FMO

Entrepreneurial
Development
Bank

MASSIF

Annual report

2022

MASSIF enhances financial inclusion for micro- and medium entrepreneurs, hereby supporting growth of responsible businesses that create jobs, provide income and improve livelihoods where it is needed most.

Government of the Netherlands

FMO manages the following funds on behalf of the Dutch government: the Access to Energy Fund (AEF), Building Prospects (BP), MASSIF, the Dutch Fund for Climate and Development (DFCD), FOM, B-CD. The total committed portfolio of these funds (excluding grants) amounts to € 1,230 mln as per December 31, 2022. The term "fund" as used in this annual report refers to a program in the form of a subsidy received from the Dutch government that is managed by FMO, unless reference is made to an investment made under a program.

Front photo is from Watu Credit Limited, a micro-leasing company providing financing for motorcycles (boda-bodas) and tuk-tuks in several African countries.

MASSIF enhances financial inclusion for small and medium entrepreneurs, hereby supporting growth of responsible businesses that create jobs, provide income and improve livelihoods where it is needed most.

LETTER FROM THE MB OF THE FUND MANAGER

Dear reader,

In 2022, the global economy faced an intensification of upheaval. The Ukraine war – first and foremost a humanitarian disaster – led to political and economic crises across the region and beyond. Inequality rose, the climate crisis continued to unfold, and a global recession began to loom, pushing an increasing number of vulnerable people into food insecurity, reduced energy access and poverty. The crises also lead to a heightened stress on global trade systems, in particular in the Energy- and (agricultural) Commodities markets.

The poorest economies, where poverty reduction had already slowed down significantly, face continued challenges, confronting the resilience of society. Development finance institutions such as FMO will need to intensify their operations in the coming years to encourage the flow of private finance to meet sustainable investment needs in these societies.

In close consultation with our stakeholders, we updated our strategy towards 2030. In our 'Pioneer-Develop-Scale' strategy the role of our public funds and facilities is pivotal. These help us explore higher risk opportunities and markets to make them ready for additional private investments.

Our long-standing track record in managing public funds to catalyze private finance, has contributed to a significant expansion of our responsibilities. Over the past few years, FMO set up facilities and investment programs with the European Commission and the Green Climate fund. In 2021, the UK government also decided to entrust FMO with the management of the UK's Mobilising Finance for Forests programme.

A nice example of progression is Hamkor Bank which initially received MASSIF financing and due to their organisational performance has been fully transferred to FMO's balance sheet. Hamkor was the largest exposure in MASSIF with over 30 EUR million. The sale provides new liquidity to MASSIF that can be allocated for new production in early stage investments in the coming years.

In 2022, MASSIF saw increased production, reaching volumes last seen prior to the pandemic. We were pleased to be able to continue providing liquidity to existing and new clients looking to advance their strategic support to MSMEs. We are pleased to continue to deploy DFC (formerly OPIC) -MASSIF participation facility signed in 2021. By year end, 60% of the USD 75 mln co-financing facility (USD 50 mln contributed by DFC and USD 25 mln from MASSIF) had been committed.

In 2023, the developing countries will continue to see hardship and challenges. To support them, courage and ambition are imperative in the deployment of FMOs public funds and facilities, especially against the background of the ongoing climate crisis. We will continue to generate investments that create equal opportunities and equitable access to finance, that protect the value of ecosystems and forests, that provide access to renewable energy and that help build up fair value chains in agriculture.

The Hague, 26 April 2023

On behalf of the Management Board

Fatoumata Bouaré, Chief Finance & Operations Officer
Franca Vossen, Chief Risk Officer
Huib-Jan de Ruijter, Co-Chief Investment Officer
Michael Jongeneel, Chief Executive Officer
Peter Maila, Co-Chief Investment Officer

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AT A GLANCE

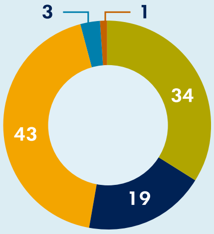
Set up in 2006 and managed on behalf of the Dutch Ministry of Foreign Affairs, MASSIF is FMO's financial inclusion fund. MASSIF enhances financial inclusion for micro-entrepreneurs and small- and medium-sized enterprises (MSMEs) that are disproportionately affected by a lack of access to financial services. The Fund supports intermediaries that reach out to MSMEs in fragile and low-income countries, MSMEs in rural areas and those dependent on agriculture, women-and-youth owned MSMEs, and intermediaries providing access to productive goods and services for underserved individuals in the poorest social-economic segments.

Achievements portfolio as per 31-12-2022

Total committed portfolio

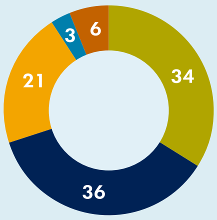
€522mln

Portfolio by product
(in % as of 31 Dec 2022)



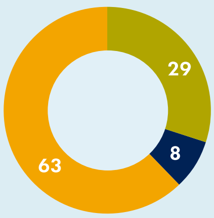
- Loans
- Direct Equity
- Fund Investments
- Mezzanine
- Guarantees

Portfolio by customer type
(in % as of 31 Dec 2022)



- Financial Institution
- Investment Fund
- Microfinance Institutions
- Corporate
- Other diverse sectors

Portfolio by currency
(in % as of 31 Dec 2022)



- EUR
- Direct Local
- USD/Indirect Local

123
Total investments

33
Capacity Development projects

€48.9mln
Disbursements

146%
Revolvability

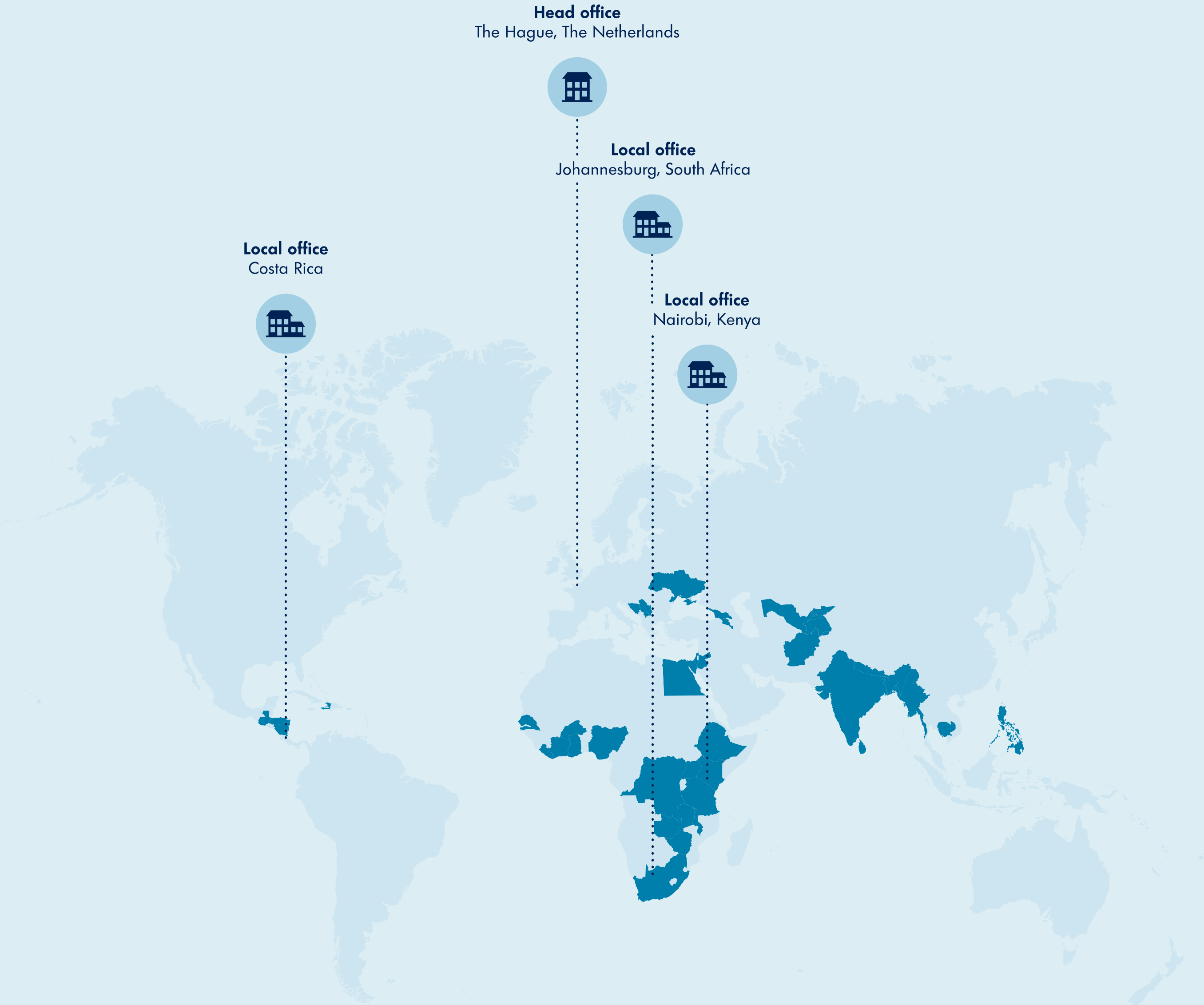
18,810,324
Number of micro loans

9,501,358
Current number of depositors

539,440
Number of SME loans

46.5% | 53.5%
female and male

5.4% | 94.6%
rural and urban



Total committed portfolio by region (per 31 December 2022)

Latin America & the Caribbean	Africa	Eastern Europe & Central Asia	Asia	Global
€34mln	€216mln	€58mln	€125mln	€89mln

Total committed portfolio

€522mln

PERFORMANCE ON OUR STRATEGY

Highlights

In 2022, the direct effects of the COVID-19 pandemic started to diminish and the return to normal life beckoned. In stead, global macro-economic effects started to emerge with steep inflation rates following the start of the war in the Ukraine. High energy prices as well as raising food prices are now affecting companies and households. This means MASSIF clients and end beneficiaries, micro, small and medium sized enterprise are now faced with new challenges. Access to affordable financial services that can translate into business opportunities and increasing resilience for households particular in Low-income countries and fragile or conflict affected states has become even more important. MASSIF has a role to play, and this once more highlights the need for development finance, including blended structures to promote private sector development.

Investments

MASSIF committed EUR 75.8 million to 14 clients in 13+ countries over the last year. These investments focused on access to finance in fragile states, spurring innovative business models, addressing resilience, and supporting underserved groups like women, youth and refugees as highlighted below in a few examples.

Supporting private sector in even the most frontier environments, MASSIF invested in Horizon Capital together with BP and FMO; a Ukraine based fund established to invest primarily in fast-growing, export-oriented, asset-light companies that leverage Ukraine's competitive cost base to generate global revenues. To support financial inclusion through innovation, MASSIF invested in Watu Credit in both Kenya and Uganda entities. Watu is a tech enabled micro-lending company providing pay as you go financing to young entrepreneurs operating motorcycles (boda bodas) and tuk tuk transport. This investment will enable Watu to advance financing to young entrepreneurs who are primarily rural based.

MASSIF is a pioneer in local currency financing and one of the few market parties worldwide offering such a product. This helps to reduce the risks of losses from currency mismatches for financial intermediaries and allows them to offer stable, local currency products to their (M)SME clients. We provided a local currency facility to Banco De Antigua, a semi-urban and rural focused MFI in Guatemala. This facility will enable the bank to advance local currency loans to rural based agriculture focused MSMEs in the country.

MASSIF participates in the NASIRA program through a blended finance structure which enabled next to the EU support economic viability. In total four financial institutions have received a guarantee from NASIRA. One of them is the Vitas Palestine and enables them to now support the growth of MSMEs affected by COVID-19, including female and young entrepreneurs, operating in Gaza (40%) and the West Bank (60%).

Capacity Development

MASSIF has a Capacity Development facility and initiated a total of 33 projects to support customers as well as ecosystem projects. Of note this year is the partnership with Advans International group through a development grant to implement a climate governance project among its investees. Another important project this year was MASSIF's partnership with existing client Gazelle finance to support refugees, women and youth who are families and employees of Ukrainian SMEs. This project was designed taking to account lessons learnt from a recent evaluations body of work on the Conditions for successful investments in fragile and conflict-affected states. The outcome of this study provided valuable insights for the FMO fragile state strategy and for other industry actors, particular as it highlights the importance of peace positive investment focus.

Looking back on 2022, we are pleased to see our efforts and strategy continuing to bear fruit with new transactions and projects making a difference in the current environment. The financial results remain strong with a revolvability of 146% and sound liquidity levels.

Production

Production 2022

Agora Microfinance Zambia– USD 5.0 mln Debt

Agora Microfinance Zambia Limited (AMZ) is Zambia's leading rural-based microfinance institution established in 2011 that provides financial services to a largely (90%) rural clientele, currently comprising >89,000 clients, of which 56% are women, and 34% young. AMZ provides small loans (avg. USD 68) to individual entrepreneurs as well as village groups (87% of loan book). Microinsurance, as well as mobile money transactions, are a rapidly growing line of business. AMZ's mission is to contribute to the improvement of the livelihoods of the poor through effective provision of appropriate financial services. FMO has a long-standing partnership with Agora having advanced the first facility of USD 2.5mln to the MFI in 2019. FMO provided a USD 5.0mln facility to Agora. This facility was part of the DFC-MASSIF master participation agreement with USD 3.35M (67%) being provided by DFC. This facility will be used for on lending to rural, female, and young microentrepreneurs.

Babban Gona Farmer Services Nigeria Ltd. – USD 10.0 mln debt

Established in 2012, Babban Gona ("Great Farm" in Hausa) is a financially sustainable and scalable agricultural enterprise co-owned by its farmers. The company provides cost effective end-to-end services to a network of franchise farmer groups on credit that is repayable at the end of the season. These services include training in sustainable farming, crop insurance, access to storage facilities, including a warehouse receipt program, marketing and distribution of products and access to credit, fertilizer, and seeds. Furthermore, Babban Gona has developed a 'Last Mile' business line. This initiative provides Babban Gona members with products (e.g., fertilizer, FMCG goods) to sell to non-Babban Gona members, thus further increasing their net incomes. After a first loan provided to Babban Gona in 2017, FMO advanced an additional loan of USD 10mln that will allow Babban Gona to further expand its innovative farmer service model which is estimated to increase smallholders' yields to up to 2 times the national average. This facility was part of the DFC-MASSIF master participation agreement with USD 6.7mln (67%) being provided by DFC.

Banco de Antigua S.A. – USD 7.0 mln debt

Banco de Antigua, S.A. ("BDA" or "the Bank"), founded in 1997, is a small microfinance bank in Guatemala. BDA focuses on consumer finance for low-income segments (68% of loan portfolio) as well as microentrepreneurs (18%) and SMEs (13%). The bulk of its activities are in semi-urban and rural areas of Guatemala. BDA has the third largest microfinance portfolio across the financial system and an important presence, particularly in rural areas. BDA has an extensive geographic coverage with 55 agencies across the country, including rural and remote areas where besides the national bank, there are no other financial institutions present. Coverage has been increasing via slimmed-down agencies that focus on digital services (no cash) and are very cost-efficient to set up. FMO advanced a USD 7mln loan that is earmarked for Microfinance lending and financing SMEs in rural areas in Guatemala. The facility was advanced in Local Currency (GTQ) which is line with MASSIF's strategy towards reducing inequalities (SDG10). Furthermore, capitalizing on our Capacity development program, we will be working with Banco de Antigua to further improve their consumer protection policies and practices. This facility was part of the DFC-MASSIF master participation agreement with USD 4.69mln (67%) being provided by DFC.

Chamroeun Microfinance PLC– USD 10.0 mln Debt

Chamroeun Microfinance Plc is a regulated microfinance institution in Cambodia. Chamroeun's main product offering consists of small productive loans. Chamroeun currently operates in 15 provinces, has 21 branches, employs over 370 staff. Although significant progress has been realized the last two decades, still a significant share of Cambodian population has no access to formal financial services. Chamroeun is committed to lifting people out of poverty by providing small uncollateralised loans for productive use and onboarding marginalised people in formal credit channels. With Chamroeun's focus on female entrepreneurs in rural areas, underserved people are reached by partnering with Chamroeun. FMO advanced a USD 10mln loan facility to Chamroeun which is the first DFI loan to the MFI. Furthermore, FMO brings additionality by providing scarce long-term financing and supporting the growth of Chamroeun's reducing inequalities portfolio. This facility was part of the DFC-MASSIF master participation agreement with USD 6.7mln (67%) being provided by DFC.

Fairtrade Access Fund SA, SICAV-SIF– USD 3.5 mln Debt

Fairtrade Access Fund SICAV-SIF is an evergreen impact investing fund established in 2012 that focuses on sustainable agri value chains and focus on smallholder farmers, currently in Latin America and Africa. It provides trade finance to Small producer organizations (SPO) that have a sustainability certification, with an emphasis on Fairtrade certification. It also provides financing to agri SMEs and microfinance institutions financing agricultural activities. The fund provides market access and financing to thousands of smallholder farmers that subscribe to better sustainability practices: in 2020, the fund supported over 327,000 farmers with 892,871 hectares under cultivation in 20 African and Latin American countries. Since most clients are certified under a sustainability certification, this has translated into premiums resulting in income stability for individual farmers as well as investments in community-based healthcare, education, infrastructure and, more importantly in 2020, pandemic mitigation and safety projects. FMO provided a USD 3.5 mln revolving credit facility to finance the annual growth of the portfolio that results from financing seasonal crops such as coffee.

Horizon Capital Growth Fund IV, L.P. – USD 7.5 mln Debt

Horizon Capital Growth Fund IV, L.P. (the "Fund", "HCGF IV") is a private equity fund investing in Ukraine and Moldova, managed by Horizon Capital (the "Fund Manager"). FMO has an existing relationship with Horizon Capital, having invested in all four of the private equity funds managed by Horizon Capital and established to date (Emerging Europe Growth Fund I, II & III, and Horizon Capital Growth Fund II). The fund has been established to invest primarily in fast-growing, export-oriented, asset-light companies that leverage Ukraine's competitive cost base to generate global revenues. In addition, the Fund may also seek out select domestic champions with potential to grow from local to regional market leaders. Sectors will include IT, e-commerce, innovative retail, consumer goods and fintech. Ukraine has a large, talented, and competitive labour force, both for IT and skilled manufacturing. Ukraine and Moldova are experiencing strong demand for growth-stage capital in both technology and traditional sectors. FMO via MASSIF committed a USD 7.5mln investment. Besides this FMO committed an additional USD 7.5mln via Building Prospects and a final USD 5.0mln via FMO's own balance sheet. By participating in the Fund's first closing, FMO played a catalysing role in helping the Fund attract other investors (DFIs and private investors) and reach its target size and objectives. Through its commitment, FMO also supports the Fund Manager in contributing to Ukraine's economic recovery and ensuring that local businesses have access to growth capital, thus remaining resilient, agile and continuing to thrive, despite the context of the ongoing war.

Lendable MSME FinTech Credit Fund – USD 5.0 mln Debt

Lendable is a leading debt finance provider to fintech companies across frontier and emerging markets that create access to new financial products and services for un- and under-banked populations. Lendable finances fintech companies that facilitate consumer and MSME credit, productive asset finance, payments, remittances, and digital marketplaces. From its offices in Nairobi, London, and Singapore, and using its proprietary technology and data, Lendable directly originates, structures, underwrites, and monitors all transactions. In 2021, FMO co-anchored the Lendable MSME Fintech Credit Fund (LMFCF), providing a USD 5 mln debt facility. In 2022, we advanced a further USD 5mln to the fund based on the fund's performance potential. With this financing, Lendable will support fintech companies in Africa and Asia, a niche not served by traditional impact fund managers.

Watu Credit Limited (Kenya)– USD 10.0 mln Debt

Watu Credit Limited (Kenya) ('Watu') is a micro-lending company providing pay as you go financing to young entrepreneurs operating motorcycles (boda bodas) and tuk tuks transport businesses in Kenya. Watu's mission is to meaningfully improve employment and opportunities for those with the greatest barriers to access financial services. Watu has been operating since 2015 and currently has operations across Kenya serving more than 200,000 clients. 90% of Watu's clients are youth (between 20 and 28 years) and 70% are based in rural areas. FMO provided a USD 10.0 mln debt facility, through which we support one of the top micro-lending institutions in Kenya to increase its MSME lending activities with a particular focus on youth owned and rural mobility MSMEs. As a non-deposit taking institution, FMO's long-term funding is providing Watu Credit with stability and security of funding to enable it to further grow and expand its reach across Kenya. This facility was part of the DFC-MASSIF master participation agreement with USD 5.0mln (50%) being provided by DFC.

Watu Credit Uganda Limited– USD 5.0 mln Debt

Watu Credit Uganda Limited ('Watu') is a micro-lending company providing pay as you go financing to young entrepreneurs operating motorcycles (boda bodas) and tuk tuks transport businesses in Uganda. Watu is wholly owned by Watu Holding Limited registered in Mauritius and with operating companies in 6 countries in Africa, and with plans to grow further across the region. Watu's mission is to meaningfully improve employment and opportunities for those with the greatest barriers to access financial services. Watu has been operating since 2019 and currently has operations across Uganda serving more than 40,000 clients. 90% of Watu's clients are young entrepreneurs (aged between 20 and 28 years) and 70% are based in rural areas. FMO advanced a USD 5.0 mln loan that will be used for on-lending purposes to self-employed individuals and will be used to specifically grow Watu's youth and rural focused MSME mobility portfolio in Uganda. This facility was part of the DFC-MASSIF master participation agreement with USD 3.35mln (67%) being provided by DFC.

ASEAN Frontier Markets Fund– EUR 10.0 mln Equity

ASEAN Frontier Markets Fund L.P. ("AFMF") is a sector-agnostic Private Equity fund targeting investments in SMEs in Cambodia and Laos. It is the third Fund managed by Emerging Markets Investments Advisers ("EMIA"). FMO and MASSIF previously committed to the Fund Manager's two predecessor funds and have an existing relationship with the team. The Fund focuses on investments in Cambodia and Laos, where impact potential is high and the penetration of PE activities remains low. FMO provided a USD 10mln equity investment into this fund supporting it to reach first close. The Fund has a sector agnostic strategy and will invest primarily through equity. The Fund intends to take significant minority stakes in 10- 13 investees, mainly growth equity to SMEs (>65% of invested capital) and earlier-stage companies/greenfield (up to 35%). The investment will allow FMO to keep supporting a trusted partner active in countries where there are limited Private Equity teams with on-the-ground presence and local knowledge.

Commercial International Bank (CIB) NASIRA Portfolio– EUR 0.74 mln NASIRA Guarantee

Commercial International Bank (CIB) is the largest privately-owned commercial bank in Egypt with total assets of USD 32bln and a market share of ~5%. In 2018, CIB underwent a transformation to revamp the SME lending business by launching a tailored loan program, with various products and advisory services. This was largely motivated by the Central Bank of Egypt's requirement for all banks to lend 25% of their loan portfolio to SMEs (of which 10% to MSMEs) by end of 2022. However, CIB's exposure to the segment has remained limited as its efforts were challenged by the COVID-19 crisis. The USD 50mln Nasira guarantee facility will focus on CIB supporting youth entrepreneurs and stimulating MSME lending to entrepreneurs with less collateral. The guarantee will cover MSME loans up to max. USD 500,000, falling under the bank's Business Banking unit, which accounts for <5% of CIB's productive loan portfolio. The Nasira team will be working with CIB on their risk management and help set up research to better understand the youth market (52% of Egyptian youth is unemployed currently).

I and M Bank Limited – KES 38.84 mln NASIRA Guarantee

I&M Bank Kenya is wholly owned subsidiary of I&M Holdings Limited, a publicly traded company at the Nairobi Bourse. The bank was founded in 1974 and evolved from a community financial institution to a major regional commercial bank offering a full range of corporate, SME and retail banking services. I&M Bank has been a client of FMO since 2010 and has demonstrated consistent growth and stable performance over the years, growing its balance sheet from USD 0.9mln in 2010 to USD 2.7bln in 2021, whilst maintaining a strong Capital Adequecy Ratio and good profitability. FMO and I&M Bank Kenya signed a USD 15mln (in LCY equivalent) Nasira portfolio guarantee covering loans provided to Covid-19 affected micro and small enterprises (MSEs) in Kenya. MSMEs in Kenya, especially youth and women-owned, have limited access to external financing despite being a key driver of the Kenyan economy. The NASIRA facility will also include Capacity Development and Technical Assistance support through non-financial services such as business digitization, enhancing MSME lending practices, financial literacy.

Jordan Micro Finance Company Ltd - JOD 0.18 mln NASIRA Guarantee

Jordan Micro Finance Company Ltd ("Tamweelcom"), which was established in 1999, is the third largest microfinance institution in Jordan. Its mission is to support employment, foster socio-economic stability and empower low-income individuals in Jordan. One of its target groups are youth and women entrepreneurs. Tamweelcom benefits from a strong market positioning via its wide network of branches across Jordan, particularly in the smaller urban areas. As the Jordanian economy slowly recovers, Tamweelcom would like to continue supporting its clients and reach additional micro/small businesses in line with its social mission. To support the bank's overall ambition and the overall Jordanian MSME's community, FMO and Tamweelcom have signed a USD 10mln in JOD equivalent revolving portfolio guarantee. This guarantee will cover Tamweelcom's existing and new MSME portfolio of COVID-19 affected MSMEs including migrants, women and youth owned in Jordan.

Vitas Palestine Microfinance Company – USD 0.50 mln NASIRA Guarantee

Vitas is a subsidiary of Global Communities Palestine (97%) and Vitas Group (3%). GCP and Vitas Group are both owned by Global Communities US. he urgent need for better access to financial means for entrepreneurs in West Bank and Gaza is clear. With a growing population of which more than 70 percent is under the age of 30, and one of the highest unemployment rates in the world (50% in Gaza in 2018), economic growth and financial inclusion is high on the priority list of the Palestinian authorities.FMO and microfinance institution Vitas Palestine signed a USD 10mln Nasira portfolio guarantee to support the financial inclusion of MSMEs affected by Covid-19, including female and young entrepreneurs, operating in Gaza (40%) and the West Bank (60%). The Nasira product offering has a comprehensive Covid-19 support package to MSMEs in the region. The accompanying Technical Assistance program will aim at supporting Vitas to expand its value proposition towards youth- and women owned MSMEs.

Sales and exits

In 2022, we completed one exit in Hamkor Bank which due to their organisational performance was fully transferred to FMO-A. Hamkor was the largest exposure in MASSIF with over 30 EUR million.

Production capacity development

Contracts CD 2022

2X Collaborative Limited - EUR 250,000 Development Contribution

The 2X Challenge was launched at the G7 Summit 2018 as a joint commitment by the development finance institutions (DFIs). The 2X initiative has since been at the forefront of building the global field of gender lens investing (GLI). Today, hundreds of companies and investors are using the 2X Criteria as a global industry standard for GLI. Building on this success, the 2X Collaborative was launched at the Generation Equality Forum in 2021 as a global industry body for gender lens investing, with membership open to the full spectrum of capital providers alongside the DFIs. In 2022, the 2X Collaborative merged with GenderSmart and rebranded to 2X Global. 2X Global has over 90 member institutions today and has 3 strategy pillars: build investor capacity, align and advance standards, and shift and shape markets. In this project, FMO will seek to support knowledge development and sharing on Gender topics for FMO and its clients especially on 1) Justice, Equity, Diversity and Inclusion. 2) addressing Gender-Based Violence (GBVH). Knowledge sharing will be done through the digital academy and tools and knowledge that are being developed.

60 Decibels, INC - EUR 333,000 Technical Assistance

FMO has partnered with 60 Decibels, an end-to-end impact measurement company with deep measurement expertise coupled with proprietary lean data approach that brings customer- centricity, speed and responsiveness to impact measurement to implemented a four year project to support 15 FMO clients to upscale their impact measurement capabilities. The objectives for this project are: i) to provide customer centric impact measurement services to clients ii) share recommendations with clients and FMO about building sustainable impact measurement practices. An outcome of this initiative is to support clients to strengthen their businesses by enhancing their strategies based on a strong foundation of data.

Accion International - EUR 94,185 Development Contribution and EUR 43,800 Development Contribution

In this project, FMO will be partering with Accion International's Center for Financial Inclusion (CFI) to carry out an interdisciplinary, market-level research in the MENA Region. The objective of this project is to help the financial sector understand the limitations of existing data collection mechanisms that often fail to capture the full picture of the complex lives of people with limited data trails in digital financial inclusion. This project is highly relevant to FMO and to the financial sector as digitalisation and technology-driven solutions have taken a priority role over the last years. Understanding the implications of data in financial inclusion are essential for FMO, partners, and clients. Potential clients to be scoped are those that are using algorithms to make decisions. Results will be used to inform other clients and their strategies,We also collaborated with Acccion on a second project in the year. The aim of this project is to support Accion to make the Fintech CEO Forum and the Fintech for Inclusion Global Summit possible in 2022. This forum brought together global practisioners, investors and fintech enterprises to exhange on best practises, advancements, opportunities and challenges in the sector.

Advans International - EUR 187,800 Development Contribution

Conscious that its clients will be the most affected by climate change, Advans has defined a Climate Change Strategy, to integrate the effects and impacts of climate change into its core business model. In order to successfully implement this strategy, Advans needs to mobilize all of its key stakeholders and ensure they are aware of the impact climate change will have on its operation.The first part of this project included an organization-wide climate change awareness training for all staff members of Advans. Some key highlights of the session can be found in this video. This project aligns strongly with FMO's commitment to SDG 13 and mobilizes climate action for an MFI Group which enables the development of MSMEs in fragile and Low-Income Countries (LIC). This project helps Advans integrate the effects and impacts of climate change into their core business model to serve its BoP customers more effectively and is therefore also in line with MASSIF's strategy of driving financial inclusion in a sustainable and responsible way.

Die Koop Finansiering Ltd - EUR 81,000 Development Contribution

Our customer is Die Koop Finansiering Ltd (Die Koop), a subsidiary of an agricultural cooperative in Humansdorp, South-Africa. The funding objective is the strengthening of the co-operative group's cooperative's credit and risk management processes and practices. This project aligns with FMO's ambition to help its clients grow strong, sustainable and inclusive businesses. Supporting Die Koop with the set up of a strong credit and risk management component to service its members and especially its underserved members, is part of that ambition.

ERM INDIA PRIVATE LIMITED - EUR 54,000 Technical Assistance

FMO's experience has demonstrated that E&S capacity in Nepal is almost non-existent and engaged in a sector wide initiative with the banks' and energy producers in the country. The aim is to address the E&S gap to increase Nepal's eligibility for international funding. These E&S and ESMS trainings as part of the Nepal ESG Sector Initiative. This project is connected to the MASSIF strategy because it is focused on strenthening the financial institutions with the aim of unlocking financial support to MSMEs in Nepal.

The Lebanese Association for Development - EUR 59,520 Technical Assistance, EUR 228,376.69 Development Contribution and EUR 5,000 Development Contribution

The Lebanese Association for Development – Al Majmoua ("AM") is/was the largest microfinance institution (non-deposit taking) in Lebanon, which was founded by Save the Children in 1994, and started its activities by providing group-loans to women in urban and rural areas. AM has a non-profit organization status, in the legal form of a foundation, hence no shareholders. AM has been FMO's debt customer since 2018. Al Majmoua has in the last years faced signifacant challenges in mobilising its lending portfolio due to macro-economic and political challenges in Lebabon. This project was designed to provide emergency advisory support via Frankfurt school of finance to Al Majmoua, to ensure the survival of the organisation. Furthermore, the project was aimed to provide a roadmap to establish a new USD loan product line and portfolio.

FUNDACIO INSTITUT D EDUCACIO CONTIN - EUR 23,000 Technical Assistance

This project is part of the E&S sector wide initiative in Nepal with banks and energy companies. The aim of this assignment is to facilitate an assessment of a potential ESG university program in Nepal to build local capacity. This connects to the Massif strategy as this projects is one of the ecosystem elements that aims to educate young Nepalese generations on sustainable and inclusive business practices, for corporates and M(W)SMEs.

Gazelle Finance Holding Cooperatief - EUR 480,000 Development Contribution

In collaboration with DFC, DGGF and Gazelle Finance, FMO launched an economic recovery facility to provide technical assistance to Ukrainian small and medium enterprises (SMEs) whose businesses have been negatively impacted by the war. The new facility builds upon an existing FMO investment in Gazelle, which provides capital to SMEs in key sectors in the South Caucasus, including Georgia, to boost development. Provided TA will help war-effected SMEs to rapidly adapt and expand to new markets to enhance revenue streams. With a focus on gender and refugee finance, this promises to be an impactful project. This is closely aligned with FMO's strategy to reduce inequalities and its commitment to fragile countries. MASSIF funds this project because it aims to enhance the capacity and performance of SMEs, ultimately enhancing the development impact of the SMEs and the financial performance of the Fund.

Global Off Grid Lighting Association - EUR 300,000 Development Contribution

GOGLA is the global association for the off-grid solar energy industry. Their 200+ members provide millions of low-income and climate-vulnerable people with affordable, high-quality products and services; rapidly increasing customers' productivity, connectivity, and resilience. To enable sustainable businesses and accelerate energy access, they provide market insights, standards and best practice, and advocate for catalytic policies, programmes and investment. FMO has partnered with GOGLA and provided this funding to enable GOGLA expand the value and influence of their work on financial transparency and consumer protection and supports the development of setting the industry standards on other topics such as e-waste.

Global Private Capital Association - EUR 30,000 Development Contribution

FMO will support GPCA in the development of projects to improve fund management skills, encourage knowledge sharing, and initiate ecosystem initiatives for GPs within FMO's portfolio and in the wider PE space. -

JSC MFO Crystal - EUR 200,000 Development Contribution

SC Microfinance Organization Crystal (Crystal) is Georgia's fourth largest microfinance lender with 60 thousand customers, 36 branches and a loan portfolio of USD 60m. Headquartered in Kutaisi, a regional city in the northwest of Georgia, it has a strong outreach in the country's rural areas (>60 percent of loan portfolio), especially in its home region. FMO is contributing to Crystal's banking transformation process, which includes changes in the organizational structure and processes, implementation of new core banking software, development of new risk management system, and up-skilling of employees. This project will support Crystal to become a more professional institution, improving access to finance for Georgian micro businesses and SMEs, especially in rural areas.

Kompanion Bank CJSC - EUR 150,000 Development Contribution

Kompanion Bank is a mission driven MSME bank in Kyrgyzstan in which FMO has been a shareholder since 2014 and is also a debt provider since 2013. The majority of the bank's portfolio is composed of microfinance loans. This project aims to improve the bank's focus on customer centricity of its digital products and, thereby, serve its existing and future (rural) customer base more effectively. This project will improve access to finance and contribute to the development of the rural and predominantly low-income communities of the Kyrgyz region.

Nomisma Mobile Solutions Private Limited - EUR 18,212 Technical Assistance

Nomisma Mobile Solutions Private Limited ("FtCash") is a fintech company based out of Mumbai. FtCash offers micro, small and medium sized (MSME) merchants payment solutions and access to financial services by underwriting loans based on digital payments data and collecting them from card payments (merchant cash advance model). The Company operates as a distributor of financial services and payments with an off-balance sheet model in partnership with financial service providers. FT Cash is an FMO client via the Ventures program. In this project, FMO worked with MicroFinanza Rating SRL (MFR) to conduct an Consumer Protection Principal (CPP)assessment. This is aimed to assess and improve the FI's CPP practices and policies.

D. Light Design Inc - EUR 16,350 Technical Assistance

d.light is a leading off-grid energy provider that offers a range of solutions to lower income households, from small solar-lanterns to pay-as-you-go ("PAYGO") solar home systems. d.light is headquartered in Nairobi and mostly sells and finances their products in East Africa and India, thereby providing a sustainable alternative to polluting kerosene lanterns and other fossil fuel based alternative energy sources. Through this project, FMO support d.light in Kenya to strengthen their Client Protection Principles based on the GOGLA Consumer Protection Code.

M-KOPA Kenya Limited - USD 150,000 Development Contribution

M-KOPA is an asset financing platform that offers millions of underbanked customers access to life-enhancing products and services. The company provides solar home systems and appliances, cookstoves, smartphones and digital financial services on a 'pay-as-you-go' basis, enabling customers in Kenya, Uganda and Nigeria to access products that they would otherwise not be able to afford on a cash basis. The objective of this project is to test and scale electric motorbikes (e-bikes) as a new M-KOPA product line. This will be done through i) consultancy support on battery analytics and ii) piloting the '2nd Life Battery Buy Back' scheme', a facility that will be used by M-KOPA to re-purchase batteries, helping drive adoption of the-bikes.

Nomanini Holdings Proprietary Ltd. - EUR 28,000 Development Contribution

With headquarters in South Africa, Nomanini Holdings Proprietary Ltd. (Nomanini) offers technological solutions for informal retailers across Africa, allowing them to access financial services and improve access to working capital within the FMCG value chain. Nomanini focuses on unbanked vendors, kiosk- and shop holders, while its strategic partnerships allow the FinTech platform to be one of the 'winning' models. This fits with MASSIF's objective to support end-beneficiaries through financing local financial intermediaries and institutions.The funding objective is to strengthen Nomanini's Corporate Governance by enabling the company to appoint an Independent Director as Chairperson. A scond objective of this financing is to complement FMO's pre-Series B financing and support Nomanini with a package of venture technical assistance support activities including Transaction Advisory, HR Advisory and a Client Protection Principles Assessment.

Sajida Foundation - EUR 26,100 Development Contribution

Sajida Foundation (SF) was set up in 1993 as a non-profit organization, with a view to improving the quality of life in the local communities through sustainable and effective intervention. SF is the 7th largest MFI in Bangladesh. In this project, FMO's financing was used to support Sajida Foundation to enhance its IT Infrastructure health and people skills with the support of external consultants. This will allow Sajida to reach best practices and further enhance their IT Infrastructure capacity including security as well as IT staff skills and avoid incidents in the future.

Social Perfromance Task Force - EUR 200,000 Development Contribution

FMO has partnered with the Social Performance Task Force (SPTF) and Cerise to a) Identify and incorporate new client protection risks coming from digitisation of financial services; b) Update client protection-related tools and quality control; c) Train experts on the latest client protection best practices; and d) Maintain IT Maintenance & improve Communications with industry players.Through this project, we contribute to making sure that vulnerable low-income clients are not exploited, and that financial products and services in developing economies help create better lives.

Joint Impact Model - EUR 65,000 Development Contribution

FMO is one of the founding members of the Joint Impact Model (JIM) together with other key DFIs. Measuring and reporting on impact in a consistent and comparable way is essential to evaluate progress towards global development needs and priorities, assess effectiveness of investments and drive impactful actions. MASSIF has partnered with the JIM team to support our clients to set up and properly measure and report on key indicators using aligned methodology. The ultimate goal is to bring comparability, accountability, transparency and thought leadership to the financial industry, by measuring key impact indicators in a harmonized way (economic development via jobs created and GHG emissions).

Medical Credit Fund - EUR 155,000 Development Contribution

As part of PharmAccess Group, Medical Credit Fund (MCF) seeks to build the capacity of health systems in Sub-Saharan Africa and increase access to better healthcare services. MCF focuses on small and medium-sized health enterprises and combines innovative financing solutions with technical assistance and training on business and quality improvement, which will be possible through FMO's CD support and financing in collaboration with Swedfund. Under this project, MCF will work on developing new digital products, conducting needs assessment in Kenya to understand how financial products can be improved to make them as beneficial as possible for women, and setting up a Technical Assistance Facility for healthcare providers.

Tech Accelerator (PTY) Ltd. - EUR 180,000 Development Contribution

Startupbootcamp is the leading corporate-backed accelerator in Africa, and the success of their alumni is a direct result of the extensive Corporate Startup Collaboration. The ASIP Accelerator is anchored by leading corporate sponsor Telecel Group an entity that aims to support the next generation of early-stage African tech startups disrupting key industry verticals that include FinTech, InsureTech, AgriTech, eCommerce, Digital Health, and CleanTech. Telecel will provide the participating startups with access to markets through their mobile services across the continent. FMO partnered with startupbootcamp AfriTech to expand their existing "ASIP Accelerator Program" to source from and include ventures from more challenging, second-tier markets than where they would focus without FMO funding.

VILLAGE CAPITAL - USD 398,710 Development Contribution

This project will contribute to FMO's Reducing Inequalities ambition by identifying, selecting and vetting high impact potential companies that serve populations at the bottom 40 of the economic pyramid and provide them with working capital to scale their operations. The investment thesis for these projects incorporates the progression model to Massif's investment portfolio.

Watu Credit Limited - EUR 32,000 Development Contribution

Watu Credit Limited (Kenya) ('Watu') is a micro-lending company providing pay as you go financing to young entrepreneurs operating motorcycles (boda bodas) and tuk tuks transport businesses in Kenya. Watu's mission is to meaningfully improve employment and opportunities for those with the greatest barriers to access financial services. Watu has been operating since 2015 and currently has operations across Kenya serving more than 200,000 clients. Watu is a new FMO client as at the end of 2022. In addition to debt financing, FMO provided this development contribution financing to contribute towards the development and implementation of Watu's client satisfaction baseline survey, which will help to better understand its social impact, areas of opportunity, and clients' needs.

CLASSM - EUR 45,400 Technical Assistance

Funding objective is a market mapping study for Senegal, a new country for FMO's AFW department. The aim of the assignment is to map the countries opportunities for value chain investments in line with Massif's aims for support of financing of smallholder farmers.

Mercon B.V. - EUR 15,000 Development Contribution

Mercon, a vertically integrated coffee company in Nicaragua with a farmer financing arm (Mercapital). MASSIF provided a senior loan to Mercapital of USD 5 million in 2018 and later in 2019, a subordinated loan of USD 5 million, both with the aim to support the growth of the farmer finance portfolio, especially on medium and long-term loans. We provided this financing to support Mercon to implement an ESG tool to further improve their impact in the coffee sector in Nicaragua.

NATHAN ASSOCIATES LONDON LTD. - EUR 111,5000 Development Contribution

Invest for Impact Nepal (IIN) platform: aims to strgthen financial intermediaries to improve their ESG capabilities, to facilitate linkages between suitable investees and investors leading to effective transactions. IIN will also coordinate with regulators in order to advocate for a more effective FDI regulatory framework for all investors, and will strgthen Nepal Private Equity Association. With concrete outputs and outcomes, IIN will exit to a stronger investment ecosystem capable of accelerating DFI investment without assistance. By stregthening intermediary channels of FI and Funds, IIN will accelerate investment opportunities intro productive and inclusive Nepalese firms by DFIs. DFI investments are crucial to help meet Nepal's capital needs, accelerate induatrialization, promote the SME sector ann fill the current financial gap.

DOLMA CONSULTING LTD. - EUR 24,652 Technical Assistance

FMO together with the Nepal Bankers´ Association and the Independent Power Producers´ Association of Nepal kicked off a sector initiative aiming to facilitate the adoption of international ESG practices in the financial and hydropower sectors in Nepal, with the aim of creating a level playing field within the sectors and improving access to DFI funding in the country.

INTERNATIONAL PRINCIPLES

Our impact goes beyond our investments. To embrace our mission fully, we are committed to doing business in a responsible and sustainable way, guided by global standards and guidelines.

Equator Principles We have been implementing the Equator Principles (EP) since 2006. This risk management framework provides financial institutions with a minimum standard for due diligence and monitoring to determine, assess and manage environmental and social risks in projects. Our annual EP report is available online.	Signatory
IFC Performance Standards Our E&S approach is guided by the IFC Performance Standards of Environmental & Social Sustainability . This framework helps us understand, avoid and mitigate E&S risks and impacts, for example through stakeholder engagement and disclosure obligations of the customer in relation to project-level activities.	Adopter
OECD Guidelines for Multinational Enterprises We follow OECD Guidelines on responsible business conduct, notably human rights, labor rights and the environment.	Adopter
UN Guiding Principles on Business and Human Rights We integrate the set of guidelines defined by the UN for states and companies to prevent, address and remedy human rights abuses in business operations.	Adopter
ILO Standards We follow the set of ILO legal instruments that set out basic principles and rights at work.	Adopter
Operating Principles for Impact Management In 2019, FMO became a signatory to and advisory board member of the Operating Principles for Impact Management, a global initiative led by the IFC to increase the transparency and accountability of impact investing. FMO publishes a report every year to disclose how it has interpreted and applied these nine principles. These reports are available on our website.	Signatory
Principles of Repsonsible Investment FMO applies the six principles of the PRI: incorporating ESG into investment practices (Principle 1 and 2), disclosing on ESG issues (Principle 3), supporting acceptance and effective implementation of the principles (Principle 4 and 5), and reporting on progress (Principle 6). FMO's latest report is available on the PRI website.	Signatory
UNEP FI | Principles for responsible banking FMO is a signatory of the Principles for Responsible Banking. FMO publishes a report every year to disclose how it has progressed towards implementing these principles.	Signatory
Global Impact Investing Network We support the GIIN because it is dedicated to increasing the scale and effectiveness of impact investing through knowledge sharing, best practice exchanges, and tools and resources production.	Member
Sustainable Development Goals Charter We joined the SDG Charter Network to foster cooperation between business, civil society and local governments in the Netherlands, in order to achieve the SDGs at home and abroad.	Signatory
Natural Capital Finance Alliance We closely follow the developments of the NCFA initiative to integrate natural capital considerations into loans, public and private equity, and fixed income and insurance products.	Signatory
UNEP FI / EBF Working Group on Banking and Taxonomy We are part of the UNEP Finance Initiative / European Banking Federation Working Group that assesses how the EU Taxonomy on Sustainable Activities can be implemented by banks and applied to selected banking products.	Member
Dutch Climate Accord We signed the financial sector commitment to fight climate change and support the Dutch Climate Accord. In 2022, we published our Climate Action Plan, which is available on our website.	Signatory
Client Protection Principles FMO has adopted the CPP which set the minimum standards that end-customers should expect to receive when doing business with a financial service provider.	Adopter

Initiative	Description	Status
Partnership for Carbon Accounting Financials	We are one of the early adopters of PCAF, an industry-led global partnership to develop and implement a harmonized approach to assess and disclose GHG emissions of loans and investments. This facilitates transparency and accountability of the financial sector to the Paris Agreement.	Signatory
Netherlands Advisory Board on Impact Investing	FMO is an active member of the Netherlands Advisory Board (NAB) on Impact Investing - a foundation that is part of the Global Steering Group for impact investment and aims to accelerate the growth and improve the effectiveness of the Dutch impact investing market.	Member
Consultative Group to Assist the Poor	We are part of the CGAP global partnership to test, learn and share knowledge intended to help build inclusive and responsible financial systems.	Member
European Microfinance Platform	We are part of the e-MFP network to foster activities that increase global access to affordable, quality, sustainable and inclusive financial services for the un(der)banked through knowledge-sharing, partnership development and innovation.	Member
2X Challenge	In 2019, FMO joined the 2X Challenge, which was launched in 2018 by DFIs from the G7 countries. The initiative allows for setting financial ambitions among DFIs and collaboration with various stakeholders towards women's empowerment. FMO continues to be a participant in the 2X Challenge and a member of the 2X Collaborative (now 2X Global)	Member
Global Private Capital Association	We are a member of the GPCA. This aims to catalyze the development of private equity and venture capital industries in emerging markets through research, conferences, networking, and advocacy.	Member
Corporate Governance Development Framework	We adopted the Corporate Governance Development Framework as a common approach to corporate governance risks and opportunities in DFI investment operations.	Adopter
Financial Action Task Force	We use the FATF framework to combat money laundering and terrorism financing, as well as the proliferation of weapons of mass destruction.	Adopter
Global Reporting Initiative (GRI)	We report according to the standards defined by the GRI to help businesses and governments understand and communicate about their impact on critical sustainability issues.	Adopter
The Paris Development Banks Statement on Gender Equality and Women Empowerment	We call for accelerating the realization of gender equality and the empowerment of all women and girls through the international financial system. We recognize our substantive role in the achievement of the SDGs.	Signatory
EDFI statement on climate and energy finance	We commit to this statement where EDFI group outlines shared commitments to phase out fossil fuels and mobilise private sector climate finance, aligning with Paris Agreement and high disclosure standards.	Signatory
COP26 Joint Statement on Public Finance	We commit to supporting the clean energy transition and end new direct public support for the international unabated fossil fuel energy sector by the end of 2022, except in limited and clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement.	Signatory
Accelerating Investment in Adaptation and Resilience	We are a signatory member to the Adaptation and Resilience Investors Collaborative, an international partnership of development finance organizations. We have committed to substantially increase investments in climate adaptation and resilience to support vulnerable developing and emerging countries.	Signatory
Value Reporting Foundation - Integrated Reporting Framework	We follow the Integrated Reporting framework to produce our annual report. In line with this, we link our strategy and performance to the external environment and value creation in the longer term.	Adopter

LIST OF ABBREVIATIONS

AC	Amortized Cost
AEF	Access to Energy Fund
AFS	Available For Sale
ALCO	Asset and Liability Committee
CD	Capacity Development
CPP(s)	Client Protection Principles
DFI	Development finance institution
DGIS	Directorate-General for International Cooperation
EAD	Exposure at Default
ECL	Expected Credit Loss
ESG	Environmental, social and governance
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden
FMO-OS	Fonds Opkomende Markten - Ontwikkelingssamenwerking
FV	Fair Value
FVOCI	Fair Value Through Other Comprehensive Income
FVPL	Fair Value Through Profit or Loss
GHG	Green House Gas
IASB	International Accounting and Standards Board
IDF	Infrastructure Development Fund
IFRS	International Financial Reporting Standards
IRC	Investment Review Committee
LCY	Local currency
LGD	Loss Given Default
LIC	Low income country
MB	Management Board
MSME	Micro, small and medium-sized enterprises
NPL	Non-Performing Loans - loans in default
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PD	Probability of Default
PE	Private Equity
PIM	Public Investment Management team within FMO
SDGs	Sustainable Development Goals
SPPI	Solely Payments of Principal and Interest
WMSME	Women-owned micro, small and medium-sized enterprises

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

Annual accounts

Statement of financial position

At December 31

	Notes	2022	2021
Assets			
Banks	(1)	9,545	8,476
Current account with FMO	(2)	147	112
Short-term deposits	(3)	59,833	31,671
Loan portfolio	(4)		
- of which: Amortized cost		107,616	128,408
- of which: Fair value through profit or loss		27,050	28,288
Equity investments	(6)	213,593	270,323
Investments in associates	(7)	9,955	8,851
Other financial assets at FV	(8)	32,872	-
Other receivables	(9)	34,926	1,397
Accrued income	(10)	3,089	6
Total assets		**498,626**	**477,532**
Liabilities			
Other liabilities	(11)	14	20
Accrued liabilities	(12)	6,854	5,402
Provisions	(13)	200	102
Total liabilities		**7,068**	**5,524**
Fund capital			
Contribution DGIS previous years		352,840	352,840
Contribution DGIS current year		-	-
Total contribution DGIS	**(14)**	**352,840**	**352,840**
Initial contribution FMO		7,778	7,778
Total contribution FMO	**(14)**	**7,778**	**7,778**
Translation reserve		1,148	660
Other reserves		68,697	68,697
Undistributed results previous years		42,033	38,359
Net profit / (loss)		19,062	3,674
Total fund capital	**(14)**	**491,558**	**472,008**
Total liabilities and fund capital		**498,626**	**477,532**
Effective guarantees issued	(21)	2,228	1,456
Irrevocable facilities	(21)	94,801	83,844
Total subsidy allocated to MASSIF (including HMA Skopje)		345,096	345,096
Total subsidy withdrawn from DGIS for MASSIF		345,096	345,096
"Total subsidy available MASSIF"		**-**	**-**
Subsidy received by G-20 SME Finance Challenge		7,744	7,744

Statement of comprehensive income

At December 31

	Notes	2022	2021
Income			
Interest income from financial instruments measured at AC		11,589	10,101
Interest income from financial instruments measured at FVPL		1,634	923
Interest expenses from financial instruments measured at AC		-11	-31
Net interest income	**(15)**	**13,212**	**10,993**
Fee and commission income	(16)	235	180
Results from equity investments	(18)	5,594	11,152
Dividend income	(17)	222	1,592
Results from financial transactions	(19)	18,501	4,351
Total income		**37,764**	**28,268**
Expenses			
Remuneration FMO		-11,518	-11,020
Capacity development expenses		-4,653	-3,330
Evaluation expenses		-133	-387
Other operating expenses		-1	-
Total expenses	**(20)**	**-16,305**	**-14,737**
Impairments on			
Loans	(4)	-2,935	-8,346
Loan commitments		-68	-64
Banks		-	1
Guarantees issued		-10	20
Total impairments		**-3,013**	**-8,389**
Results on associates			
Share in the result of associates	(7)	616	-1,468
Net profit / (loss)		**19,062**	**3,674**
Other comprehensive income			
Translation reserve	(7)	488	510
Other comprehensive income		**488**	**510**
Total comprehensive income / (loss)		**19,550**	**4,184**

Statement of changes in fund capital

At December 31

	Contributed Fund capital	Contribution FMO	Translation reserve	Other reserves	Undistributed results previous years	Net profit / (loss)	Total fund capital
Net balance at January 1, 2021	**352,840**	**7,778**	**150**	**68,697**	**66,629**	**-28,270**	**467,824**
Exchange differences on translating associates	-	-	510	-	-	-	510
Transfer net profit/(loss) PY to Undistr. Results	-	-	-	-	-28,270	28,270	-
Results current year	-	-	-	-	-	3,674	3,674
Net balance at December 31, 2021	**352,840**	**7,778**	**660**	**68,697**	**38,359**	**3,674**	**472,008**
Net balance at January 1, 2022	**352,840**	**7,778**	**660**	**68,697**	**38,359**	**3,674**	**472,008**
Exchange differences on translating associates	-	-	488	-	-	-	488
Transfer net profit/(loss) PY to Undistr. Results	-	-	-	-	3,674	-3,674	-
Results current year	-	-	-	-	-	19,062	19,062
Net balance at December 31, 2022	**352,840**	**7,778**	**1,148**	**68,697**	**42,033**	**19,062**	**491,558**

Statement of cash flows

At December 31

	Notes	2022	2021
Cash from operating activities			
Inflows			
Interest received on loans		10,840	12,869
Repayments on loans	(4)	57,204	45,192
Repayments on grants		312	-
Sales of equity instruments (book value)		17,985	16,034
Results from equity investments		3,615	455
Results from sale to FMO		33,260	-
Dividends and fees received		447	1,771
Other received amounts		760	15
Outflows			
Disbursements on loans	(4)	-31,606	-27,519
Investments in equity instruments and associates	(6),(7)	-13,782	-25,968
Disbursements on grants		-3,514	-3,467
Management fees FMO	(19)	-11,518	-11,020
Other paid amounts		-37,079	-1,580
Net cash from operating activities		**26,924**	**6,782**
Cash flow financing activities			
Contribution DGIS current year	(13)	-	-
Net cash from financing activities		**-**	**-**
Net change in cash & cash equivalent		**26,924**	**6,782**
Position of cash at January 1 [1]		40,259	31,300
Foreign exchange translation		2,342	2,177
Position of cash at end of period [1]		**69,525**	**40,259**

1 Cash includes current account with FMO.

Summary of accounting policies

General information

MASSIF ("the Fund") was established in 2006 by the Dutch Ministry of Foreign Affairs to provide risk capital and local currency financing to financial intermediaries in developing countries who in turn serve micro- and small scale entrepreneurs and lower income households. FMO executes the Fund at the risk and expense to itself (2.16% equity) and the Dutch State (97.84% equity). The total subsidy received to date amounts to €353 million. The anticipated end date of the Fund is December 2026.

Basis of preparation

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

These accounts have been prepared under the historical cost convention, except for:

- Equity investments and short-term deposits are mandatorily measured at fair value through profit and loss;
- A part of the loan portfolio which is mandatorily measured at fair value;

Adoption of new standards, interpretations and amendments

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

Issued but not yet adopted standards

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

Foreign currency translation

The Fund uses the euro as the unit for presenting its annual accounts. All amounts are denominated in thousands of euros unless stated otherwise. In accordance with IAS 21, foreign currency transactions are translated to euro at the exchange rate prevailing on the date of the transaction. At the 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.

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 profit and loss account under 'results from financial transactions'.

When preparing the annual accounts, the Fund's share in associates is translated at the exchange rates at the balance sheet 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 entity's opening net asset value at closing rate, are recognized directly in the translation reserve within fund capital. These translation differences are maintained in the translation reserves until disposal of the associate.

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

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

Assets

Financial assets – Classification

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

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

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

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

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

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

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

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

Business model assessment

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

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

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

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

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

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

Financial assets – Impairment
The Fund estimates an allowance for expected credit losses for the following financial assets:

- Banks;
- Loans;
- Loan commitments and financial guarantee contracts issued.

No impairment loss is recognized on equity investments.

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

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

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

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 horizon. The Fund uses a scorecard model based on quantitative and qualitative indicators to determine PDs. The output of the scorecard model is mapped to the Moody's PD master scale based on idealized default rates. A point in time adjustment is made to these PDs using a z-factor approach to account for the business cycle;
- EAD: the Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, scheduled by contract or otherwise, expected drawdowns and accrued interest from missed payments;
- LGD: the Loss Given Default is an estimate of the Fund's loss arising in the case of a default at a given time. It is based on the difference between the contractual cash flows due and any future cashflows or collateral that the Fund would expect to receive;

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

Macro economic scenarios in PD estimates

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

The three scenarios applied are:

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

ECL measurement Stage 3

The calculation of the expected loss for Stage 3 is different when compared to the Stage 1 and Stage 2 calculation. Reason for this is that loan-specific impairments provide a better estimate for Stage 3 loans in the Fund’s diversified loan portfolio. The following steps are taken which serve as input for the Investment Review Committee (IRC) 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 from liquidation processes and “firm offers” into account. The cashflows arising from these processes and "firm offers" serve as a cap for the provision (or a floor for the value of the loan).

Staging criteria and triggers

Financial instruments classified as low credit risk

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

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

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

Significant increase in credit risk (Stage 2)

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

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

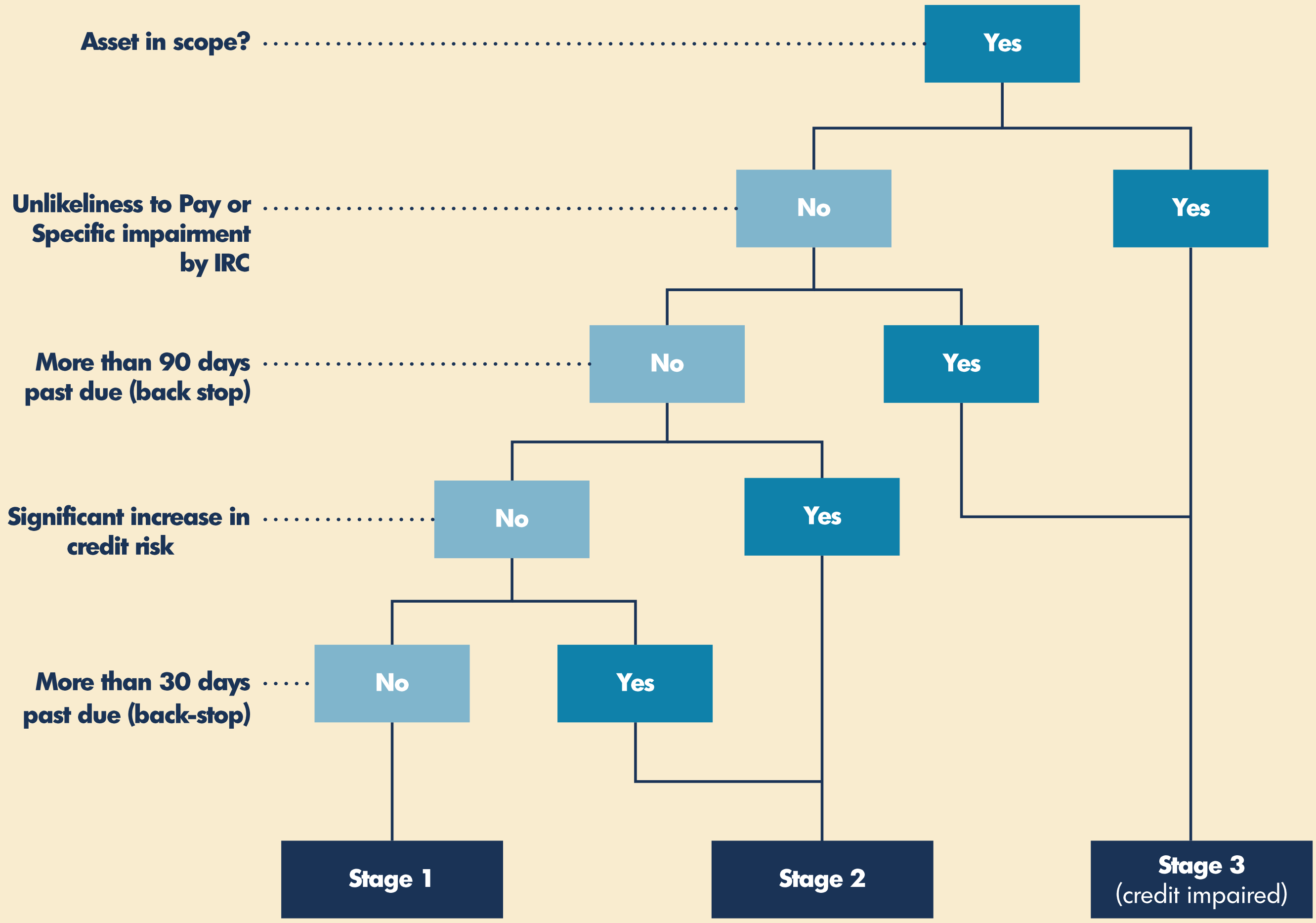
Definition of default (Stage 3)

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

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

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

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



Reversed staging

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

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

Written-off financial assets

A write-off is made when a claim is deemed non-collectible, when 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 the Fund. There are no automatic triggers, which would lead to a write-off of the loan; specific impaired loans are assessed on individual basis depending on their circumstances. Generally when the impairment percentage exceeds 95%, the IRC is advised to consider a write-off.

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

Modification of financial assets

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

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

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

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

Modification of contractual terms versus forbearance

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

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

Cash and cash equivalents

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

Loans

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

Loans on the balance sheet of the Fund include:

- Loans measured at AC which comply with the classification requirements for AC as indicated in the section Financial assets – classification. These loans are initially measured at cost, which is the fair value of the consideration paid plus incremental direct transaction costs incurred. Subsequently, the loans are measured at AC using the effective interest rate method.
- Loans mandatorily measured at FVPL which do not comply with the classification requirements for AC as indicated in the section Financial assets – classification. These are measured at fair value with changes recognized in profit and loss.

Equity investments

Equity investments on the balance sheet of the Fund include:

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

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

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

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

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

Other financial assets at FV
Other financial assets reflect the Dutch State's investment in the Ventures Program. The Program is a structured entity and is a co-investment between FMO, the Dutch Government and the European Commission. Following the specific conditions the investment of the State Funds the asset is classified as "Other financial assets at fair value". The balance sheet presentation has been amended in the 2021 comparative information in which the investment was classified as equity investment. The change in presentation does not impact fund capital, comprehensive income or cashflows.

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

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

Liabilities

Provisions
Provisions are recognized when:

- The Fund has a present legal or constructive obligation as a result of past events; and
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate of the amount of the obligation can be made.

Provisions are recognised for loan commitments and guarantees.

Guarantees
Issued financial guarantee contracts are measured at the higher of:

- The IFRS 9 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 committed.

Provisions resulting from guarantees are included in 'Provisions'.

The Fund applies the same methodology as loans for measurement of ECL allowance of guarantees. Refer to policies above.

Fund Capital

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

Contributed Fund Capital

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

The Fund Capital is revolvable (100% revolvability) when the current value of assets is equivalent or the sum of the capital put into the Fund by the funding party.

Translation reserve

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

Other reserves

Other reserves includes the reserve adjustments that arose out of the transition to IFRS 9 from IAS 39 in the financial year beginning 1 January 2018. This includes the transfer of previous available-for-sale reserves as well differences in measurement arising on transition.

Undistributed results previous years

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

Profit and Loss

Net interest income: interest income and expense

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

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

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

Fee and commission income and expense

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

1. *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;
2. *Fees earned when services are provided (IFRS 15)*
   Fees charged by the Fund for servicing a loan (such as administration fees and agency fees) are recognized as revenue when the services are provided. Portfolio and other management advisory and service fees are recognized in line with the periods and the agreed services of the applicable service contracts;
3. *Fees that are earned on the execution of a significant act (IFRS 15)*
   These fees (such as arrangement fees) are recognized as revenue when the significant act has been completed.

Dividend income

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

Results from equity investments

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

Results from financial transactions

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

Capacity development expenses and contributions

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

Statement of cash flows

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

Taxation

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

Notes to the annual accounts

1. Banks

	2022	2021
Banks	9,545	8,476
Balance at December 31	**9,545**	**8,476**

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

2. Current accounts (assets)

	2022	2021
Current account with FMO	147	112
Balance at December 31	**147**	**112**

Current accounts can be freely disposed of and are classified as stage 1.

3. Short-term deposits

Short-term deposits are liquid accounts and are subject to an insignificant risk of changes in fair value. The Fund has on demand full access to the carrying amounts. Short-term deposits consist of money market funds, which are measured at FVPL. Short-term deposits have a maturity of less than three months.

	2022	2021
Money market funds	59,833	31,671
Balance at December 31	**59,833**	**31,671**

4. Loans portfolio

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

	Loans measured at AC	Loans measured at FVPL	Total 2022
Balance at January 1, 2022	**163,266**	**28,288**	**191,554**
Disbursements	27,312	4,294	31,606
Conversion from loan to equity	-	-	-
Part sold	-6,322	-	-6,322
Repayments	-46,909	-3,973	-50,882
Write-offs / disposed	-4,194	-4,718	-8,912
Derecognized and/or restructured loans	-	-	-
Changes in amortizable fees	72	-26	46
Changes in fair value	-	1,577	1,577
Changes in accrued income	1,460	9	1,469
Exchange rate differences	8,299	1,599	9,898
Balance at December 31, 2022	**142,984**	**27,050**	**170,034**
Impairment	-35,368	-	-35,368
Total balance at December 31, 2022	**107,616**	**27,050**	**134,666**

	Loans measured at AC	Loans measured at FVPL	Total 2021
Balance at January 1, 2021	176,323	30,867	207,190
Disbursements	21,853	5,666	27,519
Conversion from loan to equity	-	-	-
Repayments	-39,932	-5,238	-45,170
Interest Capitalization	-	-	-
Derecognized and/or restructured loans	-62	-	-62
Changes in amortizable fees	42	-23	19
Changes in fair value	-	-2,977	-2,977
Changes in accrued income	-1,529	-304	-1,833
Exchange rate differences	6,571	297	6,868
Balance at December 31, 2021	**163,266**	**28,288**	**191,554**
Impairment	-34,858	-	-34,858
Total balance at December 31, 2021	**128,408**	**28,288**	**156,696**

The following table summarizes the loans segmented by sector:

	2022				
Loans segmented by sector	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2022**
Financial Institutions	71,172	6,853	20,503	21,608	120,136
Energy	-	5,828	-	-	5,828
Agribusiness	3,260	-	-	5,442	8,702
Net balance at December 31	**74,432**	**12,681**	**20,503**	**27,050**	**134,666**

	2021				
Loans segmented by sector	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2021**
Financial Institutions	70,838	27,462	24,422	22,058	144,780
Energy	-	4,851	-	2,637	7,488
Agribusiness	-	-	835	2,494	3,329
Multi-Sector Fund Investments	-	-	-	1,099	1,099
Net balance at December 31	**70,838**	**32,313**	**25,257**	**28,288**	**156,696**

	2022				
Loans segmented by geographical area	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2022**
Africa	19,535	11,014	12,689	5,933	49,171
Asia	9,747	382	7,814	3,574	21,517
Latin America & the Carribbean	21,716	1,285	-	-	23,001
Europe & Central Asia	13,015	-	-	15,263	28,278
Non - region specific	10,419	-	-	2,280	12,699
Net balance at December 31	**74,432**	**12,681**	**20,503**	**27,050**	**134,666**

	2021				
Loans segmented by geographical area	**Stage 1**	**Stage 2**	**Stage 3**	**Fair value**	**Total 2021**
Africa	17,942	23,890	10,339	7,736	59,907
Asia	17,884	-	14,918	5,161	37,963
Latin America & the Carribbean	20,312	3,575	-	-	23,887
Europe & Central Asia	7,782	-	-	14,867	22,649
Non - region specific	6,918	4,848	-	524	12,290
Net balance at December 31	**70,838**	**32,313**	**25,257**	**28,288**	**156,696**

	2022	2021
Gross amount of loans to companies in which FMO has equity investments	-	8,745
Gross amount of subordinated loans	10,563	9,095

For definition and more details on non-performing loans, we refer to section 'Credit Risk' within the Risk Management paragraph.

The movements in the gross carrying amounts and ECL allowances for the loans at AC are as follows:

Changes in loans to the private sector at AC in 2022	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
At December 31, 2021	**71,798**	**-960**	**33,417**	**-1,104**	**58,051**	**-32,794**	**163,266**	**-34,858**
Additions	26,495	-435	752	-85	-	-	27,247	-520
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)	-39,759	177	-9,630	55	-3,842	429	-53,231	661
Transfers to Stage 1	16,324	-497	-16,324	497	-	-	0	0
Transfers to Stage 2	-3,942	77	3,942	-77	-	-	0	0
Transfers to Stage 3	-	-	-	-	-	-	0	0
Modifications of financial assets (including derecognition)	-714	-	778	-	-	-	64	0
Changes in risk profile not related to transfers	-	856	-	469	-	-4,446	0	-3,121
Amounts written off	-	-	-	-	-4,194	4,194	-4,194	4,194
Changes in amortizable fees	-37	-	54	-	54	-	71	0
Changes in accrued income	-27	-	-181	-	1,668	-	1,460	0
Foreign exchange adjustments	5,149	-73	148	-30	3,004	-1,621	8,301	-1,724
At December 31, 2022	**75,287**	**-855**	**12,956**	**-275**	**54,741**	**-34,238**	**142,984**	**-35,368**

Changes in loans to the private sector at AC in 2021	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
At December 31, 2020	93,909	-2,687	44,133	-1,776	38,281	-20,505	176,323	-24,968
Additions	19,923	-1,142	198	-332	1,732	-	21,853	-1,474
Exposures derecognised or matured / lapsed (excluding write-offs and modifications)	-16,025	147	-20,836	415	-3,071	505	-39,932	1,067
Transfers to Stage 1	8,253	-820	-8,253	820	-	-	-	-
Transfers to Stage 2	-21,253	1,028	21,253	-1,028	-	-	-	-
Transfers to Stage 3	-16,490	292	-3,378	1,244	19,868	-1,536	-	-
Modifications of financial assets (including derecognition)	-429	-	-1,671	-	2,038	-	-62	-
Changes in risk profile not related to transfers	-	2,273	-	-382	-	-9,840	-	-7,949
Changes in amortizable fees	-67	-	115	-	-6	-	42	-
Changes in accrued income	114	-	-342	-	-1,301	-	-1,529	-
Foreign exchange adjustments	3,863	-51	2,198	-65	510	-1,418	6,571	-1,534
At December 31, 2021	**71,798**	**-960**	**33,417**	**-1,104**	**58,051**	**-32,794**	**163,266**	**-34,858**

Total impairments on loans in the profit and loss account	2022	2021
Additions	-520	-1,474
Exposure derecognised or matured/lapsed (excluding write - offs)	661	1,067
Changes in risk profile (including changes in accounting estimates)	-3,121	-7,949
Recoveries (written off loans)	0	0
Other	45	10
Balance at December 31	**-2,935**	**-8,346**

5. ECL allowances - assessment

ECL allowances are calculated for Banks, Loans at 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.

To demonstrate the sensitivity of the SICR criteria, the tables below presents the distribution of stage 2 impairments by the criteria that triggered the migration to stage 2.

December 31, 2022

ECL allowance - Stage 2 trigger assessment	Loans to private sector	Loan commitments	Total
More than 30 days past due	-	-	-
Forbearance	-	-	-
Deterioration in credit risk rating - financial difficulties	-275	-2	-277
Total	**-275**	**-2**	**-277**

December 31, 2021

ECL allowance - Stage 2 trigger assessment	Loans to private sector	Loan commitments	Total
More than 30 days past due	-	-	-
Forbearance	-711	-11	-722
Deterioration in credit risk rating - financial difficulties	-394	-	-394
Total	**-1,105**	**-11**	**-1,116**

The following table shows the values of the IMF GDP forecasts used in each of the economic scenarios for the ECL calculations for 2022 and 2023. The upside and downside scenario calculations are derived from the base case scenario, adjusted based on an indicator of public debt to GDP in emerging markets.

The macroeconomic scenarios' model was updated following the publication of the new macroeconomic outlook data by the International Monetary Fund (IMF) in 2022. The updates of the model based on more optimistic GDP forecast, caused new point-in-time adjustments to probability of defaults in the impairment model, leading to a release in combined stage-1 and stage-2 impairment charge.

IMF GDP % Growth Forecasts	2023	2022
Africa	1.1%	2.1%
Zimbabwe	2.8%	3.0%
Georgia	4.0%	9.0%
Nicaragua	3.0%	4.0%
Côte d'Ivoire	6.5%	5.5%
Kenya	5.1%	5.4%
Myanmar	3.3%	2.0%
Bangladesh	6.0%	7.2%
Philippines	5.0%	6.5%
Senegal	8.1%	4.7%

Note that macroeconomic scenarios have been updated by using the latest available information by the IMF, as published in October 2022.

December 31, 2022	Total unweighted amount per ECL scenario	Probability	Loans to the private Sector	Guarantees	Total
ECL Scenario:					
Upside	35,076	2%	701	-	701
Base case	35,567	50%	17,772	11	17,784
Downside	36,331	48%	17,421	18	17,439
Total		**100%**	**35,894**	**29**	**35,924**

December 31, 2021	Total unweighted amount per ECL scenario	Probability	Loans to the private Sector	Guarantees	Total
ECL Scenario:					
Upside	34,154	2%	683	-	683
Base case	34,960	50%	17,474	6	17,480
Downside	36,406	48%	17,465	10	17,475
Total		**100%**	**35,621**	**16**	**35,638**

6. Equity investments

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

	Equity measured at FVPL
Net balance at January 1, 2022	**270,323**
Purchases and contributions	11,509
Reclassification from loans	-
Return of Capital	-55,857
Changes in fair value	6,602
Other	-18,984
Net balance at December 31, 2022	**213,593**

	Equity measured at FVPL
Net balance at January 1, 2021	**252,341**
Purchases and contributions	23,319
Reclassification from loans	-
Return of Capital	-17,535
Changes in fair value	12,198
Net balance at December 31, 2021	**270,323**

The following table summarizes the equity investments segmented by sector:

	2022	2021
Financial Institutions	107,671	144,579
Energy	1,914	1,827
Agribusiness	3,444	5,850
Multi-Sector Fund Investments	85,523	106,506
Infrastructure, Manufacturing and Services	15,041	11,561
Net balance at December 31	**213,593**	**270,323**

7. Investments in associates

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

	2022	2021
Net balance at January 1	8,851	7,160
Purchases and contributions	-	2,649
Share in net results	616	-1,468
Exchange rate differences	488	510
Net balance at December 31	**9,955**	**8,851**

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

The following table summarizes the associates segmented by sector.

	2022	2021
Financial Institutions	9,955	8,851
Net balance at December 31	**9,955**	**8,851**

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

Associate	Carrying amount	Economic ownership %	Total assets	Total liabilities	Total income	Total profit/loss
Teak Tree Investments	5,560	35%	5,560	-	-	-
SFC Finance Limited	4,395	31%	12,676	8,281	100	63

8. Other financial assets

	2022	2021
Other financial assets at FV [1]	32,872	-
Balance at December 31	**32,872**	**-**

1 Other financial assets at FV relate to FMO's Ventures Program

9. Other receivables

	2022	2021
Receivables related to equity disposals and dividends	34,719	1,341
Fee receivables	207	56
Balance at December 31	**34,926**	**1,397**

10. Accrued income

	2022	2021
Suspense account	3,077	-
Accrued income guarantee fee	12	6
Balance at December 31	**3,089**	**6**

11. Other liabilities

	2022	2021
Amortized costs related to guarantees	14	20
Balance at December 31	**14**	**20**

12. Accrued liabilities

	2022	2021
Suspense account	-	-1
Accrued costs capacity development	6,854	5,403
Balance at December 31	**6,854**	**5,402**

13. Provisions

	2022	2021
Allowance for loan commitments	177	89
Allowance for guarantees	23	13
Balance at December 31	**200**	**102**

14. Contributed fund capital and reserves

	2022	2021
Contributed Fund Capital	352,840	352,840
Initial contribution FMO	7,778	7,778
Contribution DGIS current year	-	-
Balance at December 31	**360,618**	**360,618**

The fund capital is revolvable (100% revolvability) when the current value of assets is equivalent or above the sum of the capital put into the fund by shareholders.

	2022	2021
Other reserves	68,697	68,697
Balance at December 31	**68,697**	**68,697**

Undistributed results	2022	2021
Balance at January 1	42,033	38,359
Net profit / (loss)	19,062	3,674
Balance at December 31	**61,095**	**42,033**

15. Net interest income

Interest income

	2022	2021
Interest on loans measured at AC	11,589	10,101
Total interest income from financial instruments measured at AC	11,589	10,101
Interest on loans measured at FVPL	927	914
Interest on short-term deposits	707	9
Total interest income from financial instruments measured at FVPL	1,634	923
Total interest income	**13,223**	**11,024**

Interest expense

	2022	2021
Interest expenses related to banks (assets)	-11	-31
Total interest expense	**-11**	**-31**

16. Net fee and commission income

	2022	2021
Administration fees	123	147
Other fees (arrangement, cancellation and waiver fees)	112	33
Net fee and commission income	**235**	**180**

17. Dividend income

Dividend income relates to income from equity investments.

	2022	2021
Dividend income direct investments	82	1,100
Dividend income fund investments	140	492
Total dividend income	**222**	**1,592**

18. Results from equity investments

	2022	2021
Results from equity investments:		
Unrealized results from FX conversions - cost price	8,992	13,042
Unrealized results from FX conversions - capital results	2,017	-460
Unrealized results from capital results	-4,408	-383
Results from Fair value re-measurements	**6,601**	**12,199**

Results from sales & distributions:		
Realized results	29,684	-1,304
Release unrealized results	-30,691	257
Net results from sales	**-1,007**	**-1,047**
Total results from equity investments	**5,594**	**11,152**

19. Results from financial transactions

	2022	2021
Results on sales and valuations of FVPL loans	-3,140	-2,977
Foreign exchange results	10,015	7,328
Other changes [1]	11,626	-
Total results from financial transactions	**18,501**	**4,351**

1 Other changes relate to results on FMO's Ventures Program

20. Expenses

	2022	2021
Remuneration FMO	-11,518	-11,020
Capacity development expenses	-4,653	-3,330
Evaluation expenses	-133	-387
Other operating expenses	-1	-
Total operating expenses	**-16,305**	**-14,737**

Remuneration FMO relates to management fees paid to FMO.

Capacity development expenses relate to contracted contributions to beneficiaries in terms of the fund's objectives. Evaluation costs relate to expenses made during frequent investigations and controls of existing investments and costs related to due diligence of new projects.

21. Off-Balance Sheet information

To meet the financial needs of borrowers, the Fund enters into various irrevocable commitments (loan commitments, equity commitments and guarantee commitments) and contingent liabilities. These contingent liabilities consist of financial guarantees, which commit the Fund 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 balance sheet, they do obtain Credit Risk similar to loans to private sector. Therefore, provisions are calculated for financial guarantees and loan commitments according to ECL measurement methodology.

The outstanding amount for financial guarantees issued by the Fund is as follows:

	2022	2021
Contingent liabilities		
Effective guarantees issued	2,228	1,456
Total guarantees issued	**2,228**	**1,456**

As agreed with the Dutch Ministry of Foreign Affairs, the fund shall maintain 1 euro for each euro of guarantee issued. The total amount of cash as per 31 December 2022 is adequately covering the total guarantees issued and hence meets the requirement set out by the Dutch Ministry of Foreign Affairs.

Nominal amounts for irrevocable facilities are as follows:

	2022	2021
Irrevocable facilities		
Contractual commitments for disbursements of:		
- Loans	27,733	23,857
- Development contributions	-	250
- Equity investments and associates	65,330	57,467
Contractual commitments for financial guarantees given	1,738	2,270
Total irrevocable facilities	**94,801**	**83,844**

The movement in exposure for the financial guarantees issued (including contractual commitments) and ECL allowance is as follows:

Movement financial guarantees in 2022	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Outstanding exposure/ Nominal amount	**ECL allowance**	**Outstanding exposure/ Nominal amount**	**ECL allowance**	**Outstanding exposure/ Nominal amount**	**ECL allowance**	**Outstanding exposure/ Nominal amount**	**ECL allowance**
At January 1, 2022	3,726	-13	-	-	-	-	3,726	-13
Additions	2,807	-15	-	-	-	-	2,807	-15
Exposures matured (excluding write-offs)	-2,661	9	-	-	-	-	-2,661	9
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-4	-	-	-	-	-	-4
Foreign exchange adjustments	94	-	-	-	-	-	94	-
At December 31, 2022	**3,966**	**-23**	**-**	**-**	**-**	**-**	**3,966**	**-23**

Movement financial guarantees in 2021	Stage 1		Stage 2		Stage 3		Total	
	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance
At January 1, 2021	2,694	-31	-	-	-	-	2,694	-31
Additions	2,368	-15	-	-	-	-	2,368	-15
Exposures matured (excluding write-offs)	-1,486	14	-	-	-	-	-1,486	14
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	20	-	-	-	-	-	20
Foreign exchange adjustments	150	-1	-	-	-	-	150	-1
At December 31, 2021	**3,726**	**-13**	**-**	**-**	**-**	**-**	**3,726**	**-13**

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

Movement of loans commitments in 2022	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
At January 1, 2022	7,470	-78	1,557	-11	4,833	-	13,860	-89
Additions	63,912	-476	1,103	-198	-	-	65,015	-674
Exposures derecognised or matured (excluding write-offs)	-55,751	465	-2,641	184	-5,411	-	-63,803	649
Transfers to Stage 1	-	-	-	-	-	-	0	0
Transfers to Stage 2	-	-	-	-	-	-	0	0
Transfers to Stage 3	-	-	-	-	-	-	0	0
Changes to models and inputs used for ECL calculations	-	-78	-	35	-	-	0	-43
Amounts written off	-	-	-	-	-	-	0	0
Foreign exchange adjustments	660	-8	101	-12	578	-	1,339	-20
At December 31, 2022	**16,291**	**-175**	**120**	**-2**	**-**	**-**	**16,411**	**-177**

Movement of loans commitments in 2021	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
At January 1, 2021	650	-5	859	-3	-	-	1,509	-8
Additions	44,948	-647	4,648	-27	6,187	-	55,783	-674
Exposures derecognised or matured (excluding write-offs)	-38,640	486	-4,072	22	-1,732	-	-44,444	508
Transfers to Stage 1	-	77	-	162	-	-	-	239
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	29	-	-166	-	-	-	-137
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	512	-18	122	1	378	-	1,012	-17
At December 31, 2021	**7,470**	**-78**	**1,557**	**-11**	**4,833**	**-**	**13,860**	**-89**

22. 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 gives a breakdown of the carrying amounts of the financial assets and financial liabilities by category as defined in under IFRS 9 and by balance sheet heading.

December 31, 2022	**FVPL - mandatory**	**Amortized cost**	**Total**
Financial assets measured at fair value			
Short-term deposits	59,833	-	59,833
Loans to the private sector	27,050	-	27,050
Equity investments	213,593	-	213,593
Other financial assets at FV	32,872	-	32,872
Total	**333,348**	**-**	**333,348**
Financial assets not measured at fair value			
Banks	-	9,545	9,545
Loans to the private sector	-	107,616	107,616
Current accounts	-	147	147
Other receivables	-	34,926	34,926
Accrued income	-	3,089	3,089
Total	**-**	**155,323**	**155,323**
Financial liabilities not measured at fair value			
Other liabilities	-	14	14
Accrued liabilities	-	6,854	6,854
Provisions	-	200	200
Total	**-**	**7,068**	**7,068**

December 31, 2021	**FVPL - mandatory**	**Amortized cost**	**Total**
Financial assets measured at fair value			
Short-term deposits	31,671	-	31,671
Loans to the private sector	28,288	-	28,288
Equity investments	270,323	-	270,323
Other financial assets at FV	-	-	-
Total	**330,282**	**-**	**330,282**
Financial assets not measured at fair value			
Banks	-	8,476	8,476
Loans to the private sector	-	128,408	128,408
Current accounts	-	112	112
Other receivables	-	1,397	1,397
Accrued income	-	6	6
Total	**-**	**138,399**	**138,399**
Financial liabilities not measured at fair value			
Other liabilities	-	20	20
Accrued liabilities	-	5,402	5,402
Provisions	-	102	102
Total	**-**	**5,524**	**5,524**

Fair value hierarchy

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

Valuation process

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

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

Valuation technique

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

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

Valuation techniques include:

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

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

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

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

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

Carrying value financial assets	**2022**		**2021**	
At December 31	**Carrying value**	**Fair value**	**Carrying value**	**Fair value**
Banks	9,545	9,545	8,476	8,476
Loans to the private sector at AC	107,616	101,270	128,408	119,601
Total non fair value financial assets	**117,161**	**110,815**	**136,884**	**128,077**

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, 2022	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Short-term deposits mandatory at FVPL	59,833	-	-	59,833
Loans to the private sector mandatory at FVPL	-	-	27,050	27,050
Equity investments	5,877	-	207,716	213,593
Other financial assets at FV	-	-	32,872	32,872
Total financial assets at fair value	**65,710**	**-**	**267,638**	**333,348**

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at FVPL				
Short-term deposits mandatory at FVPL	31,671	-	-	31,671
Loans to the private sector mandatory at FVPL	-	-	28,288	28,288
Equity investments	13,928	-	256,395	270,323
Total financial assets at fair value	**45,599**	**-**	**284,683**	**330,282**

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

	Loans to the private sector	Equity investments	Total
Balance at January 1, 2022	**28,288**	**256,395**	**284,683**
Total gains or losses			
· In profit and loss (changes in fair value)	1,577	3,034	4,611
Purchases/disbursements	4,294	11,509	15,803
Sales/repayments	-3,973	-55,857	-59,830
Write-offs	-4,718	-	-4,718
Accrued income	-17	-	-17
Exchange rate differences	1,599	11,619	13,218
Changes in amortizable fees	-	-	-
Reclassification Loans versus Equity	-	-	-
Other	-	-18,984	-18,984
Balance at December 31, 2022	**27,050**	**207,716**	**234,766**

	Loans to the private sector	Equity investments	Total
Balance at January 1, 2021	**30,867**	**239,196**	**270,063**
Total gains or losses			
· In profit and loss (changes in fair value)	-2,977	-755	-3,732
Purchases/disbursements	5,666	22,884	28,550
Sales/repayments	-5,238	-17,535	-22,773
Accrued income	-304	-	-304
Exchange rate differences	297	12,605	12,902
Changes in amortizable fees	-23	-	-23
Reclassification Loans versus Equity	-	-	-
Balance at December 31, 2021	**28,288**	**256,395**	**284,683**

Type of debt investment	Fair value at December 31, 2022	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	-	Discounted cash flow model	Based on client spread	not applicable
	-	ECL measurement	Based on client rating	not applicable
	2,031	Credit impairment	n/a	n/a
Debt Funds	25,019	Net Asset Value	n/a	n/a
Total	**27,050**			

The amount for loans based on a valuation with the credit impairment model includes one development contribution which is recognized as a loan, for an amount of €0.25 million. Due to the absence of future cashflows, interest rates and a maturity, the value of the development contribution is based on the disbursed amount and revaluation for foreign exchange adjustments.

Type of equity investment	Fair value at Dec 31, 2022	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Private equity fund investments	128,462	Net Asset Value	n/a	n/a
Private equity direct investments	65,612	Book multiples	1.0 – 1.3	A decrease/increase of the book multiple with 10% will result in a lower/higher fair value of €7 million.
	3,371	Earning Multiples	Depends on several unobservable data such as EBITDA multiples (range 1.0 - 1.3)	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €0.2million.
	5,289	Put option	The guaranteed floor depends on several unobservable data such as IRR, EBITDA multiples, book multiples and Libor rates	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €0.5 million.
	4,982	Firm offers	Based on offers received from external parties	n/a
Total	**207,716**			

23. Related party information

Dutch Government:

The Dutch Ministry of Foreign Affairs, Directoraat-generaal internationale Samenwerking sets up and administers the investments funds ("State Funds"), including MASSIF, according to the Dutch Government's development agenda. Directoraat-generaal internationale Samenwerking is the main contributor to MASSIF, providing funding upon FMO's request.

The Dutch development bank FMO supports sustainable private sector growth in developing and emerging markets by leveraging its expertise in agribusiness, food & water, energy, financial institutions, Dutch business focus areas to invest in impactful businesses. FMO is a public-private partnership, with 51% of FMO's shares held by the Dutch State and 49% held by commercial banks, trade unions and other members of the private sector. FMO has a triple A rating from both Fitch and Standard & Poor's.

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

FMO has been entrusted by the Dutch Government to execute the mandates of the State Funds: Currently MASSIF, Building Prospects, Access to Energy – I, FOM and Dutch Fund for Climate and Development Land Use Facility are under FMO's direct management; the execution of Access to Energy – II and the other facilities of the Dutch Fund for Climate and Development are performed by third parties under FMO's supervision.

FMO charges a management fee to the Dutch Ministry of Foreign Affairs and it is reimbursed accordingly from MASSIF's subsidy amount (2022: €11.5 million; 2021: €11.0 million). FMO is also a minor contributor to the fund with a total contribution of €7.8 million in 2022 (2021: €7.8 million)

24. Subsequent events

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

Risk management

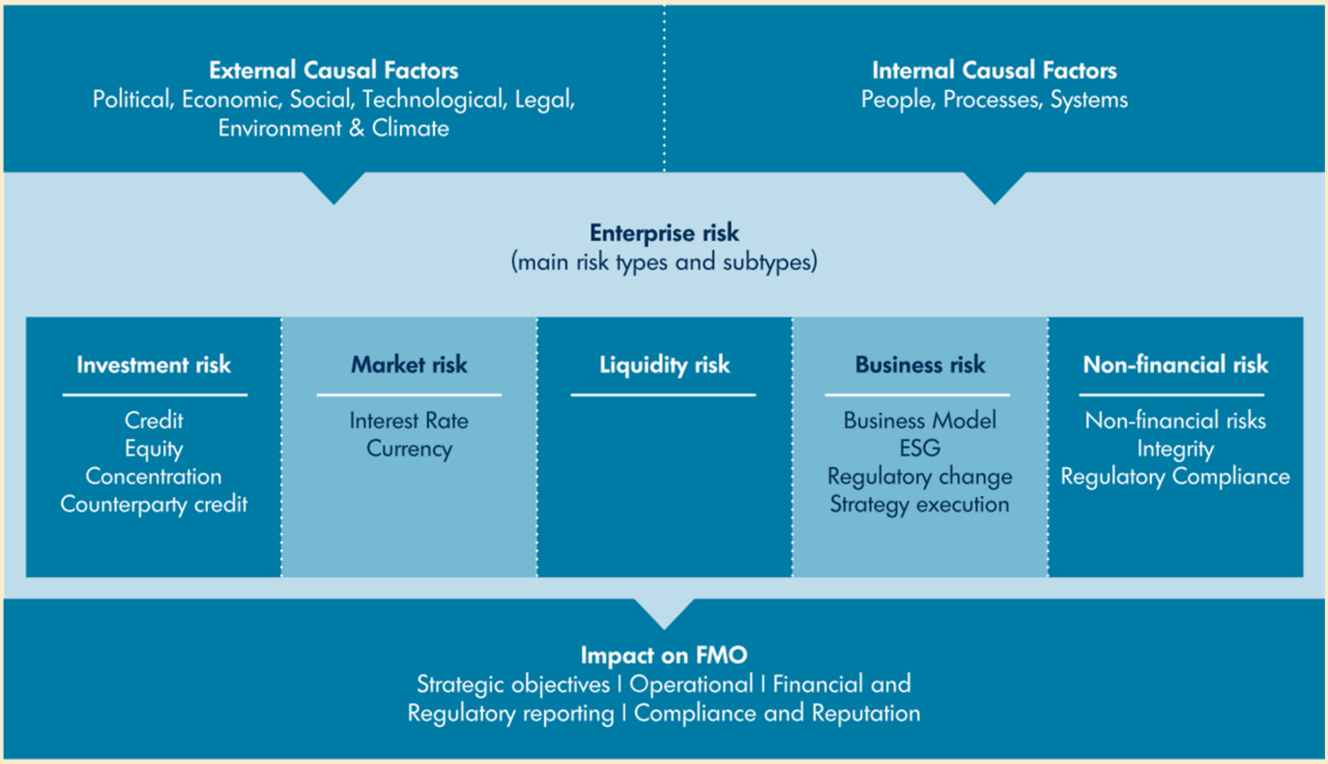
Organization of risk management

For FMO, acting in its role as Fund Manager (hereafter 'FMO'), to be able to carry out the Fund's strategy, it is essential to have an adequate risk management system in place to identify, measure, monitor and mitigate financial risks. MASSIF (hereafter 'the Fund') has a pre-defined risk appetite translated into limits for group, customer, country, region and currency exposures. Limit usages are monitored on a monthly basis and for each proposed transaction.

The Fund Manager reviews each transaction and provides consent to eligible proposals. The Investment Committee, comprising of senior representatives of several departments, reviews financing proposals for new transactions. Each financing proposal is assessed in terms of specific counterparty, product risk as well as country risk. All financing proposals are accompanied by the advice of the Credit department. This department is responsible for credit risk assessment of both new transactions and the existing portfolio. For small exposures, the Credit department has the authority to review new transactions.

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

Risk Taxonomy Framework FMO



Risk profile & appetite

The Fund actively seeks to take risk stemming from debt and equity investments in private institutions in developing countries. This risk profile is supported by maintaining prudent levels of capital and liquidity and strong diversification of the portfolio across regions and sectors.

Capital management
The Fund's aim is to optimize development impact. This can only be achieved with a sound financial framework in place, combining a healthy long-term revolvability of ≥100% and sound capital adequacy. Therefore, FMO seeks to maintain a strong capital position for the Fund. The Fund’s structure is based on a contribution from the Dutch government (97.84%) and a contribution from FMO (2.16%). Total contribution from the Dutch government is €352,8 million on 31 December 2022. FMO contributed €7.8 million to the Fund. Total fund capital – which is the sum of the contribution by the government, the contribution by FMO, undistributed results from previous years, results from the current year is €491.6 million in 2022 (2021: €472.0 million).

Financial risk

Investment risk
Investment risk is defined as the risk that actual investment returns will be lower than expected returns, and includes credit, equity, concentration and counterparty credit risks.

Credit risk
Credit risk is defined as the risk that the Fund will suffer economic loss because a counterparty cannot fulfill its financial or other contractual obligations arising from a financial contract. Credit risk is the main risk within the Fund and occurs in two areas of its operations: (i) credit risk in investments in emerging markets and off-balance instruments such as loan commitments and guarantees; and (ii) credit risk in the treasury portfolio, only consisting of bank accounts and money market instruments.

Management of credit risk is FMO’s core business, both in the context of project selection and project monitoring. In this process, a set of investment criteria per sector is used that reflects benchmarks for the required financial strength of FMO’s customers. This is further supported by internal scorecards that are used for risk classification and the determination of economic capital use per transaction. As to project monitoring, the Fund’s customers are subject to periodic reviews. Credit policies and guidelines are reviewed regularly and approved by the IRC.

Developments
FMO has embarked on an overhaul of its credit risk policy and processes. The objective is to implement a more aligned and effective portfolio management framework across the organization. Implementation has started in 2021 via the Investment Risk Project, which will continue further in 2023.

Credit risk in the emerging markets loan portfolio
The Fund offers loans in emerging market countries. Strong diversification within the Fund’s emerging market portfolio is ensured through stringent limits on individual counterparties (single customer limit of 7.5% of the Fund’s capital, and economic group limit of 10% of the Fund’s capital), countries (20% of the Fund’s capital), continents (40% of the Fund’s capital, and at least 40% in Africa), local currency (20% of the Fund’s capital) and in fund investments (40% of the Fund’s capital).

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

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

Maximum exposure to credit risk

	2022	2021
On balance		
Banks	9,545	8,476
Short-term deposits	59,833	31,671
Loans to private sector		
- of which: Amortized cost	143,584	160,314
- of which: Fair value through profit or loss	30,201	31,239
Current accounts	147	112
Other receivables	34,894	1,397
Total on-balance	**278,204**	**233,209**
Off-balance		
Contingent liabilities	2,228	1,456
Irrevocable facilities	29,471	26,127
Total off-balance	**31,699**	**27,583**
Total credit risk exposure	**309,903**	**260,792**

Credit quality analysis

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

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

Loans to the private sector at December 31, 2022 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	24,282	-	-	14,792	39,074
F14-F16 (B-,B,B+)	48,489	9,740	-	10,111	68,340
F17 and lower (CCC+ and lower)	3,019	3,243	54,811	5,298	66,371
Sub-total	**75,790**	**12,983**	**54,811**	**30,201**	**173,785**
Less: amortizable fees	-503	-27	-70	-	-599
Less: ECL allowance	-855	-275	-34,238	-	-35,368
FV adjustments	-	-	-	-3,151	-3,151
Carrying value	**74,432**	**12,681**	**20,503**	**27,050**	**134,666**

Loans commitments at December 31, 2022 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other 1)	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	9,350	-	-	2,167	11,517
F14-F16 (B-,B,B+)	6,170	120	-	9,154	15,444
F17 and lower (CCC+ and lower)	771	-	-	-	771
Total nominal amount	**16,291**	**120**	**-**	**11,321**	**27,733**
ECL allowance	-175	-2	-	-	-177
Total	**16,116**	**118**	**-**	**11,321**	**27,556**

Financial guarantees at December 31, 2022 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Total
F1-F10 (BBB- and higher)	-	-	-	-
F11-F13 (BB-,BB,BB+)	3,499	-	-	3,499
F14-F16 (B-,B,B+)	467	-	-	467
F17 and lower (CCC+ and lower)	-	-	-	-
Sub-total	**3,966**	**-**	**-**	**3,966**
ECL allowance / group impairments under IAS 39	-23	-	-	-23
Total	**3,943**	**-**	**-**	**3,943**

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

Loans to the private sector at December 31, 2021 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair Value	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	18,079	4,976	-	4,677	27,732
F14-F16 (B-,B,B+)	48,898	10,168	6,269	20,763	86,098
F17 and lower (CCC+ and lower)	5,208	18,408	51,898	7,474	82,988
Sub-total	**72,185**	**33,552**	**58,167**	**32,914**	**196,818**
Less: amortizable fees	-387	-134	-117	-	-638
Less: ECL allowance	-960	-1,105	-32,793	-	-34,858
FV adjustments	-	-	-	-4,626	-4,626
Carrying value	**70,838**	**32,313**	**25,257**	**28,288**	**156,696**

Loans commitments at December 31, 2021 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Other 1)	Total
F1-F10 (BBB- and higher)	-	-	-	-	-
F11-F13 (BB-,BB,BB+)	-	-	-	2,500	2,500
F14-F16 (B-,B,B+)	6,152	1,557	-	7,497	15,206
F17 and lower (CCC+ and lower)	1,318	-	4,833	-	6,151
Total nominal amount	**7,470**	**1,557**	**4,833**	**9,997**	**23,857**
ECL allowance	-78	-11	-	-	-89
Total	**7,392**	**1,546**	**4,833**	**9,997**	**23,768**

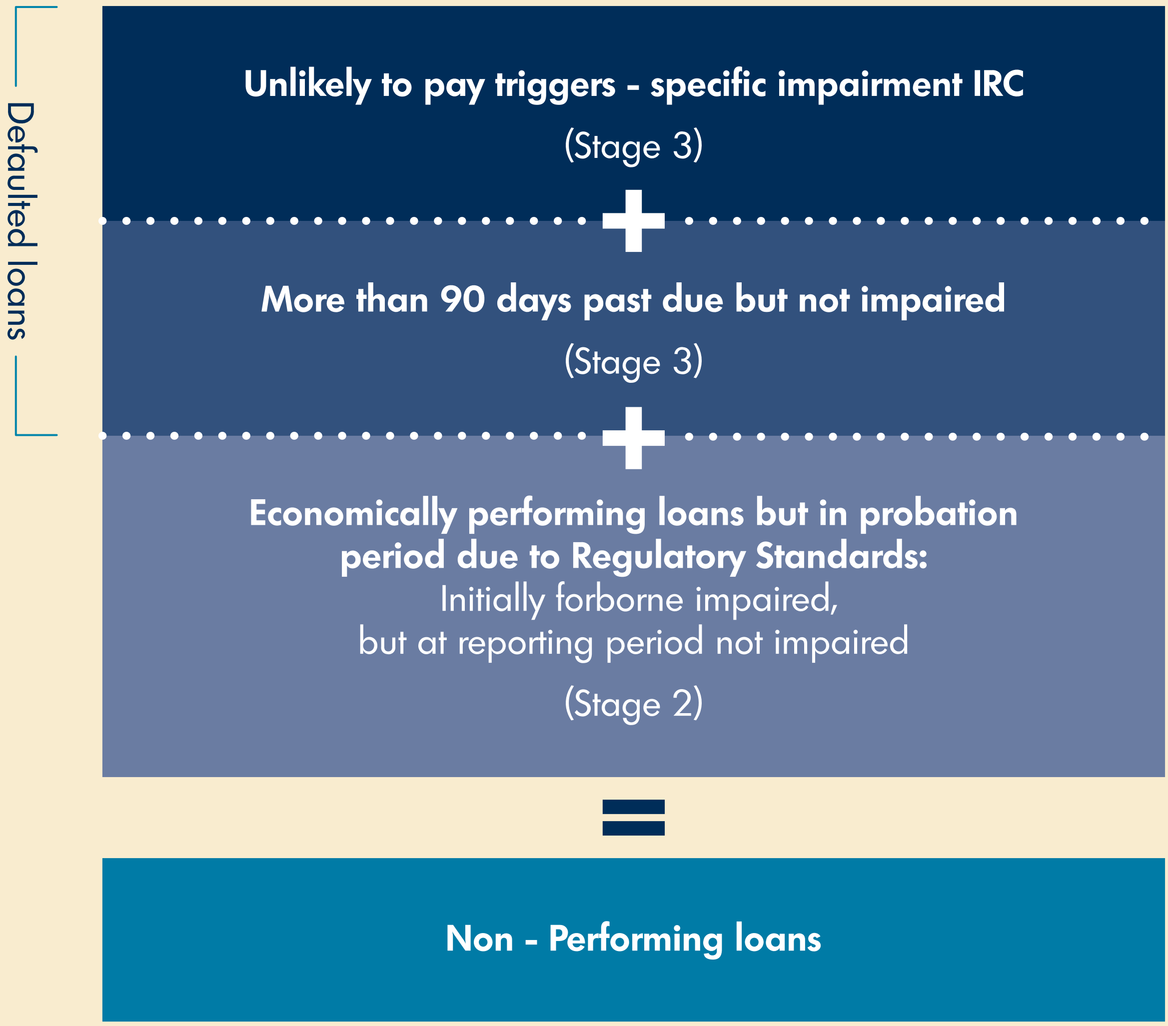
Financial guarantees at December 31, 2021 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Total
F1-F10 (BBB- and higher)	149	-	-	149
F11-F13 (BB-,BB,BB+)	3,002	-	-	3,002
F14-F16 (B-,B,B+)	575	-	-	575
F17 and lower (CCC+ and lower)	-	-	-	0
Sub-total	**3,726**	**-**		**3,726**
ECL allowance / group impairments under IAS 39	-13	-	-	-13
Total	**3,713**	**-**		**3,713**

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

Non-Performing loans

Non-Performing Loans (NPL) are defined when any of the following occur:

- When FMO judges that the customer is "unlikely to pay" its credit obligation to FMO and IRC decides on a specific impairment on a loan (Stage 3);
- Loans with interest, principal or fee payments that are past due for more than 90 days (Stage 3);
- One of the loans is classified as non-performing due to criteria mentioned above, all loans of the customer will be identified as non-performing (Stage 3);
- Forborne exposures which are economically performing but are still in probation (curing) period due to Regulatory Standards (Stage 2). Probation period before returning to performing status is one year;
- Additional forbearance measures are applied for forborne performing loans which have exited the NPL probation (Stage 2);
- Performing forborne loans which have exited the NPL probation period have past due amounts for more than 30 days (Stage 2).



The Fund's NPL ratio increased from 33.1% in 2021 to 34.6% in 2022. In 2022 there were two write-offs for an aggregate amount of €8.9 million (2021: €0 million).

Loans past due and impairments 2022

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	68,274	7,062	5,219	30,201	110,756
Loans past due:					
-Past due up to 30 days	7,516	5,921	-	-	13,437
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	-	-	-	-
-Past due more than 90 days	-	-	49,592	-	49,592
Subtotal	**75,790**	**12,983**	**54,811**	**30,201**	**173,785**
Less: amortizable fees	-503	-27	-70	-	-599
Less: ECL allowance	-855	-275	-34,238	-	-35,368
Less: FV adjustments	-	-	-	-3,151	-3,151
Carrying amount	**74,432**	**12,681**	**20,503**	**27,050**	**134,666**

Loans past due and impairments 2021

	Stage 1	Stage 2	Stage 3	Fair value	Total
Loans not past due	72,185	33,552	13,012	28,226	146,975
Loans past due:					
-Past due up to 30 days	-	-	6,269	-	6,269
-Past due 30-60 days	-	-	-	294	294
-Past due 60-90 days	-	-	-	-	-
-Past due more than 90 days	-	-	38,886	4,394	43,280
Subtotal	**72,185**	**33,552**	**58,167**	**32,914**	**196,818**
Less: amortizable fees	-387	-134	-117	-	-638
Less: ECL allowance	-960	-1,105	-32,793	-	-34,858
Less: FV adjustments	-	-	-	-4,626	-4,626
Carrying amount	**70,838**	**32,313**	**25,257**	**28,288**	**156,696**

Stage 3 credit impairment distributed by regions and sectors

At December 31, 2022	Financial Institutions	Energy	Agribusiness	Multi-sector Funds Investment	Infrastructure, Manufacturing, Services	Total
Africa	27,727	-	-	-	-	27,727
Asia	6,511	-	-	-	-	6,511
Latin America & the Caribbean	-	-	-	-	-	-
Europe & Central Asia	-	-	-	-	-	-
Non-region specific	-	-	-	-	-	-
Total	**34,238**	**-**	**-**	**-**	**-**	**34,238**

Stage 3 credit impairment distributed by regions and sectors

At December 31, 2021	Financial Institutions	Energy	Agribusiness	Multi-sector Funds Investment	Infrastructure, Manufacturing, Services	Total
Africa	26,672	-	-	-	-	26,672
Asia	6,105	-	16	-	-	6,121
Latin America & the Caribbean	-	-	-	-	-	-
Europe & Central Asia	-	-	-	-	-	-
Non-region specific	-	-	-	-	-	-
Total	**32,777**	**-**	**16**	**-**	**-**	**32,793**

Modified financial assets

Changes in terms and conditions usually include extending the maturity, changing the interest margin and changing the timing of interest payments. When the terms and conditions are modified due to financial difficulties, these loans are qualified as forborne. Refer to paragraph related to 'Modification of financial assets' in the Accounting Policies chapter.

The watch-list process and the Credit department review modified loans periodically. When a loan is deemed no longer collectible, it is written off against the related loss allowance.

The following table provides a summary of the Fund's forborne assets, both classified as performing and not, as of December 31, 2022.

December 31, 2022	**Performing**	*of which: performing but past due > 30 days and <=90 days*	*of which: performing forborne*	**Non Performing**	*of which: non performing forborne*	*of which: impaired*	**Sub Total**	Less: amortizable fees	Less: ECL allowance	Plus: fair value adjustments	**Carrying value**
Loans to the private sector (Amortised Cost)	88,772	-	5,118	54,811	23,097	23,097	143,583	-599	-35,368	-	107,616
Loans to the private sector (Fair value)	24,903	-	-	5,298	3,258	-	30,201	-	-	-3,151	27,050
Total	**113,675**	**-**	**5,118**	**60,109**	**26,355**	**23,097**	**173,784**	**-599**	**-35,368**	**-3,151**	**134,665**

December 31, 2021	**Performing**	*of which: performing but past due > 30 days and <=90 days*	*of which: performing forborne*	**Non Performing**	*of which: non performing forborne*	*of which: impaired*	**Sub Total**	Less: amortizable fees	Less: ECL allowance	Plus: fair value adjustments	**Carrying value**
Loans to the private sector (Amortised Cost)	105,737	-	21,838	58,167	17,140	16,289	163,904	-638	-34,858	-	128,408
Loans to the private sector (Fair value)	25,879	-	-	7,035	2,347	-	32,914	-	-	-4,626	28,288
Total	**131,616**	**-**	**21,838**	**65,202**	**19,487**	**16,289**	**196,818**	**-638**	**-34,858**	**-4,626**	**156,696**

The following table shows the movement of gross outstanding amount and ECL impact of Stage 2 and Stage 3 loans that were restored during 2022.

	Post - modification		**Pre - modification**	
December 31, 2022	**Gross outstanding amount**	**Corresponding ECL**	**Gross outstanding amount**	**Corresponding ECL**
Restored loans since forbearance and now in Stage 1	1,191	-12	6,992	-250
Loans that reverted to Stage 2/3 once restored	-	-	-	-

Equity risk

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

The Fund takes long-term view on its equity portfolio, usually selling its equity stake within a period of five to ten years. The Fund can accommodate an increase in the average holding period of its equity investments and wait for markets to improve again to realize exits. The fund has no deadlines regarding the exit date of our equity investments. Equity investments are assessed by the Investment Committee in terms of specific obligor as well as country risk. The Investment Review Committee assesses the valuation of the majority of equity investments quarterly. The performance of the equity investments in the portfolio is periodically analyzed during the fair value process. Based on this performance and the market circumstances, exits are pursued in close cooperation with our co-investing partners. The total outstanding equity portfolio including investments in associates on December 31, 2022, amounted to €223.5 million (2021: €279.2 million).

Equity portfolio including Associates distributed by region and sector

At December 31, 2022	Financial Institutions		Energy		Agribusiness		Multi-Sector Fund Investments		Infrastructure, Manufacturing, Services		Total	
	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds
Africa	4,394	5,013	-	1,914	-	1,538	-	62,804	15,041	-	19,435	71,269
Asia	9,410	1,602	-	-	-	-	-	19,729	-	-	9,410	21,331
Latin America & the Caribbean	5,831	-	-	-	-	1,907	-	529	-	-	5,831	2,436
Europe & Central Asia	16,636	3,979	-	-	-	-	-	942	-	-	16,636	4,921
Non-region specific	43,773	26,987	-	-	-	-	-	1,519	-	-	43,773	28,506
Total	**80,044**	**37,581**	**-**	**1,914**	**-**	**3,445**	**-**	**85,523**	**15,041**	**-**	**95,085**	**128,463**

Equity portfolio including Associates distributed by region and sector

At December 31, 2021	Financial Institutions		Energy		Agribusiness		Multi-Sector Fund Investments		Infrastructure, Manufacturing, Services		Total	
	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds	Direct	Funds
Africa	5,362	8,362	-	1,827	-	895	-	57,669	11,561	-	16,923	68,753
Asia	9,873	1,780	-	-	-	-	-	41,561	-	-	9,873	43,341
Latin America & the Caribbean	46,429	4,294	-	-	-	-	-	2,911	-	-	46,429	7,205
Europe & Central Asia	47,200	24,098	-	-	-	-	-	2,032	-	-	47,200	26,130
Non-region specific	3,679	2,353	-	-	-	4,955	-	2,333	-	-	3,679	9,641
Total	**112,543**	**40,887**	**-**	**1,827**	**-**	**5,850**	**-**	**106,506**	**11,561**	**-**	**124,104**	**155,070**

Concentration risk

Country risk

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

In the fund's risk appetite, the country risk exposure is set at a maximum of 20% of the total portfolio.

FMO recognizes that the impact of country risk differs across the financial products it offers. Multiple countries and regions were subject to a downgrade throughout 2022. Noteworthy changes in country ratings are downgrades of Burkina Faso to F17 (2021: F15), Kyrgyzstan to F16 (2021: F15) and Nigeria to F16 (2021: F15). MASSIF has several investments which cover multiple countries, which are labeled as regional investments. Therefore, the one-notch downgrades of the regions Europe & Central Asia, Global and Latin America & the Caribbean are noteworthy as well.

The following tables present how the Fund's loan portfolio is concentrated according to country ratings.

Overview country ratings

Indicative external rating equivalent 2022	MASSIF (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	3.5	3.9
F10 (BBB-)	0.0	6.4
F11 (BB+)	0.0	2.6
F12 (BB)	11.3	10.9
F13 (BB-)	10.9	8.6
F14 (B+)	12.3	13.7
F15 (B)	30.0	29.6
F16 (B-)	18.2	8.8
F17 and lower (CCC+ and lower ratings)	13.8	15.5
Total	**100.0**	**100.0**

Overview country ratings

Indicative external rating equivalent 2021	MASSIF (%)	FMO-A (%)
F9 and higher (BBB and higher ratings)	4.6	2.5
F10 (BBB-)	2.7	7.3
F11 (BB+)	0.0	2.2
F12 (BB)	5.0	5.3
F13 (BB-)	17.0	11.5
F14 (B+)	22.0	26.6
F15 (B)	10.6	21.9
F16 (B-)	21.7	10.4
F17 and lower (CCC+ and lower ratings)	16.4	12.3
Total	**100.0**	**100.0**

Gross exposure of loans distributed by region and sector

	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
At December 31, 2022						
Africa	71,983	5,921	-	-	-	77,904
Asia	27,134	-	2,906	-	-	30,040
Latin America & the Caribbean	20,031	-	3,286	-	-	23,317
Europe & Central Asia	29,703	-	-	-	-	29,703
Non-region specific	10,541	-	2,280	-	-	12,821
Total	**159,392**	**5,921**	**8,472**	**-**	**-**	**173,785**
At December 31, 2021						
Africa	79,149	7,557	-	4,394	-	91,100
Asia	42,230	-	3,140	-	-	45,370
Latin America & the Caribbean	24,363	-	-	-	-	24,363
Europe & Central Asia	23,434	-	-	-	-	23,434
Non-region specific	12,027	-	524	-	-	12,551
Total	**181,203**	**7,557**	**3,664**	**4,394**	**-**	**196,818**

Single and group risk exposures

In the fund risk appetite the maximum customer exposure for MASSIF is set at 7.5% of the total portfolio.

Counterparty credit risk

Counterparty credit risk in the treasury portfolio stems from bank account holdings and placements in money market funds to manage the liquidity in the Fund. The Risk department approves each obligor to which the Fund is exposed through its treasury activities and sets a maximum limit to the credit exposure of that obligor. Depending on the obligor's short and long-term rating, limits are set for the total and long-term exposure. The Fund pursues a conservative investment policy.

Liquidity risk

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

Market risk

Market risk can be divided into interest rate risk and currency risk.

Interest rate risk

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

Interest re-pricing characteristics

December 31, 2022	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	9,545	-	-	-	-	9,545
Short-term deposits						
-of which: Amortized cost	-	-	-	-	-	-
-of which: Fair value through profit or loss	59,833	-	-	-	-	59,833
Derivative financial instruments	-	-	-	-	-	-
Loans to the private sector						
-of which: Amortized cost	1,970	60,848	44,798	-	-	107,616
-of which: Fair value through profit or loss	-	18,895	8,155	-	-	27,050
Equity investments						
-of which: Fair value through profit or loss	-	-	-	-	213,593	213,593
Investments in associates	-	-	-	-	9,955	9,955
Current accounts with State funds and other programs	-	-	-	-	147	147
Other receivables	-	-	-	-	34,926	34,926
Accrued income	-	-	-	-	3,089	3,089
Other financial assets at FV	-	-	-	-	32,872	32,872
Total assets	**71,348**	**79,743**	**52,953**	**-**	**294,582**	**498,626**
Liabilities and Fund Capital						
Short-term credits	-	-	-	-	-	-
Other liabilities	-	-	-	-	14	14
Accrued liabilities	-	-	-	-	6,854	6,854
Provisions	-	-	-	-	200	200
Fund Capital	-	-	-	-	491,558	491,558
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**498,626**	**498,626**
Interest sensitivity gap 2022	**71,348**	**79,743**	**52,953**	**-**	**-204,044**	**-**

Interest re-pricing characteristics

December 31, 2021	<3 months	3-12 months	1-5 years	>5 years	Non-interest-bearing	Total
Assets						
Banks	8,476	-	-	-	-	8,476
Short-term deposits						-
-of which: Amortized cost	-	-	-	-	-	-
-of which: Fair value through profit or loss	31,671	-	-	-	-	31,671
Loans to the private sector						-
-of which: Amortized cost	11,797	39,667	75,641	1,302	-	128,408
-of which: Fair value through profit or loss	3,083	18,657	2,157	4,391	-	28,288
Equity investments						
-of which: Fair value through profit or loss	-	-	-	-	270,323	270,323
Investments in associates	-	-	-	-	8,851	8,851
Current accounts with State funds and other programs	-	-	-	-	112	112
Other receivables	-	-	-	-	1,397	1,397
Accrued income	-	-	-	-	6	6
Total assets	**55,028**	**58,324**	**77,798**	**5,693**	**280,689**	**477,532**
Liabilities and Fund Capital						
Other liabilities	-	-	-	-	20	20
Accrued liabilities	-	-	-	-	5,402	5,402
Provisions	-	-	-	-	102	102
Fund Capital	-	-	-	-	472,008	472,008
Total liabilities and Fund capital	**-**	**-**	**-**	**-**	**477,532**	**477,532**
Interest sensitivity gap 2021	**55,028**	**58,324**	**77,798**	**5,693**	**-196,843**	**-**

Currency risk

Currency risk is defined as the risk of having an adverse effect on the value of the Fund's financial position and future cash flows due to changes in foreign currency exchange rates. The Fund offers debt, equity and guarantee instruments denominated in USD, EUR and partly in emerging market currencies, while the main source of funding to the Fund, subsidies received from Dutch Ministry of Foreign Affairs is in EUR. The Fund targets to invest in USD as a risk-averse alternative to investing in local currencies when possible; additionally, cash inflows denominated in local currencies are converted to hard currencies when received. Due to its commitment to the implementation of the Fund's development agenda and impact objectives, the Fund does not exclusively look for investments that counter-balance this currency risk exposure in its portfolio; the Fund also does not use derivatives and other financial instruments to hedge against the currency risk, and avoids bearing the cost of these engineered measures. The Fund does not take active positions in any currency for the purpose of making a profit.

Currency risk exposure (at carrying values)

December 31, 2022	**EUR**	**USD**	**UZS**	**XOF**	**Other**	**Total**
Assets						
Banks	3,614	5,931	-	-	-	9,545
Short-term deposits						-
-of which: Amortized cost	-	-	-	-	-	-
-of which: Fair value through profit or loss	-	59,833	-	-	-	59,833
Derivative financial instruments	-	-	-	-	-	-
Loans to the private sector						-
-of which: Amortized cost	-63	56,415	-	14,776	36,498	107,626
-of which: Fair value through profit or loss	3,660	22,968	-	-	412	27,040
Equity investments						-
-of which: Fair value through profit or loss	77,165	123,131	-	-	13,297	213,593
Investments in associates	-	9,955	-	-	-	9,955
Current accounts with State funds and other programs	147	-	-	-	-	147
Other receivables	37	2,165	32,713	-	11	34,926
Other financial assets at FV	32,872	-	-	-	-	32,872
Accrued income	3,089					3,089
Total assets	**120,521**	**280,398**	**32,713**	**14,776**	**50,218**	**498,626**
Liabilities and Fund Capital						**-**
Short-term credits	-	-	-	-		-
Other liabilities	-	14	-	-		14
Accrued liabilities	6,333	521	-	-	-	6,854
Provisions	-	185	-	-	15	200
Fund Capital	491,558	-	-	-		491,558
Total liabilities and Fund capital	**497,891**	**720**	**-**	**-**	**15**	**498,626**
Currency sensitivity gap 2022		279,678	32,713	14,776	50,203	
Currency sensitivity gap 2022 excluding equity investments and investments in associates		146,592	32,713	14,776	36,906	-

Currency risk exposure (at carrying values)

December 31, 2021	EUR	USD	UZS	XOF	Other	Total
Assets						
Banks	3,243	5,233	-	-	-	8,476
Short-term deposits						-
-of which: Amortized cost	-	-	-	-	-	-
-of which: Fair value through profit or loss	34	31,637	-	-	-	31,671
Loans to the private sector						-
-of which: Amortized cost	-	62,076	-	21,978	44,354	128,408
-of which: Fair value through profit or loss	1,995	23,104	-	-	3,189	28,288
Equity investments						-
-of which: Fair value through profit or loss	99,216	126,933	33,087	-	11,087	270,323
Investments in associates	-	8,851	-	-	-	8,851
Current accounts with State funds and other programs	112	-	-	-	-	112
Other receivables	5	1,392	-	-		1,397
Accrued income					6	6
Total assets	**104,605**	**259,226**	**33,087**	**21,978**	**58,636**	**477,532**
Liabilities and Fund Capital						
Other liabilities	-	20	-	-	-	20
Accrued liabilities	5,402	-	-	-	-	5,402
Provisions	-	90	-	-	12	102
Fund Capital	472,008	-	-	-		472,008
Total liabilities and Fund capital	**477,410**	**110**	**-**	**-**	**12**	**477,532**
Currency sensitivity gap 2021		259,116	33,087	21,978	58,624	
Currency sensitivity gap 2021 excluding equity investments and investments in associates		123,332	-	21,978	47,537	-

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

December 31, 2022

Change of value relative to the euro	Sensitivity of profit & loss account
USD value increase of 10%	27,968
USD value decrease of 10%	-27,968
UZS value increase of 10%	3,271
UZS value decrease of 10%	-3,271
XOF value increase of 10%	1,478
XOF value decrease of 10%	-1,478

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

December 31, 2021

Change of value relative to the euro	Sensitivity of profit & loss account
USD value increase of 10%	25,912
USD value decrease of 10%	-25,912
UZS value increase of 10%	3,309
UZS value decrease of 10%	-3,309
XOF value increase of 10%	2,198
XOF value decrease of 10%	-2,198

Non-financial risk

Environmental, social and governance risk

Environmental & Social (E&S) risk refers to potential adverse impacts of the Fund's investments on the environment, employees, communities, or other stakeholders. Corporate Governance (CG) risks refers primarily to risk to customer business. ESG risks can lead to non-compliance with applicable regulation, NGO and press attention or reputation damage. These risks stem from the nature of the Fund's projects in difficult markets, where regulations on ESG are less institutionalized.

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

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

In addition, for customers with a high ESG category, FMO monitors customer performance on key ESG risk themes (against the IFC Performance Standards) using the ESG Performance Tracker (ESG-PT). The ESG-PT keeps track of key ESG risks and customer performance level, enabling FMO to have a portfolio-wide view of its ESG risks.

Compliance risk

Compliance Risk is the risk of failure to comply with laws, regulations, rules, related self-regulatory organization, standards and codes of conduct applicable to FMO's services and activities.

Definition

Fund's customers follow FMO's procedures to mitigate compliance risk. FMO's standards and policies and good business practices foster acting with integrity. FMO is committed to its employees, customers, and counterparties, adhering to high ethical standards. FMO has a compliance framework that entails identifying risks, designing policies, monitoring, training, and providing advice. MO has policies on topics such as financial economic crime (including KYC, sanctions, anti-bribery, and corruption and transaction monitoring and unusual transaction reporting), conflicts of interest, anti-fraud, private investments, protection of personal data and speak-up. FMO also regularly trains its employees to raise awareness through virtual classroom trainings and mandatory compliance related e-learnings. Employees are also encouraged to speak up in case of suspected integrity violations conducted by an FMO employee. Management is periodically informed via the Compliance Committee or when required on an ad-hoc basis, on integrity related matters at customer or employee level. In case of signals of violations, e.g., money laundering, fraud or corruption, Management will take appropriate actions.

The governance of compliance also entails the following key risks:

Financial Economic Crime, incl. sanctions

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

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). If such an event occurs, FMO will initiate a dialogue with the customer, if possible and appropriate given the circumstances, to understand the background in order to be able to assess and investigate the severity. When FMO is of the opinion that there is a breach of law that cannot be remedied or 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 be able to exercise certain remedies under the contract such as the right to cancel a loan or suspend upcoming disbursements and will report to regulatory authorities if deemed necessary.

In 2021, FMO completed its financial economic crime (FEC) enhancement project. This included an extensive Know Your Customer (KYC) file remediation, tailored to the specific requirements of developing and emerging economies. The external validation, which was overall positive, identified several recommendations that FMO has followed up in 2022. For certain compliance themes, such as anti-bribery and corruption, as well as sanctions and unusual transactions, awareness sessions (refreshers) were organized with targeted front-office departments. We are determined to continue to improve in the regulatory domain and to ensure that the changes we implement are tailored to the day-to-day realities and complexities of the markets we are active in.

General Data Protection Act (GDPR)

In 2021, FMO started a project to further develop a data privacy framework and raise privacy awareness within the organization. The project is almost completed and has delivered several essential privacy improvements. A GDPR eLearning for all employees was rolled out to ensure the necessary knowledge within the organization. Next to that the privacy governance is strengthened in the organization by appointing a Data Protection Officer (DPO). The DPO conducts privacy assessments in new projects and initiatives, gives advice on reducing privacy risks and monitors FMO's privacy compliance.

Sanctions

Several additional measures have been taken since the start of 2022 in relation to sanctions involving Russia, Belarus and Myanmar to ensure FMO’s funds are not directly or indirectly provided to sanctioned parties. These measures include, setting up of a Sanctions Working Group, increased frequency of adverse news screenings and communication with customers in the affected regions and industries. In August 2022, FMO received a request from DNB to participate in an industry-wide investigation on the effectiveness of its sanctions screening system (transaction screening and customer screening).

Operational risk

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. Operational risks are not actively sought and have no direct material upside in terms of return/income generation, yet operational risk events are inherent in operating a business. Operational risk events can result in non-compliance with applicable (internal and external) standards, losses, misstatements in the financial reports, and reputational damage.

Overall, FMO is cautious with operational risks. Safe options, with low inherent risk are preferred, despite consequence of limited rewards (or higher costs). There is no appetite for high residual risk. Risk metrics are reported on a quarterly basis. These metrics cover operational risks in general, such as the amount of loss per quarter and timely follow-up of management actions, and specific metrics for risk-(sub)types.

Management of the first line of defence is primarily responsible for managing (embedded) risks in the day-to-day business processes. The first line acts within the risk management framework and supporting guidelines defined by specialized risk functions that make up the second line of defense. Internal Audit in its role of the third line of defense provides independent assurance on the effectiveness of the first and second lines.

Departmental risk control self-assessments are conducted annually to identify and assess risks and corresponding controls. The strategy and business objectives are also reviewed annually by the Directors in a risk perspective. Based on among others these Risk and Control Self Assessments, the Directors sign a departmental In Control Statement at the year-end, which provides the underpinning for the management declaration in the Annual Report. Despite all preventive measures, operational risk events will occur. FMO systematically collects risk event information and analyses such events to take appropriate actions.

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Independent auditor's report

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

Report on the audit of the financial statements for the year ended 31 December 2022 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2022 of MASSIF (hereinafter: MASSIF or The Fund), based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of MASSIF as at 31 December 2022, and of its result and its cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

The financial statements comprise:

- The Statement of Financial Position as at 31 December 2022
- The Statement of Comprehensive Income for the year ended 31 December 2022
- The Statement of Changes in Fund Capital
- The Statement of Cash Flows for the year ended 31 December 2022
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

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

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

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

Report on other information included in the annual report

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

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

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

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

Management is responsible for the preparation of the other information.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

Communication

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

Amsterdam, 26 April 2023

Ernst & Young Accountants LLP

signed by J.G. Kolsters

Colophon

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

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