FMO

Entrepreneurial
Development
Bank



INTERIM REPORT 2011



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> KEY FIGURES

	June 30, 2011	December 31, 2010
BALANCE SHEET		
Net loans	2,137,076	2,269,005
Equity investments portfolio (including associates)	728,760	688,187
Total assets	4,386,928	4,305,062
Shareholders' equity	1,582,669	1,513,792
Debt securities and debentures / notes	2,351,595	2,365,267
Committed investment portfolio	4,927,919	5,291,691
of which government funds	682,089	725,949

	June 30, 2011	June 30, 2010
PROFIT AND LOSS ACCOUNT		
Income		
Interest income	93,142	88,295
Interest expenses	-22,590	-22,862
Net interest income	**70,552**	**65,433**
Income from equity investments	24,979	13,762
Other income including services	19,799	9,485
Total income	**115,330**	**88,680**
Expenses		
Operating expenses	-24,174	-23,611
Operating profit before value adjustments	**91,156**	**65,069**
Value adjustments:		
> on loans and guarantees	2,483	106
> on equity investments	-10,629	-5,553
Total value adjustments	**-8,146**	**-5,447**
Operating profit after value adjustments	**83,010**	**59,622**
Share in the results of associates & subsidiaries	1,753	5,594
Profit before taxation	**84,763**	**65,216**
Income tax	-15,740	-13,662
Net profit	**69,023**	**51,554**

	June 30, 2011	December 31, 2010
RATIOS AT END OF PERIOD (%)		
Shareholders' equity / Total assets	36.1	35.2
Return on average shareholders' equity		
> Profit before tax	10.9	10.7
> Net profit	8.9	8.9

	June 30, 2011	June 30, 2010
DEVELOPMENT IMPACT		
Development Impact Indicator 1)	226	152
> Made up of amount of new investments (€mln)	342	234
> And Economic Development Impact Score (EDIS)	66	65

1) Development Impact Indicator (DII) is calculated by multiplying the EDIS by the amount of new investments and dividing this figure by 100.

> FROM THE MANAGEMENT BOARD

We are very satisfied with the results of the first half of 2011. FMO made €342 million in new commitments, up €108 million from HY2010's €234 million. Compared to HY2010, our net profit increased by 34% to €69 million. Our ex ante development impact is higher than in HY2010 – our average Economic Development Impact Score stands at 66 (HY2010: 65) and our Development Impact Indicator (DII) score at 226 (HY2010: 152). Of our new investments, 55% were made in low-income countries.

Our semi-annual results have proved once again that the investment opportunities in developing countries are excellent. While the effects of the financial crisis are still resounding through the world economy, and are unfortunately regaining momentum lately in the euro zone and the US, steady growth in emerging markets and developing countries continues.

We see many strong and professionally managed businesses in developing countries that are doing well. The private sector plays a major role in poverty reduction, and these successes underline the importance of sustainable private sector development.

The first half of 2011 also saw a new development in FMO strategy: the introduction of Agribusiness, Food & Water as a fourth focus sector after Financial institutions, Housing and Energy. FMO seeks to invest in projects with the potential to make a significant economic, social and environmental impact. The Agribusiness, Food & Water sector fits the bill, playing a major role in poverty reduction and allowing for high development impact. FMO is already active in this sector, and will build on its existing portfolio.

In addition to its focus sectors, which are essential for sustainable growth in developing countries, FMO will continue to be active in a number of other sectors, where it operates in cooperation with a worldwide network of partners with thorough expertise in that area.

Two of our key themes for 2011 are innovation and sustainability. In collaboration with development finance institutions and other partners, several initiatives, such as feasibility studies on markets for alternative renewable energy (FIT), emission rights for deforestation (REDD), and a joint financial sector approach towards environmental and social strategies in Nigeria and Bangladesh have been identified and are currently being carried out. We are also pleased to note the significant increase in investment opportunities in renewable energy - among others wind, solar and geothermal – in all regions where we operate.

Optimizing development impact can only be achieved when a sound financial framework is in place. Our capital position remained strong reflected by a solid BIS ratio, based on Basel II, of 31.4% at the end of June 2011. Our liquidity position is well within our defined risk apetite.

For the second half of 2011, our outlook remains cautiously positive. There are still potential risks to the global economic recovery, such as an escalating euro zone crisis and a stagnating US recovery. But all in all, the state of the economy in many developing countries and our healthy pipeline for the second half of this year give us confidence for what lies ahead.

Nanno Kleiterp
Chief Executive Officer

Nico Pijl
Chief Risk & Finance Officer

Jurgen Rigterink
Chief Investment Officer

> INTERIM ACCOUNTS 2011

Condensed consolidated balance sheet

	June 30, 2011	December 31, 2010
ASSETS		
Banks	31,415	18,698
Short-term deposits	408,655	333,175
Derivative financial instruments	371,687	316,979
Loans to the private sector	2,081,271	2,212,713
Loans guaranteed by the State	55,805	56,292
Equity investments	683,904	637,802
Investments in associates	44,856	50,385
Interest-bearing securities	587,640	563,710
Tangible fixed assets	7,882	8,492
Deferred income tax assets	4,220	4,197
Current income tax receivables	-	8
Other receivables	35,547	31,461
Accrued income	74,046	71,150
Total assets	**4,386,928**	**4,305,062**
LIABILITIES		
Short-term credits	337,778	278,590
Derivative financial instruments	29,522	44,431
Debt securities	40,319	51,667
Debentures and notes	2,311,276	2,313,600
Other liabilities	23,492	28,638
Current accounts with State funds and other programs	251	1,248
Current income tax liabilities	7,252	-
Wage tax liabilities	1,147	1,795
Deferred income tax liabilities	2,089	3,256
Accrued liabilities	37,091	50,958
Provisions	14,042	17,087
Total liabilities	**2,804,259**	**2,791,270**
SHAREHOLDERS' EQUITY		
Share capital	9,076	9,076
Share premium reserve	29,272	29,272
Contractual reserve	665,173	665,173
Development fund	657,981	657,981
Available for sale reserve	123,753	118,097
Translation reserve	-1,423	2,295
Other reserves	29,860	25,515
Undistributed profit	68,890	6,209
Shareholders' equity (parent)	**1,582,582**	**1,513,618**
Non-controlling interests	87	174
Total shareholders' equity	**1,582,669**	**1,513,792**
Total liabilities and shareholders' equity	**4,386,928**	**4,305,062**
Contingent liabilities	35,555	54,862
Irrevocable facilities	948,026	1,136,918
Loans and equity investments managed for the risk of the State	475,327	505,011

Condensed consolidated profit and loss account

	June 30, 2011	June 30, 2010
INCOME		
Interest income	93,142	88,295
Interest expense	-22,590	-22,862
Net interest income	**70,552**	**65,433**
Fee and commission income	2,875	3,460
Fee and commission expense	-51	-58
Net fee and commission income	**2,824**	**3,402**
Dividend income	5,571	6,888
Results from equity investments	19,408	6,874
Results from financial transactions	6,087	-2,546
Remuneration for services rendered	8,281	8,590
Other operating income	2,607	39
Total other income	**41,954**	**19,845**
Total income	**115,330**	**88,680**
OPERATING EXPENSES		
Staff costs	-18,962	-17,686
Other administrative expenses	-4,196	-4,225
Depreciation and impairment	-948	-1,672
Other operating expenses	-68	-28
Total operating expenses	**-24,174**	**-23,611**
Operating profit before value adjustments	**91,156**	**65,069**
VALUE ADJUSTMENTS ON		
Loans	-498	-3,827
Equity investments and associates	-10,629	-5,553
Guarantees issued	2,981	3,933
Total value adjustments	**-8,146**	**-5,447**
Share in the result of associates	1,753	5,594
Total share in the result of associates	**1,753**	**5,594**
Profit before taxation	**84,763**	**65,216**
Income tax	-15,740	-13,662
Net profit	**69,023**	**51,554**
NET PROFIT ATTRIBUTABLE TO		
Owners of the parent company	68,890	51,554
Non-controlling interests	133	-
	69,023	**51,554**

Condensed consolidated statement of comprehensive income

	June 30, 2011	June 30, 2010
Net profit	**69,023**	**51,554**
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating associates	-3,718	6,561
Available for sale financial assets	6,823	86,921
Income tax relating to components of other comprehensive income	-1,167	-1,044
Total other comprehensive income, net of tax	**1,938**	**92,438**
Total comprehensive income	**70,961**	**143,992**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO		
Owners of the parent company	70,828	143,992
Non-controlling interests	133	-
Total comprehensive income	**70,961**	**143,992**

Condensed consolidated statement of changes in shareholders' equity

	Share capital	Share premium reserve	Contrac-tual reserve	Develop-ment fund	Available for sale reserve	Trans-lation reserve	Other reserves	Undist-ributed profit	Non-controlling interests	Total
Balance at December 31, 2010	**9,076**	**29,272**	**665,173**	**657,981**	**118,097**	**2,295**	**25,515**	**6,209**	**174**	**1,513,792**
Total comprehensive income for first six months	-	-	-	-	5,656	-3,718	-	-	-	1,938
Changes in ownership subsidiary Blauser S.A.	-	-	-	-	-	-	-	-	-220	-220
Undistributed profit 2010	-	-	-	-	-	-	4,345	-4,345	-	-
Net profit	-	-	-	-	-	-	-	68,890	133	69,023
Dividend declared	-	-	-	-	-	-	-	-1,864	-	-1,864
Balance at June 30, 2011	**9,076**	**29,272**	**665,173**	**657,981**	**123,753**	**-1,423**	**29,860**	**68,890**	**87**	**1,582,669**

	Share capital	Share premium reserve	Contrac-tual reserve	Develop-ment fund	Available for sale reserve	Trans-lation reserve	Other reserves	Undist-ributed profit	Non-controlling interests	Total
Balance at December 31, 2009	**9,076**	**29,272**	**545,327**	**657,981**	**53,688**	**552**	**23,991**	**3,047**	**4,282**	**1,327,216**
Total comprehensive income for first six months	-	-	-	-	85,877	6,561	-	-	-	92,438
Changes in ownership BanyanTree Capital Growth LLC	-	-	-	-	-	-	-	-	-4,282	-4,282
Net profit	-	-	-	-	-	-	-	51,554	-	51,554
Balance at June 30, 2010	**9,076**	**29,272**	**545,327**	**657,981**	**139,565**	**7,113**	**23,991**	**54,601**	**-**	**1,466,926**

Condensed consolidated statement of cash flows

	June 30, 2011	June 30, 2010
Profit before taxation	**84,763**	**65,216**
Adjusted for non-cash items	1,329	19,784
Operational cash flows not included in profit before taxation	-33,232	-158,555
Net cash flow from operational activities	**52,860**	**-73,555**
Net cash flow from investing activities	**-21,470**	**-1,436**
Net cash flow from financing activities	**56,807**	**-190,874**
Net cash flow	**88,197**	**-265,865**
CASH AND CASH EQUIVALENTS		
Banks and short-term deposits at January 1	351,873	358,942
Banks and short-term deposits at June 30	440,070	93,077
Total cash flow	**88,197**	**-265,865**

Notes to the condensed consolidated financial statements

1. CORPORATE INFORMATION
FMO was incorporated in 1970 as a public limited company and is located at 71 Anna van Saksenlaan, 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.

FMO's main activity consists of providing loans, guarantees and equity capital to the private sector in developing countries. 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.

Apart from financing activities from its own resources, FMO provides loans, guarantees and equity finance from special government funds, within the conditions and objectives of those facilities. The funds consist of subsidies provided under the General Administrative Law Act regarding the Infrastructure Development Fund, MASSIF and Access to Energy Fund. FMO also executes the subsidy scheme Capacity Development.

2. BASIS OF PREPARATION
The same accounting policies, presentation and methods of computation have been followed in these condensed financial statements as were applied in the preparation of FMO's financial statements for the year ended December 31, 2010. The interim financial report is condensed and does not include the same information and enclosures that are required for the consolidated annual accounts, and should be read in conjunction with regards to FMO's consolidated annual accounts as at December 31, 2010.

3. ESTIMATES AND ASSUMPTIONS
In preparing the interim report, 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 interim report as were applied in the preparation of FMO's financial statements for the year ended December 31, 2010.

4. SIGNIFICANT ACCOUNTING POLICIES
The company accounts of FMO and the company accounts of the subsidiaries Nuevo Banco Comercial Holding B.V., FMO Antillen N.V. and Blauser S.A. are consolidated in this interim report.

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

6. LOANS PAST DUE AND VALUE ADJUSTMENTS

During the first half year of 2011 the quality of FMO's loan portfolio remained strong. The counterparty-specific value adjustments as percentage of the gross loan portfolio at June 30, 2011 improved to 4.2% (December 31, 2010: 4.4%).

Loans past due and value adjustments as at June 30, 2011

	Loans not value adjusted	Loans value adjusted	Counterparty specific value adjustment	Total
Loans not past due	2,182,692	91,638	-48,139	2,226,191
Loans past due:				
> Past due up to 30 days	36,481	10,329	-3,443	43,367
> Past due 30-60 days	-	-	-	-
> Past due 60-90 days	480	-	-	480
> Past due more than 90 days	-	61,568	-48,117	13,451
Sub total	**2,219,653**	**163,535**	**-99,699**	**2,283,489**
Less: amortizable fees	-27,724	-744	-	-28,468
Less: group-specific value adjustments	-173,750	-	-	-173,750
Net	**2,018,179**	**162,791**	**-99,699**	**2,081,271**

Loans past due and value adjustments as at December 31, 2010

	Loans not value adjusted	Loans value adjusted	Counterparty specific value adjustment	Total
Loans not past due	2,280,234	119,716	-59,845	2,340,105
Loans past due:				
> Past due up to 30 days	55,515	11,215	-2,804	63,926
> Past due 30-60 days	-	-	-	-
> Past due 60-90 days	-	15,662	-7,031	8,631
> Past due more than 90 days	-	58,571	-45,078	13,493
Sub total	**2,335,749**	**205,164**	**-114,758**	**2,426,155**
Less: amortizable fees	-30,840	-916	-	-31,756
Less: group-specific value adjustments	-181,686	-	-	-181,686
Net	**2,123,223**	**204,248**	**-114,758**	**2,212,713**

7. SEGMENT INFORMATION

At June 30, 2011	Financial institutions	Energy	Housing	Global partners	Treasury and other	Total
Net interest income	**20,583**	**7,840**	**4,472**	**17,753**	**19,904**	**70,552**
Fee and commission income	779	232	206	1,362	296	2,875
Fee and commission expense	-	-	-	-	-51	-51
Net fee and commission income	**779**	**232**	**206**	**1,362**	**245**	**2,824**
Dividend income	5,560	11	-	-	-	5,571
Results from equity investments	11,070	-	-	8,338	-	19,408
Results from financial transactions	-232	-	865	13	5,441	6,087
Remuneration for services rendered	4,783	1,644	840	729	285	8,281
Other operating income	-	-	-	-	2,607	2,607
Total other income	**21,181**	**1,655**	**1,705**	**9,080**	**8,333**	**41,954**
Share in the results of associates	1,753	-	-	-	-	1,753
Total revenue	**44,296**	**9,727**	**6,383**	**28,195**	**28,482**	**117,083**
Value adjustments	-6,610	-2,061	1,790	388	-1,653	-8,146
Operating expenses	-12,793	-3,706	-1,813	-4,127	-1,735	-24,174
Total expenses	**-19,403**	**-5,767**	**-23**	**-3,739**	**-3,388**	**-32,320**
Income tax expenses	-4,894	-990	-1,532	-4,118	-4,206	-15,740
Net profit	**19,999**	**2,970**	**4,828**	**20,338**	**20,888**	**69,023**

At June 30, 2010	Financial institutions	Energy	Housing	Global partners	Treasury and other	Total
Net interest income	**15,873**	**6,136**	**4,538**	**17,241**	**21,645**	**65,433**
Fee and commission income	958	311	39	1,792	360	3,460
Fee and commission expense	-	-	-	-	-58	-58
Net fee and commission income	**958**	**311**	**39**	**1,792**	**302**	**3,402**
Dividend income	6,853	-	-	35	-	6,888
Results from equity investments	1,741	5,503	-	-370	-	6,874
Results from financial transactions	363	-	-28	-3	-2,878	-2,546
Remuneration for services rendered	5,110	1,503	883	249	845	8,590
Other operating income	-	-	-	-	39	39
Total other income	**14,067**	**7,006**	**855**	**-89**	**-1,994**	**19,845**
Share in the results of associates	4,818	776	-	-	-	5,594
Total revenue	**35,716**	**14,229**	**5,432**	**18,944**	**19,953**	**94,274**
Value adjustments	-7,120	-2,245	-3,719	7,460	177	-5,447
Operating expenses	-12,487	-3,098	-1,817	-4,243	-1,966	-23,611
Total expenses	**-19,607**	**-5,343**	**-5,536**	**3,217**	**-1,789**	**-29,058**
Income tax expenses	-1,823	-2,068	260	-5,736	-4,295	-13,662
Net profit	**14,286**	**6,818**	**156**	**16,425**	**13,869**	**51,554**

8. CONTINGENCIES AND COMMITMENTS

During the first half year of 2011 the irrevocable facilities decreased mainly as a result of disbursements.

Contingent liabilities decreased during the first half of 2011 as a result of expired guarantee contracts and exchange rate differences.

Contingent liabilities

	June 30, 2011	December 31, 2010
Effective guarantees	128,737	143,202
Effective guarantees received	-69,813	-59,964
Effective guarantees	**58,924**	**83,238**
Less: presented under other liabilities	-23,369	-28,376
Total contingent liabilities	**35,555**	**54,862**

9. DEBT SECURITIES, DEBENTURES AND NOTES

Debt securities, debentures and notes remained stable and amount to €2.4 billion. During the first half of 2011 an amount of €250 million has been issued and €180 million has been redeemed. Due to currency movements the outstanding debt amount decreased by €69 million.

10. DIVIDENDS

In the General Meeting of Shareholders in May 2011 the proposal for appropriation of profit 2010 was approved. The distributable amount of the net profit amounts to €6.2 million of which €1.9 million has been distributed as cash dividend.

11. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

12. RELATED PARTIES

FMO defines the Dutch State, subsidiaries, associated companies, the Management Board and Supervisory Board as related parties. This is in line with the Annual Report 2010.

In the first half year of 2011, FMO's stake in Blauser S.A. increased from 63.125% to 83.125%.

> 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 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., The Hague, which comprises the balance sheet as at June 30, 2011, the profit and loss account, the statements of comprehensive income, changes in shareholders' equity, and cash flows for the period of 6 months ended June 30, 2011, and the notes. Management 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, 2011 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, August 18, 2011

KPMG ACCOUNTANTS N.V.

M. Frikkee RA

› ADDITIONAL INFORMATION

Reporting scope

This interim report covers activities that took place or had effect on the first six months of 2011.

Please read the KPMG review report for detailed information on the scope of their work. Previous annual reports are available on www.fmo.nl or via http://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	T +31 (0)70 314 9696 E info@fmo.nl W www.fmo.nl

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