finance, in line with FMO 2030 Strategy (see 'E4-3 Actions and resources related to biodiversity and ecosystems').

## E4-2 Policies

FMO's material potential impacts related to the topic of biodiversity and ecosystems are mainly addressed by one policy: the Sustainability Policy and the relevant supporting documents, which together form the FMO Sustainability Policy Universe (SPU). FMO's 2030 Strategy and Climate Action Plan describe FMO's commitment to increase investments in biodiversity.

Below is a description of the relevant documents within the SPU:

- FMO's **Sustainability Policy** and related underlying documents outline how FMO manages its material biodiversity-related IROs. A complete description of the Sustainability Policy is described in 'ESRS 2 - IRO management'.
- FMO's **Position Statement on Hydropower Plants** outlines FMO's approach to investing in hydroelectric projects, emphasizing the balance between harnessing their economic and environmental benefits and rigorously assessing and mitigating potential technical, environmental, and social (E&S) impacts, including adherence to IFC PS and continuous monitoring. This emphasizes mandatory consultation with the local population affected by the project and specific plans available to compensate for any negative effects.

- **Exclusion list:** FMO's exclusion list requires that an investment may not result in the 'significant conversion or degradation of critical habitats. Primary forests or forests of a high conservation value are classified as critical habitats.
- **ESG management.** The general criteria for screening and monitoring customers with regard to negative/adverse impacts on local communities are described in 'ESRS 2 - IRO management'. The following standards are relevant for biodiversity:
  - i. IFC PS1: Assessment and management of environmental and social risks and impacts in relation to communities as well as disadvantaged and vulnerable groups
  - ii. IFC PS6: Biodiversity conservation and sustainable management of living natural resources
  - iii. IFC PS3 and 4 address the impacts of customer activities on ecosystem services and areas of importance to biodiversity that affect local communities
- **Green Label Guidelines:** the Green Label Guidelines provide the methodology and criteria for how to identify investments that are ex ante expected to have the positive impact FMO aims to create through its portfolio, including when it comes to preserving and growing natural capital and promoting biodiversity.

FMO's material biodiversity-related IROs are provided in the overview Table at the start of this chapter. These cover the relevant biodiversity drivers mentioned in the application requirements for ESRS E4 (with the exception of pollution which was not identified as a material topic for FMO) and ecosystem-related impacts, risks and opportunities.

In practice, our ESG management process involves identifying, managing and monitoring potential and actual negative impacts caused by our customers in relation to biodiversity and ecosystems. Ecosystem services are the benefits that people, including businesses, derive from ecosystems.

FMO requires customers to identify and avoid negative impacts on biodiversity or ecosystems. Specifically, this requires customers to identify potential negative impacts (IFC PS1 and IFC PS6) such as habitat loss, degradation and fragmentation, possibility of invasive alien species introduction, overexploitation of a habitat and pollution (IFC PS3) that arise as a result of their activities. Where these potential negative impacts cannot be avoided, mitigation strategies and measures (e.g., avoiding impacts through exclusion of land areas within a site for conservation, introducing biological corridors, habitat restoration during or after operations etc.) are to be developed by our customers to minimize the negative impacts (IFC PS6).

Additionally, customers engaged in primary production of living natural resources, such as forestry and agriculture, are required to manage these resources sustainably using industry-specific good management practices (IFC PS6) and this is to be demonstrated by independent verification or certification.

Furthermore, in cases where customers are purchasing primary production (such as food and fiber commodities) from areas with a known potential negative impact of significant conversion of natural and/or critical habitats, FMO requires that these customers implement systems and verification practices to identify where the supply originates, the type of habitat of the area, review supply chains and limit procurement from suppliers where these impacts are identified (IFC PS6 and IFC PS1).

Moreover, customer activities can negatively impact local communities in the following ways:

1. A customer's operations may directly negatively impact priority ecosystem services that can result in adverse health and safety impacts on local communities (IFC PS4). For example, customer activities in the agricultural sector can result in the loss of natural buffer areas such as wetlands and mangroves which mitigate the effects of natural hazards such as landslides and flooding, thus resulting in increased vulnerability and community safety-related risks and impacts. Some of these impacts can be exacerbated by climate change (IFC PS4).
2. Customer operations can also negatively impact local communities whose livelihoods are dependent on biodiversity in these areas or ecosystem services (IFC PS1).

These negative impacts should be identified and avoided. If deemed unavoidable, then customers are required to implement appropriate mitigative measures (IFC PS4) in consultation with affected local communities (IFC PS1). The process used by FMO to identify and manage IROs to local communities is described in S3.

Throughout the investment process and as part of our due diligence, FMO assesses its customers' performance against the above standards. The outcome of the assessment is an integral part of the financial proposals that inform our investment decisions. Where negative impacts or gaps in the management of such negative impacts are identified, FMO agrees with the customer on measures and actions to be taken by the customer to close these performance gaps. These actions are formalized in an Environmental and Social Action Plan (ESAP) which is included in the financing contract with the customer. By collaborating with its clients, FMO aims to address these gaps in order to effectively manage associated (material) negative impacts on biodiversity and ecosystems.

In this manner, FMO sees an opportunity to transform the agriculture sector in our markets through the use of sustainable, resource-efficient and resilient practices and business models throughout agricultural supply chains. FMO assesses its investments for negative impacts and dependencies on nature (as described above) and uses this analysis to identify investment opportunities. For example, some investments leave natural forests intact or preserve certain ecosystems while still profitably harvesting products. This is how FMO turns identified dependencies and negative impacts into opportunities for investment.

In addition, the biodiversity-related parts of our Sustainability Policy and associated documents are linked to several other third-party standards and initiatives:

- Our biodiversity commitments are linked to SDG 13 on climate action, as FMO actively participates in biodiversity efforts by forming partnerships with key conservation organizations, enhancing understanding of landscape approaches, and encouraging community and stakeholder involvement.
- Additionally, the European Regulation on Deforestation-Free Products (EUDR) will come into force in 2026. This regulation requires companies to prove their products are deforestation-free from December 30, 2025 onwards. Although it will not affect FMO directly, it will become relevant as it poses a transition risk for many of our agrifood partners. It is applicable downstream, to customers in FMO's portfolio (especially the Agribusiness, Food, and Forestry portfolio). More information on how FMO considers acting upon this is included section 'E4-3 Actions and resources related to biodiversity and ecosystems'.

The target of investing €10 billion in SDG 13-related investments by 2030 contributes to the positive impact of FMO and the opportunity for FMO to protect, restore and regenerate ecosystems and create and develop new markets with a biodiversity positive impact.

The biodiversity-related eligibility criteria for an investment to receive the Green Label are as follows:

A financed activity is contributing to:

- **Protection/Conservation** of the current status and condition of biodiversity and ecosystems; AND/OR
- **Restoration/recovery** of an ecosystem that has been degraded, damaged or destroyed relative to a reference state; AND/OR
- **Reduction** of the direct drivers of biodiversity or ecosystem services loss<sup>30</sup>/integration of **sustainable use** and management of nature (through for e.g. nature-based solutions) across economic sectors to shift away from processes driving nature loss; AND/OR
- Integration of **enabling conditions** such as policies, model and sectoral instruments, incentives, data and other tools enabling the above activities.

Since FMO did not identify any material biodiversity-or ecosystem-related IROs for FMO's own operations, there was no need to adopt biodiversity and ecosystem protection policies covering FMO's operational sites.

Since FMO's potential negative impacts through unsustainable land use change or agricultural practices were found to be material, FMO's approach to managing these impacts is described above. The potential positive impact of investing in projects that promote sustainable land use through ecosystem restoration and regeneration is also described above.

Sustainable oceans and sea are not material for FMO and therefore no related policies exist.

Two policy aspects are relevant to how FMO addresses deforestation at FMO. First, FMO uses an exclusion list when evaluating potential investments. Part of this exclusion list is the fact that an investment may not significantly contribute to the conversion or degradation of a critical habitat, like primary or high conservation-value forests. Secondly, the IFC PS6 addresses deforestation by emphasizing the need to protect and conserve biodiversity, maintain ecosystem services, and manage living natural resources sustainably.

IFC PS6 requires customers to take proactive steps to address deforestation and its impacts on ecosystems and biodiversity.

## E4-3 Key actions

FMO has made a list of strategic and operational actions from the reporting period, which address the material IROs. Here are the main actions. The scope for these actions concerns our downstream investment portfolio.

### Operational actions in 2025

1. Increase the Green-labelled share of our portfolio. Investments are assessed based on potential impact and include increasing biodiversity positive-related investments in line with the relevant biodiversity criteria in our Green Label. Our investment teams seek opportunities in biodiversity finance on an ongoing basis. Our Sustainable Finance Advisory team provides investment teams with ongoing support on such transactions. Investment teams receive regular training on the label and opportunities in these focus areas.
2. Keep using and improving the IFC PS6 standard application including training and ESAPs at customer level to manage potential negative impact.

### Strategic actions in 2025

1. FMO introduced an agreed definition of biodiversity finance and developed a methodology for labeling biodiversity finance volumes under its Green Label in line with FMO's Strategy 2030 ambition to increase biodiversity finance.
2. FMO continued its efforts to develop a methodology to assess FMO's dependency on nature, as part of FMO's climate risk assessment that is covered in 'E1 Climate change'. This is expected to continue throughout 2026.
3. Green Label update on biodiversity finance attribution methodology.
4. FMO continued developing a pipeline for biodiversity financing in line with our strategic commitments.
5. FMO partnered with Nature Positive New Zealand to aid customers within the renewable energy sector in the embedment of biodiversity and ecosystem considerations across project lifecycles. To this end, capacity-development workshops were held for customers in Cape Town and Istanbul and a publicly available self-paced online module on IFC Performance Standard 6 was developed.

Table 27. Minimum Disclosure Requirements for actions and resources related to biodiversity and ecosystems

|                                                                                                  |                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | The actions apply to FMO's value chain, with a focus on the downstream value chain.                                                                                                                                |
| Time horizon                                                                                     | <ul style="list-style-type: none"> <li>· Operational/BAU (business as usual) actions are implemented within the reporting period.</li> <li>· Strategic actions are implemented in the period 2025-2026.</li> </ul> |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                                |
| Progress of actions                                                                              | Progress of actions is presented in the section above.                                                                                                                                                             |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.                |

In 'ESRS 2 - Governance of sustainability matters' FMO provides information on the teams and departments that are involved with the management of material IROs, which relate to the implementation of the operational actions described above.

In principle, FMO does not use biodiversity offsets in its action plans. However, on an individual investment level, FMO's Biodiversity Mitigation hierarchy is based on IFC PS6 and denotes offsetting as a last resort for residual impact after following the implementation of prevention/avoidance, minimization, and restoration measures. Biodiversity offsets adhere to the 'like-for-like or 'better' principle and are designed and implemented to achieve measurable conservation outcomes that can reasonably be expected to result in no net loss of biodiversity and net gain in critical habitats.

Additionally, on an individual project level, FMO identifies any needs for offsets and apply specific relevant key performance indicators on a case-by-case basis. The same applies to financing effects and types, areas and quality criteria applied to the offsets. These will therefore not be described in more detail here as they are not part of our action plans.

IFC PS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources forms a key element of FMO's ESG performance assessment of direct high-risk customers. When significant impacts on biodiversity are identified, FMO projects must develop and implement a Biodiversity Action Plan (BAP), which explicitly describe the project's mitigation strategy and how local and indigenous knowledge and nature-based solutions are incorporated into conservation strategies and actions. FMO ensures its projects consult protected area managers, affected communities, indigenous peoples and other stakeholders. Affected communities should participate in this identification process in accordance with the stakeholder engagement process as defined in IFC PS1. This process involves Indigenous Peoples' representative bodies and organizations as well as members of the affected communities of indigenous peoples and provide sufficient time for indigenous peoples' decision-making processes.

FMO's stakeholder engagement process involves disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to affected communities. Where projects are likely to generate adverse E&S impacts to affected communities, FMO will implement a Stakeholder Engagement Plan tailored to their characteristics and interests. Following IFC PS6, FMO makes every reasonable effort to verify that during this process, community representatives represent the views of affected communities and that they can be relied upon to faithfully communicate the results of consultations to their constituents.

## E4-4 Targets

FMO currently has no specific biodiversity targets to manage the material IROs, and for the time being, does not intend to set any specific targets. The topic of biodiversity finance is continuously evolving, which currently makes it challenging to predict progress and set reliable targets.

FMO does, however, have two portfolio targets (see 'ESRS 2 - IRO management') that have a connection to our biodiversity portfolio:

- FMO registers and monitors the different types of ESG risks of our high-risk customers and aim to have at least 90 percent of the ESG risks managed at an adequate level by the customers in our target list. This includes biodiversity-related risks through IFC PS6.
- FMO aims to grow its SDG 13-related investment portfolio to €10 billion by 2030, including investments that contribute to biodiversity.

## E4 FMO entity specific metrics

On an annual basis, FMO tracks entity specific metrics related to Biodiversity. These metrics enable FMO to monitor its objective regarding positive impact, as well as to identify, manage and monitor potential and actual negative impacts caused by FMO customers in relation to biodiversity and ecosystems through the impact management process.

FMO assesses the potential positive biodiversity impacts of investments ex-ante. This assessment is done through our Green Label, which FMO assigns to investments that are expected to benefit biodiversity. The Green Label includes but is not limited to Biodiversity.

FMO tracks the performance of high-risk customers against the requirements of the IFC PS's in relation to biodiversity and ecosystems. The methodology used to determine this metric and any identified performance gaps for the year, as well as the Green Label have been outlined in 'ESRS 2 - IRO management'.



# S1 Own Workforce

## S1 Introduction

FMO will continue its commitment to further increase its impact in the coming years. In addition to the total number of employees, different skillsets will need to be developed to meet changing requirements in respect of impact & ESG themes, regulations and stakeholder expectations, as well as our strategic ambitions. FMO is actively cultivating a culture that values diversity, quality, integrity, and making a positive impact on society. We have an ambitious strategy towards 2030 and recognize the role of culture in long-term value creation. FMO is committed to fostering a work environment that prioritizes the wellbeing and development of its workforce and enabling a healthy and inspiring working environment. Equal treatment and opportunities for all are fundamental at FMO and we strive to create a workplace where everyone can thrive.

In terms of FMO's commitment to corporate culture, we comply with the Dutch Labor Law and Collective Labor Agreement (CLA Banks) to ensure employee rights and wellbeing are fully incorporated. Comprehensive onboarding and training programs give employees an understanding of FMO's vision, strategy, and human rights fundamentals.

FMO's strategy integrates the interests, views, and rights of its workforce through a strong commitment to human rights, and embedded impact management framework following international standards like the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines to guide its human rights practices and sustainability policy with a focus on investments and customers, but also with respect to our own organization. This approach ensures that the rights, including labor rights, of people within FMO are respected and upheld.

This sustainability statement describes FMO's guidelines, processes, actions, metrics, and targets related to employees and non-employees, enabling the readers to understand its strategy, approach, processes, procedures, and performance in this area. FMO employees are individuals with an employment contract with FMO or a regional office subsidiary, whether for a fixed term or indefinite period. This includes the regional offices in South Africa, Kenya (branches), and Costa Rica (subsidiary). Non-employees include a variety of individuals such as contractors (including self-employed persons), consultants and secondees. Third Party contractors (security, catering, and cleaning) and Interns are excluded. All FMO employees and non-employees who can be materially impacted are included under this statement.

## S1 Impacts, risks and opportunities

We identified the following impacts, risks, and opportunities (IROs) during the double materiality assessment (DMA).

Table 28. IROs, Policies, Actions, and Targets

| ESRS Subtopic                             | Material impact, risk, opportunity | Description                                                                                                                                                                                                                                                                                                                                 | Short description & reasonably expected time horizons of the impacts   | Value chain location | Policy             | Actions                                            | Targets            |
|-------------------------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------|--------------------|----------------------------------------------------|--------------------|
| Working conditions                        | Actual positive impact             | The actual positive impact on the well-being and development of FMO's workforce as a result of FMO creating purposeful work, supported by a working environment that pays attention to both physical and mental health. By prioritizing safety and overall well-being, this helps foster a positive atmosphere and good working conditions. | Working conditions of our own workforce<br><br>Short term              | Own operations       | No specific policy | Employee Value Proposition                         | No specific target |
| Working conditions                        | Potential negative impact          | The potential negative impact on FMO's own personnel due to an adverse event (e.g., physical or psychological threat, psychological trauma) during site visits or travel to clients or projects in fragile states or highly remote areas.                                                                                                   | Working conditions of our own workforce<br><br>Short term              | Own operations       | No specific policy | Employee Value Proposition                         | No specific target |
| Working conditions                        | Opportunity                        | The opportunity to develop FMO's own workforce to ensure their skills, knowledge and expertise will enable FMO to successfully implement its strategy                                                                                                                                                                                       | Working conditions of our own workforce                                | Own operations       | No specific policy | The implementation of the Values in Action program | No specific target |
| Equal treatment and opportunities for all | Actual positive impact             | The actual positive impact to support employees when expressing themselves through the option to participate in various communities within FMO.                                                                                                                                                                                             | Diversity, equity and inclusion in our own workforce<br><br>Short term | Own operations       | No specific policy | The implementation of the Values in Action program | No specific target |

|                                           |                        |                                                                                                                                                                                                                    |                                                                     |                |                    |                            |                                                                                                                                                                            |
|-------------------------------------------|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|----------------|--------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Equal treatment and opportunities for all | Actual positive impact | Creating a diverse, equitable, and inclusive workplace, where all individuals can thrive.                                                                                                                          | Diversity, equity and inclusion in our own workforce<br>Medium term | Own operations | DEIB policy        | DEIB action plan           | Aim to maintain at least 50% gender distribution in 2025 and any upcoming years<br><br>Aim for at least one third of our board members to be men and one third to be women |
| Equal treatment and opportunities for all | Risk                   | The risk that FMO does not provide an attractive, inclusive work environment with equitable conditions, may result in difficulty attracting and retaining talent, high staff turnover, and/or reputational damage. | Diversity, equity and inclusion in our own workforce                | Own operations | No specific policy | Employee Value Proposition | No specific target                                                                                                                                                         |

The potential negative impact referenced in the S1 pertains to isolated incidents that may affect only those FMO employees who travel to regions where the likelihood of adverse events is elevated. These employees traveling to (remotely located) projects and/or clients are those that are identified as groups of workers in particular risk of harm. All other material risks and opportunities arising from our workforce's impacts and dependencies pertain to the entire workforce. Following the DMA there are no material impacts resulting from climate transition plans of FMO.

## S1-1 Policies

FMO employees in the Netherlands fall under the Dutch Labor Law and the Collective Labor Agreement (CLA Banks), and FMO employees in our regional offices fall under the local labor laws. To address material sustainability-related impacts, risks and opportunities for our employees, FMO has developed several procedures and frameworks/guidelines, such as the FMO Personnel Guide, which are in line with the Dutch Labor Law and CLA Banks. In 2025 FMO formalized a policy on Diversity, Equity, Inclusion and Belonging (DEIB) in line with the diversity charter.

Our procedures focus on objectives that cultivate diversity, quality, integrity, and a positive societal impact. Furthermore, where we have caused or contributed to a negative impact on our own workforce, we have procedures in place to raise complaints or grievances. The main procedures are outlined below.

## Working conditions

FMO aims to foster a workplace environment that prioritizes the health, safety and well-being of our people (including the availability of grievance procedures, investment in health and wellbeing initiatives, investing in learning and development to maintain positive working conditions). This empowers employees to reach their full potential and make meaningful contributions through their work. This includes providing career advancement opportunities, a diverse array of professional development courses and training programs, as well as access to preventive health consultations aimed at promoting a healthy and sustainable work-life balance.

Our Code of Conduct outlines the guidelines that govern our workforce. These guidelines establish the common standards of behavior we expect in our professional activities. By implementing these guidelines, we aim to develop our people's skills, knowledge, and experience.

## Health, safety and wellbeing

### Preventative measures

We recognize that actively managing health and wellbeing is more effective than managing the outcomes of illness and injury. In line with the CLA Banks and the FMO Personnel Guide, procedures are set in place to ensure the health, safety and wellbeing of everyone working at FMO. Our prevention procedures include working with a healthcare provider to support FMO and employees on prevention and management of absenteeism, having first aid kits available on every floor within the office and providing preventive medical checks relevant to the work undertaken for FMO, a company emergency response team (CERT), computer glasses, and vaccination for business travel.

### Emergency situations and procedures

FMO has processes in place in preparation for any emergencies such as accidents, dealing with a bomb threat, and fire evacuation processes. In addition, any issues or hazards are to be reported to facility services.

### Health, sick leave and reintegration

FMO implements various strategies to support the creation of a healthy work environment and to prevent and manage absenteeism. We provide a range of physical, mental and social well-being initiatives, like home office equipment and ergonomic work stations, sports events and preventative individual psychological support, as well as multiple social events for FMO communities, teams, departments and the entire organization. Additionally, there are processes in place for supporting difficult or sensitive conversations and handling sick leave. For reintegration, FMO has established clear roles and responsibilities, along with timelines for managing illness and reintegration as outlined in the FMO sickness absence protocol. These are set up in accordance with the applicable regulations and business standards.

### Purposeful work

FMO is dedicated to creating a positive impact for its workforce by aligning employee roles with our core mission. This alignment fosters a sense of purpose and fulfillment, making FMO an attractive place to work and helping to retain and attract top talent. Our Values in Action program supports this by reinforcing our mission and integrating our core values into staff behavior, cultivating a corporate culture that resonates with our people. Our mission consistently ranks highest among factors that draw individuals to FMO.

Our employees find immense meaning in their work by contributing to projects in developing countries, where they can witness firsthand the transformative impact of their efforts. This commitment extends beyond those who travel for projects, encompassing all employees who contribute to our collective goals. By providing meaningful work and a values-driven environment, we have people who remain engaged and motivated, ultimately driving the success of FMO.

### Learning and development

FMO is committed to developing its workforce to enhance skills, knowledge, and expertise, which will contribute to market and product creation, as well as investments in transition technologies. The FMO Academy offers a variety of training programs on a number of personal and technical topics that enable the development of our employees in line with their ambitions and role. Additionally, development opportunities are available in the form of other activities, such as the attendance at professional conferences and secondments between FMO and other DFIs.

### Travel safety

As a DFI we know that our employees may be at greater risk of harm during site visits or engagements with customers in the countries where we operate. FMO manages safety and resilience for high-risk engagements by setting a safe travel procedure for travelers to high-risk areas. This includes restricting travel to high-risk countries and areas using the color coding of the Dutch Ministry of Foreign Affairs. In addition, frequent travelers are equipped with information, tools, and training, such as a mandatory one-day travel safety training, and specific travel-related risks are covered through insurances.

## Diversity, Equity, Inclusion and Belonging

### Equal treatment and opportunities

FMO is committed to being a diverse and inclusive employer and is an advocate of equal opportunities. We strive for diversity at all levels of our organization and do our utmost to create an inclusive and equitable work culture for our people. This includes striving for diversity based on gender, gender identity and sexual orientation, culture (topics around ethnicity and race), and age. Our diversity and inclusion statement outlines a clear commitment to an inclusive and diverse society. In addition, FMO has signed the diversity charter of SER (the Social and Economic Council of the Netherlands) to promote the application of the principles of equal opportunities at all levels. As mentioned earlier in this section, in 2025 FMO formalized a policy on Diversity, Equity, Inclusion and Belonging (DEIB) in line with the diversity charter.

Table 29. Minimum disclosure requirements for DEIB policy

|                                                              |                                                                        |
|--------------------------------------------------------------|------------------------------------------------------------------------|
| Scope of policy                                              | All FMO employees and non-employees                                    |
| Accountable body                                             | Management Board                                                       |
| Third-party standards/initiatives (if relevant)              | Dutch Corporate Governance Code                                        |
| Consideration to interests of key stakeholders (if relevant) | All FMO employees and non-employees                                    |
| Availability to stakeholders (if relevant)                   | The DEIB policy is an internal document and is not publicly available. |

### Undesirable behavior including discrimination

FMO will not tolerate discrimination, harassment, bullying or any other form of undesirable behavior. In situations where an employee experienced undesirable behavior, they can file a complaint with the external confidentiality counselor. If an employee feels they are treated differently or unfair compared to the way another employee is or would be treated in a similar situation, individuals may file a complaint that will be processed by the internal Grievance Advisory Committee. FMO takes all complaints and grievances seriously and aims to ensure that any complaint or grievance is discussed at the earliest possible stage, so that it can be addressed at the earliest opportunity and resolved as soon as possible. This treatment may be either direct or indirect, on the basis of the following topics: religion, ethical belief, life conviction, political affiliation, race, gender, nationality, sexual orientation, civil status, age, disability or chronic illness, and/or where an apparently neutral stipulation, benchmark or action specifically affects people of a particular religion, ethical belief, life conviction, political affiliation, race, gender, nationality, civil status, age or sexual orientation or with a disability or chronic illness.

### Gender distribution and Diversity, Equity and Inclusion

FMO strives for an equal gender distribution at the organizational and department level. FMO aspires to become one of the leading organizations in the Netherlands, as well as among DFIs, when it comes to diversity, equity and inclusion. As part of this commitment, we consider gender and other diversity-related factors, like age and cultural background for all positions (including management roles) important selection criteria.

### Communities within FMO

FMO has various employee communities through which employees can express themselves. These are to be included in the DEIB policy, which was approved by the Management Board and adopted by the Supervisory Board in 2025. Below is an overview of these FMO's internal communities and networks.

**BYOU** is FMO's informal network supporting LGBTIQ+ rights. The objective of this network is to make a call for action to LGBTIQ+ and non-LGBTIQ+ employees to promote LGBTIQ+ inclusion at all levels within FMO, and to raise awareness and emphasize FMO's position that a violation of LGBTIQ+ rights is a violation of human rights.

**FMO Femmes** is an informal internal network aimed to facilitate connection, sharing, and inspiration for both women and men. The network's focus is on empowering women through advancing career development, enhancing self-leadership, and ensuring they have the support and resources to excel. By cultivating a culture where women feel valued and recognized, FMO Femmes actively contribute to creating an environment where women thrive, positively influencing the success of our clients as well as that of FMO.



**Young FMO** is an informal network of FMO employees that are under the age 35. Through organizing networking, content related and just fun events both within FMO and with other financial institutions, Young FMO aims to connect young employees to as many like-minded peers as possible.

## S1-2 Processes for engaging with own workers and workers' representatives about impacts

FMO engages with its employees through the regular operational structure (bilateral meetings and team/ department/ staff meetings) and the works council which ultimately represents the full workforce. The works council frequently interacts with senior management and employees about a variety of workplace and people related topics, such as work conditions, benefits, leadership, efficiency and company culture. Employees are furthermore engaged and asked for feedback through employee engagement surveys that are run every two years. In addition, shorter interim pulse surveys are run related to various specific topics, like corporate values, leadership, and undesired behavior. The results of these surveys are used to assess the effectiveness of the engagement with employees and the Employee Net Promoter Score (see 'S1 Entity specific metrics'), and enable FMO to make informed decisions on the actions that will impact our own workforce. These surveys are managed by the HR department on behalf of the Management Board/senior management.

All managers, directors and management board members (collectively referred to as ELT: Extended Leadership Team) and therefore, ultimately the CEO - are responsible for employee engagement within the processes and progress towards the IROs. The S1 sustainability statement is governed by HR ensuring the implementation of guidelines, procedures, and action plans, as well as the monitoring of metrics and targets. FMO operates mainly in the Netherlands, therefore it has not signed the Global Framework Agreement. FMO recognizes its responsibility to respect human rights and is committed to acting consistently with the International Bill of Human Rights; the International Labor Organization Declaration on Fundamental Principles and Rights at Work; the OECD Guidelines on Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGPs).

## S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

### Raising a complaint, a grievance, reporting an irregularity or a risk event

FMO has established processes for raising concerns, complaints, and grievances. These include procedures for filing complaints, grievances, and reporting irregularities or risk events. Employees can file a complaint if they experience undesired behavior such as (sexual) harassment, intimidation, bullying, or discrimination. Complaints can be raised with line management at any appropriate level or directly with internal confidential advisors. Alternatively, employees can file a complaint with an external specialized confidentiality advisor. Furthermore, if an employee feels they are being treated unfairly, they can file a formal internal grievance.

Both formal and informal procedures for submitting complaints or grievances are detailed in the Personnel Guide. FMO has an internal Grievance Advisory Committee to assist in investigations and to advise senior management on the follow-up. If a complaint is not resolved through the internal processes, employees may also file a complaint with an external specialized consultant.

To report an irregularity, FMO provides a procedure that allows our workforce and third parties to report issues anonymously. The procedures for reporting suspicions are outlined in the Speak Up Policy, which is available to employees, non-employees, and third parties. For more information, refer to the Speak Up Policy and Procedure that is available on the FMO website and is also described in 'G1 Business Conduct'.

The Director HR is responsible for ensuring the Complaints and grievances processes are reviewed periodically and communicated, and ensures training is available for managers and employees. Thereby FMO ensures that our people are aware of and trust these structures as a safe and efficient manner to raise concerns. FMO ensures protection against retaliation for all individuals using these channels, as detailed in the Personnel Guide and Speak Up policy.

## S1-4 Key actions

FMO sets out clear actions to pursue positive impacts and opportunities and remedy negative impact and manage risks. These are identified and conceptualized based on internal strategy and in pursuit of a positive impact on our workforce or in response to negative impacts identified through the DMA process. The key actions are outlined below. Depending on the topic, our management, HR professionals, our internal employee communities and networks as well as some temporary non-employees in projects, have been involved in the design and change and adoption management.

### Employee value proposition

One of our main actions is to periodically review and, if necessary, improve the employee value proposition (EVP) for FMO's employees, in support of our goal of being an 'employer of choice'. This initiative aims to attract and retain employees by creating more flexibility and, where possible, aligning our offerings better with FMO's strategic goals, ultimately achieving a positive impact on working conditions.

As follow-up activities, we are preparing for possible future changes, including a possible adjustment to our incentive program and the introduction of an annual personal budget for professional development and well-being.

The effectiveness of these types of measures is monitored and assessed based on direct feedback from employees to management, HR, and/or the Works Council (employee representation) and through periodic employee engagement surveys.

### Quality of interaction (Values in Action)

FMO has implemented a Values in Action program to ensure a positive impact on the working conditions of its workforce and integrate FMO's core values into staff behavior. This initiative, which is designed to enhance corporate culture, is further detailed in 'G1 Business Conduct' (see 'G1 Key actions').

As part of the Values in Action program, FMO has created the 'Culture Catalyst Network', which is an informal internal network of FMO employees who have volunteered to support the adoption of FMO's values and behaviors in line with our Values in Action program. The Culture Catalysts, through change management help the organization to bridge the gap between aspirations and actual daily actions that reflect and embody our core values, so we can thrive as One FMO.

The effectiveness of this action is tracked and assessed by conversations between employees and management as well as during biennial engagement surveys.

### HR Connect

The main objective of HR Connect is to implement an integrated Human Capital Management System (HCMS) that will improve processes and enhance our workforce's user experience. HR Connect will help us strengthen business continuity, and enable data-driven decision-making around HR topics, including talent acquisition, ultimately creating a more efficient work environment.

Significant progress has been made in the development and the preparation for the implementation of HR Connect, with the system's go-live planned for the first half of 2026. This milestone will mark a key step toward achieving greater integration and efficiency across HR processes.

The effectiveness of this action is tracked and assessed by reduced (manual) administration, human errors and shorter throughput times.

### Diversity, equity, inclusion and belonging (DEIB) action plan

To implement the DEIB action plan in line with FMO's D&I (diversity and inclusion) statement and the Diversity Charter in Bedrijf of SER, we will conduct regular surveys, provide training, and promote flexible work arrangements to meet legal and societal expectations. Additionally, we will support employee expression through diversity days. This initiative aims to positively impact the working conditions and overall well-being of our workforce and address the material risk of not providing sufficient working conditions and an inclusive work environment that was identified during the DMA.

Progress has been made in executing the DEIB action plan, with tangible outcomes including increased employee participation in diversity-related initiatives, continued awareness-building through training, and broader integration of inclusion principles into our HR processes.

To further strengthen transparency and accountability, outcomes are also reflected in external reporting, and summarized insights or trends from the Confidentiality Counselors are considered in internal evaluations. In addition, grievances and related cases reported through the Grievance and Advisory Committee (GAC) process are reviewed as part of our ongoing monitoring and response framework.

## Mitigation of undesirable behavior and discrimination

FMO will not tolerate discrimination, harassment, bullying or any other form of undesirable behavior. In situations where an employee is treated differently from the way another employee is or would be treated in a similar situation individuals may file a complaint which will be processed with two internal confidentiality counselors. All leaders work together to discuss this to mitigate undesirable behavior. The Management Board and HR measure progress, check data and provide guidelines.

## Mitigation of the potential negative impact due to an adverse event during site visits

To minimize potential negative impacts from adverse events during site visits, FMO implements measures to identify risks before employees travel to customers or projects. FMO also prepares its employees through regular mandatory training. Employees are encouraged to avoid unnecessary risks and seek advice when needed. Before traveling, all employees must obtain an FMO emergency pass and activate the BCM app to receive and communicate necessary information. They must also register on the AIG Travel Guard website. Prior to booking a trip, employees should check non-travel destinations and gather safety information from FMO colleagues, the AIG Travel Guard website, and the Dutch Ministry of Foreign Affairs website. In the event of an adverse situation, the FMO travel crisis team, which handles crises in foreign countries, collaborates with AIG Travel Guard to mitigate any adverse effects. Employees are provided with emergency contact numbers for both AIG Travel Guard and the FMO travel crisis team.

Table 30. Minimum Disclosure Requirements for Actions

|                                                                                                  | Employee value proposition                                                                                                                                                                          | Quality of interaction (Values in action)       | HR Connect                                      | Diversity, equity, inclusion and belonging (DEIB) action plan | Mitigation of undesirable behavior and discrimination |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------|
| Scope of actions                                                                                 | FMO employees                                                                                                                                                                                       | FMO employees and non-employees – own workforce | FMO employees and non-employees – own workforce | FMO employees                                                 | FMO employees                                         |
| Time horizon                                                                                     | 2027                                                                                                                                                                                                | 2026                                            | 2027                                            | 2025-2029                                                     | Ongoing                                               |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                 | N/A                                             | N/A                                             | N/A                                                           | N/A                                                   |
| Progress of actions disclosed in prior periods                                                   | Preparing for future changes; improved benefits communication; policy/guidelines/ framework drafting.                                                                                               |                                                 |                                                 |                                                               |                                                       |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'. |                                                 |                                                 |                                                               |                                                       |

## S1-5 Targets

The targets in this section were established by HR representatives, taking into account the significant impacts, risks, and opportunities related to our workforce, as well as the disclosure requirements outlined in S1. Additionally, we assessed the Employee Net Promoter Score (see 'S1 Entity specific metrics') concerning key topics. Workforce representatives, such as the HR representatives and the Work council are engaged with setting up and tracking the below targets.

## Gender distribution

As established in our DEIB policy, FMO aims to be a diverse and inclusive employer, promoting diversity across gender, identity, culture, age, and disability. This also accounts for those that may not identify strictly as male or female. We strive for equal gender distribution, particularly in management roles (Managers, Directors, Board members), and we aim to have gender balance within FMO (approximately 50-50) in 2025 and any upcoming years using the baseline year 2022. By considering diversity factors in all recruitment processes and addressing the gender pay gap, we foster an inclusive culture that enhances decision making, creativity, and innovation. This commitment aligns with our core values, helping us attract and retain top talent, ultimately benefiting our employees, stakeholders, and customers.

FMO promotes diversity across all levels, and we aim for well-balanced Supervisory and Management Boards by considering members' different perspectives, backgrounds, and experiences. In line with the Act on Gender Balance ('Wet Ingroeiquotum, 2021) in Management and Supervisory Boards and our internal Diversity Charter, we aim for at least one third of our board members to be men and one third to be women (with ultimate ambition of 40 percent and even most ideally 50 percent of the underrepresented).

As of 2025, our Supervisory Board, consisting of six members, had three women and three men resulting in a 50/50 gender balance in the Supervisory Board. At the end of 2025, the Management Board consisted of three members, included one woman (33.3 percent) and two men (66.7 percent). For the two vacancies, the Selection, Appointment and Remuneration Committee will ensure that gender requirements, suitability and reliability criteria, and the necessary expertise in development banking, as outlined in our Profile and Standing Rules, are taken into account.

Table 31. Minimum Disclosure Requirements for Targets

|                                                                                                                                  |                                                                                                                                       |                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Target level to be achieved and unit of measurement, and clarification whether target is absolute or relative (where applicable) | Aim to maintain gender diversity within FMO (approximately 50-50) in 2025 and any upcoming years                                      | At least one third of our board members to be men and one third to be women                                                                                                                                                                                          |
| Scope of target                                                                                                                  | FMO staff, particularly in management roles                                                                                           | Board members                                                                                                                                                                                                                                                        |
| Baseline value                                                                                                                   | Women 52%, Men 48% in 2022                                                                                                            | As of 2023, our Supervisory Board (SB), consisting of six members, had two women (40%) and three men (60%), with one vacancy expected to be filled by a woman.<br><br>Our Management Board (MB), consisting of five members, had two women (40%) and three men (60%) |
| Baseline year                                                                                                                    | 2022                                                                                                                                  | 2023                                                                                                                                                                                                                                                                 |
| Application period                                                                                                               | 2025                                                                                                                                  | 2025                                                                                                                                                                                                                                                                 |
| Milestones or interim targets                                                                                                    | N/A                                                                                                                                   | N/A                                                                                                                                                                                                                                                                  |
| Methodologies and assumptions                                                                                                    | Tracked through our ADP system based on individual input that employees can enter based on gender identity                            | Tracked through our ADP system based on individual input that board members can enter based on gender identity.                                                                                                                                                      |
| Target related to environmental matters is based on conclusive scientific evidence (if applicable)                               | N/A                                                                                                                                   | N/A                                                                                                                                                                                                                                                                  |
| Stakeholder involvement with target setting                                                                                      | Workforce representatives such as the HR representatives and the work council, are engaged with in setting up and tracking the target | Workforce representatives such as the HR representatives and the work council, are engaged with in setting up and tracking the target.                                                                                                                               |
| Changes in target                                                                                                                | N/A                                                                                                                                   | N/A                                                                                                                                                                                                                                                                  |
| Performance 2025                                                                                                                 | Women: 53%, Men: 47% in 2025                                                                                                          | SB: Women 50%, Men 50% in 2025<br>MB: Women 33%, Men 67% in 2025                                                                                                                                                                                                     |
| Performance 2024                                                                                                                 | Women: 53%, Men: 47% in 2024                                                                                                          | SB: Women 50%, Men 50% in 2024<br>MB: Women 40%, Men 60% in 2024                                                                                                                                                                                                     |

## S1-6 Characteristics of FMO's employees

FMO employees are individuals with an employment contract with FMO NV or a regional office subsidiary, whether for a definite or indefinite period. This includes the regional offices in South Africa, Kenya, and Costa Rica. All regional offices are included in any following metrics, except those that require specification based on the inclusion of EEA (European Economic Area) countries or as stated otherwise.

Employee data is entered into our Human Capital Management System (HCMS) by FMO's HR services. FMO compiles employee analytics to report on HR statistics and diversity metrics to the Management Board each quarter.

Employee numbers are reported at the end of each reporting period, quarterly, and annually for December 31, 2025. Employee numbers are reported as head count unless otherwise stated.

Table 32. FMO Employee\* head count by gender December 31, 2025

| Gender **       | Number of employees (head count) |            |
|-----------------|----------------------------------|------------|
|                 | 2025                             | 2024       |
| Male            | 427 (47%)                        | 406 (47%)  |
| Female          | 484 (53%)                        | 460 (53%)  |
| Other           | 0 (0%)                           | 0 (0%)     |
| Not reported    | 0 (0%)                           | 0 (0%)     |
| Total Employees | 911 (100%)                       | 866 (100%) |

\*FMO employees includes those employed by FMO branches/subsidiaries in the regional offices in South Africa, Kenya, and Costa Rica.

\*\*FMO has no gender records reported as 'other', or 'not reported'.

Table 33. Employee head count by country December 31, 2025

|      | Location                | Number of employees (head count) | Male      | Female    |
|------|-------------------------|----------------------------------|-----------|-----------|
| 2025 | Netherlands (The Hague) | 904                              | 424 (47%) | 480 (53%) |
|      | Other (SA, KE, CR)      | 7                                | 3 (43%)   | 4 (57%)   |
| 2024 | Netherlands (The Hague) | 858                              | 403 (47%) | 455 (53%) |
|      | Other (SA, KE, CR)      | 8                                | 3 (38%)   | 5 (62%)   |

Table 34. Employee head count by contract type December 31, 2025

|      | Contract type                  | Male | Female | Other | Total |
|------|--------------------------------|------|--------|-------|-------|
| 2025 | Permanent Employees            | 423  | 480    |       | 903   |
|      | Temporary employees            | 4    | 4      |       | 8     |
|      | Non-guaranteed hours employees |      |        |       |       |
| 2024 | Permanent Employees            | 402  | 457    |       | 859   |
|      | Temporary employees            | 4    | 3      |       | 7     |
|      | Non-guaranteed hours employees |      |        |       |       |

FMO employee turnover is reported at the end of each reporting period, quarterly, and annually for December 31, 2025. The headcount of employees reported in this metric are those counted on December 31, 2025. Employee numbers are reported as head count. Employees leaving on December 31, 2025, are included within the period as head count and are counted as turnover in 2025.

Table 35. Employee turnover December 31, 2025

|      | Head count leavers* | Male     | Female   |
|------|---------------------|----------|----------|
| 2025 | 47                  | 19 (40%) | 28 (60%) |
| 2024 | 69                  | 34 (49%) | 35 (51%) |

\*Leavers December 31, 2024 to December 31, 2025.

Average employee headcount in 2025 was 898 based on headcount at the end of each quarter. The FMO employee turnover rate in 2025 (leavers (47)/ average headcount (898)) was 5.23 percent.

A cross-reference of the information reported in this section can be found in the table 'Staff costs' in the section 'Notes to the consolidated statement of profit or loss' in the 'Consolidated Financial Statements' chapter.

## S1-7 Characteristics of non-employee workers in FMO's own workforce

Non-employees include a variety of individuals such as contractors (including self-employed persons), consultants and secondees. Third Party contractors (security, catering, and cleaning) and Interns are excluded.

FMO compiles non-employee analytics quarterly from ADP Workforce (HCMS) to report on HR statistics. This data is checked and presented to the Management Board each quarter.

Non-employee numbers are reported at the end of each reporting period, quarterly, and annually for December 31, 2025. Non-employee numbers are reported as head count unless otherwise stated.

As of 31 December 2025, non-employees made up 11.7% of our own workforce. On average, there were 136 (headcount) non-employees at FMO during the reporting period.

Table 36. Characteristics of non-employee workers in FMO's own workforce

| Type of non-employee    | Headcount  |            |
|-------------------------|------------|------------|
|                         | 2024       | 2025       |
| BAU/Operational         | 54 (35%)   | 38 (31%)   |
| Project                 | 82 (53%)   | 70 (58%)   |
| Other (incl. secondees) | 19 (12%)   | 13 (11%)   |
| Total                   | 155 (100%) | 121 (100%) |

## S1-8 Collective bargaining coverage and social dialogue

In the Netherlands, all 904 employees (99.2 percent) are covered by collective bargaining agreements and represented by a Work council reflective of the workforce. Outside of the European Economic Area, no employees (0.8 percent) are covered by bargaining agreements. There is no agreement with employees for representation by European Works Council (EWC), Societas Europaea (SE) Works Council, or Societas Cooperativa Europaea (SCE) Works Council as within Europe FMO only operates in the Netherlands.



Table 37. Collective bargaining coverage and social dialogue

|               | Collective Bargaining Coverage                                               |                                                                                         | Social Dialogue                                                                                  |
|---------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Coverage Rate | Employees – EEA (for countries with >50 empl. representing >10% total empl.) | Employees – Non-EEA (estimate for regions with >50 empl. Representing >10% total empl.) | Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.) |
| 0-19%         | SAR/KENYA/CR (0.8%)                                                          |                                                                                         |                                                                                                  |
| 20-39%        |                                                                              |                                                                                         |                                                                                                  |
| 40-59%        |                                                                              |                                                                                         |                                                                                                  |
| 60-79%        |                                                                              |                                                                                         |                                                                                                  |
| 80-100%       | Netherlands (99.2%)                                                          |                                                                                         | Netherlands (99.2%)                                                                              |

## S1-9 Diversity metrics

FMO defines senior management (Senior Leadership Team, SLT) as members of the Management Board and Directors. The Extended Leadership Team (ELT) includes also the Managers. Below, you will find FMO's diversity metrics, categorized by management division and gender.

Table 38. Management by gender December 31, 2025

| Management*                                             | Head count |      | Male     |          | Female   |          |
|---------------------------------------------------------|------------|------|----------|----------|----------|----------|
|                                                         | 2024       | 2025 | 2024     | 2025     | 2024     | 2025     |
| Senior Leadership team (Management Board & Directors)** | 23         | 23   | 15 (65%) | 16 (70%) | 8 (35%)  | 7(30%)   |
| Managers                                                | 63         | 66   | 33 (52%) | 33 (50%) | 30 (48%) | 33 (50%) |
| Total***                                                | 86         | 89   | 48 (56%) | 49 (55%) | 38 (44%) | 40 (45%) |

\*Excludes those holding "ad interim – a.i." appointments.

\*\*The Senior Leadership team (SLT) consist of the members of the Management Board (MB) and Directors; the Managers (who report to Directors) are not part of the SLT.

\*\*\*The total group of all employees in management positions is also referred to as the Extended Leadership team (ELT).

Table 39. Employee age distribution December 31, 2025

| Age Group | Head count |      | % (of employees) |      |
|-----------|------------|------|------------------|------|
|           | 2024       | 2025 | 2024             | 2025 |
| Under 30  | 86         | 82   | 10%              | 9%   |
| 30 to 50  | 579        | 605  | 67%              | 66%  |
| Over 50   | 201        | 224  | 23%              | 25%  |

## S1-10 Adequate wages

As a DFI we strive to stay competitive with our compensation and benefits package and be at least comparable with the median standards of our reference market, being the Dutch financial industry. All employees of FMO, including those working outside of the Netherlands, are paid an adequate wage, in line with applicable benchmarks.

## S1-11 Social protection

At FMO, all employees (including those outside of the Netherlands) are protected against loss of income due to sickness, unemployment, injury, and acquired disability through public programs or offered benefits. In the Netherlands, employees are partially covered for parental leave under the Dutch social security system and CLA, and for retirement under the AOW. There are no employees in the Netherlands who lack social protection for sickness, unemployment, injury, disability, maternity leave, or retirement. We are currently investigating the status of social protection in our regional offices. All non-employees in the Netherlands are also covered under the Dutch social security system, which can be supplemented by individual arrangements for sickness, disability, unemployment and retirement.

## S1-13 Training and skills development metrics

Career and Performance Management at FMO aims to foster the development of high performing teams to ensure that the right talent is in the right role, at the right time, delivering the optimal performance by enabling our employees to perform, develop and make an impact. FMO aims to provide a supportive environment where feedback is regular through bilateral conversations, is open, and based on trust, providing clarity on expectations and transparency around employee potential and future development opportunities.

All employees participate in the annual appraisal process including goal setting, mid-year, and end-year reviews, except those who join FMO on or after September 1, each year. Employees must have been in their role for at least four months to be appraised and if absent due to illness or for other reasons for longer than eight months, they are not appraised. In 2025, 862 (2024: 796) annual appraisals (out of 911 employees (2024: 866), including local offices) were completed, being 95 percent (2024: 92%) of the total workforce and all employees (100%) who were eligible for an annual assessment for 2025. Out of these 862 employees, 455 (2024: 423) were female and 407 (2024: 373) were male, constituting 53 percent (2024: 53%) and 47 percent (2024: 47%), respectively.

Below is an overview of the distribution of employee training and skills development. The average hours per person represent the total average time spent on training, though individual attendance may cause slight variations.

Table 40. Employee training and skills development distribution December 31, 2025, average number of training hours per employee and by gender

|        | Headcount/unique participants |      | Total training hours completed |        | Average training hours |      |
|--------|-------------------------------|------|--------------------------------|--------|------------------------|------|
|        | 2024                          | 2025 | 2024                           | 2025   | 2024                   | 2025 |
| Male   | 406                           | 427  | 11,332                         | 9,140  | 27.9                   | 21.4 |
| Female | 460                           | 484  | 15,898                         | 12,798 | 34.6                   | 26.4 |
| Total  | 866                           | 911  | 27,230                         | 21,938 | 31.4                   | 24.1 |

## S1-14 Health and safety metrics

The Dutch Working Conditions Act provides the basis for a sound, healthy, and safe work environment. It applies to all employers and employees in The Netherlands. Based on these legal requirements all 904 employees employed by FMO in the Netherlands (99.2 percent) are part of this system. The employees in the regional offices (0.8 percent), as well as our non-employees, are not covered by this system. We have not identified any work-related fatalities or injuries in 2025. Additionally, due to employee privacy and confidentiality regarding illness cases, FMO does not maintain records of ill health attributed to work conditions. Consequently, we do not have records of days lost due work-related-related circumstances, or work-related ill mental health even if we have been notified voluntarily by the person concerned.

## S1-15 Work-life balance metrics

At FMO, all employees (100 percent) are entitled to family-related leave in accordance with the respective laws and regulations, the FMO Personnel Guide and/or collective bargaining agreements (in the Netherlands). Non-employees are not included in this metric.

Table 41. Family related leave

|      | Headcount    | Entitled   | Took family related leave |
|------|--------------|------------|---------------------------|
| 2025 | Male - 427   | 427 (100%) | 72 (17%)                  |
|      | Female - 484 | 484 (100%) | 135 (28%)                 |
| 2024 | Male - 406   | 406 (100%) | 104 (25.6%)               |
|      | Female - 460 | 460 (100%) | 101 (22%)                 |

Family related leave includes the following categories: Maternity, Birth, Full-time Parental, Bereavement, and Short-term care leave.

## S1-16 Compensation metrics (pay gap and total compensation)

FMO conducts periodically - at least once a year - quantitative research to compare men's and women's salaries.

The uncorrected gender pay gap based on gross hourly pay levels of all female and male employees is 16.4 percent (reference date April 1, 2025) (2024: 16.4 percent). In 2025 we made some slight adjustments to our methodology and included a few more parameters, but we did not restate the 2024 result, as it was not practical to do so.

Additionally, FMO performs an analysis to determine the corrected gender pay gap. The adjusted gender pay gap is determined using the Oaxaca-Blinder decomposition and corrects for variables like salary grade, age, type of work (job family), work experience, nationality and tenure to have a fair comparison. The analysis has been performed by an external consultant. The outcome of this analysis showed a pay gap of 1.7 percent for the base salary and for the total cash income (base salary and variable income) the pay gap 1.5 percent, both in male's advantage (reference date April 1, 2025). The analysis also resulted in a statistically significant difference, which means that men and women at FMO at the reference date were not awarded the same for equal work (same salary bands). In the gender pay gap analysis of April 2025 the local office employees (eight employees at the time of the survey) were not included, which was less than one percent of the total workforce.

Compared to the Dutch corporate sector and the Dutch government, the corrected gender pay gap at FMO is smaller. Data published by Statistics Netherlands (CBS) shows on average a corrected gender pay gap in the private sector in the Netherlands of approx. 6,9 percent and approx. 1.8 percent in the government (Source: 'Monitor Loonverschillen mannen vrouwen', 2022).

The pay ratio compares the total remuneration of the CEO, the highest-paid individual, with the median of the total salary of all other FMO employees. At FMO, efforts are made to maintain a moderate pay ratio. The CEO's salary does not fluctuate as it lacks variable elements. The rest of the staff, with exception of the senior management, is eligible for individual discretionary bonuses. The total amount of individual bonuses is less than 1 percent of the sum of all total fixed annual remuneration.

In 2024, the methodology for calculating the ratio was revised to include employees in the regional offices. Additionally, to determine the median total salary of all other employees, the median of the total fixed remuneration was utilized and converted into a total annual remuneration amount. This adjustment was necessary because not all required reports were available at the time of calculating the median of the total remuneration of the entire employee population. We aim to align the methodology with the applicable regulatory requirements.

The pay ratio between the median annual employee remuneration (including employees working outside the Netherlands) and the total annual remuneration of the CEO in 2025 was 3.5 (2024: 3.5).

## S1-17 Incidents, complaints and severe human rights impacts

In 2025, no instances of discrimination, including harassment, that resulted in formal complaints or grievances were reported (2024: zero).

During the same reporting period, one employee filed one grievance with the internal Grievance Advisory Committee (GAC), which was considered admissible (2024: three). After further investigation, the grievance was resolved.

Additionally, in 2025, our external confidentiality agency regarding undesired behavior did not receive any complaint regarding undesired behavior by or toward colleagues (2024: one).

The total amount of fines, penalties, and compensation for damages was zero (2024: zero).

## S1 FMO entity specific metrics

### Employee engagement score and employee Net Promoter score

In 2025, an employee engagement survey gauged the experience of our employees and obtained feedback on inclusion, team leadership, engagement, psychological safety and employership. The average employee engagement score was 7.7 (2023: 7.5). In 2023 we decided to reduce the frequency of the employee engagement survey to once every two years. The next employee engagement will be assessed again in 2027.

The employee engagement survey also focused on the employee-Net Promoter Score (eNPS), showing that the outcome was a further improvement in the employee-NPS score to 43 (2024: 21). The eNPS indicates the extent to which employees are willing to name FMO as an 'employer of choice'.

Table 42. Minimum disclosure requirements for metrics: Employee engagement score

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | The employee engagement score is calculated using the most recent biennial employee engagement survey (2025) distributed to all FMO employees who have been in service for at least three months. The results are shared and reviewed at the team level. The survey includes a questionnaire with multiple-choice and open-ended questions about topics such as working conditions, compensation and benefits, management, organizational culture, safe working environment, and career opportunities. To ensure comparability with previous surveys and benchmarking, certain questions remain unchanged. The overall organization engagement score is calculated from responses to four specific questions. FMO contracts an external partner to process and report the results anonymously. |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Unit                                                                          | Numerical score                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2025                                                                          | 7.7                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 2024                                                                          | 7.5 (FMO runs the employee engagement survey every two years; therefore, for 2024 the most recent available data was taken from the 2023 survey)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

Table 43. Minimum disclosure requirements for metrics: employee Net promoter score (eNPS)

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | The eNPS is calculated annually, either through an employee engagement survey (if FMO is running an employee engagement survey that year), or through a pulse survey. Employees who have been with FMO for at least 2 months are invited to take part in the survey. The eNPS is measured by asking employees to rate their likelihood of recommending FMO on a scale of 0 to 10, with 9 and 10 representing promoters, 7 and 8 representing passives, and 0-6 representing detractors. The difference between promoters and detractors represents the final eNPS score. |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Unit                                                                          | Numerical score                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2025                                                                          | 43                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2024                                                                          | 21                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## S2 Workers in the value chain

### S2 Introduction

The process of the double materiality assessment (DMA) has been described in detail in 'ESRS 2 - Double materiality assessment'. The DMA processes assessed the materiality of impacts, risks and opportunities (IROs) related to workers in the value chain. For FMO, this specifically includes workers who are employed by FMO's customers directly and/or workers in the primary supply chains of our customers. For example, in the context of a dairy processor customer, workers in the value chain include the direct employees of that customer, as well as the smallholder farmers who supply the raw milk to that customer.

FMO distinguishes different vulnerable groups of workers that must be considered during the investment process. Given the countries we are active in, the jobs that we support are often for people who belong to the bottom 40 percent of global income distribution, including marginalized groups, rural populations and women working in our customers' value chains. Marginalized groups are those with limited access to economic resources and opportunities due to attributes such as age, gender, disability, race, ethnicity, origin, or religion. Women in particular often face unique and disproportionate challenges and are at higher risk of being negatively impacted by the activities of our customers (e.g. gender-based violence).

FMO promotes the development of the private sector in low- and middle-income countries, which supports job creation. FMO therefore has a positive employment impact, supporting job creation when we invest in private sector customers. By focusing on SME (small and medium-sized enterprises) investments in particular, we channel our efforts towards labor intensive segments.

Furthermore, our investments may also have a positive impact on gender diversity and in particular on female workers employed by our customers. We actively promote job inclusiveness, by removing barriers to the employment of women and by targeting businesses that focus on the inclusion of women in their value chain. Furthermore, equity investments made by FMO often come with the right to nominate a Director to the Board. By nominating female Nominee Directors to be appointed on the board of investee companies, we positively contribute to gender diversity in the workforce of these companies.

As a financial institution, FMO is expected to responsibly manage the potential negative impacts of our customers on their workers. We acknowledge that workers may be negatively impacted by the inadequate practices of our customers with regards to labor standards and working conditions, workplace health and safety, protections of vulnerable groups and workers' relationship with management. We note that our customers operate in countries where labor laws may not be in line with international standards and/or in jurisdictions where their enforcement may be weak. This may increase the risk of forced and child labor. This risk is heightened in the agricultural and energy sectors, which employ low-skilled and temporary labor. In line with our Exclusion List, FMO will not finance any investments involving forced or child labor, regardless of sector.

Our E&S risk categorization process is based on the likelihood of negative impacts on workers in our customers' value chains.

### S2 Impacts, risks and opportunities

Based on our DMA, and our ESG risk management expertise, FMO has identified the following impacts, risks and opportunities related to the topic of workers in the value chain. Table 41 gives an overview of how each IRO relates to the policies, actions and targets respectively

Table 44. IROs, Policies, Actions, and Targets

| ESRS subtopic                                                                                                                      | Material impact, risk, opportunity | Description                                                                                                                                                                                                                                                                                                      | Short description & reasonably expected time horizons of the impacts | Value chain location            | Policy                                                                                                 | Actions                                                                      | Targets            |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------|
| Working conditions<br><br>Equal treatment and opportunities for all<br><br>Other work-related rights (i.e. child and forced labor) | Actual positive impact             | Supporting jobs for people through investments and strengthening economic participation of marginalized groups and rural populations.                                                                                                                                                                            | Strengthened economic participation<br><br>Short term                | Downstream Investment portfolio | Sustainability Policy                                                                                  | Ongoing action as part of making investments.                                | No specific target |
| Equal treatment and opportunities for all                                                                                          | Potential positive impact          | Advancing gender equality through increased gender-lens investments to include women in the labor market and target businesses that specifically include women in their value chain.<br><br>FMO is actively seeking opportunities to consider female candidates to nominate to the Boards of investee companies. | Advanced gender equality<br><br>Short term                           | Downstream Investment portfolio | Sustainability Policy                                                                                  | Ongoing actions as part of making Reducing Inequalities-labelled investments | No specific target |
| Working conditions<br><br>Equal treatment and opportunities for all<br><br>Other work-related rights (i.e. child and forced labor) | Potential negative impact          | Potential negative impact on workers of FMO's clients resulting from inadequate practices with regards to labor standards and working conditions, workplace health and safety, protection of vulnerable groups and workers' relationship.                                                                        | Inadequate working conditions<br><br>Short term                      | Downstream Investment portfolio | Sustainability Policy<br><br>Independent Complaints Mechanism Policy<br><br>Customer Disclosure Policy | Development and monitoring of ESAPs and corrective action plans.             | No specific target |
| Working conditions<br><br>Other work-related rights (i.e. child and forced labor)                                                  | Risk                               | The risk of reputational, legal and/or financial damages resulting from FMO's linkage to human rights abuses (e.g., illegal or poor working conditions) or fatalities or injuries by FMO's customers                                                                                                             | Reputational, legal and/or financial damage.                         | Downstream Investment Portfolio | Sustainability Policy                                                                                  | Development and monitoring of ESAPs and corrective action plans.             | No specific target |



## S2-1 Policies

### Policies towards strengthened economic participation (supporting jobs)

FMO aims to allocate capital towards advancing economic participation through our financing of the private sector in emerging markets and we monitor the number of jobs supported through our investments. As part of our sustainability policy, we actively seek to achieve inclusive development, reaching the economically excluded, including people in the bottom 40 percent of income distribution.

### Policies towards advanced gender equality (women in the labor market)

FMO aims to contribute to gender equality through increased gender-lens investments to include women in the labor market and target businesses that specifically include women in their value chain. Our Sustainability Policy (including Gender Position Statement) describes our commitment to gender equality and to steering towards investments that have a positive impact on reducing inequalities, including gender inequality.

To operationalize this for all new investments, the Reducing Inequalities Label (RI Label) has been put in place to classify individual investments as per their intended impact and to steer towards specific impact objectives which can also be related to workers in the value chain.

The RI Label has several categories, including gender. Investment teams assess investments for opportunities to meet the label criteria and they can qualify under one or multiple categories. Investments that contribute to advancing gender equality, including through women in the workforce, is one such category.

The label is assigned based on the ex-ante potential to advance gender equality, which includes advancing women in the workforce, women as part of the value chain, and gender criteria such as governance of a gender strategy and women in management. Definitions and eligibility thresholds are based on inclusive growth practices of peer DFIs and other industry standards, however they are FMO-specific. The methodology to monitor gender lens investments is being reviewed.

See an example of a definition and related criteria below.

Table 45. Gender Smart Energy company

|            |                                                                                                                                                                                                                                                                |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category   | Gender Smart Energy company                                                                                                                                                                                                                                    |
| Definition | Energy company with demonstrated intentionality and commitment to drive gender inclusion and material inclusion of women as owners and/or leaders, employees, suppliers, or end-users of products and services. See annex "Gender smart criteria" for details. |
| Criteria   | RI Client (100 percent of investment): Energy company that meets the 'Gender Smart Criteria or is 2X certified at any level.                                                                                                                                   |

Equity investments made by FMO often come with the right to nominate a Director to the Board. FMO has committed that a third of all Nominee Directors appointed per year to serve on the board of an investee company will be female. This target was set with the aim of improving gender balance in the number of Nominee Directors by 2030.

### Policies towards preventing inadequate working conditions

Identifying and managing potential negative impacts on our customers' workers at an adequate level is embedded in FMO's ESG management process. The ESG management procedures for screening and monitoring customers with regard to negative impacts on workers in the supply chain are described in 'ESRS 2 - IRO management'. The following standards are relevant to address the potential negative impact on our customers' workers:

- FMO is committed to acting consistently with the International Bill of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.

- IFC Performance Standard 2 (PS2): The requirements set out in this Performance Standard have been in part guided by a number of international conventions<sup>31</sup> and instruments, including those of the International Labor Organization (ILO) and the United Nations (UN).

In practice, our ESG management process involves identifying, managing and monitoring potential and actual negative impacts related to workers in the value chain of our customers. Every investment is considered in a specific context with specific risks related to specific value chain workers. Every type of worker is potentially exposed to negative impacts. Our ESG management process is therefore inherently designed to develop an understanding of specific contexts and specific type of workers per investment project and to identify investments with a greater likelihood of negative impact on workers.

We expect our customers to treat all workers fairly (IFC PS2), establish or maintain worker-management relationship (IFC PS2), provide safe and healthy working conditions (IFC PS2), promote compliance with labor laws, protect vulnerable workers, avoid the use of child or forced labor (IFC PS2), and identify and remediate risks in their primary supply chains (IFC PS2), recognizing that we work in regions with weak regulations and in sectors relying heavily on subcontracting (IFC PS2).

IFC PS1 and 2 address gender equality in the value chain, namely capturing men and women's views on impacts, concerns and priorities (IFC PS1), and ensuring non-discrimination and equal employment opportunities and the occupational health and safety of both men and women (IFC PS2).

IFC PS2 explicitly addresses child labor, forced and compulsory labor and trafficked persons. This standard applies to workers directly engaged by the customer (direct workers), workers engaged through third parties to perform work related to core business processes of the project for a substantial duration (contracted workers), as well as workers engaged by the customer's primary suppliers (supply chain workers).

Throughout the investment process and as part of our due diligence, for high E&S risk investments we assess our customers' performance against the above standards. The outcome of the assessment is part of the financial proposals that inform our investment decisions.

In cases where negative impacts or gaps in the management of such negative impacts are identified, FMO agrees with the customer on measures and actions to be taken by the customer to close these performance gaps. These actions are formalized in an Environmental and Social Action Plan (ESAP) which is included in the financing contract with the customer. By collaborating with our customers, we aim to address these gaps in order to effectively manage associated negative impacts on our customers' workers and those in their value chain.

As per FMO's Customer Disclosure Policy, FMO publicly discloses the proposed investment on the World Map page of the FMO website prior to finalizing any financing contract with the customer. Information relating to investment, such as the countries where operations take place, sector(s), funding objective, E&S (Environmental and Social) impact and Human Rights context, as well as any substantive rationale, are included as part of this disclosure. This allows (local) stakeholders including workers, worker representatives such as labor unions, NGOs and CSOs, and others to raise concerns and enables FMO to make more informed decisions that improve the quality of the investment. This process ensures that the perspectives of impacted workers of our customers' value chain are taken into account in our decision-making process and supports a collaborative approach in FMO's investment activities.

Customers contractually undertake action to comply with E&S requirements which include the IFC PS (and other requirements as described above) and to respect human rights. In addition, our customers are also contractually required to report on serious incidents (including incidents involving their workers and contractors) occurring on or nearby any site, plant, equipment or facility of the customer as soon as these occur, including those that may impact human rights.

31 These include:  
i. ILO Convention 87 on Freedom of Association and Protection of the Right to Organize ILO Convention 98 on the Right to Organize and Collective Bargaining  
ii. ILO Convention 29 on Forced Labor  
iii. ILO Convention 105 on the Abolition of Forced Labor ILO Convention 138 on Minimum Age (of Employment) ILO Convention 182 on the Worst Forms of Child Labor ILO Convention 100 on Equal Remuneration  
iv. ILO Convention 111 on Discrimination (Employment and Occupation)  
v. UN Convention on the Rights of the Child, Article 32.1 UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families

We have developed a Serious Incident Register where we register and track serious incidents. We have defined serious incidents as the occurrence of events that interrupt normal procedures related to:

- Investments, customers, projects, affected people, processes and systems and,
- FMO (E&S) standards (as described above for workers).

Where the underlying cause of the incident is unknown, FMO ensures that a meaningful root cause analysis is conducted on incidents and, where required, corrective action is implemented. Follow-up actions are monitored, which is crucial to ensure that effective measures are taken to reduce the chance of re-occurrence. We use the information to monitor the performance of our customers in managing their impacts on value chain workers. The number of fatalities is part of the information registered in the serious incident register, and is reported as a metric under S2. However, the risk remains that some incidents may not have been reported to us and have, therefore, not been included in these numbers.

No severe human rights issues and incidents were reported to FMO through the ICM or the Integrity and Issue Management Committee (IIMC). The IIMC is a sub-committee of the Non-Financial Risk Committee (NFRC), appointed by the Management Board. It monitors and advises upon designated projects, transactions and customers at a corporate and project level, including, where applicable, complaints related matters brought forward via the Independent Complaints Mechanism (ICM), for proposed, active and completed/exited investments (see 'ESRS 2 - Interests and views of stakeholders'). With regards to the occurrence of human rights issues and incidents, the IIMC is informed by the ICM, FMO's human rights due diligence process, Serious Incident Register, ex-ante and ex-post disclosure questions as well as questions from external stakeholders like NGOs, the media or parliament.

## S2-2 Processes for engaging with value chain workers

Ensuring sufficient engagement with value chain workers is part of IFC PS2. As part of our due diligence for all high and medium risk customers, we assess the extent to which our customers have engaged and addressed the concerns of their workers. In the same process, the extent to which the perspective of vulnerable workers (e.g. migrant workers, women etc.) has been considered by our customer is also assessed against the IFC PS2. Additionally, FMO requires its customers to provide a grievance mechanism for workers to raise their concerns.

We perform periodic site visits to assess and monitor our customers' performance against the above requirements. On an ad-hoc basis we also engage with value chain workers as part of our monitoring. FMO's Disclosure Policy provides an opportunity for the public (including workers) to raise questions or concerns about the proposed investments prior to contracting.

Disclosures are provided in English for all investments and additionally in six other languages (French, Spanish, Arabic, Chinese, Russian, Portuguese) in the case of high E&S risk investments. This allows labor unions, worker representatives, NGOs and CSOs to raise concerns relating to the negative impacts of the investment on workers. By enabling these stakeholders to raise concerns, we take into account the perspective of impacted stakeholders in our investment decisions; this can enhance the design and implementation of projects.

## S2-3 Processes to remediate negative impacts and channels to raise concerns

There are three channels in place through which value chain workers may raise complaints:

### 1. Customer Grievance Mechanism

As part of the IFC PS, customers of FMO are required to make channels available for their workers to raise concerns or needs directly and have them addressed. In particular, customers are expected to have a **grievance mechanism** (IFC PS2) in place that is accessible to public/external stakeholders, follows a transparent process, ensures confidentiality of complaints and assures that stakeholders raising concerns will not be subject to retaliation or reprisal. Through our due diligence process, depending on the type of customer and E&S risk category, the customer's grievance mechanism is assessed against the requirements of the IFC PS (e.g. number and frequency of complaints, whether these have been resolved, how, etc.). Access to remedy is provided by our customer in cases where an incident has occurred. This can take various forms, such as (in random order) financial compensation, public apologies, restitution, or rehabilitation, depending on the needs of the

affected communities. Where incidents occur, a corrective action plan may be agreed with our customer to mitigate and possibly remediate the impact.

## 2. FMO's Independent Complaints Mechanism

In addition to this, FMO has an **Independent Complaints Mechanism (ICM)** that allows external parties to file a complaint concerning investments or projects financed by FMO, and this includes complaints about ESG aspects. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM includes a non-retaliation statement to protect complainants when raising concerns and, applies an approach of continuous improvement and the ICM annual report describes the overall effectiveness of the mechanism, and the lessons learned (publicly). The ICM policy and procedures are evaluated at least every four years. If a complaint has been declared admissible, the Independent Expert Panel will launch a preliminary review into the issue(s) raised by the complainant. Based on the preliminary review and in consultation with relevant parties, the Independent Expert Panel will either conduct a 'compliance review' or, when all parties are willing to participate in such a process, facilitate a 'dispute resolution' process. The monitoring role in 'dispute resolution' is determined on a case-by-case basis. Any agreements reached by the parties involved will usually contain a mutually agreed program with timelines for implementation as well as roles and responsibilities to monitor the progress made. A 'compliance review' is the process to determine whether FMO has complied with applicable FMO policies. The Independent Expert Panel will launch a full inquiry into the issue(s) raised by the complainant and prepare a final report that is discussed with FMO's Management Board and submitted to the Supervisory Board for disclosure. In cases where material non-compliances are identified, the ICM will monitor the situation until actions taken by FMO assure the ICM that FMO is addressing the material non-compliance(s).

## 3. FMO's Speak Up Policy

Moreover, to report an irregularity, FMO provides a procedure that allows third parties, including value chain workers to report issues anonymously. The procedure for reporting suspicions is outlined in the Speak Up Policy which is available to value chain workers. For more information, refer to the Speak Up Policy and procedure on the FMO website.

Currently, FMO does not assess whether value chain workers are aware of and trust the structures or processes of the ICM as a way to raise their concerns. Nonetheless, given the number of requests we receive we believe the current process is overall functioning effectively.

The Minimum Disclosure Requirements for the ICM Policy are included in 'ESRS 2 – Strategy, business model and value chain'.

## S2-4 Key actions

### General actions

As part of FMO's due diligence process, we identify performance gaps against our standards, and we agree with our customers on improvements that are required in relation to workers in our customers' value chains (e.g. working conditions, occupational health and safety etc.). These improvements are translated into an environmental and social action plan (ESAP) that is incorporated into the financing contract.

The ESAP also stipulates timelines for the customers to close the action. Compliance against the ESAP and closing of actions is monitored as part of the customer credit review process which takes place annually. Where incidents take place, a corrective action plan may be agreed with our customer to mitigate and possibly remediate the impact (see 'ESRS 2 - IRO management and 'ESRS 2 - ESG management at customer level'). Performance gaps and specific actions taken in 2025 to address these gaps are described in the metric tables (see 'ESRS 2 - IRO management').

Table 46. Minimum Disclosure Requirements for Actions

|                                                                                                  |                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | ESAPs and corrective action plans are developed and monitored for all high-risk customers with gaps identified in respect of IFC PS2 requirements related to workers' rights and impacts.<br>Ongoing actions as part of making Reducing Inequalities-labelled investments. |
| Time horizon                                                                                     | ESAPs and corrective action plans take place on an ongoing basis.                                                                                                                                                                                                          |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                                                                                        |
| Progress of actions disclosed in prior periods                                                   | N/A                                                                                                                                                                                                                                                                        |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.                                                                        |

## S2-5 Targets

FMO has not set a measurable target for impacts related to (value chain) workers. However, FMO does monitor the impact of our investments (see 'ESRS 2 - IRO management') related to workers. FMO's ESG performance target includes, but is not limited to, investments with risks related to workers in the value chain.

## S2-5 Metrics

On an annual basis, FMO tracks entity-specific metrics related to workers disclosed in the table below. These metrics relate to monitoring our objective regarding positive impact, as well as our commitment to protecting value chain workers in general, as included in our ESG management processes to monitor negative impacts and channels for raising concerns. We report on the number of direct jobs supported, number of direct jobs supported for women and number of customers with E&S performance gaps in portfolio.

FMO tracks the performance of high-risk customers against the requirements of the IFC PS in relation to the treatment of workers in the value chain. The methodology used to determine the number of customers with E&S performance gaps in the portfolio, and any identified performance gaps for the year have been outlined in 'ESRS 2 - IRO management'.

Table 47. Minimum Disclosure Requirements for Metrics for the number of direct jobs supported

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | The definition of direct jobs supported aligns with HIPSO (Harmonized Indicators for Private Sector Operations) and refers to the number of permanent full time equivalent workers* employed by the client company or investment project, including both individuals hired directly and those hired through third party agencies.<br>FMO mainly relies on primary data for reporting on direct jobs which are provided by the customers and reviewed by FMO. However, when data is not available, the JIM model will estimate the number of direct jobs based on the customer's available financials, its sector and country of operations. All supported jobs indicators are reported using a PCAF aligned attribution factor to report only the supported jobs based on the proportional share of lending or investment in the borrower or investee. Guarantees are excluded because no PCAF aligned attribution methodology is available. |
| Validation by external body other than the assurance provider (if applicable) | The JIM version used in this sustainability statement has not been externally validated. The externally validated JIM version was not released in time for this report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Unit                                                                          | FTE (in thousands)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 2025                                                                          | 91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 2024                                                                          | 83                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Restatement of information                                                    | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

\*Number of full-time equivalent workers, as per local definition, working for the client company or investment project at the end of the reporting period unless there is seasonal variation. This includes individuals hired directly and individuals hired through third party agencies, as long as those individuals provide services related to the operations and maintenance of the client company or investment project. This also includes full-time equivalent worked by seasonal, contractual and part-time workers.

Table 48. Minimum Disclosure Requirements for the number of direct jobs supported for women

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | The definition of direct jobs supported aligns with HIPSO (Harmonized Indicators for Private Sector Operations) and refers to the number of permanent full time equivalent workers employed by the client company or investment project, including both individuals hired directly and those hired through third party agencies.<br>FMO mainly relies on primary data for reporting on direct jobs which are provided by the customers and reviewed by FMO. However, when data is not available, the JIM model will estimate the number of direct jobs based on the customer's available financials, its sector and country of operations. All supported jobs indicators are reported using a PCAF aligned attribution factor to report only the supported jobs based on the proportional share of lending or investment in the borrower or investee. Guarantees are excluded because no PCAF aligned attribution methodology is available. |
| Validation by external body other than the assurance provider (if applicable) | The JIM version used in this sustainability statement has not been externally validated. The externally validated JIM version was not released in time for this report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Unit                                                                          | FTE (in thousands)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2025                                                                          | 36                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2024                                                                          | 29                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Restatement of information                                                    | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

Table 49. Minimum Disclosure Requirements for the number of fatalities

|                                                                               |                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | Number of fatalities resulting from financed activities of FMO's customers occurring and registered during the reporting period (as reported by customers).                                             |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                     |
| Unit                                                                          | Number                                                                                                                                                                                                  |
| 2025                                                                          | 120 fatalities (83 occurred and registered in 2025, 37 occurred in 2024 but registered in 2025). 60 involving workers in the value chain and 23 involving members of the public (affected communities). |
| 2024                                                                          | 70 fatalities. 48 involving workers in the value chain and 22 involving members of the public (affected communities).                                                                                   |



## S3 Affected communities

### Introduction

The process of the double materiality assessment (DMA) has been described in detail in 'ESRS 2 - Double materiality assessment'. The DMA process assessed the materiality of impacts, risks and opportunities (IROs) related to affected communities. For FMO, this specifically included communities that are potentially negatively impacted by the operations or activities of our customers directly and/or through their primary supply chains. For example, while a hydro power investment provides clean energy, it may require the resettlement of surrounding communities.

Within the scope of this topic, FMO distinguishes between different types of local communities that must be considered during the investment process. Given the countries in which we are active, many of the communities that may be impacted by our customers' operations are communities who belong to the bottom 40 percent of global income distribution and include groups who may be particularly vulnerable. These include marginalized groups such as rural populations, indigenous people and women.

Marginalized groups are those with limited access to economic resources and opportunities due to attributes such as age, gender, disability, race, ethnicity, origin or religion. Women in particular often face unique and disproportionate challenges, and are at higher risk of being negatively impacted by the activities of our customers (e.g. gender-based violence).

As a financial institution, FMO is expected to responsibly manage the potential negative impact on communities associated with our investments. We acknowledge that communities' economic, social, cultural, civil or political rights may be negatively impacted by inadequate practices by our customers with regard to, for example, land acquisition or potential resettlement, adequate housing, access to food, water and sanitation, and impact on their livelihood and/or cultural heritage. We note that our customers operate in countries where environmental and social (E&S) legislation may not be in line with international standards and/or in jurisdictions where their enforcement may be weak. This may increase the likelihood of negative impacts on local communities. This risk can be heightened for marginalized groups who may have limited access to mechanisms and structures that protect them (such as legal protection or lack of representation in local institutions).

Our linkage to the above negative impacts, and in particular potential linkage to the breach of the human rights of local communities by our customers in relation to the project/activity that FMO finances, may result in reputational risk, litigation risk and/or financial risk to FMO.

Our E&S risk categorization process is based on the likelihood of a negative impact occurring on local communities.

### S3 Impacts, risks and opportunities

Based on our DMA, FMO has identified the following IROs related to the topic of local communities. The following table gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 50. IROs, Policies, Actions, and Targets

| ESRS subtopic                                                                                    | Material impact, risk, opportunity | Description                                                                                                                                                                                                                                                                                                                              | Short description & reasonably expected time horizons of the impacts                                                                        | Value chain location            | Policy                                                                                                 | Actions                                                          | Targets            |
|--------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|--------------------|
| Communities' economic, social and cultural rights<br><br>Communities' civil and political rights | Potential negative impact          | Potential negative impacts may relate to traditional land use, soil fertility, biodiversity, or pollution or displacement of local communities (including indigenous people), caused by insufficient consideration of affected communities during FMO's investment and project due diligence processes, and lack of continuous dialogue. | Impacts related to traditional land use, soil fertility, biodiversity or pollution, or displacement of local communities.<br><br>Short-term | Downstream investment portfolio | Sustainability Policy<br><br>Independent Complaints Mechanism Policy<br><br>Customer Disclosure Policy | Development and monitoring of ESAPs and corrective action plans. | No specific target |
| Communities' economic, social and cultural rights<br><br>Communities' civil and political rights | Risk                               | The risk of reputational, legal and/or financial damages resulting from FMO's linkage to the breach of the rights of local communities by FMO's clients in relation to the projects and activities that FMO finances.                                                                                                                    | Reputational, legal and/or financial damage.                                                                                                | Downstream investment portfolio | Sustainability Policy                                                                                  | Development and monitoring of ESAPs and corrective action plans. | No specific target |

## S3-1 Policies

Identifying and managing potential negative impacts on communities affected by our customers at an adequate level is embedded in FMO's ESG management, which is part of our overarching Sustainability Policy. The ESG management procedures for screening and monitoring customers with regard to negative/adverse impacts on local communities are described in 'ESRS 2 - IRO management'. The following frameworks and standards, which are part of FMO's ESG management, are relevant to addressing the potential negative impact on local communities:

- FMO is committed to acting consistently with the International Bill of Human Rights, the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights.
- IFC Performance Standards (IFC PS) and related World Bank Environmental, Health, and Safety (EHS) Guidelines: The following standards are applied to manage negative impacts of our investments on local communities:
  - IFC PS1: Assessment and Management of Environmental and Social Risks and Impacts in relation to communities as well as disadvantaged and vulnerable groups.
  - IFC PS4: Community health, safety and security
  - IFC PS5: Land acquisition and involuntary resettlement
  - IFC PS7: Indigenous people
  - IFC PS3, 6 and 8 address impacts to communities indirectly

In practice, our ESG management process involves identifying, managing and monitoring potential and actual negative impacts related to local communities. Every investment is considered within a specific context with specific risks related to local communities. Every type of local community is potentially exposed to negative impacts. Our ESG management process is inherently designed to develop an understanding of specific contexts and type of communities per investment project and identify

investments with greater risk of negative impact on local communities: this leads to the categorization of E&S risk, where additional measures are required for high-risk investments.

We expect our customers to consult with (IFC PS1) and establish a grievance mechanism (IFC PS1) for all local communities. Customers are expected to respond and facilitate the resolution of all grievances of local communities (IFC PS1) as well as assist and collaborate with these communities in cases of emergency where customer facilities are likely to generate impacts (IFC PS1).

FMO requires customers to evaluate and manage the risks of and impacts on the health and safety of the local communities during the project life cycle (IFC PS3) by: (i) considering safety risks to local communities in the design, construction, operation and decommissioning of structural elements (IFC PS3); (ii) avoiding or minimizing the potential for community exposure to hazardous materials (IFC PS3); (iii) avoiding and mitigating impacts on priority ecosystem services that may result in adverse health and safety risks (IFC PS3).

Furthermore, customers are required to avoid and minimize the displacement of communities by considering alternative project designs or, where avoidance is not possible, to provide compensation (IFC PS5) and improve, or restore, the livelihoods (IFC PS5), living conditions and standards of living of displaced persons. (IFC PS5)

Moreover, in project locations where indigenous peoples are present, customers must identify and avoid negative impacts on these communities (IFC PS7) and where unavoidable, the negative impacts must be minimized and compensation must be provided in a culturally appropriate manner (IFC PS7). In these cases, customers must also establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP), with the community throughout the project's life cycle (IFC PS7). In certain situations, such as when the project impacts critical cultural heritage or is located on traditionally owned land (IFC PS7), it is necessary that the customer obtains Free, Prior, and Informed Consent (FPIC) from the community.

For higher-risk investments, and where applicable, customers are required to comply with the IFC PS 3, 6 and 8 which indirectly address affected communities reducing pollution and ensuring efficient resource use, minimizing harm to local health and environments (IFC PS3); safeguarding biodiversity and ensuring businesses preserve ecosystems that communities rely on for their livelihoods (IFC PS6); and protecting cultural heritage, and ensuring the development project respects and engages with communities to avoid damage to culturally significant sites (IFC PS8).

Throughout the investment process and as part of our due diligence, we assess our customers' performance against the above standards. The outcome of the assessment is an integral part of the financial proposals that inform our investment decisions.

Where negative impacts or gaps in the management of such negative impacts are identified, FMO agrees with the customer on measures and actions to be taken by the customer to close these performance gaps. These actions are formalized in an Environmental and Social Action Plan (ESAP) which is included in the financing contract with the customer. By collaborating with our customers, we aim to address these gaps in order to effectively manage associated (material) negative impacts on affected communities (See 'ESRS 2 - IRO management').

As per FMO's Customer Disclosure Policy, FMO publicly discloses the proposed investment on the World Map page of the FMO website before finalizing any financing contract. Information relating to the investment, such as the countries where operations take place, sector(s), funding objective, E&S risk and impact category and human rights context, as well as any substantive rationale, are included as part of this disclosure. This allows (local) stakeholders, local communities, their representatives, NGOs and CSOs and others to raise concerns and enables FMO to make more informed decisions that improve the quality of the investment. This process ensures that the perspectives of impacted local communities are taken into account in our decision-making process and fosters a collaborative approach in FMO's investment activities.

Customers contractually undertake action to comply with E&S requirements which include the IFC PS (and other requirements as described above) and to respect human rights. In addition, customers are contractually required to report on serious incidents (including incidents involving local communities)

occurring on or nearby any site, plant, equipment or facility of the customer as soon as these occur, including those that may impact human rights.

We developed a Serious Incident Register where we register and track serious incidents. We have defined serious incidents as the occurrence of events that interrupt normal procedures related to:

- Investments, customers, projects, affected people, processes and systems;
- FMO E&S standards (as described above).

Where the underlying cause of the incident is unknown, FMO ensures that a meaningful root cause analysis is conducted on incidents and, where required, corrective action is implemented. Follow-up actions are monitored, which is crucial to ensuring that effective measures are taken to reduce the risk of re-occurrence. We use the information to monitor the performance of our customers in managing their impacts on local communities. Numbers of fatalities is part of the information registered in the serious incident register and is reported as a metric under S3.

No severe human rights issues and incidents were reported to FMO. However, the risk remains that some incidents may not have been reported to us and have therefore not been included in these numbers. No severe human rights issues and incidents were reported to FMO through the ICM or the Integrity and Issue Management Committee (IIMC). The IIMC is informed by the ICM, FMO's human rights due diligence process, the Serious Incident Register, and ex-ante and ex-post disclosure questions as well as questions by external stakeholders such as NGOs, the media or parliament.

The IIMC, which is a sub-committee of the Non-Financial Risk Committee (NFRC), as appointed by the Management Board, monitors and advises upon designated projects, transactions, and customers on a corporate and project level, including, where applicable, complaints related matters brought forward via the Independent Complaints Mechanism (ICM), for proposed, active and completed/exited investments (see 'ESRS 2 - Interests and views of stakeholders').

## S3-2 Processes for engaging with affected communities

Ensuring sufficient engagement with local communities is an integral part of IFC PS1. As part of our due diligence, for high- and medium- E&S risk customers, we assess the extent to which our customers have engaged with and addressed the concerns of local communities.

In particular, for investments with negative impacts on local communities, the customer is expected to conduct an Informed Consultation and Participation (ICP) process (IFC PS1), which is an organized and iterative consultation with various members of the community to obtain their views on aspects of the investment that impact them directly (e.g. the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues). The customer is required to incorporate the outcome of the consultation process into the project implementation plans.

The extent to which the perspective of vulnerable groups (such as indigenous peoples) has been considered is also assessed against the IFC PS. In line with the IFC PS, FMO applies heightened due diligence to any investment causing complex resettlement or affecting Indigenous Peoples, Critical Habitat or Critical Cultural Heritage. IFC PS1 includes additional requirements in case indigenous people are impacted and informed consultation and participation with indigenous peoples throughout the project process is a core requirement of IFC PS7 and includes Free, Prior and Informed Consent under certain circumstances.

Additionally, FMO requires its customers to establish a stakeholder engagement approach and provide a grievance mechanism for local communities to raise their concerns. We perform site visits to assess and monitor our customers' performance against the above requirements. When a financial proposal has been approved for an investment, FMO's Customer Disclosure Policy provides an opportunity for the public (including local communities) to raise questions or concerns about the investment prior to contracting. Disclosures are provided in English for all investments and additionally in five other languages (French, Spanish, Arabic, Chinese, Russian, Portuguese) in the case of High E&S risk investments. This allows various members and representatives of the local communities (e.g. religious leaders, local government representatives, etc.), NGOs and CSOs to raise their concerns relating to the negative impacts of the investment.

## S3-3 Processes to remediate negative impacts and channels to raise concerns

There are two channels in place through which local communities may raise complaints:

### 1. Customer Grievance Mechanism

As part of the IFC PS, customers of FMO are required to make channels available to the local communities to receive and facilitate the resolution of concerns and grievances on E&S matters. In particular, customers are expected to have a grievance mechanism (IFC PS1) in place that is accessible to external stakeholders, follows a transparent and culturally appropriate consultative process, ensures confidentiality of complaints, and assures that stakeholders raising concerns will not be subject to retaliation or reprisal. The mechanism should not impede access to judicial or administrative remedies. As part of our due diligence process, depending on the type of customer and E&S risk category, the customer's grievance mechanism is assessed against the requirements of the IFC PS (e.g. number and frequency of complaints, whether these have been resolved and how, etc.). Access to remedy is provided by our customer in cases where an incident has occurred. This can take various forms, such as (in random order): financial compensation, public apologies, restitution, or rehabilitation, depending on the needs of the affected communities. Where incidents take place, a corrective action plan may be agreed with our customer to mitigate and possibly remediate the impact.

### 2. FMO's Independent Complaints Mechanism

In addition to this, FMO has an Independent Complaints Mechanism (ICM) that allows external parties to file a complaint concerning investments or projects financed by FMO and this includes complaints on ESG aspects. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM allows members of the community to file a complaint with an independent expert panel (IEP). The ICM includes a non-retaliation statement to protect complainants when raising concerns. An approach of continuous improvement is applied and the ICM annual report describes the overall effectiveness of the mechanism, and the lessons learned (publicly). Policies and procedures are evaluated at least every four years. Currently, FMO does not assess whether local communities are aware of and trust these structures or processes (the ICM) as a way to raise their concerns or needs and have them addressed. Nonetheless, based on the community reach-outs received, we believe the current process is overall functioning effectively. If a complaint has been declared admissible, the IEP will launch a preliminary review into the issue(s) raised by the complainant. Based on the preliminary review and in consultation with relevant parties, the Independent Expert Panel will either conduct a 'compliance review' or, when all parties are willing to participate in such a process, facilitate a 'dispute resolution' process. The monitoring role in 'dispute resolution' is determined on a case-by-case basis. Any agreements reached by the parties involved will usually contain a mutually-agreed program with timelines for implementation as well as roles and responsibilities to monitor the progress made. A 'compliance review' is the process to determine whether FMO has complied with applicable FMO policies. The IEP will launch a full inquiry into the issue(s) raised by the complainant and prepare a final report that is discussed with FMO's Management Board and submitted to the Supervisory Board for disclosure. In cases where material non-compliances are identified, the ICM will monitor the situation until actions taken by FMO assure the ICM that FMO is addressing the material non-compliance(s).

## S3-4 Key actions

### General Actions

As part of FMO's due diligence process, we identify performance gaps against our standards, and we agree with our customers on improvements that are required in relation to local community-related topics (e.g. impact of hazardous materials on ecosystem services, degradation of natural resources, exposure to diseases etc.). These improvements are translated into an ESAP that is incorporated into the contract. The ESAP also stipulates timelines for the customers to close the action (see 'ESRS 2 - IRO management' and 'ESRS 2 - ESG management at customer level').

Compliance against the ESAP and closing of actions is monitored as part of the customer credit review process which takes place annually. Where incidents take place, a corrective action plan may be required to mitigate and possibly remediate the impact. This can be agreed with the customer. Performance gaps and specific actions taken in 2025 to address these gaps are described in the following table (see 'ESRS 2 - IRO management').

Table 51. Minimum Disclosure Requirements for Actions

|                                                                                                  |                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | ESAPs and corrective action plans are developed and monitored for all high-risk customers with gaps identified towards IFC PS requirements related to communities' rights and impacts.              |
| Time horizon                                                                                     | ESAPs and corrective action plans take place on an ongoing basis.                                                                                                                                   |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                 |
| Progress of actions disclosed in prior periods                                                   | No specific actions were announced in prior periods.                                                                                                                                                |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'. |

## S3-5 Targets

FMO currently has no targets related to affected communities. FMO's ESG performance target includes but is not limited to affected communities from related investments. Detailed information on this target is provided in 'ESRS 2 – IRO management'.

## S3 FMO entity specific metrics

On an annual basis, FMO tracks community-related metrics. These metrics are related to our objective regarding preventing negative impacts on affected communities in general, as included in our ESG management and processes to remediate negative impacts and channels to raise concerns. Refer to 'ESRS 2 - Interests and views of stakeholders' for the disclosure on the new admissible complaints received through the ICM and 'S2-5 Metrics' for the disclosure on fatalities involving members of the public (affected communities).

FMO tracks the performance of high-risk customers against the requirements of the IFC PS in relation to local communities. The methodology used to determine this metric and any identified performance gaps for the year have been outlined in 'ESRS 2 - IRO management'.



## S4 Consumers and end-users

### Introduction

Consumers and end-users in the context of FMO's business model are the beneficiaries and users of the products or services of FMO's customers in the sectors of Agribusiness, Food & Forestry, Energy and Financial Institutions. FMO proactively seeks investment opportunities that contribute to a more inclusive economy and improve access to basic goods and services under our strategic goal of Reducing Inequalities (RI), with a particular focus on underserved consumers and end-users, including women.

FMO invests in customers who provide access to food, energy and financial services, and thereby positively impact consumers or end-users. In line with our strategy, we invest in agribusiness, food and forestry to support agricultural supply chains to increase food security where we invest in global merchants, input providers, food companies and companies that support smallholder farmers to improve their yields. In the energy sector, we invest in a range of solutions, including those that target low-income and marginalized populations who face challenges with access to reliable and affordable energy. Additionally, through our investments in financial institutions, we facilitate MSMEs (micro, small and medium enterprises) to gain access to capital, support business growth and channel finance to businesses and end-beneficiaries that we cannot directly finance efficiently. In collaboration with financial institutions customers, we also identify, target and reach underserved segments of the population, including youth, women and other economically marginalized customer groups.

A potential negative impact of FMO's investments that has been identified as material is the potential undue financial stress on users of financial products that are offered by FMO's financial institutions customers in particular. To mitigate potential negative impacts related to over-indebtedness, FMO has integrated the Client Protection Standards (CPSs) into its Sustainability Policy, supporting responsible lending practices when our customers are providing finance to natural persons or micro-enterprises. We want these borrowers to grow their businesses sustainably and not be worse off by taking credit. We require customers that provide micro finance to adhere to the Client Protection Standards, which set the minimum standards that end-customers should expect when doing business with a financial service provider (FSP). The CPSs focus on the prevention of over indebtedness, transparency, and responsible pricing.

Our 2030 Strategy has also identified an opportunity for FMO to invest in new financial institutions products, markets and/or technologies that expand market access for financial products, allowing for additional funding or investment opportunities for FMO.

Also within the scope of our Reducing Inequalities ambition is the potential positive impact that FMO has on reducing inequalities between countries. In this context, FMO aims to increase investments in least developed countries (LDCs) and invest responsibly in fragile states and support market creation, with Africa in particular representing our largest portfolio. Consumers and end-users in LDCs often lack access to affordable financial services, energy, and food. LDCs face significant challenges in their development due to structural, historical, and geographical factors. They are highly vulnerable to economic and environmental shocks and have low levels of human assets. LDC status is determined by the United Nations, according to specified criteria and indicators. The Reducing Inequalities Label Guidelines 2024 contain the LDC List Annex that is updated annually.

### S4 Impacts, risks and opportunities

More explicitly, FMO has identified the following impacts, risks and opportunities (IROs) as a result of our strategic investment focus, double materiality assessment (DMA) and expertise related to the topic of consumers and end-users. Table 52 gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 52. IROs, Policies, Actions, and Targets

| ESRS subtopic                                                                                                                                                         | Material impact, risk, opportunity | Description                                                                                                                                                                                                | Short description & reasonably expected time horizons of the impacts | Value chain location                      | Policy                                                               | Actions                                                                                                         | Targets            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------|
| Social inclusion of consumers and/or end-users                                                                                                                        | Potential positive impact          | Improved access to better basic goods, services and income generating opportunities, including reaching women as end-users of goods and services.                                                          | Improved access to goods and services<br>Short-term                  | Downstream investment portfolio           | Sustainability Policy                                                | Ongoing actions as part of making Reducing Inequalities-labelled investments including gender lens investments. | No specific target |
| Social inclusion of consumers and/or end-users                                                                                                                        | Potential positive impact          | Investing in LDCs and fragile states to reduce inequalities between countries, including for consumers and end-users in these countries to have access to affordable financial services, energy, and food. | Reduced inequalities between countries.<br>Long-term                 | Downstream investment portfolio           | Sustainability Policy                                                | Ongoing actions as part of making Reducing Inequalities-labelled investments.                                   | No specific target |
| Information-related impacts for consumers and/or end-users<br><br>Personal safety of consumers and/or end-users<br><br>Social inclusion of consumers and/or end-users | Potential negative impact          | Lending or banking practices by FI customers and/or new financing models may cause undue financial stress on end-users (e.g. over-indebtedness).                                                           | Undue financial stress on end-users.<br>Short-term                   | Downstream investment portfolio           | Sustainability Policy<br><br>Independent Complaints Mechanism Policy | Implementation of updated Client Protection Guidelines and process                                              | No specific target |
| Social inclusion of consumers and/or end-users                                                                                                                        | Opportunity                        | Investing in new FI products, markets and/or technologies that expand market access for financial products, allowing for additional funding or investment opportunities for FMO.                           | Investing in new markets and technologies                            | Upstream, Downstream investment portfolio | Sustainability Policy                                                | Ongoing action as part of making Reducing Inequalities-labeled investments in the FI sector.                    | No specific target |

## S4-1 Policies

### Policies towards improved access to better basic goods, services and income generating opportunities

Our general investment objective is to contribute to the development of private sector businesses in developing countries in the interest of the economic and social progress of those countries. In this case improving access to food, energy and financial services. This aligns with the development goals of the Dutch Government.

FMO sees investment in inclusive growth as a key means for the private sector to contribute to reducing inequalities. Inclusive growth is driven by inclusive business and employing market-based solutions to expand access to essential and affordable goods, services and livelihood opportunities. Expanding access refers to first-time access or improved access to goods, services or livelihood opportunities which improve the quality of life or incomes of consumers/end-users. Furthermore, FMO proactively seeks investments that reach women as end-users of goods and services. We label and steer our investments towards these objectives and they are a standardized element of the financial proposal and are presented as part of the basis for investment decision-making.

The Reducing Inequalities Label has been put in place to classify individual investments ex-ante as per their potential impact and to steer investments towards specific impact objectives related, among other things, to consumers and end-users (See 'ESRS 2 - IRO management'). Label categories related to improved access to better basic goods and services and income generating opportunities include companies that contribute to access to food, last mile delivery of power and basic goods and services to low-income and underserved populations (including women and consumers in LDCs). Definitions and eligibility thresholds are based on practices of peer DFIs and other industry standards, however, they are FMO-specific.

See an example of a definition and related criteria below.

Table 53. Last mile delivery of power

|            |                                                                                                                                                                                                                                                                           |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Category   | Last mile delivery of power                                                                                                                                                                                                                                               |
| Definition | Energy solutions for low income or marginalized populations who lack adequate coverage, reliability, or affordability of these services. Examples are off-grid energy, rural energy access, household-level devices and systems, mini-grids and grid extensions.          |
| Criteria   | <p>RI Client (100 percent of investment): At least 30 percent share of the client's revenue is from last mile delivery of power.</p> <p>OR</p> <p>RI Use of Proceeds (1-100 percent of investment): Share of FMO financing earmarked for last mile delivery of power.</p> |

## Policies towards reducing undue financial stress on end-users

To mitigate potential negative impacts related to financial stress on end-users (e.g. over-indebtedness), we have embedded the CPSs in our investment process. The standards are a financial consumer protection standard developed by the Smart Campaign, an initiative led by the Center for Financial Inclusion (as of 2020, the standards are managed by Cerise+SPTF (Social Performance Task Force)). They define the minimum standards that end-clients should expect to receive when doing business with a financial service provider and guide responsible lending practices. The standard consists of eight standards, including prevention of over-indebtedness specifically.

FMO assesses all financial institutions, including non-banking financial institutions, and corporates providing finance to natural persons or micro-enterprises against these standards, based on the Client Protection Standards that guide investment teams in identifying potential negative impacts, mitigants and action plans in line with FMO's Investment Criteria. This part of the investment process is called a Client Protection Risk Review Process. The review is conducted during due diligence and includes a Client Protection Risk Categorization Assessment taking place during the Clearance in Principle stage and a Client Protection Risk Performance Assessment during the Financial Proposal stage. Monitoring against client protection practices is performed annually during the customer credit review. The process is reviewed by FMO's Credit department to ensure guidelines have been applied when relevant. The action plans are monitored by investment teams.

In relation to the protection of end-users and consumers in general, FMO is committed to acting consistently with the United Nations Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The CPSs are our operating standard for implementing our human rights commitment for financial institutions customers. We use them as a key reference for financial intermediaries identifying potential human rights impacts, defining customer requirements and responsibilities towards their consumers and end-users, and for monitoring performance during the tenor of our engagement.

No severe human rights issues and incidents were reported to FMO, either through the Independent Complaints Mechanism (ICM) or through the customers listed and monitored via the Integrity & Issue Management Committee (IIMC). The IIMC list includes, among others, customers with an ongoing complaint at the ICM or at another independent accountability mechanism (IAM), customers with (systemic) serious incidents, project-related concerns addressed directly to FMO, stakeholder questions resulting from the disclosure on FMO's World Map, as well as NGO, media or parliamentary questions.

## S4-2 Processes for engaging with consumers and end-users

FMO does not have a process for engaging with the consumers and end-users of our customers directly. Our customers engage with this group as they are their direct customers.

FMO has criteria to facilitate a risk-based assessment of Financial Institutions and other companies providing financing to natural persons or microenterprises for alignment with the CPSs. For high-risk customers an external CPS assessment is required to confirm gaps with an action plan developed and implemented to address gaps identified. An independent consultant or expert may engage with end-users.

## S4-3 Processes to remediate negative impacts and channels to raise concerns

As part of the CPSs and IFC Performance Standards (IFC PS), customers of FMO are required to make channels available for stakeholders to raise concerns or needs directly and have them addressed. In particular, customers of FMO are expected to have a grievance mechanism in place that is accessible to the public/external stakeholders, including consumers and end-users, follows a transparent process, ensures confidentiality of complaints and assure that stakeholders raising concerns will not be subject to retaliation or reprisal. Through our due diligence process, depending on the type of customer and E&S risk category, the customer's grievance mechanisms are assessed against the standards of the CPSs and requirements of the IFC PS (e.g. number and frequency of complaints, whether these have been resolved, how, etc.).

In addition to this, FMO has an Independent Complaints Mechanism (ICM) that allows external parties to file a complaint concerning investments or projects financed by FMO. The ICM ensures the right to be heard for complainants who feel affected by an FMO-financed operation, facilitating dispute resolution and assisting FMO in drawing lessons learned. The ICM includes a non-retaliation statement to protect complainants when raising concerns. An approach of continuous improvement is applied and the ICM annual report describes the overall effectiveness of the mechanism (publicly). Policies and procedures are evaluated at least every four years.

More information on FMO's general approach to and processes for providing or contributing to remedy is explained in the section 'S2-3 Processes to remediate negative impacts and channels to raise concerns'. The Minimum Disclosure Requirements for the ICM Policy are in the section 'ESRS 2 – Strategy, business model and value chain'.

## S4-4 Key actions

### General actions

On an ongoing basis we strategically steer toward investments that reduce inequalities within and between countries. Investment teams seek opportunities that improve access to better basic goods and services, income-generating opportunities, new Financial Institutions market opportunities and products, and in LDCs via the RI Label and label target. Our Sustainable Finance Advisory team provides investment teams with ongoing support on such transactions. Investment teams receive regular training on the label and opportunities in these focus areas. Technical assistance is also available to support customers, including a framework technical assistance program for customers pursuing gender equality objectives.

On an ongoing basis we also have in place Client Protection Guidelines and a process which investment officers follow to conduct due diligence. A client protection specialist supports investment teams in more complex cases.

In 2025 the Client Protection assessment was reviewed, and updated risk assessment and management processes will be implemented in 2026. The updated process will improve clarity on risk types assessed

throughout the investment lifecycle, provide additional internal specialist support, and ensure that all tools and guidance will be integrated into the SIS system for consistent application across the organization. These updates aim to make the CP risk review process more precise, risk-based, and aligned with industry standards.

Table 54. Minimum Disclosure Requirements for Actions

|                                                                                                  |                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | Focused on our investments in customers in the sectors and markets in which we operate.                                                                                                             |
| Time horizon                                                                                     | 2025                                                                                                                                                                                                |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                 |
| Progress of actions disclosed in prior periods                                                   | Progress on actions is described in the section above                                                                                                                                               |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditures (OpEx) and/or capital expenditures (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'. |

## S4-5 Targets

FMO aims to have developed a total committed portfolio of at least €10 billion in SDG 10 in 2030. Detailed information on this target is provided in 'ESRS 2 – IRO management'.

This target does not distinguish specific categories within the RI Label, which means that the target includes women in the value chain, underserved consumers and end-users and access to financial services, energy and food, as well as other categories. The target also relates to the potential positive impact FMO has on inclusion of women in the workforce and improved access to better basic goods, services and income-generating opportunities, including reaching women as end-users of goods. Consumers and end-users are not engaged directly in setting or tracking performance against these targets, nor in identifying lessons or improvements as a result of performance.

## S4 FMO entity specific metrics

### RI-labelled total new investments

On an annual basis, FMO tracks the entity-specific metric related to our objective towards positive impact. FMO assesses new investments against the criteria of the 'Reducing Inequalities Label' for ex-ante potential to contribute to positive impact through, among other things, improved access to better basic goods, services and income generating opportunities, and investments in LDCs. As such, we report on RI-labelled total new investments. For more information on this metric, please refer to 'ESRS 2 - IRO management'.

### Gender lens investments - TCP

We also classify investments under the RI Label that contribute to advancing gender equality and report on total committed portfolio (TCP) in gender lens investments.

Table 55. Minimum disclosure requirements for metrics: Gender lens investments - TCP

|                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Methodology and assumptions                                                   | <p>The metric is calculated as the TCP sum of all instruments classified under gender-related categories, applying the following rules:</p> <ul style="list-style-type: none"> <li>When the sublabel % is available – the % is used to calculate the gender amount for the respective instrument</li> <li>When the sublabel % is not available - the calculation depends on the number of sublabels allocated to the instrument: <ul style="list-style-type: none"> <li>If the instrument has a single sublabel and that sublabel is gender related, then the entire RI labelled amount is counted towards the metric</li> <li>If the instrument has multiple sublabels, including gender related ones, the RI labelled amount is not counted, unless the sublabel is Gender Smart.</li> </ul> </li> </ul> |
| Validation by external body other than the assurance provider (if applicable) | N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Unit                                                                          | EUR million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2025                                                                          | 686                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2024                                                                          | N/A (New metric introduced in 2025)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

# G1 Business Conduct

## Introduction

At FMO, we are committed to sustainable governance and ethical business practices that drive positive economic and social impact. Our approach emphasizes transparency, accountability, and integrity in all our operations. By embedding these principles into our decision-making processes, we aim to foster trust among our stakeholders. Our framework ensures we adhere to ethical practices, comply with legal requirements, and integrate environmental, social, and governance (ESG) in decision making. Through due diligence, stakeholder engagement, and continuous monitoring, we uphold high standards of professionalism and corporate governance.

## Governance

FMO's administrative, management and supervisory structure consists of the Supervisory Board and Management Board of FMO. The Management Board collectively manages FMO and consists of five members. The Management Board independently assesses overall policies and risks. The Supervisory Board, comprising six members, oversees the management conducted by the Management Board. It guides FMO's general business and risk management policies, always considering the interests of all stakeholders.

Given that FMO is an impact-driven development bank, members of the Management Board and Supervisory Board were selected and appointed because of their already present knowledge and experience regarding sustainability-related matters. The Management Board and Supervisory Board members have appropriate knowledge regarding development impact, human rights, sustainability-related matters. For a more detailed description of FMO's corporate governance structure please refer to the section 'ESRS 2 - Governance of sustainability matters', the sub-chapter 'Corporate governance', and the chapter 'Report of the Supervisory Board'.

Together, these bodies ensure effective governance, risk management, and a commitment to sustainable development at FMO.

## G1 Impacts, risks and opportunities

We identified the following impacts, risks and opportunities (IROs) for business conduct during our Double Materiality Assessment (DMA). Table 56 gives an overview of how each IRO relates to the policies, actions and targets respectively.

Table 56. IROs and Policies and Actions and Targets

| ESRS Subtopic     | Material impact, risk, opportunity | Description                                                                                                                                                                                    | Short description & reasonably expected time horizons of the impacts | Value chain location | Policy             | Actions                                                            | Targets            |
|-------------------|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|----------------------|--------------------|--------------------------------------------------------------------|--------------------|
| Corporate culture | Potential positive impact          | The potential positive impact of an effective and healthy corporate culture on the ability for FMO to make decisions that are in the best interests of the environment, people and the economy | Corporate culture<br>Short-term                                      | Own Operations       | No specific policy | Implementing the program Quality of Interaction (Values in Action) | No specific target |



|                                             |                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                              |                                 |                                                                                                                                           |                                     |                    |
|---------------------------------------------|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------|
| Business conduct                            | Potential positive impact | The potential positive impact on the corporate governance of customers, as a result of FMO's enforcement of, and engagement on international corporate governance standards. By adhering to these standards, customers are expected to improve their corporate governance and ultimately enhance accountability, transparency, and sustainability in their operations.                                                                                             | Enforcement of and engagement on international corporate governance standards<br><br>Medium term             | Downstream investment portfolio | Customer value creation                                                                                                                   | No specific action                  | No specific target |
| Corruption and bribery                      | Risk                      | The risk of staff not meeting the FMO Code of Conduct or FMO not fulfilling legislative requirements with regards to anti-bribery and corruption, anti-money laundering or countering the financing of terrorism and sanctions, caused by ignorance of FMO policies, lack of awareness of legal requirements or insufficient consideration of societal or regulator expectations, resulting in reputational and financial damage and/or legal actions against FMO. | Anti-bribery and corruption, anti-money laundering, and countering the financing of terrorism and sanctions. | Own operations                  | Code of conduct, Anti-bribery & Corruption policy, Sanctions Policy and Customer Due Diligence and Anti-Money Laundering (CDD AML) policy | Systematic Integrity risks analysis | No specific target |
| Business conduct                            | Risk                      | The risk of key funders removing or reducing their financial or political support for FMO, caused by significant governance issues arising, leading to lack of confidence in the ability of FMO to govern itself effectively, resulting in strategic, financial, legal and reputational damage.                                                                                                                                                                    | Governance issues                                                                                            | Own operations                  | No specific policy                                                                                                                        | Systematic Integrity risks analysis | No specific target |
| Political influence and lobbying activities | Risk                      | The risk of FMO's lobbying activities on key EU directives and engagement with the Dutch State being seen as unethical.                                                                                                                                                                                                                                                                                                                                            | Lobbying activities                                                                                          | Own operations                  | No specific policy                                                                                                                        | See G1-5                            | No specific target |

|                               |      |                                                                                                                                                                                                                                                            |                                                    |                            |                                                  |                    |                    |
|-------------------------------|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------|--------------------------------------------------|--------------------|--------------------|
| Business conduct / Governance | Risk | The risk that our Sustainability Policy Universe does not address ESG impacts in the downstream portfolio, or is not properly implemented, potentially leading to reputational, financial, and/or legal consequences for FMO.                              | Implementation & effectiveness of ESG standards    | Own operations, downstream | Sustainability policy                            | No specific action | No specific target |
| Protection of whistleblowers  | Risk | The risk that FMO's speak up process and protection of whistleblowers is insufficient, resulting in reputational and financial damage and/or legal action against FMO.                                                                                     | Speak up process and protection of whistleblowers. | Own operations             | Speak Up policy                                  | No specific action | No specific target |
| Corruption and bribery        | Risk | The risk of intended positive impacts from projects not reaching the targeted end beneficiaries due to corruption and/or bribery, leading to financial and reputational damage and/or legal actions against FMO.                                           | Corruption and bribery                             | Own operations             | Anti-bribery & Corruption policy, CDD AML Policy | No specific action | No specific target |
| Business conduct              | Risk | The risk that FMO is unable to effectively perform its mandate as a result of the need to balance profitability, impact additionality and compliance with Dutch and EU regulations.                                                                        | Impact additionality and compliance.               | Own operations             | No specific policy                               | No specific action | No specific target |
| Business conduct              | Risk | The risk that the operations or financial performance of FMO current or potential customers are negatively affected by an inability to comply with international regulations, or significantly increased cost to comply, leading to lower returns for FMO. | Compliance                                         | Own operations             | Regulatory Monitoring policy                     | No specific action | No specific target |

## G1-1 Business conduct policies and corporate culture

FMO is actively cultivating a culture that values diversity, quality, integrity, and making a positive impact on society. We have an ambitious strategy towards 2030 and recognize the role of culture in long-term value creation. That is why we have aligned our values and behaviors with our long-term business priorities and sustainability goals. Our four values – Diversity, Integrity, Making the difference, and Quality – continue to represent what we believe in and shape our FMO culture. The behaviors that underpin each value have been developed, driven by employee input, to provide guidance on how we act on that value. We recently launched a multi-year program to focus on embedding behaviors to encourage common understanding and ensure that behaviors are actionable and meaningful for everyone in the organization. Through this initiative, including training programs and leadership

development, we aim to create an environment where we work together to make decisions that are in the best interests of the environment, people and the economy and maximize our impact as one FMO.

Development occurs via training programs that promote ethical behavior and a commitment to diversity and inclusion through the FMO academy. FMO encourages open communication and recognizes employees who exemplify their values. Evaluation is conducted through regular feedback mechanisms and performance metrics, including evaluation through our biennial employee engagement survey, to ensure alignment with our cultural goals and overall mission.

Our corporate culture is cultivated by our Code of Conduct and compliance policies, which include safeguarding whistleblowers and steering clear of bribery, corruption, and other unethical behaviors. These key topics are outlined below.

## Code of Conduct

FMO's Code of Conduct reflects our commitment to diversity, integrity, quality and making the difference in all our interactions. It sets shared standards of behavior that guide our decision-making and the exercise of our judgment, outlining how we should conduct our professional activities both individually and as a team. FMO expects its employees to be aware of, and behave according to, the Code of Conduct and speak out when they feel that the business principles are threatened or compromised. Any business conduct issues that are raised are managed effectively, independently and objectively. Our commitment to an effective Code of Conduct is evident through regular trainings, for example our Annual Integrity Awareness e-learning, and transparent reporting mechanisms. Our Speak up policy and process, and our internal grievance and complaint mechanisms help us monitor the effectiveness of the Code of Conduct.

In addition to complying with FMO's Code of Conduct, all employees have also taken the Dutch Bankers' Oath. The obligation to take the bankers' oath is stipulated in the Dutch Financial Supervision Act (Wft, article 3.17 b, section 2). This Bankers' Oath and the related banking disciplinary regulations were introduced on 1 April 2015. All employees declare - briefly summarized - that they will perform their work at the bank with integrity and care and that they will act openly and verifiably. The latter means that employees also understand and accept that their conduct may be subject to disciplinary review.

## G1-3 Anti-bribery and corruption

FMO is subject to the Dutch Financial Supervision Act (Wet op het financieel toezicht – Wft) as well as the Dutch Criminal Code, which prohibits any form of active or passive bribery involving (foreign) government officials as well as private parties. Furthermore, FMO is subject to the anti-bribery and corruption laws of the countries where it operates in, or other anti-corruption laws that may apply, such as the U.S. Foreign Corrupt Practices Act (FCPA). FMO is guided by the OECD Convention on Combating Bribery and the UN convention against corruption (UNCAC).

Functions that are most at risk in respect to corruption and bribery are staff from the investment departments, and other colleagues that travel frequently and are on-site with third parties. To mitigate corruption risks, FMO has established a comprehensive Anti-bribery and Corruption policy that applies to both the organization and its third-party representatives. This policy includes measures for reporting and training on anti-bribery and corruption practices. Any actual or suspected violations of the Anti-bribery and Corruption policy will be reviewed and investigated by the Compliance department. Compliance, as second line function, operates independently from any commercial, administrative or other control function and has direct access to the Management Board and the Supervisory Board. The Management Board is informed of violations through Compliance reporting.

Table 57. Minimum Disclosure Requirements for Anti-bribery & Corruption policy

|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy  | <p>This policy covers FMO, any of the direct or indirect subsidiaries which are consolidated, e.g. FMO Investment Management B.V. ("FIM"), and/or any entities in which the bank has a stake of more than 50 percent and or management control. This policy is applicable to:</p> <ul style="list-style-type: none"> <li>• All FMO products and services;</li> <li>• All employees;</li> <li>• Non-employees delivering services under authority of FMO; and</li> <li>• All third parties acting on behalf of FMO (when applicable).</li> </ul> |
| Accountable body | The owner of this policy is the Compliance department, and it is approved by the NFRC.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Third-party standards/initiatives (if relevant)              | <p>This policy is based on, but not limited to, the following legal frameworks and guidance documents:</p> <ul style="list-style-type: none"> <li>• Dutch Financial Supervision Act (Wet op het financieel toezicht – Wft)</li> <li>• Dutch Penal Code (Wetboek van Strafrecht)</li> <li>• OECD Convention on combating Bribery</li> <li>• UN Convention against Corruption (UNCAC)</li> <li>• DNB Good Practices fighting corruption (February 2014)</li> <li>• Wolfsberg Anti-Bribery and corruption (AVC) guidelines (2017)</li> <li>• Transparency International: Global Anti-Bribery Guidance (2017)</li> <li>• Resource Guide to the U.S. Foreign Corrupt Practices Act published by the US DOJ/SEC (Department of Justice Securities and Exchange Commission) (2020)</li> <li>• OECD Guidelines on Anti-corruption and Integrity in State-owned Enterprises (2019)</li> <li>• Dutch Banking Association (NVB) Knowledge Document Corruption (2020)</li> </ul> |
| Consideration to interests of key stakeholders (if relevant) | <p>Internal stakeholders are consulted, if relevant, further to their responsibilities as included in the policy. This includes in any event the Risk department, FIM and P4i. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Availability to stakeholders (if relevant)                   | <p>This is an internal policy, and the document is therefore not publicly available.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## Anti-Money Laundering and Countering the Financing of Terrorism

FMO has implemented a robust framework with measures to prevent becoming involved in money laundering and the financing of terrorism, in line with the Wet ter voorkoming van witwassen en financieren van terrorisme (Wwft) and the European Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Directives, which mandate a risk-based approach to combat money laundering and terrorism financing. Our Customer Due Diligence (CDD) and Anti-Money Laundering (AML) Policy establishes rigorous standards for customer acceptance and ongoing monitoring to prevent misuse of the financial system. By ensuring that we engage only with reputable customers, FMO aims to safeguard its integrity and mitigate potential regulatory and reputational risks including the risk of becoming involved in bribery or corruption. This policy is further detailed in the CDD/AML Manual, which guides our employees in recognizing and addressing financial crime risks effectively.

Table 58. Minimum Disclosure Requirements for Customer Due Diligence (CDD) and Anti-Money laundering (AML) policy

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                              | <p>The CDD AML policy applies to FMO, any of the direct or indirect subsidiaries which are consolidated, e.g. FMO Investment Management B.V (FIM), and/ or any entities in which the bank has a stake of more than 50 percent, and/ or management control and are designated Wwft-entities.</p>                                                                                                                                                                                                                                                                                                                                                                          |
| Accountable body                                             | <p>The owner of this policy is the Compliance department, and it is approved by the NFRC and the FMO Management Board.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Third-party standards/initiatives (if relevant)              | <p>This policy is based on, but not limited to, the following legal frameworks and guidance documents:</p> <ul style="list-style-type: none"> <li>• The EU fourth AML Directive 2015/849 as revised by the EU Fifth AML Directive (2018/ 843), and subsequent revisions</li> <li>• Section 3:10 and 3:17 of the Dutch Financial Supervision Act (Wft)</li> <li>• Chapter 3 of the Dutch Decree of Prudential Rules for Financial Undertakings (Bpr Wft)</li> <li>• The Anti-Money Laundering and Combating the Financing of Terrorism Act (Wwft)</li> <li>• EBA Guideline on the Risk Factors Guidelines under Articles 17 and 18(4) of EU Directive 2015/849</li> </ul> |
| Consideration to interests of key stakeholders (if relevant) | <p>Relevant internal stakeholders are consulted, this includes in any event the KYC (Know Your Customer) department, Risk, FIM and P4i (Partnerships for Impact). Other stakeholders informed of any material updates to the policy through internal communication channels</p>                                                                                                                                                                                                                                                                                                                                                                                          |
| Availability to stakeholders (if relevant)                   | <p>This is an internal policy, and the document is therefore not publicly available.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

## Protection of whistleblowers

FMO has a transparent process for reporting and investigating any suspected wrongdoings, misconduct and/or any breach of law or regulation that may adversely impact FMO. Both employees and third parties can report any wrongdoing or suspicions, including anonymously through FMO's dedicated Speak Up platform. This allows FMO to be informed, address issues, and prevent future occurrences, while also learning from these situations to enhance business practices. Each report is carefully reviewed in a timely manner, ensuring that the investigation is conducted fairly for all parties involved. Under the

policy, reporters of wrongdoings are protected in line with the applicable legal requirements. For further information regarding the rights and obligations please refer to the Speak Up Policy and Procedure on the FMO website.

Table 59. Minimum Disclosure Requirements for Speak Up policy

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                              | The Speak Up policy applies to all employees, including those working in FMO's local/representative offices abroad, any of the direct or indirect subsidiaries which are consolidated, e.g. FMO Investment Management B.V. (FIM), and to any third party with whom FMO has or has had some type of relationship (e.g., externals or non-employees, business partners, suppliers, shareholders, customers) who wish to raise a wrongdoing (as defined in the policy) about possible misconduct within FMO, or its subsidiaries.                          |
| Accountable body                                             | The owner of this policy is the Compliance department, and it is approved by the NFRC and the FMO Management Board. In addition, the WoCo needs to provide their consent.                                                                                                                                                                                                                                                                                                                                                                               |
| Third-party standards/initiatives (if relevant)              | <p>This policy is based on, but not limited to, the following legal frameworks and guidance documents:</p> <ul style="list-style-type: none"> <li>• Dutch Whistleblowers Protection Act (Wet bescherming klokkenluiders), which implements EU Whistleblowing legislation;</li> <li>• article 7:658c Dutch Civil Code; and</li> <li>• any guidelines of the 'Huis voor Klokkenluiders'.</li> </ul> <p>The Speak Up policy qualifies as FMO's whistleblower policy ('klokkenluidersprocedure') as set out in the Dutch Whistleblowers Protection Act.</p> |
| Consideration to interests of key stakeholders (if relevant) | <p>Internal stakeholders are consulted, if relevant, further to their responsibilities as included in the policy. This includes in any event the Risk department, FIM and P4i. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.</p> <p>Also, any updates to the Speak Up policy will be submitted to the Works Council for their consent.</p>                                                                                                                                    |
| Availability to stakeholders (if relevant)                   | The Speak Up policy can be found publicly on our website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## Mechanisms and procedures related to unlawful behavior

FMO runs the risk that employees or key partners may fail to comply with the FMO Code of Conduct. They may not meet legislative requirements related to anti-bribery, anti-money laundering, countering the financing of terrorism, and sanctions. This can be due to ignorance of FMO policies, lack of awareness of legal obligations, or inadequate consideration of societal and regulatory expectations, potentially leading to reputational, financial, and legal harm.

FMO is committed to mitigating this risk and addressing any concerns related to unlawful behavior or actions that contradict or violate our Code of Conduct. Disciplinary action will be taken if employees do not act according to the Code of Conduct. Depending on the offence this can lead to a warning, suspension, or dismissal. FMO has a procedure in place to allow employees and third parties to (anonymously) report suspicions of wrongdoings through our Speak Up mechanism. A wrongdoing is an act or behavior (or the suspicion thereof) in relation to FMO that violates integrity standards, for example, acts of bribery, fraud, market abuse, discrimination, harassment, or other unethical or illegal behavior.

FMO has a Customer Due Diligence and Anti-Money laundering (CDD/AML) policy and a sanctions policy in place to combat unlawful practices such as money laundering and terrorism financing. Employees who do not comply with the CDD/AML policy and ensuing procedures and/or local laws and regulations must realize that they jeopardize FMO's reputation and will be held accountable. This may lead to disciplinary actions including dismissal.

If an employee deliberately avoids or ignores information that could have led to the discovery of an unlawful activity, so-called 'willful blindness', FMO's management will strive to enforce the appropriate measures. Depending on the offence this can lead to a warning, suspension, or dismissal.

Table 60. Minimum Disclosure Requirements for Sanctions policy

|                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                              | The Sanctions policy is applicable to FMO, any of FMO's subsidiaries, e.g. FIM, and any of the entities in which FMO has a stake of more than 50% and/or management control.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Accountable body                                             | The owner of this policy is the Compliance department, and it is approved by the NFRC.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Third-party standards/initiatives (if relevant)              | <p>This policy is based on, but not limited to, the following legal frameworks:</p> <ul style="list-style-type: none"> <li>• The Sanctions Act 1977 (Sanctiewet 1977), being is the legal basis in the Netherlands for the implementation of international sanctions; The Regulation on Supervision pursuant to the Sanctions Act 1977 (Regeling Toezicht Sanctiewet 1977). The Act and the Regulation are in the process of being amended by the Dutch government.</li> <li>• European Banking Authority (EBA) Guidelines on internal policies, procedures and controls to ensure the implementation of Union and national restrictive measures.</li> </ul> |
| Consideration to interests of key stakeholders (if relevant) | Internal stakeholders are consulted, if relevant, further to their responsibilities as included in the policy. This includes, in any event, the KYC department, Risk and FIM. Other internal stakeholders are informed of any material updates to the policy through internal communication channels.                                                                                                                                                                                                                                                                                                                                                        |
| Availability to stakeholders (if relevant)                   | This is an internal policy, and the document is therefore not publicly available.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## Training in relation to business conduct

FMO provides training on policy requirements and corruption to internal and external employees as needed, aiming to ensure that employees are knowledgeable with respect to integrity-related topics concerning FMO's customers, the organization itself, and their personal conduct obligations. The trainings are targeted at all levels of the organization, and specified to internal and external employees, high risk functions and management and supervisory boards. The nature of the training includes introduction and integrity training for new joiners, annual integrity refreshers and content specific presentations focused on key topics, e.g. data privacy, sanctions, risk management, and Financial Intelligence Unit (FIU) notifications. In addition, the Supervisory Board and Management Board are supported to meet their compliance related obligations. The depth of the training is evident in the coverage of topics. As outlined in the following table, FMO employees are trained annually on the definition of bribery and corruption, the applicable legislations and the policy requirements in the context of FMO, the incident reporting procedure and the Speak up policy. High risk functions and the administrative management and supervisory bodies also receive classroom training in addition to computer-based training. This structure reinforces our Code of Conduct as well as the value of 'Integrity' as a fundamental principle engrained within the organization.

The following table shows the training coverage on the topic of bribery and corruption for the reporting period. FMO provided training to all employees, including those in high-risk roles (high risk roles include staff from the investment departments and other colleagues that travel often and have in-person contacts), managers, administrative staff, and members of the management and supervisory bodies. The training covers the definition of bribery and corruption, relevant policies and procedures, incident reporting, and the Speak-up policy.



Table 61. Training coverage on the topic of bribery and corruption

|                                    | At-risk functions           |                                            | Managers   |                                                                  | Administrative, management and supervisory bodies |           | Other own workers |             |
|------------------------------------|-----------------------------|--------------------------------------------|------------|------------------------------------------------------------------|---------------------------------------------------|-----------|-------------------|-------------|
| Training coverage                  | 2024                        | 2025                                       | 2024       | 2025                                                             | 2024                                              | 2025      | 2024              | 2025        |
| Total                              | 392 (100%)                  | 386 (100%)                                 | 66 (100%)  | 93 (100%)                                                        | 10 (100%)                                         | 9 (100%)  | 497 (100%)        | 565 (100%)  |
| Total receiving training           | 389 (99.2%)                 | 384 (99.48%)                               | 66 (100%)  | 93 (100%)                                                        | 10 (100%)                                         | 3 (33.3%) | 495 (99.6%)       | 559 (98.9%) |
| Delivery method and duration       |                             |                                            |            |                                                                  |                                                   |           |                   |             |
| Classroom training                 | 2 hours (for KYC functions) | 1.5 hours (for all investment departments) | 0          | 1.5 hours (for managers and directors of investment departments) | 1 hour                                            | 0         | 0                 |             |
| Computer-based training            | 25 minutes                  |                                            | 25 minutes |                                                                  | 25 minutes                                        |           | 25 minutes        |             |
| Voluntary computer-based training  | 0                           |                                            | 0          |                                                                  | 0                                                 |           | 0                 |             |
| Frequency                          | Annually                    |                                            | Annually   |                                                                  | Annually                                          |           | Annually          |             |
| Topics covered                     |                             |                                            |            |                                                                  |                                                   |           |                   |             |
| Definition of Bribery & Corruption | x                           |                                            | x          |                                                                  | x                                                 |           | x                 |             |
| Policy & Procedures                | x                           |                                            | x          |                                                                  | x                                                 |           | x                 |             |
| Incident Reporting/ Speak Up       | x                           |                                            | x          |                                                                  | x                                                 |           | x                 |             |

## Governance and compliance

### Governance

FMO's corporate governance structure is based on the premise that FMO has established a long-term partnership with various stakeholders who, directly or indirectly, influence or are influenced by the achievement of our objectives. Stakeholders include customers, the Dutch Government, shareholders and other providers of capital, employees, NGOs and local communities in the countries where we work, as well as partners.

FMO's Management Board and Supervisory Board have set up a sound governance structure, which complies, with all relevant laws and regulations, including Dutch and European law, as well as the Dutch Corporate Governance Code and the Dutch Banking Code. FMO complies with the Dutch Banking Code or will otherwise explain where and how we diverge from this code in this report. A document titled 'FMO and the Dutch Banking Code' can be found on our website. For a more detailed description of FMO's corporate governance structure please refer to the section 'ESRS 2 - Governance of sustainability matters', the sub-chapter 'Corporate governance', and the chapter 'Report of the Supervisory Board'.

### Compliance

As a licensed bank, FMO is subject to regulations across a wide range of regulatory topics. FMO runs the risk of not operating in accordance with the applicable rules and regulations. To mitigate this risk, FMO has a regulatory monitoring process that involves the identification, assessment and implementation of applicable regulatory changes. This process is set out in FMO's Regulatory monitoring policy. The execution is supported by an automated solution to scan the regulatory landscape. FMO recognizes the

risk that it may struggle to fulfill its mandate due to the necessity of balancing profitability, impact additionality, and compliance with Dutch and EU regulations.

Table 62. Minimum Disclosure Requirements for Regulatory Monitoring Policy

|                                                                    |                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of policy                                                    | This policy applies to FMO, including regional offices, and its subsidiaries (e.g. FIM).                                                                                                                                                                             |
| Accountable body                                                   | The owner of this policy is the Compliance department, and it is approved by the NFRC.                                                                                                                                                                               |
| Third-party standards/<br>initiatives (if relevant)                | This policy, including process and governance, has been developed in accordance with the EBA Guidelines on internal governance under Directive 2013/36/EU (EBA/GL/2017/11 – including the second revision, EBA/GL/2021/05).                                          |
| Consideration to interests of<br>key stakeholders (if<br>relevant) | Key internal stakeholders are consulted and informed in respect of any updates to the policy through the Regulatory Monitoring Group.<br><br>Other internal stakeholders are informed of any material updates to the policy through internal communication channels. |
| Availability to stakeholders<br>(if relevant)                      | This is an internal policy, and the document is therefore not publicly available.                                                                                                                                                                                    |

## Potential positive impact on the corporate governance of customers

Through our engagement with customers on corporate governance (CG) we intend to create opportunities for positive impact while mitigating potential negative impacts of our investments. We identify dilemmas or issues, establish collaborations and partnerships, utilize technical assistance, provide trainings, and engage with customers or sectors aiming to shift mindsets or approaches. These efforts enable us to influence customer practices or potentially entire industries. Customers that elevate their corporate governance practices and demonstrate positive outcomes can transform business operations and may improve access to funding. Continuous monitoring and improvement of the corporate governance performance of our customers is crucial to creating value. For further information refer to ESR2 IRO management - Customer Value Creation.

## The risk that our Sustainability Policy Universe does not address ESG impacts in the downstream portfolio or is not properly implemented

FMO has adopted the IFC Performance Standards (2012) as its operating standard. In 2016, we launched the Sustainability Policy Universe, a framework of documents and tools that guides us around environmental and social (E&S) impact management and in improving the corporate governance of our customers. Our Sustainability Policy was approved by FMO's Management Board in 2016. The policy is complemented by position statements on human rights, land governance, fossil fuels and coal and on Impact and ESG for Financial Intermediaries. We are further guided by the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Client Protection Principles. Our policies and position statements are available on our website, undergo targeted and public consultation with various stakeholder groups during the development process, and are formally approved by the Management Board. In addition, FMO conducts and commissions evaluations (e.g., thematic studies, investment studies, etc.) to reflect on its strategy, its business model, the effectiveness of its policies and processes, and the impact of its investments.

The responsibility for implementing the sustainability policy lies with the investment departments, which are supported by the respective Impact and ESG+ departments. These departments are responsible for identifying the areas in which FMO can work with customers to minimize our negative impacts and optimize our development impacts, building customer capabilities and work for the integration of sustainable standards in our investment processes. The Credit department is responsible for performing an independent review of FMO's impact assessments at an investment level.

Additionally, the risk management and internal control system in relation to the sustainability reporting process is partially integrated into FMO's overall risk governance and risk management approach. Detailed information is provided in the 'Risk Management' chapter, in the section 'Risk governance' and sub-chapter 'Non-financial risk'.

Control Monitoring and Testing is facilitated by Operational Risk Management (ORM) twice per year – in November and in June. ORM provides guidance, training and sampling instructions, and reports the results of control monitoring and testing, and the progress of control remediation to the Non-Financial Risk Committee (NFRC). Internal Control activities follow a yearly cycle and are aligned with the financial

reporting process, because the results are used to substantiate the Management Board's In Control Statement in the annual report.

## G1 Key actions

### Systematic Integrity risk analysis

FMO has conducted a review of the organization-wide systematic integrity risk analysis (SIRA) in 2025. The primary objective was to reassess and revalidate the organization's inherent top integrity risks (including bribery & corruption risks) and the effectiveness of existing mitigation measures. In addition, the SIRA aimed to identify emerging risks and evaluate FMO's exposure to these developments to assess whether mitigation strategies needed to be strengthened. The outcomes of the SIRA were discussed in the Management Board and Supervisory Board of FMO.

### Quality of interaction (Values in action)

In relation to promoting an effective and healthy corporate culture, FMO has set up a program to integrate FMO's core values into employee behavior through a structured implementation program (Values in action), covering four values and 12 behaviors, aimed at both employees and non-employees. The ultimate goal is to positively impact working conditions by embedding these core values into daily interactions, thereby enhancing the quality of interactions within the workforce. This initiative will contribute to our overall positive impact on the working conditions of our workforce. For further information please refer to S1-4 Key Actions.

Table 63. Minimum Disclosure Requirements for Actions

|                                                                                                  | Systematic integrity risk analysis                                                                                                                                                                                  | Quality of interaction (Values in action program)                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope of actions                                                                                 | The integrity risks FMO faces. This includes, amongst others, financial economic crime risks (including bribery and corruption risks) and conduct-related risks (such as market abuse, conflict of interest risks). | FMO employees and non-employees – own workforce                                                                                                                                                   |
| Time horizon                                                                                     | 2025                                                                                                                                                                                                                | 2026                                                                                                                                                                                              |
| Actions taken to provide for and cooperate in or support the provision of remedy (if applicable) | N/A                                                                                                                                                                                                                 | N/A                                                                                                                                                                                               |
| Progress of actions disclosed in prior periods                                                   | Progress of actions is reported in the section above.                                                                                                                                                               | Progress of actions is reported in the section above.                                                                                                                                             |
| Operational expenditures (OpEx) and/or capital expenditures (CapEx) (if required)                | No significant operational expenditure (OpEx) and/or capital expenditure (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'.                   | No significant operational expenditure (OpEx) and/or capital expenditure (CapEx) related to implementing actions. For more information refer to 'ESRS 2 - Our sustainability reporting approach'. |

## G1 Targets

FMO has not set any specific targets. Performance on business conduct related IROs is monitored through various internal procedures (see 'S1 - FMO entity specific metrics'; 'ESRS 2 - IRO management').

## G1-4 Incidents of corruption or bribery

No incidents of corruption or bribery were reported during the reporting period; therefore, the number of convictions and number of fines for breaches is zero and no actions were required to be taken to address breaches.

## G1-5 Political influence and lobbying activities

FMO needs to comply with the transparency and disclosure requirements set forth by the EU to ensure accountability and integrity in its operations. Political influence and lobbying activities are represented by FMO's Corporate Stakeholder engagement team (CSE).

FMO is registered in the EU Transparency Register (REG 900710797042-92). In addition, FMO is a member of EDFI, which is also registered in the EU Transparency Register (REG410540760-32).

In March 2025, FMO published a position statement on corporate stakeholder engagement and lobbying, which is available on the FMO website. This statement is an integral part of FMO's Sustainability Policy framework, and outlines our approach to engaging with corporate stakeholders, including the Dutch State, the EU institutions, Netherlands members of parliament, NGOs, Think tanks, and media representatives. In section 3 of the statement, you can find the approach to policy advocacy and lobbying.

In 2025, the following material topics were discussed with political stakeholders aimed at influencing decision-making processes:

- FMO has had various conversations with the Dutch Ministry of Foreign Affairs and the Ministry of Finance on the National Investment Bank initiative, an initiative of 50 private Dutch individuals on merging various Dutch enterprise and organizations. Furthermore, FMO communicated its position on the topic to the NVB, to be included in its lobby and advocacy strategy related to this topic.
- FMO has provided input to the EU's consultation on Art. 133(5) of the Capital Requirement Regulation and has communicated this input to the Dutch Ministry of Finance.
- FMO participated in several informal roundtables on the Multi-Annual Financial Framework (MFF) 2028-2035 (organized by the European Centre for Development Policy Management). The meetings focused on the future MFF, the role of European Export Credit Agencies within the Global Gateway Agenda and the cooperation within Development Finance Institutions (DFIs). Furthermore, FMO has had various bilateral conversations on this topic with the Dutch Ministry of Foreign Affairs and the European Commission and is working within EDFI context to ensure DFI voices are taken on board in this process.

During the reporting period no financial contributions or contributions in kind were made.

## Reference tables

Legend:

- CFS = Consolidated financial statements
- CG = Corporate governance
- RM = Risk management
- RMB = Report of the Management Board
- RSB = Report of the Supervisory Board
- SUS = Sustainability statement

## List of material ESRS disclosure requirements

Table 64: ESRS2 General disclosures (cross-cutting)

| Disclosure Requirement     |                                                                                                                                        | Section                                                            | Page                                                                   | Phase-in                                                                                                                        |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| ESRS 2 General disclosures |                                                                                                                                        |                                                                    |                                                                        |                                                                                                                                 |
| BP – 1                     | General basis for preparation of the sustainability statement                                                                          | SUS/ESRS 2 - BP; CFS                                               | 124-125; 254                                                           |                                                                                                                                 |
| BP – 2                     | Disclosures in relation to specific circumstances                                                                                      | SUS/ESRS 2 - BP                                                    | 124-127                                                                |                                                                                                                                 |
| GOV – 1                    | The role of the administrative, management, and supervisory bodies                                                                     | SUS/ESRS 2 - GOV; RMB/CG; RSB                                      | 150-152; 55-57; 71-73                                                  |                                                                                                                                 |
| GOV – 2                    | Information provided to, and sustainability matters addressed by, the undertaking's administrative, management, and supervisory bodies | SUS/ESRS 2 - GOV; RSB                                              | 152; 72-73                                                             |                                                                                                                                 |
| GOV – 3                    | Integration of sustainability related performance in incentive schemes                                                                 | SUS/ESRS 2 - GOV; RMB/CG                                           | 152-153; 57-58                                                         |                                                                                                                                 |
| GOV – 4                    | Statement on due diligence                                                                                                             | SUS/RT                                                             | 155-156; 239-240                                                       |                                                                                                                                 |
| GOV – 5                    | Risk management and internal controls over sustainability reporting                                                                    | SUS/ESRS 2 - RM; RM                                                | 153-154; 79; 113-116                                                   |                                                                                                                                 |
| SBM – 1                    | Strategy, business model, and value chain                                                                                              | SUS/ESRS 2 - SBM                                                   | 132-136                                                                | Paragraph 40(b) (breakdown of total revenue by significant ESRS sector) and 40(c) (list of additional significant ESRS sectors) |
| SBM – 2                    | Interests and views of stakeholders                                                                                                    | SUS/ESRS 2 - INT                                                   | 136-139                                                                |                                                                                                                                 |
| SBM – 3                    | Material impacts, risks, and opportunities and their interaction with strategy and business model                                      | SUS/E1 IRO, E3 IRO, E4 IRO, S1 IRO, S2 IRO, S3 IRO, S4 IRO, G1 IRO | 157-159; 181-182; 184-185; 191-193; 206-207; 214-215; 220-221; 225-227 | Paragraph 48(e) (anticipated financial effects)                                                                                 |
| IRO – 1                    | Description of the process to identify and assess material impacts, risks, and opportunities                                           | SUS/ESRS 2 - DMA                                                   | 127-130                                                                |                                                                                                                                 |
| IRO – 2                    | Disclosure requirements in ESRS covered by the undertaking's sustainability statement                                                  | SUS/RT                                                             | 236-241                                                                |                                                                                                                                 |

Table 65: ESRS E1 Climate change

| Disclosure Requirement | Section | Page | Phase-in |
|------------------------|---------|------|----------|
| ESRS E1 Climate Change |         |      |          |

|            |                                                                                                                       |                     |                 |
|------------|-----------------------------------------------------------------------------------------------------------------------|---------------------|-----------------|
| E1 – GOV-3 | Integration of sustainability-related performance in incentive schemes                                                | SUS/E1-ESRS 2 GOV-3 | 164             |
| E1 – 1     | Transition plan for climate change mitigation                                                                         | SUS/E1-1            | 164-165         |
| E1 – IRO-1 | Description of the processes to identify and assess material climate-related impacts, risks, and opportunities        | SUS/E1-INTRO        | 157-162         |
| E1 – 2     | Policies related to climate change mitigation and adaptation                                                          | SUS/E1-2            | 165-168         |
| E1 – 3     | Actions and resources in relation to climate change policies                                                          | SUS/E1-3            | 168-171         |
| E1 – 4     | Targets related to climate change mitigation and adaptation                                                           | SUS/E1-4            | 172-174         |
| E1 – 6     | Gross Scopes 1, 2, 3, and Total GHG emissions                                                                         | SUS/E1-6; CFS       | 174-178;<br>246 |
| E1 – 7     | GHG removals and GHG mitigation projects financed through carbon credits                                              | SUS/E1-7            | 178-179         |
| E1 – 9     | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities |                     | 81              |

Table 66: ESRS E3 Water and marine resources

| Disclosure Requirement             |                                                                                                                                     | Section      | Page    | Phase-in |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|----------|
| ESRS E3 Water and Marine Resources |                                                                                                                                     |              |         |          |
| E3 – IRO-1                         | Description of the processes to identify and assess material water and marine resources – related impacts, risks, and opportunities | SUS/E3-INTRO | 181-182 |          |
| E3 – 1                             | Policies related to water and marine resources                                                                                      | SUS/E3-1     | 182     |          |
| E3 – 2                             | Actions and resources related to water and marine resources                                                                         | SUS/E3-2     | 182-183 |          |
| E3 – 3                             | Targets related to water and marine resources                                                                                       | SUS/E3-3     | 183     |          |

Table 67: ESRS E4 Biodiversity and ecosystems

| Disclosure Requirement              |                                                                                                                                            | Section      | Page    | Phase-in |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|----------|
| ESRS E4 Biodiversity and ecosystems |                                                                                                                                            |              |         |          |
| E4 – IRO-1                          | Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities | SUS/E4-INTRO | 184-186 |          |
| E4 – 1                              | Transition plan and consideration of biodiversity and ecosystems in strategy and business model                                            | SUS/E4-1     | 186     |          |
| E4 – 2                              | Policies related to biodiversity and ecosystem                                                                                             | SUS/E4-2     | 186-189 |          |
| E4 – 3                              | Actions and resources related to biodiversity and ecosystems                                                                               | SUS/E4-3     | 189-190 |          |
| E4 – 4                              | Targets related to biodiversity and ecosystems                                                                                             | SUS/E4-4     | 190     |          |
| E4 – 5                              | Impact metrics related to biodiversity and ecosystems change                                                                               | SUS/E4-5     | 190     |          |

Table 68: ESRS S1 Own workforce

| Disclosure Requirement |                                                                                                                                                                                                  | Section      | Page    | Phase-in |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|----------|
| ESRS S1 Own workforce  |                                                                                                                                                                                                  |              |         |          |
| S1 – SBM-3             | Material impacts, risks, and opportunities and their interaction with strategy and business model                                                                                                | SUS/S1-INTRO | 191-193 |          |
| S1 – 1                 | Policies related to own workforce (paragraph 22 is not material)                                                                                                                                 | SUS/S1-1     | 193-196 |          |
| S1 – 2                 | Processes for engaging with own workers and workers' representatives about impacts                                                                                                               | SUS/S1-2     | 196     |          |
| S1 – 3                 | Processes to remediate negative impacts and channels for own workers to raise concerns                                                                                                           | SUS/S1-3     | 196     |          |
| S1 – 4                 | Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions | SUS/S1-4     | 197-198 |          |
| S1 – 5                 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities                                                                 | SUS/S1-5     | 198-199 |          |



|         |                                                                            |               |         |
|---------|----------------------------------------------------------------------------|---------------|---------|
| S1 – 6  | Characteristics of the undertaking's employees                             | SUS/S1-6      | 200-201 |
| S1 – 7  | Characteristics of non-employee workers in the undertaking's own workforce | SUS/S1-7      | 201     |
| S1 – 8  | Collective bargaining coverage and social dialogue                         | SUS/S1-8      | 201-202 |
| S1 – 9  | Diversity metrics                                                          | SUS/S1-9      | 202     |
| S1 – 10 | Adequate wages                                                             | SUS/<br>S1-10 | 202     |
| S1 – 11 | Social protection                                                          | SUS/<br>S1-11 | 202     |
| S1 – 13 | Training and skills development metrics                                    | SUS/<br>S1-13 | 203     |
| S1 – 14 | Health and safety metrics                                                  | SUS/<br>S1-14 | 203     |
| S1 – 15 | Work-life balance metrics                                                  | SUS/<br>S1-15 | 203     |
| S1 – 16 | Compensation metrics (pay gap and total compensation)                      | SUS/<br>S1-16 | 204     |
| S1 – 17 | Incidents, complaints, and severe human rights impacts                     | SUS/<br>S1-17 | 204     |

Table 69: ESRs S2 Workers in the value chain

| Disclosure Requirement             |                                                                                                                                                                                                            | Section      | Page    | Phase-in |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|----------|
| ESRS S2 Workers in the value chain |                                                                                                                                                                                                            |              |         |          |
| S2 – SBM-3                         | Material impacts, risks, and opportunities and their interaction with strategy and business model                                                                                                          | SUS/S2-INTRO | 206-207 |          |
| S2 – 1                             | Policies related to value chain workers                                                                                                                                                                    | SUS/S2-1     | 208-210 |          |
| S2 – 2                             | Processes for engaging with value chain workers about impacts                                                                                                                                              | SUS/S2-2     | 210     |          |
| S2 – 3                             | Processes to remediate negative impacts and channels for value chain workers to raise concerns                                                                                                             | SUS/S2-3     | 210-211 |          |
| S2 – 4                             | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions | SUS/S2-4     | 211-212 |          |
| S2 – 5                             | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities                                                                           | SUS/S2-5     | 212     |          |

Table 70: ESRs S3 Affected communities

| Disclosure Requirement       |                                                                                                                                                                                                              | Section      | Page    | Phase-in |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|----------|
| ESRS S3 Affected communities |                                                                                                                                                                                                              |              |         |          |
| S3 – SBM-3                   | Material impacts, risks, and opportunities and their interaction with strategy and business model                                                                                                            | SUS/S3-INTRO | 214-215 |          |
| S3 – 1                       | Policies related to affected communities                                                                                                                                                                     | SUS/S3-1     | 215-217 |          |
| S3 – 2                       | Processes for engaging with affected communities about impacts                                                                                                                                               | SUS/S3-2     | 217     |          |
| S3 – 3                       | Processes to remediate negative impacts and channels for affected communities to raise concerns                                                                                                              | SUS/S3-3     | 218     |          |
| S3 – 4                       | Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions | SUS/S3-4     | 218-219 |          |
| S3 – 5                       | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities                                                                             | SUS/S3-5     | 219     |          |

Table 71: ESRS S4 Consumers & end-users

| Disclosure Requirement        |                                                                                                                                                                                                                    | Section      | Page    | Phase-in |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------|----------|
| ESRS S4 Consumers & End-users |                                                                                                                                                                                                                    |              |         |          |
| S4 – SBM-3                    | Material impacts, risks, and opportunities and their interaction with strategy and business model                                                                                                                  | SUS/S4-INTRO | 220-221 |          |
| S4 – 1                        | Policies related to consumers and end-users                                                                                                                                                                        | SUS/S4-1     | 221-223 |          |
| S4 – 2                        | Processes for engaging with consumers and end-users about impacts                                                                                                                                                  | SUS/S4-2     | 223     |          |
| S4 – 3                        | Processes to remediate negative impacts and channels for consumers and end-users to raise concerns                                                                                                                 | SUS/S4-3     | 223     |          |
| S4 – 4                        | Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions | SUS/S4-4     | 223-224 |          |
| S4 – 5                        | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities                                                                                   | SUS/S4-5     | 224     |          |

Table 72: ESRS G1 Business conduct

| Disclosure Requirement   |                                                                   | Section                       | Page    | Phase-in |
|--------------------------|-------------------------------------------------------------------|-------------------------------|---------|----------|
| ESRS G1 Business Conduct |                                                                   |                               |         |          |
| G1 – GOV-1               | The role of the administrative, supervisory and management bodies | SUS/Governance and compliance | 225-227 |          |
| G1 – 1                   | Business conduct policies and corporate culture                   | SUS/G1-1                      | 227-228 |          |
| G1 – 3                   | Prevention and detection of corruption and bribery                | SUS/G1-3                      | 228-232 |          |
| G1 – 4                   | Incidents of corruption or bribery                                | SUS/G1-4                      | 234     |          |
| G1 – 5                   | Political influence and lobbying activities                       | SUS/G1-5                      | 234-235 |          |

## Statement on due diligence

Table 73: Statement on due diligence

| Core elements of due diligence                                            | Section                                                        | Page     |
|---------------------------------------------------------------------------|----------------------------------------------------------------|----------|
| Embedding due diligence in governance, strategy and business model        | SUS / ESRS 2 - Interests and views of stakeholders             | 136-139; |
|                                                                           | SUS / ESRS 2 - Impact management framework                     | 139-150  |
| Engaging with affected stakeholders in all key steps of the due diligence | SUS / ESRS 2 - Interests and views of stakeholders             | 136-139; |
|                                                                           | SUS / ESRS 2 - Impact management framework                     | 139-150; |
|                                                                           | SUS / S2-2 Processes for engaging with value chain workers     | 210;     |
|                                                                           | SUS / S3-2 Processes for engaging with affected communities    | 217;     |
|                                                                           | SUS / S4-2 Processes for engaging with consumers and end-users | 223      |
| Identifying and assessing adverse impacts                                 | SUS/E1 Impacts, risks and opportunities                        | 157-159; |
|                                                                           | SUS/E3 Impacts, risks and opportunities                        | 181-182; |
|                                                                           | SUS/E4 Impacts, risks and opportunities                        | 184-185; |
|                                                                           | SUS/S1 Impacts, risks and opportunities                        | 191-193; |
|                                                                           | SUS/S2 Impacts, risks and opportunities                        | 206-207; |
|                                                                           | SUS/S3 Impacts, risks and opportunities                        | 214-215; |
|                                                                           | SUS/S4 Impacts, risks and opportunities                        | 220-221; |
| Taking actions to address those adverse impacts                           | SUS/G1 Impacts, risks and opportunities                        | 225-227  |
|                                                                           | SUS / ESRS 2 - Impact management framework                     | 139-150; |
|                                                                           | SUS / E1-3 Key actions                                         | 168-171; |
|                                                                           | SUS / E3-2 Key actions                                         | 182-183; |
|                                                                           | SUS / E4-3 Key actions                                         | 189-190; |
|                                                                           | SUS / S1-4 Key actions                                         | 197-198; |
|                                                                           | SUS / S2-4 Key actions                                         | 211-212; |
|                                                                           | SUS / S3-4 Key actions                                         | 218-219; |
|                                                                           | SUS / S4-4 Key actions                                         | 223-224; |
|                                                                           | SUS / G1 Key actions                                           | 234      |

|                                                               |                                            |          |
|---------------------------------------------------------------|--------------------------------------------|----------|
| Tracking the effectiveness of these efforts and communicating | SUS / ESRs 2 - Impact management framework | 139-150; |
|                                                               | SUS / E3-2 Key actions                     | 182-183; |
|                                                               | SUS / E4-2 Policies                        | 186-189; |
|                                                               | SUS / E4-3 Key actions                     | 189-190; |
|                                                               | SUS / S2-1 Policies                        | 208-210; |
|                                                               | SUS / S2-4 Key actions                     | 211-212; |
|                                                               | SUS / S3-1 Policies                        | 215-217; |
|                                                               | SUS / S3-4 Key actions                     | 218-219  |

## Data points derived from other EU legislation

Table 74: List of data points derived from other EU legislation and references

| Disclosure requirement | Data point | Sustainability statements                                                                                                                                                       | SFDR | Pillar 3 | Benchmark regulation | EU Climate Law | Section                                                  | Page    |
|------------------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------|----------------------|----------------|----------------------------------------------------------|---------|
| ESRS 2 GOV – 1         | 21 d       | Board's gender diversity ratio                                                                                                                                                  | X    |          |                      |                | CG - diversity and inclusion                             | 57      |
| ESRS 2 GOV – 1         | 21 e       | Percentage of independent board members                                                                                                                                         | X    |          |                      |                | RSB - Independence, conflicts of interest and governance | 73      |
| ESRS 2 GOV – 4         | 30; 32     | Disclosure of mapping of information provided in sustainability statement about due diligence process                                                                           | X    |          |                      |                | Reference Tables - statement on DD                       | 155-156 |
| ESRS 2 SBM – 1         | 40 d i     | Undertaking is active in fossil fuel (coal, oil, and gas) sector                                                                                                                | X    |          |                      |                | NA                                                       | NA      |
| ESRS 2 SBM – 1         | 40 d ii    | Undertaking is active in chemicals production                                                                                                                                   | X    |          |                      |                | NA                                                       | NA      |
| ESRS 2 SBM – 1         | 41 d ii    | Revenue from chemicals production                                                                                                                                               | X    |          |                      |                | NA                                                       | NA      |
| E1 – 1                 | 15         | Disclosure of transition plan for climate change                                                                                                                                |      |          |                      | X              | E1                                                       | 164-165 |
| E1 – 6                 | 48a        | Gross Scope 1 greenhouse gas emissions                                                                                                                                          | X    | X        | X                    |                | E1                                                       | 174-175 |
| E1 – 6                 | 49a, 52a   | Gross location-based Scope 2 greenhouse gas emissions                                                                                                                           | X    | X        | X                    |                | E1                                                       | 174-175 |
| E1 – 6                 | 49b, 52b   | Gross market-based Scope 2 greenhouse gas emissions                                                                                                                             | X    | X        | X                    |                | E1                                                       | 174-175 |
| E1 – 6                 | 52         | Gross Scope 3 greenhouse gas emissions                                                                                                                                          | X    | X        | X                    |                | E1                                                       | 174-175 |
| E1 – 6                 | 44, 52a    | Total GHG emissions locations based                                                                                                                                             | X    | X        | X                    |                | E1                                                       | 174-175 |
| E1 – 6                 | 44, 52b    | Total GHG emissions market based                                                                                                                                                | X    | X        | X                    |                | E1                                                       | 174-175 |
| E1 – 7                 | 56a        | Disclosure of GHG removals and storage resulting from projects developed in own operations or contributed to in upstream and downstream value chain                             |      |          |                      | X              | E1                                                       | 178-179 |
| E1 – 7                 | 56b        | Disclosure of GHG emission reductions or removals from climate change mitigation projects outside value chain financed or to be financed through any purchase of carbon credits |      |          |                      | X              | E1                                                       | 178-179 |
| S1 – 1                 | 21         | Description of relevant human rights policy commitments relevant to own workforce                                                                                               | X    |          |                      |                | S1 - Intro                                               | 191     |

|         |     |                                                                                                                                                                                                                                                                                        |   |   |                                             |         |
|---------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---------------------------------------------|---------|
| S1 – 1  | 20a | Disclosure of general approach in relation to respect for human rights including labor rights, of people in its own workforce                                                                                                                                                          | X |   | S1 - Intro                                  | 191     |
| S1 – 1  | 20b | Disclosure of general approach in relation to engagement with people in its own workforce                                                                                                                                                                                              | X |   | S1-2                                        | 196     |
| S1 – 1  | 20c | Disclosure of general approach in relation to measures to provide and (or) enable remedy for human rights impacts                                                                                                                                                                      | X |   | S1 - Intro                                  | 191     |
| S1 – 1  | 21  | Disclosure of whether and how policies are aligned with relevant internationally recognized instruments                                                                                                                                                                                | X |   | S1 - Intro                                  | 191     |
| S1 – 1  | 23  | Workplace accident prevention policy or management system is in place                                                                                                                                                                                                                  | X |   | S1-1                                        | 194     |
| S1 – 3  | 32c | Grievance or complaints handling mechanisms related to employee matters exist                                                                                                                                                                                                          | X |   | S1-3                                        | 196     |
| S1 – 16 | 97a | Gender pay gap                                                                                                                                                                                                                                                                         | X | X | S1-16                                       | 204     |
| S1 – 16 | 97b | Annual total remuneration ratio                                                                                                                                                                                                                                                        | X |   | S1-16                                       | 204     |
| S4 – 1  | 17  | Description of relevant human rights policy commitments relevant to consumers and/or end-users                                                                                                                                                                                         | X |   | S4-1                                        | 222     |
| S4 – 1  | 16a | Disclosure of general approach in relation to respect for human rights of consumers and end-users                                                                                                                                                                                      | X |   | S4-1                                        | 222     |
| S4 – 1  | 16b | Disclosure of general approach in relation to engagement with consumers and/or end-users                                                                                                                                                                                               | X |   | S4-2                                        | 223     |
| S4 – 1  | 16c | Disclosure of general approach in relation to measures to provide and (or) enable remedy for human rights impacts                                                                                                                                                                      | X |   | S4-3                                        | 223     |
| S4 – 1  | 17  | Description of whether and how policies are aligned with relevant internationally recognized instruments                                                                                                                                                                               | X |   | S4-1                                        | 222     |
| S4 – 1  | 17  | Disclosure of extent and indication of nature of cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve consumers and/or end-users | X | X | ESRS2 - Interests and views of stakeholders | 137     |
| S4 – 4  | 35  | Disclosure of severe human rights issues and incidents connected to consumers and/or end-users                                                                                                                                                                                         | X |   | S4-1                                        | 221-223 |



**Responsible Commodities Facility (RCF), Brazil**  
Powering Brazil's deforestation-free soy production











05

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# CONSOLIDATED FINANCIAL STATEMENTS

# Consolidated statement of financial position

For the year ended December 31, 2025

|                                                      | Notes       | 2025              | 2024              |
|------------------------------------------------------|-------------|-------------------|-------------------|
| <b>Assets</b>                                        |             |                   |                   |
| Cash balances with Banks                             | (1)         | 140,239           | 43,087            |
| Current accounts with State funds and other programs | (2)         | 3,207             | 1,336             |
| Short-term deposits                                  | (3)         |                   |                   |
| -of which: amortized cost                            |             | 623,995           | 1,111,886         |
| -of which: fair value through profit or loss         |             | 446,130           | 369,481           |
| Other receivables                                    | (4)         | 33,487            | 18,393            |
| Interest-bearing securities                          | (5)         |                   |                   |
| -of which: amortized cost                            |             | 573,170           | 481,798           |
| -of which: fair value through profit or loss         |             | 134,120           | 107,596           |
| Derivative financial instruments                     | (6)         | 233,483           | 126,339           |
| Loans to the private sector                          | (7)         |                   |                   |
| -of which: amortized cost                            |             | 5,604,615         | 5,190,518         |
| -of which: fair value through profit or loss         |             | 709,700           | 652,061           |
| Current tax receivables                              | (29)        | 893               | 13,297            |
| Equity investments                                   | (9)         |                   |                   |
| -of which: fair value through OCI                    |             | 223,452           | 201,287           |
| -of which: fair value through profit or loss         |             | 2,166,158         | 2,355,626         |
| Investments in associates and joint ventures         | (10)        | 386,603           | 372,073           |
| Property, plant and equipment                        | (11)        | 31,403            | 16,365            |
| Intangible assets                                    | (12)        | 37,883            | 26,445            |
| Deferred income tax assets                           | (29)        | 3,647             | 9,075             |
| <b>Total assets</b>                                  |             | <b>11,352,185</b> | <b>11,096,663</b> |
| <b>Liabilities</b>                                   |             |                   |                   |
| Short-term credits                                   | (13)        | 543,965           | 216,912           |
| Current accounts with State funds and other programs | (14)        | 2,117             | 93                |
| Derivative financial instruments                     | (6)         | 143,989           | 471,386           |
| Dutch government program liabilities                 | (15)        |                   |                   |
| -of which: fair value through profit or loss         |             | 96,887            | 121,715           |
| Debentures and notes                                 | (16)        | 6,498,892         | 6,335,981         |
| Accrued and other liabilities                        | (17)        | 174,163           | 57,606            |
| Provisions                                           | (18)        | 29,942            | 36,780            |
| Deferred income tax liabilities                      | (29)        | 279               | 510               |
| <b>Total liabilities</b>                             |             | <b>7,490,234</b>  | <b>7,240,983</b>  |
| <b>Shareholders' equity</b>                          |             |                   |                   |
| Share capital                                        |             | 9,076             | 9,076             |
| Share premium reserve                                |             | 29,272            | 29,272            |
| Contractual reserve                                  |             | 3,054,920         | 3,008,465         |
| Development fund                                     |             | 657,981           | 657,981           |
| Fair value reserve                                   |             | 103,116           | 86,758            |
| Actuarial results on defined benefit plans           |             | -4,887            | -4,380            |
| Translation reserve                                  |             | -16,418           | 31,030            |
| Other reserves                                       |             | 26,887            | 26,887            |
| Undistributed result                                 |             | 2,004             | 10,591            |
| <b>Shareholders' equity (parent)</b>                 |             | <b>3,861,951</b>  | <b>3,855,680</b>  |
| <b>Total shareholders' equity</b>                    | <b>(19)</b> | <b>3,861,951</b>  | <b>3,855,680</b>  |
| <b>Total liabilities and shareholders' equity</b>    |             | <b>11,352,185</b> | <b>11,096,663</b> |

# Consolidated statement of profit or loss

For the year ended December 31, 2025

|                                                                                                    | Notes       | 2025            | 2024            |
|----------------------------------------------------------------------------------------------------|-------------|-----------------|-----------------|
| <b>Income</b>                                                                                      |             |                 |                 |
| Interest income calculated using the effective interest method                                     |             | 494,200         | 514,136         |
| Other interest income                                                                              |             | 12,304          | 42,209          |
| Interest expense calculated using the effective interest method                                    |             | -259,573        | -237,423        |
| Other interest expense                                                                             |             | -22,349         | -92,708         |
| Interest expenses on leases                                                                        |             | -221            | -97             |
| <b>Net interest income</b>                                                                         | <b>(20)</b> | <b>224,361</b>  | <b>226,117</b>  |
| Dividend income                                                                                    | (21)        | 39,565          | 29,171          |
| Results from equity investments                                                                    | (22)        | -145,269        | 138,429         |
| <b>Total results from equity investments</b>                                                       |             | <b>-105,704</b> | <b>167,600</b>  |
| Fee and commission income                                                                          |             | 11,465          | 9,672           |
| Fee and commission expense                                                                         |             | -12,976         | -13,726         |
| <b>Net fee and commission income</b>                                                               | <b>(23)</b> | <b>-1,511</b>   | <b>-4,054</b>   |
| Net results from financial transactions                                                            | (24)        | 9,212           | 10,604          |
| Remuneration for services rendered                                                                 | (25)        | 35,268          | 35,499          |
| Gains and losses due to derecognition                                                              | (26)        | 349             | 1,863           |
| Other operating income                                                                             |             | 1,636           | -               |
| <b>Total other income</b>                                                                          |             | <b>46,465</b>   | <b>47,966</b>   |
| <b>Total income</b>                                                                                |             | <b>163,611</b>  | <b>437,629</b>  |
| <b>Operating expenses</b>                                                                          |             |                 |                 |
| Staff costs                                                                                        | (27)        | -145,788        | -144,964        |
| General and administrative expenses                                                                | (28)        | -35,821         | -37,113         |
| Depreciation, amortisation and impairment of PP&E and intangible assets                            | (11), (12)  | -11,639         | -8,618          |
| <b>Total operating expenses</b>                                                                    |             | <b>-193,248</b> | <b>-190,695</b> |
| Impairment charges on financial assets, loan commitments and guarantees                            | (8)         | 38,751          | 26,180          |
| <b>Results on associates/joint ventures</b>                                                        |             |                 |                 |
| Share of the profit or loss of associates and joint ventures accounted for using the equity method |             | 50,809          | 39,483          |
| <b>Profit/(loss) before taxation</b>                                                               |             | <b>59,923</b>   | <b>312,597</b>  |
| Income tax                                                                                         | (29)        | -11,465         | -15,363         |
| <b>Net profit/(loss)</b>                                                                           |             | <b>48,458</b>   | <b>297,234</b>  |
| <b>Net profit/(loss) attributable to</b>                                                           |             |                 |                 |
| Owners of the parent company                                                                       |             | 48,458          | 297,234         |
| <b>Net profit/(loss)</b>                                                                           |             | <b>48,458</b>   | <b>297,234</b>  |

# Consolidated statement of comprehensive income

For the year ended December 31, 2025

|                                                                                                | Notes       | 2025           | 2024           |
|------------------------------------------------------------------------------------------------|-------------|----------------|----------------|
| <b>Net profit/(loss)</b>                                                                       |             | <b>48,458</b>  | <b>297,234</b> |
| <b>Other comprehensive income</b>                                                              |             |                |                |
| Share of other comprehensive income of associates / joint ventures due to exchange differences |             | -47,448        | 22,938         |
| Income tax effect                                                                              |             | -              | -              |
| <b>Items to be reclassified to profit and loss</b>                                             | <b>(30)</b> | <b>-47,448</b> | <b>22,938</b>  |
| Changes in the fair value of equity instruments at FVOCI                                       |             | 22,046         | 34,093         |
| Actuarial gains/(losses) on defined benefit plans                                              | (18)        | -683           | 7,129          |
| Income tax effect                                                                              |             | -5,512         | -14,382        |
| <b>Items not reclassified to profit and loss</b>                                               |             | <b>15,851</b>  | <b>26,840</b>  |
| <b>Total other comprehensive income, net of tax</b>                                            | <b>(30)</b> | <b>-31,597</b> | <b>49,778</b>  |
| <b>Total comprehensive income</b>                                                              |             | <b>16,861</b>  | <b>347,012</b> |
| <b>Total comprehensive income attributable to:</b>                                             |             |                |                |
| Owners of the parent company                                                                   |             | 16,861         | 347,012        |
| <b>Total comprehensive income</b>                                                              |             | <b>16,861</b>  | <b>347,012</b> |

# Consolidated statement of changes in shareholders' equity

For the year ended December 31, 2025

|                                                          | Share capital | Share premium reserve | Contractual reserve | Development fund | Fair value reserve | Actuarial results on defined benefit plans | Translation reserve | Other reserves | Undistributed result | Total            |
|----------------------------------------------------------|---------------|-----------------------|---------------------|------------------|--------------------|--------------------------------------------|---------------------|----------------|----------------------|------------------|
| <b>Balance at January 1, 2024</b>                        | <b>9,076</b>  | <b>29,272</b>         | <b>2,721,823</b>    | <b>657,981</b>   | <b>65,208</b>      | <b>-9,670</b>                              | <b>8,092</b>        | <b>28,850</b>  | <b>2,152</b>         | <b>3,512,784</b> |
| Exchange differences on associates                       | -             | -                     | -                   | -                | -                  | -                                          | 22,938              | -              | -                    | 22,938           |
| Changes in the fair value of equity instruments at FVOCI | -             | -                     | -                   | -                | 34,093             | -                                          | -                   | -              | -                    | 34,093           |
| Actuarial gains/(losses) on defined benefit plans        | -             | -                     | -                   | -                | -                  | 7,129                                      | -                   | -              | -                    | 7,129            |
| Income tax effect other comprehensive income             | -             | -                     | -                   | -                | -12,543            | -1,839                                     | -                   | -              | -                    | -14,382          |
| <b>Total other comprehensive income, net of tax</b>      | <b>-</b>      | <b>-</b>              | <b>-</b>            | <b>-</b>         | <b>21,550</b>      | <b>5,290</b>                               | <b>22,938</b>       | <b>-</b>       | <b>-</b>             | <b>49,778</b>    |
| Changes due to FOM <sup>1</sup>                          | -             | -                     | -                   | -                | -                  | -                                          | -                   | -1,963         | -                    | -1,963           |
| Net profit/(loss) <sup>2</sup>                           | -             | -                     | 286,642             | -                | -                  | -                                          | -                   | -              | 10,591               | 297,234          |
| Dividend distributed                                     | -             | -                     | -                   | -                | -                  | -                                          | -                   | -              | -2,152               | -2,152           |
| <b>Balance at December 31, 2024</b>                      | <b>9,076</b>  | <b>29,272</b>         | <b>3,008,465</b>    | <b>657,981</b>   | <b>86,758</b>      | <b>-4,380</b>                              | <b>31,030</b>       | <b>26,887</b>  | <b>10,591</b>        | <b>3,855,680</b> |
| Exchange differences on associates                       | -             | -                     | -                   | -                | -                  | -                                          | -47,448             | -              | -                    | -47,448          |
| Changes in the fair value of equity instruments at FVOCI | -             | -                     | -                   | -                | 22,046             | -                                          | -                   | -              | -                    | 22,046           |
| Actuarial gains/(losses) on defined benefit plans        | -             | -                     | -                   | -                | -                  | -683                                       | -                   | -              | -                    | -683             |
| Income tax effect other comprehensive income             | -             | -                     | -                   | -                | -5,688             | 176                                        | -                   | -              | -                    | -5,512           |
| <b>Total other comprehensive income, net of tax</b>      | <b>-</b>      | <b>-</b>              | <b>-</b>            | <b>-</b>         | <b>16,358</b>      | <b>-507</b>                                | <b>-47,448</b>      | <b>-</b>       | <b>-</b>             | <b>-31,597</b>   |
| Net profit/(loss) <sup>2</sup>                           | -             | -                     | 46,455              | -                | -                  | -                                          | -                   | -              | 2,004                | 48,458           |
| Dividend distributed                                     | -             | -                     | -                   | -                | -                  | -                                          | -                   | -              | -10,591              | -10,591          |
| <b>Balance at December 31, 2025</b>                      | <b>9,076</b>  | <b>29,272</b>         | <b>3,054,920</b>    | <b>657,981</b>   | <b>103,116</b>     | <b>-4,887</b>                              | <b>-16,418</b>      | <b>26,887</b>  | <b>2,004</b>         | <b>3,861,951</b> |

<sup>1</sup> Changes due to FOM relate to the unwinding of FOM which was liquidated in 2024. Refer to Note 19.

<sup>2</sup> Under the Agreement State-FMO 1 July 2023, part of the net profit is added to the contractual reserve at each financial year-end. The part allocated to the contractual reserve is not distributable.

# Consolidated statement of cash flows

For the year ended December 31, 2025

|                                                                                                      | Notes       | 2025             | 2024             |
|------------------------------------------------------------------------------------------------------|-------------|------------------|------------------|
| <b>Operational activities</b>                                                                        |             |                  |                  |
| Net profit/(loss)                                                                                    |             | 48,458           | 297,234          |
| Adjustment for non-cash items:                                                                       |             |                  |                  |
| - Share of the profit or loss of associates and joint ventures accounted for using the equity method |             | -33,064          | -39,483          |
| - Unrealized gains/ (losses) arising from changes in fair value                                      | (32)        | -80,991          | 68,852           |
| - Unrealized (gains) losses arising from changes in foreign exchange rates                           |             | 229,125          | -121,968         |
| - Unrealized gains/ (losses) arising from other changes                                              | (32)        | 12,258           | 17,900           |
| - Amortization of premiums/discounts debentures and notes                                            |             | 58,576           | 12,857           |
| - Impairment charges on financial assets, loan commitments and guarantees                            | (8)         | -38,751          | -26,180          |
| - Depreciation, amortization and impairment of PP&E and intangible assets                            | (11),(12)   | 11,639           | 8,618            |
| - Income tax expense/(gain)                                                                          |             | 11,465           | 15,363           |
| Changes in:                                                                                          |             |                  |                  |
| - Income taxes payable / receivable                                                                  |             | 12,404           | 16,337           |
| - Loans                                                                                              |             | -1,119,990       | -677,604         |
| - Equity investments                                                                                 |             | 76,111           | -18              |
| - Other assets and liabilities                                                                       |             | -57,777          | -10,145          |
| - Short-term deposits > 3 months                                                                     | (32)        | -16,739          | 1,074            |
| - Short-term credits                                                                                 |             | 327,504          | 119,865          |
| <b>Net cash flow from operating activities</b>                                                       |             | <b>-559,772</b>  | <b>-317,298</b>  |
| <b>Investing activities</b>                                                                          |             |                  |                  |
| Purchase of interest-bearing securities                                                              | (5)         | -287,785         | -131,567         |
| Redemption/sale of interest-bearing securities                                                       | (5)         | 155,964          | 93,422           |
| Investments in PP&E and intangible assets                                                            | (11),(12)   | -38,133          | -1,236           |
| Disposals of investments in PP&E and intangible assets                                               | (11),(12)   | 12               | 718              |
| Investments in associates/joint ventures                                                             | (10)        | -24,990          | -7,338           |
| Disinvestments in and dividend from associates/joint ventures                                        | (10)        | 19,473           | -                |
| <b>Net cash flow from investing activities</b>                                                       |             | <b>-175,459</b>  | <b>-46,001</b>   |
| <b>Financing activities</b>                                                                          |             |                  |                  |
| Proceeds from issuance of debentures and notes                                                       | (16)        | 2,096,441        | 1,213,542        |
| Redemption of debentures and notes                                                                   | (16)        | -1,588,577       | -1,241,544       |
| Lease payments                                                                                       | (11)        | -3,187           | -3,325           |
| Dividend paid                                                                                        |             | -10,591          | -2,152           |
| <b>Net cash flow from financing activities</b>                                                       |             | <b>494,086</b>   | <b>-33,479</b>   |
| <b>Net cash flow</b>                                                                                 |             | <b>-241,145</b>  | <b>-396,778</b>  |
| <b>Cash and cash equivalents</b>                                                                     |             |                  |                  |
| Cash balances with Banks and short term deposits at January 1                                        |             | 1,507,715        | 1,866,997        |
| Net foreign exchange difference                                                                      |             | -56,206          | 37,496           |
| Total cash flow                                                                                      |             | -241,145         | -396,778         |
| <b>Cash balances with Banks and short term deposits at December 31</b>                               | <b>(31)</b> | <b>1,210,364</b> | <b>1,507,715</b> |
| <b>Additional information on operational cash flows from interest and dividends</b>                  |             |                  |                  |
| Interest received                                                                                    |             | 514,316          | 486,523          |
| Interest paid                                                                                        |             | -293,462         | -330,132         |
| Dividend received                                                                                    |             | 39,565           | 29,171           |
| Interest paid for lease liabilities                                                                  |             | -74              | -97              |
| Income tax received/(paid)                                                                           |             | 622              | -18,681          |



# Accounting policies

## Corporate information

FMO was incorporated in 1970 as a public limited company with 51 percent of shares held by the Dutch Government and 49 percent held by commercial banks, state unions, and other members of the private sector. The company is located at Anna van Saksenlaan 71, 2593 HW The Hague, The Netherlands and is registered under ID 27078545 in the Chamber of Commerce.

The 2025 financial statements of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (hereafter referred to as 'FMO' or 'the company') were prepared by the members of the Management Board and signed by all members of the Management Board and the Supervisory Board on March 23, 2026 and will be submitted for adoption by the General Meeting of Shareholders on April 22, 2026.

## Financing and investing activities

FMO is the Dutch entrepreneurial development bank. FMO supports sustainable private sector growth in developing and emerging markets by investing in entrepreneurs. FMO specializes in sectors where our contribution can have the highest long-term impact: Financial Institutions; Energy; and Agribusiness, Food & Forestry (Formerly Agribusiness, Food & Water).

FMO's main activity consists of providing loans, guarantees, and equity capital to the private sector in emerging markets and developing economies. Furthermore, FMO offers institutional investors access to its expertise in responsible emerging markets investing through its subsidiary FMO Investment Management B.V.

FMO arranges syndicated loans to mobilize funds, by bringing together investors – commercial banks and other development finance institutions (DFIs) – with FMO for structuring these transactions. This enables FMO to provide our clients with increased access to finance and more diversified lending, while giving our financial partners efficient opportunities to enter new markets.

## Commercial fund management

FMO's subsidiary, FMO Investment Management B.V. (FMO IM), provides facility/investment management services for third-party investment funds, which are invested in FMO's transactions in emerging and developing markets. Through these funds, FMO IM offers investors access to our expertise in responsible emerging market investing.

## Services in relation to government and public funding

Apart from financing activities from its own resources, FMO provides loans, guarantees, and equity capital from government and public funding, within the conditions and objectives stipulated in the agreements. These programs are made up of publicly funded programs, sub-delegation agreements, and guarantee programs supported by the European Commission. The details of the programs along with their accounting treatment are described below.

### Public funding programs

Programs supported by the Dutch Government consist of subsidies provided under the General Administrative Law Act regarding MASSIF, Access to Energy Fund (AEF), Building Prospects (BP), Mobilizing Finance for Forests (MFF), and Dutch Fund for Climate and Development (DFCD). In addition, funding is provided by the UK Government for the Mobilizing Finance for Forests (MFF) program. These programs represent economic silos whereby the assets and liabilities of the programs are ring-fenced for the benefit of the funding party. The documentation in this subsection provides the background information in respect of these programs managed by FMO on behalf of the Dutch and UK Governments, including a tabular summary that reflects the nature of the relationship with FMO and whether the financial information of the related key structured entities is consolidated in FMO's financial statements.

FMO manages the MASSIF program on behalf of the Dutch Government. MASSIF enhances financial inclusion for micro-entrepreneurs as well as small- and medium-sized enterprises (MSMEs) in the poorest social-economic segments, which are underserved by the local financial sector. The program supports financial intermediaries that reach out to MSMEs in fragile and low-income countries, in rural areas and agriculture, for female and young entrepreneurs, and in innovative sectors. FMO incurs a risk in MASSIF as it has an equity share of €7.8 million or 2.04 percent (2024: 2.16 percent). In addition, the subsidy agreements for certain public fund programs contain provisions for FMO to return the subsidy amounts on the end dates of the respective programs. With respect to the remaining interest in MASSIF, and the full risk in the other government

programs, FMO has a contractual right and obligation to settle the results arising from the programs' activities with the Dutch Government. The economic risks related to these funds are predominantly taken by the Dutch Government, and FMO has limited control over policy issues regarding these funds. FMO receives a remuneration fee for managing these funds which is based on total commitments. MASSIF is not consolidated in FMO's financial statements.

The Building Prospects (BP) program commenced in 2001 and through this program, FMO focuses on the development of the social and economic infrastructure in least developed countries on behalf of the Dutch Government. The objective is to stimulate private investors to invest in private or public-private infrastructure projects in these countries. FMO has no investment participation in the program and only receives a fee for facilitating these funds, and as such, BP is not consolidated in FMO's financial statements.

Access to Energy (AEF) is the Dutch Government fund set up to actively support the creation of access to sustainable energy in developing countries. The Access to Energy Fund I was set up by the Dutch Government and FMO in 2007 to support private sector projects aimed at providing long-term access to energy services in Sub-Saharan Africa. AEF provides financing through equity, local currency loans, subordinated debt and grants to facilitate projects that generate, transmit, or distribute sustainable energy. In 2012, the Access to Energy Fund II committed US\$55.6 million to Climate Investor One, an investment vehicle with three interlinked funds that invest in projects during their whole lifetime. The fund has continued supporting both new and existing customers throughout 2025. Through AEF, FMO has been appointed by the Dutch Government to invest up to €210.9 million across a mix of direct funds in countries on the OESO-DAC list. The Fund capital as of December 31, 2025 is €172 million (2024: €160 million). Its portfolio includes 43 clients in 17 individual countries and five regions. It has made six new investments and supported three clients through Capacity Development in 2025. FMO has no investment participation in the Funds and only receives a fee for facilitating these funds, and as such, AEF is not consolidated in FMO's financial statements.

Mobilising Finance for Forests (MFF) was established by the UK Government in 2021 as a blended finance investment program to combat deforestation and other environmentally unsustainable land use practices contributing to global climate change. MFF supports the restoration and protection of forests through loans, equity investment, development contributions, and technical assistance. Through MFF, FMO has been appointed by the UK Government to invest up to £200 million across a mix of investment funds and direct investments in tropical forest regions in Africa, Asia and Latin America. In 2024, the Dutch Government participated in the program by providing a US\$33.5 million commitment to MFF. The economic risks related to these funds are predominantly taken by the UK and the Dutch Government, and FMO has limited control over policy issues regarding these funds, therefore, MFF is not consolidated in FMO's financial statements. FMO receives a remuneration fee for managing these funds.

In 2019, the Minister (through the Ministry of Foreign Affairs (MoFA)), awarded a tender to manage the €160 million Dutch Fund for Climate and Development (DFCD) to the consortium of FMO, Stichting SNV Nederlandse Ontwikkelingsorganisatie (SNV), Stichting Het Wereld Natuur Fonds-Nederland (WWF), and a commercial fund manager Coöperatief Climate Fund Managers U.A. (CFM, through Climate Investor Two). The DFCD fund has since been increased by the Dutch Government by €40 million as of the third quarter of 2024. The DFCD Program is expected to expire in 2037 (unless extended). To achieve the DFCD mandate, the Consortium was structured into three separate, but strategically linked Facilities, each with a unique role across the project lifecycle and a unique thematic sub-sector focus. The Origination Facility, managed by WWF-NL, and SNV collectively, is positioned exclusively for project identification and (pre-)feasibility development activities with a cross DFCD thematic sub-sector focus. The Water Facility, managed by CFM, targets investments related to water, sanitation, and environmental protection. The Land Use Facility, managed by FMO, targets investments relating to agroforestry, sustainable land use and climate resilient food production. FMO receives compensation for the services provided.

Under the 2021 EFSD+ Program of the European Commission (EC), a proposal ("DFCD Aya", or "Aya") was approved by the EC Operational Board to top up the Program with a loan/contribution from FMO ("FMO-A", total up to €240 million) on a commitment basis, of which €105 million is to be guaranteed under the EFSD+ program of the EC. The facility is provided from FMO-A to the existing DFCD Land Use Facility Program ("LUF"). In the last quarter of 2024, FMO in conjunction with the EC and the Dutch Government established the DFCD Aya program which expanded on the existing DFCD program. This initiative resulted in FMO providing the agreed loan commitment of €240 million to the program, of which €105 million is covered by financial guarantee from the EC. The FMO-A loan under the DFCD Aya Program has a tenor up to September 30, 2037. It should be disbursed over the first five years and will be senior to the existing LUF Capital provided by the Dutch Government (equity buffer via existing assets). As a result of FMO's financial interest and taking into account the control FMO exercises over part of the program, FMO consolidates the Land Use Facility (LUF) part of DFCD. See the "Group accounting and consolidation" section for further details.

The FMO Ventures Program was launched in 2020 as a €200 million investment facility supported by contributions from the Ministry of Foreign Affairs of the Netherlands (through participation from AEF, BP, and MASSIF) and a guarantee from the European Union with a four-year investment period. The aim of the program is to invest through fund and direct investments in Africa, the European Neighborhood, and Asia (excluding China). In addition to equity investments, the program will also

have a dedicated technical assistance program, for which the EC is providing €6.5 million, to support investees of the FMO Ventures Program and promote the development of local venture capital ecosystems. In Aug 2024, FMO launched the second facility as a US\$200 million investment facility to continue the mandate to invest in early-stage companies in Africa and South-East Asia. The FMO Ventures Program focuses on early-stage, tech-enabled direct investments alongside a lead investor and indirect investments with a more generalist focus in funds. As a result of FMO's financial interest and taking into account the control FMO exercises over part of the program, FMO consolidates the Program. See the "Group accounting and consolidation" section for further details.

Market Creation Platform (MCP) was introduced as part of FMO's Strategy 2030, adding a proactive approach to our portfolio of activities aimed at transforming unbankable opportunities into bankable projects and enterprises. FMO has received funding from the Dutch Government, the EC and the UK Government's Foreign, Commonwealth & Development Office (FCDO) to support market creation projects focused on financial inclusion in least developed countries and undeserved segments, such as young and female entrepreneurs. At the same time, we began building a strategic and organizational structure –the Market Creation Platform– to organize our partnerships and market creation activities. This platform facilitates collaboration, governance, and fundraising across stakeholders, and ensures the consistent application of the Market Creation approach – from strategic objectives to barrier analysis and targeted interventions aiming to unlock bankable opportunities. The MCP is managed at the risk the funding partners and FMO has only delegated authority regarding the related funds. Cash balances recognized by FMO for facilitating MCP amount to €17 million on 31 December 2025 (2024: €1 million). FMO receives a remuneration fee for its services and MCP is not consolidated in FMO's financial statements.

The table provides a summary of the programs managed by FMO on behalf of the Dutch Government, UK Government, and the EC. It provides an overview of the contributions made by the originating parties to date and the nature of FMO's involvement. The note on "Related party information" also provides further information on the programs managed on behalf of the Dutch Government as indicated in the table below and documentation above.

#### Program Execution Period 2025

| Program Name             | Originator                                            | Contribution 2025 | Contribution 2024 | Start Date        | End Date          | Nature of Relationship with FMO                     | Consolidated (Yes/No) |
|--------------------------|-------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------------------------------|-----------------------|
| MASSIF                   | Dutch Ministry of Foreign Affairs                     | EUR 414,011       | EUR 414,011       | January 01, 2006  | December 31, 2036 | Public Fund Management and Investment Participation | No                    |
| MASSIF- DFC              | The U.S International Development Finance Corporation | USD 19,187        | USD 36,232        | January 01, 2006  | December 31, 2028 | Public Fund Management and Investment Participation | No                    |
| MASSIF- MCP              | Dutch Ministry of Foreign Affairs                     | EUR 22,000        | EUR 22,000        | November 01, 2023 | December 31, 2036 | Public Fund Management                              | No                    |
| BP                       | Dutch Ministry of Foreign Affairs                     | EUR 472,012       | EUR 472,012       | November 01, 2001 | December 31, 2028 | Public Fund Management                              | No                    |
| Access to Energy I       | Dutch Ministry of Foreign Affairs                     | EUR 210,880       | EUR 210,880       | November 01, 2006 | December 31, 2030 | Public Fund Management                              | No                    |
| Access to Energy II      | Dutch Ministry of Foreign Affairs                     | USD 55,600        | USD 55,600        | December 01, 2012 | March 01, 2037    | Public Fund Management                              | No                    |
| MFF                      | UK Department for Energy Security and Net Zero        | GBP 200,000       | GBP 200,000       | February 15, 2021 | February 14, 2036 | Public Fund Management                              | No                    |
|                          | Dutch Ministry of Foreign Affairs                     | USD 33,500        | USD 33,500        | November 01, 2024 | February 14, 2038 | Public Fund Management                              |                       |
| DFCD (LUF)               | Dutch Ministry of Foreign Affairs                     | EUR 200,000       | EUR 200,000       | May 24, 2019      | December 31, 2037 | Public Fund Management                              | Yes                   |
| Ventures                 | AEF, BP and MASSIF                                    | EUR 65,900        | EUR 65,900        | July 01, 2020     | July 01, 2037     | Investment Participation                            | Yes                   |
| Market Creation Platform | European Commission                                   | EUR 24,700        | -                 | January 01, 2025  | December 31, 2032 | Public Fund Management                              | No                    |

FMO earned management fees of €26 million (2024: €24 million) for its role in administering the programs. The fees are recorded in the line item "Remuneration for services rendered".

## Sub-delegation Arrangements

The sub-delegation agreements represent arrangements whereby FMO facilitates the transfer of a funding party's participation in underlying programs managed by the sub-deegee. The program assets are not recorded on the FMO statement of financial position as the programs represent economic silos whereby the risks and rewards associated with the program assets are with the funding party. In accordance with the IFRS9 derecognition criteria, the investment made by FMO in the program is considered a pass-through arrangement and therefore not recognized on the FMO statement of financial position. Any funding received by FMO that is in the process of being transferred to the sub-deegee is recognized as an asset by FMO in the line item "Cash balances with Banks", along with a corresponding liability in the "Accrued and other liabilities" line item, up to the point the funding is transferred to the sub-deegee. On December 31, 2025, the cash balance related to sub-delegation agreements amounts to € 69 million (2024: € 24 million).

## Agri-FI and Electri-FI Facilities

The European Development Financial Institutions Management Company (EDFI MC), based in Brussels, was established to manage European Commission (EC) funding for several programs, including the Electri-FI global facility, the Electri-FI country facility, and the Agri-FI investment facility. FMO is one of the shareholders of EDFI MC, alongside other European Development Finance Institutions (EDFIs). As an accredited entity for the EC, FMO acts as the EC's contractual counterpart for these programs and has sub-delegated all operational activities to EDFI MC. Through this arrangement, FMO facilitates the EC's commitment to the Agri-FI and Electri-FI facilities. For its role, FMO earned a fee of € 0.1 million in 2025. As of December 31, 2025, the amount distributed to the programs totaled €309 million.

## Climate Investor One and Climate Investor Two

FMO was accredited by Green Climate Fund (GCF) and capitalizes on FMO's experience in mobilizing and enabling the private sector in developing countries towards low-emission and climate-resilient investments. In this context, FMO has received funds from the GCF, EC, and USAID with the purpose to invest directly in Climate Investor One (CIO), a facility raised by FMO and managed by Climate Fund Managers (CFM). CIO and Climate Investor Two (CI2) are blended finance, capital-recycling facilities mandated with delivering renewable energy infrastructure projects in emerging markets that contribute to each phase of a project's lifecycle. FMO receives a fee for facilitating these activities. In 2025, fees of € 0.9 million were earned by FMO for facilitating these participations by GCF, the EC, and USAID. By December 31, 2025, participations worth € 323 million were received from GCF, the EC and USAID.

## European Commission Guarantee Programs

The EC and FMO have an agreement for the risk sharing facility NASIRA for an amount of €100 million. FMO issues guarantees to financial institutions allowing them to on-lend to underserved entrepreneurs within the European neighborhood and Sub-Saharan Africa. The guarantees are split into a loss-sharing hierarchy that is allocated between the issuing financial institution, the EC, and FMO. The goal of these guarantees is to allow local financial institutions to provide loans to groups they perceive as too risky to finance without guarantees. The guarantees are accounted for as issued financial guarantee contracts in accordance with IFRS 9. No financial assets are recognized in accounting for these transactions. FMO receives guarantee fees from the guarantee holders. These fees are presented in the Fee and Commission Income line item. Refer to the "Guarantees" section in the "Accounting Policy" chapter for further information. In 2025, the NASIRA+ facility was agreed with the EC but no guarantee agreements have been entered into during the current reporting period under this facility.

The EC has provided €40 million in guarantees to the FMO Ventures Program, in addition to the technical assistance funding mentioned in the preceding section on "Public Funding Programs". FMO administers the program and initiates the program's investments. FMO and the other participants share in the risks and rewards of the investments via a predefined waterfall structure. The investments are recognized as financial assets by FMO and are measured at fair value in the FMO statement of financial position. In addition, any relevant liabilities, including amounts attributable to co-participants, are recognized in the FMO statement of financial position. Refer to the "Fair value of financial assets and liabilities" section for further information.

## Material accounting policies

### Basis of preparation

The consolidated financial statements (the "financial statements") as at December 31, 2025 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.

Certain disclosures in the "Risk Management" section are an integral part of the "Consolidated Financial Statements". These sections include risk disclosures of financial instruments (IFRS 7) and capital disclosures (IAS 1). The specific sections include

the introductory section, and sections labelled "Climate-related and environmental financial risk", "Capital adequacy", "Credit Risk", "Equity risk", "Concentration risk", "Counterparty credit risk", "Liquidity risk", and "Market risk".

The consolidated financial statements are measured at historical cost except for:

- Interest-bearing securities that are designated at fair value through profit and loss (FVPL);
- Money market funds, commercial paper and all derivative instruments that are mandatorily measured at fair value;
- Equity investments which are measured mandatorily at FVPL or fair value through other comprehensive income (FVOCI);
- The part of loans to the private sector which is measured (mandatorily) at fair value (refer to 'Business model assessment' and 'Contractual cash flow assessment' in this chapter below);
- The carrying value of debt issued that qualifies for hedge accounting, is adjusted for changes in fair value related to the hedged risk;
- Dutch Government program liabilities designated at FVPL to significantly reduce an accounting mismatch with related financial assets; and
- The provision for defined benefit pension obligations which is calculated using the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets, after adjusting for unrecognized actuarial gains/losses and past service costs.

Loans to the private sector, private equity investments (including FVOCI), other financial assets and other financial liabilities are recognized on the same day that FMO becomes a party to the contractual terms and conditions of the financial instruments.

## Presentation of financial statements

FMO presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item.

## Group accounting and consolidation

FMO consolidates a subsidiary when it controls it. Control is achieved when FMO is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights results in control. However, in individual circumstances, FMO may still exercise control with less than a 50 percent shareholding, or may not be able to exercise control even with ownership of more than 50 percent of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, FMO considers all relevant facts and circumstances, including:

- The purpose and design of the investee;
- The relevant activities and how decisions about those activities are made and whether FMO can direct those activities;
- Contractual arrangements such as call rights, put rights, and liquidation rights; and
- Whether FMO is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The company accounts of FMO and the company accounts of the subsidiaries and structured entities Asia Participations B.V., Equis DFI Feeder L.P., FMO Investment Management B.V., FMO Representative Office LAC Limitada, the FMO Ventures Program, and the Land Use Facility (LUF), within the Dutch Fund for Climate and Development (DFCD) program are included in these consolidated financial statements. FMO has a 63 percent holding in Equis DFI Feeder L.P. The remaining entities, except for the FMO Ventures Program and LUF, are 100 percent owned by FMO.

FMO Representative Office LAC Limitada is FMO's representative entity in Costa Rica. The consolidation of this entity does not have a material impact on FMO's statement of financial position. Asia Participations B.V. and Equis DFI Feeder L.P. provide equity capital to companies in developing economies. FMO Investment Management B.V. carries out portfolio management activities for third party investment funds, which are invested in FMO's transactions in emerging markets and developing economies.



The FMO Ventures Program and the LUF are programs involving FMO, the Dutch Government, and European Commission (EC). The FMO Ventures Program facilitates investments in young startups and scale-ups, while LUF facilitates investments specifically in sectors relating to agroforestry, sustainable land use, and climate-resilient food production. These programs are structured entities that have been designed so that voting or similar rights are not a dominant factor in deciding who controls the entity, and relevant activities are directed by means of contractual arrangements. FMO has control over direct relevant investment decisions and returns of these programs. Therefore, FMO has consolidated the FMO Ventures program and LUF (for the first time in the 2024 financial year) on FMO's statement of financial position.

When FMO loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Non-controlling interests (NCIs) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in FMO's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated.

## Fiscal unity

FMO forms a fiscal unity for corporate income tax and value added tax (VAT) purposes with its fully owned Dutch subsidiaries Asia Participations B.V. and FMO Investment Management B.V. As a consequence, FMO is liable for all income tax liabilities for these subsidiaries.

## Adoption of new standards, interpretations, and amendments

There are no newly effective standards, interpretations or amendments that have a significant impact on FMO.

## Issued but not yet adopted standards

FMO 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 FMO, and the impact of the relevant amendments and standards are summarized 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 measures (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 amendments are expected to impact presentation and disclosure requirements for the consolidated financial statements, including the consolidated statement of profit or loss, however it will not materially impact the results.

## 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 are 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.

For FMO, the most relevant estimates and assumptions relate to:



- The determination of the fair value of loans to private sector, derivative financial instruments, interest-bearing securities and equity investments based on generally accepted modeled valuation techniques;
- The determination of the ECL allowance for loans to private sector, loan commitments, guarantees given, interest bearing securities; and
- The estimation of pension liabilities.

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 models which include the various formulas and the choice of inputs, aging criteria and forward-looking information; and
- Assessment of risks, rewards, and control, when considering the recognition and derecognition of assets or liabilities and the consolidation, deconsolidation, or equity accounting of structures.

## Foreign currency translation

The consolidated financial statements are stated in Euros, which is the presentation and functional currency of FMO. All amounts are denominated in thousands of Euros unless stated otherwise. In accordance with IAS 21, foreign currency transactions are translated to Euro at the exchange rate prevailing on the date of the transaction. At the statement of financial position date, monetary assets and liabilities are reported using the closing exchange rate. Non-monetary assets that are not measured at cost denominated in foreign currencies are reported using the exchange rate that existed when fair values were determined.

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

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

When preparing the financial statements, assets and liabilities of foreign subsidiaries and FMO's share in associates and joint ventures are translated at the exchange rates at the statement of financial position date, while income and expense items are translated at weighted average rates for the period. Differences resulting from the use of closing and weighted average exchange rates, and from revaluation of a foreign entity's opening net asset value at closing rate, are recognized directly in the translation reserve within shareholders' equity. These translation differences are maintained in the translation reserves until disposal of the subsidiary, associate, and/or joint venture.

## 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 when there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. FMO only applies offsetting on derivatives with a master netting agreement.

## 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 amortized 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.

Gross carrying amount of a financial asset is the amortized 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 profit and loss (FVPL), or fair value through other comprehensive income (FVOCI).

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

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

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

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

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

Derivatives are mandatorily held at FVPL.

All financial assets not classified as measured at AC or FVOCI as described above are measured at FVPL. In addition, on initial recognition FMO 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

FMO assesses the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed and information is provided to management. The information that is considered includes:

- How the performance of the portfolio is evaluated and reported to the management of FMO;
- 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; and
- 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 FMO's stated objective for managing the financial assets is achieved and how cash flows are realized.

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

## Contractual cash flow assessment

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

FMO 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, FMO has considered, among others, the following:

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

## Financial instruments – initial recognition

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

### Initial measurement of financial instruments

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

### Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, FMO recognizes the difference between the transaction price and fair value in profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred. The deferred amounts are recognized in profit or loss when there is a change in a factor (including time) that market participants would take into account when pricing the asset or liability. FMO has assessed that amortizing the deferred amount on a straight-line basis over the life of the instrument is appropriate. Any outstanding amount is immediately recognized in profit or loss when the instrument is derecognized or when the input(s) becomes observable.

### Reclassification

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

## Cash and cash equivalents (Cash balance with banks and short-term deposits)

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

## Interest-bearing securities

Interest-bearing securities include bonds which are held for long-term liquidity purposes. A part of interest-bearing securities is measured at AC since they comply with the classification requirements for AC as indicated in the section "Financial assets – classification". The securities are initially measured at fair value of the consideration paid, including transaction costs incurred. Subsequently, they are measured at AC using the effective interest rate method. For the interest-bearing securities an ECL allowance is estimated. For more details on ECL allowance, please refer to the section "Financial assets – Impairment".

Interest-bearing securities can also be irrevocably designated at FVPL. Interest rate swaps are entered into to manage the risk associated with some interest-bearing securities. To eliminate a possible accounting mismatch, the related interest-bearing securities are designated at FVPL. The interest-bearing securities are initially measured at fair value and subsequent changes in fair value are recognized immediately in profit and loss.

## Loans to the private sector

Loans originated by FMO include:

- Loans to the private sector in developing economies for the account and risk of FMO;
- Loans provided by FMO and to a certain level, guaranteed by financial guarantors.

Loans to the private sector on the statement of financial position of FMO include:

- Loans measured at AC which comply with the classification requirements for AC as indicated in the section "Financial assets – classification". These loans are initially measured at fair value of the consideration paid including incremental direct transaction costs incurred. Subsequently, the loans are measured at AC using the effective interest rate method.
- Loans mandatorily measured at FVPL that 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 in the statement of profit or loss.

## Equity investments

Equity investments on the statement of financial position of FMO include investments in which FMO has no significant influence, including:

- Equity investments measured at FVPL. FMO 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 in the statement of profit or loss;
- Equity investments designated as at FVOCI. The designation is made for investments held for long-term strategic purposes and not for trading. These investments are measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery part of the cost of the investment. Other net gains and losses are recognized in the fair value reserve (OCI) and are never reclassified to the statement of profit or loss.

## Financial assets – impairment

FMO estimates an allowance for expected credit losses for all financial assets, loan commitments and financial guarantee contracts issued (off balance items) in scope of IFRS 9 impairment assessment.

No impairment loss is recognized on equity investments. Specific impairment on loans guaranteed by other financial institutions and the European Commission are taken by FMO for unguaranteed amounts. However, these unguaranteed amounts can be eligible for compensation in specific cases.

## Impairment stages loans to the private sector

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

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

## ECL measurement

The ECL model is primarily an expert-based model and is frequently benchmarked with other external sources.

## ECL measurement Stage 1 and Stage 2

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. FMO uses a scorecard model based on quantitative and qualitative indicators to assess current and future customers and determine PDs. The output of the scorecard model is mapped to the Moody's PD master scale based on idealized default rates. For accounting purposes, 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. Guarantees from Unfunded Risk Participants are deducted from the Exposure at Default to an obligor for ECL measurement;
- LGD: the Loss Given Default is an estimate of FMO'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 that FMO would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the customer 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. Customer PDs are subsequently adjusted upward or downward based on the country where they are operating using a market standard formula.

### 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 from the Stage 1 and Stage 2 calculation, because loan-specific impairments provide a better estimate for Stage 3 loans in FMO's diversified loan portfolio. The following steps serve as the 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, unfunded risk participations and firm offers into account. The cashflows from unfunded risk participations and firm offers serve as a cap for the provision (or a floor for the value of the loan).

## Staging criteria and triggers

### Financial instruments classified as low credit risk

FMO considers all financial instruments with an investment grade rating (BBB- or better on the S&P scale or F10 or better on FMO'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 interest-bearing securities, cash balances with banks and current accounts with subsidiaries and state funds.

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

All loans that 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. FMO 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 or more past due on any material obligation to FMO, including fees and excluding on-charge expenses (unless reasonable and supportable information is available demonstrating that the customer can service its debt).

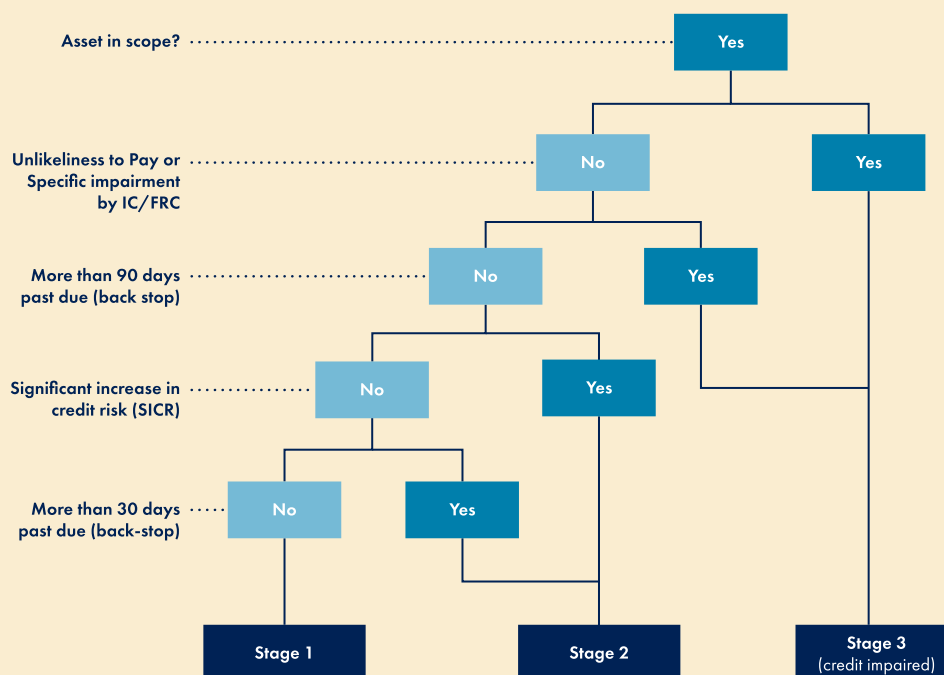
## Definition of default - Stage 3 financial assets

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

- FMO judges that the customer is unlikely to pay its credit obligation to FMO due to occurrence of credit risk deterioration and the FRC or Credit department decides on a specific impairment on an individual basis. The triggers for deciding on specific impairment include 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 customer is 90 days or more past due on any material obligation to FMO, including fees (but excluding on-charged expenses);
- An impairment analysis, done upon a UTP trigger that possibly leads to NPE, results in an impairment higher than 12.5 percent on any outstanding facility.

There are additional criteria for a customer to enter NPE status in case of Forbearance. If a customer with '(No) Financial Difficulty – Forbearance' status is under probation and during probation is extended additional forbearance measures/ concessions, or becomes more than 30 days past-due, they shall be classified as non-performing. This only applies if the customer has been non-performing while the loan was forbore.

The following diagram provides a high-level overview of IFRS 9 staging triggers at FMO:



## Reversed staging

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



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

## Climate and environmental risk impact assessment

In 2025, FMO has assessed the materiality of climate risk across time horizons in relation to risk categories, as part of the ECB and DNB expectations on managing climate-related and environmental risks. DNB indicated that Dutch institutions are expected to use the ECB Guide, taking into account the materiality of their exposure to Climate-related and Environmental (C&E) risks. For the purposes of the guide, materiality should be considered in the light of the applicable CRD and CRR provisions. FMO is expected to have a holistic and well-documented view of the impact of C&E risks on existing risk categories: credit risk, operational risk, business model & strategic risk, market risk and liquidity risk. Institutions are expected to comprehensively include C&E risks in their assessment of materiality for all of their business areas in the short, medium and long-term under various scenarios. This assessment has not been translated into direct financial impact but is monitored on a regular basis by the Financial Risk Committee (FRC). Financial impact was assessed as part of the 2025 ICAAP exercise where a stress test has been performed against the FMO portfolio. This stress test assumed multiple severe climate stress events based on countries which were rated as having a high likelihood of exposure to physical and transition risks. The results of these stress tests did not lead to additional capital requirements. In parallel, FMO 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, FMO 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 FMO's customers, reviews 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 FMO, FMO 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 percentage 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 FMO's current rating model.

## Written-off financial assets

A write-off is made when a claim is deemed non-collectible, when FMO 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 FMO. 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 percent, the FRC is advised to consider a write-off.

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

## Modification of financial assets

FMO has defined specific event-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 on a quantitative threshold only related to differences in net present value (NPV).

Modification of contractual cashflows and terms and conditions, arise from lending operations where FMO enters into arrangements with their customers, which implies modifications to existing contractual cash flows or terms and conditions. Such arrangements are usually initiated by FMO 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, FMO 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 recognized again on the statement of financial position as equity. For modifications in interest percentages or tenor changes of existing AC loans

that do not pass the SPPI test, the loan will also be derecognized and will be recognized as new loans on FMO's statement of financial position according to the new classification.

When modification measures relate to changes in interest percentages or extensions of tenors and the loan is at AC, FMO will recalculate the gross carrying amount of the financial asset. It will do so by discounting the modified expected cash flows using the original effective interest rate and by recognizing material differences in the gross carrying amount as a modification gain or loss in the statement of profit 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 re-recognized on the statement of financial position. FMO considers a variance of greater than 10 percent as substantially different.

## Modification of contractual terms versus forbearance

Forbearance is not an IFRS term but relates to arrangements with customers that imply modifications to cashflows or existing terms and conditions due to financial difficulties of the customer, such as 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 the modification of contractual cash flows or terms and conditions, does not necessarily apply to customers in financial difficulty. However, at FMO, a modification of the contractual terms is usually initiated when financial difficulty occurs or is expected. Therefore, only in exceptional cases will modifications of contractual terms not lead to forbearance e.g. in case of an environmental covenant breach. At FMO, generally, modifications will follow from financial difficulties of the borrower and will be classified as forborne assets.

## Derivative instruments

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

## Embedded derivatives

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

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

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

## Treasury derivatives

FMO uses derivative financial instruments as part of its asset and liability management to manage exposures to interest rates and foreign currencies. FMO applies micro fair value hedge accounting to the funding portfolio with the purpose of mitigating exposure to interest rate risk (please refer to the 'Hedge accounting' paragraph in this section).

Furthermore, economic hedges are conducted to hedge items that do not fulfill the criteria of hedge accounting and are presented as 'Derivatives other than hedge accounting derivatives'. Changes of market value for these derivatives are immediately recognized in the statement of profit or loss.

## Definition fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the statement of profit or loss, together with fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, in the case of interest-bearing instruments, amortized through the statement of profit or loss over the remaining term of the original hedge or recognized directly when the hedged item is derecognized. For non-interest-bearing instruments, the cumulative adjustment of the hedged item is recognized in the statement of profit or loss only when the hedged item is derecognized.

## Hedge accounting

FMO applies micro fair value hedge accounting in accordance with IFRS 9 when transactions meet the specified criteria. When a financial instrument is designated as a hedge, FMO formally documents the relationship between the hedging instrument(s) and hedged item(s). Documentation includes its risk management objectives and its strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. FMO only applies micro fair value hedge accounting on the funding portfolio. Changes in the fair value of these derivatives are recorded in the statement of profit or loss under results of financial transactions. Any changes in the fair value of the hedged liability that are attributable to the hedged risk are also recorded in the statement of profit or loss. If a hedge relationship is terminated for reasons other than the derecognition of the hedged item, the difference between the carrying value of the hedged item at that point and the value at which it would have been carried had the hedge never existed (the 'unamortized fair value adjustment') is amortized and included in the statement of profit or loss over the remaining term of the original hedge. If the hedge item is derecognized, e.g. sold or repaid, the unamortized fair value adjustment is recognized immediately in the statement of profit or loss.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in the statement of profit or loss, together with fair value adjustments to the hedged item attributable to the hedged risk. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative adjustment of the hedged item is, amortized through the statement of profit or loss over the remaining term of the original hedge or recognized directly when the hedged item is derecognized.

FMO only applies micro-hedging strategies to a part of the fixed rate funding portfolio, which is why the prospective test is conducted at hedge inception.

A hedging relationship qualifies for hedge accounting, if it meets all of the requirements below:

- There is an economic relationship between the hedged item and the hedging instrument, Economic relationship means that the hedging instrument and the hedged item must be expected to move in opposite directions as a result of a change in the hedged risk;
- The effect of credit risk does not dominate the value changes that result from that economic relationship. In other words, credit risk that can arise on both the hedging instrument and the hedged item in the form of counterparty's credit risk or the entity's own credit risk does not have a very significant effect on the fair value of the hedged item or the hedging instrument;
- The critical terms of the hedged item and hedging instrument are matched. In case the critical terms of the hedge do not match, the hedge ratio is assessed. The hedge ratio, defined as the ratio between the amount of hedged item and the amount of hedging instrument, shall not reflect an imbalance that would create hedge ineffectiveness. For a perfect match of the underlying terms of the hedging instrument with the designated hedged risk, the hedge ratio would be 1:1 or less. The level of the hedge is discussed by Treasury and Risk Management.

Hedge accounting shall be discontinued if the qualification criteria are not met. The scenarios are as follows:

| Scenario                                                                                       | Discontinuation |
|------------------------------------------------------------------------------------------------|-----------------|
| The risk management objective has changed                                                      | Full or partial |
| There is no longer an economic relationship between the hedged item and the hedging instrument | Full            |
| The effect of credit risk dominates the value changes of the hedging relationship              | Full            |
| As part of rebalancing, the volume of the hedged item or the hedging instrument is reduced     | Partial         |
| The hedging instrument expires                                                                 | Full            |
| The hedging instrument is (in full or in part) sold, terminated or exercised                   | Full or partial |
| The hedged item (or part of it) no longer exists or is no longer expected to occur             | Full or partial |

## Rebalancing

Rebalancing aligns accounting with what has happened in the actual basis relationship, between the hedged item and hedging instrument by altering either one of them. Rebalancing only affects the expected relative sensitivity between the hedged item and the hedging instrument going forward, as ineffectiveness from past changes in the sensitivity will have already been recognized in the statement of profit or loss. FMO will rebalance a hedging relationship if that relationship still has an unchanged risk management objective but no longer meets the hedge effectiveness requirements regarding the hedge ratio.

For more details on hedge accounting, we refer to the note 'Derivative financial instruments and hedge accounting'.

## Collateral received (related to derivative financial instruments)

FMO receives and pledges only cash collateral with respect to derivatives. However, because cash is fungible and the cash collateral received is not legally segregated from FMO's assets, it is impossible to determine whether it has been used by the secured party. Accordingly, all cash collateral received for derivative contracts held with positive value is recorded as an asset by FMO (as the secured party), together with a liability for the obligation to return it to the transferor. The related liability is recorded as part of Short-term credits.

On the other hand, when FMO delivers a cash collateral based on derivative contracts held with negative value, FMO derecognizes the cash collateral disbursed, and records a corresponding receivable from the recipient (the secured counterparty). The related asset is recorded as part of Short-term deposits.

## Investments in associates and joint arrangements

### Measurement and criteria

Equity investments in companies in which FMO has significant influence ('associates') are measured using the equity accounting method. Significant influence is normally evidenced when FMO has from 20 percent to 50 percent of a company's voting rights unless:

- FMO is not involved in the company's operational and/or strategic management by participation in its Management Board, Supervisory Board or Investment Committee; and
- There are no material transactions between FMO and the company; and
- FMO provides no technical assistance.

Equity investments where FMO has joint control are classified as joint arrangements. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are initially recorded at cost and the carrying amount is increased or decreased after the date of acquisition to recognize FMO's share of the investee's profit or loss. Distributions received from the investee reduce the carrying amount of the investment.

### Impairment of investments in associates and joint ventures

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

## Property plant and equipment

Property plant and equipment (PP&E) includes tangible assets such as buildings, vehicles, furniture, and office equipment.

### Furniture and leasehold improvements

Furniture and leasehold improvements are stated at historical cost less accumulated depreciation.

### Depreciation of furniture and leasehold improvements

Depreciation for furniture and leasehold improvement is calculated using the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives.

Useful life for:

- Furniture - 5 years
- Leasehold improvements - 5 to 10 years

These assets are reviewed for impairment whenever triggering events indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are reported in operating profit.

### IFRS 16 leases: right-of-use assets and lease liabilities

FMO records the right-of-use assets for its operational leases according to IFRS 16. These assets consist of buildings, lease vehicles and office equipment.

FMO assesses whether a contract is or contains a lease, at inception of a contract. FMO recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for leases of low value assets (value below €5,000). For these leases, FMO recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

FMO recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of use assets are subject to impairment testing.

Useful life for:

- Buildings - 13 years
- Vehicles - 5 years
- Office equipment - 3 to 5 years

At the commencement date of the lease FMO recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, FMO uses the incremental borrowing rate at the lease commencement date as the interest rates implicit in the lease agreements are not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. Interest expenses on IFRS 16 leases are recognized under a separate line under net interest income. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, such as a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying value of the right-of-use asset.

## Intangible assets

### Software products

Development costs directly associated with identifiable and unique software products or internally developed software, controlled by FMO and likely to generate economic benefits are recognized as assets. These assets include eligible staff costs incurred to make these software products operable in the way management intended. These assets are recognized at cost less accumulated amortization and accumulated impairment losses.

Useful life for software ranges between 3 - 10 years.

Costs associated with maintaining software programs are recognized in the statement of profit or loss as it is incurred. Expenditure that enhances or extends the performance of software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the software.

### Amortization and impairment

Internally developed software is amortized on the basis of the useful life on a straight-line basis. Furthermore, these assets are tested for impairment when there is an indication of impairment, or annually in the case of software that is not yet ready for use. In case an asset is no longer in use, the asset is impaired.

## Fiduciary Assets

FMO (through its subsidiary FIM) provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the financial statements, as they are not assets of FMO.

## Financial liabilities

### Short-term credits, debentures and notes

Short-term credits mainly comprise Commercial papers issued by FMO.

Debentures and notes consist of medium-term notes under FMO's Debt Issuance Program or other public issues. Furthermore, a subordinated note is also included in the Debentures and Notes. Under IFRS this note is classified as financial liability, but for regulatory purposes it is considered as Tier 2 capital.

Debentures and notes can be divided into:

- Notes qualifying for hedge accounting (measured at AC and adjusted for the fair value of the hedged risk);
- Notes that do not qualify for hedge accounting (valued at AC).

### Short-term credits, debentures and notes measured at amortized cost

These financial liabilities are initially measured at the fair value of the consideration received, net of transaction costs incurred. Subsequent measurement is AC, using the effective interest rate method to amortize the cost at inception to the redemption value over the life of the debt instrument.

### Debentures and notes eligible for hedge accounting

When hedge accounting is applied to debentures and notes, the carrying value of debt issued is adjusted for changes in fair value related to the hedged risk. The fair value changes are recorded in the statement of profit or loss. Further reference is made to sections 'Derivative instruments' and 'Hedge accounting' of this chapter.

### Dutch Government program liabilities

Dutch Government program liabilities reflect the Dutch Government's investment in the Ventures Program (refer to the Group accounting and consolidation section of this chapter) and other exposures resulting from FMO's involvement in Dutch Government programs. These financial liabilities are designated at FVPL to significantly reduce an accounting mismatch related to financial assets. The underlying equity investments (financial assets) in the Ventures Program are measured mandatorily at FVPL and the valuation of these assets form the basis of the value attributable to the program's co-investors. In order to significantly reduce the accounting mismatch in returns generated on the underlying assets versus the financial



liabilities that represent the amounts attributable to the co-investors, the related financial liabilities are carried at FVPL. Refer to the 'Fair value of financial assets and liabilities' note for the description of the valuation technique applied to these financial liabilities.

Revaluation of the Dutch Government program liabilities is reported under 'Results from financial transactions'.

## Derecognition of financial assets and liabilities

### Derecognition due to substantial modification of terms and conditions

As previously explained in the accounting policy for "Financial assets impairment", FMO 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

#### Financial assets

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. FMO also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

FMO has transferred the financial asset if, and only if, either:

- FMO 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 FMO 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:

- FMO 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
- FMO cannot sell or pledge the original asset other than as security to the eventual recipients
- FMO has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, FMO 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:

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

FMO 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 FMO 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 FMO's continuing involvement, in which case, FMO also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that FMO 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 Bank 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 FMO 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 are recognized when:

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

A provision is made for the liability for retirement benefits, loan commitments, guarantees, legal events and severance arrangements. Further reference is made to the 'Provision for defined benefit plans' section below.

## Provision for defined benefit plans

In the past FMO provided all employees, up until December 31, 2021, with a defined benefit retirement plan. This is a pension plan defining the amount of pension benefit to be provided, as a function of one or more factors such as age, years of service or compensation.

This scheme is funded through payments to an insurance company determined by periodic actuarial calculations. The principal actuarial assumptions are set out in Note 18. All actuarial gains and losses are reported in shareholders' equity, net of applicable income taxes and are permanently excluded from the statement of profit or loss.

The net defined benefit liability or asset is the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets, together with adjustments for unrecognized actuarial gains/losses and past service costs. Independent actuaries perform an annual calculation of the defined benefit obligation using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using, in accordance with IAS 19, interest rates of high-quality corporate bonds, which have terms to maturity approximating the terms of the related liability. FMO has a contract with a well-established insurer, in which all nominal pension obligations are guaranteed and the downside risk of pension assets is mitigated.

When the fair value of the plan's assets exceeds the present value of the defined benefit obligations, a gain (asset) is recognized if this difference can be fully recovered through refunds or reductions in future contributions. No gain or loss is recognized solely as a result of an actuarial gain or loss, or past service cost, in the current period.

FMO recognizes the following changes in the net defined benefit obligations under staff costs:

- Service costs comprising current service costs, past-service costs (like gains and losses on curtailments and plan amendments);
- Net interest expense or income.

Past-service costs are recognized in the statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that FMO recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

During 2021, FMO curtailed the defined benefit plan and introduced a defined contribution plan that is effective from 1 January 2022 onwards. The details of the amendment are described in the 'Pension schemes' section within the Provisions note.

The contributions to the defined contribution plan are expensed in the statement of profit or loss and a liability (expense accrual) is recognized in the statement of financial position.

## Taxation

Taxable income, based on the applicable tax laws in each jurisdiction, is used to calculate a tax expense. The tax expense is recognized in the period in which the taxable income arose. The tax effects of income tax losses, available for carry-forward, are recognized as a deferred tax asset if it is probable that future taxable profit will be available against which those losses can be utilized. Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their amounts as measured for tax purposes, which will result in taxable amounts in future periods using the liability method. Deferred tax assets are recognized for temporary differences, resulting in deductible amounts in future periods, but only when it is probable that sufficient taxable profits will be available against which these differences can be utilized.

The main temporary differences recorded by FMO arise from the post-retirement benefits provision and the fair value movements on equity investments accounted for at FVOCI.

## Shareholders' equity

### Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by FMO's shareholders.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

### Contractual reserve

The contractual reserve consists of the cumulative part of the annual net results that FMO is obliged to reserve under the Agreement State-FMO of July 1, 2023. This reserve cannot be freely distributed.

### Development fund

This special purpose reserve contains the allocations of risk capital provided by the Dutch Government to finance the portfolio of loans and equity investments.

### Fair value reserve

The fair value reserve includes gains and losses of equity investments designated as at FVOCI. Gains and losses on such equity investments are never reclassified to the statement of profit or loss. Cumulative gains and losses recognized in this reserve are transferred to 'Other reserves' on disposal of an investment.

### Translation reserve

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

### Actuarial results on defined benefit plans

The unrealized actuarial gains and losses related to the defined benefit plans are included in the 'Actuarial gains/losses on defined benefit plans'. The movements in this reserve are not reclassified to the statement of profit or loss.

### Other reserves

The other reserves include the cumulative distributable net profits. Dividends are deducted from other reserves in the period in which they are declared.

## Undistributed result

The undistributed result consists of the part of the annual result that FMO is not obliged to reserve in the contractual reserve under the Agreement State-FMO of July 1, 2023.

## Net interest income: interest income and interest expenses

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 AC at inception. Interest income and interest expenses also include amortized discounts, premiums on financial instruments and interest related to derivatives. When a financial asset measured at AC is credit-impaired and regarded as Stage 3, interest income is calculated by applying the effective interest rate to the net AC of the financial asset. If the financial asset is no longer credit-impaired, the calculation of interest income reverts to the gross basis.

Interest income and interest expenses from financial instruments measured at FVPL is calculated and accrued with reference to the contractual interest terms. Changes in the fair value of these financial instruments, including the effects of credit and market risk, are separately recognized in the income statement in the line item "Results from financial transactions". Interest on derivatives related to loans to the private sector is classified as interest income and interest on derivatives related to debentures and notes is classified as interest expense.

Furthermore, interest expenses on IFRS 16 leases are recognized under the interest expenses separately.

## Fee and commission income and expense

FMO 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 FMO 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 FMO's equity investment portfolio are recognized under 'Results from equity investments'. These gains and losses include foreign exchange results of equity investments that are measured at fair value. As mentioned earlier, the foreign exchange results for equity investments, measured at FVOCI are recognized in the shareholder's equity.

## Results from financial transactions

Results from financial transactions include foreign exchange translation results (excluding foreign exchange results related to equity investments measured at fair value as well as associates and joint ventures), and valuation gains and losses related to derivatives, driven by changes in the market. Furthermore, the valuation gains and losses related to loans and Dutch Government program liabilities measured at fair value are recognized in the statement of profit or loss under 'Results from financial transactions'.

## Remuneration for services rendered

Remuneration for services rendered relate to fees that FMO receives from the Dutch and UK Government to manage subsidized programs on their behalf. These fees are recognized in accordance with IFRS 15. The performance obligations arising out of the program agreements are established at the inception of the agreement. The performance obligations are satisfied over the course of the year.

Fee income is recognized at an amount that represents the consideration to which FMO is entitled in return for the program's management services. Fees are calculated quarterly based on a fixed rate and the value of the respective program's committed portfolio at the end of the quarter. The income relating to the fees is recognized at the end of each quarter.

## Other operating income

Other operating income relates to any other income that is not related to loans to the private sector, equity investments and treasury instruments.

## Reimbursement of staff costs

FMO receives reimbursements of its staff costs for the time spent on various government initiated activities. These reimbursements are deemed to be government grants related to income in accordance with IAS 20. Based on the presentation options available in IAS 20 FMO has elected to present the reimbursements as a deduction against the expense line-items to which the grants relate.

## Statement of cash flows

The consolidated cash flow statement shows the sources of liquidity that became available during the year and the application of this liquidity. The liquidity is measured by the statement of financial position accounts 'Cash balances with banks' and 'Short term deposits'. The cash flows are broken down according to operational, investing and financing activities. The cash flow statement is prepared using the indirect method.

## Cash and cash equivalents

Investments qualify as a cash equivalent if they are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, Cash and cash equivalents includes cash balances with banks, short-term deposits at AC and a part of short-term deposits at FVPL, which consists of commercial paper with a maturity of less than three months from the date of acquisition.

The difference between the Net cash flow in accordance with the statement of cash flows and the change between the opening and closing balance of Cash and cash equivalents is due to exchange rate differences and is presented separately in the cash flow statement. Cash flows arising from foreign currency transactions are translated into the functional currency using the exchange rates at the date of the cash flows.

## Restricted cash and cash equivalents

Restricted cash and cash equivalents are recognized when they meet the recognition criteria for a financial asset and are included in the cash and cash equivalents presented within the statement of cash flows when they meet the definition of "cash and cash equivalents" described above. In FMO's case, the restrictions to which the applicable balances are subject to are appropriately disclosed in the relevant note 'Short-term deposits'.

## Net cash flow from operational activities

In the net cash flow from operating activities, the result before tax is adjusted for those items in the statement of profit or loss and changes in items per the statement of financial position, which do not result in actual cash flows during the year.

The net cash flow from operational activities includes the company's portfolio movements, such as loans to the private sector and under guarantee of the Dutch Government, equity investments, subsidiaries, joint ventures and associates. The net cash flow further includes the movements in working capital and current accounts with the Dutch Government regarding government funds and programs.

The addition to ECL allowance which is deducted from the item loans to private sector in the statement of financial position has been adjusted accordingly from the result before tax and is shown separately in the statement of cash flows.

Fair value changes in loans to private sector, derivatives, equity investments, debentures and notes are reflected as part of non-cash items adjusted against net profit/(loss) and presented as "Unrealized (gains) losses arising from changes in fair value" on the cashflow statement.

Accrual and amortizable fees of financial assets and liabilities are reflected as part of non-cash items adjusted against net profit/(loss) and presented as "unrealized (gains) losses arising from other changes" on the cashflow statement.

The changes in other assets, accrued and other liabilities, short-term deposits greater than 1 month and short-term credit, as included in the net cash flow from operating activities, does not include the related foreign exchange results. The related foreign exchange results are included in unrealized gains (losses) arising from foreign exchange rates reflected as part of non-cash items adjusted against the net profit/(loss).

## Net cash flow from investing activities

The net cash flow from investing activities includes the movements in the investment portfolio, such as the interest-bearing securities. The movements in PP&E and intangible assets are also included in the cash flow from investing activities.

## Net cash flow from financing activities

The net cash flow from financing activities includes movements in the funding attracted from the capital market. Also included in the cash flow from financing activities are the additions to and reductions from the company's shareholders' equity.

## Guarantees and undrawn loan commitments

FMO issues financial guarantee and loan commitments.

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium received. Subsequent to initial recognition, issued financial guarantee contracts are measured at the higher of:

- ECL allowance or the amount of the provision under the contract; and
- The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies as set out in sections 'Interest income' and 'Fee and commission income'. These fees are recognized as revenue on an accrual basis over the period commitment.

FMO applies the same methodology as loans to the private sector for measurement of ECL allowance of guarantees. Refer to chapter 'Financial assets - impairment' in this section. Provisions resulting from guarantees are included in line item "Provisions" on the statement of financial position.

Undrawn loan commitments are commitments under which, over the duration of the commitment, FMO 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 financial guarantees and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL allowances are disclosed in Note 32.

## Segment reporting

The operating segments are reported in a manner consistent with internal reporting to FMO's chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board. FMO presents its operating segments based on servicing units instead of strategic sector to be more aligned with internal reporting towards the Management Board. Reference is made to the section 'Segment information' for more details on operating segments.



# Notes to the consolidated financial statements

## Notes to the consolidated statement of financial position: assets

### 1. Cash balances with Banks

|                               | 2025           | 2024          |
|-------------------------------|----------------|---------------|
| Cash balances with Banks      | 140,239        | 43,087        |
| <b>Balance at December 31</b> | <b>140,239</b> | <b>43,087</b> |

Cash balances with Banks include funding received by FMO under sub-delegation agreements that is in the process of being transferred to the sub-delegee. This funding is recognized as an asset by FMO until the point at which it is transferred, with a corresponding liability presented under 'Accrued and other liabilities'.

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

### 2. Current accounts with State funds and other programs (assets)

|                               | 2025         | 2024         |
|-------------------------------|--------------|--------------|
| Current account EIB           | 230          | 231          |
| Current account MFF           | 291          | 292          |
| Current account BP            | -            | 118          |
| Current account MASSIF        | 770          | 336          |
| Current account MCP           | 1,014        | 359          |
| Current account Nasira+       | 883          | -            |
| Current account FCDO Nepal    | 19           | -            |
| <b>Balance at December 31</b> | <b>3,207</b> | <b>1,336</b> |

These are current accounts maintained for the State Funds' administration, and these are classified as Stage 1.

### 3. Short-term deposits

|                                                                    | 2025             | 2024             |
|--------------------------------------------------------------------|------------------|------------------|
| Collateral delivered (related to derivative financial instruments) | 96,230           | 381,245          |
| Cash held at central bank                                          | 518,721          | 702,745          |
| Mandatory reserve deposit with Dutch Central Bank                  | 6,098            | 8,211            |
| Collateral delivered to European Central Bank                      | 2,946            | 2,946            |
| Other short-term deposits                                          | -                | 16,739           |
| <b>Short-term deposits measured at AC</b>                          | <b>623,995</b>   | <b>1,111,886</b> |
| Commercial paper                                                   | 269,632          | 240,726          |
| Money market funds                                                 | 176,498          | 128,755          |
| <b>Short-term deposits measured at FVPL</b>                        | <b>446,130</b>   | <b>369,481</b>   |
| <b>Balance at December 31</b>                                      | <b>1,070,125</b> | <b>1,481,367</b> |

Mandatory reserve represents the average daily target set by regulator and is not available for users in FMO's day-to-day operations.

Short-term deposits have a maturity of less than three months.

Short term deposits at amortized cost are classified as Stage 1.

## 4. Other receivables

|                                             | 2025          | 2024          |
|---------------------------------------------|---------------|---------------|
| Taxes and social premiums                   | 1,731         | 564           |
| Transaction fee receivables and prepayments | 18,184        | 17,757        |
| Wage tax asset                              | 6             | 72            |
| Suspense accounts                           | 13,566        | -             |
| <b>Balance at December 31</b>               | <b>33,487</b> | <b>18,393</b> |

Other receivables are classified as Stage 1.

In this consolidated financial statements, immaterial presentation updates have been made to aggregate 'Wage tax assets', which was presented separately in the December 31, 2024 consolidated annual financial statements, with 'Other receivables'.

## 5. Interest-bearing securities

This portfolio contains marketable bonds with fixed interest rates. Interest-bearing securities (credit quality of AA+ or higher) recognized at Amortized Cost are classified as Stage 1. An amount of €51k (2024: €60k) is calculated for the ECL as per December 31, 2025.

From 2024 FMO started to invest in interest-bearing securities measured at fair value through profit and loss. Interest rate swaps are entered into to manage the risk associated with the securities and these swaps are measured at fair value through profit and loss. Therefore, to eliminate a possible accounting mismatch, the interest-bearing securities are designated at fair value through profit and loss. The interest-bearing securities are initially measured at fair value and subsequent changes in fair value are recognized immediately in profit and loss. The maximum credit exposure of the securities is €134 million and the cumulative change in fair value for the period is a gain of €1 million. The notional value of the swaps is €130 million, and the cumulative change in fair value for the period is a loss of €1 million. The movements in fair value are attributable to market risk.

|                               | 2025           | 2024           |
|-------------------------------|----------------|----------------|
| Bonds Amortised Cost (listed) | 573,170        | 481,798        |
| Bonds Fair Value (listed)     | 134,120        | 107,596        |
| <b>Balance at December 31</b> | <b>707,290</b> | <b>589,394</b> |

The movements can be summarized as follows:

|                                     | Bonds measured<br>at AC | Bonds measured<br>at FV | Total          |
|-------------------------------------|-------------------------|-------------------------|----------------|
| <b>Movement</b>                     |                         |                         |                |
| Balance at January 1                | 481,798                 | 107,596                 | 589,394        |
| Amortization premiums/discounts     | 406                     | -                       | 406            |
| Purchases                           | 260,827                 | 26,958                  | 287,785        |
| Redemptions                         | -155,964                | -                       | -155,964       |
| Changes in ECL allowances           | 8                       | -                       | 8              |
| Changes in fair value               | -                       | 746                     | 746            |
| Changes in accrued income           | 1,387                   | 754                     | 2,141          |
| Exchange rate differences           | -15,292                 | -1,934                  | -17,226        |
| <b>Balance at December 31, 2025</b> | <b>573,170</b>          | <b>134,120</b>          | <b>707,290</b> |
|                                     | Bonds measured<br>at AC | Bonds measured<br>at FV | Total          |
| <b>Movement</b>                     |                         |                         |                |
| Balance at January 1                | 539,708                 | -                       | 539,708        |
| Amortization premiums/discounts     | 534                     | -                       | 534            |
| Purchases                           | 26,567                  | 105,000                 | 131,567        |
| Redemptions                         | -93,422                 | -                       | -93,422        |
| Changes in ECL allowances           | 23                      | -                       | 23             |
| Changes in fair value               | -                       | 283                     | 283            |
| Changes in accrued income           | 99                      | 2,313                   | 2,412          |
| Exchange rate differences           | 8,289                   | -                       | 8,289          |
| <b>Balance at December 31, 2024</b> | <b>481,798</b>          | <b>107,596</b>          | <b>589,394</b> |

## 6. Derivative financial instruments and hedge accounting

### Use of derivatives and hedge accounting

Derivatives are held for both economic hedging purposes and for hedge accounting purposes. FMO uses derivatives for hedging purposes in the management of its asset and liability portfolios and structural risk positions. These risks are hedged with interest rate swaps, cross currency swaps and cross currency interest rate swaps. These instruments relate to a combination of highly liquid currencies and emerging market currencies. The objective of hedging is to enter into positions with an opposite risk profile to an identified exposure to reduce that exposure. The objective of FMO hedging activities is to optimize the overall cost to the bank of accessing debt capital markets and to mitigate the risk that would otherwise arise from structural imbalances in the duration and other profiles of its assets and liabilities. The accounting treatment of hedge transactions varies according to the nature of the instrument hedged and whether the hedge qualifies under the IFRS hedge accounting rules.

Derivatives that qualify for hedge accounting under IFRS are classified and accounted for in accordance with the nature of the instrument hedged and the type of IFRS hedge model that is applicable. FMO applies fair value hedge accounting to the funding portfolio with interest rate swaps as hedging instruments. To qualify for hedge accounting under IFRS, strict criteria must be met. Certain hedges that are economically effective from a risk management perspective do not qualify for hedge accounting under IFRS. The fair value changes of derivatives relating to such non-qualifying hedges are taken to the statement of profit or loss and recorded under the line results from financial transactions. If hedge accounting is applied under IFRS, it is possible that during the hedge a hedge relationship no longer qualifies for hedge accounting and hedge accounting cannot be continued, even if the hedge remains economically effective. As a result, the volatility arising from undertaking economic hedging in the statement of profit or loss may be higher than would be expected from an economic point of view. With respect to exchange rate and interest rate derivative contracts, the notional or contractual amount of these instruments is indicative of the nominal value of transactions outstanding at the statement of financial position date. However, they do not represent amounts at risk.

For the year ended December 31, 2025, FMO recognized a loss of €2.3 million for hedge ineffectiveness on the micro fair value hedges (2024: €7.3 million gain). The gain on the hedging instruments amounts to €82.6 million (2024: €48.7 million gain). The loss on hedged items attributable to the hedged risk amounts to €84.9 million (2024: €41.4 million loss). The result is mainly attributed to the mismatch in the valuation curves.

## Micro fair value hedge accounting

FMO only applies a micro-hedging strategy, hence at hedge inception the test is conducted. FMO's micro fair value hedges consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate instruments due to movements in market interest rates. Gains and losses on derivatives designated under fair value hedge accounting and hedged items are recognized in the statement of profit or loss.

## Derivatives other than hedge accounting instruments

FMO uses various derivatives to hedge its assets and liabilities against interest rate risk and market risk. During the period, the derivatives position has increased slightly, which is related to newly entered positions (see tables below). Changes in curves and FX were the main drivers for the changes in fair value.

The following table summarizes the notional amounts and the fair values of derivatives. Some derivatives are held to reduce interest rate risks and currency risks but do not meet the specified criteria to apply hedge accounting for the reporting period. The table also includes derivatives related to the asset portfolio.

| 2025                                                                           |                   |                |                |                                                                 |                                            |                                                      |
|--------------------------------------------------------------------------------|-------------------|----------------|----------------|-----------------------------------------------------------------|--------------------------------------------|------------------------------------------------------|
|                                                                                |                   |                |                |                                                                 |                                            | Carrying amount                                      |
|                                                                                | Notional amount   | Assets         | Liabilities    | Change in fair value used for calculating hedge ineffectiveness | Ineffectiveness recorded in profit or loss | Line item in P&L that includes hedge ineffectiveness |
| <b>Derivatives hedge accounting instruments:</b>                               |                   |                |                |                                                                 |                                            |                                                      |
| Interest rate swaps                                                            | 5,414,841         | 63,588         | 50,214         | 82,609                                                          | -2,289                                     | Results from financial transactions                  |
| <b>Derivatives other than hedge accounting instruments:</b>                    |                   |                |                |                                                                 |                                            |                                                      |
| Currency swaps                                                                 | 716,408           | 4,371          | 1,638          |                                                                 |                                            |                                                      |
| Interest rate swaps                                                            | 2,749,004         | 13,349         | 8,916          |                                                                 |                                            |                                                      |
| Cross-currency interest rate swaps                                             | 3,721,572         | 152,175        | 72,990         |                                                                 |                                            |                                                      |
| Subtotal                                                                       | 7,186,984         | 169,895        | 83,544         |                                                                 |                                            |                                                      |
| Embedded derivatives related to asset portfolio                                |                   | -              | 10,231         |                                                                 |                                            |                                                      |
| Total derivative assets /(liabilities) other than hedge accounting instruments | 7,186,984         | 169,895        | 93,775         |                                                                 |                                            |                                                      |
| <b>Balance at December 31</b>                                                  | <b>12,601,825</b> | <b>233,483</b> | <b>143,989</b> |                                                                 |                                            |                                                      |

## 2024

| Carrying amount                                                                |                   |                |                |                                                                 |                                            |                                                      |
|--------------------------------------------------------------------------------|-------------------|----------------|----------------|-----------------------------------------------------------------|--------------------------------------------|------------------------------------------------------|
|                                                                                | Notional amount   | Assets         | Liabilities    | Change in fair value used for calculating hedge ineffectiveness | Ineffectiveness recorded in profit or loss | Line item in P&L that includes hedge ineffectiveness |
| <b>Derivatives hedge accounting instruments:</b>                               |                   |                |                |                                                                 |                                            |                                                      |
| Interest rate swaps                                                            | 5,541,648         | 27,739         | 131,728        | 48,680                                                          | 7,254                                      | Results from financial transactions                  |
| <b>Derivatives other than hedge accounting instruments:</b>                    |                   |                |                |                                                                 |                                            |                                                      |
| Currency swaps                                                                 | 319,791           | 2,687          | 389            |                                                                 |                                            |                                                      |
| Interest rate swaps                                                            | 3,055,885         | 41,008         | 5,537          |                                                                 |                                            |                                                      |
| Cross-currency interest rate swaps                                             | 3,349,386         | 54,905         | 321,490        |                                                                 |                                            |                                                      |
| Subtotal                                                                       | 6,725,062         | 98,600         | 327,416        |                                                                 |                                            |                                                      |
| Embedded derivatives related to asset portfolio                                |                   | -              | 12,242         |                                                                 |                                            |                                                      |
| Total derivative assets /(liabilities) other than hedge accounting instruments | 6,725,062         | 98,600         | 339,658        |                                                                 |                                            |                                                      |
| <b>Balance at December 31</b>                                                  | <b>12,266,710</b> | <b>126,339</b> | <b>471,386</b> |                                                                 |                                            |                                                      |

The amounts relating to items designated as hedged items were as follows:

## 2025

| Balance sheet line item       | Carrying amount of the hedged item | Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item |          | Change in fair value used for calculating hedge ineffectiveness | Accumulated amount remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses |
|-------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|                               |                                    | Liabilities                                                                                                              | Assets   |                                                                 |                                                                                                                                     |
| Debentures and notes          | 5,427,499                          | -                                                                                                                        | -        | -84,898                                                         |                                                                                                                                     |
| <b>Balance at December 31</b> | <b>5,427,499</b>                   | <b>-</b>                                                                                                                 | <b>-</b> | <b>-84,898</b>                                                  |                                                                                                                                     |

## 2024

| Balance sheet line item       | Carrying amount of the hedged item | Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item |          | Change in fair value used for calculating hedge ineffectiveness | Accumulated amount remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses |
|-------------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
|                               |                                    | Liabilities                                                                                                              | Assets   |                                                                 |                                                                                                                                     |
| Debentures and notes          | 5,472,577                          | -                                                                                                                        | -        | -41,426                                                         | -                                                                                                                                   |
| <b>Balance at December 31</b> | <b>5,472,577</b>                   | <b>-</b>                                                                                                                 | <b>-</b> | <b>-41,426</b>                                                  | <b>-</b>                                                                                                                            |



Hedge of debentures and notes:

## 2025

| Risk category: Interest rate         | Maturity          |            |                   |           |                   |
|--------------------------------------|-------------------|------------|-------------------|-----------|-------------------|
|                                      | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years | more than 5 years |
| Nominal amount (in millions of euro) | 227               | -          | 646               | 4,187     | 355               |
| Average fixed interest rate (%)      | 1.6               | -          | 2.1               | 3.1       | 2.9               |

## 2024

| Risk category: Interest rate         | Maturity          |            |                   |           |                   |
|--------------------------------------|-------------------|------------|-------------------|-----------|-------------------|
|                                      | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years | more than 5 years |
| Nominal amount (in millions of euro) | -                 | -          | 1,221             | 4,224     | 97                |
| Average fixed interest rate (%)      | -                 | -          | 3.7               | 2.6       | 2.0               |



## 7. Loans to the private sector

These loans to the private sector include:

- Loans to the private sector in developing economies are for the account and risk of FMO;
- Loans in developing economies that are individually guaranteed by financial guarantors for 80 percent to 95 percent. Any losses will be compensated by the guarantors up to the guaranteed amount. Refer to the Credit risk section in the 'Risk Management' chapter for details of these guarantees received.

The movements in the loans to the private sector are as follows:

| Loan movements                          |                         |                           |                  |
|-----------------------------------------|-------------------------|---------------------------|------------------|
|                                         | Loans measured<br>at AC | Loans measured<br>at FVPL | Total            |
| Balance at January 1, 2025              | 5,190,518               | 652,061                   | 5,842,579        |
| Disbursements                           | 2,355,535               | 263,374                   | 2,618,909        |
| Interest capitalization                 | 3,967                   | 522                       | 4,489            |
| Conversion from loan to equity          | -4,386                  | -1,202                    | -5,588           |
| Part sold                               | -76,470                 | -2,827                    | -79,297          |
| Repayments                              | -1,309,398              | -110,224                  | -1,419,622       |
| Write-offs / disposals                  | -11,110                 | -10,873                   | -21,983          |
| Consolidation of group entities         | -                       | -                         | -                |
| Derecognized and /or restructured loans | -                       | -                         | -                |
| Changes in amortizable fees             | -8,246                  | -19                       | -8,265           |
| Amortized premium / discount            | -43                     | -                         | -43              |
| Changes in fair value                   | -                       | 2,919                     | 2,919            |
| Changes in accrued income               | 15,022                  | -11,565                   | 3,457            |
| Exchange rate differences               | -582,555                | -72,466                   | -655,021         |
| Movement of impairment charges          | 31,781                  |                           | 31,781           |
| <b>Balance at December 31, 2025</b>     | <b>5,604,615</b>        | <b>709,700</b>            | <b>6,314,315</b> |

| Loan movements                          |                         |                           |                  |
|-----------------------------------------|-------------------------|---------------------------|------------------|
|                                         | Loans measured<br>at AC | Loans measured<br>at FVPL | Total            |
| Balance at January 1, 2024              | 4,295,723               | 587,940                   | 4,883,663        |
| Disbursements                           | 1,672,784               | 67,267                    | 1,740,051        |
| Interest capitalization                 | 7,060                   | 2,252                     | 9,312            |
| Conversion from loan to equity          | -7,887                  | -289                      | -8,176           |
| Part sold                               | -57,159                 | -                         | -57,159          |
| Repayments                              | -1,007,359              | -55,088                   | -1,062,447       |
| Write-offs / disposals                  | -53,283                 | -1,603                    | -54,886          |
| Consolidation of group entities         | 21,212                  | 3,730                     | 24,942           |
| Derecognized and /or restructured loans | -182                    | -                         | -182             |
| Changes in amortizable fees             | -708                    | -48                       | -756             |
| Amortized premium / discount            | -44                     | -                         | -44              |
| Changes in fair value                   | -                       | 9,126                     | 9,126            |
| Changes in accrued income               | 1,334                   | 4,312                     | 5,646            |
| Exchange rate differences               | 270,805                 | 34,462                    | 305,267          |
| Movement of impairment charges          | 48,222                  | -                         | 48,222           |
| <b>Balance at December 31, 2024</b>     | <b>5,190,518</b>        | <b>652,061</b>            | <b>5,842,579</b> |

The contractual amount of assets that were written off during the period are still subject to enforcement activity.

The line item "Consolidation of group entities" in the above movement schedule and used elsewhere in these notes relates to the consolidation in 2024 of the Land Use Facility part of the Dutch Fund for Climate Development.

## Loans segmented by sector

| 2025                                       |                  |                |                |                |                  |
|--------------------------------------------|------------------|----------------|----------------|----------------|------------------|
|                                            | Stage 1          | Stage 2        | Stage 3        | Fair value     | Total            |
| Financial Institutions                     | 3,270,687        | 110,251        | 15,741         | 318,249        | 3,714,928        |
| Energy                                     | 824,514          | 313,885        | 123,325        | 181,068        | 1,442,792        |
| Agribusiness, Food & Forestry              | 804,727          | 27,844         | 42,405         | 161,115        | 1,036,091        |
| Multi-Sector Fund Investments              | 16,639           | -              | 208            | -              | 16,847           |
| Infrastructure, Manufacturing and Services | 52,415           | 802            | 1,172          | 49,268         | 103,657          |
| <b>Balance at December 31</b>              | <b>4,968,982</b> | <b>452,782</b> | <b>182,851</b> | <b>709,700</b> | <b>6,314,315</b> |

| 2024                                       |                  |                |                |                |                  |
|--------------------------------------------|------------------|----------------|----------------|----------------|------------------|
|                                            | Stage 1          | Stage 2        | Stage 3        | Fair value     | Total            |
| Financial Institutions                     | 2,741,998        | 25,093         | 23,067         | 419,947        | 3,210,105        |
| Energy                                     | 864,504          | 413,932        | 129,418        | 58,578         | 1,466,432        |
| Agribusiness, Food & Forestry              | 742,222          | 73,749         | 41,462         | 112,746        | 970,179          |
| Multi-Sector Fund Investments              | 27,381           | -              | -              | 1,820          | 29,201           |
| Infrastructure, Manufacturing and Services | 34,815           | 67,155         | 5,722          | 58,970         | 166,662          |
| <b>Balance at December 31</b>              | <b>4,410,920</b> | <b>579,929</b> | <b>199,669</b> | <b>652,061</b> | <b>5,842,579</b> |

## Loans segmented by geographical area

| 2025                          |                  |                |                |                |                  |
|-------------------------------|------------------|----------------|----------------|----------------|------------------|
|                               | Stage 1          | Stage 2        | Stage 3        | Fair value     | Total            |
| Africa                        | 965,922          | 231,971        | 97,156         | 153,482        | 1,448,531        |
| Asia                          | 1,021,476        | 100,733        | 13,838         | 63,977         | 1,200,024        |
| Latin America & the Caribbean | 1,296,037        | 94,240         | 53,447         | 131,263        | 1,574,987        |
| Europe & Central Asia         | 1,423,411        | 23,335         | 18,410         | 160,171        | 1,625,327        |
| Non - region specific         | 262,136          | 2,503          | -              | 200,807        | 465,446          |
| <b>Balance at December 31</b> | <b>4,968,982</b> | <b>452,782</b> | <b>182,851</b> | <b>709,700</b> | <b>6,314,315</b> |

| 2024                          |                  |                |                |                |                  |
|-------------------------------|------------------|----------------|----------------|----------------|------------------|
|                               | Stage 1          | Stage 2        | Stage 3        | Fair value     | Total            |
| Africa                        | 899,900          | 363,592        | 72,411         | 190,949        | 1,526,852        |
| Asia                          | 921,067          | 113,888        | 12,644         | 66,095         | 1,113,694        |
| Latin America & the Caribbean | 1,357,619        | 40,021         | 72,107         | 116,291        | 1,586,038        |
| Europe & Central Asia         | 994,880          | 58,481         | 42,507         | 226,466        | 1,322,334        |
| Non - region specific         | 237,454          | 3,947          | -              | 52,260         | 293,661          |
| <b>Balance at December 31</b> | <b>4,410,920</b> | <b>579,929</b> | <b>199,669</b> | <b>652,061</b> | <b>5,842,579</b> |

## Loans to the private sector - other information

|                                                                             | 2025    | 2024    |
|-----------------------------------------------------------------------------|---------|---------|
| Gross amount of loans to companies in which FMO also has equity investments | 192,272 | 224,660 |
| Gross amount of subordinated loans                                          | 378,282 | 331,146 |

The analysis of the changes in the gross carrying amounts and ECL allowances for loans to the private sector at AC are as follows:

| Changes in Loans to the private sector at AC in 2025                | Stage 1               |                | Stage 2               |                | Stage 3               |                 | Total                 |                 |
|---------------------------------------------------------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|-----------------|-----------------------|-----------------|
|                                                                     | Gross carrying amount | ECL allowance  | Gross carrying amount | ECL allowance  | Gross carrying amount | ECL allowance   | Gross carrying amount | ECL allowance   |
| Balance at January 1, 2025                                          | 4,441,643             | -30,723        | 611,623               | -31,694        | 343,435               | -143,766        | 5,396,701             | -206,183        |
| Additions                                                           | 2,281,739             | -17,040        | 57,394                | -1,796         | 16,403                | -10,667         | 2,355,536             | -29,503         |
| Exposure derecognised or lapsed                                     | -1,216,536            | 3,738          | -144,756              | 3,202          | -28,962               | 12,838          | -1,390,254            | 19,778          |
| Transfers to Stage 1                                                | 185,371               | -9,177         | -185,371              | 9,177          | -                     | -               | -                     | -               |
| Transfers to Stage 2                                                | -211,298              | 4,832          | 229,200               | -8,243         | -17,902               | 3,411           | -                     | -               |
| Transfers to Stage 3                                                | -945                  | 13             | -44,338               | 2,253          | 45,283                | -2,266          | -                     | -               |
| Modifications of financial assets (including derecognition)         | 1,003                 | -              | 2,533                 | -              | 430                   | -               | 3,966                 | -               |
| Changes in risk profile (including changes in accounting estimates) | -                     | 23,265         | -                     | 4,434          | -                     | -16,466         | -                     | 11,233          |
| Consolidation of group entities                                     | -                     | -              | -                     | -              | -                     | -               | -                     | -               |
| Amounts written off/disposals                                       | -                     | -              | -                     | -              | -11,110               | 11,110          | -11,110               | 11,110          |
| Changes in amortizable fees                                         | -9,877                | -              | 997                   | -              | 635                   | -               | -8,245                | -               |
| Premium / discount                                                  | -43                   | -              | -                     | -              | -                     | -               | -43                   | -               |
| Changes in accrued income                                           | 14,789                | -              | -899                  | -              | 1,133                 | -               | 15,023                | -               |
| Foreign exchange adjustments                                        | -495,032              | 3,260          | -53,540               | 2,606          | -33,985               | 13,297          | -582,557              | 19,163          |
| <b>Balance at December 31, 2025</b>                                 | <b>4,990,814</b>      | <b>-21,832</b> | <b>472,843</b>        | <b>-20,061</b> | <b>315,360</b>        | <b>-132,509</b> | <b>5,779,017</b>      | <b>-174,402</b> |

| Changes in Loans to the private sector at AC in 2024                | Stage 1               |                | Stage 2               |                | Stage 3               |                 | Total                 |                 |
|---------------------------------------------------------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|-----------------|-----------------------|-----------------|
|                                                                     | Gross carrying amount | ECL allowance  | Gross carrying amount | ECL allowance  | Gross carrying amount | ECL allowance   | Gross carrying amount | ECL allowance   |
| Balance at January 1, 2024                                          | 3,603,340             | -26,306        | 508,602               | -32,811        | 438,186               | -195,288        | 4,550,128             | -254,405        |
| Additions                                                           | 1,629,433             | -11,276        | 36,858                | -8,294         | -                     | -               | 1,666,291             | -19,570         |
| Exposure derecognised or lapsed                                     | -924,954              | 2,385          | -92,211               | 7,658          | -52,613               | 36,836          | -1,069,778            | 46,879          |
| Transfers to Stage 1                                                | 191,123               | -15,336        | -191,123              | 15,336         | -                     | -               | -                     | -               |
| Transfers to Stage 2                                                | -247,643              | 6,026          | 304,347               | -10,986        | -56,704               | 4,960           | -                     | -               |
| Transfers to Stage 3                                                | -21,092               | 410            | -16,480               | 2,078          | 37,572                | -2,488          | -                     | -               |
| Modifications of financial assets (including derecognition)         | -29,004               | -              | 33,400                | -              | 6,348                 | -               | 10,744                | -               |
| Changes in risk profile (including changes in accounting estimates) | -                     | 15,272         | -                     | -3,086         | -                     | -29,329         | -                     | -17,143         |
| Consolidation of group entities                                     | 18,216                | -211           | -                     | -              | 2,996                 | -651            | 21,212                | -862            |
| Amounts written off/disposals                                       | -                     | -              | -                     | -              | -53,283               | 53,283          | -53,283               | 53,283          |
| Changes in amortizable fees                                         | -2,819                | -              | 1,138                 | -              | 972                   | -               | -709                  | -               |
| Premium / discount                                                  | -26                   | -              | -18                   | -              | -                     | -               | -44                   | -               |
| Changes in accrued income                                           | 6,230                 | -              | -1,905                | -              | -2,992                | -               | 1,333                 | -               |
| Foreign exchange adjustments                                        | 218,839               | -1,687         | 29,015                | -1,589         | 22,953                | -11,089         | 270,807               | -14,365         |
| <b>Balance at December 31, 2024</b>                                 | <b>4,441,643</b>      | <b>-30,723</b> | <b>611,623</b>        | <b>-31,694</b> | <b>343,435</b>        | <b>-143,766</b> | <b>5,396,701</b>      | <b>-206,183</b> |

**Total impairment charges on loans in the consolidated profit and loss account**

|                                                                     | 2025          | 2024          |
|---------------------------------------------------------------------|---------------|---------------|
| Additions                                                           | 29,503        | 19,570        |
| Exposure derecognized or matured / lapsed (excluding write - offs)  | -19,778       | -46,879       |
| Changes in risk profile (including changes in accounting estimates) | -11,233       | 17,143        |
| Recoveries (written off loans)                                      | 35,983        | 9,205         |
| Other                                                               | 4,106         | 18,394        |
| <b>Total at December 31</b>                                         | <b>38,581</b> | <b>17,433</b> |

During 2025, ECL allowances reduced, which resulted in a net release to the profit and loss account. The reduction in ECL allowances is primarily the result of the reduction in the non-performing exposures, as also described in Credit risk section in the 'Risk Management' chapter.

The line item 'Other' mainly contains foreign exchange (FX) translation effects.

## 8. Impairment charges on financial assets, loan commitments and guarantees

FMO calculates ECL allowances for interest-bearing securities, loans to the private sector at AC (including off-balance loan commitments) and guarantees given to customers. The movement in ECL allowances for each of these items is presented in their relevant notes while the relates charges to the income statement are presented in the table below:

|                                 | 2025          | 2024          |
|---------------------------------|---------------|---------------|
| <b>Impairment charges on</b>    |               |               |
| Interest-bearing instruments    | 13            | 27            |
| Loans                           | 38,581        | 17,433        |
| Loan commitments                | -890          | -164          |
| Guarantees issued               | 1,046         | 8,884         |
| <b>Total impairment charges</b> | <b>38,750</b> | <b>26,180</b> |

The table below shows a sample of values of the IMF GDP forecasts used in each of the economic scenarios for the ECL calculations for 2024 and 2025. The upside, base, and downside scenarios calculations are derived from a simulation of forward-looking macro-economic developments in each country to which FMO has an exposure.

A new version of the macro-economic scenarios model was implemented in autumn 2025 which aligned FMO with market practice in determining forward-looking adjustments and made use of empirically observed characteristics of FMO's portfolio. Macro-economic scenarios were updated following the publication of the new macro-economic outlook data by the IMF in October 2025. The total impact of model changes and updates to the scenarios using the latest data, caused new point-in-time adjustments to probability of defaults in the impairment model, leading to a decrease in combined Stage-1 and Stage-2 impairment charges.

**IMF GDP % Growth Forecasts (the figures are based on the latest forecast in October 2025)**

|            | 2025 | 2024  |
|------------|------|-------|
| Turkey     | 2.71 | 3.01  |
| India      | 6.20 | 7.02  |
| Georgia    | 5.98 | 7.55  |
| Argentina  | 5.50 | -3.48 |
| Nigeria    | 3.04 | 2.86  |
| Uganda     | 6.12 | 5.88  |
| Bangladesh | 3.76 | 5.40  |
| Ghana      | 4.03 | 3.12  |
| Armenia    | 4.51 | 6.04  |
| Costa Rica | 3.44 | 4.00  |

The following table outlines the sensitivity of FMO's expected credit loss model to different parameters or inputs. The base case represents FMO's expected credit losses for the debt portfolio at amortized cost. Three assumptions are tested: changes in ratings across the portfolio, changes to the prepayment rate, and changes to the credit conversion factor. Changes in the underlying credit ratings of customers have the largest impact on model outcomes.

| 2025                                      | Total unweighted<br>amount per ECL<br>scenario | Loans to the private<br>Sector | Guarantees | Bonds and cash |
|-------------------------------------------|------------------------------------------------|--------------------------------|------------|----------------|
| <b>ECL scenario:</b>                      |                                                |                                |            |                |
| PD rating 1 notch up (PD)                 | 26,219                                         | 25,293                         | 926        | -              |
| Prepayment rate decrease 50% (EAD)        | 1,387                                          | 1,325                          | 62         | -              |
| Credit conversion rate increase 20% (EAD) | 2,264                                          | 2,056                          | 209        | -              |
| Base case                                 | 186,659                                        | 184,102                        | 2,502      | 55             |
| PD rating 1 notch down (PD)               | -19,716                                        | -19,004                        | -712       | -              |
| Prepayment rate increase 50% (EAD)        | -1,295                                         | -1,239                         | -55        | -              |
| Credit conversion rate decrease 20% (EAD) | -2,264                                         | -2,056                         | -209       | -              |

| 2024                                      | Total unweighted<br>amount per ECL<br>scenario | Loans to the private<br>Sector | Guarantees | Bonds and cash |
|-------------------------------------------|------------------------------------------------|--------------------------------|------------|----------------|
| <b>ECL scenario:</b>                      |                                                |                                |            |                |
| PD rating 1 notch up (PD)                 | 41,862                                         | 40,832                         | 1,030      | -              |
| Prepayment rate decrease 50% (EAD)        | 2,032                                          | 2,013                          | 19         | -              |
| Credit conversion rate increase 20% (EAD) | 2,290                                          | 2,117                          | 173        | -              |
| Base case                                 | 219,653                                        | 216,765                        | 2,819      | 69             |
| PD rating 1 notch down (PD)               | -24,827                                        | -24,172                        | -655       | -              |
| Prepayment rate increase 50% (EAD)        | -1,868                                         | -1,849                         | -19        | -              |
| Credit conversion rate decrease 20% (EAD) | -2,290                                         | -2,117                         | -173       | -              |

The total unweighted amount for the base scenario of €186 million (2024: €219 million) is an aggregation of €174 million (2024: €206 million) ECL allowances related to Loans to private sector (refer to Note 7), €2 million (2024: €3 million) ECL off balance items for financial guarantees (refer to Note 32), €10 million (2024: €10 million) ECL off balance for loan commitments (refer to Note 32).

Reference is made to the 'Accounting policies' chapter on macro-economic scenarios on PD estimates.

## 9. Equity investments

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

|                                           | Equity measured<br>at FVOCI | Equity measured<br>at FVPL | Total            |
|-------------------------------------------|-----------------------------|----------------------------|------------------|
| Balance at January 1, 2025                | 201,287                     | 2,355,626                  | 2,556,913        |
| Purchases and contributions               | 119                         | 256,101                    | 256,220          |
| Conversion of loans to equity             | -                           | 1,325                      | 1,325            |
| Return of capital (including sales)       | -                           | -301,626                   | -301,626         |
| Net result from sales                     | -                           | -30,703                    | -30,703          |
| Changes in fair value                     | 22,046                      | -114,565                   | -92,519          |
| <b>Total balance at December 31, 2025</b> | <b>223,452</b>              | <b>2,166,158</b>           | <b>2,389,610</b> |

|                                           | Equity measured<br>at FVOCI | Equity measured<br>at FVPL | Total            |
|-------------------------------------------|-----------------------------|----------------------------|------------------|
| Balance at January 1, 2024                | 167,074                     | 2,193,771                  | 2,360,845        |
| Purchases and contributions               | 120                         | 329,824                    | 329,944          |
| Conversion of loans to equity             | -                           | 289                        | 289              |
| Return of capital (including sales)       | -                           | -306,890                   | -306,890         |
| Net result from sales                     | -                           | -23,037                    | -23,037          |
| Changes in fair value                     | 34,093                      | 161,669                    | 195,762          |
| <b>Total balance at December 31, 2024</b> | <b>201,287</b>              | <b>2,355,626</b>           | <b>2,556,913</b> |

#### Equity investments segmented by sector

|                               | 2025             | 2024             |
|-------------------------------|------------------|------------------|
| Financial Institutions        | 796,014          | 754,872          |
| Energy                        | 332,896          | 329,313          |
| Agribusiness, Food & Forestry | 252,562          | 193,227          |
| Multi-Sector Fund Investments | 802,489          | 1,029,960        |
| Diverse sectors               | 205,649          | 249,541          |
| <b>Balance at December 31</b> | <b>2,389,610</b> | <b>2,556,913</b> |

FMO has designated the investments shown in the following table as equity investments at FVOCI. The FVOCI designation was made because the investments are expected to be held for long-term strategic purposes.

|                                 | 2025           |                 | 2024           |                 |
|---------------------------------|----------------|-----------------|----------------|-----------------|
|                                 | Fair value     | Dividend income | Fair value     | Dividend income |
| The Currency Exchange Fund N.V. | 214,313        | -               | 191,215        | -               |
| Seed Capital                    | 8,860          | -               | 9,911          | -               |
| EDFI Management Company         | 279            | -               | 161            | -               |
| <b>Total at December 31</b>     | <b>223,452</b> | <b>-</b>        | <b>201,287</b> | <b>-</b>        |

## 10. Investments in associates and joint ventures

#### Movements carrying amounts of the Associates and Joint ventures

|                                     | 2025           | 2024           |
|-------------------------------------|----------------|----------------|
| Balance at January 1                | 372,073        | 308,179        |
| Purchases and contributions         | 24,990         | 7,338          |
| Conversion from loans to equity     | 4,386          | 7,887          |
| Return of capital (including sales) | -1,728         | -              |
| Share in net results                | 50,809         | 39,483         |
| Dividends from associate/JV         | -17,745        | -13,751        |
| Exchange rate differences           | -46,182        | 22,936         |
| <b>Balance at December 31</b>       | <b>386,603</b> | <b>372,072</b> |

All investments in associates and joint ventures are measured based on the equity accounting method. Cash dividends received from associates amount to €17.8 million (2024: €13.8 million), of which €11.2 million (2024: €10 million) was received from Arise B.V. and the residual amount was mainly received from SDG Loan Fund (2024: €0 million).



The following tables summarize FMO's share in the total assets, liabilities, total income and total net profit/loss of the associates and segments the associates by sector.

|                                             | Carrying amount | Economic ownership % | Total assets | Total liabilities | Total income | Total profit/loss |
|---------------------------------------------|-----------------|----------------------|--------------|-------------------|--------------|-------------------|
| Banyantree Growth Capital LLC               | 2,191           | 27%                  | 2,191        | -                 | -            | -                 |
| Arise B.V.                                  | 285,118         | 27%                  | 297,466      | 12,347            | 2,337        | 57,173            |
| JCM Power Corporation                       | 12,813          | 24%                  | 12,813       | -                 | -            | -                 |
| BE C&I Solutions Holding Pte. Ltd.          | 33,956          | 25%                  | 71,210       | 37,174            | 11,011       | -2,639            |
| Invest International B.V.                   | 2,051           | 49%                  | 2,151        | 85                | -            | -                 |
| Sustainable Asia Renewable Assets Pte. Ltd. | 8,869           | 27%                  | 8,869        | -                 | -            | -                 |
| <b>Balance at December 31, 2025</b>         | <b>344,998</b>  |                      |              |                   |              |                   |

|                                     | Carrying amount | Economic ownership % | Total assets | Total liabilities | Total income | Total profit/loss |
|-------------------------------------|-----------------|----------------------|--------------|-------------------|--------------|-------------------|
| Banyantree Growth Capital LLC       | 2,614           | 27%                  | -            | -                 | -            | -                 |
| Arise B.V.                          | 284,723         | 27%                  | 292,455      | 7,733             | 2,706        | 41,409            |
| JCM Power Corporation               | 15,951          | 24%                  | 15,951       | -                 | -            | -                 |
| BE C&I Solutions Holding Pte. Ltd.  | 37,251          | 25%                  | 76,728       | 39,367            | 10,296       | -4,446            |
| Invest International B.V.           | 2,494           | 49%                  | 2,512        | 37                | 52           | 21                |
| <b>Balance at December 31, 2024</b> | <b>343,033</b>  |                      |              |                   |              |                   |

|                               | 2025           | 2024           |
|-------------------------------|----------------|----------------|
| Financial Institutions        | 287,169        | 287,217        |
| Energy                        | 55,638         | 53,202         |
| Multi-Sector Fund Investments | 2,191          | 2,614          |
| <b>Balance at December 31</b> | <b>344,998</b> | <b>343,033</b> |

In 2016 FMO signed an agreement to set up an investment vehicle, Arise B.V., together with Norfund and Rabobank. This investment vehicle is set up to invest in African financial institutions. FMO's commitment amounts to US\$266 million. As of December 31, 2025, our remaining commitment towards Arise B.V. amounts to US\$10.5 million.

Arise B.V. is a private limited liability company incorporated in the Netherlands whose statutory seat is registered at Croeselaan 18, 3521 CB Utrecht, the Netherlands and is registered in the Dutch commercial register under number 64756394. FMO's share and voting rights in Arise B.V. is 27 percent.

The following tables summarize FMO's share in the total assets, liabilities, total income and total net profit/loss in joint ventures.

|                                     | Carrying amount | Economic ownership % | Total assets | Total liabilities | Total income | Total profit/loss |
|-------------------------------------|-----------------|----------------------|--------------|-------------------|--------------|-------------------|
| Climate Fund Managers B.V.          | 13,591          | 50%                  | 25,090       | 11,499            | 24,257       | 8,360             |
| SDG Loan Fund S.C.A SICAV-SIF       | 28,013          | 10%                  | 28,013       | -                 | -            | -                 |
| <b>Balance at December 31, 2025</b> | <b>41,604</b>   |                      |              |                   |              |                   |

|                                     | Carrying amount | Economic ownership % | Total assets | Total liabilities | Total income | Total profit/loss |
|-------------------------------------|-----------------|----------------------|--------------|-------------------|--------------|-------------------|
| Climate Fund Managers B.V.          | 10,368          | 50%                  | 17,281       | 6,913             | 15,288       | 3,320             |
| SDG Loan Fund S.C.A SICAV-SIF       | 18,672          | 10%                  | 15,161       | 344               | 128          | 87                |
| <b>Balance at December 31, 2024</b> | <b>29,040</b>   |                      |              |                   |              |                   |

The SDG Loan Fund investment is treated as a joint venture in accordance with IAS 28 and IFRS 11 as FMO exercises joint control over the Fund, in cooperation with the other co-investors via the Fund investment committee and shareholders advisory committee. FMO also has rights to the net assets of the Fund. FMO's share of the capital of the Fund is 10 percent. FMO's total commitment to the Fund is US\$111 million. During the current financial year FMO made an investment of EUR 14.8 million into the SDG Loan Fund S.C.A. SICAV SIF.

The SDG Loan Fund is an investment fund which co-invests with FMO in loans in emerging markets. It is incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 6A, route de Trèves, L-2633 Senningerberg, Luxembourg, and registered under number B259701 with the Luxembourg Trade and Companies' Register.

For material joint ventures, the above amounts of assets and liabilities include the following:

| SDG Loan Fund S.C.A SICAV SIF                                                         |        |        |
|---------------------------------------------------------------------------------------|--------|--------|
|                                                                                       | 2025   | 2024   |
| Cash and cash equivalents                                                             | 43,457 | 35,845 |
| Current financial liabilities (excluding trade and other payables and provisions)     | -      | -      |
| Non-current financial liabilities (excluding trade and other payables and provisions) | -      | -      |

For material joint ventures, the above profit and loss amounts include the following:

| SDG Loan Fund S.C.A SICAV SIF |        |       |
|-------------------------------|--------|-------|
|                               | 2025   | 2024  |
| Interest income               | 13,131 | 6,773 |
| interest expense              | -      | -     |
| Income tax expense            | -      | -     |

Reconciliation of summarized financial information to carrying amount for material joint ventures:

| SDG Loan Fund S.C.A SICAV SIF |         |         |
|-------------------------------|---------|---------|
|                               | 2025    | 2024    |
| Net assets of joint venture   | 304,585 | 153,357 |
| Economic ownership            | 10%     | 10%     |
| Carrying amount               | 28,842  | 18,671  |

FMO's attributable carrying amount is determined by both its ownership percentage and the applicable waterfall structure. Consequently, the carrying amount does not always equate the 10 percent ownership interest.

## 11. Property, plant and equipment

Property, plant and equipment (PP&E) includes tangible assets that are used by FMO. These assets include buildings, office equipment and vehicles that are rented by FMO from third parties. These leases have been recognized on the statement of financial position following the implementation of IFRS 16.

Furthermore, PP&E includes furniture owned by FMO and costs related to leasehold improvements.

|                                               | Furniture  | Leasehold improvement | Other     | Right-of-use assets | Total         |
|-----------------------------------------------|------------|-----------------------|-----------|---------------------|---------------|
| Cost at December 31, 2024                     | 10,000     | 8,695                 | 38        | 30,440              | 49,173        |
| Accumulated amortization at December 31, 2024 | -9,266     | -3,933                | -10       | -19,599             | -32,808       |
| <b>Balance at December 31, 2024</b>           | <b>734</b> | <b>4,762</b>          | <b>28</b> | <b>10,841</b>       | <b>16,365</b> |
| Carrying amount at January 1, 2025            | 734        | 4,762                 | 28        | 10,841              | 16,365        |
| Investments                                   | 57         | 1                     | -         | 19,185              | 19,243        |
| Depreciation                                  | -314       | -853                  | -12       | -3,014              | -4,193        |
| Disposals                                     | -          | -                     | -         | -12                 | -12           |
| Accumulated depreciation on disposals         | -          | -                     | -         | -                   | -             |
| <b>Balance at December 31, 2025</b>           | <b>477</b> | <b>3,910</b>          | <b>16</b> | <b>27,000</b>       | <b>31,403</b> |
| Cost at December 31, 2025                     | 10,057     | 8,696                 | 38        | 49,613              | 68,404        |
| Accumulated amortization at December 31, 2025 | -9,580     | -4,786                | -22       | -22,613             | -37,001       |
| <b>Balance at December 31, 2025</b>           | <b>477</b> | <b>3,910</b>          | <b>16</b> | <b>27,000</b>       | <b>31,403</b> |

Right-of-use assets consist of operational leases and include buildings, vehicles and office equipment.

On October 22th, 2025, FMO signed a new contract to extend the lease of its buildings until 2038. The modification resulted in a remeasurement of the lease liability and a corresponding adjustment to the right-of-use asset. The revised lease liability increased by €18 million, and the right-of-use asset was adjusted by the same amount.

|                                     | Buildings     | Office equipment | Vehicles     | Total right-of-use assets | Lease liabilities |
|-------------------------------------|---------------|------------------|--------------|---------------------------|-------------------|
| Balance at January 1, 2024          | 12,033        | 151              | 1,308        | 13,492                    | 13,732            |
| Additions                           | -             | 279              | 289          | 568                       | 568               |
| Disposals                           | -             | -                | -3           | -3                        | -3                |
| Depreciation                        | -2,414        | -139             | -663         | -3,216                    | -                 |
| Finance costs                       | -             | -                | -            | -                         | 97                |
| Payments                            | -             | -                | -            | -                         | -3,325            |
| <b>Balance at December 31, 2024</b> | <b>9,619</b>  | <b>291</b>       | <b>931</b>   | <b>10,841</b>             | <b>11,069</b>     |
| Additions                           | 18,434        | -                | 751          | 19,185                    | 19,185            |
| Disposals                           | -             | -                | -12          | -12                       | -12               |
| Depreciation                        | -2,347        | -108             | -559         | -3,014                    | -                 |
| Finance costs                       | -             | -                | -            | -                         | 220               |
| Payments                            | -             | -                | -            | -                         | -3,186            |
| <b>Balance at December 31, 2025</b> | <b>25,706</b> | <b>183</b>       | <b>1,111</b> | <b>27,000</b>             | <b>27,276</b>     |

#### Maturity breakdown of the leases

|                                   | < 1 year     | 1-5 years    | >5 years      | Total         |
|-----------------------------------|--------------|--------------|---------------|---------------|
| Buildings                         | 677          | 5,068        | 20,229        | 25,973        |
| Office Equipment                  | 59           | 110          | 16            | 185           |
| Vehicles                          | 410          | 708          | -             | 1,118         |
| <b>Total at December 31, 2025</b> | <b>1,146</b> | <b>5,886</b> | <b>20,245</b> | <b>27,276</b> |

|                                   | < 1 year     | 1-5 years    | >5 years  | Total         |
|-----------------------------------|--------------|--------------|-----------|---------------|
| Buildings                         | 2,440        | 7,393        | -         | 9,833         |
| Office Equipment                  | 111          | 167          | 18        | 296           |
| Vehicles                          | 527          | 413          | -         | 940           |
| <b>Total at December 31, 2024</b> | <b>3,078</b> | <b>7,973</b> | <b>18</b> | <b>11,069</b> |

## 12. Intangible assets

Intangible assets include costs associated with identifiable and unique software products or internally developed software, controlled by FMO. For internally developed software, only costs related to the development phase are capitalized. Expenses related to the research phase are immediately recognized in the statement of profit or loss.

|                                               | ICT software | Internally developed software | Total         |
|-----------------------------------------------|--------------|-------------------------------|---------------|
| Cost at December 31, 2024                     | 8,321        | 55,920                        | 64,241        |
| Accumulated amortization at December 31, 2024 | -7,062       | -30,734                       | -37,796       |
| <b>Balance at December 31, 2024</b>           | <b>1,259</b> | <b>25,186</b>                 | <b>26,445</b> |
| Carrying amount at January 1, 2025            | 1,259        | 25,186                        | 26,445        |
| Investments <sup>1</sup>                      | 634          | 18,256                        | 18,890        |
| Amortization                                  | -663         | -6,789                        | -7,452        |
| Impairment/disposals                          | -            | -                             | -             |
| Accumulated depreciation on disposals         | -            | -                             | -             |
| <b>Balance at December 31, 2025</b>           | <b>1,230</b> | <b>36,653</b>                 | <b>37,883</b> |
| Cost at December 31, 2025                     | 8,955        | 74,176                        | 83,131        |
| Accumulated amortization at December 31, 2025 | -7,725       | -37,523                       | -45,248       |
| <b>Balance at December 31, 2025</b>           | <b>1,230</b> | <b>36,653</b>                 | <b>37,883</b> |

- <sup>1</sup> The main investments in 2025 relate to several strategic IT and digital transformation initiatives, including infrastructure modernization and enhancements to key business systems and processes. These projects support long-term operational efficiency, regulatory compliance, and the development of scalable digital capabilities across the organization.

|                                               | ICT software | Internally developed software | Total         |
|-----------------------------------------------|--------------|-------------------------------|---------------|
| Cost at December 31, 2023                     | 7,998        | 40,909                        | 48,907        |
| Accumulated amortization at December 31, 2023 | -6,324       | -27,258                       | -33,582       |
| <b>Balance at December 31, 2023</b>           | <b>1,674</b> | <b>13,651</b>                 | <b>15,325</b> |
| Carrying amount at January 1, 2024            | 1,674        | 13,651                        | 15,325        |
| Investments                                   | 323          | 16,576                        | 16,899        |
| Amortization                                  | -738         | -4,326                        | -5,064        |
| Impairment/disposals                          | -            | -1,565                        | -1,565        |
| Accumulated depreciation on disposals         | -            | 850                           | 850           |
| <b>Balance at December 31, 2024</b>           | <b>1,259</b> | <b>25,186</b>                 | <b>26,445</b> |
| Cost at December 31, 2024                     | 8,321        | 55,920                        | 64,241        |
| Accumulated amortization at December 31, 2024 | -7,062       | -30,734                       | -37,796       |
| <b>Balance at December 31, 2024</b>           | <b>1,259</b> | <b>25,186</b>                 | <b>26,445</b> |

Impairment relates to software that is not in use anymore.

# Notes to the consolidated statement of financial position: liabilities and equity

## 13. Short-term credits

|                                                                   | 2025           | 2024           |
|-------------------------------------------------------------------|----------------|----------------|
| Collateral received (related to derivative financial instruments) | 157,862        | 17,099         |
| Commercial paper                                                  | 386,103        | 199,813        |
| <b>Balance at December 31</b>                                     | <b>543,965</b> | <b>216,912</b> |

## 14. Current accounts with State funds and other programs (liability)

|                               | 2025         | 2024      |
|-------------------------------|--------------|-----------|
| Current account BP            | 2,002        | -         |
| Current account AEF           | 103          | 81        |
| Current account GCF           | 12           | 12        |
| <b>Balance at December 31</b> | <b>2,117</b> | <b>93</b> |

These are current accounts maintained for the State Funds' administration.

## 15. Dutch government program liabilities

### Other liabilities at fair value through profit or loss

|                               | 2025          | 2024           |
|-------------------------------|---------------|----------------|
| Balance at January 1          | 121,715       | 74,003         |
| Purchases and contributions   | 10,926        | 7,280          |
| Sales and repayments          | -232          | -              |
| Changes in fair value         | -12,906       | -14,233        |
| Other changes                 | -22,616       | -200           |
| Other additions               | -             | 54,865         |
| <b>Balance at December 31</b> | <b>96,887</b> | <b>121,715</b> |

The financial liabilities contained in this note relate to FMO's obligations to the public fund programs managed on behalf of the Dutch Government and amounts payable to the Dutch Government as a part of their participation in the DFCD and Ventures programs. Other additions line item relates to the consolidation of the Land Use Facility (LUF) of the Dutch Fund for Climate Development (DFCD) in 2024 and represents the amounts payable to the Dutch Government as a result of their participation in the program.

FMO applies the net asset value valuation technique as the basis for estimating the fair value of these liabilities. The valuation is based on the underlying assets included in the overall programs' values, which are level 3 inputs.

The movements 'changes in fair value' and 'other changes' are both reflected in the line item 'other changes' in Note 24 'Net result of financial transactions'.

The 'other changes' comprise €12.3 million reduction resulting from the amendment to the AEF agreement with the Dutch State, and a €10.3 million decrease related to movements in the 2025 results of LUF.

## 16. Debentures and notes

Debentures and notes include senior unsecured and subordinated debt instruments in various currencies issued under FMO's debt issuance programs. FMO issued €300 million of subordinated notes (11NC6) on June 12, 2025, with a maturity date of June 19, 2036, bearing a fixed coupon rate of 3 percent. The notes are non-convertible and can be called on the first call date, June 19, 2031. On July 15, 2025, the first call date, the outstanding €250 million subordinated notes at the time were

called after having obtained regulatory approval. Subordinated notes are classified as financial liability under IFRS, but for regulatory purposes considered as Tier 2 capital.

|                                    | 2025             | 2024             |
|------------------------------------|------------------|------------------|
| Balance at January 1               | 6,335,981        | 6,060,683        |
| Amortization of premiums/discounts | 58,576           | 12,857           |
| Proceeds from issuance             | 2,096,441        | 1,213,542        |
| Redemptions                        | -1,588,577       | -1,241,544       |
| Changes in fair value              | 84,898           | 41,426           |
| Changes in accrued expense         | 15,119           | 25,736           |
| Exchange rate differences          | -503,547         | 223,281          |
| <b>Balance at December 31</b>      | <b>6,498,892</b> | <b>6,335,981</b> |

Line item 'Changes in fair value' represents the fair value changes attributable to the hedge risk in connection with the debentures and notes used for hedge accounting purposes.

#### Carrying value of the debentures

|                                             | 2025             | 2024             |
|---------------------------------------------|------------------|------------------|
| Debentures and notes under hedge accounting | 5,427,499        | 5,472,577        |
| Debentures and notes valued at AC           | 1,071,393        | 863,404          |
| <b>Balance at December 31</b>               | <b>6,498,892</b> | <b>6,335,981</b> |

#### Nominal amounts of the debentures and notes

|                                             | 2025             | 2024             |
|---------------------------------------------|------------------|------------------|
| Debentures and notes under hedge accounting | 5,386,091        | 5,514,090        |
| Debentures and notes valued at AC           | 1,035,471        | 829,735          |
| <b>Balance at December 31</b>               | <b>6,421,562</b> | <b>6,343,825</b> |

## 17. Accrued and other liabilities

|                                                  | 2025           | 2024          |
|--------------------------------------------------|----------------|---------------|
| Costs related to guarantees                      | 1,300          | 1,976         |
| Upfront fees                                     | 2,312          | 2,720         |
| Lease liabilities                                | 27,276         | 11,069        |
| Personnel payables                               | 3,379          | 3,245         |
| Tax refund credits                               | 11,869         | 9,842         |
| Trade creditors                                  | 7,364          | -3,357        |
| Management fees European Commission              | 6,363          | 2,622         |
| Accrued costs and payables to third parties      | 16,536         | 25,596        |
| Sub-delegation and other public funding balances | 90,109         | -             |
| Others                                           | 7,655          | 3,893         |
| <b>Balance at December 31</b>                    | <b>174,163</b> | <b>57,606</b> |

Lease liabilities relate to IFRS 16 leases. For a breakdown of the lease liabilities, refer to Note 11 - 'Property, plant and equipment'.

Sub-delegation balances relate to funding received by FMO under sub-delegation agreements that is in the process of being transferred to the sub-delegatee. The corresponding assets are recognised as part of 'Cash balances with banks'.

In this consolidated financial statements, immaterial presentation revisions have been made to aggregate 'Wage tax liabilities', which were presented separately in the December 31, 2024, consolidated annual financial statements, with 'Accrued and other liabilities'. Furthermore, the financial statements captions 'Accrued liabilities' and 'Other liabilities' which were presented separately in the December 31, 2024, consolidated annual financial statements have now been merged and presented as single financial statements caption in this consolidated financial statements.



## 18. Provisions

The amounts recognized in the statement of financial position are as follows.

|                                | 2025          | 2024          |
|--------------------------------|---------------|---------------|
| Pension schemes                | 13,954        | 17,230        |
| Allowance for loan commitments | 10,276        | 10,582        |
| Allowance for guarantees       | 1,926         | 2,819         |
| Other provisions               | 3,786         | 6,149         |
| <b>Balance at December 31</b>  | <b>29,942</b> | <b>36,780</b> |

The movements in allowance for loan commitments and liabilities for guarantees are set out in Note 32 - 'Off-balance sheet information' section.

### Pension schemes

FMO's pension schemes cover all its employees. Up to 2022 the pension schemes were according to defined benefit plans and were mostly based on average-pay-schemes. FMO has a contract with a well-established insurer, by which all nominal pension obligations are guaranteed.

Due to the expiration on December 31, 2021, of FMO's pension agreement and taking into account upcoming changes in regulations impacting defined benefit pension plans, FMO made the decision during 2021 to amend its pension plan for existing and future employees. Starting from January 1, 2022, employees participate in a defined contribution plan. The defined benefit obligation reflects the net pension liability attributable to members of the defined benefit plan that ended on December 31, 2021.

The actuarial loss on the pension liability amounts to €0.7 million (2024: €8.4 million profit). This loss is mainly due to the fact that for 2024 the actual indexation granted was higher than expected.

The amounts recognized in the statement of financial position are as follows:

|                                                     | 2025          | 2024          |
|-----------------------------------------------------|---------------|---------------|
| Present value of funded defined benefit obligations | 171,437       | 196,429       |
| Fair value of plan assets                           | -157,483      | -179,199      |
| <b>Liability included in provisions</b>             | <b>13,954</b> | <b>17,230</b> |

#### Defined benefit obligations

|                                                                    | 2025           | 2024           |
|--------------------------------------------------------------------|----------------|----------------|
| Present value at January 1                                         | 196,429        | 200,131        |
| Service cost                                                       | -              | -              |
| Interest cost                                                      | 6,048          | 6,062          |
| Actuarial (gains)/losses due to changes in financial assumptions   | -28,880        | -4,947         |
| Actuarial (gains)/losses due to changes in demographic assumptions | -              | -297           |
| Actuarial (gains)/losses due to experience assumptions             | 1,786          | -6,394         |
| Past service cost (indexation)                                     | -              | 5,460          |
| Benefits paid                                                      | -3,946         | -3,586         |
| <b>Present value at December 31</b>                                | <b>171,437</b> | <b>196,429</b> |

In December 2024 the indexation budget for active members with conditional indexation had increased. This resulted in an increase in the indexation assumption for this group and has an increasing impact of €5.5 million on the defined benefit obligation.

## Plan assets

|                                                                    | 2025            | 2024            |
|--------------------------------------------------------------------|-----------------|-----------------|
| Fair value at January 1                                            | -179,199        | -178,764        |
| Expected return on plan assets                                     | -5,559          | -5,456          |
| Employer contribution                                              | -4,448          | -3,074          |
| Actuarial (gains)/losses due to changes in financial assumptions   | 26,866          | 1,687           |
| Actuarial (gains)/losses due to changes in demographic assumptions | -               | 258             |
| Actuarial (gains)/losses due to experience assumptions             | 911             | 2,564           |
| Benefits paid                                                      | 3,946           | 3,586           |
| <b>Fair value at December 31</b>                                   | <b>-157,483</b> | <b>-179,199</b> |

No direct asset allocation is held in relation to the pension insurance contract. Therefore, the fair value of the plan assets can no longer be determined based on a certain asset allocation. Due to this, paragraph 115 of IAS 19 has been applied in estimating the fair value of plan assets based on accrued pension rights and actuarial rates.

The movement in the liability recognized in the statement of financial position is as follows:

|                               | 2025          | 2024          |
|-------------------------------|---------------|---------------|
| Balance at January 1          | 17,230        | 21,367        |
| Annual expense                | 627           | 6,137         |
| Contributions paid            | -4,586        | -3,145        |
| Actuarial gains/(losses)      | 683           | -7,129        |
| <b>Balance at December 31</b> | <b>13,954</b> | <b>17,230</b> |

The amounts recognized in the statement profit or loss account as net periodic pension cost are as follows:

|                                   | 2025       | 2024         |
|-----------------------------------|------------|--------------|
| Administration cost               | 138        | 71           |
| Net interest cost                 | 489        | 606          |
| <b>Subtotal</b>                   | <b>627</b> | <b>677</b>   |
| Contribution by plan participants | -          | -            |
| Past service cost (curtailment)   | -          | 5,460        |
| <b>Total annual expense</b>       | <b>627</b> | <b>6,137</b> |

The principal assumptions used for the purpose of the actuarial valuations at year-end are as follows:

|                                  | 2025 (%) | 2024 (%) |
|----------------------------------|----------|----------|
| Discount rate                    | 3.9      | 3.1      |
| Indexation active participants   | 2.4      | 2.3      |
| Indexation inactive participants | 0.4      | 0.3      |

As the principal actuarial assumptions are discount rate and the indexation, it is expected that possible changes to these assumptions, holding other assumptions constant, would affect the defined benefit obligation by the amounts shown below.

## 2025

|                                    | Increase (+0.5%)  | Decrease (-0.5%)  |
|------------------------------------|-------------------|-------------------|
| Discount rate                      | -15,715           | 18,078            |
|                                    | Increase (+0.25%) | Decrease (-0.25%) |
| Indexation - Active participants   | 962               | -962              |
| Indexation - Inactive participants | 5,316             | -5,316            |

## 2024

|                                    | Increase (+0.5%)  | Decrease (-0.5%)  |
|------------------------------------|-------------------|-------------------|
| Discount rate                      | -14,879           | 19,965            |
|                                    | Increase (+0.25%) | Decrease (-0.25%) |
| Indexation - Active participants   | 1,256             | -1,238            |
| Indexation - Inactive participants | 6,566             | -6,124            |

## European Single Resolution Fund

The European Single Resolution Fund (SRF) was established on 1 January 2016 to support resolution mechanisms in the euro area. FMO is required to contribute annually to the SRF and may do so either by paying the full contribution in cash or by settling 85% in cash and providing the remaining 15% as an irrevocable payment commitment (IPC). Since 2019, FMO has chosen the IPC option.

In February 2024, the Single Resolution Board (SRB) confirmed that the SRF had reached its target level, and no contribution was collected for 2025. The cumulative IPCs provided by FMO amount to EUR 2.946 million, representing the maximum potential loss in the event the SRB executes a call.

On 13 November 2025, the Court of Justice of the European Union ruled that, when an institution exits the Single Resolution Mechanism following withdrawal of its banking licence, IPCs are cancelled but the obligation to pay the underlying SRF contributions remains. The SRB may therefore retain collateral until the full cash amount is settled. Therefore, the related liability is no longer considered as contingent but as a provision that should be recognised.

As at 31 December 2025, FMO does not anticipate any circumstances that would lead to the withdrawal of its banking licence, an exit from the Single Resolution Mechanism, or the initiation of resolution actions that could trigger additional SRF contribution calls. Given the time value of money and the fact that the SRF has reached its target level, the estimated liability is considered immaterial.

## 19. Shareholders' equity

### Share capital

The authorized capital amounts to €45,380k, consisting of A shares of €22.69 each, which are held by the Dutch Government, and B shares of €22.69 each, which are held by commercial banks and private investors. The Dutch Government holds 51 percent of the total shares of FMO, while commercial banks and private investors hold the remaining 49 percent. The voting rights for A shares and B shares are equal. In addition, the equity of the company comprises of three reserves, in line with the Agreement State-FMO of July 1, 2023. These are the share premium reserve, the development fund and the contractual reserve. As long as the company continues its activities, these reserves are not available to the shareholders. Upon liquidation of FMO these reserves fall to the Dutch Government, after settlement of the contractual return to the shareholders.

| Authorized share capital         | 2025          | 2024          |
|----------------------------------|---------------|---------------|
| 1,020,000 A shares x €22.69      | 23,144        | 23,144        |
| 980,000 B shares x €22.69        | 22,236        | 22,236        |
| <b>Balance at December 31</b>    | <b>45,380</b> | <b>45,380</b> |
| Issued and paid-up share capital | 2025          | 2024          |
| 204,000 A shares x €22.69        | 4,629         | 4,629         |
| 196,000 B shares x €22.69        | 4,447         | 4,447         |
| <b>Balance at December 31</b>    | <b>9,076</b>  | <b>9,076</b>  |

### Share premium reserve

Share premium reserve is contributed by shareholders on the transfer to the company of investments administrated on behalf of the Dutch Government at the time of the financial restructuring and amounts to €29,272k (2024: €29,272k).

## Contractual reserve

The addition relates to that part of the annual profit that FMO is obliged to reserve under the Agreement State-FMO of July 1, 2023 (see section 'Additional information'). The contractual reserve in the consolidated financial statements is a combination of the revaluation reserve and contractual reserve recognised and presented in the Company financial statements, for further information on these, refer to the Note 'F. Shareholders' equity' in the Company financial statements.

## Development fund

This special purpose reserve contains the allocation of risk capital provided by the Dutch Government to finance the portfolio of loans and equity investments.

## Fair value reserve

|                                                   | 2025           | 2024          |
|---------------------------------------------------|----------------|---------------|
| Balance at January 1                              | 86,758         | 65,208        |
| Fair value reserve of equity instruments at FVOCI | 22,046         | 34,093        |
| Income tax effect other comprehensive income      | -5,688         | -12,543       |
| <b>Balance at December 31</b>                     | <b>103,116</b> | <b>86,758</b> |

## Actuarial result on defined benefits plans

|                                  | 2025          | 2024          |
|----------------------------------|---------------|---------------|
| Balance at January 1             | -4,380        | -9,670        |
| Gains/(losses) during the period | -507          | 5,290         |
| <b>Balance at December 31</b>    | <b>-4,887</b> | <b>-4,380</b> |

## Translation reserve

|                               | 2025           | 2024          |
|-------------------------------|----------------|---------------|
| Balance at January 1          | 31,030         | 8,092         |
| Change                        | -47,448        | 22,938        |
| <b>Balance at December 31</b> | <b>-16,418</b> | <b>31,030</b> |

## Other reserves

|                                               | 2025          | 2024          |
|-----------------------------------------------|---------------|---------------|
| Balance at January 1                          | 26,887        | 28,850        |
| Allocation of undistributed result prior year | -             | -             |
| Changes due to FOM                            | -             | -1,963        |
| <b>Balance at December 31</b>                 | <b>26,887</b> | <b>26,887</b> |

Changes due to FOM line item relates to the liquidation of FOM and the subsequent distribution made to the Dutch Government in 2024.

## Notes to the consolidated statement of profit or loss

### 20. Net interest income

#### Interest income

|                                                                       | 2025           | 2024           |
|-----------------------------------------------------------------------|----------------|----------------|
| Interest on loans measured at AC                                      | 456,749        | 457,136        |
| Interest on collateral delivered                                      | 2,360          | 11,189         |
| Interest income related to cash balances with banks                   | 24,608         | 36,089         |
| Interest on interest-bearing securities                               | 10,483         | 9,722          |
| <b>Interest income calculated using the effective interest method</b> | <b>494,200</b> | <b>514,136</b> |
| Interest on loans measured at FVPL                                    | 39,927         | 50,216         |
| Interest on interest-bearing securities at FVTPL                      | 3,632          | 2,439          |
| Interest on short-term deposits at FVTPL                              | 12,321         | 20,992         |
| Interest on derivatives related to asset portfolio                    | -43,576        | -31,438        |
| <b>Other interest income</b>                                          | <b>12,304</b>  | <b>42,209</b>  |
| <b>Total interest income</b>                                          | <b>506,504</b> | <b>556,345</b> |

Included in the interest income on loans is €13.7 million (2024: €19.0 million) related to Stage 3 loans (adjusted on basis of net carrying amount).

#### Interest expense

|                                                                        | 2025            | 2024            |
|------------------------------------------------------------------------|-----------------|-----------------|
| Interest on debentures and notes in hedge accounting                   | -157,664        | -143,642        |
| Interest on debentures and notes not in hedge accounting               | -97,238         | -90,561         |
| Interest on short-term credits                                         | -4,671          | -3,220          |
| <b>Interest expense calculated using the effective interest method</b> | <b>-259,573</b> | <b>-237,423</b> |
| Interest on derivatives related to funding portfolio                   | -22,349         | -92,708         |
| <b>Other interest expense</b>                                          | <b>-22,349</b>  | <b>-92,708</b>  |
| Interest on leases                                                     | -221            | -97             |
| <b>Total interest expense</b>                                          | <b>-282,143</b> | <b>-330,228</b> |

### 21. Dividend income

Dividend income relates to income from equity investments.

|                                    | 2025          | 2024          |
|------------------------------------|---------------|---------------|
| Dividend income direct investments | 18,385        | 16,219        |
| Dividend income fund investments   | 21,180        | 12,952        |
| <b>Total dividend income</b>       | <b>39,565</b> | <b>29,171</b> |

### 22. Results from equity investments

|                                                    | 2025            | 2024           |
|----------------------------------------------------|-----------------|----------------|
| <b>Results from equity investments</b>             |                 |                |
| Unrealised results from FV movements               | 95,285          | 45,333         |
| Unrealised results from FX movements               | -209,849        | 116,133        |
| <b>Net results from fair value re-measurements</b> | <b>-114,565</b> | <b>161,466</b> |
| <b>Results from sales</b>                          |                 |                |
| Realized results                                   | 37,016          | 40,858         |
| Release unrealized results                         | -67,721         | -63,895        |
| <b>Net results from sales</b>                      | <b>-30,705</b>  | <b>-23,037</b> |
| <b>Net results from equity investments</b>         | <b>-145,269</b> | <b>138,429</b> |

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

## 23. Net fee and commission income

|                                                                       | 2025           | 2024           |
|-----------------------------------------------------------------------|----------------|----------------|
| Prepayment fees                                                       | 2,421          | 1,998          |
| Fees for FVPL loans                                                   | 1,454          | 1,080          |
| Administration fees                                                   | 2,419          | 1,875          |
| Other fees (for example: arrangement, cancellation and waiver fees)   | 5,171          | 4,719          |
| <b>Total fee and commission income</b>                                | <b>11,465</b>  | <b>9,672</b>   |
| Custodian fees and charges for the early repayment of debt securities | -826           | -796           |
| Guarantee fees related to unfunded risk participants                  | -12,150        | -12,771        |
| Other fee expenses                                                    | -              | -159           |
| <b>Total fee and commission expense</b>                               | <b>-12,976</b> | <b>-13,726</b> |
| <b>Net fee and commission income</b>                                  | <b>-1,511</b>  | <b>-4,054</b>  |

## 24. Net result from financial transactions

|                                                                                 | 2025           | 2024           |
|---------------------------------------------------------------------------------|----------------|----------------|
| Gains/(losses) on remeasurement on valuation of hedged items                    | -84,898        | -41,426        |
| Gains/(losses) on remeasurement of hedging instruments                          | 82,609         | 48,680         |
| <b>Net result on hedge accounting</b>                                           | <b>-2,289</b>  | <b>7,254</b>   |
| Result on sale and valuation of treasury derivatives not under hedge accounting | -26,073        | -20,929        |
| Result on sale and valuation of derivatives related to asset portfolio          | -2,503         | -5,878         |
| Result on sale and valuation of loans at FVPL                                   | -3,716         | 11,734         |
| Result on sale and valuation of securities at FVPL                              | 337            | 1,791          |
| <b>Net result on financial instruments mandatory at FVPL</b>                    | <b>-31,955</b> | <b>-13,282</b> |
| Foreign exchange results loans at FVPL                                          | -72,466        | 34,462         |
| Foreign exchange results derivatives                                            | 199,055        | -102,932       |
| Foreign exchange results on other financial assets/liabilities                  | -118,674       | 74,499         |
| <b>Net foreign exchange results</b>                                             | <b>7,915</b>   | <b>6,029</b>   |
| Other financial results                                                         | 20             | -19            |
| Other changes                                                                   | 35,521         | 10,622         |
| <b>Other results from financial transactions</b>                                | <b>35,541</b>  | <b>10,603</b>  |
| <b>Net result from financial transactions</b>                                   | <b>9,212</b>   | <b>10,604</b>  |

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

'Other changes' relate majorly to the remeasurement of 'Dutch government program liabilities' for FMO's obligations to the public fund programs managed on behalf of the Dutch Government. Refer to Note 15 for further details on the nature of 'Dutch government program liabilities'



## 25. Remuneration for services rendered

|                                                              | 2025          | 2024          |
|--------------------------------------------------------------|---------------|---------------|
| Public funding programs:                                     |               |               |
| - MASSIF                                                     | 10,093        | 10,775        |
| - Building Prospects                                         | 9,157         | 9,594         |
| - Access to Energy Fund                                      | 3,465         | 3,657         |
| - Mobilising Finance for Forests                             | 3,509         | -             |
| Syndication fees, remuneration from directorships and others | 9,044         | 11,473        |
| <b>Total remuneration for services rendered</b>              | <b>35,268</b> | <b>35,499</b> |

Remuneration for managing funds and programs is assessed for market conformity and expressed in gross amounts. Related management expenses are included in operating expenses.

## 26. Gains and losses due to derecognition

Gains and losses due to derecognition arise from loans measured at amortized cost when sold to a third party or when terms and conditions of a loan arrangement have been modified significantly.

|                                                    | 2025       | 2024         |
|----------------------------------------------------|------------|--------------|
| Gains and losses due to derecognition              | 349        | 1,863        |
| <b>Total gains and losses due to derecognition</b> | <b>349</b> | <b>1,863</b> |

## 27. Staff costs

The number of FTE on December 31, 2025, amounted to 879 (2024: 834 FTEs). In 2025, 870 (2024: 825) FTEs were based in the Netherlands and from the other 9 (2024: 9) 2 FTE were based in our regional offices in Costa Rica (2024: 2), 6 FTE were based in South Africa (2024: 5) and one FTE in Kenya (2024: 2).

The average 2025 FTE number amounted to 866 (2024: 813 FTEs).

|                                   | 2025            | 2024            |
|-----------------------------------|-----------------|-----------------|
| Salaries                          | -92,713         | -83,400         |
| Social security costs             | -12,145         | -10,888         |
| Pension costs                     | -20,295         | -23,848         |
| Temporaries                       | -9,866          | -18,824         |
| Travel and subsistence allowances | -5,478          | -5,257          |
| Other personnel expenses          | -5,860          | -2,622          |
| <b>Total staff costs</b>          | <b>-146,357</b> | <b>-144,839</b> |

The Pension costs line item includes an amount of €0.6 million (2024 €6.1 million) related to the defined benefit plan expenses.

## 28. General and administrative expenses

|                                      | 2025           | 2024           |
|--------------------------------------|----------------|----------------|
| IT expenses                          | -14,708        | -11,120        |
| Advisory costs                       | -8,692         | -12,914        |
| Other operational expenses           | -12,421        | -13,079        |
| <b>Total administrative expenses</b> | <b>-35,821</b> | <b>-37,113</b> |

These expenses consist primarily of services from third parties and other operational expenses. The remuneration paid to the Supervisory Board is included in these expenses. As of December 31, 2025, the Supervisory Board consisted of six members (2024: six). The members of the Supervisory Board were paid a total remuneration of €157k (2024: €140k).

In this consolidated financial statements, immaterial presentation revisions have been made to aggregate 'other operational expenses', which was presented separately in the December 31, 2024 consolidated annual financial statements, with 'Administrative expenses'.

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by PricewaterhouseCoopers Accountants N.V (2024: EY Accountants B.V.) to the company and its subsidiaries. Other assurance services include assurance in respect of sustainability disclosures, regulatory reporting, specific financial reporting of government and EU funds and capital market transactions. Additionally, PricewaterhouseCoopers Accountants N.V. and EY Accountants B.V. performed permitted agreed-upon procedures services on the financial reporting of government funds. No other non-assurance services have been performed.

#### Total fees charged by auditors

|                                    | 2025          | 2024          |
|------------------------------------|---------------|---------------|
| Statutory audit of annual accounts | -1,534        | -1,138        |
| Other assurance services           | -949          | -1,329        |
| <b>Total</b>                       | <b>-2,483</b> | <b>-2,467</b> |

## 29. Income taxes

### Income tax by type

|                         | 2025           | 2024           |
|-------------------------|----------------|----------------|
| Current income taxes    | -5,861         | -11,875        |
| Deferred income taxes   | -5,604         | -3,488         |
| <b>Total income tax</b> | <b>-11,465</b> | <b>-15,363</b> |

The reconciliation of the statutory income tax rate to the effective income tax rate is as follows:

|                                                       | 2025           | 2024           |
|-------------------------------------------------------|----------------|----------------|
| Profit/(loss) before taxation                         | 59,923         | 312,597        |
| Income taxes at statutory rate of 25.8% (2024 25.8%)  | -15,460        | -80,650        |
| Increase/decrease resulting from:                     |                |                |
| Settlement with local withholding taxes               | 4,364          | 3,049          |
| Non-taxable income (participation exemption facility) | -4,634         | 61,607         |
| Fees related to Dutch tax transparent equity funds    | 4,791          | 1,032          |
| Tax adjustments to prior periods                      | -481           | -293           |
| Other                                                 | -45            | -108           |
| <b>Total income tax</b>                               | <b>-11,465</b> | <b>-15,363</b> |
| Effective income tax rate                             | 19.1%          | 4.9%           |

### Current income tax

FMO received €622 (2024: €18,681 paid) from the tax authorities. The remaining current income tax receivable amounts to €893 (2024: €13,297).

The domestic corporate income tax rate for 2025 is 25.8 percent (2024: 25.8 percent). The effective rate for 2025 is calculated at 19.1 percent - mainly due to the participation exemption of equity results. The increase of the effective tax rate compared with last year is mostly due to this year's lower equity results.

For the financial year ended December 31, 2025, this results in a corporate income tax of €11.5 million (December 31, 2024: €15.4 million). As of December 31, 2025, there are no unrecognized unused tax losses (December 31, 2024: €0 million) and no unrecognized unused tax credits (December 31, 2024: €0).

## Deferred tax

FMO's deferred income tax assets and liabilities are summarized as follows:

|                                                 | 2025         | 2024         |
|-------------------------------------------------|--------------|--------------|
| <b>Deferred tax assets</b>                      |              |              |
| Pension provision                               | 1,901        | 2,816        |
| Actuarial gains/losses on defined benefit plans | 1,699        | 1,523        |
| Unused tax credits                              | -            | 1,508        |
| Liability Government Funds                      | -            | 3,173        |
| Leases                                          | 47           | 55           |
| <b>Total deferred tax assets</b>                | <b>3,647</b> | <b>9,075</b> |
| <b>Deferred tax liabilities</b>                 |              |              |
| Fair value movements equity investments         | -279         | -510         |
| <b>Total deferred tax liabilities</b>           | <b>-279</b>  | <b>-510</b>  |
| <b>Net balance at December 31</b>               | <b>3,368</b> | <b>8,565</b> |

## Notes to the consolidated statement of comprehensive income

### 30. Other comprehensive income

#### Tax effects relating to each component of other comprehensive income

| 2025                                                   |                   |                       |                   |
|--------------------------------------------------------|-------------------|-----------------------|-------------------|
|                                                        | Before tax amount | Tax (expense) benefit | Net of tax amount |
| Exchange differences on translating foreign operations | -47,448           | -                     | -47,448           |
| Fair value reserve of equity instruments at FVOCI      | 22,046            | -5,688                | 16,358            |
| Actuarial gains/(losses) on defined benefit plans      | -683              | 176                   | -507              |
| <b>Total</b>                                           | <b>-26,085</b>    | <b>-5,512</b>         | <b>-31,597</b>    |

| 2024                                                   |                   |                       |                   |
|--------------------------------------------------------|-------------------|-----------------------|-------------------|
|                                                        | Before tax amount | Tax (expense) benefit | Net of tax amount |
| Exchange differences on translating foreign operations | 22,938            | -                     | 22,938            |
| Fair value reserve of equity instruments at FVOCI      | 34,093            | -12,543               | 21,550            |
| Actuarial gains/losses on defined benefit plans        | 7,129             | -1,839                | 5,290             |
| <b>Total</b>                                           | <b>64,160</b>     | <b>-14,382</b>        | <b>49,778</b>     |

## Notes to the consolidated statement of cash flows

### 31. Cash balances with banks and short-term deposits

The balance as mentioned in the cash flow statement corresponds with the following items in the consolidated statement of financial position:

|                                                                       | 2025             | 2024             |
|-----------------------------------------------------------------------|------------------|------------------|
| Cash balances with Banks                                              | 140,239          | 43,087           |
| Short-term deposits measured at AC                                    | 623,995          | 1,111,886        |
| Short-term deposits measured at FVPL                                  | 446,130          | 369,481          |
| -of which > 3 months                                                  | -                | -16,739          |
| <b>Cash balances with Banks and short term deposits &lt; 3 months</b> | <b>1,210,364</b> | <b>1,507,715</b> |

Cash and cash equivalents include cash balances with banks, short-term deposits at AC and a part of short-term deposits at FVPL, which consists of commercial paper with a maturity of less than three months. For breakdown of short-term deposits, refer to Note 3 - 'Short-term deposits'.

## Off-balance sheet information

### 32. Irrevocable and contingent liabilities

To meet the financial needs of borrowers, FMO enters into various irrevocable commitments (loan commitments, equity commitments and guarantee commitments) and contingent liabilities. These contingent liabilities consist of financial guarantees, which oblige FMO to make payments on behalf of the borrowers in case the borrower fails to fulfill payment obligations. Though these obligations are not recognized on the statement of financial position, they are subject to credit risk similar to loans to the private sector. Therefore, provisions are calculated for financial guarantees and loan commitments according to the ECL measurement methodology.

Moreover, FMO receives guarantees from various guarantors, which participate in the risk FMO takes. For more details refer to section 'Credit risk' within the 'Risk management' chapter.

The outstanding amount for financial guarantees and other contingent liabilities issued by FMO and the amount of guarantees received by FMO is as follows:

|                                     | 2025            | 2024            |
|-------------------------------------|-----------------|-----------------|
| <b>Contingent liabilities</b>       |                 |                 |
| Effective guarantees issued         | 218,713         | 193,176         |
| <b>Total guarantees issued</b>      | <b>218,713</b>  | <b>193,176</b>  |
| Other contingent liabilities        | 8,631           | -               |
| <b>Total contingent liabilities</b> | <b>227,344</b>  | <b>193,176</b>  |
| Effective guarantees received       | -593,540        | -503,519        |
| <b>Total guarantees received</b>    | <b>-593,540</b> | <b>-503,519</b> |

FMO has recorded a contingent tax liability of €8.6 million (December 31, 2024: €0 million) for possible additional tax payments arising from treatments currently under consideration with tax authorities.

Nominal amounts for irrevocable facilities are as follows:

|                                                          | 2025             | 2024             |
|----------------------------------------------------------|------------------|------------------|
| Contractual commitments for disbursements of:            |                  |                  |
| • Loans                                                  | 1,070,630        | 923,553          |
| • Equity investments and associates                      | 740,023          | 980,534          |
| • Contractual commitments for financial guarantees given | 119,120          | 263,172          |
| <b>Total irrevocable facilities</b>                      | <b>1,929,773</b> | <b>2,167,259</b> |

The movement in exposure for the financial guarantees issued (including contractual commitments) and ECL allowance is as follows:

#### Movement financial guarantees in 2025

|                                                        | Stage 1                                 |               | Stage 2                                 |               | Stage 3                                 |               | Total                                   |               |
|--------------------------------------------------------|-----------------------------------------|---------------|-----------------------------------------|---------------|-----------------------------------------|---------------|-----------------------------------------|---------------|
|                                                        | Outstanding exposure/<br>Nominal amount | ECL allowance | Outstanding exposure/<br>Nominal amount | ECL allowance | Outstanding exposure/<br>Nominal amount | ECL allowance | Outstanding exposure/<br>Nominal amount | ECL allowance |
| Balance at January 1, 2025                             | 401,176                                 | -1,137        | 30,619                                  | -296          | 24,553                                  | -1,386        | 456,348                                 | -2,819        |
| Additions                                              | 82,950                                  | -165          | -                                       | -             | -                                       | -             | 82,950                                  | -165          |
| Exposures matured (excluding write-offs)               | -125,982                                | 351           | -943                                    | 468           | -4,093                                  | 1,031         | -131,018                                | 1,850         |
| Transfers to Stage 1                                   | 17,999                                  | -1,128        | -2,117                                  | -             | -15,882                                 | 1,128         | -                                       | -             |
| Transfers to Stage 2                                   | -18,120                                 | 27            | 18,120                                  | -27           | -                                       | -             | -                                       | -             |
| Transfers to Stage 3                                   | -                                       | -             | -                                       | -             | -                                       | -             | -                                       | -             |
| Changes to models and inputs used for ECL calculations | -                                       | 1,709         | -                                       | -1,340        | -                                       | -1,447        | -                                       | -1,078        |
| Foreign exchange adjustments                           | -64,296                                 | 93            | -5,450                                  | 52            | -701                                    | 141           | -70,447                                 | 286           |
| <b>Balance at December 31, 2025</b>                    | <b>293,727</b>                          | <b>-250</b>   | <b>40,229</b>                           | <b>-1,143</b> | <b>3,877</b>                            | <b>-533</b>   | <b>337,833</b>                          | <b>-1,926</b> |

#### Movement financial guarantees in 2024

|                                                        | Stage 1                                 |               | Stage 2                                 |               | Stage 3                                 |               | Total                                   |               |
|--------------------------------------------------------|-----------------------------------------|---------------|-----------------------------------------|---------------|-----------------------------------------|---------------|-----------------------------------------|---------------|
|                                                        | Outstanding exposure/<br>Nominal amount | ECL allowance | Outstanding exposure/<br>Nominal amount | ECL allowance | Outstanding exposure/<br>Nominal amount | ECL allowance | Outstanding exposure/<br>Nominal amount | ECL allowance |
| Balance at January 1, 2024                             | 303,741                                 | -935          | 20,853                                  | -507          | 25,814                                  | -9,837        | 350,408                                 | -11,279       |
| Additions                                              | 240,775                                 | -993          | -                                       | -             | -                                       | -             | 240,775                                 | -993          |
| Exposures matured (excluding write-offs)               | -97,542                                 | 533           | -20,681                                 | 557           | -40,973                                 | 7,589         | -159,196                                | 8,679         |
| Transfers to Stage 1                                   | -                                       | -             | -                                       | -             | -                                       | -             | -                                       | -             |
| Transfers to Stage 2                                   | -26,673                                 | 160           | 26,673                                  | -160          | -                                       | -             | -                                       | -             |
| Transfers to Stage 3                                   | -29,782                                 | 148           | -                                       | -             | 29,782                                  | -148          | -                                       | -             |
| Changes to models and inputs used for ECL calculations | -                                       | -33           | -                                       | -82           | -                                       | 1,334         | -                                       | 1,219         |
| Foreign exchange adjustments                           | 10,657                                  | -17           | 3,774                                   | -104          | 9,930                                   | -324          | 24,361                                  | -445          |
| <b>Balance at December 31, 2024</b>                    | <b>401,176</b>                          | <b>-1,137</b> | <b>30,619</b>                           | <b>-296</b>   | <b>24,553</b>                           | <b>-1,386</b> | <b>456,348</b>                          | <b>-2,819</b> |

Financial guarantees represent €219m (2024: €193m) classified as contingent liabilities and €119m (2024: €263m) classified as irrevocable facilities.

**Movement of loan commitments and ECL allowances in 2025**

|                                                             | Stage 1        |               | Stage 2        |               | Stage 3        |               | Total          |                |
|-------------------------------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|----------------|
|                                                             | Nominal amount | ECL allowance | Nominal amount | ECL allowance | Nominal amount | ECL allowance | Nominal amount | ECL allowance  |
| Balance at January 1, 2025                                  | 671,697        | -4,742        | 101,147        | -5,443        | 7,388          | -397          | 780,232        | -10,582        |
| Additions                                                   | 3,422,540      | -9,213        | 41,910         | -568          | -              | -             | 3,464,450      | -9,781         |
| Exposures derecognized or matured (excluding write-offs)    | -3,109,745     | 8,955         | -56,165        | 506           | -412           | -             | -3,166,322     | 9,461          |
| Transfers to Stage 1                                        | -              | -             | -              | -             | -              | -             | -              | -              |
| Transfers to Stage 2                                        | -54,832        | 1,104         | 54,832         | -1,104        | -              | -             | -              | -              |
| Transfers to Stage 3                                        | -              | -             | -9,092         | 419           | 9,092          | -419          | -              | -              |
| Changes to models and inputs used for ECL calculations      | -              | 467           | -              | -1,073        | -              | 37            | -              | -569           |
| Consolidation of group entities                             | -              | -             | -              | -             | -              | -             | -              | -              |
| Changes due to modifications not resulting in derecognition | -              | -             | -              | -             | 13             | -             | 13             | -              |
| Amounts written off                                         | -              | -             | -              | -             | -              | -             | -              | -              |
| Foreign exchange adjustments                                | -65,120        | 316           | -15,332        | 677           | -1,894         | 203           | -82,346        | 1,196          |
| <b>Balance at December 31, 2025</b>                         | <b>864,540</b> | <b>-3,113</b> | <b>117,300</b> | <b>-6,586</b> | <b>14,187</b>  | <b>-576</b>   | <b>996,027</b> | <b>-10,275</b> |

**Movement of loan commitments and ECL allowances in 2024**

|                                                             | Stage 1        |               | Stage 2        |               | Stage 3        |               | Total          |                |
|-------------------------------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|----------------|----------------|
|                                                             | Nominal amount | ECL allowance | Nominal amount | ECL allowance | Nominal amount | ECL allowance | Nominal amount | ECL allowance  |
| Balance at January 1, 2024                                  | 565,739        | -3,092        | 126,642        | -6,457        | 4,509          | -             | 696,890        | -9,549         |
| Additions                                                   | 3,290,691      | -7,358        | -              | -             | -              | -             | 3,290,691      | -7,358         |
| Exposures derecognized or matured (excluding write-offs)    | -3,220,099     | 6,108         | -41,814        | 4,148         | -4,293         | -             | -3,266,206     | 10,256         |
| Transfers to Stage 1                                        | 9,390          | -421          | -9,390         | 421           | -              | -             | -              | -              |
| Transfers to Stage 2                                        | -25,181        | 267           | 25,181         | -267          | -              | -             | -              | -              |
| Transfers to Stage 3                                        | -              | -             | -6,510         | 510           | 6,510          | -510          | -              | -              |
| Changes to models and inputs used for ECL calculations      | -              | 88            | -              | -3,280        | -              | 133           | -              | -3,059         |
| Consolidation of group entities                             | 15,823         | -135          | -              | -             | -              | -             | 15,823         | -135           |
| Changes due to modifications not resulting in derecognition | -              | -             | -              | -             | -              | -             | -              | -              |
| Amounts written off                                         | -              | -             | -              | -             | -              | -             | -              | -              |
| Foreign exchange adjustments                                | 35,334         | -199          | 7,038          | -518          | 662            | -20           | 43,034         | -737           |
| <b>Balance at December 31, 2024</b>                         | <b>671,697</b> | <b>-4,742</b> | <b>101,147</b> | <b>-5,443</b> | <b>7,388</b>   | <b>-397</b>   | <b>780,232</b> | <b>-10,582</b> |



## Related party information

FMO defines the Dutch Government, FMO's subsidiaries, joint ventures, associates, the Management Board (MB), and Supervisory Board (SB) as related parties.

### Dutch Government

The Dutch Government holds 51 percent of FMO's share capital. The remaining 49 percent is held by commercial banks, state unions and other members of the private sector. FMO received its last contribution to the development fund from the Dutch Government in 2005.

FMO has a support agreement with the Dutch Government which is detailed in the 'Additional Information' section. This agreement sets out the conditions for when the Dutch Government is obliged to support FMO in meeting its obligations. The agreement includes an arm's length amount that is payable by FMO annually. This amount is not material to the financial results of FMO. The agreement includes a limitation on the amount that can be borrowed by FMO in financial markets. This limitation is currently set at an amount that is 2.5 times FMO's current total debt. In accordance with the agreement, the next calculation of the debt limitation is in 2028.

In 2024, the 'Faciliteit Opkomende Markten' (FOM) program was liquidated and is therefore no longer consolidated by FMO. FOM was a joint initiative with the Dutch Government whereby the Dutch Government acted as a guarantor for 80 percent to 95 percent of the applicable loans.

FMO manages several government programs at the risk and expense of the Dutch Government. Refer to the "Corporate information" section in this annual report for the description of FMO's role with the various programs and the impact on FMO's financial reporting. The details of the transactions with these entities during the year are provided below:

1. MASSIF: FMO has a 2.04 percent (2024: 2.16 percent) stake in this program. For 2025, FMO received a fixed remuneration of € 10.1 million (2024: €10.8 million). In 2025, one equity investment was transferred from MASSIF to FMO (€2.9 million), no loans were transferred (2024: no transfers).

2. Building Prospects: For 2025, FMO received a fixed remuneration for services rendered of €9.1 million (2024: €9.6 million). In 2025, no loans and private equity investment positions were transferred from Building Prospects to FMO (2024: no transfers).

3. Access to Energy Fund (I and II): For 2025, FMO received a fixed remuneration for services rendered of €3.5 million (2024: €3.7 million). In 2025, no loans and private equity positions were transferred from Access to Energy Fund I and II to FMO (2024: no transfers).

4. The Mobilising Finance for Forests (MFF) programme: For 2025, FMO received a fixed remuneration for services rendered of €3.5 million (2024: €2.8 million). In 2025, no loans and private equity positions were transferred from MFF to FMO (2024: no transfers).

5. Dutch Fund for Climate and Development: For 2025, FMO received a fixed remuneration for services rendered of €1.8 million (2024: €1.8 million). As of December 31, 2025, the loans disbursed to LUF of the €240 million committed by FMO was €47.6 million (2024: €6.5 million). In 2025, no loans and private equity positions were transferred from LUF to FMO (2024: no transfers).

6. Ventures Program: As of December 31, 2025, FMO's investment participation is €145.0 million (2024: €161.7 million). FMO receives no remuneration for managing the program but instead participates directly in the program.

In our role of program manager for the assets under management, FMO holds current account positions with the government programs mentioned above. The balances of those current account positions are disclosed in the notes to the "Current accounts with State funds and other programs" line items.

### Subsidiaries and consolidated structured entities

The consolidated subsidiaries and structured entities FMO Representative Office LAC Limitada, Asia Participations B.V., Ventures Program, and Land Use Facility are used for intermediate holding purposes. The subsidiary FMO Investment Management B.V. carries out portfolio management activities for third-party investment programs that are invested in FMO's transactions in emerging market and developing economies.

## Associates and joint ventures

FMO holds stakes directly in private equity companies or indirectly via fund structures. These equity stakes are held as a part of FMO's overall investing activities, or in some cases, for strategic purposes. Investments are treated as associates or joint ventures when the criteria in the accounting policies are met.

Reference is made to the significant accounting policies and the "Investments in associates and joint ventures" note for transactions during the year.

## Remuneration of the Management Board

### General

FMO's remuneration policy for the Management Board aims to attract, motivate, and retain capable people with sufficient knowledge and experience in international development finance. The remuneration policy is aligned with the mission of FMO, our corporate values, our strategy, and our risk appetite, as well as the expectations of various stakeholders. The remuneration policy does not incentivize directors to act in their self-interest or to take risks that do not fit within FMO's Risk Appetite Framework (RAF). Furthermore, the policy does not reward failing Management Board members for such behavior after they have been discharged. The remuneration policy is based on a market median, composed of two equal proportions of a private benchmark (Dutch financial sector) and a public benchmark, considering financial sector remuneration regulation and principles applied by the Dutch Government as majority shareholder of FMO.

Employment contracts of members of the Management Board are awarded for a definite period (except for internal appointments). In the event of the employment contract being terminated before the expiry date, the maximum severance payment will amount to one year's salary, unless the Board member resigns voluntarily, or the termination is the result of the Board member's own actions.

The remuneration policy for the Management Board is reviewed every three to four years and amendments are subject to approval at the AGM. During the April 2025 AGM, no amendments to the remuneration policy were proposed or approved.

### Changes in Management Board

The Board consists of five functions: a Chief Executive Officer (CEO), two Co-Chief Investment Officers (CCIO), a Chief Risk Officer (CRO) and a Chief Finance & Operations Officer (CFOO).

All Management Board members have been appointed for four years. The compensations related to these appointments are aligned with the remuneration policy of the Management Board.

Effective April 1, 2025, Fatoumata Bouaré ended her second and final term in the Management Board and continued her career at the European Bank for Reconstruction and Development (EBRD). Fatoumata served as a member of the Management Board for seven and a half years, first as Chief Risk and Finance Officer, and as from September 1, 2022, as Chief Finance and Operations Officer.

Effective July 1, 2025, Peter Maila transitioned to Zvilo, a supply chain finance company headquartered in London. He served as a member of the Management Board for approximately two and a half years as Co-Chief Investment Officer.

The Supervisory Board has initiated the recruitment process to fill the vacant positions of CFOO and CCIO.

### Remuneration package

The total remuneration consists of a fixed salary (including 8 percent holiday allowance), a pension arrangement and other benefits. A summary of the employment arrangements and amounts constituting the total remuneration per Management Board member in 2025 are provided below.

### Fixed salary remuneration

As per January 1, 2025, the maximum salary cap-applicable to the CEO increased by 4 percent and per July 1, 2025 by 1 percent (in conformity with the structural salary adjustment of the collective labor agreement, CLA Banks) to €343,000 (2024: €327,000). During 2025, the fixed remuneration for the CEO was equal to the maximum cap. For the other members of the Management Board this salary cap was €292,000 and for Directors the salary cap was €251,000 (as per July 1, 2025). In the future, only structural salary adjustments as indicated by the CLA Banks will be applicable to the salary caps. As per January 1, 2026, this CLA increase was 3.5 percent.

## Variable compensation

Members of the senior management (Management Board members and Directors) and other members of the identified staff are not entitled to any form of variable income (e.g. individual bonuses).

## Pension arrangements

FMO offers all its employees, including members of the Management Board, a defined contribution pension scheme. For pensionable salary up to the applicable threshold, which for 2025 remained unchanged compared to 2024, at €138,000, a defined contribution is made by the employer. Accrued pension entitlements in the previous defined benefit scheme remain in the former scheme, in which the nominal pension obligations are guaranteed by a pension insurer.

## Other benefits

The other benefits include accident and disability insurance, appropriate expense allowances, a working-from-home allowance, internet allowance, and a mobility allowance or NS-business card in the Netherlands via public transport. The company has also taken out a directors' and officers' liability insurance on behalf of the Management Board members. The members of the Management Board have no options, shares, or loans related to the company. Acceptance of ancillary positions require the explicit approval of the Supervisory Board.

## Tenure

Management Board members can serve two terms of four years and thereafter by exception only two extra reappointments of two years are possible.

All members of the Management Board are appointed for a period of four years.

On April 23, 2025, the AGM reappointed Michael Jongeneel as CEO for a second term running until September 1, 2029; he has a fixed-term employment contract.

Huib-Jan de Ruijter was also re-appointed for a second term as CCIO, which ends on July 7, 2029; he has an employment contract for an indefinite period of time (related to his internal promotion).

Franca Vossen is serving her first term, which runs until September 1, 2026; she has a fixed-term employment contract.

## Remuneration ratios

There are no employees at FMO who earn more than the CEO. In accordance with the European Sustainability Reporting Standards, the ratio between the total fixed remuneration of the highest-paid individual, the CEO, and the median of the rest remained unchanged in 2025, being 0.29 (2024: 0.29). In other words, the highest-paid individual received a total fixed remuneration of 3.5 times the amount paid to the median of (the rest of) the total staff population. Compared to what is seen in the financial sector in the Netherlands this ratio remained relatively low for FMO.

## Remuneration of the Management Board

On December 31, 2025, the Management Board consisted of three statutory members (2024: five). The total remuneration of the Management Board in 2025 amounts to €1.4 million (2024: €1.7 million) and is specified as follows:

| 2025                                  |                    |                                    |            |              |
|---------------------------------------|--------------------|------------------------------------|------------|--------------|
|                                       | Fixed remuneration | Other short-term employee benefits | Pension    | Total        |
| Michael Jongeneel (CEO) <sup>1)</sup> | 342                | 12                                 | 45         | 399          |
| Fatoumata Bouaré (CFOO) <sup>2)</sup> | 72                 | 5                                  | 19         | 96           |
| Huib-Jan de Ruijter (CCIO)            | 290                | 48*                                | 58         | 396          |
| Peter Maila (CCIO) <sup>3)</sup>      | 144                | 7                                  | 17         | 168          |
| Franca Vossen (CRO)                   | 290                | 25*                                | 31         | 346          |
| <b>Total</b>                          | <b>1,138</b>       | <b>97</b>                          | <b>170</b> | <b>1,405</b> |

\* Related to a one-off cash out of leave entitlements.

1 Michael Jongeneel (CEO) serves as interim CFOO until a successor for Fatoumata Bouaré has been appointed.

2 Fatoumata Bouaré left FMO, effective April 1, 2025.

3 Peter Maila left FMO, effective July 1, 2025.

| 2024                       |                    |                                    |            |              |
|----------------------------|--------------------|------------------------------------|------------|--------------|
|                            | Fixed remuneration | Other short term employee benefits | Pension    | Total        |
| Michael Jongeneel (CEO)    | 327                | 9                                  | 44         | 380          |
| Fatoumata Bouaré (CFOO)    | 278                | 8                                  | 49         | 335          |
| Huib-Jan de Ruijter (CCIO) | 278                | 17                                 | 43         | 338          |
| Peter Maila (CCIO)         | 278                | 5                                  | 27         | 310          |
| Franca Vossen (CRO)        | 278                | 14                                 | 29         | 321          |
| <b>Total</b>               | <b>1,439</b>       | <b>53</b>                          | <b>192</b> | <b>1,684</b> |

Except for pensions of €169,000 (2024: €192,000) all components above are short-term employee benefits.

## Remuneration of Supervisory Board

The remuneration for the Supervisory Board will be reviewed every three to four years, taking into account the principles as applied by the Dutch Government as majority shareholder. Amendments will be subject to the approval of the AGM.

The members of the Supervisory Board have no shares, options, or loans related to the company.

After serving two full four-year terms, Dirk Jan van den Berg, Chairman of the Supervisory Board, stepped down after the AGM on April 23, 2025.

During the same period, Rob Becker was appointed as the new Chair of the Supervisory Board for a term of four years, running until April 2029.

In 2024, Dugald Agble, Marjolein Demmers and Reintje van Haeringen were reappointed for a second term of four years, ending in April 2028.

In 2024, Eme Essien Lore was also appointed to the Supervisory Board for a first term ending in April 2028.

Koos Timmermans, Vice-Chair of the Supervisory Board is serving in his second term ending in April 2026.

The annual remuneration of the members of the Supervisory Board is as follows:

#### Annual remuneration of Supervisory Board members

|                                     | 2025                              |            |            | 2024       |
|-------------------------------------|-----------------------------------|------------|------------|------------|
|                                     | Remuneration member <sup>1)</sup> | Committees | Total      | Total      |
| Rob Becker <sup>2)</sup>            | 20                                | 2          | 22         | -          |
| Dugald Agble <sup>3)</sup>          | 19                                | 3          | 22         | 21         |
| Dirk Jan van den Berg <sup>4)</sup> | 9                                 | 1          | 10         | 30         |
| Eme Essien Lore <sup>5)</sup>       | 19                                | 6          | 25         | 17         |
| Marjolein Demmers <sup>6)</sup>     | 19                                | 8          | 27         | 25         |
| Reintje van Haeringen <sup>7)</sup> | 19                                | 8          | 27         | 25         |
| Koos Timmermans <sup>8)</sup>       | 19                                | 5          | 24         | 22         |
| <b>Total</b>                        | <b>124</b>                        | <b>33</b>  | <b>157</b> | <b>140</b> |

- 1 As per January 1, 2025 the remuneration of the SB has increased by 4 percent and per July 1, 2025 by 1 percent, equal to the structural salary adjustment in the CLA Banks (January 1, 2025 - January 1, 2027).
- 2 Rob Becker was appointed as Chair of the Supervisory Board and member of then SARC as per April 23, 2025.
- 3 Dugald Agble is a member of the ARC.
- 4 Dirk Jan van den Berg concluded his service on the Supervisory Board as of April 23, 2025, after completing his second and final term.
- 5 Eme Essien Lore is a member of the ARC and a member of the Impact Committee
- 6 Marjolein Demmers is Chair of the Impact Committee and a member of the SARC.
- 7 Reintje van Haeringen is Chair of the SARC and a member of the Impact Committee.
- 8 Koos Timmermans is Vice-Chair of the Supervisory Board and the Chair of the ARC.

## Subsequent events

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

## Segment information

### Segment reporting by operating segments

The Management Board sets performance targets, approves and monitors the budgets prepared by servicing units. Servicing units are not identical to the strategic sectors.

FMO's strategic sectors represent the economic sectors in which FMO operates. The three strategic sectors are Agribusiness Food and Forestry, Financial Institutions and Energy, which represent economic sectors. As per December 31, 2025, FMO's Management Board steers on the following five operating segments: Agribusiness, Food & Forestry, Financial Institutions, Energy, Private Equity and Other. The segment "Other" relates to the internal funding and operational activities of FMO. Each of the four main operating segments (Agribusiness, Food & Forestry, Financial Institutions, Energy and Private Equity) operate with a dedicated investment department, director, mandate and market focus. This structure enables targeted sector expertise, disciplined portfolio management and clear accountability for financial and impact performance.

In 2025, one transaction was partly transferred from Agribusiness, Food and Forestry to Private Equity due to the fact that a loan was converted to equity. The total amount of the transfer was €1 million.

FMO presents the results of the operating segments using a financial performance measure called underlying profit. Underlying profit excludes the EUR/USD currency effects related to the results from equity investments. All fair value changes including currency effects are recorded in the profit and loss account.

Underlying profit as presented below is an alternative performance measure. The table below shows a reconciliation of the underlying net profit to the IFRS-reported net profit.

|                                                                                        | 2025                   |                |                               |                 |               |                 |
|----------------------------------------------------------------------------------------|------------------------|----------------|-------------------------------|-----------------|---------------|-----------------|
|                                                                                        | Financial Institutions | Energy         | Agribusiness, Food & Forestry | Private Equity  | Other         | Total           |
| Interest income                                                                        | 241,625                | 129,624        | 79,334                        | 1,422           | 54,499        | 506,504         |
| Interest expenses                                                                      | -85,886                | -41,561        | -26,019                       | -70,025         | -58,652       | -282,143        |
| Net fee and commission income                                                          | -2,460                 | 1,782          | -474                          | 816             | -1,175        | -1,511          |
| Dividend income                                                                        | -                      | -              | -                             | 39,565          | -             | 39,565          |
| Results from equity investments                                                        | -                      | -              | -                             | 64,582          | -             | 64,582          |
| Net results from financial transactions                                                | -538                   | 261            | 1,119                         | 5,844           | 2,526         | 9,212           |
| Remuneration for services rendered                                                     | 7,094                  | 4,373          | 4,501                         | 12,282          | 7,018         | 35,268          |
| Gains and losses due to derecognition                                                  | -10                    | 22             | 337                           | -               | -             | 349             |
| Other operating income                                                                 | -                      | -              | -                             | -               | 1,636         | 1,636           |
| Allocated income                                                                       | 1,219                  | 590            | 369                           | 995             | -3,173        | -               |
| <b>Total underlying income</b>                                                         | <b>161,044</b>         | <b>95,091</b>  | <b>59,167</b>                 | <b>55,481</b>   | <b>2,679</b>  | <b>373,462</b>  |
| Operating expenses                                                                     | -52,040                | -42,547        | -34,653                       | -60,473         | -3,535        | -193,248        |
| <b>Total operating expenses</b>                                                        | <b>-52,040</b>         | <b>-42,547</b> | <b>-34,653</b>                | <b>-60,473</b>  | <b>-3,535</b> | <b>-193,248</b> |
| Impairment charges on financial assets, loan commitments and guarantees                | -1,157                 | 30,706         | 9,108                         | 59              | 35            | 38,751          |
| <b>Total impairment charges</b>                                                        | <b>-1,157</b>          | <b>30,706</b>  | <b>9,108</b>                  | <b>59</b>       | <b>35</b>     | <b>38,751</b>   |
| <b>Profit/(loss) before taxation</b>                                                   | <b>107,847</b>         | <b>83,250</b>  | <b>33,622</b>                 | <b>-4,933</b>   | <b>-821</b>   | <b>218,965</b>  |
| Share in the result of associates/joint ventures accounted for using the equity method | -                      | -              | -                             | 48,342          | 2,467         | 50,809          |
| Income tax                                                                             | -24,086                | -18,592        | -7,509                        | 33,843          | -368          | -16,712         |
| <b>Underlying net profit/(loss)</b>                                                    | <b>83,761</b>          | <b>64,658</b>  | <b>26,113</b>                 | <b>77,252</b>   | <b>1,278</b>  | <b>253,062</b>  |
| Currency effect equity investments                                                     | -                      | -              | -                             | -204,604        | -             | -204,604        |
| <b>IFRS-reported Net profit/ (loss)</b>                                                | <b>83,761</b>          | <b>64,658</b>  | <b>26,113</b>                 | <b>-127,352</b> | <b>1,278</b>  | <b>48,458</b>   |



## 2024

|                                                                                        | Financial<br>Institutions | Energy         | Agribusiness,<br>Food &<br>Forestry | Private<br>Equity | Other         | Total           |
|----------------------------------------------------------------------------------------|---------------------------|----------------|-------------------------------------|-------------------|---------------|-----------------|
| Interest income                                                                        | 243,501                   | 148,841        | 78,462                              | 4,040             | 81,501        | 556,345         |
| Interest expenses                                                                      | -92,266                   | -51,635        | -27,416                             | -87,248           | -71,663       | -330,228        |
| Net fee and commission income                                                          | -2,582                    | 3,250          | -3,667                              | 266               | -1,321        | -4,054          |
| Dividend income                                                                        | -                         | -              | -                                   | 29,171            | -             | 29,171          |
| Results from equity investments                                                        | -                         | -              | -                                   | 22,293            | -             | 22,293          |
| Net results from financial transactions                                                | 9,758                     | -344           | 1,030                               | 9,699             | -9,539        | 10,604          |
| Remuneration for services rendered                                                     | 7,612                     | 5,762          | 5,355                               | 13,082            | 3,688         | 35,499          |
| Gains and losses due to derecognition                                                  | 227                       | 1,191          | 432                                 | -                 | 13            | 1,863           |
| Other operating income                                                                 | -                         | -              | -                                   | -                 | -             | -               |
| Allocated income                                                                       | -92                       | -52            | -27                                 | -87               | 258           | -               |
| <b>Total underlying income</b>                                                         | <b>166,158</b>            | <b>107,013</b> | <b>54,169</b>                       | <b>-8,784</b>     | <b>2,937</b>  | <b>321,493</b>  |
| Operating expenses                                                                     | -51,463                   | -43,563        | -32,750                             | -59,452           | -3,467        | -190,695        |
| <b>Total operating expenses</b>                                                        | <b>-51,463</b>            | <b>-43,563</b> | <b>-32,750</b>                      | <b>-59,452</b>    | <b>-3,467</b> | <b>-190,695</b> |
| Impairment charges on financial assets, loan commitments and guarantees                | -16,184                   | 28,628         | 13,945                              | -214              | 5             | 26,180          |
| <b>Total impairment charges</b>                                                        | <b>-16,184</b>            | <b>28,628</b>  | <b>13,945</b>                       | <b>-214</b>       | <b>5</b>      | <b>26,180</b>   |
| <b>Profit/(loss) before taxation</b>                                                   | <b>98,511</b>             | <b>92,078</b>  | <b>35,364</b>                       | <b>-68,450</b>    | <b>-525</b>   | <b>156,978</b>  |
| Share in the result of associates/joint ventures accounted for using the equity method | -                         | -              | -                                   | 38,641            | 842           | 39,483          |
| Income tax                                                                             | -22,604                   | -21,128        | -8,114                              | 39,457            | -71           | -12,460         |
| <b>Underlying net profit/(loss)</b>                                                    | <b>75,907</b>             | <b>70,950</b>  | <b>27,250</b>                       | <b>9,648</b>      | <b>246</b>    | <b>184,001</b>  |
| Currency effect equity investments                                                     | -                         | -              | -                                   | 113,233           | -             | 113,233         |
| <b>IFRS-reported Net profit/ (loss)</b>                                                | <b>75,907</b>             | <b>70,950</b>  | <b>27,250</b>                       | <b>122,881</b>    | <b>246</b>    | <b>297,234</b>  |

## Segment assets

## 2025

|                                                                                          | Financial<br>Institutions | Energy           | Agribusiness,<br>Food &<br>Forestry | Private<br>Equity | Other         | Total             |
|------------------------------------------------------------------------------------------|---------------------------|------------------|-------------------------------------|-------------------|---------------|-------------------|
| Loans to the private sector                                                              | 3,715,626                 | 1,514,593        | 1,068,362                           | 15,379            | 355           | 6,314,315         |
| Equity investments and investments in associates                                         | -                         | -                | -                                   | 2,748,199         | 28,014        | 2,776,213         |
| Other assets                                                                             | 924,421                   | 376,820          | 265,801                             | 687,558           | 7,057         | 2,261,657         |
| <b>Total assets</b>                                                                      | <b>4,640,047</b>          | <b>1,891,413</b> | <b>1,334,163</b>                    | <b>3,451,136</b>  | <b>35,426</b> | <b>11,352,185</b> |
| Contingent liabilities – Effective guarantees issued                                     | 187,623                   | 15,091           | 15,499                              | 501               | -             | 218,714           |
| Assets under management (loans and equity investments) managed for the risk of the state | 151,785                   | 146,445          | 150,304                             | 396,017           | -             | 844,551           |

## Segment assets

## 2024

|                                                                                          | Financial<br>Institutions | Energy           | Agribusiness,<br>Food &<br>Forestry | Private<br>Equity | Other         | Total             |
|------------------------------------------------------------------------------------------|---------------------------|------------------|-------------------------------------|-------------------|---------------|-------------------|
| Loans to the private sector                                                              | 3,211,378                 | 1,580,952        | 1,016,885                           | 31,418            | 1,946         | 5,842,579         |
| Equity investments and investments in associates                                         | -                         | -                | -                                   | 2,910,315         | 18,671        | 2,928,986         |
| Other assets                                                                             | 851,247                   | 419,066          | 269,548                             | 779,772           | 5,465         | 2,325,098         |
| <b>Total assets</b>                                                                      | <b>4,062,625</b>          | <b>2,000,018</b> | <b>1,286,433</b>                    | <b>3,721,505</b>  | <b>26,082</b> | <b>11,096,663</b> |
| Contingent liabilities – Effective guarantees issued                                     | 150,493                   | 18,120           | 23,995                              | 568               | -             | 193,176           |
| Assets under management (loans and equity investments) managed for the risk of the state | 146,616                   | 155,442          | 168,638                             | 509,180           | -             | 979,876           |

## Information about regions

FMO operates in the following four regions: Africa, Asia, Europe & Central Asia, Latin America & the Caribbean.

The following table shows the allocation of FMO's income based on the country risks arising from the regions in which FMO invests. As FMO obtains revenues from customers in developing economies, no revenues are derived from FMO's country of domicile, the Netherlands.

| 2025                                             |                |                |                           |                       |                     |                |
|--------------------------------------------------|----------------|----------------|---------------------------|-----------------------|---------------------|----------------|
|                                                  | Africa         | Asia           | Latin America & Caribbean | Europe & Central Asia | Non-region specific | Total          |
| Results from debt products                       | 72,236         | 48,047         | 46,029                    | 57,011                | -473                | 222,850        |
| Results from equity investments                  | 2,233          | -107,346       | -21,913                   | 12,548                | 8,774               | -105,704       |
| Share in the result of associates/joint ventures | 46,974         | -3,066         | -                         | -                     | 6,901               | 50,809         |
| Other income                                     | -13,074        | 7,642          | 23,651                    | 32,233                | -3,987              | 46,465         |
| <b>Total income</b>                              | <b>108,369</b> | <b>-54,723</b> | <b>47,767</b>             | <b>101,792</b>        | <b>11,215</b>       | <b>214,420</b> |

| 2024                                             |                |               |                           |                       |                     |                |
|--------------------------------------------------|----------------|---------------|---------------------------|-----------------------|---------------------|----------------|
|                                                  | Africa         | Asia          | Latin America & Caribbean | Europe & Central Asia | Non-region specific | Total          |
| Results from debt products                       | 70,852         | 43,030        | 39,344                    | 60,745                | 8,092               | 222,063        |
| Results from equity investments                  | 53,265         | 37,935        | -9,402                    | 84,304                | 1,498               | 167,600        |
| Share in the result of associates/joint ventures | 40,348         | -5,930        | -                         | -                     | 5,065               | 39,483         |
| Other income                                     | 17,261         | 14,676        | -15,580                   | 30,998                | 611                 | 47,966         |
| <b>Total income</b>                              | <b>181,726</b> | <b>89,711</b> | <b>14,362</b>             | <b>176,047</b>        | <b>15,266</b>       | <b>477,112</b> |

## Disaggregation of revenue

The following table sets out the disaggregation of the remuneration for services rendered based on the primary region. The table also includes a reconciliation of the remuneration of services rendered with FMO's operating segments.

| 2025                                            |                        |              |                               |                |              |               |
|-------------------------------------------------|------------------------|--------------|-------------------------------|----------------|--------------|---------------|
|                                                 | Financial Institutions | Energy       | Agribusiness, Food & Forestry | Private Equity | Other        | Total         |
| Primary region                                  |                        |              |                               |                |              |               |
| Africa                                          | 124                    | 365          | 5                             | -              | -            | 494           |
| Asia                                            | 974                    | 159          | 4                             | -              | -            | 1,137         |
| Latin America & Caribbean                       | 2,111                  | 223          | 24                            | -              | -            | 2,358         |
| Europe & Central Asia                           | 3,872                  | 3,591        | 3,670                         | 12,282         | 7,018        | 30,433        |
| Non-region specific                             | 13                     | 35           | 798                           | -              | -            | 846           |
| <b>Total remuneration for services rendered</b> | <b>7,094</b>           | <b>4,373</b> | <b>4,501</b>                  | <b>12,282</b>  | <b>7,018</b> | <b>35,268</b> |

| 2024                                            |                        |              |                               |                |              |               |
|-------------------------------------------------|------------------------|--------------|-------------------------------|----------------|--------------|---------------|
|                                                 | Financial Institutions | Energy       | Agribusiness, Food & Forestry | Private Equity | Other        | Total         |
| Primary region                                  |                        |              |                               |                |              |               |
| Africa                                          | 1,558                  | 633          | 10                            | -              | -            | 2,201         |
| Asia                                            | 780                    | 314          | 7                             | -              | -            | 1,101         |
| Latin America & Caribbean                       | 794                    | 735          | 44                            | -              | -            | 1,573         |
| Europe & Central Asia                           | 4,473                  | 4,029        | 3,941                         | 13,082         | 3,688        | 29,213        |
| Non-region specific                             | 7                      | 51           | 1,353                         | -              | -            | 1,411         |
| <b>Total remuneration for services rendered</b> | <b>7,612</b>           | <b>5,762</b> | <b>5,355</b>                  | <b>13,082</b>  | <b>3,688</b> | <b>35,499</b> |

# Analysis of financial assets and liabilities by measurement basis

The significant accounting policies summary describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognized. The following table provides a breakdown of the carrying amounts of the financial assets and financial liabilities by category as defined by the headings in the consolidated statement of financial position.

2025

|                                                      | Fair Value<br>P&L | Fair value<br>hedging<br>instruments | FVOCI-<br>equity<br>instruments | Amortized<br>cost | Financial<br>liabilities<br>used as<br>hedged<br>items | Total             |
|------------------------------------------------------|-------------------|--------------------------------------|---------------------------------|-------------------|--------------------------------------------------------|-------------------|
| <b>Financial assets</b>                              |                   |                                      |                                 |                   |                                                        |                   |
| Cash balances with Banks                             | -                 | -                                    | -                               | 140,239           | -                                                      | 140,239           |
| Current accounts with state funds and other programs | -                 | -                                    | -                               | 3,207             | -                                                      | 3,207             |
| Short-term deposits                                  | 446,130           | -                                    | -                               | 623,995           | -                                                      | 1,070,125         |
| Other receivables                                    | -                 | -                                    | -                               | 33,487            | -                                                      | 33,487            |
| Interest-bearing securities                          | 134,120           | -                                    | -                               | 573,170           | -                                                      | 707,290           |
| Derivative financial instruments                     | 169,895           | 63,588                               | -                               | -                 | -                                                      | 233,483           |
| Loans to the private sector                          | 709,700           | -                                    | -                               | 5,604,615         | -                                                      | 6,314,315         |
| Equity investments                                   | 2,166,158         | -                                    | 223,452                         | -                 | -                                                      | 2,389,610         |
| <b>Total Financial assets</b>                        | <b>3,626,003</b>  | <b>63,588</b>                        | <b>223,452</b>                  | <b>6,978,713</b>  | <b>-</b>                                               | <b>10,891,756</b> |
| <b>Financial liabilities</b>                         |                   |                                      |                                 |                   |                                                        |                   |
| Short-term credits                                   | -                 | -                                    | -                               | 543,965           | -                                                      | 543,965           |
| Current accounts with state funds and other programs | -                 | -                                    | -                               | 2,117             | -                                                      | 2,117             |
| Derivative financial instruments                     | 93,775            | 50,214                               | -                               | -                 | -                                                      | 143,989           |
| Dutch government program liabilities                 | 96,887            | -                                    | -                               | -                 | -                                                      | 96,887            |
| Debentures and notes                                 | -                 | -                                    | -                               | 1,071,393         | 5,427,499                                              | 6,498,892         |
| Accrued and other liabilities                        | -                 | -                                    | -                               | 174,163           | -                                                      | 174,163           |
| <b>Total Financial liabilities</b>                   | <b>190,662</b>    | <b>50,214</b>                        | <b>-</b>                        | <b>1,791,638</b>  | <b>5,427,499</b>                                       | <b>7,460,013</b>  |

2024

|                                                      | Fair Value<br>P&L | Fair value<br>hedging<br>instruments | FVOCI-<br>equity<br>instruments | Amortized<br>cost | Financial<br>liabilities<br>used as<br>hedged<br>items | Total             |
|------------------------------------------------------|-------------------|--------------------------------------|---------------------------------|-------------------|--------------------------------------------------------|-------------------|
| <b>Financial assets</b>                              |                   |                                      |                                 |                   |                                                        |                   |
| Cash balances with Banks                             | -                 | -                                    | -                               | 43,087            | -                                                      | 43,087            |
| Current accounts with state funds and other programs | -                 | -                                    | -                               | 1,336             | -                                                      | 1,336             |
| Short-term deposits                                  | 369,481           | -                                    | -                               | 1,111,886         | -                                                      | 1,481,367         |
| Other receivables                                    | -                 | -                                    | -                               | 18,393            | -                                                      | 18,393            |
| Interest-bearing securities                          | 107,596           | -                                    | -                               | 481,798           | -                                                      | 589,394           |
| Derivative financial instruments                     | 98,600            | 27,739                               | -                               | -                 | -                                                      | 126,339           |
| Loans to the private sector                          | 652,061           | -                                    | -                               | 5,190,518         | -                                                      | 5,842,579         |
| Equity investments                                   | 2,355,626         | -                                    | 201,287                         | -                 | -                                                      | 2,556,913         |
| <b>Total Financial assets</b>                        | <b>3,583,364</b>  | <b>27,739</b>                        | <b>201,287</b>                  | <b>6,847,018</b>  | <b>-</b>                                               | <b>10,659,408</b> |
| <b>Financial liabilities</b>                         |                   |                                      |                                 |                   |                                                        |                   |
| Short-term credits                                   | -                 | -                                    | -                               | 216,912           | -                                                      | 216,912           |
| Current accounts with state funds and other programs | -                 | -                                    | -                               | 93                | -                                                      | 93                |
| Derivative financial instruments                     | 339,658           | 131,728                              | -                               | -                 | -                                                      | 471,386           |
| Dutch government program liabilities                 | 121,715           | -                                    | -                               | -                 | -                                                      | 121,715           |
| Debentures and notes                                 | -                 | -                                    | -                               | 863,404           | 5,472,577                                              | 6,335,981         |
| Other liabilities                                    | -                 | -                                    | -                               | 57,606            | -                                                      | 57,606            |
| <b>Total Financial liabilities</b>                   | <b>461,373</b>    | <b>131,728</b>                       | <b>-</b>                        | <b>1,138,015</b>  | <b>5,472,577</b>                                       | <b>7,203,693</b>  |

## Fair value of financial assets and liabilities

### Fair value hierarchy

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

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

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

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

## Valuation processes

For recurring 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.

FMO'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. Valuation Techniques applied by FMO to determine the fair value of its financial instruments are described below.

## Financial instruments measured at fair value

### Debt Instruments

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

### Derivatives

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

### Equity Investments

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

### Firm offer

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

### Value Based on Recent Transactions

Recent arm's-length transactions (typically within 12 months) are often the best indication of fair value. Adjustments must be made if the company's performance or market conditions have materially changed since the transaction.

## Put Option

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

## Multiples (Book, Earnings, Market/Industry, Anchored)

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

## Discounted Cash Flow (DCF)

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

## Net Asset Value (NAV)

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

## Cost as Best Estimate

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

## Other Methods

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

## Dutch government program liabilities

Dutch government program liabilities carried at FVPL represent amounts attributable to the Dutch Government in return for their co-investment in the FMO Ventures Program (refer to the 'Group accounting and consolidation section' of the 'Accounting policy' chapter). The management of FMO's Ventures Program has the mandate to engage in transactions and also to realize any positions at a given time and call out the Program at reporting date. The amount attributable to co-investors is based on a predefined value sharing waterfall which utilizes the values of the underlying investments in the program. The underlying investments in the program are valued using the existing equity investment fair valuation techniques described in the paragraphs above. The waterfall calculation defines the timing and amount of distributions to respective co-investors and is therefore applied to estimate the fair values of the related financial liabilities.

IFRS 9 requires adjustments in the valuation of FVPL financial liabilities related to FMO's own credit risk to be recorded in the statement of other comprehensive income. The impact of this treatment is however negligible due to the Support Agreement between the Dutch Government and FMO.

## Financial instruments not measured at fair value

The table below presents the carrying value and estimated fair value of FMO's financial assets and liabilities, not measured at fair value.

The carrying values of the financial asset and liability categories in the table below are measured at AC except for the funding in connection with hedge accounting. 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.



## Financial assets and liabilities not measured at fair value

| At December 31                                                | 2025             |                  | 2024             |                  |
|---------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                               | Carrying amount  | Fair value       | Carrying amount  | Fair value       |
| <b>Financial assets not measured at fair value</b>            |                  |                  |                  |                  |
| Short term deposits at AC                                     | 623,995          | 623,995          | 1,111,886        | 1,111,886        |
| Cash balances with Banks                                      | 140,239          | 140,239          | 43,087           | 43,087           |
| Interest-bearing securities at AC                             | 573,170          | 563,025          | 481,798          | 470,770          |
| Loans to the private sector at AC                             | 5,604,615        | 5,061,973        | 5,190,518        | 5,027,228        |
| Current accounts with state funds and other programs          | 3,207            | 3,207            | 1,336            | 1,336            |
| Other receivables                                             | 33,487           | 33,487           | 18,321           | 18,321           |
| <b>Total financial assets not measured at fair value</b>      | <b>6,978,713</b> | <b>6,425,926</b> | <b>6,846,946</b> | <b>6,672,628</b> |
| <b>Financial liabilities not measured at fair value</b>       |                  |                  |                  |                  |
| Short-term credits                                            | 543,965          | 543,965          | 216,912          | 216,912          |
| Debentures and notes                                          | 6,498,892        | 6,826,090        | 6,335,981        | 6,431,967        |
| Current accounts with state funds and other programs          | 2,117            | 2,117            | 93               | 93               |
| Accrued and other liabilities                                 | 174,163          | 174,163          | 57,544           | 57,544           |
| <b>Total financial liabilities not measured at fair value</b> | <b>7,219,137</b> | <b>7,546,335</b> | <b>6,610,530</b> | <b>6,706,516</b> |

The line item "Other liabilities" in the table above cannot be referenced directly to the related financial statements caption "Accrued and other liabilities" because the disclosure above does not include accrued liabilities.

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            |
|--------------------------------------------------|----------------|----------------|------------------|------------------|
| <b>Financial assets mandatorily at FVPL</b>      |                |                |                  |                  |
| Short-term deposits                              | 176,498        | 269,632        | -                | 446,130          |
| Derivative financial instruments                 | -              | 233,483        | -                | 233,483          |
| Loans to the private sector                      | 139,328        | -              | 570,372          | 709,700          |
| Equity investments                               | 42,914         | 29,944         | 2,093,300        | 2,166,158        |
| <b>Financial assets designated at FVPL</b>       |                |                |                  |                  |
| Interest-bearing securities at FVTPL             | 134,120        | -              | -                | 134,120          |
| <b>Financial assets at FVOCI</b>                 |                |                |                  |                  |
| Equity investments                               | -              | -              | 223,452          | 223,452          |
| <b>Total financial assets at fair value</b>      | <b>492,860</b> | <b>533,059</b> | <b>2,887,124</b> | <b>3,913,043</b> |
| <b>Financial liabilities mandatorily at FVPL</b> |                |                |                  |                  |
| Derivative financial instruments                 | -              | 133,758        | 10,231           | 143,989          |
| <b>Financial liabilities designated at FVPL</b>  |                |                |                  |                  |
| Dutch government program liabilities             | -              | -              | 96,887           | 96,887           |
| <b>Total financial liabilities at fair value</b> | <b>-</b>       | <b>133,758</b> | <b>107,118</b>   | <b>240,876</b>   |



| December 31, 2024                                | Level 1        | Level 2        | Level 3          | Total            |
|--------------------------------------------------|----------------|----------------|------------------|------------------|
| <b>Financial assets mandatorily at FVPL</b>      |                |                |                  |                  |
| Short-term deposits                              | 128,755        | 240,726        | -                | 369,481          |
| Derivative financial instruments                 | -              | 126,339        | -                | 126,339          |
| Loans to the private sector                      | 99,857         | -              | 552,204          | 652,061          |
| Equity investments                               | 23,881         | -              | 2,331,745        | 2,355,626        |
| <b>Financial assets designated at FVPL</b>       |                |                |                  |                  |
| Interest-bearing securities at FVTPL             | 107,596        | -              | -                | 107,596          |
| <b>Financial assets at FVOCI</b>                 |                |                |                  |                  |
| Equity investments                               | -              | -              | 201,287          | 201,287          |
| <b>Total financial assets at fair value</b>      | <b>360,089</b> | <b>367,065</b> | <b>3,085,236</b> | <b>3,812,390</b> |
| <b>Financial liabilities mandatorily at FVPL</b> |                |                |                  |                  |
| Derivative financial instruments                 | -              | 459,144        | 12,242           | 471,386          |
| <b>Financial liabilities designated at FVPL</b>  |                |                |                  |                  |
| Dutch government program liabilities             | -              | -              | 121,715          | 121,715          |
| <b>Total financial liabilities at fair value</b> | <b>-</b>       | <b>459,144</b> | <b>133,957</b>   | <b>593,101</b>   |

The following table shows the movements of financial assets measured at fair value based on level 3. All other financial liabilities are level 3 positions (refer to other financial liabilities note 15).

| Movements in financial instruments measured at fair value based on level 3 | Derivative financial instruments | Loans to the private sector | Equity investments | Total            |
|----------------------------------------------------------------------------|----------------------------------|-----------------------------|--------------------|------------------|
| Balance at December 31, 2023                                               | -                                | 500,458                     | 2,327,880          | 2,828,338        |
| Total gains or losses                                                      |                                  |                             |                    |                  |
| -In profit and loss (changes in fair value)                                | -                                | 2,863                       | 51,875             | 54,738           |
| -In other comprehensive income (changes in fair value)                     | -                                | -                           | 34,093             | 34,093           |
| Purchases / disbursements                                                  | -                                | 56,064                      | 329,945            | 386,009          |
| Sales/repayments                                                           | -                                | -55,088                     | -326,091           | -381,179         |
| Interest capitalization                                                    | -                                | 2,252                       | -                  | 2,252            |
| Write-offs                                                                 | -                                | -1,603                      | -                  | -1,603           |
| Accrued income                                                             | -                                | 4,397                       | -                  | 4,397            |
| Exchange rate differences                                                  | -                                | 28,217                      | 115,041            | 143,258          |
| Derecognition and/or restructuring FVPL versus AC                          | -                                | 11,203                      | -                  | 11,203           |
| Conversion from loans to equity                                            | -                                | -289                        | 289                | -                |
| Conversion associate/FVPL                                                  | -                                | -                           | -                  | -                |
| Transfers into level 3                                                     | -                                | 3,730                       | -                  | 3,730            |
| Transfers out of level 3                                                   | -                                | -                           | -                  | -                |
| Other changes                                                              | -                                | -                           | -                  | -                |
| <b>Balance at December 31, 2024</b>                                        | <b>-</b>                         | <b>552,204</b>              | <b>2,533,032</b>   | <b>3,085,236</b> |
| Total gains or losses                                                      |                                  |                             |                    |                  |
| -In profit and loss (changes in fair value)                                | -                                | 3,097                       | 49,138             | 52,235           |
| -In profit and loss (Net result from sales)                                | -                                | -                           | -30,703            | -30,703          |
| -In other comprehensive income (changes in fair value)                     | -                                | -                           | 22,046             | 22,046           |
| Purchases / disbursements                                                  | -                                | 211,630                     | 256,220            | 467,850          |
| Sales/repayments                                                           | -                                | -113,050                    | -290,036           | -403,086         |
| Interest capitalization                                                    | -                                | 522                         | -                  | 522              |
| Write-offs                                                                 | -                                | -10,873                     | -                  | -10,873          |
| Accrued income                                                             | -                                | -11,988                     | -                  | -11,988          |
| Exchange rate differences                                                  | -                                | -59,968                     | -207,233           | -267,201         |
| Derecognition and/or restructuring FVPL versus AC                          | -                                | -                           | -                  | -                |
| Conversion from loans to equity                                            | -                                | -1,202                      | 1,325              | 123              |
| Conversion associate/FVPL                                                  | -                                | -                           | -                  | -                |
| Transfers into level 3                                                     | -                                | -                           | -                  | -                |
| Transfers out of level 3                                                   | -                                | -                           | -17,037            | -17,037          |
| Other changes                                                              | -                                | -                           | -                  | -                |
| <b>Balance at December 31, 2025</b>                                        | <b>-</b>                         | <b>570,372</b>              | <b>2,316,752</b>   | <b>2,887,124</b> |

Other changes relate to consolidation of FMO's Ventures Program (refer to section 'Group accounting and consolidation' in the 'Accounting policies' chapter).

| 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                   | 60,909                          | Discounted cash flow model | Based on client spread for fixed rate loans at FVTPL        | A decrease/increase of the used spreads with 1% will result in a higher/lower fair value of approx €4.4 million |
|                         | 240,987                         | ECL measurement            | Based on client rating for floating rate loans at FVTPL     | An improvement / deterioration of the Client Rating with 1 notch will result approx 0.4% increase/decrease      |
|                         | 19,341                          | Credit impairment          | n/a                                                         | n/a                                                                                                             |
| Debt Funds              | 249,135                         | Net Asset Value            | n/a                                                         | n/a                                                                                                             |
| <b>Total</b>            | <b>570,372</b>                  |                            |                                                             |                                                                                                                 |

| Type of equity investment         | Fair value at December 31, 2025 | Valuation technique        | Range (weighted average) of significant unobservable inputs                                                                                                                             | Fair value measurement sensitivity to unobservable inputs                                                                                                                                                                                                          |
|-----------------------------------|---------------------------------|----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Private equity fund investments   | 1,185,166                       | Net Asset Value            | Discounts applied ranging from 0 to 75%                                                                                                                                                 | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €5.3 million.                                                                                                                                                          |
| Private equity direct investments | 109,697                         | Recent transactions        | Discounts applied ranging from 0 to 50%                                                                                                                                                 | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €0.4 million.                                                                                                                                                          |
|                                   | 57,030                          | Book multiples             | Discounts applied ranging from 0 to 50%<br>Book multiple applied ranging 0.5 – 1.0                                                                                                      | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €0.3 million.<br>Changes in the applied multiple with 10% would result is a lower/higher fair value of €5.7 million                                                    |
|                                   | 96,879                          | Earning Multiples          | Discounts applied ranging from 0 to 20%<br>Earnings multiple applied ranging 1.0 - 1.9                                                                                                  | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €1.7 million.<br>Changes in the applied multiple with 10% would result is a lower/higher fair value of €10.8 million                                                   |
|                                   | 35,162                          | Discounted Cash Flow (DCF) | Discounts applied ranging from 0 to 50%<br>DCF model inputs:<br>Discount rates applied ranging from 12% to 16%<br>Expected monthly cash flows ranging from €0.5 million to €5.8 million | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €1,1 million.<br>Changes in the DCF model by lowering the discount rate and increasing the Cash flows would result in a positive change in fair value of €8.2 million. |
|                                   | 3,430                           | Put option                 | Discounts applied ranging from 0 to 29%                                                                                                                                                 | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €0.1 million.                                                                                                                                                          |
|                                   | 150,903                         | Firm offers                | Discounts applied ranging from 0 to 20%                                                                                                                                                 | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €0.9 million.                                                                                                                                                          |
|                                   | 519,851                         | Net Asset value            | Discounts applied ranging from 0 to 85%                                                                                                                                                 | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €3.3 million.                                                                                                                                                          |
|                                   | 81,505                          | Other                      | Discounts applied ranging from 0 to 61%                                                                                                                                                 | Changes in the discounts applied would result in a lower/ higher fair value in valuation of €1.8 million.                                                                                                                                                          |
|                                   | 77,128                          | Cost                       | N/A                                                                                                                                                                                     | N/A                                                                                                                                                                                                                                                                |
| <b>Total</b>                      | <b>2,316,752</b>                |                            |                                                                                                                                                                                         |                                                                                                                                                                                                                                                                    |

## Transfers between levels 1 and 2

There were no material transfers between levels 1 and 2.

## Transfers from levels 1 and 2 to level 3

There were no material transfers between level 1 and 2 to level 3.

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# COMPANY FINANCIAL STATEMENTS

# Company statement of financial position

For the year ended December 31, 2025

| Before profit appropriation                          | Notes      | 2025              | 2024              |
|------------------------------------------------------|------------|-------------------|-------------------|
| <b>Assets</b>                                        |            |                   |                   |
| Cash balances with Banks                             | (A)        | 112,662           | 30,827            |
| Current accounts with State funds and other programs | (2)        | 3,207             | 1,336             |
| Short-term deposits                                  |            |                   |                   |
| -of which: amortized cost                            | (3)        | 623,995           | 1,111,887         |
| -of which: fair value through profit or loss         |            | 446,130           | 361,452           |
| Interest-bearing securities                          | (5)        |                   |                   |
| -of which: amortized cost                            |            | 573,169           | 481,798           |
| -of which: fair value through profit or loss         |            | 134,120           | 107,596           |
| Derivative financial instruments                     | (6)        | 233,483           | 126,339           |
| Loans to the private sector                          |            |                   |                   |
| -of which: amortized cost                            |            | 5,527,226         | 5,147,894         |
| -of which: fair value through profit or loss         |            | 757,353           | 654,051           |
| Equity investments                                   | (B)        |                   |                   |
| -of which: fair value through OCI                    |            | 223,452           | 201,287           |
| -of which: fair value through profit or loss         |            | 2,018,800         | 2,189,097         |
| Other financial assets                               | (C)        | 99,439            | 107,121           |
| Investment in group companies                        | (D)        | 1,955             | 4,858             |
| Investments in associates and joint ventures         | (10)       | 386,603           | 372,073           |
| Intangible assets                                    | (12)       | 37,883            | 26,445            |
| Property, plant and equipment                        | (11)       | 31,387            | 16,336            |
| Current tax receivables                              |            | 893               | 14,329            |
| Deferred income tax assets                           | (30)       | 3,647             | 9,075             |
| Other receivables                                    | (E)        | 32,659            | 17,406            |
| <b>Total assets</b>                                  |            | <b>11,248,063</b> | <b>10,981,207</b> |
| <b>Liabilities</b>                                   |            |                   |                   |
| Short-term credits                                   | (13)       | 543,965           | 216,912           |
| Current accounts with State funds and other programs | (14)       | 2,117             | 93                |
| Debentures and notes                                 | (16)       | 6,498,892         | 6,335,981         |
| Derivative financial instruments                     | (6)        | 143,989           | 471,386           |
| Accrued and other liabilities                        |            | 167,288           | 50,645            |
| Dutch government program liabilities                 |            | -                 | 12,300            |
| Provisions                                           |            | 29,583            | 36,729            |
| Deferred income tax liabilities                      |            | 279               | 1,481             |
| <b>Total liabilities</b>                             |            | <b>7,386,113</b>  | <b>7,125,527</b>  |
| <b>Shareholders' equity</b>                          |            |                   |                   |
| Share capital                                        |            | 9,076             | 9,076             |
| Share premium reserve                                |            | 29,272            | 29,272            |
| Revaluation reserve                                  |            | 755,558           | 1,425,849         |
| Legal and statutory reserves                         |            |                   |                   |
| -of which: Legal reserves                            |            | 123,351           | 142,974           |
| -of which: Contractual reserve                       |            | 2,262,708         | 1,557,430         |
| -of which: Development fund                          |            | 657,981           | 657,981           |
| Other reserves                                       |            | 22,000            | 22,507            |
| Undistributed result                                 |            | 2,004             | 10,591            |
| <b>Total shareholders' equity</b>                    |            | <b>3,861,950</b>  | <b>3,855,680</b>  |
| <b>Total liabilities and shareholders' equity</b>    | <b>(F)</b> | <b>11,248,063</b> | <b>10,981,207</b> |

# Company statement of profit or loss

For the year ended December 31, 2025

|                                                                                            | Notes       | 2025            | 2024            |
|--------------------------------------------------------------------------------------------|-------------|-----------------|-----------------|
| <b>Income</b>                                                                              |             |                 |                 |
| Interest income calculated using the effective interest method                             |             | 488,754         | 510,915         |
| Other interest income                                                                      |             | 13,919          | 41,102          |
| Interest expense calculated using the effective interest method                            |             | -259,573        | -237,423        |
| Other interest expense                                                                     |             | -22,349         | -92,708         |
| Interest expenses on leases                                                                |             | -221            | -97             |
| <b>Net interest income</b>                                                                 |             | <b>220,530</b>  | <b>221,789</b>  |
| Dividend Income                                                                            | (21)        | 39,565          | 29,171          |
| Results from equity Investments                                                            |             | -121,479        | 161,036         |
| Share in the result of investment in group companies                                       | (D)         | -2,904          | -6,254          |
| Share in the result of associates                                                          | (10)        | 50,809          | 39,483          |
| <b>Total results from equity investments, investment in group companies and associates</b> |             | <b>-34,009</b>  | <b>223,436</b>  |
| Fee and commission income                                                                  |             | 11,432          | 9,660           |
| Fee and commission expense                                                                 |             | -12,976         | -13,726         |
| <b>Net fee and commission income</b>                                                       | <b>(23)</b> | <b>-1,544</b>   | <b>-4,066</b>   |
| Net results from financial transactions                                                    | (G)         | -11,635         | -4,310          |
| Remuneration for services rendered                                                         |             | 32,727          | 33,201          |
| Gains and losses due to derecognition                                                      |             | 349             | 1,636           |
| Other operating income                                                                     |             | 1,636           | -               |
| <b>Total other income</b>                                                                  |             | <b>23,077</b>   | <b>30,527</b>   |
| <b>Total income</b>                                                                        |             | <b>208,054</b>  | <b>471,686</b>  |
| <b>Operating expenses</b>                                                                  |             |                 |                 |
| Staff costs                                                                                |             | -141,460        | -141,025        |
| General and administrative expenses                                                        |             | -35,682         | -37,023         |
| Depreciation, amortisation and impairment of PP&E and intangible assets                    |             | -11,633         | -8,618          |
| <b>Total operating expenses</b>                                                            |             | <b>-188,775</b> | <b>-186,666</b> |
| Impairment charges on financial assets, loan commitments and guarantees                    |             | 40,719          | 27,474          |
| <b>Profit/(loss) before taxation</b>                                                       |             | <b>59,998</b>   | <b>312,494</b>  |
| Income tax                                                                                 |             | -11,540         | -15,260         |
| <b>Net profit/(loss)</b>                                                                   |             | <b>48,458</b>   | <b>297,234</b>  |

## Accounting policies

### Activities

The activities of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (hereafter referred to as FMO) consist of financing activities in developing countries to stimulate private-sector development. Furthermore, FMO provides services in relation to government funds programs. For more information, please refer to the consolidated financial statements.

### Material accounting policies

## Principles of valuation and determination of results

The financial statements are prepared in accordance with the financial reporting requirements as included in Part 9 of Book 2 of the Dutch Civil Code with the allowed application of the accounting policies (EU-IFRS) as set forth in the consolidated financial statements, as stated in Article 362, sub 8 of Book 2 of the Dutch Civil Code. The principles of valuation and determination of results stated in the consolidated statement of financial position and statement of profit or loss are also applicable to the company statement of financial position and statement of profit or loss. Investments in group companies are initially recognized at cost and subsequently accounted for using net asset value method.

Intercompany accounts with subsidiaries consist of current accounts. These current accounts can be freely disposed of. Low credit risk exemption is applied due to limited credit risk and expected credit loss is not calculated.

## Reference to the consolidated financial statements

As mentioned above, the accounting policies applied in the financial statements correspond with the consolidated financial statements. Furthermore, the notes to the consolidated statement of financial position and consolidated statement of profit or loss are almost similar in both the company financial statements and the consolidated financial statements. Please refer to the disclosure notes and information provided in the consolidated financial statements for details. For the mandatory disclosure notes specifically relevant for the company financial statements and notes with larger discrepancies, information is included in the notes to this company financial statements.

## Estimates and assumptions

In preparing the financial statements, 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 are 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 in these company financial statements are same as those identified in the consolidated financial statements.



# Notes to the company financial statements

## Notes to the company statement of financial statements

The company financial statements of FMO should be read in conjunction with the consolidated financial statements including the risk management information, segment information and the notes to the consolidated financial statements. The FMO company financial statements are almost same as the consolidated financial statements due to the limited investments activities of FMO's consolidated group companies. Therefore, for notes of specific items of the statement of financial position and the statement of profit or loss, we refer to the consolidated financial statements to the extent these are not specifically disclosed hereafter.

For information related to the maturity of the assets and liabilities recorded in the statement of financial position of the company financial statements, we refer to the table with the categorization of principal cash flow per maturity bucket in the section 'Liquidity risk' of the 'Risk management' chapter.

## A. Cash balances with Banks

|                               | 2025           | 2024          |
|-------------------------------|----------------|---------------|
| Cash balances with Banks      | 112,662        | 30,827        |
| <b>Balance at December 31</b> | <b>112,662</b> | <b>30,827</b> |

Cash balances with Banks include funding received by FMO under sub-delegation agreements that is in the process of being transferred to the sub-deegee. This funding is recognized as an asset by FMO until the point at which it is transferred, with a corresponding liability presented under 'Accrued and other liabilities'.

The cash on bank accounts can be freely disposed of.

## B. Equity investments

|                                     | Equity measured<br>at FVOCI | Equity measured<br>at FVPL | Total            |
|-------------------------------------|-----------------------------|----------------------------|------------------|
| Balance at January 1, 2025          | 201,287                     | 2,189,097                  | 2,390,384        |
| Purchases and contributions         | 119                         | 237,617                    | 237,736          |
| Conversion of loans to equity       | -                           | -                          | -                |
| Return of capital (including sales) | -                           | -286,435                   | -286,435         |
| Net results from sales              | -                           | -30,703                    | -30,703          |
| Changes in fair value               | 22,046                      | -90,776                    | -68,730          |
| <b>Balance at December 31, 2025</b> | <b>223,452</b>              | <b>2,018,800</b>           | <b>2,242,252</b> |

|                                     | Equity measured<br>at FVOCI | Equity measured<br>at FVPL | Total            |
|-------------------------------------|-----------------------------|----------------------------|------------------|
| Balance at January 1, 2024          | 167,074                     | 2,033,302                  | 2,200,376        |
| Purchases and contributions         | 120                         | 301,358                    | 301,478          |
| Conversion of loans to equity       | -                           | 289                        | 289              |
| Return of capital (including sales) | -                           | -306,862                   | -306,862         |
| Net result from sales               | -                           | -23,037                    | -23,037          |
| Changes in fair value               | 34,093                      | 184,047                    | 218,140          |
| <b>Balance at December 31, 2024</b> | <b>201,287</b>              | <b>2,189,097</b>           | <b>2,390,384</b> |

## C. Other financial assets

FMO has investment stakes in some structured entities namely, FMO Ventures Program and Land Use Facility. FMO Ventures Program is a co-investment between FMO, the Dutch Government and the European Commission. Similar to FMO Ventures Program, the Land Use Facility is a co-investment between FMO and the Dutch Government, with partial guarantee provided by the European Commission. The investment stakes are classified and presented as "Other financial assets". For Land Use Facility, there are no capital contributions made by FMO or net asset value attributable to FMO, FMO's investment stake is a loan granted to the structured entity which is appropriately recorded in this Company financial statements as part of the 'Loans to private sector' at fair value through profit or loss.

For the Ventures Program, FMO has not invested any share capital in the program; however, FMO invests cash in pre-agreed proportions alongside other co-investors when acquiring underlying assets. Amounts attributable to FMO are based on a predefined value sharing waterfall that utilizes the values of the underlying equity investments in FMO's Ventures Program and are carried at FVPL. The underlying investments in the program are valued using the existing equity investment fair valuation techniques described in the fair value. The waterfall calculation defines the timing and amount of distributions to the various co-investors.

|                                     | 2025          | 2024           |
|-------------------------------------|---------------|----------------|
| Balance at January 1                | 107,121       | 87,767         |
| Purchases and contributions         | 13,086        | 20,964         |
| Return of Capital (including sales) | -14,957       | -              |
| Changes in fair value               | -5,811        | -1,610         |
| <b>Balance at December 31</b>       | <b>99,439</b> | <b>107,121</b> |

## D. Investments in group companies

|                               | 2025         | 2024         |
|-------------------------------|--------------|--------------|
| Balance at January 1          | 4,858        | 11,114       |
| Share in net results          | -2,903       | -6,256       |
| <b>Balance at December 31</b> | <b>1,955</b> | <b>4,858</b> |

The investments in group companies consist of the following interests in the share capital of:

1. Asia Participations B.V.: 100 percent;
2. FMO Investment Management B.V.: 100 percent;
3. FMO Representative Office LAC Limitada: 100 percent;

The following table summarizes the carrying amount of the investments in group companies.

|                                       | 2025         | 2024         |
|---------------------------------------|--------------|--------------|
| Asia Participations B.V.              | -4,093       | -1,185       |
| FMO Investment Management B.V.        | 6,152        | 6,377        |
| FMO Representative Office: Costa Rica | -76          | -306         |
| Equis DFI Feeder L.P.                 | -28          | -28          |
| <b>Balance at December 31</b>         | <b>1,955</b> | <b>4,858</b> |

FMO Ventures Program and the Land Use Facility are consolidated structured entities in FMO's consolidated financial statements; they are not included in the list of group entities above because they are recognized as 'Other financial assets' in this Company financial statements.



## E. Other Receivables

|                                                             | 2025          | 2024          |
|-------------------------------------------------------------|---------------|---------------|
| Taxes and social premiums                                   | 1,705         | 546           |
| Transaction fee receivables and prepayments                 | 17,387        | 16,860        |
| Intercompany receivables from investment in group companies | 1             | -             |
| Suspense accounts                                           | 13,566        | -             |
| <b>Balance at December 31</b>                               | <b>32,659</b> | <b>17,406</b> |

## F. Shareholders' equity

### Share capital

The authorized capital amounts to €45,380k, consisting of A shares of €22.69 each, which are held by the Dutch Government, and B shares of €22.69 each, which are for held by commercial banks and private investors. The Dutch Government holds 51 percent of the total shares of FMO, while commercial banks and private investors hold the remaining 49 percent. The voting rights for A shares and B shares are equal.

| Authorized share capital      | 2025          | 2024          |
|-------------------------------|---------------|---------------|
| 1,020,000 A shares x €22.69   | 23,144        | 23,144        |
| 980,000 B shares x €22.69     | 22,236        | 22,236        |
| <b>Balance at December 31</b> | <b>45,380</b> | <b>45,380</b> |

In addition, the shareholders' equity of the company comprises three reserves, in line with the Agreement State-FMO of July 1, 2023. These are the share premium reserve, the development fund and the contractual reserve. As long as the company continues its activities, these reserves are not available to the shareholders. Upon liquidation of FMO these reserves fall to the Dutch Government, after settlement of the contractual return to the shareholders.

| Issued and paid-up share capital | 2025         | 2024         |
|----------------------------------|--------------|--------------|
| 204,000 A shares x €22.69        | 4,629        | 4,629        |
| 196,000 B shares x €22.69        | 4,447        | 4,447        |
| <b>Balance at December 31</b>    | <b>9,076</b> | <b>9,076</b> |

### Share premium reserve

Share premium reserve is contributed by shareholders on the transfer to the company of investments administrated on behalf of the Dutch Government at the time of the financial restructuring and amounts to €29,272k (2024: €29,272k).

|                                                                                                                                                                   | 2025          | 2024          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Share premium reserve shareholder A, contributed on the transfer to the company of investments administered on behalf of the State on the financial restructuring | 8,061         | 8,061         |
| Share premium reserve shareholder B, contributed on the transfer to the company of investments administered on behalf of the State on the financial restructuring | 21,211        | 21,211        |
| <b>Balance at December 31</b>                                                                                                                                     | <b>29,272</b> | <b>29,272</b> |

### Revaluation reserve

The revaluation reserve is a non-distributable reserve that includes the unrealized fair value gains of our equity investments, loans to the private sector at FVPL and derivatives for which financial instruments no frequently quoted market prices are available.

The revaluation reserve in the company financial statements follows from differences in presentation requirements between IFRS and Part 9 of the Dutch Civil Code. This revaluation reserve has been created against the contractual reserve.

It has been established that the method in prior year for calculating and subsequently accounting for the revaluation reserve in the Company financial statements did not comply with Article 2:390 of the Dutch Civil Code. Therefore, appropriate adjustment has been made in this year's Company financial statements by decreasing the revaluation reserve and increasing the contractual reserve by an amount of €579 million. Furthermore, the legal reserve regarding capitalized intangible assets

was not recorded properly in previous year. The legal reserve was understated by an amount of € 25 million and the revaluation reserve was overstated with the same amount.

Management has conducted an analysis and concluded, based on their internal accounting assessment, that these errors are not considered to be material prior year errors. Consequently, this was adjusted in the 2025 figures and not retrospectively adjusted in the 2024 comparative figures in the 2025 Company financial statements.

|                                                     | 2025           | 2024             |
|-----------------------------------------------------|----------------|------------------|
| Equity investment FVPL                              | 567,030        | 1,338,931        |
| Loans to private sector FVPL                        | 18,633         | 12,968           |
| Derivatives other than hedge accounting instruments | 169,895        | 73,950           |
| <b>Total revaluation reserve</b>                    | <b>755,558</b> | <b>1,425,849</b> |

## Legal reserves and statutory reserves

### Legal reserves

Legal reserves include the fair value reserve, translation reserves and the legal reserve in respect of internally developed software as shown in the table below:

|                               | 2025           | 2024           |
|-------------------------------|----------------|----------------|
| Internally developed software | 36,653         | 25,186         |
| Translation reserve           | -16,419        | 31,030         |
| Fair value reserve            | 103,116        | 86,758         |
| <b>Total Legal reserve</b>    | <b>123,351</b> | <b>142,974</b> |

### Internally developed software legal reserve

This legal reserve relates to development costs incurred for internally developed software. It is recognised to cover the capitalised amount for both internal and external costs.

### Fair value reserve

The fair value reserve includes gains and losses of equity investment measured at FVOCI. Gains and losses on such equity investments are never reclassified to profit or loss. Cumulative gains and losses recognized in this reserve are transferred to other reserves on disposal of the investment.

### Translation reserve

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

As of December 31, 2025, the translation reserve (as a part of the legal reserve) has a balance of -€16.419 (2024: €31.030).

## Statutory reserves

### Contractual reserve

The addition relates to that part of the net result, which FMO is obliged to reserve under the Agreement State-FMO of July 1, 2023 (see section "Additional information" and the note on "proposal for appropriation of net results").

### Development fund

This special purpose reserve contains the annual budgetary allocations made by the Dutch Government to finance the portfolio of loans and equity investments.

## Other reserves

Pursuant to Dutch reporting requirements in Part 9 of Book 2 the Dutch Civil Code, the table reflects the other reserves included in the total Shareholders' equity. According to the Support Agreement with the Dutch Government, FMO allocates the net results after dividend pay-out to the contractual reserve. The contractual reserve is a statutory reserve, against which no legal reserves can be created.

|                                                   | 2025          | 2024          |
|---------------------------------------------------|---------------|---------------|
| Actuarial gains/(losses) on defined benefit plans | -4,887        | -4,380        |
| Retained earnings                                 | 26,887        | 26,887        |
| <b>Total other reserves</b>                       | <b>22,000</b> | <b>22,507</b> |

The retained earnings comprise previously freely distributable profits that remained undistributed prior to the implementation of the current dividend policy.

## Changes in Shareholders' equity

The table below shows the changes in Shareholders' equity as presented in the Company's financial statements. In the Company financial statements, we have re-presented the revaluation reserve, legal reserves, and statutory reserves, compared to last year, to ensure full alignment with the presentation requirements of the Dutch Civil Code. While the layout has been reorganized, the amounts for each individual line item remain unchanged.

|                                                                           | Revaluation reserve | Legal reserves | Contractual reserve | Development Fund | Other reserves | Undistributed result |
|---------------------------------------------------------------------------|---------------------|----------------|---------------------|------------------|----------------|----------------------|
| <b>Balance at January 1, 2024</b>                                         | <b>1,157,969</b>    | <b>86,951</b>  | <b>1,550,203</b>    | <b>657,981</b>   | <b>19,180</b>  | <b>2,152</b>         |
| Profit for the year                                                       | -                   | -              | -                   | -                | -              | 297,234              |
| Addition/(release) to revaluation reserve                                 | 267,880             | -              | -279,415            | -                | 11,535         |                      |
| Addition/(release) to contractual reserve                                 | -                   | -              | 286,642             | -                | -              | -286,642             |
| Addition/(release) to internally developed software legal reserve         | -                   | 11,535         | -                   | -                | -11,535        | -                    |
| Addition/(release) from translation reserve                               | -                   | 21,550         | -                   | -                | -              | -                    |
| Addition/(release) from fair value reserve                                | -                   | 22,938         | -                   | -                | -              | -                    |
| Actuarial gains/(losses) on defined benefit plans net of tax <sup>1</sup> | -                   | -              | -                   | -                | 5,290          | -                    |
| Addition/(release) to other reserves                                      | -                   | -              | -                   | -                | -1,963         | -                    |
| Dividend distributed                                                      | -                   | -              | -                   | -                | -              | -2,152               |
| <b>Balance at December 31, 2024</b>                                       | <b>1,425,849</b>    | <b>142,974</b> | <b>1,557,430</b>    | <b>657,981</b>   | <b>22,507</b>  | <b>10,591</b>        |
| Profit for the year                                                       | -                   | -              | -                   | -                | -              | 48,458               |
| Addition/(release) to revaluation reserve                                 | -670,290            | -              | 695,477             | -                | 11,467         | -                    |
| Addition/(release) to contractual reserve                                 | -                   | -              | 46,454              | -                | -              | -46,454              |
| Addition/(release) to internally developed software legal reserve         | -                   | 11,467         | -36,653             | -                | -11,467        | -                    |
| Addition/(release) from translation reserve                               | -                   | -47,448        | -                   | -                | -              | -                    |
| Addition/(release) from fair value reserve                                | -                   | 16,358         | -                   | -                | -              | -                    |
| Actuarial gains/(losses) on defined benefit plans net of tax <sup>1</sup> | -                   | -              | -                   | -                | -507           | -                    |
| Addition/(release) to other reserves                                      | -                   | -              | -                   | -                | -              | -                    |
| Dividend distributed                                                      | -                   | -              | -                   | -                | -              | -10,591              |
| <b>Balance at December 31, 2025</b>                                       | <b>755,558</b>      | <b>123,351</b> | <b>2,262,708</b>    | <b>657,981</b>   | <b>22,000</b>  | <b>2,004</b>         |

<sup>1</sup> This item refers to line item Actuarial gains/losses on defined benefit plans in the consolidated statement of changes in Shareholders' equity.

## G. Result of financial transactions

|                                                                                 | 2025           | 2024           |
|---------------------------------------------------------------------------------|----------------|----------------|
| Gains/(losses) on remeasurement of on valuation of hedged items                 | -84,898        | -41,426        |
| Gains/(losses) on remeasurement of hedging instruments                          | 82,609         | 48,680         |
| <b>Result on hedge accounting</b>                                               | <b>-2,289</b>  | <b>7,254</b>   |
| Result on sale and valuation of treasury derivatives not under hedge accounting | -26,073        | -20,929        |
| Result on sale and valuation of derivatives related to asset portfolio          | -2,503         | -5,878         |
| Result on sale and valuation of loans at FVPL                                   | -566           | 11,666         |
| Result on sale and valuation of securities at FVPL                              | 337            | 1,791          |
| <b>Result on financial instruments mandatory at FVPL</b>                        | <b>-28,805</b> | <b>-13,350</b> |
| Foreign exchange results loans at FVPL                                          | -72,466        | 34,198         |
| Foreign exchange results Derivatives                                            | 204,090        | -102,932       |
| Foreign exchange results on other financial assets/liabilities                  | -118,674       | 72,109         |
| <b>Foreign exchange results</b>                                                 | <b>12,950</b>  | <b>3,375</b>   |
| Other financial results                                                         | 20             | -19            |
| Other changes                                                                   | 6,489          | -1,570         |
| <b>Total result from financial transactions</b>                                 | <b>-11,635</b> | <b>-4,310</b>  |

Other changes relate to FMO's Ventures Program.

## Proposal for appropriation of the net result

A company net profit of €48.5 million is recorded in 2025. Under the Agreement State-FMO of July 1, 2023, FMO is required to add €46.5 million to the contractual reserve. Therefore the 2025 profit is not completely distributable. The distributable element of the net profit amounts to €2.0 million (2024: €10.6 million). The Management Board and the Supervisory Board propose distributing a sum of €2.0 million as cash dividend equaling €5.01 per A and B share. This proposal for dividend distribution can be withdrawn if FMO's economic and financial conditions deteriorate significantly in the period up to the moment of distribution of the dividend. This reservation is the result of the recommendation of the European Central Bank and adopted by the Dutch Central Bank.

## Subsequent events

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

# Authorisation of Consolidated and Company Financial Statements

March 23, 2026

## Supervisory board

- Rob Becker (Chair)
- D.K. (Dugald) Agble
- M. (Marjolein) Demmers
- E.M. (Eme) Essien Lore
- R.P.F. (Reintje) van Haeringen
- J.V. (Koos) Timmermans

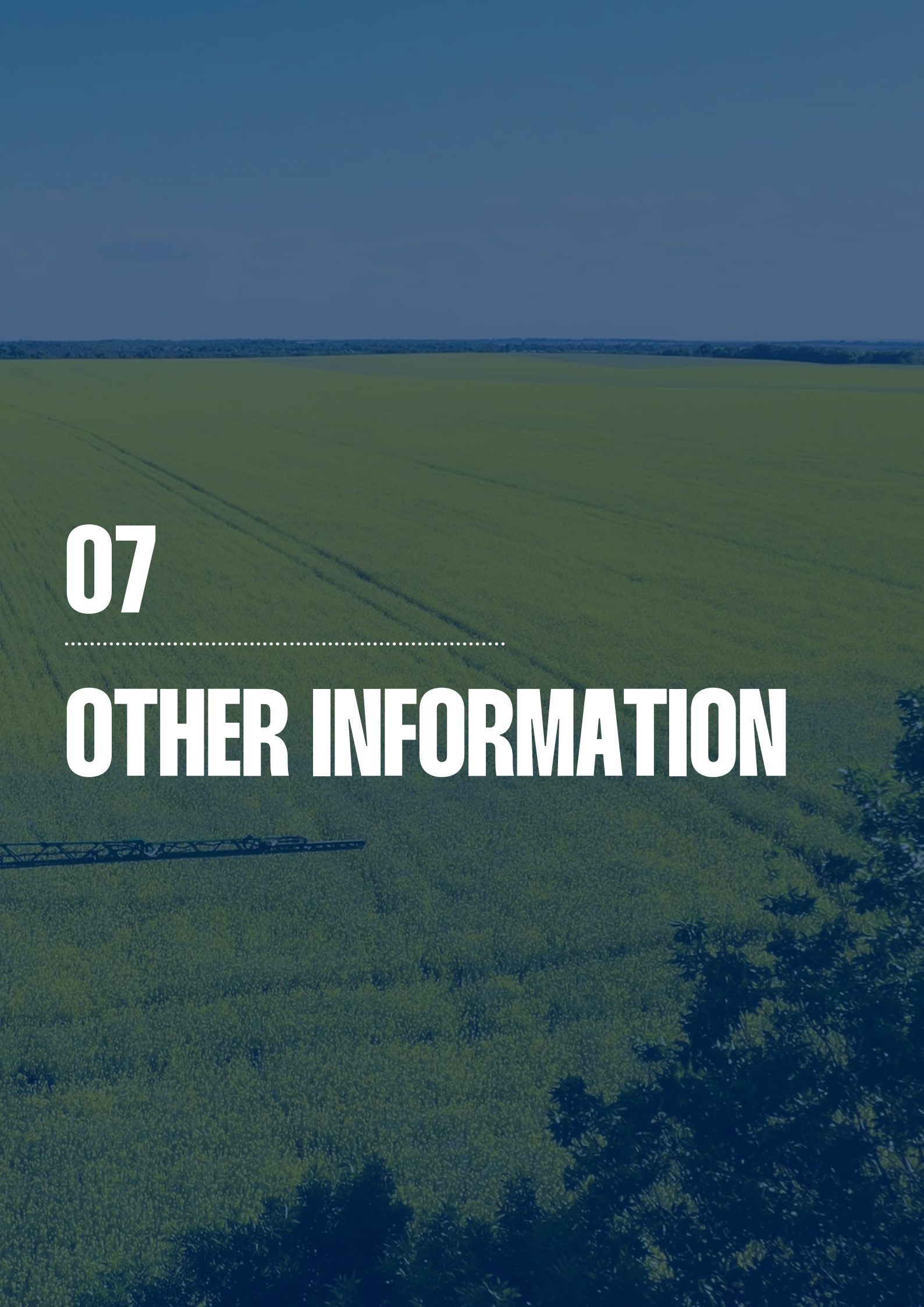
## Management board

- Michael Jongeneel (CEO)
- Franca Vossen (CRO)
- Huib-Jan de Ruijter (CCIO)









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# OTHER INFORMATION

## Other information

### Provision in the Articles of Association concerning the appropriation of the net result

The provision and the appropriation of the net profit is based upon the Articles of Association and the Agreement State-FMO of July 1, 2023.

The Annual General Meeting of Shareholders (AGM) will determine which portion of the result of a financial year is reserved or in which way a loss will be incorporated. The Supervisory Board and the Management Board can make a non-binding proposal in accordance with the provision and dividend policy adopted by the AGM, taking into account the relevant provisions in the Agreement State-FMO of July 1, 2023.

### Proposal for appropriation of the net result

A company net profit of €48.5 million is recorded in 2025. Under the Agreement State-FMO of July 1, 2023, FMO is required to add €46.5 million to the contractual reserve. Therefore the 2025 profit is not completely distributable. The distributable element of the net profit amounts to €2.0 million (2024: €10.6 million). The Management Board and the Supervisory Board propose distributing a sum of €2.0 million as cash dividend equaling €5.01 per A and B share. This proposal for dividend distribution can be withdrawn if FMO's economic and financial conditions deteriorate significantly in the period up to the moment of distribution of the dividend. This reservation is the result of the recommendation of the European Central Bank and adopted by the Dutch Central Bank.

## Guarantee provisions in the Agreement State-FMO of July 1, 2023

### Article 4: The Maintenance Obligation of the State

**4.1.1** In accordance with this Agreement, the State shall maintain FMO as a financial undertaking as referred to in Article 1:1 of the Dutch Financial Supervision Act. Maintenance will be understood to mean that, at FMO's written request, the State undertakes to make the financial resources described in Article 4.1.2 available to FMO if it is reasonably foreseeable that FMO will be assessed Failing or Likely to Fail by the Supervisor (the Maintenance Obligation).

**4.1.2** The financial resources provided by the State under Article 4.1.1 to FMO upon written request will be at least sufficient for FMO to meet the Prudential Requirements.

**4.1.3** If FMO makes a request under the Maintenance Obligation, the State shall consult with FMO on the manner in which the support will be provided and the reasonable conditions applicable to the support before the support is made available. The support to be provided by the State to FMO will under no circumstances be for no consideration. The State and FMO shall not let these consultations in any way prevent the support from being provided in a timely manner. Timely, as referred to in this Article 4, will be understood to mean that in all cases the financial resources will be made available to FMO before FMO is assessed Failing or Likely to Fail by the Supervisor.

**4.1.4** If (i) the State has not suspended its obligations under this Article 4 pursuant to Article 9.1, (ii) FMO has submitted a request pursuant to Article 4.1.1 and (iii) the State has discussed with FMO the manner of support and any reasonable conditions applicable thereto pursuant to Article 4.1.3, the resulting payment obligation of the State to FMO will be a direct, unconditional and irrevocable obligation.

**4.1.5** In the event that FMO ceases to be supervised as a financial undertaking as referred to in Article 1:1 of the Dutch Financial Supervision Act, Article 4.1.1 will lapse and Article 4.1.5 et seq. will apply. Losses on FMO's operations will first be charged to the RAR Fund. To the extent that such losses have not been covered by compensation and/or insurance benefits received, the State will be obliged to supplement the losses insofar as:

a. The amount of these losses exceeds the amount of the RAR Fund at the end of the month in which these losses were incurred; and

b. The inadequacy of the cover for general value adjustments under the RAR Fund is due to abnormal operating risks, such as unforeseen political difficulties or transfer problems with particular countries or the collapse of the world economy or a regional economy.

**4.1.6** The Parties shall consult with each other on the determination of the amount of the losses referred to in Article 4.1.5. This Article 4.1.6 will in no way interfere with the timely provision of the support to be granted, as referred to in Article 4.1.5.

**4.1.7** If the circumstances described in Article 4.1.5 occur and FMO requests the State to fulfil its obligation referred to in Article 4.1.5, such request will give rise to a claim of FMO towards the State recognised by the State on the first business day of the first month following the day on which the request is made. The request must be made in writing.

## Article 5: The Financial Security Obligation of the State

**5.1.1** If FMO so requests in accordance with Article 5.1.2, the State shall prevent FMO from failing to meet the following exhaustively listed obligations of FMO in a timely manner (the Obligations):

- a. debt, loans and funds raised on the capital market;
- b. short-term money-market borrowings with a maturity of up to two years;
- c. swap agreements with exchange of principal sum and interest payments;
- d. swap agreements without exchange of principal sum with interest payments;
- e. foreign exchange forward contracts and Forward Rate Agreements (FRAs);
- f. option and future contracts;
- g. securities financing transactions;
- h. other financial instruments that FMO includes in its range of instruments to conduct adequate balance sheet management;
- i. combinations of the products referred to above under 5.1.1a to 5.1.1h inclusive;
- j. guarantees and other committed funds provided by FMO to third parties in the fulfilment of its mandate; and
- k. maintaining an adequate organization comprising operational costs, including employee costs, expenditure on buildings, administrative costs and similar expenditure.

**5.1.2** If FMO anticipates that it cannot meet any payment obligation due under the Obligations described in Article 5.1.1 from its own financial resources, FMO may submit a properly substantiated written request to the State to make available to FMO an amount equal to (the portion of) such payment obligation due under the Obligations for the purpose of enabling FMO to meet such payment obligation due under the Obligations (the Financial Security Obligation).

**5.1.3** The State shall transfer the amount to be provided to FMO under the Financial Security Obligation and as included in the written request in accordance with Article 5.1.2 to a bank account to be specified by FMO on a date to be agreed that will enable FMO to meet the Obligations in a timely manner.

**5.1.4** FMO undertakes towards the State to use the amount that the State provides to FMO in accordance with this Article 5 solely to meet the Obligations that FMO cannot meet from its own financial resources.

**5.1.5** If FMO makes a request under the Financial Security Obligation, the State shall, before the support is made available, consult with FMO on the manner in which the support will be provided and the reasonable conditions applicable to the support. In accordance with Article 5.1.3, the State and FMO shall not let these consultations in any way hinder the timely provision of the support.

**5.1.6** If FMO has submitted a request pursuant to Articles 5.1.1 and 5.1.2 and the State has consulted with FMO on the manner of support and any reasonable conditions attached thereto pursuant to Article 5.1.5, the resulting payment obligation of the State to FMO will be a direct, unconditional and irrevocable obligation.

## Notes to the guarantee provision

The GRR fund referred to in Article 3 of the Agreement State-FMO of July 1, 2023 consists of share premium reserve of €21 million and the contractual reserve. On December 31, 2025, the fund amounted to €3,076 million (2024: €3,030 million).





# INDEPENDENT AUDITOR'S REPORT AND ASSURANCE REPORT



# Independent auditor's report

To: the general meeting and the supervisory board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

## Report on the audit of the financial statements 2025

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### Our opinion

In our opinion:

- the consolidated financial statements of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. together with its subsidiaries ('the Group' or 'FMO') give a true and fair view of the financial position of the Group as at 31 December 2025 and of its result and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union ('EU') and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2025 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

### What we have audited

We have audited the accompanying financial statements 2025 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., Den Haag. The financial statements comprise the consolidated financial statements of FMO and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2025;

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands, T: +31 (0) 88 792 00 20, [www.pwc.nl](http://www.pwc.nl)

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.



- the following statements for 2025: the consolidated statements of profit or loss, comprehensive income, changes in shareholders' equity, and cash flows; and
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2025;
- the company statement of profit or loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied 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 and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

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## **The basis for our opinion**

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

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

## **Independence**

We are independent of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. in accordance with the European Union Regulation on specific requirements regarding statutory audit of public-interest entities, the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), 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).

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## **Our audit approach**

We designed our audit procedures with respect to the key audit matters, fraud, and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. Therefore, we do not provide separate opinions or conclusions on information in support of our opinion, such as our findings and observations related to individual key audit matters and the audit approach to address fraud risks and going concern.

## **Overview and context**

FMO is a Dutch development bank, supporting sustainable private sector growth in developing and emerging markets by providing loans, guarantees, and equity capital to entrepreneurs. FMO specializes in sectors identified by them to create the highest long-term impact: Financial Institutions, Energy, and Agribusiness, Food & Forestry. In addition to financing from its own resources, FMO manages a range of government and public funding programs (most of which are not consolidated within FMO), and through its subsidiary FMO Investment Management B.V. offers institutional investors access to emerging markets investing.

The financial year 2025 for FMO was marked by volatility in emerging markets, USD currency fluctuations, and a further growth of the loan portfolio. These circumstances influenced our determination of materiality, the scope of our audit, and our audit procedures, as described in the sections ‘Materiality’, ‘The scope of our group audit’, and ‘Key audit matters’.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the management board made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

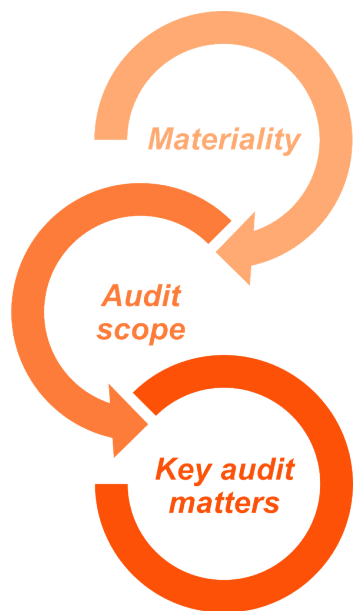
In the section 'Material accounting policies', subsection 'Significant estimates, assumptions and judgements' of the financial statements, FMO describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty in combination with the magnitude and the related higher inherent risks of material misstatement in the expected credit loss allowance (impairment) of loans to the private sector and the valuation of certain level 2 and level 3 financial instruments (more specifically: equity investments and loans held at fair value), we considered these matters as key audit matters as set out in the section 'Key audit matters' of this report.

FMO assessed the possible effects of climate change and its plans to meet the net zero commitments on its financial position, refer to the 'Climate-related and environmental financial risk' subsection of the 'Risk Management' section, and the 'Sustainability Statement' in the annual report. We discussed FMO's assessment and governance thereof with management and evaluated the potential impact on the financial position including underlying assumptions and estimates. The impact of climate change is not considered a separate key audit matter, and has been taken into consideration as part of our work in relation to the key audit matters 'impairment of loans to the private sector' and 'valuation of certain level 2 and level 3 financial instruments'.

Other areas of focus, that were not considered as key audit matters, were, amongst others, the assessment of compliance with laws and regulations and our procedures in response to the risk of fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a bank. We therefore included experts and specialists in the areas of amongst others IT, accounting and valuation of financial instruments, hedge accounting, credit risk modelling, taxation, forensics, actuarial expertise, and sustainability in our team.

The outline of our audit approach was as follows:



Overall materiality: €38 million.

Audit coverage: 100% of consolidated total income, 100% of consolidated total assets and 100% of consolidated profit/(loss) before taxation.

- Impairment of loans to the private sector; and
- Valuation of certain level 2 and level 3 financial instruments (more specifically: equity investments and loans held at fair value).

### First-year audit consideration

After our appointment as FMO's auditors, we developed and executed a comprehensive transition plan. As part of this transition plan, we carried out a process of understanding the strategy of FMO, its business, its internal control environment and IT systems. We examined where and how this affected FMO's financial statements and internal control framework. Additionally, we read the prior year financial statements, and we reviewed the predecessor auditor's files and discussed and evaluated the outcome of the audit procedures included therein. We attended closing meetings and audit and risk committee meetings related to the 31 December 2024 audit. Based on these procedures, amongst others, we obtained sufficient and appropriate audit evidence regarding the opening balances. Furthermore, we prepared our risk assessment, our audit strategy and our audit plan for the year ended 31 December 2025, which we discussed with the management board and the audit and risk committee.

### Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Overall materiality</b>               | €38 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Basis for determining materiality</b> | We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of total shareholders' equity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Rationale for benchmark applied</b>   | We used total shareholders' equity as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that total shareholders' equity is the most relevant metric for the financial performance of FMO taking into account that the objective of FMO is focused on effectively investing available capital to make impact. We further consider an income statement benchmark less suitable given the significant volatility noted year-on-year primarily driven by foreign exchange impact. |

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them any misstatement identified during our audit above €1.9 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### **The scope of our group audit**

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of FMO.

We tailored the scope of our audit to ensure that we, in aggregate, performed sufficient work on the financial statements to enable us to provide an opinion on the financial statements as a whole, taking into account the management structure of FMO, the scope of consolidation, the nature of operations, the accounting processes and controls, and the markets in which FMO operates.

FMO manages and administers all transactions and operations (including control activities) centrally in Den Haag. We, therefore, consider all activities to be part of one component, which is the financial information presented in the consolidated financial statements (for the group as a whole).

In total, in performing these procedures, we achieved the following coverage on the financial line items:

|                               |      |
|-------------------------------|------|
| Total Income                  | 100% |
| Total Assets                  | 100% |
| Profit/(loss) before taxation | 100% |

The group engagement team thus performed the audit work for all group entities. By adopting this approach and performing the procedures, we have been able to obtain sufficient and appropriate audit evidence on the FMO's financial information, as a whole, to provide a basis for our opinion on the financial statements.

### **Audit approach fraud risks**

We identified and assessed the risks of material misstatements in the financial statements due to fraud. During our audit we obtained an understanding of FMO and its environment and the components of the internal control system. This included the management board's risk assessment process, their process for responding to the risks of fraud and monitoring the internal control system and how the supervisory board exercised oversight, as well as the respective outcomes.



We evaluated the design and implementation of relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, 'Speak up' and other whistleblower procedures, incident registration and FMO's Systematic Integrity Risk Analysis (SIRA), among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We performed inquiries with a selection of members of the management board and others within FMO, including the internal audit, finance, operations, risk, legal and compliance departments, to evaluate their fraud awareness, the internal control environment in relation to fraud, the 'tone at the top' and entity-level controls.

We discussed with members of the management board, the supervisory board, the internal audit department, the legal department and the compliance department whether they were aware of any actual or suspected fraud or misconduct. This did not result in signals of actual or suspected fraud or misconduct that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated, in close co-operation with our forensic specialists, fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption, particularly in light of FMO's activities in higher risk and less developed countries. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

As described in the auditing standards, inherently, management is in a unique position to perpetrate fraud, because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. As such, we identified, as in all our audits, management override of controls and risk of fraud in revenue recognition as presumed risks of fraud.

The audit procedures to respond to the assessed risk of management override of controls include, amongst others, evaluation of the design and the implementation of internal controls that intend to mitigate fraud risks, procedures on journal entries selected based on risk criteria with the support of data analytics and we paid attention to significant transactions outside the normal course of business and related party transactions.

We also performed audit procedures related to important management's estimates. In this context, we paid specific attention to the estimates related to the measurement of the ECL allowance (impairment) for loans to private sector and the measurement of certain level 2 and 3 financial instruments. For an overview of audit procedures performed on the measurement of the 'Impairment of loans to the private sector' and 'Valuation of certain level 2 and level 3 financial instruments (more specifically: equity investments and loans held at fair value)', including those related to fraud or error, we refer to the section 'Key audit matters'. We particularly paid attention to the inherent risk of bias of the management board in estimates that may represent a risk of material misstatement due to fraud.

With regards to the presumed risk of fraud in revenue recognition, based on our risk assessment procedures, we concluded that this risk is primarily related to revenue recognition in areas that are more complex, non-systematic or manual in nature and/or involve related parties. Specifically, we considered the risk of fraud to exist for the accuracy and cut-off of fee and commission income, as well as the accuracy related to 'remuneration for services rendered', due to the diversity in calculations and agreements in place. Further accuracy for dividend income and income from investments in associates and joint ventures recognition is considered a fraud risk given their ad-hoc nature and the related complexity.

We performed audit procedures over these risks, including evaluation of the design and implementation of relevant internal controls, and substantive procedures over revenue recognition. This included testing a sample of underlying transactions which drive the revenue recognised to ensure that the income recorded is accurate and was recorded in the correct period and the appropriateness of the valuation methodologies, inputs and assumptions applied in the valuation of equity investments that may be inputs to the calculations.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud that could potentially result in the financial statements being materially misstated.

We incorporated an element of unpredictability in our audit. We reviewed lawyer's letters and correspondence with regulators. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Whenever we identified any indications of fraud, we re-evaluated our fraud risk assessment and its impact on our audit procedures. This did not lead to indications of fraud or suspicions of fraud potentially resulting in material misstatements.

### **Audit approach to non-compliance with laws and regulations**

In respect of non-compliance with laws and regulations, there is an industry risk that compliance areas have not sufficiently been addressed by management for financial statements purposes, due to the high degree of regulation in the industry, and expectations from society.

This includes the consideration whether there is a need for the recognition of a provision or a contingent liability disclosure on the future outcome of legal or regulatory matters.

The objectives of our audit, with respect to non-compliance with laws and regulations are:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

In line with Dutch Standard 250 we made, in our audit approach, a distinction between those laws and regulations which have a direct effect on the determination of material amounts and disclosures in the financial statements and those that do not have a direct effect on the determination of material amounts and disclosures in the financial statements, but where compliance may be fundamental to the business. Those include, amongst others, FMO's ability to continue its business and/or to avoid material penalties.

We identified that the industry risk of non-compliance with laws and regulations relates mainly to the laws and regulations with an indirect effect on the financial statements, such as for example anti-money laundering and anti-terrorist financing regulations, as well as regulations linked to the banking specific operating licenses (including the Financial Supervision Act ('Wet op het financieel toezicht')).

We inquired of the management board and the supervisory board as to whether FMO is in compliance with such laws and regulations and inspected correspondence with relevant licensing and regulatory authorities.

The primary responsibility for compliance with laws and regulations lies with the management board with the oversight of the supervisory board.

Based on our audit performed, we have not identified a material misstatement of the financial statements due to non-compliance with laws and regulations.

#### **Audit approach going concern**

As disclosed in sub-section 'Basis for preparation' within the 'Material accounting policies' section of the financial statements the management board performed its assessment of FMO's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on FMO's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the management board's going-concern assessment included, amongst others:

- considering whether the management board's going-concern assessment included all relevant information of which we were aware of as a result of our audit and inquiring with the management board regarding the management board's most important assumptions underlying its going-concern assessment;
- understanding and evaluating FMO's annual business plan and budget process (including FMO's funding plan), for the next twelve months (as well as assessing the actual performance of FMO in comparison to the budget for the last twelve months), taking into account current developments in the industry and all relevant information of which we were aware as a result of our audit;

- understanding and analysing whether the current and the required financing has been secured to enable the continuation of the entirety of FMO's operations, including consideration of the support agreement with the Dutch Government and its implications;
- understanding and evaluating FMO's financial and capital position and stress testing of liquidity and regulatory capital requirements as included in the ICAAP and ILAAP submissions and taking note of regulatory SREP correspondence;
- performing inquiries of the management board as to its knowledge of going-concern risks beyond the period of their assessment.

Our procedures did not result in outcomes contrary to the management board's assumptions and judgements used in the application of the going-concern assumption.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we describe the key audit matters and include a summary of the audit procedures we performed on those matters.

The key audit matters identified are derived from our first year audit insights and execution.

| Key audit matter                          | Our audit work and observations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impairment of loans to the private sector | <p>We performed risk assessment procedures to identify assumptions that required significant judgements and to identify variations with the most impact on ECL.</p> <p>We evaluated the design and, where applicable, tested the operating effectiveness of key controls in relation to estimating the ECL allowance. This included:</p> <ul style="list-style-type: none"> <li>• evaluation of the methodology and controls applied in measuring and determining significant increase in credit risk;</li> </ul> |

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Our audit work and observations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <p>Refer to sub-section 'Significant estimates, assumptions and judgements' within the 'Material accounting policies' section, sub-section 'Financial assets – impairment' within the 'Material accounting policies' section, note 7 'Loans to the private sector' and note 8 'Impairment charges on financial assets, loan commitments and guarantees' within the notes to the financial statements and the 'Credit Risk' section of the 'Risk Management' Chapter of the annual report.</p> <p>In accordance with the requirements of IFRS 9, FMO applied the impairment allowances on loans to the private sector using a three-stage expected credit loss ('ECL') impairment model. FMO determined loan impairments in stage 1 and 2 on a modelled basis whereas the loan impairments in stage 3 are determined on a loan-specific basis.</p> <p>The model-based loan impairment calculation is a complex estimate. It requires significant management judgement given it involves a large number of related inputs and assumptions such as the assessment as to whether a significant increase in credit risk has occurred; as well as the determination of probability of default ('PD'); forward looking macroeconomic variables ('z-factor'); forward looking macro-economic scenarios and scenario probability weightings; loss given default ('LGD'); and exposure at default ('EAD').</p> <p>Judgemental adjustments to the modelled estimate were made by management in relation to external conditions not captured in the IFRS 9 models and data limitations, including but not limited to, adjustments for geopolitical and climate risks.</p> | <ul style="list-style-type: none"> <li>governance over the development and validation of PD, LGD, and EAD impairment models;</li> <li>management's review and approval process for model outputs and manual adjustments;</li> <li>controls relating to loan credit reviews which determine the appropriateness of loan input data relevant for the model parameters and evaluation of future cash flows including relevant collateral valuation.</li> </ul> <p>We tested management's model-based loan impairment calculation, with support from our model experts. Our procedures included:</p> <ul style="list-style-type: none"> <li>Evaluating the reasonableness of the significant assumptions and appropriateness of the methodologies used for the models;</li> <li>Assessing the reasonability of macroeconomic scenarios, including forecast variables and probability weights;</li> <li>Performing back-testing on key model parameters; and</li> <li>Testing the underlying data used in the models.</li> </ul> <p>We evaluated management's judgemental adjustments including the adjustments for geopolitical and climate risks by obtaining supporting evidence and evaluating alternative and contradictory information whether these adjustments were necessary to balance underlying model and data limitations. We have exercised professional skepticism in our audit given the significance and subjective nature of these adjustments.</p> |



| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Our audit work and observations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>For credit-impaired loans that are assessed on an individual basis, assumptions were made in defining scenarios for expected cash flows based on multiple scenarios, 'including return to performing (and projected cash flows), restructuring, and write-off or sale'; determining scenario probability weights; and in determining the key inputs to calculate the estimated cash flows including 'cash flows arising from liquidation processes, unfunded risk participations and firm offers'.</p> <p>Given the respective accounting policy choices, judgements made by management, the complexity and the inherent limitations to the inputs required by the loan impairment models, determining ECL is subject to a high degree of estimation uncertainty and consequently subject to a higher risk of material misstatement due to error or fraud. Significant audit effort and -judgement is necessary to evaluate audit evidence, therefore, we considered this a key audit matter in our audit.</p> | <p>Given the estimation risk of individually credit-impaired loans, we selected samples and assessed whether key judgements and estimates in the impairment allowance were appropriate. Our procedures included:</p> <ul style="list-style-type: none"> <li>• Evaluating forecasted cash flows and supporting evidence, including collateral values; and</li> <li>• Assessing management's scenario probability allocations based on actual circumstances.</li> </ul> <p>Based on the above, we assessed the methodology and inputs to be in line with market and industry practice for the determination of the impairment allowances on loans to the private sector also taking into account FMO's operating environment.</p> <p>We further assessed the related disclosures in the financial statements and found these to be appropriate.</p> |
| <p>Valuation of certain level 2 and level 3 financial instruments (more specifically: equity investments and loans held at fair value)</p> <p>Refer to sub-section 'Significant estimates, assumptions and judgements' within the 'Material accounting policies' section, sub-section 'Fair value of financial instruments' within the 'Material accounting policies' section, note 7 'Loans to the private sector', note 9 'Equity Investments', note 22 'Results from equity investments' and note 'Fair value of financial assets and liabilities' within the notes to the financial statements and the 'Equity Risk' section of the 'Risk Management' Chapter of the annual report.</p>                                                                                                                                                                                                                                                                                                                       | <p>We evaluated the design and, where applicable, tested the operating effectiveness of key controls over estimating the valuation of certain level 2 and level 3 financial instruments (more specifically: equity investments and loans held at fair value). This included:</p> <ul style="list-style-type: none"> <li>• the equity investment and loan valuation processes;</li> <li>• the fair value methodology including the accounting policies related to fair value measurement in accordance with IFRS 13; and</li> <li>• management's review and approval process regarding the fair value of equity investments and loans.</li> </ul>                                                                                                                                                                                                  |

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Our audit work and observations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>FMO holds significant equity investments and loans at fair value that are valued using inputs or prices which are not observable in the market. In accordance with the IFRS 13 fair value hierarchy, these investments are classified as level 3.</p> <p>Economic developments in developing and emerging markets, specific investee-related characteristics and other drivers result in significant judgement being required and subjectivity surrounding these unobservable inputs. The valuation of these level 3 investments and the associated unrealised gains and losses recognised in the statement of profit or loss were given specific audit focus.</p> <p>This is a complex process as for these investments judgements are required in determining the appropriate valuation methodology and significant assumptions, estimating earnings, discretionary discount factors, the discount on earnings multiples, and assessing the reasonableness of cash flow forecasts and year-end adjustments to the net asset value.</p> <p>Given the respective accounting policy choices, judgements made by management, the complexity and the inherent limitations to the inputs required, the valuation of the investments are subject to a high degree of estimation uncertainty and consequently subject to a higher risk of material misstatement due to error or fraud. Significant audit effort and -judgement is necessary to evaluate audit evidence, therefore, we considered this a key audit matter in our audit.</p> | <p>With support of our valuation experts, we tested management's valuation of the equity investments and loans held at fair value on a sample basis.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>evaluating the reasonableness of the significant assumptions and appropriateness of the methodologies used for the valuation;</li> <li>assessing management's backtesting results;</li> <li>testing the underlying data used in the valuations; and</li> <li>verifying the valuation approval by FMO's governance.</li> </ul> <p>We assessed management's subsequent events procedures including implications on the year end valuation of equity investments and loans held at fair value.</p> <p>Based on the above, we assessed the methodology and inputs to be in line with market and industry practice for the determination of the valuation of certain level 2 and level 3 financial instruments (more specifically: equity investments and loans held at fair value) also taking into account FMO's operating environment.</p> <p>We further assessed the related disclosures in the financial statements and found these to be appropriate.</p> |

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## **Compliance with the requirements of the Regulatory Technical Standard of SBR, including the XBRL mark up, not audited**

The audit includes the verification that the prepared financial statements comply with the legal provisions in Part 9 of Book 2 of the Dutch Civil Code. Our audit opinion is issued on the prepared financial statements and will be included in the digitally filed annual report. This means that compliance with all requirements of the Regulatory Technical Standard of the SBR domain Trade Register (including the applied eXtensible Business Reporting Language (XBRL) mark ups) was not subject to our audit.

## **Report on the other information included in the annual report**

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the Report of the management board, excluding the sustainability statement, and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the report of the management board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements**

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### **Our appointment**

We were appointed as auditors of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. on 24 April 2024 by the shareholders at the annual general meeting. Our appointment now represents a total period of uninterrupted engagement of 1 year.

### **No prohibited non-audit services**

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To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audit of public-interest entities.

### **Services rendered**

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The services, in addition to the audit, that we have provided to FMO, for the period to which our statutory audit relates, are disclosed in note 28 'General and administrative expenses' to the financial statements.

## **Responsibilities for the financial statements and the audit**

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### **Responsibilities of the management board and the supervisory board for the financial statements**

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 Part 9 of Book 2 of the Dutch Civil Code; 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 FMO's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management board should prepare the financial statements using the going-concern basis of accounting unless the management board either intends to liquidate FMO 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 FMO's ability to continue as a going concern.

The supervisory board is responsible for overseeing FMO's financial reporting process.

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## **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 FMO'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 Company'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 FMO 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 are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the supervisory 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. In this respect, we also issue an additional report to the audit and risk committee in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.





We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Amsterdam, 23 March 2026

PricewaterhouseCoopers Accountants N.V.

Original has been signed by:

C.C.J. Segers RA



# Limited assurance report of the independent auditor on the sustainability statement

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

## Our limited assurance conclusion

Based on the procedures we have performed and the assurance evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated sustainability statement as included in the 2025 Annual Report ('the sustainability statement') of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ('the Company') for 2025 is not, in all material respects,

- prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and in accordance with the process, carried out by the Company, to identify the information to be reported pursuant to the ESRS; and
- compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 ('the Taxonomy Regulation').

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## The subject matter of our limited assurance procedures

We have conducted a limited assurance engagement on the consolidated sustainability statement of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., The Hague for 2025, included in section 'Sustainability Statement' of the management report, including the information incorporated in the sustainability statement by reference (hereafter: the sustainability statement).

In the sustainability statement, references are made to external sources or websites. The information on these external sources or websites is not subject to our limited assurance procedures for the sustainability statement. We therefore do not provide assurance on this information.

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam,  
P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands, T: +31 (0) 88 792 00 20, [www.pwc.nl](http://www.pwc.nl)

'PwC' is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At [www.pwc.nl](http://www.pwc.nl) more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

## **The basis for our conclusion**

We conducted our limited assurance engagement in accordance with Dutch law, including the Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheidsverslaggeving' (assurance engagements relating to sustainability reporting), which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised) 'Assurance engagements other than audits or reviews of historical financial information'.

Our responsibilities under this standard are further described in the section 'Our responsibilities for the limited assurance engagement on the sustainability statement' of our report. We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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## **Our independence and quality management**

We are independent of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. 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 for professional accountants).

PwC applies the applicable quality management requirements pursuant to the 'Nadere voorschriften kwaliteitsmanagement' (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1 and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

## **Emphasis of matter**

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### **Emphasis on significant measurement uncertainties**

We draw attention to sections 'Value chain estimation and sources of estimation', 'E1-6 Gross Scope 1, 2, 3 and Total GHG emissions' and 'S2-5 Metrics' in the sustainability statement that identifies the quantitative metrics and monetary amounts for financed- and financed avoided emissions under scope 3 category 15 and the number of direct jobs supported respectively, that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements the Company has made in measuring these in compliance with the ESRS.

Our conclusion is not modified in respect of this matter.

### **Inherent limitations in preparing the sustainability statement**

In reporting forward-looking information in accordance with the ESRS, the management board of the Company is required to prepare the forward-looking information based on disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. Forward-looking information relates to events and actions that have not yet occurred and may never occur.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

The quantification of greenhouse gas emissions and the number of direct jobs supported are subject to inherent limitations because of evolving methods and knowledge underlying emissions factors and other assumptions, including for those sourced from third parties.

## **Responsibilities for the sustainability statement and for the limited assurance procedures thereon**

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### **Responsibilities of the management board and the supervisory board for the sustainability statement**

The management board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. is responsible for the preparation of the sustainability statement in accordance with ESRS, including the development and implementation of the double materiality process, which is a process to identify the information reported in the sustainability statement in accordance with the ESRS and for disclosing this process in the sustainability statement.

This responsibility includes:

- understanding the context in which Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.'s activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions and estimates that are reasonable in the circumstances.

The management board is also responsible for preparing the disclosures in compliance with the reporting requirements provided in the Taxonomy Regulation.

The management board is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the Company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the Company's sustainability reporting process including the double materiality process carried out by the Company.

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## **Our responsibilities for the limited assurance engagement on the sustainability statement**

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance, as appropriate, about whether the sustainability statement is free from material misstatements, and to issue a limited assurance conclusion in our report. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the sustainability statement. The procedures vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance obtained in a reasonable assurance engagement.

Our responsibilities in respect of the sustainability statement, in relation to the process to identify the information to be reported in the sustainability statement ('the process') include:

- Obtaining an understanding of the process, but not for the purpose of providing a conclusion on the effectiveness of the process, including the outcome of the process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and
- Designing and performing procedures to evaluate whether the process is consistent with the Company's description of its process set out in the sustainability statement.

Our other responsibilities in respect of the limited assurance engagement on the sustainability statement include:



- Performing risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the sustainability statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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## Summary of procedures performed

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the sustainability statement, whether due to fraud or error.

We have exercised professional judgement and have maintained professional scepticism throughout the assurance engagement, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst others, the following:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of the Company, its activities and the value chain and its key intangible resources to assess the process to identify the information to be reported carried out by the Company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with ESRS.
- Obtaining through inquiries a general understanding of the internal control environment, the Company's processes for gathering and reporting entity-related and value chain information, the information systems and the Company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the Company's activities, without testing the operating effectiveness of controls.

- Assessing the double materiality process carried out by the Company and identifying and assessing areas of the sustainability statement, including the disclosures provided for in the Taxonomy Regulation, where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise. We designed and performed further assurance procedures responsive to these areas.
- Considering whether the description of the process to identify the information to be reported in the sustainability statement made by the management board appears consistent with the process carried out by the Company.
- Evaluating the methods, assumptions and data for developing estimates and forward-looking information. Assessing whether the Company's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. Our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate the Company's estimates. We do not provide assurance on the achievability of this forward-looking information.
- Analysing, on a limited sample basis, relevant internal and external documentation at the level of the Company (including other entities or value chain from which the information may stem) for selected disclosures.
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement.
- Considering whether the disclosures to address the reporting requirements provided for in the Taxonomy Regulation are in accordance with the Taxonomy reference framework, and whether they comply with the reporting requirements provided for in the Taxonomy Regulation.
- Reconciling the relevant financial information to the financial statements.
- Considering the overall presentation, structure and the balanced content of the sustainability statement, including the reporting requirements provided for in the Taxonomy Regulation.
- Considering, based on our limited assurance procedures and evaluation of the assurance evidence obtained, whether anything came to our attention that would cause us to believe that the sustainability statement as a whole, including the sustainability matters and disclosures, is not clearly and adequately disclosed in accordance with ESRS.



Calculations to determine information as included in the sustainability statement could be based on assumptions and sources from third parties that include information about, among others, value chain and information collected from actors in the value chain, when appropriate. We have not performed procedures on the content of these assumptions and these external sources, other than evaluating the suitability and plausibility of these assumptions and sources from third parties used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the limited assurance engagement and significant findings that we identify during our limited assurance engagement.

Amsterdam, 23 March 2026

PricewaterhouseCoopers Accountants N.V.

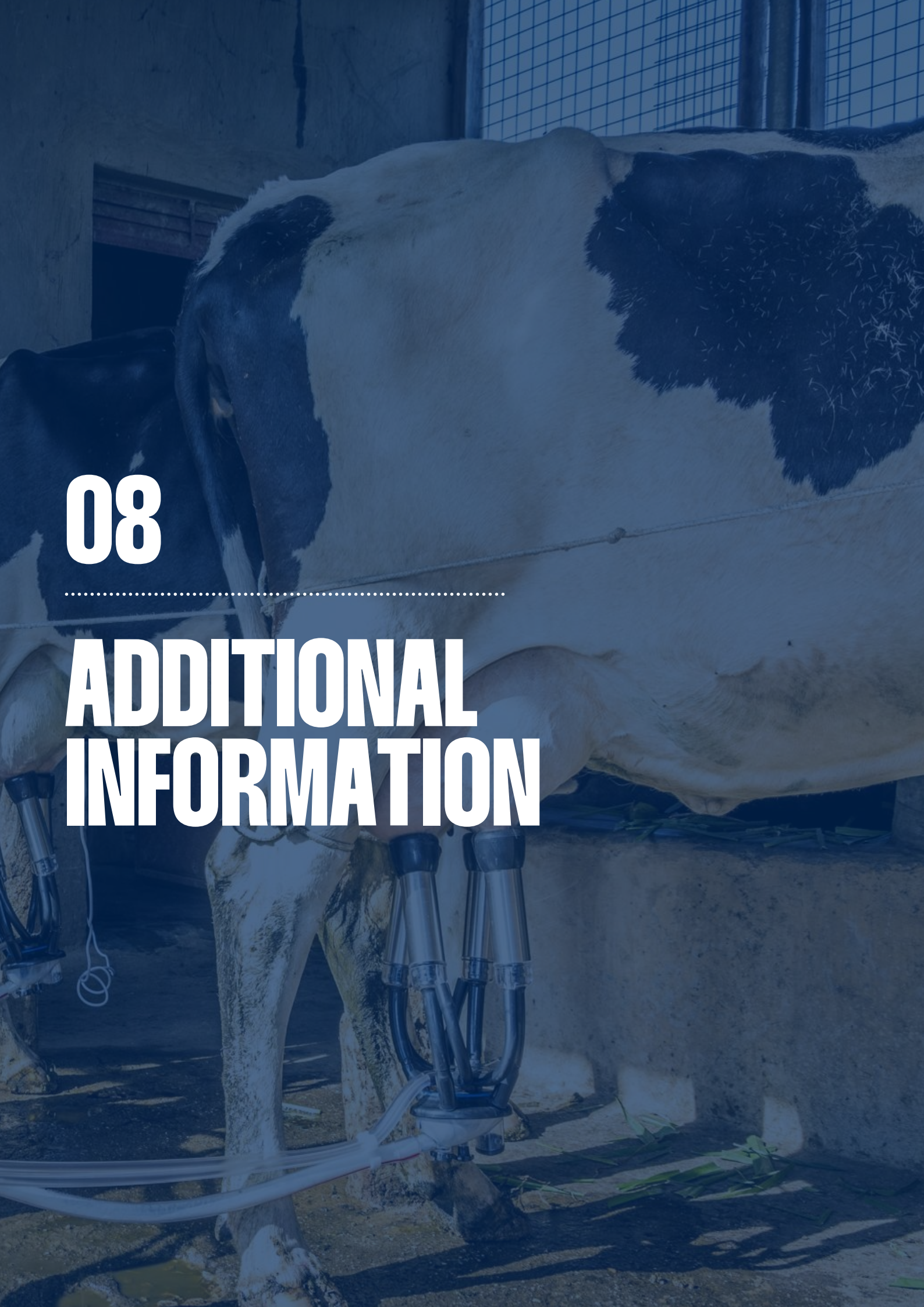
Original has been signed by:

C.C.J. Segers RA







A photograph of a black and white cow in a milking parlor. The cow is standing in a stall, and its udders are being milked by two silver milking machines. The background shows a wire mesh fence and a concrete wall. The image has a blue tint.

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# ADDITIONAL INFORMATION

# ALTERNATIVE PERFORMANCE MEASURES .....

An alternative performance measure (APM) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. In disclosing our performance, FMO uses specific APMs that are not defined by IFRS and are different to what is included in the financial statements. APMs should not be considered as alternatives to the equivalent IFRS measures but rather supplementary to the most directly comparable IFRS measures. Alternative performance measures do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. FMO distinguishes between Sustainability-related APMs and Financial Accounting APMs.

## Sustainability-related APMs

### Committed portfolio

Committed portfolio is an impact measure that is used for steering purposes. It measures FMO's contribution and expected impact towards SDG 8 Decent Work and Economic Growth, a key strategic objective of FMO, and reflects the risk exposure taken by different risk parties. We distinguish between three business lines: FMO, funds made available by public entities ('public funds') and funds made available by other third parties ('direct mobilized funds').

The measure committed portfolio is not reconcilable with information included in the financial statements as it consists of a unique set of business rules. These business rules combine a mix of financial and non-financial information and data. The non-financial information is not required by IFRS and, as such, is not reflected in the financial statements.

The following table includes a breakdown of committed portfolio per business line and financial product.

|                                           | 2025                |                    |                      | 2024                |                    |                      |
|-------------------------------------------|---------------------|--------------------|----------------------|---------------------|--------------------|----------------------|
| Total committed portfolio (€ mln)         | Committed portfolio | Outstanding amount | Remaining commitment | Committed portfolio | Outstanding amount | Remaining commitment |
| <b>FMO</b>                                | <b>10,500</b>       | <b>8,756</b>       | <b>1,744</b>         | <b>10,516</b>       | <b>8,557</b>       | <b>1,959</b>         |
| Debt                                      | 6,880               | 5,949              | 931                  | 6,341               | 5,538              | 803                  |
| Equity                                    | 3,376               | 2,674              | 702                  | 3,813               | 2,876              | 937                  |
| Guarantees                                | 244                 | 133                | 111                  | 362                 | 143                | 219                  |
| <b>Public funds</b>                       | <b>1,380</b>        | <b>1,087</b>       | <b>293</b>           | <b>1,566</b>        | <b>1,226</b>       | <b>340</b>           |
| Debt                                      | 633                 | 487                | 146                  | 668                 | 545                | 123                  |
| Equity                                    | 650                 | 514                | 136                  | 791                 | 625                | 166                  |
| Guarantees                                | 97                  | 86                 | 11                   | 107                 | 56                 | 51                   |
| <b>Direct mobilized funds (debt only)</b> | <b>3,432</b>        | <b>2,668</b>       | <b>764</b>           | <b>3,390</b>        | <b>2,522</b>       | <b>868</b>           |
| <b>Total</b>                              | <b>15,312</b>       | <b>12,511</b>      | <b>2,801</b>         | <b>15,472</b>       | <b>12,305</b>      | <b>3,167</b>         |

Committed portfolio is the sum of outstanding amounts and remaining commitment amounts of the active debt, guarantee and equity investment transactions. Debt includes commercial loans, mezzanine loans and debt funds. Equity includes direct and fund investments, as well as investments made in associates. Guarantees include guarantees issued.

The outstanding amount for debt is equal to the principal outstanding amount reduced to the amount of the used Unfunded Risk Participation (guarantees received), if any; for the equity investments this is equal to the sum of fair value of the underlying assets. For guarantees, this is equal to the effective guarantees issued. The remaining commitment consists of the committed not disbursed amounts for all financial products mentioned, or in other words the principal amount available for disbursement to the customer by the funding party.



A non-material portion of our total committed portfolio is double counted across portfolio categories due to FMO's participation in and management of investment vehicles that invest in, or coinvest alongside, FMO originated loans including the SDG Loan Fund, government funds such as MASSIF, and investor vehicles such as the FMO Privium Impact Fund. Where FMO's own equity or funding is recognized on FMO's financial statements and the same vehicles' participations are reported under Public Funds or Direct Mobilized portfolio, a small part of FMO's stake can be reflected in both FMO committed portfolio and the relevant public/mobilized committed portfolio. We monitor the aggregate overlap annually and confirm that it remains below our internal materiality threshold.

## New investments

New investments is a strategic business measure used for steering purposes to ensure funds maximize impact on SDGs 8, 10 and 13. New investment refers to the volume of new commitments made to customers at the end of the reporting year (based on signed contracts), reported per party bearing the risk (i.e. FMO, public entities, other third-parties considered direct mobilization). Volume is reported for all debt, equity and guarantee products and includes new facility agreements, limit increases, renewals of contracts and interest capitalization. It excludes transfers from one party to another or conversions from e.g. equity to debt. Grants provided through, for instance, the Capacity Development program and sub-delegated funds under management of third parties are excluded from the results.

The measure new investments is not reconcilable with information included in the financial statements as it consists of a unique set of business rules. These business rules combine a mix of financial and non-financial information and data. The non-financial information is not required by IFRS and, as such, is not reflected in the financial statements.

The following table includes a breakdown of new investments per business line and financial product. For a description of each financial product, refer to the section on committed portfolio.

| Total new investments (€ mln)             | 2025         | 2024         |
|-------------------------------------------|--------------|--------------|
| <b>FMO</b>                                | <b>2,677</b> | <b>2,188</b> |
| Debt                                      | 2,496        | 1,738        |
| Equity                                    | 147          | 312          |
| Guarantees                                | 34           | 138          |
| <b>Public funds</b>                       | <b>229</b>   | <b>285</b>   |
| Debt                                      | 178          | 116          |
| Equity                                    | 51           | 117          |
| Guarantees                                | -            | 52           |
| <b>Direct mobilized funds (debt only)</b> | <b>1,034</b> | <b>1,353</b> |
| <b>Total new investments</b>              | <b>3,940</b> | <b>3,826</b> |

## Financial Accounting APMs

FMO uses Financial Accounting Alternative Performance Measures (APMs) to supplement IFRS-based financial reporting and provide stakeholders with a clearer view of the bank's underlying business performance. Since the adoption of IFRS 9 in 2018, FMO's net profit has become more volatile, primarily due to three factors:

- **Private Equity (PE) Valuation:** The majority of FMO's PE portfolio is measured at fair value through profit or loss. As approximately 80 percent of the portfolio is denominated in USD, fluctuations in the EUR/USD exchange rate have a significant impact on reported results, leading to large swings in net profit.
- **Loan Impairments:** Loan loss provisions have shown considerable volatility, with high losses in years such as 2020 (COVID-19) and 2022 (Ukraine crisis), and releases in other years, reflecting the impact of external shocks and subsequent recoveries.
- **Treasury Derivatives:** Mark-to-market results on treasury derivatives, used for hedging purposes, can also cause significant fluctuations in profit or loss.

Given these sources of volatility, the Management Board (MB) has decided to monitor and steer the bank's performance using APMs that better reflect the recurring, underlying income and expenses of the

organization, while actively monitoring the sources of volatility. To support effective performance management, FMO's monthly internal reporting to the Management Board presents results across six simplified buckets: regular income, operating expenses, FX impact on private equity (PE), Regular equity investments results (excluding FX impact), IFRS 9 impairments and revaluations, and other/tax.

Based on these buckets, the following APMs are presented: *Regular income*, *IFRS 9 impairments and revaluations*, *Regular equity investment results*, and *Other and tax results*. No APMs have been defined for operating expenses and FX impact on PE, as these figures can be directly derived from the annual accounts.

The MB also focuses on the following additional APMs including *Regular result*, *Regular return*, *Cost to regular income*, *Return on Equity (RoE)* *Return on Assets (RoA)* and *Underlying profit* for each segment as presented in the section on 'Segment reporting by operating segments'. The explanation of the APM *Underlying profit* and its reconciliation to the IFRS reported net profit for each segment is provided in the referenced section.

Furthermore, given FMO's business nature and key financial risks, management has also identified the Non-performing Exposure ratio and CET-1 ratio as essential performance measures relevant for disclosure in the annual report. For further details on how CET-1 ratio is calculated, refer to the section on 'Capital adequacy' in the 'Risk Management' chapter.

The MB reviews these APMs and related KPIs on a monthly basis and discusses their development with the Dutch Government (the Ministry of Finance) on a quarterly basis. In addition, key APMs are included in the KPIs agreed with the Ministry of Finance, FMO's main shareholder, ensuring alignment with shareholder expectations and accountability for performance.

By using APMs, FMO aims to provide stakeholders with a more stable and meaningful view of the bank's financial performance, supporting effective management decision-making and transparent communication with external parties. Therefore, the disclosures in this section have been updated in comparison those made in the prior year annual report to ensure adequate disclosure of the APMs FMO management use for steering.

## Regular income

FMO's regular income relates to income following from operating and investing activities. Regular income excludes income related to value adjustments of financial instruments. Regular income includes net interest income, net fee and commission income, dividend income and remuneration from services rendered. Most of the elements are visible on the FMO's consolidated statement of profit or loss.

| Regular income (€ mln)                        | 2025       | 2024       |
|-----------------------------------------------|------------|------------|
| Net interest income (Note 20)                 | 224        | 226        |
| Net fee and commission income (Note 23)       | -2         | -4         |
| Dividend income                               | 58         | 43         |
| Remuneration from services rendered (Note 25) | 35         | 35         |
| <b>Regular income</b>                         | <b>315</b> | <b>300</b> |

| Reconciliation to a sub-total in the statement of profit or loss (€ mln) | 2025       | 2024       |
|--------------------------------------------------------------------------|------------|------------|
| Regular income                                                           | 315        | 300        |
| Add: Gains and losses due to derecognition                               | -          | 2          |
| Add: Net result from financial transactions                              | 9          | 11         |
| Add: Result from equity investments                                      | -145       | 138        |
| Add: Other operating income                                              | 2          | -          |
| Less: Dividend income from associates and joint ventures                 | 17         | 14         |
| <b>Total income</b>                                                      | <b>164</b> | <b>437</b> |

## Regular result

This is defined as regular income minus operating expenses. The MB's strategic goal is to achieve year-on-year growth in regular result.

| Regular result (€ mln)                        | 2025       | 2024       |
|-----------------------------------------------|------------|------------|
| Net interest income (Note 20)                 | 224        | 226        |
| Net fee and commission income (Note 23)       | -2         | -4         |
| Dividend income                               | 58         | 43         |
| Remuneration from services rendered (Note 25) | 35         | 35         |
| Operating expenses                            | -193       | -191       |
| <b>Regular result</b>                         | <b>122</b> | <b>110</b> |

| Reconciliation to a sub-total in the statement of profit or loss (€ mln)     | 2025      | 2024       |
|------------------------------------------------------------------------------|-----------|------------|
| Regular result                                                               | 122       | 110        |
| Add: Gains and losses due to derecognition                                   | -         | 2          |
| Add: Net result from financial transactions                                  | 9         | 11         |
| Add: Result from equity investments                                          | -145      | 138        |
| Less: Dividend income from associates and joint ventures                     | 18        | 14         |
| Add: Impairment charges on financial assets, loan commitments and guarantees | 39        | 26         |
| Add: Results on associates/joint venture                                     | 51        | 40         |
| Add: other operating income                                                  | 2         | -          |
| <b>Profit/ (loss) before taxation</b>                                        | <b>60</b> | <b>313</b> |

## IFRS 9 impairments and revaluations

IFRS 9 impairments and revaluations relate to gains/losses following from value adjustments of FMO's loan portfolio. IFRS 9 impairments and gains/losses due to derecognition can be reconciled to the consolidated profit or loss account and gains/losses due to derecognition. However, fair value gains/losses arising from the loan portfolio measured at FVPL cannot be visibly reconciled directly to a single line item in the statement of profit or loss or in the related notes.

| IFRS 9 Impairments and revaluations (€ mln)             | 2025      | 2024      |
|---------------------------------------------------------|-----------|-----------|
| IFRS 9 impairments (Note 7 & 8)                         | 39        | 26        |
| Fair value gains/losses loan portfolio measured at FVPL | -8        | 8         |
| Gains and losses due to derecognition (Note 26)         | -         | 2         |
| <b>IFRS 9 impairments and revaluations</b>              | <b>31</b> | <b>36</b> |

## Regular equity investments results

Regular equity investments results relate to the gains/losses following from valuation adjustments, excluding FX results, of FMO's equity portfolio. This APM includes the results from equity including the realized results. For the results from associates & subsidiaries we use the result excluding dividends since these are shown as part of regular income. Out of the results financial transactions we include the venture capital consolidation part in this APM to combine all equity related income in this APM.

| Regular equity investments results (€ mln)        | 2025       | 2024      |
|---------------------------------------------------|------------|-----------|
| Unrealised results from FV movements              | 95         | 45        |
| Net realized results from sales                   | -31        | -23       |
| Results of associates & subsidiaries              | 33         | 26        |
| Venture Capital consolidation                     | 15         | 13        |
| <b>Regular equity investments results (€ mln)</b> | <b>112</b> | <b>61</b> |

| Reconciliation to a sub-total in the statement of profit or loss (€ mln) | 2025        | 2024       |
|--------------------------------------------------------------------------|-------------|------------|
| Regular equity investments results                                       | 112         | 61         |
| Less: Unrealised results from FX movements                               | 210         | -116       |
| Less: Results of associates & subsidiaries                               | 33          | 26         |
| Less: Venture Capital consolidation                                      | 15          | 13         |
| Add: Dividend income                                                     | 40          | 29         |
| <b>Total result from equity investments</b>                              | <b>-106</b> | <b>167</b> |

## Others and tax results

This APM consist of the results on derivatives, other operating income and the income tax. Results of derivatives is derived from the total results from financial transactions corrected for fair value gains/losses loan portfolio measured at FVPL and Venture Capital consolidation. 'Fair value gains/losses loan portfolio measured at FVTPL' are part of the APM 'IFRS 9 impairments and revaluations' and 'Venture Capital consolidation' is part of the APM 'Regular equity investment results', therefore, they are excluded from the computation of this APM.

| Others and tax results (€mln)                           | 2025      | 2024       |
|---------------------------------------------------------|-----------|------------|
| Net results from financial transactions (Note 24)       | 9         | 11         |
| Fair value gains/losses loan portfolio measured at FVPL | 8         | -8         |
| Venture Capital consolidation                           | -15       | -13        |
| <b>Results on derivatives</b>                           | <b>2</b>  | <b>-10</b> |
| Other operating income                                  | 2         | -          |
| Income tax (Note 29)                                    | -11       | -15        |
| <b>Total other /tax results</b>                         | <b>-7</b> | <b>-25</b> |

## Reconciliation with Net Profit

The monthly monitoring buckets reconcile with the annual report and provide a transparent bridge between Financial Accounting APMs and IFRS results. To reflect this, a reconciliation table aligning the APMs presented above with net profit has been included in the table below. The table also facilitates the reconciliation of *IFRS 9 impairments and revaluations* and *Other and tax results*, which cannot be readily reconciled to a subtotal in the consolidated statement of profit or loss.

| APM alignent with Net profit (€m)              | 2025       | 2024       |
|------------------------------------------------|------------|------------|
| APM - Regular income                           | 315        | 300        |
| Operating expenses                             | -193       | -191       |
| <b>APM - Regular result</b>                    | <b>122</b> | <b>110</b> |
| APM - Equity investments results               | 112        | 61         |
| Unrealized results from FX movements (Note 22) | -210       | 116        |
| APM - IFRS 9 Impairments and revaluations      | 31         | 36         |
| APM- Others and tax results                    | -7         | -25        |
| <b>Net Profit</b>                              | <b>48</b>  | <b>297</b> |

## Regular return

This is calculated as regular result divided by average shareholders' equity.

| Return on average shareholders' equity (%)                              | 2025        | 2024        |
|-------------------------------------------------------------------------|-------------|-------------|
| Regular result (€ mln)                                                  | 122         | 110         |
| Opening balance: consolidated statement of shareholders' equity (€ mln) | 3,856       | 3,513       |
| Closing balance: consolidated statement of shareholders' equity (€ mln) | 3,862       | 3,856       |
| <b>Return on average shareholders' equity (%)</b>                       | <b>3.2%</b> | <b>3.0%</b> |

## Cost to regular income

This is calculated as operating expenses divided by regular income.

| Regular income per consolidated profit or loss account (€ mln) | 2025         | 2024         |
|----------------------------------------------------------------|--------------|--------------|
| Operating expenses                                             | 193          | 191          |
| Regular income                                                 | 315          | 300          |
| <b>Cost to regular income (%)</b>                              | <b>61.3%</b> | <b>63.5%</b> |

## Return on average shareholders' equity

A measure that indicates how the profitability is in relation to the average shareholders' equity. This metric is expressed in the form of a percentage that is equal to net profit/(loss) divided by the average shareholders' equity for the prior and current reporting year.

| Return on average shareholders' equity (%)                              | 2025        | 2024        |
|-------------------------------------------------------------------------|-------------|-------------|
| Net profit/(loss) per consolidated profit or loss account (€ mln)       | 48          | 297         |
| Opening balance: consolidated statement of shareholders' equity (€ mln) | 3,856       | 3,513       |
| Closing balance: consolidated statement of shareholders' equity (€ mln) | 3,862       | 3,856       |
| <b>Return on average shareholders' equity (%)</b>                       | <b>1.3%</b> | <b>8.1%</b> |

## Return on assets

A measure that indicates profitability in relation to average total assets. The metric is expressed in the form of a percentage that is equal to net profit/(loss) divided by the average total assets for a specific reporting year. The denominator for this APM/KPI has been revised this year to average total assets to provide a more representative basis for the calculation.

| Return on assets (%)                                                 | 2025        | 2024        |
|----------------------------------------------------------------------|-------------|-------------|
| Net profit/(loss) per consolidated profit or loss account (€ mln)    | 48          | 297         |
| Opening Balance: Total assets per consolidated balance sheet (€ mln) | 11,097      | 10,282      |
| Closing Balance: Total assets per consolidated balance sheet (€ mln) | 11,352      | 11,097      |
| <b>Return on assets (%)</b>                                          | <b>0.4%</b> | <b>2.8%</b> |

## Non-performing exposure ratio

A measure expressed as the percentage of non-performing exposures. The ratio is calculated as gross exposure of the non-performing exposures (on balance) divided by the gross exposure of the total loan portfolio. For further details on this measure, refer to the sub-section on 'Non-performing exposures' included within the credit risk disclosures.

| NPEs (%)                                                               | 2025        | 2024        |
|------------------------------------------------------------------------|-------------|-------------|
| Gross exposure: NPEs to private sector (amortized cost) (€ mln)        | 315         | 346         |
| Gross exposure: NPEs to private sector (fair value) (€ mln)            | 47          | 82          |
| Total gross exposure: NPEs to private sector (on balance) (€ mln)      | 362         | 428         |
| Total gross exposure: Exposures to private sector (on balance) (€ mln) | 6,571       | 6,135       |
| <b>NPE %</b>                                                           | <b>5.5%</b> | <b>7.0%</b> |



# LIST OF ABBREVIATIONS

|           |                                                          |                     |                                                        |
|-----------|----------------------------------------------------------|---------------------|--------------------------------------------------------|
| AC        | Amortized cost                                           | IC                  | Investment Committee                                   |
| AEF       | Access to Energy Fund                                    | ICAAP               | Internal Capital Adequacy Assessment Processes         |
| AFW       | Agribusiness, Food & Forestry                            | ICM                 | Independent Complaints Mechanism                       |
| AGM       | Annual General Meeting of Shareholders                   | IEP                 | Independent Expert Pane                                |
| AI        | Artificial Intelligence                                  | IFC                 | International Finance Corporation                      |
| APM       | Alternative Performance Measures                         | IFRS                | International Financial Reporting Standards            |
| ARIA      | Africa Resilience Investment Accelerator                 | IIMC                | Integrity and Issue Management Committee               |
| ARC       | Audit and Risk Committee                                 | ILAAP               | Internal Liquidity Adequacy Assessment Process         |
| BII       | British International Investment                         | IMF                 | International Monetary Fund                            |
| BPV       | Basis Point Value                                        | IMS                 | Infrastructure, Manufacturing and Services             |
| C&E       | Climate-related and environmental                        | INR                 | Indian Rupee                                           |
| CAP       | Climate Action Plan                                      | IRC                 | Investment Review Committee                            |
| CASA      | Commercial Agriculture for Smallholders and Agribusiness | IRO                 | Impacts, risks and opportunities                       |
| CCR       | Customer Credit Review                                   | IRRBB               | Interest rate risk in the banking book                 |
| CD        | Capacity Development                                     | ISCO                | Impact and Sustainability Committee                    |
| CEO       | Chief Executive Officer                                  | ISDA                | International Swaps and Derivatives Association        |
| CET 1     | Common Equity Tier 1                                     | JIM                 | Joint Impact Model                                     |
| CFI       | Center for Financial Inclusion                           | KPI                 | Key Performance Indicator                              |
| CFOO      | Chief Finance and Operations Officer                     | ktCO <sub>2</sub> e | One kiloton of CO <sub>2</sub> equivalent              |
| CG        | Corporate Governance                                     | KYC                 | Know Your Customer                                     |
| CGAPs     | Corporate Governance Action Plans                        | LAC                 | Latin America and the Caribbean                        |
| C&I       | Commercial & Industrial                                  | LCR                 | Liquidity Coverage Ratio                               |
| CIO       | Chief Investment Officer                                 | LDC                 | Least developed country                                |
| CiP       | Clearance in Principle                                   | LIBOR               | London Interbank Offered Rate                          |
| CP        | Commercial Paper                                         | LIC                 | Low-income country                                     |
| CPPs      | Client Protection Principles                             | LoC                 | Level of Concern                                       |
| CRD6      | Capital Requirements Directive 6                         | LSIs                | Less Significant Institutions                          |
| CRO       | Chief Risk Officer                                       | MDB                 | Multilateral Development Bank                          |
| CRR3      | Capital Requirements Regulation 3                        | MFF                 | Mobilising Finance for Forests                         |
| CRR       | Customer Risk Rating                                     | MFI                 | Microfinance institution                               |
| CSA       | Credit Support Annex                                     | MoFA                | Dutch Ministry of Foreign Affairs                      |
| CSOs      | Civil Society Organizations                              | MSCI                | Morgan Stanley Capital International                   |
| CSRD      | Corporate Sustainability Reporting Directive             | MSME                | Micro, small and medium enterprise                     |
| CSS       | Customer Satisfaction Survey                             | MW                  | Megawatt                                               |
| CVC       | Customer value creation                                  | NFRC                | Non-Financial Risk Committee                           |
| D&I       | Diversity and Inclusion                                  | NFRD                | Non-Financial Reporting Directive                      |
| DCF       | Discounted Cashflow                                      | NGO                 | Non-governmental organization                          |
| DEIB      | Diversity, Equity, Inclusion and Belonging               | NII                 | Net Interest Income                                    |
| Delta EVE | Delta Economic Value of Equity                           | NPE                 | Non-performing exposures                               |
| DFCD      | Dutch Fund for Climate and Development                   | NPS                 | Net Promotor Score                                     |
| DFI       | Development Finance Institution                          | NPV                 | Net present value                                      |
| DMA       | Double materiality assessment                            | NSFR                | Net Stable Funding Ratio                               |
| DNB       | De Nederlandse Bank (Dutch Central Bank)                 | OCI                 | Other comprehensive income                             |
| DORA      | Digital Operational Resilience Act                       | OECD                | Organisation for Economic Co-operation and Development |
| E&S       | Environmental and social                                 | OFAC                | The Office of Foreign Assets Control                   |

|         |                                                                      |               |                                                              |
|---------|----------------------------------------------------------------------|---------------|--------------------------------------------------------------|
| EBA     | European Banking Authority                                           | OHS           | Occupational health and safety                               |
| EBITDA  | Earnings Before Interest, Tax, Depreciation and Amortization         | ORX           | Operational Risk Data Exchange Association                   |
| EC      | European Comission                                                   | ORM           | Operational Risk Management                                  |
| ECB     | European Central Bank                                                | P2G           | Pillar 2 Guidance                                            |
| ECL     | Expected Credit Loss                                                 | PCAF          | Partnership for Carbon Accounting Financials                 |
| EDFI    | European Development Financial Institution                           | PD            | Probability of default                                       |
| EM      | Emerging market                                                      | PE            | Private equity                                               |
| EN      | Energy                                                               | PP&E          | Property, plant and equipment                                |
| ESAP    | Environmental and social action plan                                 | PRB           | Principles for Responsible Banking                           |
| ESG     | Environmental, social and governance                                 | PV            | Photovoltaic                                                 |
| ESMS    | Environmental and social management system                           | RAF           | Risk Appetite Framework                                      |
| ESRS    | European Sustainability Reporting Standards                          | RI            | Reducing Inequalities                                        |
| EU      | European Union                                                       | S&P           | Standard and Poor's                                          |
| EURIBOR | Euro Interbank Offered Rate                                          | SARC          | Selection, Appointment and Remuneration Committee            |
| EVP     | Employee Value Proposition                                           | SBF           | Sustainability Bonds Framework                               |
| FEC     | Financial economic crime                                             | SDG           | Sustainable Development Goal                                 |
| FI      | Financial institution                                                | SFDR          | Sustainable Finance Disclosure Regulation                    |
| FIU     | Financial economic crime                                             | SIRA          | Systematic Integrity Risk Analysis                           |
| FMO     | Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. | SIS           | Sustainability Information System                            |
| FMO IM  | FMO Investment Management B.V.                                       | SLL           | Sustainability Linked Loan                                   |
| FOM     | Faciliteit Opkomende Markten                                         | SME           | Small and medium-sized enterprise                            |
| FOM-OS  | Fund Emerging Markets for Developing Countries                       | SNV           | Stichting Nederlandse Vrijwilligers                          |
| FPIC    | Free prior and informed consent                                      | SOFR          | Secured overnight financing rate                             |
| FRC     | Financial Risk Committee                                             | SPPI          | Solely payments of principal and interest                    |
| FTE     | Full-time equivalent                                                 | SPU           | Sustainability Policy Universe                               |
| FVOCI   | Fair value through other comprehensive income                        | SRB           | Single Resolution Board                                      |
| FVPL    | Fair value through profit or loss                                    | SREP          | Supervisory Review and Evaluation Process                    |
| FSLU    | Forests and Sustainable Land Use                                     | TA            | Technical assistance                                         |
| FX      | Foreign exchange                                                     | TCFD          | Task Force on Climate-Related Financial Disclosures          |
| GAAP    | Generally Accepted Accounting Principles                             | TCX Fund N.V. | The Currency Exchange Fund                                   |
| GCF     | Green Climate Fund                                                   | UBO           | Ultimate beneficial owner                                    |
| GDP     | Gross Domestic Product                                               | UK            | United Kingdom                                               |
| GDPR    | General Data Protection Regulation                                   | UNEP          | United Nations Environment Programme                         |
| GHG     | Greenhouse gas                                                       | URP           | Unfunded Risk Participation                                  |
| GIIN    | Global Impact Investing Network                                      | US            | United States                                                |
| GRI     | Global Reporting Initiative                                          | USD           | US dollar                                                    |
| GRR     | General Risk Reserves                                                | UTP           | Unlikelihood to pay                                          |
| GWh     | Gigawatt-hours                                                       | VC            | Venture capital                                              |
| HIPSO   | Harmonized Indicators for Private Sector Operations                  | VSC           | Verified Carbon Standard                                     |
| HR      | Human Resources                                                      | VOR           | Verklaring omtrent Risicobeheersing                          |
| IAS     | International Accounting Standards                                   | Wwft          | Dutch Anti-Money Laundering and Anti-Terrorist Financing Act |
| IBOR    | Interbank Offered Rate                                               |               |                                                              |

# COLOPHON

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Sarah Fencott, The Write Impact

[www.write-impact.com](http://www.write-impact.com)

## Photography

Cover: Tagaddod, Egypt. Photography by Kwandinobva Production House | P8-9 ASA International  
Rwanda by ASA International | P68-69 Banco Mundo Mujer, Colombia by Tobisch & Guzzmann | P78-79  
Volcafe, Costa Rica by Opmeer Reports | P122-123 Bank Al Etihad, Jordan by Opmeer Reports |  
P244-245 Becis, Asia by Opmeer Reports | P322-323 Miro, Ghana by Opmeer Reports | P334-335 Kernel,  
Ukraine by Opmeer Reports | P368-369 Pearl Dairy, Kenya by Opmeer Reports.

Yvette Wolterick, Eyescream Fotografie: P12 individual photos Management Board, P58 individual  
photos Management Board members and P76 Supervisory Board members (Dougald, Marjolein Eme,  
Reintje and Koos). Own photo: P76 Rob Becker

## Design

Studio Duel, The Hague

[www.studioduel.nl](http://www.studioduel.nl)

## Production

F19 Digital Reporting, Eindhoven

[www.f19digitalreporting.com](http://www.f19digitalreporting.com)

## Reporting scope

This integrated annual report covers activities that took place or had an effect on the reporting year.

FMO publishes its integrated annual report on March 24, 2026. The annual shareholders' meeting is in April. The report is audited by an external auditor. Please read PricewaterhouseCoopers Accountants N.V.'s auditor's report for detailed information on the scope of their work. Previous reports are available on [FMO - Reporting Center](#)

# DISCLAIMER

## Presentation of information

This annual report ("Annual Report") of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), as adopted by the European Union ("IFRS-EU") and with Title 9 of the Dutch Civil Code.

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## Cautionary statement regarding forward-looking statements

Certain of the statements in this Annual Report are not historical facts, including but not limited to certain statements made of future expectations and other forward-looking statements that relate to, among other things, FMO's business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof. Such statements are subject to risks and uncertainties. These statements represent only FMO's beliefs at the date of publication of this document regarding future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Words such as 'anticipate', 'believe', 'could', 'endeavor', 'estimate', 'expect', 'forecast', 'intend', 'predict', 'project', 'may', 'objectives', 'outlook', 'plan', 'strive', 'target', 'will', and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Actual results, performance or events may differ materially from those anticipated by the forward-looking statements due to, without limitation: (i) changes in general economic, financial and market conditions, in particular in FMO's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (iii) changes in performance of financial markets, including emerging and developing markets, (iv) changes in interest rate levels, (v) changes in credit spread levels, (vi) changes in currency exchange rates, (vii) changes in general competitive factors, (viii) general changes in the valuation of assets, (ix) conclusions with regard to accounting assumptions and methodologies, (x) changes in law and regulations, including regulatory law and fiscal law, (xi) changes in policies of governments and/or regulatory authorities, (xii) changes in credit and financial strength ratings, (xiii) other risks and uncertainties detailed in the 'Risk Factors' section contained in recent public disclosures made by FMO, (xiv) risks and uncertainties as addressed in this Annual Report, and (xv) FMO's success in managing the risks involved in the foregoing.

The forward-looking statements are only applicable as from the date of publication of this Annual Report. FMO does not intend to publicly update or revise forward-looking statements contained in this Annual Report to reflect events or circumstances after the date of this report, and FMO does not assume any responsibility to do so.

By accessing this Annual Report, readers acknowledge and accept that forward-looking statements are subject to risks and uncertainties and agree not to rely on them as a basis for making any financial or investment decisions. FMO shall not be liable for any damages, whether direct, indirect, incidental, or consequential, arising from or related to the use of or reliance upon forward-looking statements contained in this Annual Report.

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