



FMO

Entrepreneurial
Development
Bank

DFCD AYA

Annual Report 2025

LETTER FROM THE MANAGEMENT BOARD

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

The strengths of partnerships

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

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

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

DFCD Aya, the EU-guaranteed extension of DFCD, managed by FMO, made a significant step in scaling climate finance. This collaboration with the European Commission substantially enhanced FMO's capacity to mobilize private capital for climate adaptation and mitigation investments in sustainable land use, agriculture, and forestry, particularly in high impact and vulnerable markets. The Facility's performance has been underpinned by close coordination with EU Delegations, ensuring alignment with Team Europe Initiatives and Global Gateway priorities, and reinforcing DFCD Aya's role as a flagship blended finance instrument. Through this integrated approach — combining risk sharing, origination support, and policy alignment — DFCD Aya has strengthened FMO's contribution to climate resilient development while advancing shared European and partner country objectives.

Looking ahead

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

While 2026 is bringing its share of challenges, it also calls for clarity of purpose and continued commitment. We will remain focused on maximizing our impact, strengthening our partnerships, and supporting markets and customers to navigate uncertainty. As we reflect on the past year and look



ahead to the challenges before us, we acknowledge that our achievements would not have been possible without our partners. We extend our sincere gratitude for their trust and collaboration throughout the year and remain fully committed to delivering the impact and reliability they expect from us.

The Hague, 14 April 2026

On behalf of the Management Board:

Franca Vossen, Chief Risk Officer

Huib-Jan de Ruijter, Co-Chief Investment Officer

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



TABLE OF CONTENTS

Introduction	4
DFCD Aya Production 2025	7
Special purpose financial statements	8
Statement of financial position EC	8
Statement of comprehensive income EC	9
Statement of changes in net assets EC	10
Statement of cash flows EC	11
Summary of accounting policies EC	12
Notes to the special purpose financial statements	16
Risk management EC	21
Authorization of the special purpose financial statements	26
Other Information	27
Independent auditor's report	27
Annexes (unaudited)	33

INTRODUCTION

DFCD Aya is a program designed to enhance the Dutch Fund for Climate and Development (DFCD) by leveraging a top-up structure. This initiative is supported by the European Commission (EC) through the European Fund for Sustainable Development Plus (EFSD+), which provides a guarantee of up to €105 million to FMO. This guarantee enables a €240 million loan from FMO to DFCD's Land Use Facility.

2025 was a pivotal year for the Dutch Fund for Climate and Development (DFCD), marking the full operationalization of the EFSD+ guarantee partnership with the European Commission and the Dutch government. This enabled the Land Use Facility (LUF) as one of DFCD's facilities to mobilize up to €240 million in climate finance, with €105 million covered by the EC's first-loss guarantee (referred to as DFCD Aya), and a dedicated €7.6 million Technical Assistance Facility to strengthen investees and ecosystems. DFCD Aya's blended finance model — anchored by FMO, SNV, WWF, and Climate Fund Managers — continued to drive innovation in climate adaptation, sustainable land use, and inclusive economic growth across Africa, Asia, and Latin America.

This financial report relates to the EU guarantee towards DFCD Aya. For more information on DFCD in total, please refer to the DFCD Annual Report 2025. For more information on the Technical Assistance of DFCD Aya, please refer to the broader FMO EFSD+ TA Report.

Catalytic impact and alignment with EU priorities

DFCD Aya's investments in 2025 were selected for their catalytic potential, additionality, and alignment with EU Green Deal, Team Europe Initiatives (TEI), and Global Gateway priorities. Each transaction leverages blended finance to de-risk climate adaptation projects, mobilize private capital, and deliver technical assistance for maximum impact. The fund's approach is rooted in partnership — with SNV and WWF leading origination and landscape-based TA, and FMO providing long-tenor financing and risk management expertise.

DFCD Aya's portfolio now covers a diverse range of sectors, including climate-smart agriculture, green finance, agri-waste conversion, and inclusive SME lending. Close to 90% of investments target EU priority countries and almost 29% target Least Developed Countries (LDCs), ensuring that resources reach the most vulnerable communities.

Highlights of 2025

The year unfolded with remarkable speed and ambition. DFCD Aya's deployment of capital demonstrated strong results, with commitments of more than 40% of the €240 million envelope by the end of 2025, slightly more than one year into the investment period. This rapid pace was not merely a reflection of efficient processes, but of a strong and diverse pipeline of projects that had been carefully cultivated through partnership and innovation.

Among the most significant achievements were the five new investments signed in 2025, each representing a strategic advance in climate adaptation and inclusive finance. In Vietnam, the partnership with MSB (Vietnam Maritime Commercial Joint Stock Bank) resulted in a \$30 million facility dedicated to financing climate-smart SMEs, rural microenterprises, and women-led businesses. This investment is a testament to DFCD Aya's commitment to fostering sustainable economic growth and climate resilience in Southeast Asia.

Phuc Sinh Vietnam, another landmark transaction, was provided with a \$12 million loan for the construction of a climate-resilient coffee processing factory in Dak Nong. The project is distinguished by its focus on sustainability, traceability, and gender inclusion, with nearly half of the company's workforce being women. Technical assistance managed by SNV further strengthens the supply chain, ensuring that the benefits of the investment reach local communities and contribute to climate-smart agriculture.

In Pakistan, DFCD Aya and Building Prospects (another fund managed by FMO) joined forces to support GH2 Industries with a \$10 million blended finance package. This innovative project converts agricultural waste streams into valuable chemicals for the food and pharmaceutical industries, reducing waste, enhancing resource efficiency, and creating new revenue streams for farmers. The impact on climate resilience and food security is profound, positioning GH2 as a model for sustainable industrial development.

The fund's reach extended to Zambia, where a \$20 million facility with First National Bank Zambia was signed to expand access to climate finance for SMEs and agricultural businesses. This investment is designed to catalyze green lending, promote financial inclusion, and support climate adaptation in Zambia's rural economy. The signing event, held in collaboration with the EU Delegation, underscored DFCD Aya's alignment with Team Europe Initiatives and its role in advancing the EU's climate and development agenda.

Finally, DFCD Aya committed \$20 million to Stichting Hivos Triodos Fonds (HTF), managed by Triodos Investment Management. This investment supports SMEs in developing countries, with a focus on sustainable agriculture and renewable energy. Co-financed with OeEB, the transaction is fully approved as Green and Inclusive, enabling HTF to scale its impact and drive climate adaptation for low-income communities and vulnerable groups.

The signing of the Technical Assistance Agreement was another milestone, with €7.6 million allocated to deliver pre-investment readiness and post-investment support for ESG, gender, and market creation. The Technical Assistance Facility is designed to help investees graduate from the Origination Facility into the Land Use Facility, aggregate smaller investments, and promote landscape approaches for project origination. Coordination with Team Europe Initiatives and other EU-funded programs ensures that DFCD Aya's TA is both additional and effective, strengthening the ecosystem for climate finance and sustainable development.

Challenges

While 2025 has been a year of achievements, it has also brought its share of challenges and remedial measures taken.

DFCD Aya's rapid pipeline growth shows clear potential for further growth. With an EC context and priorities that have evolved quite substantially, the fund had to navigate this new reality with its various stakeholders and explore ways how to accommodate the potential for growth. This year was therefore also an opportunity to refine DFCD's approach, align where possible with the evolving new priorities and showcasing its contribution to the Global Gateway strategy.

The speed of deployment has brought the issue of future scalability to the front. With a promising pipeline and strong demand for climate-resilient solutions, the risk of reaching the guarantee ceiling ahead of schedule became a pressing issue. The fund's success in mobilizing capital and delivering impact highlighted the need for proactive measures to secure additional funding, ensuring that DFCD Aya could continue to meet the needs of its partners and beneficiaries.

These challenges were compounded by the complexity of coordinating with multiple stakeholders, managing risk, and maintaining transparency in reporting. The fund's commitment to high standards of governance and impact measurement required continuous adaptation, as well as a willingness to engage in difficult conversations about priorities, resources, and long-term sustainability.

Remedial measures taken

In response to these challenges, DFCD Aya took decisive action to safeguard its future and enhance its capacity for impact. A comprehensive top-up proposal was prepared and submitted to the European Commission, outlining the need for additional guarantee coverage to sustain momentum and scale impact. This proposal was not merely a request for more funding, but a strategic framework for defining EU interests and ensuring that future investments become increasingly aligned with EU priorities. By articulating clear criteria and engaging in dialogue with the Commission, DFCD Aya demonstrated its commitment to transparency, accountability, and partnership.



To address the issue of EUD alignment, a dedicated document was developed, providing guidance on engagement, reporting, and strategic collaboration with EU Delegations. This document supports consistent communication, facilitates joint visibility efforts, and strengthens the partnership between DFCD Aya and the EU. By establishing a shared understanding of goals and expectations, the fund is better positioned to navigate the complexities of multi-stakeholder engagement and to deliver on its promise of climate adaptation and inclusive finance.

These remedial measures are complemented by ongoing efforts to refine risk management, enhance impact measurement, and foster a culture of learning and innovation. The fund's willingness to adapt and evolve in response to challenges is a testament to its resilience and its commitment to delivering long-term value for partners, beneficiaries, and the broader ecosystem.

Looking ahead

As DFCD Aya enters 2026, the outlook is both promising and ambitious. The fund's robust pipeline, strong demand for climate adaptation finance, and proven capacity for rapid deployment position it for continued success. Priorities for the coming year include completing commitment of the €240 million envelope, converting pipeline opportunities into signed, climate-relevant transactions, and operationalizing the Technical Assistance Facility for maximum impact.

Advancing top-up discussions with the EC to secure additional guarantee coverage will be critical, as will deepening alignment with the EU Delegations, and increasingly securing the European interest and content with Team Europe Initiatives. The fund's commitment to mobilizing climate finance, fostering inclusive growth, and contributing to global climate goals remains unwavering, and its partnership-driven model continues to set the standard for innovation and impact in the field.

DFCD Aya's journey in 2025 has been one of growth, learning, and adaptation. The challenges faced and the measures taken have strengthened the fund's foundation, ensuring that it is well-equipped to meet the demands of a rapidly changing world. As we look to the future of DFCD Aya, we do so with confidence, determination, and a clear vision for sustainable development and climate resilience.

DFCD AYA PRODUCTION 2025

MSB - \$30 million loan



In January 2025, DFCD Aya closed a \$30 million facility with Vietnam Maritime Commercial Joint Stock Bank (MSB) as part of an overall \$80 million financing package. The investment aims to expand access to finance for SMEs, micro-SMEs, and women-led businesses in rural, climate-smart, and agricultural sectors. DFCD's concessional capital plays a catalytic role by de-risking green investments and mobilizing additional private capital. This transaction contributes to Vietnam's climate adaptation goals and aligns with DFCD's mandate to promote inclusive growth and climate resilience in vulnerable regions such as the Mekong Delta, as well as it contributes to the EU Green Deal.

Phuc Sinh - \$12 million loan



In April 2025, FMO signed a financing package with Phuc Sinh Corporation, a leading exporter of Rainforest Alliance-certified coffee and pepper in Vietnam. The investment involves a \$12 million DFCD Aya loan for constructing a new coffee processing factory in Dak Nong. It aims to scale climate-resilient, deforestation-free coffee production in Vietnam's vulnerable coffee-growing regions. Over the next three years, Phuc Sinh will nearly double Rainforest Alliance-certified cultivation to over 7,000 hectares, benefiting 10,000 individuals—including 3,800 from vulnerable groups—and avoiding 3,825 tonnes of CO₂e emissions annually. The investment directly supports the EU's climate adaptation and mitigation goals by enabling Phuc Sinh to expand sustainable, Rainforest Alliance-certified coffee production, reduce deforestation, and promote climate-smart agriculture in a highly climate-vulnerable region of Vietnam. By scaling up deforestation-free supply chains and sustainable land management, the project contributes to the EU's biodiversity objectives and the protection of natural ecosystems.

Miro Forestry Development Limited - \$1 million equity (3rd top-up)



Miro Forestry Developments Limited is one of the largest forestry companies in West Africa, operating plantations in Ghana and Sierra Leone. Total available land is ~48,000 ha and total planted area is c.21,000 ha. Miro develops and manages high-quality, cost-competitive, FSC certified, fast-growing industrial timber species (mainly: eucalyptus/acacia), and processes the harvested timbers into high-value ready-made plywood, edged glued boards and utility poles for local and export markets. In mid-2025, DFCD Aya approved a \$1 million facility into Miro Forestry as part of an emergency restructuring to prevent insolvency. Miro faced a severe liquidity crunch and was projected to run out of cash by June 2025. The rescue package — structured as a rights issue alongside a new lead investor—required a full capital restructuring, converting preference shares into ordinary shares and canceling warrants.

GH2 - \$5 million loan



In 2025, DFCD Aya committed \$5 million to GH2 Industries in Pakistan as part of a blended finance structure. The investment supports the construction of a greenfield agri-based manufacturing facility in Sindh, designed with "Zero Liquid Discharge" technology and biomass-based cogeneration, resulting in net-negative GHG emissions. The project strengthens climate resilience in Pakistan's rice value chain, which faces severe flooding and drought risks, by promoting climate-smart agriculture and circular production models. GH2 is expected to generate \$18 million in annual export revenues, substitute \$4 million in imports, and create significant rural employment. DFCD's concessional capital de-risks this innovative project, enabling future commercial participation and scaling sustainable practices across the supply chain. Pakistan is among the world's most climate-vulnerable countries. GH2's adaptation measures (farmer resilience, water and energy efficiency, circular processing) and mitigation (biomass cogeneration, zero liquid discharge) are fully consistent with the European Green Deal's objectives for climate action, biodiversity, and resource efficiency. The project's "100% Green" label and E&S design demonstrate compliance with EU expectations on environmental safeguards, labor standards, and community engagement.

Stichting Hivos Triodos Fonds - \$20 million loan



In 2025, DFCD Aya committed \$20 million to the junior tranche of Stichting Hivos-Triodos Fonds — a facility managed by Triodos Investment Management — targeted at sustainable agriculture, rural development, and climate projects across Africa (~60%) and Asia (~40%). This investment is strategically important for DFCD because HTF can finance smaller ticket sizes (≈ \$0.5–5 million) that typically fall below FMO's threshold, creating crucial absorption capacity for the growing pipeline of early-stage, de-risked projects.

FNB Zambia - \$10 million loan



DFCD Aya supported First National Bank Zambia (FNBZ) with a blended finance structure aimed at accelerating climate-smart agriculture and resilience in Zambia. Through a \$20 million Senior Term Loan, co-financed by FMO and DFCD, FNBZ is expanding its portfolio to serve SMEs and agribusinesses with sustainable solutions such as conservation agriculture, irrigation, agroforestry, and renewable energy. The DFCD Aya tranche of \$10 million enables the development of Climate-Smart investments. The transaction also addresses Zambia's critical need for long-term USD funding following the sovereign default and recent drought, while catalyzing private capital and aligning with EU Global Gateway objectives for inclusive green growth.



Special purpose financial statements

Statement of financial position EC

For the year ended December 31, 2025

	Notes	2025	2024
Assets			
Non-current assets			
Financial guarantee contract - receivable leg	(1)	4,070	3,660
Current assets			
Financial guarantee contract - receivable leg	(1)	146	195
Receivables from implementing partners	(2)	71	3
Total assets		4,287	3,858
Liabilities			
Non-current liabilities			
Financial guarantee liability	(3)	21,098	19,633
Total liabilities		21,098	19,633
Retained earnings			
Revenues returned to EC		-3	-
Accumulated surplus/(deficit)		-15,775	-
Economic result of the year		-1,033	-15,775
Total retained earnings		-16,811	-15,775
Contingent liabilities			
- Guarantees - signed amount ¹	(5)	105,000	105,000
of which: available for utilisation	(6)	51,354	6,108

1 Maximum outstanding guarantee amount under committed and effective guarantee agreements.



Statement of comprehensive income EC

For the year ended December 31, 2025

	Notes	2025	2024
Revenue from financial guarantee contracts			
Amortization of the financial guarantee liability	(4)	156	307
Expenses from financial guarantee contracts			
Financial guarantee contract fee subsidy	(1), (2)	-	-16,121
Unwind of time value of money on guarantee fee receivable	(1)	215	39
Rebalancing of initial value receivable and payable leg due to refined calculation methodology ¹	(1), (3)	-1,404	
Financial result		-1,033	-15,775
Economic result of the year		-1,033	-15,775

- 1 The methodology for applying discount rates to determine present values of future fees has been refined, resulting in a rebalancing of the receivable and payable leg amounts. The impact is shown in the statement of financial position EC, statement of comprehensive income EC, statement of changes in net assets EC and corresponding notes for the receivable and payable leg.



Statement of changes in net assets EC

For the year ended December 31, 2025

	Accumulated surplus/ (deficit)	Economic result of the year	Revenues returned to EC	Total
Allocation of the prior year economic result	-	-15,775	-	-15,775
Transfer economic result of previous year to Accumulated surplus/(deficit)	-15,775	15,775	-	-
Economic result of the year	-	371	-	371
Rebalancing of initial value receivable and payable leg due to refined calculation methodology	-	-1,404	-	-1,404
Revenues returned to EC	-	-	-3	-3
Balance at December 31, 2025	-15,775	-1,033	-3	-16,811



Statement of cash flows EC

No cash flows have been recorded in the Program during the financial years ended December 31, 2025 and December 31, 2024.

Summary of accounting policies EC

General information

Dutch Fund for Climate and Development: Land Use Facility: In 2019, the Dutch Government awarded a tender to manage the Dutch Fund for Climate and Development (DFCD) to the consortium of FMO, Stichting SNV Nederlandse Ontwikkelingsorganisatie (SNV), Stichting Het Wereld Natuur Fonds-Nederland (WWF-NL), and Coöperatief Climate Fund Managers U.A. (through Climate Investor Two). FMO is the lead partner in the DFCD consortium and responsible for the management of the DFCD's Land Use Facility (LUF, the Program).

Under the EFSD+ program of the European Commission (EC), DFCD Aya ("Aya") is an approved facility following a positive decision by the EC Operational Board. The facility comprises a loan from FMO (FMO-A) of up to €240 million on a commitment basis, of which €105 million is guaranteed under the EFSD+ program of the EC. The guarantee agreement was signed in the last quarter of 2024, and loan disbursements commenced thereafter.

These special purpose financial statements relate to the EC's participation in the Program.

Basis of preparation

The special purpose financial statements have been prepared in accordance with the 'European Accounting Rules' (EAR) which is a set of accounting standards, adopted by the Accounting Officer of the EC, and are based on the International Public Sector Accounting Standards (IPSAS) and paragraph 11 of the EFSD+ guarantee agreement. IPSAS 41: Financial Instruments is applied to account for the financial guarantees within the Program. The EC has prepared its own guidance on applying IPSAS 41 to financial guarantees under EFSD+ guarantee agreements, and this guidance has been applied in the preparation of the special purpose financial statements.

The EC's exposure to the Program is not carried through a specific legal entity, although it has similar reporting obligations. As there is no reference to a specific legal entity in the special purpose financial statements, these special purpose financial statements relate only to the EC's exposure to the Program. A separate technical assistance subsidy is provided by the EC for the Program, however this is not covered in the special purpose financial statements.

The EC is entitled to a guarantee fee for its participation in the program in accordance with the EFSD+ agreement.

As the special purpose financial statements represent the EC's participation in the Program, no current or deferred tax implications are recognized for the financial guarantee or the guarantee fee.

The special purpose financial statement is prepared on the 'going concern principle'. EC has committed to cover part of the losses of a part of the Program as contributor and has not given any indications that the Agreement of their participation should be terminated before the agreed term, ending 31 December 2037. EC's participation in the Program is not comparable to a legal entity in the sense that it would have an impact on the capital or liquidity position.

These special purpose financial statements have been prepared under the historical cost convention except for:

- The initial measurement of financial guarantee liabilities which is based on fair value;
- The determination of the ECL allowance for financial guarantee contracts.

All amounts stated in tables are in € x 1,000 unless stated otherwise.

Significant estimates and assumptions and judgements

In preparing the special purpose 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 is inherent to the formation of estimates. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from such estimates and the differences may be material to the financial statements. The most relevant estimates and assumptions relate to:

- The valuation of financial assets / liabilities.
- The determination of the ECL allowance for financial guarantee contracts.

Foreign currency translation

The euro is used as the unit for presenting the special purpose financial statements. All amounts are denominated in thousands of euros unless stated otherwise. Foreign currency transactions are translated to euro at the exchange rate prevailing on the date of the transaction. At the balance sheet 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.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Fair value of financial instruments

Fair value is the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the fair value of an instrument is measured by using the quoted price in an active market for that instrument. If there is no quoted price in an active market, valuation techniques are used that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Amortized cost and gross carrying amount

The amortized cost ("AC") 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 adjusted for any expected credit loss allowance. The *gross carrying amount* of a financial instrument is the AC of a financial instrument before adjusting for any expected credit loss allowance.

Financial guarantee contract - Receivable leg

The receivable legs of financial guarantee contracts relate to guarantee fees to be received over the life of the financial guarantee contracts, recognised in conjunction with the financial liabilities relating to financial guarantee contracts (see section below). Future guarantee fee receipts are discounted at a rate based on the cost of funding of FMO plus a base rate (SOFR), as the guaranteed party, determined at the basis of origination (18th of October, 2024).

The impact of discounting the projected guarantee fees is unwound on each reporting date with the corresponding adjustments being recorded in "Unwind of time value of money" in the statement of comprehensive income. The value of the receivable leg derived from financial guarantee contracts denominated in foreign currencies is measured based on the exchange rates on the date of initial recognition.

Financial guarantee contract - Payable leg

Initial recognition and measurement

A financial liability is recognized to reflect the estimated obligations arising from the guarantee contracts issued by the Program, specifically for the EC's tranche. Initial recognition occurs once the financial guarantee contract becomes effective. Each financial guarantee liability is initially recognised at fair value.

The guarantee fees earned by the EC contain a concessional element and as such are not representative of an arm's length fee from which to derive an initial fair value. In accordance with IPSAS 41 and the EC's accounting guidance, a proxy guarantee fee is to be applied in estimating an arm's length initial fair value. For this purpose, the gross guarantee before accounting for the fee reduction between the EC and FMO is considered a reasonable proxy for an arm's length guarantee fee.

The guarantee fees arising out of the guarantee contracts are not paid upfront but in arrears. In accordance with the EC's accounting guidance, the projected future guarantee fees are present valued in order to derive an estimate of the total guarantee fee on day 1. Due to uncertainty in forecasting the long-term deployment of the guarantee over the life of the Program, forecasted fees are based on covered contracts in place at the reporting date and projected covered instruments



beyond the reporting date. The discount rate applied is based on the FMO cost of funding plus a base rate (SOFR), as the guaranteed party determined at the basis of origination (18th of October, 2024).

Financial guarantee liabilities derived from financial guarantee contracts denominated in foreign currencies are measured based on the exchange rates on the date of initial recognition.

Subsequent measurement

The initial value of each financial guarantee liability is amortised over the life of the financial guarantee contract using the straight-line method. Amortisation is recognised in the statement of comprehensive income in the period to which it relates, and is recorded as other revenue from financial guarantee contracts in the statement of comprehensive income. In addition, the carrying value of the financial guarantee liability is measured as the higher of:

- The initial fair value of the financial guarantee liability less accumulated amortisation, and
- The expected credit loss associated with the financial guarantee.

Financial guarantee contracts - Expected credit loss

As a part of the higher-of assessment for subsequent measurement, the Program estimates expected credit losses on financial guarantee contracts in accordance with the impairment requirements of EAR (EU Accounting Rule) 11. ECL estimates for the guarantee are obtained by looking through to the ECL associated with the underlying covered instruments, and adjusting for first loss buffers available to the Program.

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

- PD: the Probability of Default is an estimate of the likelihood of default over a given time horizon. The Program uses an scorecard model based on quantitative and qualitative indicators to assess current and future clients and determine PDs. The output of the scorecard model is mapped to the Moody's PD master scale based on idealized default rates. For IFRS 9 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 draw downs and accrued interest from missed payments;
- LGD: the Loss Given Default is an estimate of the Program'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 the Program would expect to receive;
- Z-factor: the Z-factor is a correction factor to adjust the client PDs for current and expected future conditions. The Z-factor adjusts the current PD and PD two years into the future. GDP growth rates per country from the IMF, both current and forecasted, are used as the macro-economic driver to determine where each country is in the business cycle. Client PDs are subsequently adjusted upward or downward based on the country where they are operating.

Macro-economic information

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.

Guarantee-specific impairments

In some circumstances, such as significant increases in credit risk, guarantee-specific impairments can provide a better estimate in the Program's portfolio. The following steps are taken which serve as input for the Financial Risk Committee (FRC) to decide about the specific impairment level:

- Calculate probability weighted expected loss based on multiple scenarios

- 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 guarantee.

Staging criteria and triggers

No material significant increase in credit risk since origination

All guarantees which have not had a significant increase in credit risk since contract origination are allocated to Stage 1 with an ECL allowance recognized equal to the expected credit loss over the next 12 months.

Significant increase in credit risk

For these guarantees, a loss allowance needs to be recognized based on their lifetime ECL. The Program 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 contract against the risk of a default occurring on the asset as at the end of each reporting period. This assessment is based on the following items:

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

Definition of default

A guarantee is considered in default when the following occurs:

- Based on a credit risk deterioration from financial distress in the portfolio or any other material adverse development, the FRC decides on a specific impairment on an individual basis;

Guarantee calls

Calls made by the entrusted entity under the financial guarantee contract will be recognised as an expense in the period they occur. They do not reduce the value of the financial guarantee liability.

Contributor's resources

Accumulated surplus / deficit

The accumulated surplus / deficit consist of the part of the annual results that the Program accumulates over the life of the Program.

Revenues returned to EC

Revenues returned to EC represent guarantee fees paid towards the EC. The payments represent returns of the EC's economic interest in the program and are reflected as a deduction in contributor's resources.

Financial guarantee contract fee subsidy

"Financial guarantee contract fee subsidy" represents the estimate of the concessional amount underlying each financial guarantee contract and is based on the difference between the initial fair value of the financial guarantee liability and the initial value of the guarantee fee receivable from the entrusted entity. The expense is recognised directly in the statement of comprehensive income at the point of initial recognition of each financial guarantee contract.

Notes to the special purpose financial statements

1. Financial guarantee contract - receivable leg

The following table represents the movement related to the unearned guarantee fee receivable.

	Unearned guarantee fee receivable
Balance at January 01, 2025	3,854
Rebalancing of initial value receivable leg due to refined calculation methodology	218
Addition of new contracts	-
Guarantee fee payment accrued	-71
Unwind of time value of money on guarantee fee receivable	215
Balance at December 31, 2025	4,216

	Unearned guarantee fee receivable
Balance at January 01, 2024	-
Rebalancing of initial value receivable leg due to refined calculation methodology	-
Addition of new contracts	3,819
Guarantee fee payment accrued	-3
Unwind of time value of money on guarantee fee receivable	39
Balance at December 31, 2024	3,855

Below the calculation of the accrued guarantee fee;

EC fee calculation ¹	2025	2024
A. Annual average of FMO outstanding loan ²	28,730,820	6,107,588
B. EFSD+ covered percentage (clause 6.2.b)	43.75%	43.75%
C. Applicable guarantee fee (225 bps * 75% policy discount Clause 6.2.c)	0.5625%	0.5625%
D. Number of days in a full year (365), and (ii) the actual number of days in that Guarantee Fee Accrual Period	365	
Clause 6.2.d) multiplied by the lower of : (i) 365; and (ii) the actual number of days in that Guarantee Fee Accrual Period	365	75/365
Guarantee fee payable (A * B * C * D)	70,705	3,088

1 The amounts in the table are not rounded.

2 The fee calculation is based on the average of the outstanding principal amounts as of 1st of January of the reporting year and the end of the period.

2. Receivables from implementing partners

	2025	2024
Receivables from implementing partner	71	3
Balance at December 31	71	3

The amount relates to guarantee fees payable at year-end. These fees are expected to be paid within 30 days of FMO's receipt of the Commission's debit note, which is issued following FMO's reporting of the annual guarantee fee by 15 February for each guarantee fee accrual period (or the preceding calendar year, as applicable).

3. Financial guarantee liability

The following table represents the movement related to the Financial Guarantee Liability (FGC).

	Financial guarantee liability
Balance at January 01, 2025	19,633
Rebalancing of initial value payable leg due to refined calculation methodology	1,621
Addition of new contracts	-
Amortisation	-156
Balance at December 31, 2025 - FGC payable leg	21,098

	Financial guarantee liability
Balance at January 01, 2024	-
Rebalancing of initial value payable leg due to refined calculation methodology	-
Addition of new contracts	19,940
Amortisation	-307
Balance at December 31, 2024 - FGC payable leg	19,633

FMO recognises an ECL of €0 for the EC because the €81.7m first-loss buffer fully covers all expected exposure over the 1-year horizon. FMO does not reasonably expect any scenario in which the loan will exceed this threshold over the 1-year estimation horizon. As a result, the LGD is assessed at 0% and hence, the ECL is 0.

4. Amortisation of the financial guarantee liability

	2025	2024
Amortisation of financial guarantee liability	156	307
Total Amortization of the financial guarantee liability	156	307

5. Off-Balance Sheet information

	2025	2024
Contingent liabilities		
Contingent liabilities on signed amounts	105,000	105,000
Contingent liabilities on disbursed amounts	-	-
Contractual commitments - Guarantee ceiling	105,000	105,000

As long as the total amount of the loan disbursed is below the FMO first loss position (the higher of the buffer and €30.0m), there is no EU risk on disbursed amounts.

6. EC list of operations

As set out in the Guarantee Agreement, the Commission agrees to provide under the EFSD+ a guarantee to FMO to cover up to a maximum of €105 million as a second loss tranche of FMO's exposure under a €240 million internal interest-bearing term loan facility made by FMO to its fund called 'Land Use Facility of the Dutch Fund for Climate and Development'. In addition, a first loss piece ("FLP") of at least €30 million is provided by FMO either via FMO's own resources or via the pre-existing buffer funded by the Ministry as per subsidy decision of 23 May 2019.

The following table represents the outstanding loan amount that is available for utilisation.

	2025	2024
Outstanding covered FMO loan ¹	51,354,051	6,107,588

¹ This actual not rounded outstanding Loan in FMO NV to the Land Use Facility as per 31/12/2025. The outstanding amount is translated from USD into EUR as per inclusion rate (0.9219) as agreed upon in the contract between FMO and EC.

FMO manages the buffer – its value as at December 31, 2025 is set at €81,733,129 and at the end of the Program it is to exceed the minimum FLP (EUR 30,000,000), which will represent the FLP amount covering the losses before the EFSD+ guarantee covers them as a second loss piece which is capped at a maximum of €105,000,000. The third loss piece is covered by FMO.

Below table represents the details of the buffer, the size disclosed is determined based upon 2025 financial statements of Land Use Facility and the Water Facility Fund. These figures have been prepared and are dated 31 December 2025.

Details of the Buffer

Total of the Buffer	81,733,129		
Subtotal per Part:	23,351,836	58,381,293	
Buffer (Land Part)		Buffer (Water Part)	
Unutilised amount of Grant Decision Dutch Fund for Climate and Development activity number 4000002735 from the "Land Use Facility:	-	Unutilised amount of Grant Decision Dutch Fund for Climate and Development activity number 4000002735 from the "Water Facility:	11,995,502
Amount of liquidity:	1,803,910	Liquidity and other payables/receivables:	5,790,236
Investments	21,547,926	Investments	40,595,555
Total buffer Land Use Facility	23,351,836	Total buffer Water Facility	58,381,293

(All amounts stated in above table are in € x 1)

Below tables represent the underlying loans from the Land Use Facility Fund eligible to the DCFD Aya EU guarantee.

EC list of underlying operations at December 31, 2025

Signed and effective	Region	Focus	Committed not disbursed	Disbursed	Total commitment
Dvara Kshetriya Gramin Financial Services Private Limited	Asia	Clean Energy and Climate, Sustainable Finance and Biodiversity	1,704,303	3,728,165	5,432,468
Camimex Joint Stock Company	Asia	Climate resilient, Low-carbon circular economy	-	12,782,275	12,782,275
First National Bank Zambia Limited	Africa	TEI Inclusive Green Growth	8,521,517	-	8,521,517
Miro Forestry Developments Limited (Loan)	Africa	TEI Smart, Green and Digital Recovery, TEI Green Pact for Sierra Leone	-	920,860	920,860
Miro Forestry Developments Limited (Equity)	Africa	TEI Smart, Green and Digital Recovery, TEI Green Pact for Sierra Leone	-	2,152,487	2,152,487
Helios CLEAR Fund SCSp	Africa	Team Europe Initiative (TEI) and Global Gateway (GG)	7,950,639	570,877	8,521,516
Vietnam Maritime Commercial Joint Stock Bank	Asia	TEI Circular Economy	-	25,564,550	25,564,550
GH2 Industries	Asia	TEI Green economy & jobs	2,343,417	1,917,341	4,260,758
Phuc Sinh Dak Nong Corp	Asia	TEI Circular Economy	5,965,062	4,260,758	10,225,820
Stichting Hivos - Triodos Fonds	Global	Global fund: several TEIs	11,077,972	5,965,062	17,043,034
Total			37,562,910	57,862,375	95,425,285
Signed and not yet effective	Region	Focus	Committed not disbursed	Disbursed	Total commitment
Total			-	-	-
Total signed			37,562,910	57,862,375	95,425,285

EC list of underlying operations at December 31, 2024

Signed and effective	Region	Focus	Committed not disbursed	Disbursed	Total commitment
Dvara Kshetriya Gramin Financial Services Private Limited	Asia	Clean Energy and Climate, Sustainable Finance and Biodiversity	1,932,367	4,830,918	6,763,285
Camimex Joint Stock Company	Asia	Climate resilient, Low-carbon circular economy	4,830,918	9,661,836	14,492,754
Helios Clear	Africa	TEI and GG	9,215,999	238,589	9,454,588
Miro Forestry	Africa	Competitive forestry plantations and biomass sustainably	431,332	603,865	1,035,197
Total			16,410,616	15,335,208	31,745,824
Signed and not yet effective	Region	Focus	Committed not disbursed	Disbursed	Total commitment
Total			-	-	-
Total signed			16,410,616	15,335,208	31,745,824

(All amounts stated in above table are in € x 1)



Calculation Guarantee

Underlying Investments	Committed amount 31/12/2025	Disbursed 31/12/2025	ECL (Loans) 31/12/2025	FV adjustment (Equity) 31/12/2025
Dvara Kshetriya Gramin Financial Services Private Limited	5,432,467	3,728,165	-69,563	-
Camimex Joint Stock Company	12,782,275	12,782,275	-105,458	-
First National Bank Zambia Limited	8,521,517	-	-	-
Miro Forestry Developments Limited (Loan)	920,860	920,860	-110,503	-
Miro Forestry Developments Limited (Equity)	2,152,487	2,152,487	-	-1,858,778
Helios CLEAR Fund SCSp	8,521,516	570,877	-	-444,482
Vietnam Maritime Commercial Joint Stock Bank	25,564,550	25,564,550	-44,997	-
GH2 Industries	4,260,758	1,917,341	-17,424	-
Phuc Sinh Dak Nong Corp	10,225,820	4,260,758	-79,282	-
Stichting Hivos - Triodos Fonds	17,043,034	5,965,062	-30,787	-
Total at December 31, 2025	95,425,284	57,862,376	-458,014	-2,303,260

Calculation Guarantee

Underlying Investments	Committed amount 31/12/2024	Disbursed 31/12/2024	ECL 31/12/2024	FV adjustment 31/12/2024
Helios CLEAR Fund SCSp	9,454,588	238,589	-	-207,247
Camimex Joint Stock Company	14,492,754	9,661,836	-162,685	-
Dvara Kshetriya Gramin Financial Services Private Limited	6,763,285	4,830,918	-54,222	-
Miro Forestry Developments Limited	1,035,197	603,865	-72,464	-
Total at December 31, 2024	31,745,824	15,335,208	-289,371	-207,247

(All amounts stated in above table are in € x 1)

7. Subsequent events

There have been no significant subsequent events between the balance sheet date and the date of approval of the special purpose financial statements which should be reported by the Program and have effect on financial figures as per December 31, 2025.

Risk management EC

Organization of risk management

For FMO, acting in its role as program manager, it is essential to have an adequate risk management system in place to identify, measure, monitor and mitigate financial and non- financial risks. The Program’s activities expose it to various risks in relation to financial instruments, after taking into account the buffer from the subsidy provided by the Ministry: currency risk, credit risk and liquidity risk. The Program’s overall risk management activities focus on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Program's financial performance.

Risk management is carried out by a central risk management department under policies approved by management. Risk management identifies, evaluates and manages financial risks in close co-operation with the entity’s operating units. It focuses on actively securing the program's short to medium-term performance by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Financial Risk

Credit risk

Definition

Credit risk is defined as the risk that the program 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 program’s emerging market loan portfolio due to specific customer and product risk, or risks relating to the country in which the customer conducts its business. The main source of credit risk arises from investments in emerging markets and off-balance instruments such as loan commitments and guarantees.

Credit risk management is important when selecting and monitoring projects. In this process, a set of investment criteria per sector and product is used that reflects minimum standards for the required financial strength of the customers.

FMO has set internal appetite levels for non-performing exposures and specific impairments on loans. If any of the metrics exceed the appetite levels, Credit will assess the underlying movements and analyze trends per sector, geography, and any other parameter. Credit will also consider market developments and peer group benchmarks.

Exposures

The following table shows DFCD Aya's total gross exposure to credit risk at year-end.

	2025	2024
Off-balance		
Contingent liabilities (guarantees - signed amount)	105,000	105,000
Total off-balance	105,000	105,000
Total credit risk exposure	105,000	105,000

The rating grade distribution of the credit risk exposure is as follows:

Rating grade distribution	Stage no-SICR	Stage SICR	
Non-investment grade	105,000	-	
Total	105,000	-	
Financial Guarantee Contract - gross carrying amount	Stage no-SICR	Stage SICR	Total
Financial Guarantee Contract - carrying amount at January 1	19,633	-	19,633
Financial Guarantee Contract - carrying amount at December 31	21,098	-	21,098

Concentration risk

Definition

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

Risk appetite and governance

To ensure diversification within the emerging market portfolio across regions, a country limit framework is in place to minimize concentration risk from the perspective of the portfolio as a whole. The Program is only eligible to invest in low- and middle-income countries as defined in the EFSD+ Agreement.

Liquidity risk

Definition

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

Risk appetite and governance

The Program manages its liquidity needs by monitoring for long-term financial liabilities as well as forecast cash inflows and outflows.

The table below analyses the Program's financial assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date for EC's exposure.

Categorization of principal cash flows per maturity bucket

December 31, 2025	< 1 year	1-5 years	>5 years	Total
Assets				
Financial guarantee contract - receivable leg	146	1,606	2,464	4,216
Receivables from implementing partners	71	-	-	71
Total assets	216	1,605	2,464	4,287
Liabilities				
Financial guarantee contract - payable leg	-	-	21,098	21,098
Total liabilities	-	-	21,098	21,098

Contractual maturity of contingent liabilities

December 31, 2025	< 1 year	1-5 years	>5 years	Total
Contingent liabilities	-	-	105,000	105,000
Total off-balance	-	-	105,000	105,000

Categorization of principal cash flows per maturity bucket

December 31, 2024	< 1 year	1-5 years	>5 years	Total
Assets				
Financial guarantee contract - receivable leg	195	1,333	2,327	3,855
Receivables from implementing partners	3	-	-	3
Total assets	198	1,333	2,327	3,858
Liabilities				
Financial guarantee contract - payable leg	-	-	19,633	19,633
Total liabilities	-	-	19,633	19,633

Contractual maturity of contingent liabilities

December 31, 2024	< 1 year	1-5 years	>5 years	Total
Contingent liabilities	-	-	105,000	105,000
Total off-balance	-	-	105,000	105,000

Market Risk

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

EC's exposure in the Program is denominated in EUR and is not exposed to foreign exchange risk or interest rate risks. However EC's exposure is measured at fair value, there is no active trading market for this instrument. The underlying investments are not held for trading on financial markets, but are invested from a long term strategic perspective and are impacted mainly by macro - economic events.

Non-Financial Risk

Operational Risk

Definition

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

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

Risk appetite and governance

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

First - and second line functions work closely together to understand the full and varied spectrum of non- financial risks, and to focus their risk and control efforts on meaningful and material risks. Risk identification and assessment 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 Integrated Control Framework.

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

Non-financial risk metrics are reported on a 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.

Financial economic crime risk

Definition

Financial economic crime (FEC) risk is the risk that the program, its 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.

Regulatory compliance risk

Definition

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

Risk appetite and governance

FMO has a minimal appetite for regulatory compliance risk. 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.



Authorization of the special purpose financial statements

April 14, 2026

Management board

Franca Vossen, Chief Risk Officer

Huib-Jan de Ruijter, Co-Chief Investment Officer

Michael Jongeneel, Chief Executive Officer



OTHER INFORMATION



Independent auditor's report



Independent auditor's report

To: the management board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.,
in their capacity as program manager of DFCD Aya

Report on the audit of the special purpose financial statements 2025

Our opinion

In our opinion the special purpose financial statements 2025 of DFCD Aya ('the Program') are prepared, in all material respects, in accordance with the accounting principles selected and disclosed by the program manager as set out in the note "Basis of preparation" to the special purpose financial statements.

What we have audited

We have audited the accompanying special purpose financial statements 2025 of DFCD Aya, The Hague.

The special purpose financial statements comprise:

- the statement of financial position EC as at 31 December 2025;
- the following statements for 2025: the statement of comprehensive income EC, changes in net assets EC and cash flows EC; 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 special purpose financial statements is the accounting principles selected and disclosed by the program manager as set out in the note "Basis of preparation" to the special purpose financial statements.

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www.pwc.nl



The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the special purpose 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 DFCD Aya 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).

Emphasis of matter - Basis of accounting and restriction on use and distribution

We draw attention to the note "Basis of preparation" to the special purpose financial statements, which describes the basis of accounting. The accounting policies used are selected and disclosed by the program manager. Our opinion is not modified in respect of this matter.

This auditor's report is addressed to and intended for the use of the program manager of DFCD Aya in connection with their reporting requirements and may not be used for any other purpose. This auditor's report may not be copied or disclosed to any third party or otherwise quoted or referred to (in whole or in part) without our prior written consent. In case this auditor's report is made available by the program manager of DFCD Aya to third parties, third parties accept that it is for their information purposes only and if they choose to rely on this report, they do so entirely at their own risk. We do not accept or assume and deny any liability, duty of care or responsibility to parties other than the program manager of DFCD Aya.



Responsibilities for the special purpose financial statements and the audit

Responsibilities of the management board

The management board is responsible for:

- the preparation of the special purpose financial statements in accordance with the accounting principles selected and disclosed by the program manager as set out in the note "Basis of preparation" to the special purpose financial statements;
- determining that the basis of preparation is acceptable in the circumstances; and for
- such internal control as the management board determines is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the special purpose 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 special purpose 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 special purpose 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 special purpose financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.'s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board.
- Concluding on the appropriateness of the management board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Program'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 special purpose 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 special purpose financial statements as a whole. However, future events or conditions may cause the Program to cease to continue as a going concern.



- Evaluating the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and evaluating whether the special purpose financial statements have been prepared in accordance with the accounting principles selected and disclosed by the program manager as set out in the note "Basis of preparation" to the special purpose financial statements.

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

Amsterdam, 14 April 2026

PricewaterhouseCoopers Accountants N.V.

Original has been signed by:

J. Brouwer RA

ANNEXES (UNAUDITED)

Annex 1 | DFCD Aya Progress Indicators

1 Please note this overview presents the DFCD Land Use Facility as a whole, for reporting purposes. Please see the excel file attached to this report for the EC progress indicators.

FMO presents the progress indicators in the table below. Next to the consolidated progress indicators, the table on progress indicators per client is also available, attached to the Annual Report.

LUF Progress Indicators	2025
Jobs	
(Unattributed - Total) Direct jobs supported	83,316
(Unattributed - Female) Direct jobs supported	31,936
(Unattributed - Total) Indirect jobs supported	2,346,525
(Unattributed - Female) Indirect jobs supported	903,890
(Attributed - Total) Indirect jobs supported	4,146
(Attributed - Female) Indirect jobs supported	1,751
(Attributed - Total) Direct jobs supported	543
(Attributed - Female) Direct jobs supported	230
Emissions and other environmental indicators	
Avoided emissions	2,456,665
Emission removals	3,368,328
Forest under sustainable management	20,916
Forest under management	2,656,476
Farmland under sustainable management	211,587
Wetlands under sustainable management	8,427
Social indicators	
Smallholders supported	402,993
People reached	192,820
Revenue from nutritious food products distributed/sold in LICs, LMICs	543,289,720
Financial institutions indicators	
Current number of depositors	133,400
Number of female depositors	-
Volume of loans for women-owned SMEs	157,178,267
Volume of micro enterprise loans for women	50,338,942
Number of micro loans	112,341
Number of SME loans	48,600
Volume of micro-loans	163,582,566
Volume of SME loans	2,199,989,903

Annex 2 | DFCD Aya Communications and Visibility Plan

Program objectives

- Fund climate-resilient land use and water opportunities that safeguard the prospects of vulnerable groups and ecosystems
- Address market failures in climate adaptation, a sector that will grow in importance as the externalities of global warming materialize.
- Originate new bankable climate relevant business cases, and scaling these with funding mobilized from the private sector

Communication and visibility objectives

- Show how DFCD Aya funds climate-resilient land use and water businesses that safeguard the prospects of vulnerable groups and ecosystems
- Highlight the fund's contribution to the EU Climate Adaptation Strategy and various Team Europe Initiatives^[1] in this area.

Communications and visibility strategy

The DFCD Communications Group, consisting of all 4 Consortium Partners, will be responsible for the communication and visibility of the Aya programme. The group will use the collective outreach capabilities of all organizations, and is overseen by FMO's Public Investment Management (PIM) team that will ensure there is consistency with other EFSD(+) programmes. The strategy has two pillars:

Pillar (1): Awareness: Communication and Visibility activities will create awareness amongst the following audiences:

- Companies and entrepreneurs active in climate-resilient food production, forestry, agriculture, nature-based solutions and water/sanitation solutions in LDCs and emerging markets will be informed how DFCD Aya can help them grow/scale to further safeguard prospects of vulnerable groups and ecosystems & aware of the role the EC in this action.
- Policymakers, business organizations and other groups active in the sector will be made aware of and inspired by how DFCD Consortium and EC support climate-relevant business projects and help make landscape enhancing projects 'bankable'.
- EU Delegations will be targeted to create high-level awareness of the fund and its (potential) benefits to their country of operations, DFCD Aya's contribution to specific MIP targets & country TEIs, and how they can connect to Consortium partners WWF and SNV "on the ground" to discuss potential new projects and further collaboration.

Pillar (2): Reporting – By showcasing the financial performance and impact of the EFSD+, FMO aims to increase the impact of the EFSD+ by increasing the 'know-how' of dealing with guarantees. It will also spotlight solutions related to sustainable land use and forestry projects, including through raising a Green or Sustainability Bond linked to the programme.

Planned activities

- **Media outreach:** (a) A press release when DFCD Aya is signed; (b) media monitoring until the end of the program; (c) continuous work to receive local and international press coverage when transactions are signed.
- **Events:** Various events in the eligible DFCD Aya countries for awareness raising and supporting origination activities, including stakeholder engagement as part of the DFCD's integrated landscape approach, and practical workshops that improved landscape impact.
- **Web and multi-media:** (a) DFCD Aya will be promoted through www.thedfcd.com and each of the Consortium Partner's websites; (b) conception and production of videos, feature stories and other engaging online content to be distributed through the Consortium Partners', the EDFI's, and EU's and their partners' websites, online networks and social media channels.



- Social media: Regular sharing of content (videos, photography, project facts) on social media channels to engage and inform a wide audience of the multiple benefits of the common activities.
- Publications and photography: DFCD Aya will publish an audited annual report, which will include the performance on the theory of change, highlights and project cases. EU and company logo's will be used in these reports, but also in: (a) project brochures; (b) leaflets or flyers; (c) photo galleries, posters or other displays.

Resources

FMO's Public Investment Management team and the DFCD Communications Group will work closely with EU colleagues to undertake and monitor these communication activities. The financial resources required will be allocated from the relevant lines of an agreed budget. This may include (travel) expenses for the purpose of organizing or moderating events, including press relations, production of videos, feature stories, photography and other material. FMO may hire additional (temporary) human resources or external (local) partners. The tasks will be directly related to maximizing visibility of the DFCD Aya activities.

[1] Regional Team Europe Initiatives associated with DFCD Aya, include, but are not limited to NaturAfrica, Africa-EU Green Energy Initiative, the Transboundary Water Management initiative, Green transition - EUROCLIMA Latin America, and the Green Initiative in South-East Asia.



Annex 3 | DFCD Aya Statement

Statement

FMO hereby confirms that, as of March 31 2026, the Covered FMO Loan Facility continues to meet the eligibility criteria set out in Part A (Eligible FMO Loan Facility) of Schedule 2 (Eligibility Criteria).



Annex 4 | Technical Assistance

Please refer to the broader FMO EFSD+ TA Report, which includes the TA reporting for DFCD Aya.



Annex 5 | Compliance with EU laws and standards

There have not been any implementation issues that have, or could have, affected compliance with applicable EU law and agreed international and EU standards.



COLOPHON



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

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