

# NDF Annual Financial Report 2024



Nordic Development Fund



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## Foreword

The year 2024 is left in the history books, not only as the hottest year on record, but also as a culmination of a decade of hottest measured annual temperatures, which marks an alarming trend in our climate. This rapid pace of climate change has remarkable negative impacts for the livelihoods of people and development efforts, especially in the most fragile areas of the world. The international community is confronted with many geopolitical and financial challenges, making it difficult to achieve global solutions and shared goals.

But we will not lose hope, as there are many reasons to stay optimistic. The momentum for the increase of climate finance is now. We at NDF focus on finding the right investments and partners to achieve concrete results in fighting climate change.

Our Annual Financial Report 2024 provides the financial statements, including highlights of the year. During the year, we reached a record volume of EUR 70 million in approved projects, which is an increase from previous years, which we are very proud of. This has been possible due to safeguarding NDF financial sustainability and to the capital increase of EUR 350 million in 2020 from our owners, which enabled continued growth in our annual commitments and ramping up of operations. With the highly concessionary financing provided by NDF, we continue to depend on capital increases from our owners, the Nordic countries, to fund our operations.

In addition to investing in impactful projects, we stand by our values and continue to monitor our impact and results of our operations. To complement our financial reporting, we publish annually NDF Results Report which highlights

“In 2025, we are looking forward to revise NDF’s strategy to secure a continued relevance and added value of NDF. For us, learning and doing better is crucial.”

results data and impact. Through impactful stories and visualisation of our data, we show that NDF financial support and our work makes a difference.

Our Annual Financial Report also reflects the importance of our institutional development. We have continued the implementation of the Risk Management Framework, People Policy and this year, we have approved our Public Information Policy and the Fragility Approach. These developments ensure that we are fit for our purpose and can continue delivering high quality climate financing.

In 2025, we are looking forward to revise NDF’s strategy to secure a continued relevance and added value of NDF. For us, learning and doing better is crucial. This is why, to support the revision of the strategy, a fund-level performance evaluation is being carried out to assess our performance in relation to its delivery on Strategy 2025. This will give us a strategic direction and show us a way forward.

Looking back at 2024, it was a year of changes and milestones: NDF had a change in leadership. I have had

the pleasure to take on the role as NDF’s Managing Director almost a year ago. We also marked the 15-year anniversary of NDF providing financing for climate and development projects for those that need it the most. Today, we work on a strong foundation and have rolled our sleeves to achieve ambitious goals. I am looking forward to this journey with NDF, and our valuable partners. Together, we can take decisive action in response to the rapidly growing needs for climate finance.

**SATU SANTALA**  
Managing Director



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# Report of the Board of Directors 2024

## Brief Overview

The year 2024 marked a milestone for the Nordic Development Fund ("NDF" or "Fund"), characterised by a substantial level of new financing approvals, a leadership transition and continued organisational development, including strengthened capacity. Thus, NDF is well placed to continue delivering ambitious climate action under the management of Satu Santala, who on 4 March 2024 took up the role of Managing Director, succeeding Karin Isaksson.

In 2024, NDF approved EUR 70.4 million in new financing (2023: EUR 39.0 million), demonstrating its commitment to early-stage and catalytic financing for impactful projects amidst high demand. Total disbursements in 2024 reached EUR 44.9 million (2023: 44.7 million). Two projects were completed during the year. At year-end 2024, NDF's project pipeline remained strong, with multiple initiatives in various stages of pre-approval.

## Active portfolio - alignment with the strategic targets

All financing proposals are assessed against NDF's current multi-year strategy, Strategy 2025, to deliver impactful, value-added contributions through early-stage project design, catalytic finance, and advancing Nordic leadership. By co-financing with strategic partners and actively engaging in knowledge creation, NDF benchmarks its

activities against evolving global trends in climate finance and development. This approach strengthens partnerships with multilateral institutions, private sector fund managers, and non-financial collaborators, amplifying our role in addressing climate and development challenges.

The guiding targets of Strategy 2025 and NDF's Results Management Framework have also in 2024 ensured a solid focus on the three main strategy targets on Sub-Saharan Africa, climate change adaptation and concessionality. NDF's active project portfolio, since the start of the climate mandate adopted in 2009, includes 57% public sector and 43% private sector projects, in volume-terms. 45% of the activities are in partnership with multilateral development banks and 55% with other partners. 37% of the portfolio focuses on climate mitigation, 46% on climate adaptation and 17% includes an equal combination of mitigation and adaptation. Africa accounts for 54% of the accumulated portfolio and 57% is allocated towards grants and repayable grants. This is aligned with Strategy 2025 and is a strong foundation for further portfolio development in 2025.

At the end of 2024, NDF's accumulated project portfolio consisted of 144 projects<sup>1</sup> (2023: 138 projects) with total NDF financing of EUR 627.0 million (2023: EUR 563.0 million). NDF's active<sup>2</sup> project portfolio at the end of 2024 amounted to EUR 331.8 million<sup>3</sup> (2023: EUR 348.6 million), distributed over 39 projects (2023: 44 projects)<sup>4</sup>. In addition, NDF has a portfolio of closed projects consisting of 159 concessionary credits (2023: 159 credits) to sovereign states entered into during 1989–2006<sup>5</sup>.

Of the total approved financing of EUR 70.4 million, EUR 31.8 million was allocated as grants, EUR 33.3 million as equity investments, and EUR 5.4 million as repayable grant, supporting the following seven new projects.

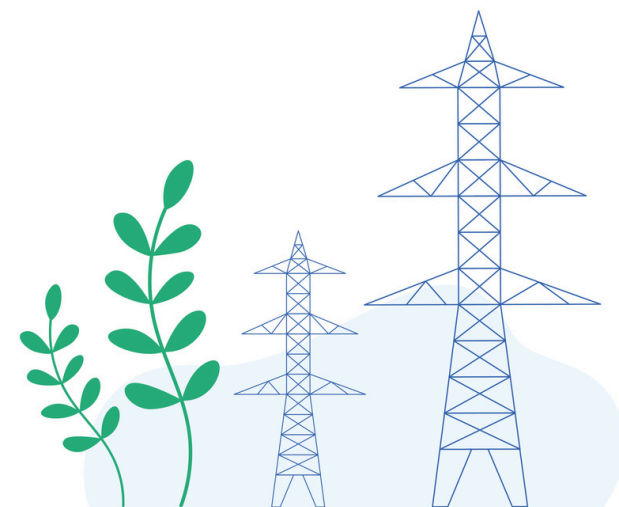
<sup>1</sup> The amount includes active, completed and closed projects. Active projects are ongoing, completed projects are operationally completed but still have six months to finalise reporting, evaluation, etc., and closed projects are formally closed in all aspects, but repayments are ongoing. The number of active projects does not include sub-projects from NCF and EEP Africa.

<sup>2</sup> The active portfolio includes all projects that have been approved by the Board of Directors and have not reached their closing date yet.

<sup>3</sup> The climate portfolio also includes grants that cannot be seen in the total assets, which entails that the numbers are not comparable with the statement of financial position.

<sup>4</sup> This number of active projects does not include sub-projects from NCF or EEP Africa.

<sup>5</sup> All projects in the old concessionary credit portfolio are closed.





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Project name	NDF commitment Board approved in 2024	Financing agreement signed in 2024
Scaling-up Locally Led Climate Action	EUR 10.0 million	x
Africa Climate Venture Builder Fund (Equity)	EUR 9.3 million	
Africa Climate Venture Builder Fund (Grant)	EUR 2.3 million	
Africa Urban Sanitation Investment Initiative (AUSII)	EUR 12.0 million	
Invesco Climate Adaptation Action Fund (Equity)	EUR 15.0 million	
Invesco Climate Adaptation Action Fund (Grant)	EUR 1.0 million	
Hardest-to-Reach Initiative (Grant)	EUR 8.9 million	
Hardest-to-Reach Initiative (Grant)	EUR 0.5 million	
Systematic Observations Financing Facility (SOFF), additional financing	EUR 6.0 million	x
P-REC Aggregation Fund	EUR 5.4 million	
<b>Total NDF commitments in 2024</b>	<b>EUR 70.4 million</b>	

At the end of 2024, the two financing facilities managed by NDF, the Nordic Climate Facility (NCF) and the Energy and Environment Partnership for Africa (EEP Africa), had an active portfolio of 2 and 49 projects, respectively.

NCF is a financing facility fully funded and managed by NDF to invest in early-stage climate projects to stimulate local business and employment opportunities in the global south. In 2021, after nine calls for proposals, it was concluded that no further calls for proposals will be made under NCF and consequently NCF's focus is on ensuring successful implementation and completion of the existing portfolio.

EEP Africa is a multi-donor trust fund hosted and managed by NDF in cooperation with implementation support partners, and with Austria, Denmark, Finland, Iceland, NDF, Norway and Switzerland as donors. EEP Africa provides grants and repayable grants to early-stage innovative clean energy projects, in Sub-Saharan Africa. A new call for proposals was launched in February 2024. During 2024, Iceland confirmed additional financing to its existing commitment with contributions of approximately EUR 0.28 million (ISK 40.0 million).

## Active engagement - Communication and outreach activities

Guided by the Communications Approach 2023–2025, NDF has a strategic approach to communications, aiming to create visibility for NDF's work and demonstrate its relevance on a global scale. Since 2023, NDF has measured performance against defined indicators in this area of work. The indicators show a clear increase in the outreach of all NDF's communication channels and strengthened cooperation with key partners. An annual Outreach Report was presented in the first quarter of 2024.

Throughout the year, NDF participated in many international events and meetings in the field of climate and development. One of the key events was the United Nations Climate Change Conference (COP29) in Baku, Azerbaijan in November 2024. NDF participated as part of the joint Nordic Pavilion at the conference site, hosting a number of events, including an NDF-led event on catalytic climate finance. In addition, NDF participated in several events organised by strategic partners, and joined partners in making announcements for investments and partnerships.

In June 2024, NDF published the annual Results Report based on evidence-based data and performance information, obtained through NDF's Results Management Framework (RMF). The report showcased in a digital, user-friendly format the Fund's cumulative development results stemming from the active portfolio during 2023, as well as the 2025 projections, with project-level case examples.

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During the second half of 2024, NDF launched a Fund-level performance evaluation to assess its delivery on Strategy 2025, focusing on NDF's added value and comparative advantage in the international climate and development financing system, as well as to identify key priorities for further strengthening NDF's added value. The evaluation will also assess the prospects for NDF's medium- and long-term financial sustainability. The evaluation will be finalised in early 2025. The evaluation will be a key input to institutional learning and the revised strategy for NDF beyond 2025. The strategy revision process will be undertaken during 2025.

# Active organisation - NDF's institutional development

## Governing documents

The year 2024 marked significant progress in NDF's institutional development, culminating in the fulfilment of its capital increase commitments. After years of intense institution-building, NDF has established a robust framework of policies and processes. With this foundation in place, 2024 saw a shift in focus toward implementation, which will remain NDF's priority in the years ahead.

The revised **Code of Conduct for the Board of Directors and the Managing Director** as well as the revised **Rules of Procedure for the Board of Directors of NDF** were approved by the Board in June 2024.

The **Public Information Policy**, replacing the Access to Information Policy, was approved by the Board in June 2024. The Policy sets out NDF's ambition to

progressively expand transparency and openness, as well as reflects NDF's enhanced communications activities and initiatives, such as results reporting.

A Concept Note on the **Fragility Approach** was presented to the Board in June 2024. The Concept Note will act as a basis for NDF's continued work on systematising its approach to co-financing climate action in countries defined as fragile or conflict affected.

## Guidelines, standards and processes

The following guideline-level legal framework documents were approved in 2024:

The **Rules of Procedure for the Executive Management Committee** were approved by the Managing Director in February 2024. While decisions are formally made by the Managing Director, the Rules codify how the committee assists and advises the Managing Director.

The **Rules of Procedure for the Risk Committee** were also approved by the Managing Director in February 2024. The Risk Committee is tasked with the responsibility to monitor the overall management of NDF's Risk Management Framework and to assess and make recommendations in specific risk events.

The updated **Rules on Issuance of Legal Framework Documents**<sup>6</sup> were approved by the Managing Director in August 2024.

In October 2024, the Managing Director approved the **Rules for the Cooperation Council**, drafted through an inclusive process open to all staff members. The purpose of the newly established Cooperation Council is to support the aims of the People Policy and to enhance

consultations with staff on matters of general staff interest.

## Results and data management, learning

Improving NDF's approach to results-based management and to the learning and dissemination of knowledge continued to be a key focus area for NDF in 2024.

NDF continued to further promote the use and application of data in the organisation by enhancing synergies and creating linkages between the different data and information management tools, systems and frameworks that have been developed and implemented in the recent years, as well providing on-going training and support for the staff.

The first annual Results and Reflection Day was held in September 2024 with a view to leverage NDF's increased capacity to collect and analyse data. The event fostered collaborative reflection and reinforced the connection between insights, planning, and prioritisation.

<sup>6</sup> In accordance with the Rules on the Issuance of Legal Framework Documents, containing rules on the hierarchy of as well as the powers and procedures related to the approval of legal framework documents at NDF, policies and regulations are approved by the by the Board of Directors, whereas rules and guidelines are approved by the Managing Director.



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In 2024, NDF conducted a blended finance study to assess the progress in developing its blended finance portfolio and to capture key lessons for shaping its approach in the upcoming strategy period. The study is expected to conclude in early 2025. To further enhance its blended finance capacity, NDF formed a partnership with Convergence in 2023, gaining access to valuable resources, including training and market data. In September 2024, a workshop led by Convergence was held at the NDF office, engaging the entire staff.

## Meeting of and with the Governing Bodies

### Nordic Council of Ministers

The Nordic Council of Ministers (i.e., the five Ministers of Nordic Cooperation) approved the 2023 annual financial statements on 18 June 2024.

Furthermore, in 2024, NDF continued its dialogue with the Secretariat of the Nordic Council of Ministers on issues relating to climate change and development, particularly in the context of preparations for joint activities at COP29, and a broader dialogue on possibilities for an increased collaboration, particularly in communications.

### Board of Directors

In 2024, the Board of Directors had four ordinary meetings. In addition to these meetings, the Board held an extraordinary meeting, and some Board decisions were, as is customary, adopted by written procedure.

The Chair of the Board of Directors for the period from 1 January to 30 April 2024 was Anne Sofie Bjelland (Norway), with Henrik Bergquist (Sweden) as Deputy Chair. As of 1 May 2024, Henrik Bergquist took over the Chair, with Anders Ørtnemark (Denmark) as Deputy Chair. As of 5 September 2024, Johanna Pietikäinen was appointed alternate (Finland), succeeding Roosa Käsmä. As of 16 September 2024, Leif Holmberg was appointed alternate (Sweden). As of 1 November 2024, María Erla Marelsdóttir was appointed member and Geir Oddsson alternate (Iceland), succeeding Benedikt Höskuldsson and Erla Hlín Hjálmsdóttir, respectively.

A list of NDF Board members and their alternates and the Board Secretary can be found on page 10.

### Control Committee

The Control Committee ensures that NDF's operations are conducted in accordance with its Statutes. The Committee is furthermore responsible for overseeing the financial audit of the Fund and appointing the external auditors. The financial audit of NDF is carried out by Ernst & Young.

The 2023 annual accounts and the annual auditor's report were approved by the Control Committee on 26 February 2024.

The Control Committee's autumn meeting was held on 18 September 2024.

A list of the chair, members and secretary of the Committee can be found on page 10.

## Administration

As of 31 December 2024, NDF had 31 full-time staff members<sup>7</sup> (2023: 31 staff members) and one part time supervised external resource. Out of the full-time employees, four were funded by NCF and EEP Africa. A list of the employees can be found on page 10.

NDF's current organisational structure consists of four departments: Legal and Administrative Services (LAS), Portfolio Origination and Management (POM), Quality Assurance and Reporting (QAR) and Strategy, Outreach and Communications (SOC).

During 2024, recruitments were made for the full-time positions of Director, Head of POM, Executive Assistant, Environmental and Social Safeguards Lead Specialist (QAR), Communications Officer (SOC), and Fund Communications Officer (EEP Africa).

During 2024, the staff of NDF continued to work in a hybrid mode, in accordance with the guidelines for hybrid work at NDF, the prevailing version of which took effect in May 2022.

As a WWF (World Wildlife Fund for Nature) Green Office Environmental Management System certified institution, NDF's dedicated Green Office team arranged a number of staff engagement activities and took action to improve NDF's energy efficiency and reduce the Fund's carbon footprint.

<sup>7</sup> Of the 31 staff members, one staff member was on leave as of 31 December 2024.

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NDF continued to acquire administrative services from the Nordic Investment Bank (NIB) regarding, among other things, office services, HR services, ICT services and accounting, based on a service agreement between NDF and NIB, subject to review from time to time.<sup>8</sup> During 2024, NDF begun the renovation work, supported by NIB, on new office premises in the same building. The work will be completed in the first half of 2025.

# Financial review

## Instruments

NDF operates with several types of financing instruments. Depending on the project type, NDF contributes with grants, loans or equity. These instruments can be used stand-alone or blended, as relevant.

## Accounting currency

Since 2001, NDF's financial accounts are kept in EUR. Capital increases adopted before year 2000 and related capital contributions in Special Drawing Rights (SDR) are translated to EUR at the payment date.

As a result of operating for many years with SDR as the prevailing currency, NDF has outstanding credits in SDR and fluctuations in the SDR/EUR exchange rate lead to variations in financial results, positive or negative, from one year to another.

## Capital and liquidity

In 2020, NDF's member countries decided on a capital increase of EUR 350.0 million. According to the base

case payment schedule, the countries have agreed to pay in the amount of this capital increase during 2021–2031. Despite the base case payment schedule, variations to the schedule can be accepted if agreed by the Board and ensuring compliance with the liquidity policy.

NDF finances its payment and other obligations through the capital paid-in by its member countries, cash inflows from the existing project portfolio and proceeds from its treasury operations. During 2024, NDF received repayments of loans amounting to EUR 33.1 million (2023: EUR 31.4 million).

The liquid assets of NDF are managed by a commercial bank on behalf of NDF. Based on NDF's Liquidity and Investment Management Policy, the assets are placed in green bonds, yield funds and deposits, altogether yielding an average interest rate of approximately 2.3% (2023: 1.6%). The green bonds have an average maturity of three years and NDF's deposits are placed on 1 to 12-month intervals. The liquidity as per 31 December 2024 was EUR 177.8 million (2023: EUR 160.6 million) of which EUR 84.6 million was placed in green instruments (2023: EUR 80.0 million).

## Disbursements and results

During 2024, total disbursements to climate projects amounted to EUR 44.9 million (2023: EUR 44.7 million), of which EUR 25.2 million as grant financing (2023: EUR 22.1 million), EUR 0.7 million as repayable grant financing (2023: EUR 0.8 million), EUR 17.0 million was made as equity contribution (2023: EUR 20.0 million), and EUR 2.1 million as financing to climate loans (2023: EUR 1.7 million). At the end of the year, accumulated disbursements to climate change projects since 2009 amounted to EUR 486.0 million.

The net profit/loss for the year totalled EUR -30.5 million in comparison with EUR -26.5 million the previous year. The negative result also reflects NDF's mandate to provide highly concessionary financing with grants constituting 50% of the portfolio over the five-year period of Strategy 2025.

## Financial results and allocation

NDF's total assets as of 31 December 2024 amounted to EUR 733.2 million (2023: EUR 737.3 million). This amount includes loans outstanding and equity investments to the amount of EUR 530.9 million (2023: EUR 555.0 million). Investments with credit institutions amounts of EUR 71.8 million (2023: EUR 39.7 million). Net loan losses, includes expected credit loss (ECL) on loans and reversals during 2024 totalling EUR -2.3 million (2023: EUR -7.8 million).

As of 31 December 2024, NDF's statutory capital consisted of SDR 515.0 million (2023: SDR 515.0 million) out of which SDR 515.0 million is paid-in, and EUR 680.0 million (2023: EUR 680.0 million) out which EUR 430.7 million is paid-in. During 2024, EUR 24.9 million (2023: EUR 37.9 million), pertaining to the 2020 EUR 350.0 million capital increase, was paid-in. The remaining amount to be paid in by 2031 is EUR 249.3 million. The accumulated retained earnings were EUR -392.4 million (2023: EUR -361.9 million).

<sup>8</sup> This arrangement for administrative services is based on a decision by NDF's member countries when establishing NDF in 1988. The current service agreement was entered into in December 2022.



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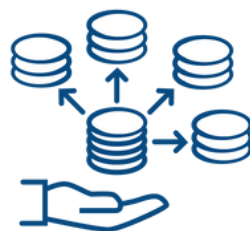
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The Fund's income during 2024 amounted to EUR 8.4 million (2023: EUR 6.9 million). This consisted of income from credits to the public sector of EUR 3.9 million (2023: EUR 4.4 million), interest on financial investments of EUR 4.5 million (2023: EUR 2.5 million). Zimbabwe continues to be in default to NDF and is placed in stage 3 in the ECL model. All of its accrued, outstanding obligations towards NDF have therefore been placed in non-accrual status, and an impairment loss of 100% has been made. Following the 2022 review of the International Monetary Fund's Sovereign Arrears Policies and Perimeter, NDF has in 2024 continued to apply a recurring stress testing mechanism, similar to the ECL for its sovereign credits portfolio.

Administrative expenses were EUR 5.3 million (2023: EUR 5.2 million). The largest single item of expenditure consists of salaries and additional salary expenses of EUR 4.4 million (2023: EUR 4.3 million).

Net profit/loss for the year is carried forward to retained earnings. As NDF provides financing on concessionary terms in the form of grants, loans and equity, NDF is likely to incur net losses and thus remain dependant on capital increases from time to time. Statement of financial position and statement of comprehensive income, changes in equity, cash flow and notes can be found on pages 11-36.



<sup>9</sup> Of the credits to the public sector, 159 are credits to sovereign states that have been entered into during 1989–2006 and belong to the so-called legacy portfolio.

Helsinki, 20 February 2025

**HENRIK BERGQUIST**

*Chair of the Board of Directors*

**MARÍA ERLA MARELSDÓTTIR**

*Board Member*

**ANNA MERRIFIELD**

*Board Member*

**ANDERS ØRNEMARK**

*Deputy Chair of the Board of Directors*

**ANNE SOFIE BJELLAND**

*Board Member*

**SATU SANTALA**

*Managing Director*



**BOARD OF DIRECTORS \*)**

DENMARK  
Anders Ørnamark, Chief Advisor, Ministry of Foreign Affairs,  
Deputy Chair of the Board  
Alternate: to be nominated

FINLAND  
Anna Merrifield, Director, Ministry for Foreign Affairs  
Alternate: Johanna Pietikäinen, Senior Specialist, Climate Finance,  
Ministry for Foreign Affairs

ICELAND  
María Erla Marelsdóttir, Ambassador, Ministry for Foreign Affairs  
Alternate: Geir Oddsson, Permanent Representative, Ministry for  
Foreign Affairs

NORWAY  
Anne Sofie Bjelland, Senior Adviser, Ministry of Foreign Affairs  
Alternate: to be nominated

SWEDEN  
Henrik Bergquist, Deputy Director, Ministry for Foreign Affairs,  
Chair of the Board  
Alternate: Leif Holmberg, Deputy Director, Ministry for Foreign  
Affairs

Observer  
Johan Ljungberg, Associate Director, Sustainability, Nordic  
Investment Bank

Secretary to the Board of Directors  
Christina Stenvall-Kekkonen, General Counsel, NDF

**CONTROL COMMITTEE \*)**

Chair  
Jan-Erik Enestam, Minister, Independent Consultant

DENMARK  
Sjúrður Skaale, Member of Parliament

FINLAND  
Noora Fagerström , Member of Parliament

ICELAND  
Vilhálmur Árnason, Member of Parliament

NORWAY  
Truls Vasvik, Member of Parliament

SWEDEN  
Maria Stockhaus, Member of Parliament

**AUDITORS APPOINTED BY THE CONTROL COMMITTEE**

Ernst & Young Oy, Finland, Responsible Partner: Terhi  
Mäkinen, Authorised Public Accountant

Ernst & Young AB, Sweden, Responsible Partner: Mona  
Alfredsson, Authorised Public Accountant

Secretary to the Control Committee Christina Stenvall-  
Kekkonen, General Counsel, NDF

**MANAGEMENT, STAFF and SUPERVISED EXTERNAL RESOURCES \*)**

Satu Santala, Managing Director  
Leena Klossner, Deputy Managing Director; Director, Outreach and Communications  
Malena Rosman, Director, Portfolio Origination and Management  
Jesper Andersen, Director, Quality Assurance and Reporting  
Christina Stenvall-Kekkonen, General Counsel; Director, Legal and Administrative Services

Siv Ahlberg, Program Manager  
Teemu Blomqvist, Program Officer  
Sofia Chaichee, Impact Management Lead Specialist  
Mayra Da Silva, Research Officer  
Paula Fincke, Communications Officer  
Amanda Hajnal, Risk and Systems Manager  
Anu Hassinen, Program Manager  
Martina Jägerhorn, Program Manager  
Kelly Keodara, Fund Communications Officer, EEP Africa  
Veronika Konnos, Office Assistant  
Isa Kujansuu, Legal Counsel  
Gyuree Lee, Results and Reporting Specialist  
Helena Lehtonen, Program Officer  
Isabel Leroux, Program Manager  
Jacob Lorentzen, Program Manager, Nordic Climate Facility  
Emeli Möller, Program Manager (on leave)  
Kim Niemi, Executive Assistant  
Mari Rasilainen, Paralegal  
Taru Saarinen, Research Officer  
Mats Slotte, Manager, Financial Administration  
Ole Stubdrup, Program Manager  
Eva Beate Strømsted Tuohimaa, Communications Officer  
Maria Talari, Fund Management Officer, EEP Africa  
Hanna Uusimaa, Environmental and Social Safeguards Lead Specialist  
Jussi Viding, Team Leader, EEP Africa  
Michelle Voon, Program Manager  
Lillemor Westerholm, Principal Counsel



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## Statement of comprehensive income

Amounts in 1,000 EUR	Note	1 January to 31 December 2024	1 January to 31 December 2023
Interest income calculated using the effective interest method		7 246	5 987
Other interest income		1 166	911
<b>Net interest income</b>	(3)	<b>8 412</b>	<b>6 898</b>
Fee and commission income received		51	76
Fee and commission income paid		-121	-116
<b>Net fee and commission income</b>	(4)	<b>-70</b>	<b>-41</b>
Grant financing		-25 153	-22 134
Refund of grant financing		1 257	1 373
<b>Net grant financing</b>	(5)	<b>-23 896</b>	<b>-20 761</b>
Realised profit/loss on financial instruments at fair value		9	
Unrealised profit/loss on financial instruments at fair value		-11 041	4 727
Expected credit loss on financial operations at amortised cost		-3	-1
Net profit/loss on financial operations		-11 034	4 726
Foreign exchange rate differences		3 972	-4 245
<b>Net operating expense</b>		<b>-7 062</b>	<b>481</b>
Administrative expenses	(6) (7)	-5 338	-5 136
Depreciation	(8)	-315	-210
<b>Total administrative expenses</b>		<b>-5 653</b>	<b>-5 346</b>
Total operating income		-28,270	-18 768
Net profit/loss before loan losses		-28 270	-18 768
Net loan losses	(9)	-2 257	-7 759
<b>Net profit/loss for the year</b>		<b>-30 526</b>	<b>-26 527</b>
<b>Total comprehensive income</b>		<b>-30 526</b>	<b>-26 527</b>

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## Statement of financial position

Amounts in 1,000 EUR	Note	31 December 2024	31 December 2023
<b>ASSETS</b>			
Cash and cash equivalents		15 338	35 041
Long-term placements with credit institutions		71 813	39 726
Bond and fund investments	(11)	90 686	85 857
Loans outstanding	(12)	461 891	490 427
Equity investments	(13)	68 991	64 589
Other assets	(14)	20 405	19 491
Accrued interest and fee		1 902	1 809
Tangible and intangible assets	(15)	2 151	375
<b>Total assets</b>		<b>733 178</b>	<b>737 315</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Other liabilities		3 485	1 946
<b>Total liabilities</b>		<b>3 485</b>	<b>1 946</b>
<b>Equity</b>			
Paid-in capital	(16)	1 122 115	1 097 265
Retained earnings		-361 896	-335 369
Net profit / loss		-30 526	-26 527
<b>Total equity</b>		<b>729 693</b>	<b>735 369</b>
<b>Total liabilities and equity</b>		<b>733 178</b>	<b>737 315</b>



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# Changes in equity

Amounts in EUR 1,000	Paid-in fund capital	Retained earnings	Profit/loss for the year	Total
<b>Equity as of 1 January 2023</b>	<b>1 059 335</b>	<b>-302 700</b>	<b>-32 669</b>	<b>723 967</b>
Transfers between equity items		-32 669	32 669	0
Profit/loss for the year			-26 527	-26 527
Paid-in fund capital	37 930			37 930
<b>Equity as of 31 December 2023</b>	<b>1 097 265</b>	<b>-335 369</b>	<b>-26 527</b>	<b>735 369</b>
Transfers between equity items		-26 527	26 527	0
Profit/loss for the year			-30 526	-30 526
Paid-in fund capital	24 850			24 850
<b>Equity as of 31 December 2024</b>	<b>1 122 115</b>	<b>-361 896</b>	<b>-30 526</b>	<b>729 693</b>

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## Cash flow statement

Amounts in 1,000 EUR	1.1 - 31.12.2024	1.1 - 31.12.2023
<b>Cash flow from operating activities:</b>		
Net profit/loss for the year	-30 526	-26 527
Adjustments		
Depreciation of tangible and intangible assets	315	210
Foreign exchange differences	-3 972	4 245
Fair value of bond and fund investments	-1 321	-3 761
Fair value of equity investment	12 362	-967
ECL on financial placements	3	1
Adjustment of equity investments	35	
Change in accrued interest and fees (assets)	-93	-370
Adjustments to foreign exchange differences	684	-718
Change in other liabilities	110	-215
Net loan losses	2 257	7 759
Other adjustments to the net profit/loss for the year	5	2
<b>Adjustments, total</b>	<b>10 384</b>	<b>6 188</b>
Lending		
Disbursed loans	-2 093	-1 715
Repayments of loans	33 127	31 413
Lending adjustments	-2 078	2 180
<b>Lending, total</b>	<b>28 956</b>	<b>31 878</b>
<b>Cash flow from operating activities</b>	<b>8 814</b>	<b>11 539</b>
<b>Cash flow from investing activities:</b>		
Change in investments with a maturity longer than 3 months	-32 089	-5 483
Change in bond and fund investments	-3 508	-13 583
Change in equity investments	-16 800	-19 873
Change in other assets	-914	-507
Change in tangible and intangible assets	-670	-38
<b>Cash flow from investing activities</b>	<b>-53 982</b>	<b>-39 484</b>
Cash flow from financing activities:		
Paid-in fund capital	24 850	37 930
<b>Cash flow from financing activities</b>	<b>24 850</b>	<b>37 930</b>
Change in cash and cash equivalents	-20 318	9 984
Opening balance for cash and cash equivalents	35 041	25 493
Exchange rate adjustments	615	-436
Closing balance for cash and cash equivalents	15 338	35 041
<b>Additional information to the statement of cash flows</b>		
Interest income received	8,369	6,604

The cash flow statement has been prepared using the indirect method and cash flow items cannot be directly concluded from statement of financial position and statement of comprehensive income.

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# Note 1: Accounting policies

## 1.1 Reporting entity

### History of NDF

Cooperation among the Nordic countries comprises a wide range of activities, including economic policy, development of industrial technology, communications and the harmonisation of legal systems.

The most important formal basis for Nordic cooperation is the Helsinki Agreement of 1962. This agreement sets out the aims of Nordic cooperation and contains provisions for the Nordic Council and as subsequently amended, for the Nordic Council of Ministers.

The Nordic Council is a forum for consultation and discussion on issues of common interests at a parliamentary level. The Nordic Council of Ministers is empowered to make decisions on matters of cooperation that are binding to the governments of the Nordic countries.

On 19 May 1988, the Nordic Council of Ministers decided to establish the Nordic Development Fund ("NDF" or the "Fund") for financing projects of Nordic interest in developing countries on concessional terms. The establishing agreement of NDF was signed by the five Nordic countries namely Denmark, Finland, Iceland, Norway and Sweden on 3 November 1988 and entered into force on 30 January 1989. The Fund's operations commenced on 1 February 1989.

In November 1997, the Nordic Council of Ministers decided that the legal framework of NDF should be

revised to reflect the Fund's status as an international institution. This led to a new Agreement on the Nordic Development Fund, which was signed on 9 November 1998 (the 1998 Agreement), replacing the agreement of 1988.

### Purpose

The statutory purpose of NDF, which has remained unchanged since establishment of the Fund, is to promote economic and social development in developing countries through participation in financing, on concessional terms, of projects of interest to the Nordic countries. As the Nordic countries' joint international development financing organisation, NDF focuses, as reflected in the Strategy approved by the Board of Directors in April 2020, on the nexus between climate change and development in lower-income countries and countries in fragile situations. NDF engages in both the public and the private sector, and uses financial instruments flexibly, alone or in various combinations, to match the needs of the project.

### Legal Status

NDF is governed by the provisions of the 1998 Agreement and the pertaining statutes (the "Statutes") as amended from time to time. In addition, there is a Host Country Agreement between NDF and the Government of Finland ("Host Country Agreement"), which was signed on 15 October 2013 and entered into force on 11 May 2014.

NDF has the legal status of an international legal person, with full legal capacity and is vested with some privileges and immunities typical for an intergovernmental financial organisation, such as exemption from credit policy measures and payment

restrictions, protection from search and seizure of its property and assets, inviolability of its premises, and broad tax exemptions.

The Statutes provide that the principal office, i.e., the headquarters of the Fund shall be located at the principal office, i.e., the headquarters of the Nordic Investment Bank (NIB). The address of the headquarters is Fabianinkatu 34, Helsinki, Finland.

## 1.2 Basis of Accounting

NDF's financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as well as the Standard Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) interpretations.

## 1.3 New accounting standards adopted in 2024 and new standards for financial years beginning on or after 1 January 2025

NDF adopted some new standards and amendments during 2024, however these did not have a significant impact.

Amendments to IAS 1 – The amendments to IAS 1 provide guidance in classification of liabilities as current or non-current liabilities with covenants. The Fund, however, did not need to make any changes to its policy disclosures as of now.

Amendments to IFRS 16 – The amendments to IFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.





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The amendments had no impact on the Fund's financial statements.

Amendments to IAS 7 and IFRS 7 – The amendments to IAS 7 and IFRS 7 introduce newly disclosed requirements about supplier finance arrangements. These changes are not relevant to the operations of the Fund.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments. Based on initial assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded. IFRS 9 and IFRS 7 will be effective for reporting periods beginning on or after 1 January 2026.

IFRS 18 Presentation and Disclosure in Financial Statements, replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. IFRS 18, will be effective for reporting periods beginning on or after 1 January 2027. IFRS 18 will apply retrospectively.

#### 1.4 Functional and presentation currency

The Fund's functional and presentation currency is euro, and the financial statements are presented in EUR 1,000, unless otherwise indicated. All figures in the financial statements have been rounded and consequently the sum of individual figures may deviate from the presented sum figure. Furthermore, all percentages are subject to

possible rounding differences.

#### 1.5 Significant accounting judgements and estimates

As part of the process of preparing the financial statements in conformity with IFRS, NDF's management is required to make certain judgements, estimates and assumptions that may affect NDF's profits, its financial position and other information presented in the Annual Financial Report. These estimates are based on available information and the judgements made by NDF's management. Actual outcomes may deviate from the assessments made, and such deviations may at times be significant.

NDF uses market value reports regarding financial instruments obtained from counterparty/commercial banks.

Significant judgement and estimates are applied to loan impairment testing including a model for expected credit loss (ECL) in accordance with IFRS 9. The estimates are highly dependent on factors such as political and financial instability. The uncertainties related to these estimates are reflected mainly in the statement of financial position.

#### 1.6 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are recognised in the accounts at the exchange rate prevailing on the closing date. Non-monetary assets and liabilities are recognised in the accounts at the euro rate prevailing on the transaction date. Income and expenses recognised in currencies other than the euro are converted on a daily basis to the euro, in accordance with the euro rate prevailing on that day.

Realised and unrealised exchange rate gains and losses are recognised in the statement of comprehensive income.

The Fund uses the exchange rates acquired from a leading market data provider based on rates prevailing at 13:00 GMT at 31 December except for Special Drawing Rates (SDR) which is based on the International Monetary Fund (IMF) published rate as disclosed in Note 22.

#### 1.7 Recognition and derecognition of Financial Instruments

Financial instruments are generally recognised in the statement of financial position on a settlement date basis.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire.

A financial liability is derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

#### 1.8 Basis for classification and measurement

The Fund classifies its financial assets into two categories: those measured at amortised cost, and those measured at fair value through profit or loss. This classification depends on both the contractual characteristics of the assets and the business model adopted for their management.

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An investment is classified at “amortised cost” (AC) only if both of the following criteria are met: the objective of the Fund’s business model is to hold the assets in order to collect the contractual cash flows, and the contractual terms of the financial assets must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value through profit and loss (FVPL).

The following table summarises the accounting treatment of the Fund’s financial assets.

**Financial assets and liabilities at amortised cost**

An investment or liability is classified at “amortised cost” only if both of the following criteria are met: the objective of the Fund’s business model is to hold the assets and liabilities in order to collect or pay the contractual cash flows, and the contractual terms of the financial assets must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.

Investments for liquidity purposes	NDF’s purpose	SPPI-test passed	Measurement category
Cash and cash equivalents	To be held until maturity	Yes pass	AC
Long-term placements with credit institutions	To be held until maturity	Yes pass	AC
Bond and fund investments	Possibility to be traded	Partly pass	FVTPL

Operative investments			
Loans outstanding	To be held until maturity	Yes pass	AC
Equity investments	Possibility to be traded	No	FVTPL
Repayable grant	To be held until maturity	No	FVTPL



**Determination of amortised cost**

The financial instrument is acquired at fair value. Subsequently the amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts

through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e., its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate.

When the Fund revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for financial assets that have subsequently become credit-impaired (or ‘stage 3’) according to ECL, for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss provision).

Commitment fees of loans are accrued on the balance sheet and included in the initial measurement of the financial asset when the loan is withdrawn. If the commitment expires unused, the commitment fee is recognised as revenue on expiry.

**Financial assets at fair value**

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI). FVOCI is used to classify assets held for

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payments of principal, interest and to sell. All other financial assets are classified as FVTPL. Currently NDF has no financial assets measured at FVOCI.

### **Determination of fair value**

The fair value of financial instruments, including derivative instruments that are traded in a liquid market, is the bid or offered closing price on the balance sheet date.

The Fund measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

*Level 1:* Quoted market prices such as quoted bond prices (for example debt security prices), in an active market for identical instruments.

*Level 2:* Valuation techniques based on observable data such as interest rates, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

*Level 3:* Valuation techniques using significant unobservable inputs as there is no active market for quoted prices for these financial instruments.

### **Investments for liquidity purpose**

#### **1.9 Cash and cash equivalents**

Cash and Cash Equivalents comprise monetary assets and investments with original maturities of three months or less, calculated from the date the acquisition and investments were made with insignificant risk of change in fair value.

Cash and Cash Equivalents in the cash flow statement refers to the net amount of monetary assets, investments and liabilities with original maturities of three months or less, calculated from the time the transaction was entered. During the periods presented, cash and cash equivalents in the balance sheet correspond to the cash and cash equivalents in the cash flow statement.

#### **1.10 Long-term placements with credit institutions (over 3 months)**

NDF invests monetary assets with a commercial bank at current market interest rates. These placements are held at amortised cost.

#### **1.11 Bond and fund investments**

These investments consist of money market funds and green bonds. Investments in money market funds and bonds are carried at fair value, with changes in FV reported in profit or loss under net profit on financial operations. Bonds are classified in level 2 in the fair value hierarchy. Investments in money market funds are classified in level 2 in the fair value hierarchy.

### **Investments for operative purposes**

#### **1.12 Loans outstanding**

The NDF loans are primarily directed towards low-income countries.

The loans are initially recognised at cost at settlement date and subsequently held at amortised cost. Loans are assessed for impairment applying the ECL model.

These loans have very low interest rates and long maturities, aligned with International Development Agency (IDA) lending terms.

### **1.13 Impairment of loans**

The Fund uses ECL to estimate the provision for potential impairments. The Fund recognises a loss allowance for ECL on financial assets measured at amortised cost, or at fair value through comprehensive income, and for loan commitments. NDF has no financial assets currently held at fair value through other comprehensive income. The ECL comprises of a three-stage model based on changes in credit quality since initial recognition. Impairments are reported based on either twelve month or lifetime expected credit losses, depending on the stage impairment of the financial asset. The stage allocation also determines if interest income for the financial asset is reported on the gross carrying amount as for Stage 1 and 2 assets or net of impairment allowance for Stage 3 assets. Financial assets may move between ECL stages depending on whether the credit quality improves or deteriorates.

Stage 1 - includes financial assets that have not had a significant deterioration in credit quality since initial recognition or have a low risk at the reporting date.

Stage 2 - includes financial assets that have had a significant deterioration in credit quality since initial recognition, but for which there is no objective evidence of impairment.

Stage 1 and 2 assets are categorised as performing assets and the model calculations are updated at each reporting date.



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Stage 3 - includes assets that have been categorised as non-performing by the Fund, which are classified in stage 3. The non-performing assets, assessment is done on an individual basis, as opposed to generic calculation rules for the Stage 1 and 2 assets. A default occurs regarding a borrower when either or both of the following have taken place:

- (a) NDF considers that the borrower is unlikely to pay its credit obligations in full.
- (b) The credit rating of the borrower is Default (D)

The Fund reviews its non-performing loans and receivables at each reporting date to assess whether an allowance for impairment should be recorded in the financial statements. In particular, the judgement of the management is required in estimating the amount and timing of future cash flows when determining the level of ECL. Such estimates are based on assumptions about several factors, and actual results may differ, resulting in future changes to the impairment.

Further details regarding the ECL model, related inputs and governance can be found in Note 10.

### 1.14 Equity investments

As part of its strategy, NDF may make investments in equity and other participating interests to promote its mandate. The Fund's participation is also intended to promote efficient use of resources, playing a catalytic role in attracting other investors and lenders and mobilising the flow of resources to financially viable projects. The Fund does not seek a controlling interest in the companies and funds in which it invests. However, it may have influence in the investees through Board of Directors or Advisory Committee representation. If the

Fund has significant influence, these investments are treated according to the equity method.

Investments in equity securities (except those accounted for under equity method) are reported at FV, with changes in FV reported in profit or loss under net profit on financial operations. The investments are currently classified in level 3 in the fair value hierarchy. If the fair value of an equity investment is based on available market price or market data, the classification would be level 1 or level 2 in the fair value hierarchy. Further information on the fair value measurement and valuation techniques applied is given in Note 17.

### 1.15 Derivative instruments

Derivative instruments, if any, are measured at fair value at the end of the year and the change in fair value is recognised in net profit on financial operations within statement of comprehensive income.

### 1.16 Grant financing

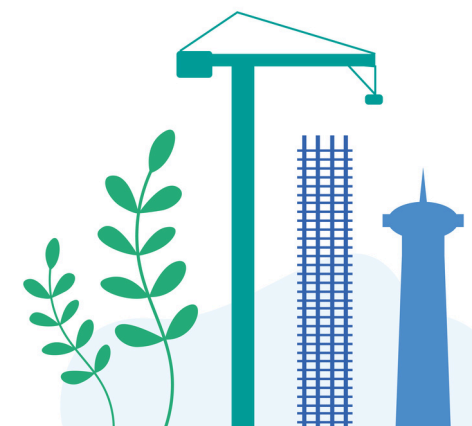
Disbursements to climate projects in the form of grants, are recorded as a cost under "Grant financing for climate projects" in the statement of comprehensive income.

Upon completion of a project or cancellation of a grant, any refund is accounted for as a reduction of the total costs for the year under "Refund of grant financing." Repayable grants are also considered as grant financing although there is a mechanism of receiving back the grant at the end of the project or lifetime of the fund. Repayable grant disbursements are recorded under "Other assets" in the statement of financial position.

### 1.17 Tangible and Intangible assets

Tangible assets are recognised at historical cost, less accumulated depreciation based on their assessed useful life and impairment losses. The depreciation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives, usually three to five years.

Intangible assets mainly consist of investments in software and software licenses and also right to use assets arising from leasing arrangements. Separately acquired software licences are carried at historical cost less accumulated amortisation and impairment losses and are amortised over the assessed useful life of the assets, which is estimated to be between three and five years. The amortisations are made on a straight-line basis.



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## Leasing agreements

The Fund applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The lease liability and right-of-use assets have equal value at the contract commencement date. Short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term.

### *Right-of-use assets*

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured in cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented as part of intangible assets in Note 15.

### *Lease liabilities*

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

## 1.18 Write-downs and impairment of intangible and tangible assets

The Fund's tangible and intangible assets are reviewed

annually for impairment. If there is any objective evidence of impairment, the impairment loss is determined based on the recoverable amount of the assets.

## 1.19 NDF's capital

NDF's total subscribed capital as of 31 December 2024 is EUR 1 371 405 thousand (2023: EUR 1 371 405 thousand) and the carrying value of the paid-in capital is EUR 1 122 115 thousand (2023: EUR 1 097 265 thousand).

Subscribed capital increases by member countries are contingent assets, which are recognised when paid-in.

## 1.20 Income from operations

The Fund's long-term lending to sovereign states is interest-free, but a fixed rate service charge per annum is collected on outstanding amounts. A fixed commitment charge per annum is collected on any undisbursed balance commencing 12-18 months after the loan agreement has been signed. Income from other loans is presented within interest income from lending in the statement of comprehensive income.

Income from equity investments is normally related to the return received by the shareholders of the company and is recognised within net profit on financial operations.

Non-utilisation fees are presented within Net fee and commission income.

Possible management fees that are received from borrowers are accrued to net interest income.

## 1.21 General administrative expenses and host country reimbursement

NDF purchases administrative services from NIB. Costs of these services are shown under Note 7. On the basis of the Host Country Agreement, NDF receives a host country reimbursement from the Finnish government equal to the tax levied on the salaries of the Fund's employees.

## 1.22 Employee benefits

### *Employee pensions and insurance*

The Fund is responsible for arranging pension security for its employees. In accordance with the Host Country Agreement between the Fund and the Finnish Government and as part of the Fund's pension arrangements, the Fund has decided to apply the Finnish state pension system. Contributions to this pension system, which are paid into the Finnish State Pension Fund, are calculated as a percentage of salaries. The Finnish Ministry of Finance determines the basis for the contributions and establishes the actual percentage of the contributions in co-operation with the local government pension institution Keva (see Note 6). The Fund's pension liability is completely covered.

NDF also provides its permanent employees with a supplementary pension insurance scheme, arranged by a private pension insurance company. This is a group pension insurance based on a defined contribution plan.

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss.

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### Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

### 1.23 Cash Flow Statement

The cash flow statement has been prepared using the indirect method whereby the net result is adjusted for effects of non-cash transactions such as depreciation and impairments. The cash flows are classified by operating, investing and financing activities. Cash flow items cannot be directly determined from the statement of financial position.

## Note 2: Risk management

NDF has a Risk Management Policy which forms the core of and defines NDF's Risks Management Framework, as well as establishes NDF's overall approach to the implementation of systematic risk management, defining the related key roles and responsibilities, and guiding the further implementation of the elements under the Framework.

### Risk Governance

The risk governance is described in NDF's Risk Management Policy. The Board of Directors has the responsibility to assure itself of the effectiveness of NDF's risk management. The primary responsibility for risk management rests with NDF Management, i.e., the Managing Director (MD) and the Heads of Departments collectively. The MD shall have the overall responsibility to ensure the implementation of

risk management, including sufficient resourcing to support an effective management of risks. NDF Management shall be responsible for the promotion of sound risk culture and the integration of risk management into any intra-departmental processes

The Risk Committee (RC) was established in 2024 to monitor the overall management of the Risk Management Framework and, in particular, to assess and make recommendations in specific risk events. The role of the RC is to support the MD in taking decisions related to risks and opportunities, ensuring all key risks are captured and appropriately managed.

### Financial and other risk management

Policies, processes and procedures, by which NDF manages its financial risk continually evolve. The guiding principles by which NDF manages its risks are governed by NDF's Risk Management Policy and associated risk management guidelines.

The Department for Quality Assurance and Reporting has been vested the authority to manage NDF's financial assets and liabilities within defined parameters. The Risk Management Policy sets out the overall principles for managing financial risks. The authority covers NDF's entire array of activities such as debt-funding operations and investment of liquid resources, including the interest rate and currency risk management aspects of NDF's lending and equity investment instruments.

The following sections describe how the different sources of risk are managed by NDF.

### Credit Risk

Credit risk arises from the inability or unwillingness of counterparties to discharge their financial obligations to NDF. There is potential for credit loss due to defaulting on one or more borrowers. Credit risk is by far the largest source of financial risk for NDF arising essentially from its lending and treasury operations.

NDF manages three principal sources of credit risk: (i) sovereign credit risk in its public sector portfolio; (ii) non-sovereign credit risk in its non-sovereign portfolio; and (iii) counterparty credit risk in its portfolio of treasury investments. These risks are managed in accordance with the Risk Management Policy and described in more detail in the sections below and in the Expected Credit Loss (ECL) Note 10.

### 1) Sovereign Credit Risk

In extending credit to sovereign entities, NDF is exposed to country risk which includes potential losses arising from a country's inability to timely service its obligations to NDF. NDF manages country credit risk through its Risk Management Policy and procedures assessing sovereign credit risk as from entry of project proposals. The risk is then continuously monitored during the term of the credit. NDF applies a default policy that imposes severe restrictions on countries that fail to honor their debt service obligations to NDF.

NDF's constituent documents, i.e., Articles 12 and 13 of the 1998 Agreement stipulate among other things that NDF may receive and be in possession of currencies of any kind and that NDF shall be exempt from payment restrictions and credit policy measures, which in any



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manner prevent or impede the fulfilment of its functions. These provisions underpin NDF's so-called preferred creditor status, on the basis of which sovereign credits by NDF (or other comparable multilateral creditors) are not subject to rescheduling of national debt in the so-called Paris or London Clubs.

As follows from NDF's Statutes, Section 3 subparagraph 3, the only exception to NDF's non-participation in sovereign debt rescheduling may be coordinated international debt reliefs in which other multilateral financing institutions participate such as the Highly Indebted Poor Countries (HIPC) initiative in the 1990s.

NDF's non-participation in debt rescheduling is also contractually agreed in agreements between NDF's sovereign borrowers and NDF.

**2) Non-Sovereign Credit Risk**

NDF is exposed to non-sovereign credit risk when it extends credits to private-sector entities such as corporates and financial institutions. NDF monitors these risks continuously on transaction level and portfolio level.

**3) Counterparty Credit Risk in Treasury Operations**

Counterparties in treasury operations must meet NDF's minimum credit rating requirements as set out in the Liquidity and Investment Management Policy and Liquidity and the Investment Management Guidelines. NDF may invest its liquidity with or through counterparties or issuers that have a high credit rating. NDF will follow the lowest rating principle, which implies that if the credit rating of the counterparty and/or issuer goes below A- by Standard and Poor's (S&P), A- by Fitch

or A3 by Moody's, NDF would consider that counterparty/issuer as non-eligible. Up to 50% of the liquidity can be invested in funds. The weighted average of the underlying assets in the funds needs to be Baa3 or BBB- or above.

**Market Risk**

Currency risk is the potential loss due to adverse movements in market foreign exchange rates, interest rates, and credit spreads. To promote stable growth in its risk-bearing capacity, NDF's principal currency risk management objective is to promote its risk capital from translation risk due to fluctuations in foreign currency exchange and interest rates.

As NDF will in future years have outstanding credits denominated in SDR, changes in the SDR-EUR rate may lead to the Statement of comprehensive income showing substantial foreign exchange differences since these currency positions are not hedged against changes in foreign exchange rates.

NDF utilises deposition contracts, green bonds and fund investments for liquidity management purposes

**Liquidity Risk**

Liquidity risk is the potential for loss resulting from insufficient liquidity to meet cash flow needs in a timely manner. Liquidity risk arises when there is a maturity mismatch between assets and liabilities. To mitigate the funding liquidity risk, NDF requires a 20% liquidity buffer, which can be used to meet unexpected payment obligations while continuing ordinary project and administrative operations in the event that normal inflow of funds temporarily would cease. NDF does not

make a distinction on how the liquidity and the liquidity buffer are invested, as all investments fall under the Liquidity Investment and Management Policy.

The market liquidity risk is mitigated by having all the liquidity invested in high-quality financial assets defined below. These assets are under stressed market conditions and associated with low risk for decreased market value. Liquidity is also kept in bank accounts to avoid liquidating investments each time disbursement requests arrive.

**Compliance Risk**

As defined in NDF's Integrity Due Diligence Policy, compliance risk means risk of integrity and other reputational risks due to non-compliance by a contractual party of NDF with any applicable laws and regulations, policies, rules and international standards.

Integrity risk, which is a subcategory of compliance risk as defined in the same policy relates to risk due to corruption, fraud, money laundering, terrorist financing, tax avoidance or evasion, lack of transparency and undue political influence.

As set out in its Policy on Anticorruption and Integrity, NDF adheres to the principles and definitions commonly applied by International Financial Institutions (IFIs), in particular the IFI Uniform Framework for Preventing and Combating Fraud and Corruption and is committed to participating in the joint efforts of IFIs to combat fraud and corruption.

For NDF it is key that it engages with reputable partners so that its financing and other activities achieve the expected results and impact, its resources are used

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effectively, and its development and climate objectives are met. The efforts on mitigating the risk of engaging with parties and projects that are, or potentially could be, associated with corruption, fraud, money laundering or the financing of terrorism are put in practice through integrity due diligence.

The integrity of NDF's own activities and of its staff and members of governing bodies are governed by the Codes of Conduct, which set the values and ethical standards expected from the Control Committee, Board of Directors and the Managing Director and from the staff respectively. The Codes covers topics such as conflicts of interests, gifts, hospitality, trading limitations and perquisite positions.

## Note 3: Net interest income

The table shows the interest income and expenses recorded during the year

EUR 1,000	1.1.-31.12.2024	1.1. - 31.12.2023
Interest income		
Loan outstanding	3 944	4 405
Placements with credit institutions	2509	1 089
Cash and cash equivalents	793	493
<b>Interest income calculated using effective interest method</b>	<b>7246</b>	<b>5 987</b>
Financial investments	1 166	911
<b>Other interest income</b>	<b>1 166</b>	<b>911</b>
<b>Net interest income</b>	<b>8 412</b>	<b>6 898</b>

## Note 4: Fee and commission income and expenses

Fee and commission income from lending activities:

EUR 1,000	1.1. - 31.12.2024	1.1. - 31.12.2023
Non-utilisation fee	51	76
<b>Total</b>	<b>51</b>	<b>76</b>

Fee and commission expenses:

EUR 1,000	1.1. - 31.12.2024	1.1. - 31.12.2023
Fee and commission expenses	-121	-116
<b>Total</b>	<b>-121</b>	<b>-116</b>

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## Note 5: Net grant financing

The geographic distribution of grant financing is as follows:

EUR 1,000	1.1.-31.12.2024	1.1.-31.12.2023
Africa	-9 252	-18 953
Asia	-460	-2 846
Latin America	-5 291	-98
Multiple regions	-10 149	-237
<b>Total disbursements</b>	<b>-25 153</b>	<b>-22 134</b>

During the year EUR 1 257 thousand (2023: EUR 1 373 thousand) has been refunded on grant projects with multilateral development banks.

## Note 6: Net personnel expenses, compensation and benefits

Based on the Host Country Agreement, NDF receives a host country reimbursement from the Finnish government equal to the tax levied on the salaries of the Fund's employees.

EUR 1,000	1.1.-31.12.2024	1.1.-31.12.2023
Salaries and other remuneration	-3 010	-2 888
Social security and employee insurances	-302	-281
Pensions	-1 112	-1 109
Board of Directors and Control Committee remuneration	-23	-23
Other personnel expenses	-141	-172
<b>Gross personnel expenses</b>	<b>-4 588</b>	<b>-4 473</b>
Host country reimbursement according to agreement with Finnish Government	1 131	1 013
<b>Net personnel expenses</b>	<b>-3 457</b>	<b>-3 461</b>

	1.1. - 31.12.2024	1.1. - 31.12.2023
Employees		
Number of employees at 31 December	32	31
Average age of employees	45	46
Average period (years) of employment	5	5
Distribution by gender as of 31 December		
Female	25	22
Male	7	9
Supervised external resources <sup>1</sup>	1	1

<sup>1</sup> Staff with an employment type of in-house consultant or hired staff. The costs arising from this category are not part of salary expenses.



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## Pension Benefits

NDF is responsible for arranging pension security for its employees. The Finnish public sector pension system (JuEL Pension) forms the basis for the pension benefits. The JuEL Pension is calculated based on the employee's annual taxable income and the applicable age-linked pension accrual rate. The employer's pension contribution in 2024 was 17.64% (2023: 17.67%) of the pensionable income. The employee's pension contribution was either 7.15% or 8.65%, depending on the employee's age. NDF pays this contribution for its permanent staff, and it is taxed as a benefit for the employees. The pension is accounted for as a defined contribution plan.

In addition to the JuEL Pension, the Fund has taken out a supplementary group pension insurance policy for its entire permanently employed staff, including the Managing Director. The insurance premium, 6.5%, is calculated based on the employee's taxable income and paid until the age of individual retirement under the JuEL Pension, with an upper age limit of 65 years. The supplementary pension is also accounted for as a defined contribution plan.

The employer's pension contribution regarding the Managing Director amounted to EUR 122,978 (2023: EUR 140,297) of which EUR 30,931 (2023: EUR 40,404) comprised of supplementary pension premiums. Regarding the Deputy Managing Director the amount is EUR 66,729 (2023: EUR 69,314) of which EUR 13,862 (2023: EUR 14,385) comprised supplementary pension premiums and for Other Members of Management the total amount is EUR 194,766 (2023: EUR 221,523) of which EUR 26,576 (2023: EUR 45,974) comprised of supplementary pension premiums. The

Board of Directors and Control Committee members are not eligible for NDF pension arrangements.

## Insurances

NDF has taken out several (both statutory and voluntary) insurance policies for its staff: unemployment insurance, group accident insurance, group life insurance, medical insurance and disability insurance. All personal insurance policies are valid for the total duration of employment (if not otherwise stated for the separate insurance alternatives). Longer periods of absence from work may temporarily interrupt the insurance coverage. Some of the insurances are available only to staff with a longer fixed-term contract and permanently employed staff. The Board of Directors and Control Committee members are not under the coverage of the abovementioned insurances.

## Health care

NDF has also arranged occupational health care for its staff through a private medical center in Finland. The Fund's medical insurance covers in addition to a broad extent use of other health care service providers if needed and public sector health care services for more severe or complex medical treatment needs. The occupational health care benefit includes both preventive health care and wellbeing actions for staff and medical care. The Board of Directors and Control Committee are not under the coverage of the health care benefit.

## Additional Benefits for Expatriate Personnel

Non-Finnish professional staff (including the Managing Director) who move to Finland for the sole purpose of

taking up employment at the Fund are entitled to certain expatriate benefits, such as an expatriate allowance and a spouse/ family allowance. In addition, NDF assists the expatriate in finding accommodation, usually by renting a house or a flat in its own name. The staff member reimburses NDF for a part of the rent, which is equal to at least the taxable value of the accommodation benefit established annually by the Finnish National Board of Taxes.

## Compensation for Board of Directors, Control Committee and Management

Compensation for the Board of Directors and the Control Committee is set by the Nordic Council of Ministers. The compensation consists of fixed annual remuneration and an attendee allowance. The members of the Board of Directors and the Control Committee are also entitled to reimbursement of travel and accommodation expenses and a daily allowance in accordance with the established travel policy.

The Board of Directors decides on the appointment and remuneration of the Managing Director (MD). According to the Statutes, the Managing Director is appointed on a fixed-term contract of up to five years. The current MD's contract commenced on 4 March 2024 and ends on 3 March 2028.

Compensation for the Managing Director is paid in the form of a fixed monthly salary and customary salary-based benefits and allowances.

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Compensation for the Chairman of the Board of Directors, other members of the Board of Directors, the Control Committee, the Managing Director, the Deputy Managing Director and the other members of Management appears in the table below:

EUR 1,000	1.1.-31.12.2024	1.1.-31.12.2023
Chairman of the Board of Directors	5	5
Other members of the Board of Directors	16	16
Control Committee	2	2
Managing Director	371	402
Deputy Managing Director	213	221
Other members of Management	685	733

#### Taxation and Host Country Reimbursement

According to an agreement between the Fund's member countries, taxation of staff salaries and taxable benefits, the Managing Director's salary and the compensation for Board of Directors and Control Committee members, shall be taxed in the host country Finland in accordance with applicable Finnish taxation legislation.

According to the Host Country Agreement between the government of the Republic of Finland and the Fund, the amount of tax withheld in advance on the salaries of NDF's staff and the final tax on salaries collected shall be repaid to the Fund. The host country reimbursement, which the Fund received in 2024, amounted to EUR 1.131.071 (2023: EUR 1.012.785). The payment reduces the Fund's administrative expenses.

## Note 7: Other administrative expenses

NDF purchases administrative services from NIB.

EUR 1,000	1.1.-31.12.2024	1.1.-31.12.2023
Office premises costs	-68	-79
Other general administrative expenses	-1 000	-919
Cost coverage, NIB	-812	-678
<b>Total</b>	<b>-1 881</b>	<b>-1 675</b>

## Note 8: Depreciation (Tangible and intangible assets)

EUR 1,000	1.1.-31.12.2024	1.1.-31.12.2023
Intangible assets	-315	-210
<b>Total</b>	<b>-315</b>	<b>-210</b>

## Note 9: Net loan losses

EUR 1,000	1.1.-31.12.2024	1.1.-31.12.2023
Change in expected credit loss on performing loans	-2 257	-7 759
<b>Net loan losses</b>	<b>-2 257</b>	<b>-7 759</b>



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## Note 10: Expected credit loss

### Introduction and governance

The Fund calculates and reports its impairments based on ECL. The ECL Framework is based on the requirements of the IFRS Accounting Standards (IFRS 9 Financial Instruments). Additionally, the guidance of the Basel Committee on Banking Supervision and Global Public Policy Committee are followed, where applicable. The ECL Framework is governed by the Funds's Risk Management Policy and has been approved by the Managing Director. The Risk Committee (RC) reviews and recommends the impairment allowances and ECL model based calculation results, which are approved by the Managing Director.

### Inputs

The ECL calculation is performed at the level of individual financial assets and the main components comprise Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD). The model is forward-looking: current and future macroeconomic conditions are incorporated into the model through the customers credit rating.

Each transaction in the Fund's portfolio has an internal PD rating associated with it. This rating is essentially a long-term, best estimate rating resulting in a neutral estimate without explicit buffers of conservatism. For ECL purposes, the PD is estimated based on a regression model of macroeconomic variables to observed default data. PD term structures are derived for each rating grade reflecting the macro-financial scenarios.

**Probability of Default (PD)** is estimated using the country rating of NDF's portfolio using S&P Global's rating (and if not available, Moody's or Fitch's).

**Loss Given Default (LGD)** is the magnitude of the likely loss if there is a default. The Fund applies a conservative approach and applies a 100% LGD-rate for all borrowers in the ECL model.

**Exposure at Default (EAD)** represents the expected exposure in the event of a default and is measured from the nominal contractual cashflows and commitments. The loan impairment accounting policy is described in note 1: Accounting policies (1.13 Impairment of loans), and the results of the ECL are described below.

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**Expected credit loss**  
EUR 1,000

	Stage1	Stage2	Stage3	Total
<b>Balance at 31/12/2022</b>	<b>1 596</b>	<b>31 893</b>	<b>17 196</b>	<b>50 684</b>
Transfer to stage 1				
Transfer to stage 2	-37	37		0
Transfer to stage 3				
Loan disbursements and other new assets	7	514		521
Amortisations and repayments	-622	-2 300		-2 921
Impact of remeasurement on existing assets and FX differences	-219	10 379	-476	9 685
Net changes in comprehensive income statement	-871	8 631	-476	7 285
<b>Balance at 31/12/2023</b>	<b>725</b>	<b>40 524</b>	<b>16 720</b>	<b>57 969</b>
Transfer to stage 1				
Transfer to stage 2	-38	38		0
Transfer to stage 3				
Loan disbursements and other new assets	56	23		79
Amortisations and repayments	-563	-2 316		-2 879
Impact of remeasurement on existing assets and FX differences	520	4 539	512	5 572
Net changes in comprehensive income statement	-25	2 284	512	2 771
<b>Balance at 31/12/2024</b>	<b>700</b>	<b>42 808</b>	<b>17 232</b>	<b>60 740</b>

<b>Expected credit loss</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Loans outstanding and other lending related receivables	60 100	57 335
Loan commitments	633	630
Financial placements	7	4
<b>Total</b>	<b>60 740</b>	<b>57 969</b>



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<b>Assets subject to expected credit loss*</b>	<b>Stage1</b>	<b>Stage2</b>	<b>Stage3</b>	<b>Total</b>
<b>Exposure at 31/12/2022</b>	<b>466 053</b>	<b>147 975</b>	<b>17 196</b>	<b>631 224</b>
Transfer to stage 1				
Transfer to stage 2	-86 758	86 758		0
Transfer to stage 3				
Loan disbursements and other new assets	38 678	1 607		40 285
Amortisations and repayments	-49 228	-14 995		-64 223
Other changes (loan commitments)	-108	-1 607		-1 715
Foreign exchange adjustments and other changes	2 360	-7 930	-476	-6 045
<b>Exposure at 31/12/2023</b>	<b>370 997</b>	<b>211 809</b>	<b>16 720</b>	<b>599 527</b>
Transfer to stage 1				
Transfer to stage 2	-80 888	80 888		0
Transfer to stage 3				
Loan disbursements and other new assets	71 643	71		71 715
Amortisations and repayments	-96 302	-12 636		-108 938
Other changes (loan commitments)	-2 011	-71		-2 083
Foreign exchange adjustments and other changes	116 757	-74 775	512	42 494
<b>Exposure at 31/12/2024</b>	<b>380 196</b>	<b>205 286</b>	<b>17 232</b>	<b>602 714</b>

<b>Assets subject to expected credit loss*</b>	<b>31.12.2024</b>	<b>31.12.2023</b>
Loans outstanding and other lending related receivables	521 991	547 762
Loan commitments	11 101	13 194
Financial placements	69 622	38 570
<b>Total</b>	<b>602 714</b>	<b>599 527</b>

\* Does not include interest

## Note 11: Bond and fund investments

EUR 1,000	31.12.2024	31.12.2023
Green bonds	84 569	79 987
Yield fund	6 117	5 870
<b>Total, bond and fund investments</b>	<b>90 686</b>	<b>85 857</b>

The green bonds are issued by financial institutions and state backed companies. Investments in yield funds are highly liquid and managed by a Nordic commercial bank.

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## Note 12: Loans outstanding

Loans outstanding consist of loans disbursed. Most part of the loans have been granted during 1989-2005 (collectively referred to as legacy portfolio) and a smaller part of more recent climate loans starting 2016.

Loans outstanding:

EUR 1,000	31.12.2024	31.12.2023
Bangladesh	24 083	25 421
Benin	15 195	15 113
Bolivia	18 668	19 704
Botswana	1 755	2 014
Burkina Faso	8 266	8 470
Cambodia	7 039	7 410
Cape Verde	1 029	1 098
China	2 014	2 236
Colombia	671	707
Dominican Republic	3 999	4 259
East African Development Bank	2 733	3 006
Ethiopia	17 751	18 575
Ghana	33 977	36 097
Honduras	23 161	24 038
Indonesia	5 033	5 681
Jamaica	2 935	3 132
Kenya	20 775	21 294
Kyrgyz Republic	2 527	2 729
Lao PDR	43 807	46 155
Malawi	12 874	13 906
Maldives	4 571	5 013
Mauritius	812	975
Mongolia	16 111	17 021
Mozambique	40 098	42 511
Namibia	789	868
Nepal	11 567	12 591
Nicaragua	28 251	30 395
Pakistan	4 061	4 576
Philippines	7 049	7 504
Rwanda	10 822	10 350
Senegal	32 511	33 199
Sri Lanka	12 545	13 464

Tanzania	14 110	15 127
Tunisia	2 510	2 755
Uganda	34 736	37 058
Vietnam	17 854	18 684
Zambia	17 007	17 905
Zimbabwe	6 003	6 493
<b>Loans outstanding</b>	<b>509 697</b>	<b>537 535</b>
Move of unreceived amortisations to loans	12 295	10 227
ECL stage 1,2 and 3	-60 100	-57 335
<b>Total</b>	<b>461 891</b>	<b>490 427</b>

As of 31 December 2024, one borrower was more than 180 days overdue with payments (2023: 1 borrower). Agreed not disbursed loan financing amounts to EUR 11.1 million (2023: EUR 13.2 million).

## Note 13: Equity investments

Equity investments are distributed as follows:

EUR 1,000	31.12.2024	31.12.2023
African Guarantee Fund (AGF)	19 520	18 366
Africa Go Green Fund (AGGF)	3 870	2 303
BUILD Impact Fund	4 209	3 621
Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT)	6 840	4 031
Energy and Entrepreneurs Growth Fund (EEGF)	1 825	4 315
Emerging Market Climate Action Fund (EMCAF)	1 146	398
Facility for Energy Inclusion Off-Grid Energy Access Fund (FEI OGEF)	3 878	4 647
InsuResilience Investment Private Equity Fund II	10 430	
Mirova Gigaton Fund	7 460	10 620
Serengeti Energy	9 814	16 288
<b>Total , equity investments</b>	<b>68 991</b>	<b>64 589</b>

Agreed not disbursed financing amounts to EUR 34.7 million (2023: EUR 38.3 million). NDF's ownership in the equity investments are either below 20 % or NDF does not have significant control in the equity investments.



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## Note 14: Other assets

Other assets are held at amortized costs except World Bank receivables and repayable grants which are measured at fair value.

EUR 1,000	31.12.2024	31.12.2023
World Bank receivables	391	391
Other receivables	455	240
Repayable grants	19 558	18 860
<b>Total</b>	<b>20 405</b>	<b>19 491</b>

## Note 15: Tangible and intangible assets

EUR 1,000	31.12.2024	31.12.2023
<b>Intangible assets</b>		
Acquisition value at beginning of year	1 180	1 157
Acquisition during the year	1 420	23
<b>Acquisition value at end of year</b>	<b>2 601</b>	<b>1 180</b>
Accumulated amortisation at beginning of year	857	646
Amortisation according to plan for the year	315	210
<b>Accumulated amortisation at end of year</b>	<b>1 171</b>	<b>857</b>
<b>Net book value</b>	<b>1 429</b>	<b>324</b>
<b>Tangible assets</b>	Office equipment	Office equipment
Acquisition value at beginning of year	145	107
Acquisition during the year	670	38
<b>Acquisition value at end of year</b>	<b>816</b>	<b>145</b>
Accumulated depreciation at beginning of year	94	94
Depreciation according to plan for the year		
<b>Accumulated depreciation at end of year</b>	<b>94</b>	<b>94</b>
<b>Net book value</b>	<b>721</b>	<b>51</b>
<b>Intangible and tangible assets total</b>	<b>2 151</b>	<b>375</b>

The right-of-use assets relating to lease agreements for office premises in Helsinki are included in the Intangible assets table above. The amount at the

end of 2024 is EUR 1 429 thousand (2023: EUR 324 thousand). The tangible assets have increased during 2024 due to office renovation, depreciation will start in March 2025.

## Note 16: Equity

NDF's capital subscribed to during 1989-2000 amounted to SDR 515 000 thousand and EUR 330 000 thousand. In 2020, the Nordic Council of Ministers passed a resolution to increase the capital of NDF by EUR 350 000 thousand.

After the 2020 capital increase, the subscribed capital of NDF amounted to SDR 515 000 thousand and EUR 680 000 thousand, equivalent to EUR 1 371 405 thousand.

On 31 December 2024, SDR 515 000 thousand - the equivalent of EUR 691 405 thousand- and EUR 430 710 thousand, totalling EUR 1 122 115 thousand has been paid in by the member countries. EUR 249 290 thousand remains to be paid in.

Subscribed capital on 31 December 2024				
EUR 1,000	SDR	%	EUR	%
Denmark	115 067	22 %	158 800	23 %
Finland	96 726	19 %	116 840	17 %
Iceland	5 453	1 %	8 550	1 %
Norway	101 591	20 %	171 550	25 %
Sweden	196 163	38 %	224 260	33 %
<b>Subscribed fund capital</b>	<b>515 000</b>	<b>100 %</b>	<b>680 000</b>	<b>100 %</b>

Subscribed capital on 31 December 2023				
EUR 1,000	SDR	%	EUR	%
Denmark	115 067	22 %	158 800	23 %
Finland	96 726	19 %	116 840	17 %
Iceland	5 453	1 %	8 550	1 %
Norway	101 591	20 %	171 550	25 %
Sweden	196 163	38 %	224 260	33 %
<b>Subscribed fund capital</b>	<b>515 000</b>	<b>100 %</b>	<b>680 000</b>	<b>100 %</b>

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#### Paid in subscribed capital of NDF on 31 December 2024

EUR 1,000	in SDR	Converted into EUR	in EUR	Total	%
Denmark	115 067	153 858	108 660	262 518	23 %
Finland	96 726	130 592	73 680	204 272	18 %
Iceland	5 453	7 303	4 650	11 953	1 %
Norway	101 591	136 354	103 440	239 794	21 %
Sweden	196 163	263 299	140 280	403 579	36 %
<b>Paid-in Fund capital</b>	<b>515 000</b>	<b>691 405</b>	<b>430 710</b>	<b>1 122 115</b>	<b>100 %</b>

#### Paid in subscribed capital of NDF on 31 December 2023

EUR 1,000	in SDR	Converted into EUR	in EUR	Total	%
Denmark	115 067	153 858	108 660	262 518	24 %
Finland	96 726	130 592	68 700	199 292	18 %
Iceland	5 453	7 303	4 200	11 503	1 %
Norway	101 591	136 354	93 710	230 064	21 %
Sweden	196 163	263 299	130 590	393 889	36 %
<b>Paid-in Fund capital</b>	<b>515 000</b>	<b>691 405</b>	<b>405 860</b>	<b>1 097 265</b>	<b>100 %</b>

## Note 17: Fair value of financial instruments

#### CLASSIFICATION OF FINANCIAL INSTRUMENTS

EUR 1,000	Amortised cost (AC)	Fair value through profit and loss (FVTPL)	Total
Financial assets			
Cash and cash equivalents	15 338		15 338
Long-term placements with credit institutions	71 813		71 813
Bond and fund investments		90 686	90 686
Loans outstanding	461 891		461 891
Equity investments		68 991	68 991
Other assets	455	19 950	20 405
<b>Total 31 December 2024</b>	<b>549 498</b>	<b>179 627</b>	<b>729 125</b>
Financial liabilities	3 485		3 485
<b>Total 31 December 2024</b>	<b>3 485</b>		<b>3 485</b>

#### CLASSIFICATION OF FINANCIAL INSTRUMENTS

EUR 1,000	Amortised cost (AC)	Fair value through profit and loss (FVTPL)	Total
Financial assets			
Cash and cash equivalents	35 041		35 041
Long-term placements with credit institutions	39 726		39 726
Bond and fund investments		85 857	85 857
Loans outstanding	490 427		490 427
Equity investments		64 589	64 589
Other assets	240	19 252	19 491
<b>Total 31 December 2023</b>	<b>565 434</b>	<b>169 697</b>	<b>735 131</b>
Financial liabilities	1 946		1 946
<b>Total 31 December 2023</b>	<b>1 946</b>		<b>1 946</b>

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

EUR 1,000	31.12.2024 Carrying amount	Fair value	31.12.2023 Carrying amount	Fair value
Financial assets				
Cash and cash equivalents	15 338	15 338	35 041	35 041
Long-term placements with credit institutions	71 813	71 813	39 726	39 726
Bond and fund investments	90 686	90 686	85 857	85 857
Loans outstanding	461 891	461 891	490 427	490 427
Equity investments	68 991	68 991	64 589	64 589
Other assets	20 405	20 405	19 491	19 491
<b>Total</b>	<b>729 125</b>	<b>729 125</b>	<b>735 131</b>	<b>735 131</b>
Financial liabilities	3 485	3 485	1 946	1 946
<b>Total</b>	<b>3 485</b>	<b>3 485</b>	<b>1 946</b>	<b>1 946</b>

The following table provides an analysis of the fair value of financial instruments at the end of the year broken down by the applicable Level in the fair value hierarchy.

The loans outstanding, carrying amount and fair value, are the same due to the special nature of the borrowers and the lending terms. The loans have a maturity of up to 38 years and have low interest rate (0,75% service charge). As NDF enjoys preferred creditor status, and the borrowers mostly represent low-income countries, NDF is of the view that the best estimate for the fair value is the amortised cost value.



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## LEVEL OF FAIR VALUE MEASUREMENT FOR FINANCIAL INSTRUMENTS AT THE END OF THE YEAR

EUR 1,000	LEVEL 1	31.12.2024 LEVEL 2	LEVEL 3	LEVEL 1	31.12.2023 LEVEL 2	LEVEL 3
<b>Financial assets at amortised costs</b>						
Cash and cash equivalents	15 338			35 041		
Long-term placements with credit institutions		71 813			39 726	
Loans outstanding		461 891			490 427	
Other assets		455			240	
<b>Financial assets at fair value</b>						
Bond and fund investments		90 686			85 857	
Equity investments			68 991			64 589
Other assets			19 950			19 252
<b>Total</b>	<b>15 338</b>	<b>624 846</b>	<b>88 941</b>	<b>35 041</b>	<b>616 249</b>	<b>83 841</b>
<b>Financial liabilities</b>		3 485			1 946	
<b>Total</b>		<b>3 485</b>			<b>1 946</b>	

Level 1 refers to market prices quoted in an active marketplace.

Level 2 refers to observable data other than Level 1 market prices.

Level 3 refers to information based on other than directly observable data.

## CHANGES IN FAIR VALUES CATEGORISED IN LEVEL 3

The following table provides an analysis of the changes in the fair value of Level 3 investment assets and other placements.

EUR 1,000	Equity investments	Other assets	Level 3, total
<b>31 December 2022</b>	<b>43 749</b>	<b>18 405</b>	<b>62 154</b>
Investments during the year	19 873	847	20 720
Change in value*	967		967
<b>31 December 2023</b>	<b>64 589</b>	<b>19 252</b>	<b>83 841</b>
Investments during the year	16 765	698	17 463
Change in value*	-12 362		-12 362
<b>31 December 2024</b>	<b>68 991</b>	<b>19 950</b>	<b>88 941</b>

\* This line corresponds to the effect on profit and loss

## Sensitivity analysis and measurement of financial instruments in level 3

In the assessment of NDF's Level 3 assets, due consideration must be given to the inherent nature of the investments and the form of NDF's involvement. The investments – normally made in recently established entities – are assessed at fair value. A sensitivity analysis is difficult to carry out because normally there is no active market for these shares. Unlisted holdings in funds or directly owned holdings in companies are measured at NDF's share of the value that the fund manager or company reports (Net Asset Value (NAV)) and is normally updated on a semi-annual basis. There are several factors affecting the valuation of assets in level 3, the most important being the performance of the underlying assets which is impacted by among other things exchange rate fluctuations, the political climate and natural disasters.

## Note 18: Maturity table

The table below sets out a maturity analysis for financial assets and liabilities containing principal and interest flows. For loans outstanding, undiscounted cash flows are presented until contractual final maturity.

<b>31.12.2024</b>	Carrying amount	Contractual cash flows	Up to and including 3 months	Over 3 months and up to and including 12 months	Over 1 year and up to and including 5 years	Over 5 years and up to and including 10 years	Over 10 years and up to and including 20 years	Over 20 years	Undefined
EUR 1,000									
<b>Assets</b>									
Cash and cash equivalents	15 338	15 338	15 338						
Long-term placements with credit institutions	71 813	72 924	30 349	40 376					2 198
Bond and fund investments	90 686	100 600	150	10 176	62 924	21 234			6 117
Loans outstanding	461 891	505 575	6 900	31 965	192 139	162 702	110 907	961	
Equity investments	68 991								68 991
Other assets	20 405								20 405
<b>Assets total</b>	<b>729 125</b>	<b>694 437</b>	<b>52 738</b>	<b>82 517</b>	<b>255 064</b>	<b>183 935</b>	<b>110 907</b>	<b>961</b>	<b>97 712</b>
<b>Other liabilities</b>	<b>3 485</b>								<b>3 485</b>
<b>Other liabilities total</b>	<b>3 485</b>								<b>3 485</b>
<b>Loans agreed but not yet disbursed</b>	<b>11 101</b>								<b>11 101</b>
<b>Loans agreed but not yet disbursed total</b>	<b>11 101</b>								<b>11 101</b>
<b>31.12.2023</b>									
<b>Assets</b>									
Cash and cash equivalents	35 041	35 041	35 041						
Long-term placements with credit institutions	39 726	40 705	14 270	25 265					1 170
Bond and fund investments	85 857	100 608	6 598	6 681	65 259	16 201			5 870
Loans outstanding	490 427	571 270	6 681	30 324	192 228	169 852	170 645	1 540	
Equity investments	64 589								64 589
Other assets	19 491								19 491
<b>Assets total</b>	<b>735 131</b>	<b>747 625</b>	<b>62 590</b>	<b>62 270</b>	<b>257 486</b>	<b>186 053</b>	<b>170 645</b>	<b>1 540</b>	<b>91 120</b>
<b>Other liabilities</b>	<b>1 946</b>								<b>1 946</b>
<b>Other liabilities total</b>	<b>1 946</b>								<b>1 946</b>
<b>Loans agreed but not yet disbursed</b>	<b>13 194</b>								<b>13 194</b>
<b>Loans agreed but not yet disbursed total</b>	<b>13 194*</b>								<b>13 194*</b>

\* The Fund clarified the meaning of agreed and accordingly changed the 2023 presentation.

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## Note 19: Currency risk

NDF's operations are mostly in Euro, Special Drawing Right and US dollars. The table below shows the net assets and liabilities in the major currencies.

Net currency position as of 31 December 2024				
EUR 1,000	EUR	USD	SDR	Total
Assets				
Cash and cash equivalents	9 162	6 177		15 338
Long-term placements with credit institutions	62 191	9 622		71 813
Bond and fund investments	90 686			90 686
Loans outstanding	364 394		97 497	461 891
Equity investments	68 991			68 991
Other assets	20 364		41	20 405
Accrued interest and fees receivables	1 726	49	127	1 902
Tangible and intangible assets	2 151			2 151
<b>Total</b>	<b>619 666</b>	<b>15 847</b>	<b>97 666</b>	<b>733 178</b>
Liabilities and equity				
Other liabilities	-3 390	-95		-3 485
Equity	-729 693			-729 693
<b>Total</b>	<b>-733 083</b>	<b>-95</b>	<b>-733 178</b>	
<b>Net of assets and liabilities</b>	<b>-113 417</b>	<b>15 751</b>	<b>97 666</b>	

Net currency position as of 31 December 2023				
EUR 1,000	EUR	USD	SDR	Total
Assets				
Cash and cash equivalents	26 049	8 992		35 041
Long-term placements with credit institutions	26 156	13 570		39 726
Bond and fund investments	85 857			85 857
Loans outstanding	376 233		114 194	490 427
Equity investments	64 589			64 589
Other assets	19 460		32	19 491
Accrued interest and fees receivables	1 390	251	168	1 809
Tangible and intangible assets	375			375
<b>Total</b>	<b>600 108</b>	<b>22 813</b>	<b>114 394</b>	<b>737 315</b>
Liabilities and equity				
Other liabilities	-1 922	-24		-1 946
Equity	-735 369			-735 369
<b>Total</b>	<b>-737 291</b>	<b>-24</b>	<b>-737 315</b>	
<b>Net of assets and liabilities</b>	<b>-137 184</b>	<b>22 790</b>	<b>114 394</b>	

## Note 20: Commitments

EUR 1,000	31.12.2024	31.12.2023
Loans agreed but not yet disbursed	11 101	13 194
Grants agreed but not yet disbursed	46 376	48 604
Other financing agreed but not yet disbursed	41 454	45 842
<b>Total</b>	<b>98 932</b>	<b>107 640*</b>

\* The Fund clarified the meaning of agreed and accordingly changed the 2023 presentation.

The future minimum lease payments under non-cancellable leases were as follows;

NDF as lessee	31.12.2024	31.12.2023
EUR 1,000		
Within one year	234	249
Later than one but not two years	230	124
Later than two but not five years	690	
Later than five but not ten years	633	
<b>Total</b>	<b>1 788</b>	<b>373</b>

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## Note 21: Related party disclosures

According to the constituent documents of NDF, the Fund’s principal office shall be located at the principal office of NIB. Furthermore, the Statutes of NDF set out that that the Fund’s Control Committee members appointed by the Nordic Council shall be the same persons as appointed by the Council to the Control Committee of NIB. In addition, the Statutes of NDF set out that the powers vested in the Board of Directors may to the extent appropriate be delegated to the Fund’s Managing Director and/or to NIB.

NDF acquires services at cost from NIB and rents the office premises through NIB. The outstanding balance of claims and debts between NDF and NIB, the service fee paid to NIB and the rental expenses are presented in the table below. No interest is charged during the year (2023: EUR 0). See also Note 7.

	NDF's outstanding		Rental
EUR 1,000	debt to NIB	Service fee	expenses
2024	7	799	268
2023	23	665	254

## Note 22: Currency exchange rates

The Fund’s capital and credits to sovereign states are partially denominated in SDR. The SDR is neither a currency nor a claim on the International Monetary Fund (IMF), but it is a potential claim on the freely usable currencies of IMF members. SDRs can be exchanged for these currencies. Monetary assets and liabilities denominated in SDR are recognised in the accounts at the rates issued by IMF.

		EUR-rate on	EUR-rate on
		31.12.2024	31.12.2023
DKK	Danish krone	7,45777	7,45324
ISK	Icelandic króna	143,9146	150,5169
NOK	Norwegian krone	11,7857	11,23847
SEK	Swedish krona	11,45513	11,08845
USD	US dollar	1,03932	1,10536
SDR	Special Drawing Right*	0,79693	0,82134

*\*Daily valuations also for SDR. No exceptions.*  
NDF uses exchange rates acquired from a leading market data provider based on rates prevailing at 13:00 GMT at 31 December except for Special drawing right (SDR) which is based on the International Monetary Fund (IMF) last published rate of the year.

## Note 23: Subsequent events

There have been no material subsequent events that would require disclosure or adjustment to these financial statements.



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## Annex 1

# Auditor’s report

*To the Control Committee of Nordic Development Fund*

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Nordic Development Fund (the Fund) which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements present fairly, in all material respects, the Nordic Development Fund’s financial position as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board of Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### Other Information than the Financial Statements

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the Foreword by the Managing Director and the report of the Board of Directors, but does not include the financial statements and our auditor’s report thereon. The other information also comprises the NDF’s Annual Results Report. We have obtained the Foreword by the Managing Director and the report of the Board of Directors. We have not obtained the NDF’s Annual Results Report before the date of this auditor’s report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion regarding this other information

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the Fund’s ability to continue as going concern, disclosing, as applicable, matters relating to going concern and 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.

Those charged with governance are responsible for overseeing the Fund’s financial reporting process.

### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our

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our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director'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 the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so in a manner that achieves fair presentation.

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

## Report on other requirements

### Opinion

In addition to our audit of the financial statements, we have also audited the administration of the Board of Directors and the Managing Director of Nordic Development Fund for the year 2024 in accordance with the Terms of the

Engagement. In our opinion the administration of the Board of Directors and the Managing Director, in all material aspects, complied with the Statutes of the Fund.

### Basis for Opinion

We conducted the audit in accordance with generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the Fund in accordance with professional ethics for accountants and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

### Responsibilities of the Board of Directors and the Managing Director

All the powers of the Fund shall be vested in the Board, which may delegate these powers to the Managing Director or the Nordic Investment Bank or both to the extent considered appropriate based on Section 7 of the Statutes.

The Managing Director is responsible for the conduct of the ordinary operations of the Fund and shall follow the guidelines and instructions given by the Board.

### Auditor's Responsibilities

Our objective concerning the audit of whether the Board of Director's and the Managing Director's administration have complied with the Statutes of the Fund, is to obtain

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audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect has acted in contravention of the Statutes.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect actions or omissions that can give rise to liability to the Fund.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the Fund's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion.

**Helsinki, 26 February 2025**

Ernest & Young Oy

Authorized Public Accountant Firm

Ernest & Young AB

Authorized Public Accountant Firm

**TERHI MÄKINEN**

Authorized Public Accountant

**MONA ALFREDSSON**

Authorized Public Accountant



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Report by the Control Committee

*Report by the Control Committee of the Nordic Development Fund on the audit of the administration and financial accounts of the Fund*

To the Nordic Council of Ministers

In accordance with section 9 of the Statutes of the Nordic Development Fund (Fund), the Control Committee ("Committee") has been established to monitor that the operations of the Fund are conducted in accordance with its Statutes and to be responsible for appointing the external auditors to carry out the audit of the Fund's financial statements. During 2024, the Committee appointed new external auditors, who will commence their audit from the 2025 financial year onwards. The change of external auditor is in compliance with the Fund's external audit rotation process.

The Committee comprises five members appointed by the Nordic Council and a Chair appointed the Nordic Council of Ministers. Having completed our assignment for the year 2024, the Committee hereby submits the following report.

The Control Committee met twice during the financial year as well as after the Fund's financial statements had been prepared, whereupon the necessary control and examination measures were performed. The Fund's 2024 annual financial statements were examined at a meeting in Helsinki on 26 February 2025, at which time we also received the external auditors' report on the 2024 financial statements, dated 26 February 2025.

The Fund's Management has provided us with information, documents, and administrative support to fulfil the mandate of the Control Committee.

Following the audit performed, we note that:

- the Fund's operations during the financial year have been conducted in accordance with the Statutes, and that
- the financial statements, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and report of the Board of Directors, are prepared in all material respects in accordance with the accounting principles described in the notes to the financial statements. The financial statements show a loss of EUR 30 526 316.61.

We recommend to the Nordic Council of Ministers that:

- the statement of comprehensive income and the statement of financial position be adopted,
- the result for year 2024 will be allocated as proposed by the Board of Directors,
- the Board of Directors and the Managing Director will be discharged from liability for the administration of the Fund's operations during the accounting period examined by us.

Helsinki, 26 February 2025

AUD LISE NORHEIM  
*Chair*

VILHJÁLMUR ÁRNASON

SJÚRÐUR SKAALE

LARS PÜSS

NOORA FAGERSTRÖM

TRULS VASVIK







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