INTERIM REPORT 2012

FMO
Entrepreneurial
Development
Bank

Contents

Key figures

	June 30, 2012	December 31, 2011
BALANCE SHEET		
Net loans	2,796,266	2,584,662
Equity investments portfolio (including associates)	894,018	795,439
Total assets	5,578,454	5,059,279
Shareholders' equity	1,753,493	1,664,590
Debt securities and debentures / notes	3,168,531	2,678,540
Committed investment portfolio	6,188,934	5,873,886
of which government funds	864,643	828,029

	June 30, 2012	June 30, 2011
PROFIT AND LOSS ACCOUNT		
Income		
Interest income	110,848	93,142
Interest expenses	-35,351	-22,590
Net interest income	**75,497**	**70,552**
Income from equity investments	20,612	24,979
Other income including services	17,741	19,799
Total income	**113,850**	**115,330**
Expenses		
Operating expenses	-26,887	-24,174
Operating profit before value adjustments	**86,963**	**91,156**
Value adjustments:		
• on loans and guarantees	-19,520	2,483
• on equity investments	-14,835	-10,629
Total value adjustments	**-34,355**	**-8,146**
Operating profit after value adjustments	**52,608**	**83,010**
Share in the results of associates	-1,168	1,753
Profit before taxation	**51,440**	**84,763**
Income tax	-9,271	-15,740
Net profit	**42,169**	**69,023**

	June 30, 2012	December 31, 2011
RATIOS AT END OF PERIOD (%)		
Shareholders' equity / Total assets	31.4%	32.9%
Return on average shareholders' equity		
• Operating profit before taxation	6.0%	7.4%
• Net profit	4.9%	5.9%

	June 30, 2012	June 30, 2011
DEVELOPMENT IMPACT		
Development Impact Indicator*	376	226
• Made up of amount of new investments (mln)	576	342
• And Economic Development Impact Score (EDIS)	65	66

*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

FMO is satisfied with the results of the first half of 2012. Our new commitments grew substantially to €576 million (HY2011: €342 million) and are in line with expectations. Uncertainty in the markets and growth of the portfolio led to larger value adjustments. This resulted in a decreased net profit of €42 million (HY2011: €69 million), despite increased interest income.

Sustainability is intrinsic to FMO's business. Therefore we select projects that positively affect economic, social, environmental development and good governance. FMO recently received a high sustainability rating by Sustainalytics (a highly respected rating agency). We came out number 1 out of a peer group of 24 financial institutions on sustainability. We measure our impact by the Economic Development Impact Score (EDIS) and the Development Impact Indicator (DII). Our average EDIS for the first half of 2012 stands at 65 (HY2011: 66) and our DII at 376 (HY2011: 226).

In the beginning of 2012 FMO opened a joint office with DEG in Johannesburg. Our local presence will strengthen our sourcing capacity and will enhance our service to clients in Southern Africa. During the first half of 2012 we have actively explored opportunities and worked on new initiatives to catalyze funds with other Development Finance Institutions and/or commercial parties which will be continued in the second half of 2012.

FMO takes risks that commercial parties are usually not prepared to take. FMO finances sustainable private sector growth in developing markets because we believe a strong private sector leads to economic, social and environmental progress resulting in poverty reduction. In order to be able to carry out our mission we have a sound financial framework and risk management system in place. Our capital position remained strong and is reflected by a solid BIS ratio of 28.6% (December 31, 2011: 29.4%). FMO calculates a more prudent internal capital ratio based on an IRB model. As per June 30, 2012 the internal capital ratio amounts to 13.9% (December 31, 2011: 14.0%). In the first half year of 2012, FMO successfully issued its inaugural USD 500 million benchmark note. Our liquidity position is robust.

In the first half of 2012 we started with the development of our strategy 2013-2016 to continue our mission, create development impact and empower entrepreneurs. In the second half of 2012 we will finalize the strategy for 2013.

As of early 2012, Housing is no longer a focus sector. It is almost impossible in the actual market environment to provide long term local currency funding for mortgages against acceptable pricing. FMO's expectations that other DFI's and commercial banks would enter this market did not materialize. To operate successfully in the housing market, participation of these partners is crucial.

For the second half of 2012, our outlook is neutral. The consequences of the Eurozone debt crisis, the stagnating recovery of the US economy and lower growth prospects in China will reach the emerging and developing markets. The impact of these factors is difficult to predict, therefore we keep on monitoring these developments very closely. As a result of strict capital requirements we see that larger Western financial institutions are focusing on their core markets and are less inclined to invest in developing countries. This will increase demand for finance provided by FMO and emphasizes the importance of FMO's presence in emerging markets. Our current investment portfolio, healthy pipeline and solid capital position enable us to continue our mission and create development impact in the future.

The Hague, August 13, 2012

Nanno Kleiterp, *Chief Executive Officer*
Nico Pijl, *Chief Risk & Finance Officer*
Jurgen Rigterink, *Chief Investment Officer*

Interim Accounts 2012

Condensed consolidated balance sheet at June 30

	June 30, 2012	December 31, 2011
ASSETS		
Banks	32,238	42,114
Short-term deposits	624,452	498,787
Derivative financial instruments	315,333	334,062
Loans to the private sector	2,733,851	2,522,112
Loans guaranteed by the State	62,415	62,550
Equity investments	869,042	753,366
Investments in associates	24,976	42,073
Interest-bearing securities	783,474	671,578
Tangible fixed assets	10,975	9,383
Deferred income tax assets	3,280	3,682
Current income tax receivables	3,217	4,560
Current accounts with State funds and programs	13	-
Other receivables	28,229	32,896
Accrued income	86,959	82,116
Total assets	**5,578,454**	**5,059,279**
LIABILITIES		
Banks	20,645	-
Short-term credits	482,265	557,660
Derivative financial instruments	74,155	66,038
Debt securities	15,767	22,429
Debentures and notes	3,152,764	2,656,111
Other liabilities	11,469	14,188
Current accounts with State funds and other programs	1,018	624
Wage tax liabilities	1,329	1,846
Deferred income tax liabilities	7,869	4,501
Accrued liabilities	45,304	55,099
Provisions	12,376	16,193
Total liabilities	**3,824,961**	**3,394,689**
SHAREHOLDERS' EQUITY		
Share capital	9,076	9,076
Share premium reserve	29,272	29,272
Contractual reserve	753,989	753,989
Development fund	657,981	657,981
Available for sale reserve	223,683	176,201
Translation reserve	4,887	3,504
Other reserves	32,004	29,860
Undistributed profit	42,090	4,286
Shareholders' equity (parent)	**1,752,982**	**1,664,169**
Non-controlling interests	511	421
Total shareholders' equity	**1,753,493**	**1,664,590**
Total liabilities and shareholders' equity	**5,578,454**	**5,059,279**
Contingent liabilities	101,736	115,301
Irrevocable facilities	1,151,465	1,188,756
Loans and equity investments managed for the risk of the State	559,767	546,436

Condensed consolidated profit and loss account

	June 30, 2012	June 30, 2011
INCOME		
Interest income	110,848	93,142
Interest expense	-35,351	-22,590
Net interest income	**75,497**	**70,552**
Fee and commission income	2,517	2,875
Fee and commission expense	-88	-51
Net fee and commission income	**2,429**	**2,824**
Dividend income	6,991	5,571
Results from equity investments	13,621	19,408
Results from financial transactions	4,423	6,087
Remuneration for services rendered	8,961	8,281
Other operating income	1,928	2,607
Total other income	**35,924**	**41,954**
Total income	**113,850**	**115,330**
OPERATING EXPENSES		
Staff costs	-20,865	-18,962
Other administrative expenses	-4,740	-4,196
Depreciation and impairment	-1,034	-948
Other operating expenses	-248	-68
Total operating expenses	**-26,887**	**-24,174**
Operating profit before value adjustments	**86,963**	**91,156**
VALUE ADJUSTMENTS ON		
Loans	-23,639	-498
Equity investments and associates	-14,835	-10,629
Guarantees issued	4,119	2,981
Total value adjustments	**-34,355**	**-8,146**
Share in the result of associates	-1,168	1,753
Total share in the result of associates	**-1,168**	**1,753**
Profit before taxation	**51,440**	**84,763**
Income tax	-9,271	-15,740
Net profit	**42,169**	**69,023**
NET PROFIT ATTRIBUTABLE TO		
Owners of the parent company	42,090	68,890
Non-controlling interests	79	133
	42,169	**69,023**

Condensed consolidated statement of comprehensive income

	June 30, 2012	June 30, 2011
Net profit	**42,169**	**69,023**
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating associates	1,383	-3,718
Available for sale financial assets	50,850	6,823
Income tax relating to components of other comprehensive income	-3,368	-1,167
Total other comprehensive income, net of tax	**48,865**	**1,938**
Total comprehensive income	**91,034**	**70,961**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent company	90,955	70,828
Non-controlling interests	79	133
Total comprehensive income	**91,034**	**70,961**

Condensed consolidated statement of changes in shareholders' equity

	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, 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	Contractual reserve	Development fund	Available for sale reserve	Translation reserve	Other reserves	Undistributed profit	Non-controlling interests	Total
Balance at December 31, 2011	**9,076**	**29,272**	**753,989**	**657,981**	**176,201**	**3,504**	**29,860**	**4,286**	**421**	**1,664,590**
Total comprehensive income for first six months	-	-	-	-	47,482	1,383	-	-	-	48,865
Changes in ownership subsidiary Blauser S.A.	-	-	-	-	-	-	-	-	11	11
Undistributed profit 2011	-	-	-	-	-	-	2,144	-2,144	-	-
Net profit	-	-	-	-	-	-	-	42,090	79	42,169
Dividend declared	-	-	-	-	-	-	-	-2,142	-	-2,142
Balance at June 30, 2012	**9,076**	**29,272**	**753,989**	**657,981**	**223,683**	**4,887**	**32,004**	**42,090**	**511**	**1,753,493**

Condensed consolidated statement of cash flows

	June 30, 2012	June 30, 2011
Net profit	**42,169**	**69,023**
Adjusted for non-cash items	41,340	17,069
Operational cash flows not included in profit before taxation	-329,131	-33,232
Net cash flow from operational activities	**-245,622**	**52,860**
Net cash flow from investing activities	**-100,473**	**-21,470**
Net cash flow from financing activities	**441,239**	**56,807**
Net cash flow	**95,144**	**88,197**
CASH AND CASH EQUIVALENTS		
Banks and short-term deposits at January 1	540,901	351,873
Banks and short-term deposits at June 30	636,045	440,070
Total cash flow	**95,144**	**88,197**

Notes to the condensed consolidated interim accounts for the period ended June 30, 2012

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.

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, 2011. The interim financial report is condensed and does not include the same information and disclosures 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, 2011.

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, 2011.

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.

Change in accounting policy as per January 1, 2013

FMO will apply IAS19 Revisions for Employee Benefits (IAS19R) starting January 1, 2013. For FMO, the most significant change of IAS19R is related to recognition of unrealized actuarial results in other comprehensive income. In relation to FMO's other comprehensive income and shareholders' equity this impact will not be material.

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 2012 the quality of FMO's loan portfolio remained strong. The counterparty-specific value adjustments as percentage of the gross loan portfolio at June 30, 2012 remained stable at 3.4% (December 31, 2011: 3.5%).

Loans past due and value adjustments as at June 30, 2012

	Loans not value adjusted	Loans value adjusted	Gross exposure	Counterparty specific value adjustment	Total
Loans not past due	2,931,466	49,725	2,981,191	-27,309	2,953,882
Loans past due:					
• Past due up to 30 days	-	-	-	-	-
• Past due 30-60 days	-	-	-	-	-
• Past due 60-90 days	6,579	1,121	7,700	-841	6,859
• Past due more than 90 days	-	117,431	117,431	-78,920	38,511
Sub total	**2,938,045**	**168,277**	**3,106,322**	**-107,070**	**2,999,252**
Less: amortizable fees	-31,348	-782	-32,130	-	-32,130
Less: group-specific value adjustments	-233,271	-	-233,271	-	-233,271
Carrying value	**2,673,426**	**167,495**	**2,840,921**	**-107,070**	**2,733,851**

Loans past due and value adjustments as at December 31, 2011

	Loans not value adjusted	Loans value adjusted	Gross exposure	Counterparty specific value adjustment	Total
Loans not past due	2,695,653	60,632	2,756,285	-34,245	2,722,040
Loans past due:					
• Past due up to 30 days	-	-	-	-	-
• Past due 30-60 days	-	-	-	-	-
• Past due 60-90 days	1,564	15,582	17,146	-11,686	5,460
• Past due more than 90 days	-	97,350	97,350	-54,529	42,821
Sub total	**2,697,217**	**173,564**	**2,870,781**	**-100,460**	**2,770,321**
Less: amortizable fees	-28,997	-3,655	-32,652	-	-32,652
Less: group-specific value adjustments	-215,557	-	-215,557	-	-215,557
Carrying value	**2,452,663**	**169,909**	**2,622,572**	**-100,460**	**2,522,112**

7. SEGMENT INFORMATION

At June 30, 2012	Financial institutions: Excl. investment funds	Financial institutions: Investment funds	Energy	Agribusiness food & water	Diverse sectors	Treasury	Total
Net interest income	**23,634**	**747**	**11,314**	**8,092**	**15,370**	**16,340**	**75,497**
Fee and commission income	791	513	260	231	722	-	2,517
Fee and commission expense	-	-	-	-	-	-88	-88
Net fee and commission income	**791**	**513**	**260**	**231**	**722**	**-88**	**2,429**
Dividend income	2,020	4,914	57	-	-	-	6,991
Results from equity investments	6,915	2,155	1,357	-	3,194	-	13,621
Results from financial transactions	3,484	-	-	50	993	-104	4,423
Remuneration for services rendered	4,423	1,383	2,461	94	600	-	8,961
Other operating income	706	-	-	659	515	48	1,928
Total other income	**17,548**	**8,452**	**3,875**	**803**	**5,302**	**-56**	**35,924**
Share in the results of associates	-1,431	263	-	-	-	-	-1,168
Total revenue	**40,542**	**9,975**	**15,449**	**9,126**	**21,394**	**16,196**	**112,682**
Value adjustments	**6,775**	**-2,176**	**-10,523**	**1,047**	**-29,478**	**-**	**-34,355**
Operating expenses	-9,794	-4,889	-5,049	-1,670	-5,485	-	-26,887
Total expenses	**-3,019**	**-7,065**	**-15,572**	**-623**	**-34,963**	**-**	**-61,242**
Income tax	-5,868	548	-1,017	-1,880	2,549	-3,603	-9,271
Net profit	**31,665**	**3,458**	**-1,140**	**6,623**	**-11,020**	**12,593**	**42,169**

At June 30, 2011	Financial institutions: Excl. investment funds	Financial institutions: Investment funds	Energy	Agribusiness food & water	Diverse sectors	Treasury	Total
Net interest income	**23,511**	**651**	**7,734**	**6,033**	**18,597**	**14,026**	**70,552**
Fee and commission income	513	464	232	121	1,545	-	2,875
Fee and commission expense	-	-	-	-	-	-51	-51
Net fee and commission income	**513**	**464**	**232**	**121**	**1,545**	**-51**	**2,824**
Dividend income	1,800	3,760	11	-	-	-	5,571
Results from equity investments	6,091	4,979	-	-	8,338	-	19,408
Results from financial transactions	871	8	-	135	2,336	2,737	6,087
Remuneration for services rendered	4,087	1,375	1,454	574	791	-	8,281
Other operating income	-	-	-	-	2,607	-	2,607
Total other income	**12,849**	**10,122**	**1,465**	**709**	**14,072**	**2,737**	**41,954**
Share in the results of associates	-634	2,387	-	-	-	-	1,753
Total revenue	**36,239**	**13,624**	**9,431**	**6,863**	**34,214**	**16,712**	**117,083**
Value adjustments	**-1,458**	**-4,383**	**-2,548**	**-2,978**	**3,221**	**-**	**-8,146**
Operating expenses	-8,654	-4,982	-3,581	-1,573	-5,384	-	-24,174
Total expenses	**-10,112**	**-9,365**	**-6,129**	**-4,551**	**-2,163**	**-**	**-32,320**
Income tax	-4,731	1,373	-1,147	-541	-6,426	-4,268	-15,740
Net profit	**21,396**	**5,632**	**2,155**	**1,771**	**25,625**	**12,444**	**69,023**

As of early 2012, Housing is no longer a focus sector. The current portfolio has been allocated to the remaning sectors of which mainly to Diverse sectors. The reported loss in the Diverse sectors over the first six months of 2012 is mainly related to value adjustments of housing projects.

8. CONTINGENCIES AND COMMITMENTS

During the first half year of 2012 the irrevocable facilities decreased mainly as a result of disbursements.

Contingent liabilities decreased during the first half of 2012 mainly as a result of expired guarantee contracts.

Contingent liabilities

	June 30, 2012	**December 31, 2011**
Effective guarantees issued	112,420	129,489
Less: provisions, amortized costs and obligations for guarantees (presented under other liabilities)	-10,684	-14,188
Total contingent liabilities	**101,736**	**115,301**

Besides issuing guarantees, FMO also receives guarantees.

	June 30, 2012	**December 31, 2011**
Effective guarantees received	102,128	97,407

9. DEBT SECURITIES, DEBENTURES AND NOTES

Debt securities, debentures and notes increased to €3.2 billion (December 31, 2011: €2.7 billion). During the first half of 2012 an amount of €665 million has been issued and €222 million has been redeemed. Due to currency movements the outstanding debt amount increased by €43 million.

10. DIVIDENDS

In the General Meeting of Shareholders in May 2012 the proposal for appropriation of profit 2011 was approved. The distributable amount of the net profit amounts to €4,286 million of which €2,142 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 2011.

In the first half year of 2012, FMO's stake in Blauser S.A. remained at 70.5%.

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, 2012, 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, 2012, 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, 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amstelveen, August 13, 2012

KPMG Accountants N.V.

M.A. Hogeboom RA

Additional Information

REPORTING SCOPE

This interim report covers activities that took place or had effect on the first six months of 2012.

FMO publishes its integrated annual report in April. This report is audited by the external auditor. Please read the independent 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.

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