INTERIM REPORT
JUNE 30, 2014

FMO
Entrepreneurial
Development
Bank

Contents

Key figures

All amounts in € thousands, except percentages	**June 30, 2014**	**December 31, 2013**
BALANCE SHEET		
Net loans	3,245,263	2,980,863
Equity investments portfolio (including associates)	1,014,631	962,443
Total assets	6,369,305	6,184,343
Shareholders' equity	2,018,705	1,962,957
Debentures and notes	3,793,125	3,609,796
Committed investment portfolio	6,860,295	6,632,523
of which government funds	872,613	844,364

	June 30, 2014	**June 30, 2013**
PROFIT AND LOSS ACCOUNT		
Income		
Interest income	97,644	97,880
Interest expenses	-18,779	-21,823
Net interest income	**78,865**	**76,057**
Income from equity investments	42,968	20,079
Other income including services	21,715	34,377
Total income	**143,548**	**130,513**
Expenses		
Operating expenses	-33,741	-31,906
Operating profit before value adjustments	**109,807**	**98,607**
Value adjustments:		
• on loans and guarantees	-22,012	-7,191
• on equity investments	-6,716	-12,038
Total value adjustments	**-28,728**	**-19,229**
Operating profit after value adjustments	**81,079**	**79,378**
Share in the results of associates	-1,674	-138
Result on disposal of subsidiaries	-242	-1,803
Profit before taxation	**79,163**	**77,437**
Income tax	-12,876	-14,301
Net profit	**66,287**	**63,136**

	June 30, 2014	**December 31, 2013**
RATIOS AT END OF PERIOD (%)		
Shareholders' equity/Total assets	31.7	31.7
Return on average shareholders' equity		
• Operating profit after value adjustments	8.1	8.9
• Net profit	6.7	7.0

From the Management Board

Our performance in the first half year of 2014 was good. Our committed portfolio, including investments for government funds managed by FMO, grew further to €6.9 billion (December 31, 2013: €6.6 billion). The committed portfolio of the government funds increased to €0.9 billion (December 31, 2013; €0.8 billion). New commitments increased substantially to €622 million (June 30, 2013: €446 million) of which €71 million were related to the FMO-managed government funds. We also catalysed €228 million from third parties. Our net profit increased to €66 million (June 30, 2013: €63 million) mainly due to higher results from equity investments. Our cost to income ratio amounted to 24% (June 30, 2013: 24%) in line with our target of 25%. We realized a net profit in all our segments, except in Diverse sectors due to substantial value adjustments. This was mainly impacted by the economic and political situation in Ukraine.

The first half of 2014 was marked by the continued implementation and execution of our strategy of becoming leading impact investor by 2020 by doubling our impact and halving our footprint. We are satisfied with the progress we have made in the first half year of 2014 and expect to achieve our targets although some might be very challenging. The full year 2014 target related to green investments (20% of new commitments) is well on track.

Since sustainability is a crucial part of the business, FMO adds value to its clients by implementing environmental, social and governance (ESG) improvement measures, initiating sector wide environmental and social (E&S) initiatives, organizing E&S courses for fund managers and solving governance issues. For 2014 the target is to implement 85% of the ESG items due in 2014, of which 42% has been completed in the first half of 2014.

Our strategy is to optimize development impact while remaining profitable in a sustainable way. Taking risks is inherent to this strategy which is managed stringently through our risk management system. As of 1 January 2014 the CRR/CRDIV capital rules became effective. According to these new rules, FMO's BIS ratio amounted to 22.8% at the end of June 2014 (December 31, 2013: 24.6% according to Basel III), representing a strong capital position, our shareholders' equity grew to just above €2 billion. Please note that the net profit for the first half year of 2014 is not included in the core capital. If this net profit is taken into account the BIS ratio would amount to 23.7%. FMO additionally applies an economic capital model based on an internal assessment of the risk of the clients and investments. As per June 30, 2014 the internal capital ratio amounted to 14.4% (December 31, 2013: 14.4%).

FMO has further strengthened its position in the US dollar market by successfully issuing its third benchmark issue, being a US$500 million three years floating rate note. The transaction was met with strong market demand, with books closing in excess of US$900 million.

Looking forward to the rest of 2014 we are cautiously optimistic. Although the outlook in many of our markets remains positive, continued uncertainty as well as volatile conditions in some of our markets could negatively impact the value of our portfolio. We will therefore remain rigorous in monitoring the financial strength of our clients. Our healthy pipeline and well-diversified portfolio supported by a strong capital base will enable us to further continue our aim to double our impact and halve our footprint by 2020.

The Hague, August 20, 2014

Nanno Kleiterp, *Chief Executive Officer*
Jurgen Rigterink, *Chief Risk & Finance Officer*
Linda Broekhuizen, *Chief Investment Officer*

Condensed consolidated interim accounts 2014

Condensed consolidated balance sheet

Amounts in € thousands	June 30, 2014	December 31, 2013
ASSETS		
Banks	32,415	29,042
Short-term deposits	1,061,928	1,102,630
Derivative financial instruments	286,492	296,901
Loans to the private sector	3,180,798	2,927,508
Loans guaranteed by the State	64,465	53,355
Equity investments	996,322	943,197
Investments in associates	18,309	19,246
Interest-bearing securities	594,258	664,705
Tangible fixed assets	7,082	7,468
Deferred income tax assets	4,295	4,954
Current income tax receivables	432	-
Wage tax receivables	45	-
Current accounts with State funds and programs	-	35
Other receivables	40,034	52,053
Accrued income	82,430	83,249
Total assets	**6,369,305**	**6,184,343**
LIABILITIES		
Banks	79,285	76,897
Short-term credits	225,845	226,885
Derivative financial instruments	156,502	218,157
Debentures and notes	3,793,125	3,609,796
Other liabilities	9,331	6,394
Current accounts with State funds and other programs	426	1,630
Current income tax liabilities	-	2,897
Wage tax liabilities	-	80
Deferred income tax liabilities	4,645	5,224
Accrued liabilities	61,152	50,587
Provisions	20,289	22,839
Total liabilities	**4,350,600**	**4,221,386**
SHAREHOLDERS’ EQUITY		
Share capital	9,076	9,076
Share premium reserve	29,272	29,272
Contractual reserve	1,020,547	1,020,547
Development fund	657,981	657,981
Available for sale reserve	210,919	215,889
Translation reserve	-1,691	-644
Other reserves	26,314	25,540
Undistributed profit	66,287	5,296
Shareholders’ equity (parent)	**2,018,705**	**1,962,957**
Non-controlling interests	-	-
Total shareholders’ equity	**2,018,705**	**1,962,957**
Total liabilities and shareholders’ equity	**6,369,305**	**6,184,343**
Contingent liabilities	109,650	106,470
Irrevocable facilities	1,339,021	1,408,148
Loans and equity investments managed for the risk of the State	659,887	646,514

Condensed consolidated profit and loss account

Amounts in € thousands	**June 30, 2014**	**June 30, 2013**
INCOME		
Interest income	97,644	97,880[1]
Interest expense	-18,779	-21,823[1]
Net interest income	**78,865**	**76,057**
Fee and commission income	2,704	2,981
Fee and commission expense	-50	-107
Net fee and commission income	**2,654**	**2,874**
Dividend income	6,335	10,833
Results from equity investments	36,633	9,246
Results from financial transactions	7,457	20,607
Remuneration for services rendered	10,840	10,225
Other operating income	764	671
Total other income	**62,029**	**51,582**
Total income	**143,548**	**130,513**
OPERATING EXPENSES		
Staff costs	-27,141	-24,931
Other administrative expenses	-5,531	-5,995
Depreciation and impairment	-1,051	-787
Other operating expenses	-18	-193
Total operating expenses	**-33,741**	**-31,906**
Operating profit before value adjustments	**109,807**	**98,607**
VALUE ADJUSTMENTS ON		
Loans	-18,826	-7,728
Equity investments and associates	-6,716	-12,038
Guarantees issued	-3,186	537
Total value adjustments	**-28,728**	**-19,229**
Share in the result of associates	-1,674	-138
Result on disposal of subsidiaries	-242	-1,803
Total share in the result of associates	**-1,916**	**-1,941**
Profit before taxation	**79,163**	**77,437**
Income tax	-12,876	-14,301
Net profit	**66,287**	**63,136**
NET PROFIT ATTRIBUTABLE TO		
Owners of the parent company	66,287	63,136
Non-controlling interests	-	-
Net Profit	**66,287**	**63,136**

1) In 2013 the interest on derivatives related to the asset portfolio has been reclassified from interest expense to interest income. Therefore the 2013 figures have been restated accordingly.

Condensed consolidated statement of comprehensive income

Amounts in € thousands	June 30, 2014	June 30, 2013
Net profit	**66,287**	**63,136**
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating associates	-1,047	291
Available for sale financial assets	-5,549	22,182
Income tax relating to components of other comprehensive income	579	2,473
Items to be reclassified to profit and loss	**-6,017**	**24,946**
Actuarial gains/losses on defined benefit plans	1,032	4,479
Income tax related to actuarial gains/losses on defined benefit plans	-258	-1,120
Items not reclassified to profit and loss	**774**	**3,359**
Total other comprehensive income, net of tax	**-5,243**	**28,305**
Total comprehensive income	**61,044**	**91,441**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent company	61,044	91,441
Non-controlling interests	-	-
Total comprehensive income	**61,044**	**91,441**

Condensed consolidated statement of changes in shareholders' equity

Amounts in € thousands	Share capital	Share premium reserve	Contractual reserve	Development fund	Available for sale reserve	Translation reserve	Other reserves	Undistributed profit	Non-controlling interests	Total
Balance at December 31, 2012	**9,076**	**29,272**	**893,184**	**657,981**	**193,009**	**239**	**32,004**	**6,724**	**831**	**1,822,320**
Adoption of IAS 19R	-	-	-676	-	-	-	-6,222	-	-	-6,898
Balance at January 1, 2013	**9,076**	**29,272**	**892,508**	**657,981**	**193,009**	**239**	**25,782**	**6,724**	**831**	**1,815,422**
Total comprehensive income for first six months	-	-	-	-	24,655	291	3,359	-	-	28,305
Changes in subsidiaries Blauser S.A. and Confoco S.A.	-	-	-	-	-	-	-	-	-831	-831
Undistributed profit 2012	-	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	63,136	-	63,136
Dividend declared	-	-	-	-	-	-	-	-6,724	-	-6,724
Balance at June 30, 2013	**9,076**	**29,272**	**892,508**	**657,981**	**217,664**	**530**	**29,141**	**63,136**	**-**	**1,899,308**

	Share capital	Share premium reserve	Contractual reserve	Development fund	Available for sale reserve	Translation reserve	Other reserves	Undistributed profit	Non-controlling interests	Total
Balance at December 31, 2013	**9,076**	**29,272**	**1,020,547**	**657,981**	**215,889**	**-644**	**25,540**	**5,296**	**-**	**1,962,957**
Total comprehensive income for first six months	-	-	-	-	-4,970	-1.047	774	-	-	-5,243
Changes in subsidiaries Blauser S.A. and Confoco S.A.	-	-	-	-	-	-	-	-	-	-
Undistributed profit 2013	-	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	66,287	-	66,287
Dividend declared	-	-	-	-	-	-	-	-5,296	-	-5,296
Balance at June 30, 2014	**9,076**	**29,272**	**1,020,547**	**657,981**	**210,919**	**-1.691**	**26,314**	**66,287**	**-**	**2,018,705**

Condensed consolidated statement of cash flows

Amounts in € thousands	June 30, 2014	June 30, 2013
Net profit	**66,287**	**63,136**
Adjusted for non-cash items	49,637	12,949
Operational cash flows not included in profit before taxation	-330,904	-126,940
Net cash flow from operational activities	**-214,980**	**-50,855**
Net cash flow from investing activities	**66,483**	**24,109**
Net cash flow from financing activities	**108,780**	**229,032**
Net cash flow	**-39,717**	**202,286**
CASH AND CASH EQUIVALENTS		
Banks and short-term deposits at January 1	1,054,775	672,861
Banks and short-term deposits at June 30	1,015,058	875,147
Total cash flow	**-39,717**	**202,286**

Notes to the condensed consolidated interim accounts for the period ended June 30, 2014

Amounts in € thousands, unless stated otherwise

1. CORPORATE INFORMATION

FMO was incorporated in 1970 as a public limited company and is located at Anna van Saksenlaan 71, The Hague, The Netherlands. FMO finances activities in developing countries to stimulate private sector development. In addition, FMO provides services in relation to government funds and programs.

Financing activities

FMO is the Dutch development bank. We support sustainable private sector growth in developing and emerging markets by investing in ambitious entrepreneurs. We specialize in sectors where our contribution can have the highest long-term impact: financial institutions, energy, and agribusiness, food & water.

FMO's main activity consists of providing loans, guarantees and equity capital to the private sector in developing countries. Furthermore FMO offers institutional investors access to its expertise in responsible emerging market investing through the department FMO Investment Management.

A minor part of the investment financing is guaranteed by the Dutch State under the Faciliteit Opkomende Markten (FOM), in which FMO itself participates as a 5% to 20% risk partner. Any losses to be claimed under the guarantee are reported under 'Other receivables'.

2. BASIS OF PREPARATION AND CHANGES TO ACCOUNTING POLICIES

Compliance statement

The condensed consolidated interim accounts are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). These condensed consolidated interim accounts are presented in accordance with IAS 34 Interim Financial Reporting.

The accounting policies, presentation and methods of computation are consistent with those applied in the preparation of FMO's consolidated financial statements for the year ended December 31, 2013, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2014. The condensed consolidated interim accounts do not include the same information and disclosures that are required for the consolidated annual accounts, and should be read in conjunction with FMO's consolidated annual accounts as at December 31, 2013.

Group accounting and consolidation

The company accounts of FMO and the company accounts of the subsidiaries Nuevo Banco Comercial Holding B.V., FMO Antillen N.V., Asia Participations B.V. and FMO Medu II Investment Trust Ltd. are consolidated in these annual accounts. In the first quarter of 2014, the subsidiary Industrias Andinas B.V. has been liquidated and the subsidiary Blauser S.A. has been sold.

The activities of Nuevo Banco Comercial Holding B.V., FMO Antillen N.V., FMO Medu II Investment Trust Ltd. and Asia Participations B.V. consist of providing equity capital to companies in developing countries. All are 100% owned by FMO.

Adoption of new standards, interpretations and amendments

The following standards, amendments to published standards and interpretations were adopted in the current year.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 Separate Financial Statements
- IFRS 10, IFRS 12, and IAS 27 Investment Entities – Amendments
- IAS 28 Investments in Associates and Joint Ventures
- IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IAS 36 Recoverable Amount Disclosures for Non-financial Assets
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The significant changes in 2014 are explained below.

IFRS 10 Consolidated Financial Statements (effective date January 1, 2014)
IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated. Under this new standard, FMO has recognized one extra investee, FMO Medu II Investment Trust Ltd., over which it has control and has recognized this as a subsidiary as per 1 January 2014, which had minor impact on shareholders' equity, net results and/ or other comprehensive income.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (effective date 1 January, 2014)
The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendment covers novations:

- That arise as a consequence of laws or regulations, or the introduction of laws or regulations;
- Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties;
- That did not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing.

All of the above criteria must be met to continue hedge accounting under this exception. The amendments cover novations to central counterparties, as well as to intermediaries such as clearing members. FMO needs to prove that it meets the criteria of IAS 39 when implementing the central clearing law in order to continue hedge accounting. For FMO these changes will have no impact on derivatives held in a hedge accounting relationship.

The other new standards and amendments did not have an impact on the financial statements of FMO.

Estimates and assumptions
In preparing the condensed consolidated interim accounts, in conformity with IFRS, management is required to make estimates and assumptions. The most relevant estimates and assumptions relate to the determination of the fair value of equity instruments based on generally accepted modeled valuation techniques and the determination of the counterparty-specific and group-specific value adjustments. The same methods for making estimates and assumptions have been followed in the condensed consolidated interim accounts as were applied in the preparation of FMO's consolidated annual accounts as at December 31, 2013.

Segment reporting
FMO focuses on three business sectors (Financial Sector, Energy and Agribusiness, Food & Water) and reports accordingly in internal and external reporting. As part of the implementation of the strategy 2013-2016 the sector definition has been refined. This has resulted in a minor impact on the sector-classification of the assets and its related income. The 2013 comparative figures have been changed accordingly. In the first half of 2014 there were no transactions between the operating segments.

3. LOANS PAST DUE AND VALUE ADJUSTMENTS

During the first half year of 2014 the quality of FMO's loan portfolio remained strong. The counterparty-specific value adjustments as percentage of the gross loan portfolio at June 30, 2014 slightly decreased to 3.8% (December 31, 2013: 4.0%).

Loans past due and value adjustments as at June 30, 2014

	Loans not value adjusted	Loans value adjusted	Gross exposure	Counterparty specific value adjustment	Total
Loans not past due	3,304,244	76,061	3,380,305	-29,549	3,350,756
Loans past due:					
• Past due up to 30 days	6,939	18,034	24,973	-18,034	6,939
• Past due 30-60 days	-	-	-	-	-
• Past due 60-90 days	-	-	-	-	-
• Past due more than 90 days	-	123,231	123,231	-85,716	37,515
Sub total	**3,311,183**	**217,326**	**3,528,509**	**-133,299**	**3,395,210**
Less: amortizable fees	-37,278	-1,320	-38,598	-	-38,598
Less: group-specific value adjustments	-175,814	-	-175,814	-	-175,814
Carrying value	**3,098,091**	**216,006**	**3,314,097**	**-133,299**	**3,180,798**

Loans past due and value adjustments as at December 31, 2013

	Loans not value adjusted	Loans value adjusted	Gross exposure	Counterparty specific value adjustment	Total
Loans not past due	3,050,345	53,848	3,104,193	-33,787	3,070,406
Loans past due:					
• Past due up to 30 days	-	-	-	-	-
• Past due 30-60 days	-	-	-	-	-
• Past due 60-90 days	25,942	-	25,942	-	25,942
• Past due more than 90 days	-	135,039	135,039	-98,131	36,908
Sub total	**3,076,287**	**188,887**	**3,265,174**	**-131,918**	**3,133,256**
Less: amortizable fees	-35,425	-1,065	-36,490	-	-36,490
Less: group-specific value adjustments	-169,258	-	-169,258	-	-169,258
Carrying value	**2,871,604**	**187,822**	**3,059,426**	**-131,918**	**2,927,508**

4. SEGMENT INFORMATION

At June 30, 2014	Financial sector: Private equity funds	Financial sector: Financial institutions	Energy	Agribusiness food & water	Diverse sectors	Total
LOANS & GUARANTEES						
Interest & fee income	1,809	38,694	18,065	9,059	13,892	81,519
Other income	1,812	4,068	2,134	1,021	-814	8,221
Value adjustments	1,973	1,265	202	-776	-24,676	-22,012
Other comprehensive income	-	-815	-387	-175	-360	-1,737
Total loans & guarantees	**5,594**	**43,212**	**20,014**	**9,129**	**-11,958**	**65,991**
EQUITY INVESTMENTS (INCLUDING ASSOCIATES AND SUBSIDIARIES)						
Results from equity investments, associates and subsidiaries	4,791	26,437	1,741	-	1,748	34,717
Dividend income	3,199	2,831	204	-	101	6,335
Value adjustments	-5,112	-	-308	-	-1,296	-6,716
Other comprehensive income	-4,166	-1,185	1,468	412	-809	-4,280
Total equity investments	**-1,288**	**28,083**	**3,105**	**412**	**-256**	**30,056**
REMUNERATION FOR SERVICES RENDERED						
Managed government funds	2,511	4,487	1,908	165	431	9,502
Syndicated & parallel transactions	276	450	325	20	267	1,338
Total remuneration for services rendered	**2,787**	**4,937**	**2,233**	**185**	**698**	**10,840**
OTHER						
Operating expenses	-5,366	-13,310	-6,314	-2,861	-5,890	-33,741
Income tax expenses	-300	-10,868	-3,931	-1,607	3,830	-12,876
Other comprehensive income - Other reserves	123	305	145	66	135	774
Total other	**-5,543**	**-23,873**	**-10,100**	**-4,402**	**-1,925**	**-45,843**
Total comprehensive income	**1,550**	**52,359**	**15,252**	**5,324**	**-13,441**	**61,044**
Total other comprehensive net of tax	**-4,043**	**-1,695**	**1,226**	**303**	**-1,034**	**-5,243**
Net profit	**5,593**	**54,054**	**14,026**	**5,021**	**-12,407**	**66,287**

At June 30, 2014	Financial sector: Private equity funds	Financial sector: Financial institutions	Energy	Agribusiness food & water	Diverse sectors	Total
SEGMENT ASSETS						
Loans (including loans guaranteed by the State)	89,300	1,513,694	677,637	330,279	634,353	3,245,263
Equity investments (including associates)	588,193	166,691	119,564	30,971	109,212	1,014,631
Other assets	335,480	832,092	394,757	178,884	368,198	2,109,411
Total on balance assets	**1,012,973**	**2,512,477**	**1,191,958**	**540,134**	**1,111,763**	**6,369,305**
Contingent liabilities	3,652	69,846	-	-	36,152	109,650
Loans and equity investments managed for the risk of the State	141,898	219,908	216,057	16,653	65,371	659,887

At June 30, 2013	Financial sector: Private equity funds	Financial sector: Financial institutions	Energy	Agribusiness food & water	Diverse sectors	Total
LOANS & GUARANTEES						
Interest & fee income	127	35,372	14,798	10,131	18,503	78,931
Other income	644	1,917	649	1	18,067	21,278
Value adjustments	-112	-529	-5,422	-2,678	1,550	-7,191
Other comprehensive income	-	-3,743	-1,322	-793	-1,576	-7,434
Total loans & guarantees	**659**	**33,017**	**8,703**	**6,661**	**36,544**	**85,584**
EQUITY INVESTMENTS (INCL. ASSOCIATES AND SUBSIDIARIES)						
Results from equity investments, associates and subsidiaries	9,001	101	6	-1,803	-	7,305
Dividend income	6,534	3,618	651	-	30	10,833
Value adjustments	-3,429	-2,055	-6,554	-	-	-12,038
Other comprehensive income	17,576	12,208	3,196	1,891	-2,491	32,380
Total equity investments	**29,682**	**13,872**	**-2,701**	**88**	**-2,461**	**38,480**
REMUNERATION FOR SERVICES RENDERED						
Managed government funds	1,929	4,487	1,534	231	589	8,770
Syndicated & parallel transactions	-	539	-	916	-	1,455
Total remuneration for services rendered	**1,929**	**5,026**	**1,534**	**1,147**	**589**	**10,225**
OTHER						
Operating expenses	-5,621	-13,236	-4,675	-2,805	-5,569	-31,906
Income tax expenses	-2,087	-7,021	-221	-1,395	-3,577	-14,301
Other comprehensive income - Other reserves	592	1,393	492	295	587	3,359
Total other	**-7,116**	**-18,864**	**-4,404**	**-3,905**	**-8,559**	**-42,848**
Total comprehensive income	**25,154**	**33,051**	**3,132**	**3,991**	**26,113**	**91,441**
Total other comprehensive net of tax	**18,168**	**9,858**	**2,366**	**1,393**	**-3,480**	**28,305**
Net profit	**6,986**	**23,193**	**766**	**2,598**	**29,593**	**63,136**

At June 30, 2013	Financial sector: Private equity funds	Financial sector: Financial institutions	Energy	Agribusiness food & water	Diverse sectors	Total
SEGMENT ASSETS						
Loans (including loans guaranteed by the State)	24,350	1,439,354	483,600	308,471	603,266	2,859,041
Equity investments (including associates)	650,673	150,223	77,910	28,444	65,829	973,079
Other assets	350,374	825,080	291,455	174,878	347,297	1,989,084
Total on balance assets	**1,025,397**	**2,414,657**	**852,965**	**511,793**	**1,016,392**	**5,821,204**
Contingent liabilities	3,843	58,491	2,767	1,083	27,089	93,273
Loans and equity investments managed for the risk of the State	132,838	250,780	203,202	7,275	63,684	657,779

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which FMO has access at that date.

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

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

1. Recent dealer price quotations
2. Discounted cash flow models
3. Option-pricing models

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

The fair value measurement of derivative financial instruments categorized within level 3, are mainly based on EBITDA multiples within a range of 6-8 for the relevant industry classes per country/ region, adjusted for illiquidity. An increase (decrease) by 10% of these EBITDA multiples would result in an increase (decrease) of the fair value by €1.4 million.

Equity investments are measured at fair value when a quoted market price in an active market is available or when fair value can be estimated reliably by using a valuation technique. The main part of the fair value measurement related to equity investments (level 3) is based on net asset values of investment funds as reported by the fund manager and are based on the most advanced valuation methods and practices. When available, these fund managers value the underlying investments based on quoted prices and if not multiples are applied as input for the valuation. For the valuation process of the equity investments we further refer to the accounting policies as well as the Equity Risk section of the chapter Financial Risk Management of the Annual Accounts 2013. The determination of the timing of transfers is embedded in the valuation process, and is therefore recorded at the end of each reporting period.

FMO uses internal valuation models to value its financial instruments. Due to model imperfections, there are differences between the transaction price and the calculated fair value. These differences are not recorded in the profit and loss at once but are amortized over the remaining maturity of the transactions. Per June 30, 2014, the unamortized accrual amounts to €11,821 (December 31, 2013: €11,534). An amount of €2,474 was recorded as a loss in the profit and loss (June 30, 2013: €2,990).

The carrying values in the financial asset and liability categories approximate their fair values, except for loans to the private sector and non-hedged funding. Loans to the private sector are valued at amortized cost. The underlying changes to the fair value of these assets are therefore not recognized in the balance sheet. At June 30, 2014, the fair value of the loans to the private sector was €108,311 (December 31, 2013: €95,208) above their carrying value. A parallel shift of 100 basis points in the interest curves will result in an increase (decrease) of the fair value by €50.1 million (December 31, 2013: €48 million).

The funding non-hedged is valued at amortized cost. The difference between the fair value and the carrying cost value amounts to €11,050 (December 31, 2013: €11,524) as per June 30, 2014.

The loans to the private sector and non-hedged funding are categorized within level 3. The valuation technique we use for the calculation of fair value is the discounted cash-flow method. The discount rate we apply is a spread curve based on the average spread of the portfolio.

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

At June 30, 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
• Short-term deposits	-	1,061,928	-	1,061,928
• Derivative financial instruments	-	266,575	19,917	286,492
Available for sale financial assets				
• Equity investments	72,200	-	661,950	734,150
• Interest-bearing securities	594,258	-	-	594,258
Total financial assets at fair value	**666,458**	**1,328,503**	**681,867**	**2,676,828**
Financial liabilities at fair value through profit and loss				
• Derivative financial instruments	-	156,502	-	156,502
Total financial liabilities at fair value	**-**	**156,502**	**-**	**156,502**

At December 31, 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
• Short-term deposits	-	1,102,630	-	1,102,630
• Derivative financial instruments	-	273,203	23,698	296,901
Available for sale financial assets				
• Equity investments	62,629	-	641,966	704,595
• Interest-bearing securities	664,705	-	-	664,705
Total financial assets at fair value	**727,334**	**1,375,833**	**665,664**	**2,768,831**
Financial liabilities at fair value through profit and loss				
• Derivative financial instruments	-	218,157	-	218,157
Total financial liabilities at fair value	**-**	**218,157**	**-**	**218,157**

Movements in financial instruments measured at fair value based on level 3

	Derivative financial instruments	Equity investments	Total
Balance at January 1, 2013	-	639,746	639,746
Total gains or losses			
• In profit and loss (changes in fair value and value adjustments)	14,472	-17,816	-3,344
• In other comprehensive income (changes in fair value available for sale reserve)	-	29,257	29,257
Purchases	-	86,347	86,347
Sales	-	-63,340	-63,340
Transfers into level 3	9,226	23,886	33,112
Transfers out of level 3	-	-56,114	-56,114
Balance at December 31, 2013	**23,698**	**641,966**	**665,664**
Total gains or losses			
• In profit and loss (changes in fair value and value adjustments)	-3,781	-5,351	-9,132
• In other comprehensive income (changes in fair value available for sale reserve)	-	-7,795	-7,795
Purchases	-	69,611	69,611
Sales	-	-38,192	-38,192
Transfers into level 3	-	6,732	6,732
Transfers out of level 3	-	-5,021	-5,021
Balance at June 30, 2014	**19,917**	**661,950**	**681,867**

6. COMMITMENTS AND CONTINGENT LIABILITIES

During the first half year of 2014 the irrevocable facilities slightly decreased mainly as a result of disbursements.

Guarantees received increased during the first half of 2014 mainly because of newly received guarantees.

	June 30, 2014	December 31, 2013
Contingent liabilities		
Effective guarantees issued	109,650	**106,470**
Less: provisions, amortized costs and obligations for guarantees (presented under other liabilities)	-9,371	-6,207
Total contingent liabilities	**100,279**	**100,263**
Effective guarantees received	148,358	102,795
Total guarantees received	**148,358**	**102,795**

7. DEBENTURES AND NOTES

Debentures and notes increased to €3.8 billion (December 31, 2013: €3.6 billion). During the first half of 2014 an amount of €585 million was issued and €471 million was redeemed. The outstanding debt amount increases by €48 million due to currency movements.

8. DIVIDENDS

In the General Meeting of Shareholders in May 2014 the proposal for appropriation of profit 2013 was approved. The distributable amount of the net profit amounts to €5,296 million which has been fully distributed as cash dividend.

9. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no material events subsequent to the end of the interim reporting period.

10. RELATED PARTIES

FMO defines the Dutch State, its subsidiaries and associated companies, the Management Board and Supervisory Board as related parties. This is in line with the Annual Report 2013. In the first half of 2014 two investments have been transferred at arm’s length from MASSIF to FMO.

KPMG review report

To: the Management Board and Supervisory Board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial information as at June 30, 2014 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., The Hague, which comprises the balance sheet as at June 30, 2014, the profit and loss account and the statements of comprehensive income, changes in equity, and cash flows for the period of 6 months ended June 30, 2014, and the notes. Management of the Company is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2014 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, August 20, 2014

KPMG Accountants N.V.

M.A. Hogeboom RA

Notes

Additional Information

REPORTING SCOPE

This interim report covers activities that took place or had effect on the first six months of 2014.

FMO publishes its integrated annual report in April. This report is audited by the external auditor. Please read the KPMG auditor's report for detailed information on the scope and result of their work. Previous reports are available on www.fmo.nl or via annualreport.fmo.nl.

CONTACT INFORMATION

For copies of FMO publications contact
FMO N.V.

Mailing address
P.O. Box 93060
2509 AB The Hague
The Netherlands

Street address
Anna van Saksenlaan 71
2593 HW The Hague
The Netherlands

Contact details
E info@fmo.nl
W www.fmo.nl
T +31 (0)70 314 9696

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Copy
FMO N.V.

Photography
Salkhit Windfarm Mongolia by James Wasserman

Layout
Scribbledesign

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