

INTERIM REPORT 2015



CONTENTS

Key figures	2
From the Management Board	3
Portfolio Information	4
Condensed consolidated interim accounts 2015	6
CONDENSED CONSOLIDATED BALANCE SHEET	6
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT	7
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	8
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	9
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	10
Notes to the condensed consolidated interim accounts for the period ended June 30, 2015	11
KPMG review report	20
Additional Information	21

FMO KEY FIGURES

	June 30, 2015	December 31, 2014
BALANCE SHEET		
Net loans	4,205,397	3,859,840
Equity investments portfolio (including associates)	1,409,028	1,148,775
Total assets	8,395,349	7,087,644
Shareholders' equity	2,393,705	2,137,560
Debentures and notes	5,104,533	4,196,998
Committed investment portfolio	8,778,337	8,012,778
of which government funds	1,047,547	977,963
	June 30, 2015	June 30, 2014
PROFIT AND LOSS ACCOUNT		
Income		
Interest income	133,684	97,644
Interest expenses	-21,896	-18,779
Net interest income	111,788	78,865
Income from equity investments	22,119	42,968
Other income including services	32,675	21,715
Total income	166,582	143,548
Expenses		
Operating expenses	-37,014	-33,741
Operating profit before value adjustments	129,568	109,807
Value adjustments:		
• on loans and guarantees	-8,674	-22,012
• on equity investments	-5,278	-6,716
Total value adjustments	-13,952	-28,728
Operating profit after value adjustments	115,616	81,079
Share in the results of associates	3,224	-1,674
Result on disposal of subsidiaries	-	-242
Profit before taxation	118,840	79,163
Income tax	-21,327	-12,876
Net profit	97,513	66,287
	June 30, 2015	December 31, 2014
RATIOS AT END OF PERIOD (%)		
Shareholders' equity/Total assets	28.5	30.2
Return on average shareholders' equity ¹⁾		
• Operating profit after value adjustments	10.2	7.2
• Net profit	8.6	6.1
BIS-ratio	22.1	21.3
Liquidity coverage ratio ²⁾	261	268
Net stable funding ratio ²⁾	123	110

1) June 30, 2015 annualized.

2) The calculation of the liquidity coverage ratio and the net stable funding ratio complies with CRD IV. If no technical standards are available BIS guidance is used instead.

FROM THE MANAGEMENT BOARD

Dear Stakeholder,

In the first half year of 2015 our net profit has increased to €98 million. Our committed portfolio grew to €8.8 billion (year end 2014: €8.0 billion), of which €1.0 billion (year end 2014: €1.0 billion) relates to the funds we manage for the Dutch State. New commitments amount to €646 million and are slightly higher than the first half year of 2014. We catalyzed €216 million from third parties, just below the catalyzed funds in the first half of 2014 €228 million.

In the first half of 2015 we have started to measure our progress towards our 2020 ambition of doubling impact (doubling direct and indirect jobs) and halving footprint (doubling greenhouse gas emissions avoided). We will report on the realized impact and footprint targets for the first time in our Annual Report 2015. Besides, as part of mitigating environmental, social and governance (ESG) risks in our portfolio, we agree on ESG action plans with our clients. In the first half year of 2015 we supported our clients in achieving 34% of the agreed ESG action items (full year target 85%).

Our net profit increased by €31 million (47%) to €98 million resulting in a cost to income ratio of 22% (first half year of 2014: 24%). These positive developments are mainly the result of the performance of our loan portfolio, by the appreciated US dollar compared to the euro. As the vast majority of our business is denominated in US dollar, our interest income in euro increased by €33 million to €112 million. Results from financial transactions rose from €7 million to €16 million in the first half year of 2015. The increase was mainly caused by positive fair value gains on cross currency interest rate swaps. Total value adjustments decreased due to a net release of the group specific value adjustments as a result of the impact of the re-assessed model parameters and the changing portfolio composition. The specific value adjustments rose further and offsetted the net release of the group specific provision partly. There were no trends which led to the specific provision other than the Ukraine crises. The non-performing loans increased in the course of 2015 from 6.8% to 7.4% as a result of increased provisioned loans. The coverage ratio (specific provisions divided by non-performing loans) declined from 61% to 54%. The realized net profit of our equity portfolio declined in the first half of 2015.

Our capital position increased further and is reflected by our shareholders' equity of €2.4 billion. The fair value movements of the private equity portfolio, which are recorded in the available for sale reserve, grew further due to the strong US dollar and the increased value of underlying investments. In recent years FMO has further improved its valuation process for equity investments and in addition more reliable information has become available. As a consequence equity investments that were previously measured at cost or lower recoverable amount (as a best estimate for fair value), have been accounted for at fair value with unrealized gains and losses in the available for sale reserve as of January 1, 2015. Our risk weighted assets increased due to the strong US dollar and new business. The BIS-ratio increased from 21.3% (year end 2014) to 22.1%. As of 2015 we have incorporated our interim profit in the calculation of the BIS-ratio. If we would have taken the interim profit of the second half year 2014 into account the BIS-ratio as per the end of 2014 would have amounted to 22.0%.

We have realized a net profit in all our segments. The investments in Financial Institutions contributed a significant amount to the total net profit. The contribution of Infrastructure, Manufacturing and Services increased compared to the first half year of 2014, however the net profit was negatively impacted by specific provisions on our loan portfolio.

In April 2015, we have successfully issued our second Sustainability Bond, a 7-year €500 million transaction. The proceeds of the Sustainability Bond support the financing of Green and Inclusive Finance Projects according to FMO's Sustainability Bonds framework, which is aligned with FMO's long term strategy of inclusive and green growth.

For the second half of 2015, our outlook is neutral with numerous challenges ahead such as geo-political, social tension and volatility of the financial markets with consequences for the stability of the US dollar-euro exchange rate. Other challenges such as a further slowdown of China, could also impact our markets.

RESPONSIBILITY STATEMENT

In accordance with Article 5:25d sub 2 under c of the Dutch Financial Supervision Act (Wet op het financieel toezicht) we state that, to the best of our knowledge:

- The condensed consolidated interim accounts 2015 give a true and fair view of the assets, liabilities, financial position and profit of FMO and its consolidated undertakings;
- The section 'From the Management Board' includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the condensed consolidated interim accounts 2015; and
- The section 'From the Management Board' includes a description of the principal risks and uncertainties for the remaining six months of the financial year.

The Hague, August 17, 2015

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

PORTFOLIO INFORMATION

In the tables below, we present our committed portfolio per region and sector. The committed portfolio of the funds we manage for the Dutch State and the Loans guaranteed by the State are not included. Of the total committed portfolio of €7,606 million an amount of €4,149 million relates to the on-balance Loans to the private sector and €1,378 million relates to the on-balance Equity investments.

Committed portfolio distributed by region and sector

At June 30, 2015	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
Africa	681,649	572,764	78,185	439,553	506,597	2,278,748
Asia	799,431	558,104	64,203	300,145	408,736	2,130,619
Latin America & the Caribbean	695,113	472,082	123,952	155,122	263,231	1,709,500
Europe & Central Asia	601,103	94,564	89,750	165,795	114,951	1,066,163
Non-region specific	115,023	38,564	56,818	129,518	80,703	420,626
Total	2,892,319	1,736,078	412,908	1,190,133	1,374,218	7,605,656

At December 31, 2014	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
Africa	617,836	539,809	75,955	382,639	405,699	2,021,938
Asia	685,167	469,182	57,437	215,585	494,029	1,921,400
Latin America & the Caribbean	654,780	403,373	128,835	134,335	248,407	1,569,730
Europe & Central Asia	570,871	90,685	91,842	153,210	140,828	1,047,436
Non-region specific	115,038	14,881	55,338	55,153	139,033	379,443
Total	2,643,692	1,517,930	409,407	940,922	1,427,996	6,939,947

In the tables below, we present our committed portfolio of the top 10 countries per sector. The committed portfolio of the funds we manage for the Dutch State and the Loans guaranteed by the State are not included.

Committed portfolio of top 10 countries by sector

At June 30, 2015	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
India	171,287	149,502	64,203	85,872	112,800	583,664
Nigeria	183,608	35,868	2,800	31,402	54,519	308,197
Bangladesh	168,359	35,078	-	28,866	56,313	288,616
Turkey	94,488	43,635	32,200	59,256	15,871	245,450
South Africa	91,722	72,808	2,100	27,553	8,616	202,799
Kenya	97,128	53,517	-	-	26,906	177,551
Honduras	70,466	87,351	-	-	12,554	170,371
Peru	75,321	56,424	7,174	10,732	19,649	169,300
Mongolia	102,896	17,394	-	5,340	35,910	161,540
Ghana	77,933	74,010	-	-	8,518	160,461
Total	1,133,208	625,587	108,477	249,021	351,656	2,467,949

At December 31, 2014	Financial Institutions	Energy	Agribusiness	Multi- Sector Fund Investments	Infrastructure, Manufactur- ing, Services	Total
India	131,005	125,611	57,437	73,319	132,084	519,456
Bangladesh	178,040	35,229	-	9,641	51,367	274,277
Turkey	98,747	40,380	30,801	55,616	19,261	244,805
Nigeria	128,008	33,055	2,800	29,815	51,118	244,796
South Africa	92,349	69,466	4,750	20,088	24,047	210,700
Kenya	106,140	54,284	-	-	26,301	186,725
Peru	86,710	35,847	6,611	9,669	18,107	156,944
Honduras	61,903	81,248	-	-	11,569	154,720
Mongolia	85,892	16,471	-	4,907	46,053	153,323
Ghana	74,368	69,416	-	-	8,264	152,048
Total	1,043,162	561,007	102,399	203,055	388,171	2,297,794

CONDENSED CONSOLIDATED INTERIM ACCOUNTS 2015

Condensed consolidated balance sheet

	June 30, 2015	December 31, 2014
ASSETS		
Banks	48,386	33,743
Short-term deposits	1,652,455	1,093,606
Derivative financial instruments	312,515	241,403
Loans to the private sector	4,149,440	3,801,325
Loans guaranteed by the State	55,957	58,515
Equity investments	1,377,689	1,124,417
Investments in associates	31,339	24,358
Interest-bearing securities	627,960	593,263
Tangible fixed assets	6,704	7,468
Deferred income tax assets	1,221	2,379
Current income tax receivables	-	236
Current accounts with State funds and programs	8	-
Other receivables	30,515	23,870
Accrued income	101,160	83,061
Total assets	8,395,349	7,087,644
LIABILITIES		
Banks	72,205	81,168
Short-term credits	259,215	261,145
Derivative financial instruments	475,197	329,099
Debentures and notes	5,104,533	4,196,998
Other liabilities	12,406	9,975
Current accounts with State funds and other programs	240	1,019
Current income tax liabilities	10,392	-
Wage tax liabilities	109	36
Deferred income tax liabilities	1,354	3,985
Accrued liabilities	59,339	54,192
Provisions	6,654	12,467
Total liabilities	6,001,644	4,950,084
SHAREHOLDERS' EQUITY		
Share capital	9,076	9,076
Share premium reserve	29,272	29,272
Contractual reserve	1,140,363	1,140,363
Development fund	657,981	657,981
Available for sale reserve	422,216	267,119
Translation reserve	2,364	859
Other reserves	33,683	28,330
Undistributed profit	97,513	4,560
Shareholders' equity (parent)	2,392,468	2,137,560
Non-controlling interests	1,237	-
Total shareholders' equity	2,393,705	2,137,560
Total liabilities and shareholders' equity	8,395,349	7,087,644
Contingent liabilities:		
• Effective guarantees issued	113,954	119,630
• Effective guarantees received	-219,488	-191,777
Irrevocable facilities	1,708,729	1,601,951
Loans and equity investments managed for the risk of the State	786,674	721,646

Condensed consolidated profit and loss account

	June 30, 2015	June 30, 2014
INCOME		
Interest income	133,684	97,644
Interest expense	-21,896	-18,779
Net interest income	111,788	78,865
Fee and commission income	3,093	2,704
Fee and commission expense	-61	-50
Net fee and commission income	3,032	2,654
Dividend income	8,565	6,335
Results from equity investments	13,554	36,633
Results from financial transactions	15,805	7,457
Remuneration for services rendered	12,586	10,840
Other operating income	1,252	764
Total other income	51,762	62,029
Total income	166,582	143,548
OPERATING EXPENSES		
Staff costs	-29,453	-27,141
Other administrative expenses	-6,429	-5,531
Depreciation and impairment	-1,104	-1,051
Other operating expenses	-28	-18
Total operating expenses	-37,014	-33,741
Operating profit before value adjustments	129,568	109,807
VALUE ADJUSTMENTS ON		
Loans	-7,182	-18,826
Equity investments and associates	-5,278	-6,716
Guarantees issued	-1,492	-3,186
Total value adjustments	-13,952	-28,728
Share in the result of associates	3,224	-1,674
Result on disposal of subsidiaries	-	-242
Total share in the result of associates	3,224	-1,916
Profit before taxation	118,840	79,163
Income tax	-21,327	-12,876
Net profit	97,513	66,287
NET PROFIT ATTRIBUTABLE TO		
Owners of the parent company	97,513	66,287
Non-controlling interests	-	-
Net Profit	97,513	66,287

Condensed consolidated statement of comprehensive income

	June 30, 2015	June 30, 2014
Net profit	97,513	66,287
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating associates	1,505	-1,047
Available for sale financial assets	152,466	-5,549
Income tax relating to components of other comprehensive income	2,631	579
Items to be reclassified to profit and loss	156,602	-6,017
Actuarial gains/losses on defined benefit plans	7,137	1,032
Income tax related to actuarial gains/losses on defined benefit plans	-1,784	-258
Items not reclassified to profit and loss	5,353	774
Total other comprehensive income, net of tax	161,955	-5,243
Total comprehensive income	259,468	61,044
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent company	259,468	61,044
Non-controlling interests	-	-
Total comprehensive income	259,468	61,044

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, 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..	-	-	-	-	-	-	-	-	-	-
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
Balance at December 31, 2014	9,076	29,272	1,140,363	657,981	267,119	859	28,330	4,560	-	2,137,560
Total comprehensive income for first six months	-	-	-	-	155,097	1,505	5,353	-	-	161,955
Changes in ownership subsidiary Equis DFI Feeder L.P.	-	-	-	-	-	-	-	-	1,237	1,237
Net profit	-	-	-	-	-	-	-	97,513	-	97,513
Dividend declared	-	-	-	-	-	-	-	-4,560	-	-4,560
Balance at June 30, 2015	9,076	29,272	1,140,363	657,981	422,216	2,364	33,683	97,513	1,237	2,393,705

Condensed consolidated statement of cash flows

	June 30, 2015	June 30, 2014
Net profit	97,513	66,287
Adjusted for non-cash items	109,553	49,637
Operational cash flows not included in profit before taxation	-212,008	-330,904
Net cash flow from operational activities	-4,942	-214,980
Net cash flow from investing activities	-42,830	66,483
Net cash flow from financing activities	630,227	108,780
Net cash flow	582,455	-39,717
CASH AND CASH EQUIVALENTS		
Banks and short-term deposits at January 1	1,046,181	1,054,775
Banks and short-term deposits at June 30	1,628,636	1,015,058
Total cash flow	582,455	-39,717

NOTES TO THE CONDENSED CONSOLIDATED INTERIM ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2015

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.

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 its subsidiary FMO Investment Management B.V.

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, 2014, except for the adoption of new standards, interpretations and amendments effective as of January 1, 2015. 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, 2014.

Group accounting and consolidation

The company accounts of FMO and the company accounts of the subsidiaries Nuevo Banco Comercial Holding B.V., Asia Participations B.V., FMO Investment Management B.V., FMO Medu II Investment Trust Ltd. and Equis DFI Feeder L.P. are consolidated in these annual accounts. In the first half of 2015, the subsidiary FMO Antillen N.V. has been liquidated.

The activities of Nuevo Banco Comercial Holding B.V., Asia Participations B.V., FMO Medu II Investment Trust Ltd. and Equis DFI Feeder L.P. consist of providing equity capital to companies in developing countries. FMO Investment Management B.V. manages third party capital funds which are invested alongside FMO's own transactions in emerging and developing markets. FMO has a 63% stake in Equis DFI Feeder L.P. and all other subsidiaries are 100% owned by FMO.

Adoption of new standards, interpretations and amendments

There have been no standards, amendments to published standards and interpretations that were adopted in the current year.

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, 2014.

In recent years FMO has further improved its valuation process for equity investments and in addition more reliable information has become available. As a consequence equity investments that were previously measured at cost or lower recoverable amount (as a best estimate for fair value), have been accounted for at fair value with unrealized gains and losses in the available for sale reserve as of January 1, 2015. The unrealized gain resulting from this revaluation amounted to €120 million. This change refines the fair value of our equity investments and makes it more consistent with the equity investments which were already measured at fair value.

Segment reporting

FMO focuses on three business sectors (Financial Institutions, Energy and Agribusiness) and reports accordingly in internal and external reporting. Besides these business sectors a segment Infrastructure, Manufacturing and Services has been identified which operates in other sectors. In 2014 a new label framework has become effective. Within this framework labels for sector and subsector have been redefined resulting in a revised sector classification. Fund investments are not recognized as a separate segment, but classified among the other segments primarily based on the sector in which the fund is active. Fund investments without a specific operating sector have been identified separately as Multi-Sector Fund Investments, since they are a substantial part of FMO's business. The 2014 comparative figures have been changed accordingly. In the first half of 2015 there were no transactions between the operating segments.

3. LOANS PAST DUE AND VALUE ADJUSTMENTS

The non-performing loans increased in the course of 2015 from 6.8% to 7.4% as a result of increased provisioned loans. The coverage ratio (specific provisions divided by non-performing loans), however declined from 61% to 54%.

Loans past due and value adjustments as at June 30, 2015

	Loans not value adjusted	Loans value adjusted	Gross exposure	Counterparty specific value adjustment	Total
Loans not past due	4,187,037	77,273	4,264,310	-33,189	4,231,121
Loans past due:					
• Past due up to 30 days	1,013	-	1,013	-	1,013
• Past due 30-60 days	16,141	10,204	26,345	-2,551	23,794
• Past due 60-90 days	11,657	25,748	37,405	-3,862	33,543
• Past due more than 90 days	-	224,790	224,790	-144,262	80,528
Subtotal	4,215,848	338,015	4,553,863	-183,864	4,369,999
Less: amortizable fees	-47,219	-1,584	-48,803	-	-48,803
Less: group-specific value adjustments	-171,756	-	-171,756	-	-171,756
Carrying value	3,996,873	336,431	4,333,304	-183,864	4,149,440

Loans past due and value adjustments as at December 31, 2014

	Loans not value adjusted	Loans value adjusted	Gross exposure	Counterparty specific value adjustment	Total
Loans not past due	3,902,488	99,759	4,002,247	-49,560	3,952,687
Loans past due:					
• Past due up to 30 days	11,037	15,205	26,242	-3,801	22,441
• Past due 30-60 days	-	-	-	-	-
• Past due 60-90 days	-	35,770	35,770	-34,709	1,061
• Past due more than 90 days	12,396	120,615	133,011	-83,779	49,232
Subtotal	3,925,921	271,349	4,197,270	-171,849	4,025,421
Less: amortizable fees	-43,845	-1,573	-45,418	-	-45,418
Less: group-specific value adjustments	-178,678	-	-178,678	-	-178,678
Carrying value	3,703,398	269,776	3,973,174	-171,849	3,801,325

4. CAPITAL MANAGEMENT

FMO complies with the Basel III requirements and reports its BIS-ratio to the Dutch central bank on a quarterly basis. At the end of June 2015 the BIS-ratio improved to 22.1% from 21.3% as per December 2014. This improvement was mainly due to high realized profit and the growth of the available for sale reserve which was partially offset by the increase of risk weighted assets somewhat accelerated due to the strong US dollar.

	June 30, 2015	December 31, 2014
IFRS shareholders' equity	2,393,705	2,137,560
Regulatory adjustments:		
• Interim profit not included in CET 1 capital	-46,085	-55,960
• Other adjustments	-254,047	-286,633
Common Equity Tier 1 capital	2,093,573	1,794,967
Additional Tier 1 capital	-	-
Tier 1 capital	2,093,573	1,794,967
BIS capital	2,093,573	1,794,967
Risk weighted assets	9,469,467	8,416,133
BIS-ratio	22.1%	21.3%

5. SEGMENT INFORMATION

At June 30, 2015	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
LOANS & GUARANTEES						
Interest & fee income	54,292	24,734	9,724	-643	26,713	114,820
Other income	8,156	3,584	1,032	1,800	2,485	17,057
Value adjustments	7,347	1,607	2,111	-739	-19,000	-8,674
Other comprehensive income	-3,792	-1,900	-649	-	-1,551	-7,892
Total loans & guarantees	66,003	28,025	12,218	418	8,647	115,311
EQUITY INVESTMENTS (INCLUDING ASSOCIATES AND SUBSIDIARIES)						
Results from equity investments, associates and subsidiaries	4,472	83	-	11,383	840	16,778
Dividend income	2,627	1,959	99	3,719	161	8,565
Impairments	-1,072	-963	-	-3,243	-	-5,278
Other comprehensive income	49,623	30,235	4,110	27,513	53,013	164,494
Total equity investments	55,650	31,314	4,209	39,372	54,014	184,559
REMUNERATION FOR SERVICES RENDERED						
Managed government funds	5,801	1,652	600	1,054	529	9,636
Syndicated & parallel transactions	2,094	385	105	144	222	2,950
Total remuneration for services rendered	7,895	2,037	705	1,198	751	12,586
OTHER						
Operating expenses	-15,490	-7,766	-2,651	-4,773	-6,334	-37,014
Income tax expenses	-13,363	-5,922	-2,740	1,147	-449	-21,327
Other comprehensive income	2,241	1,122	383	691	916	5,353
Total other	-26,612	-12,566	-5,008	-2,935	-5,867	-52,988
Total comprehensive income	102,936	48,810	12,124	38,053	57,545	259,468
Total other comprehensive net of tax	48,072	29,457	3,844	28,204	52,378	161,955
Net profit	54,864	19,353	8,280	9,849	5,167	97,513

Segment assets

At June 30, 2015	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
Loans (incl. guaranteed by the State)	2,027,271	972,390	342,696	42,314	820,726	4,205,397
Equity investments and investments in associates	321,449	204,430	58,870	684,186	140,093	1,409,028
Other assets	1,163,677	583,057	198,956	359,195	476,039	2,780,924
Total assets	3,512,397	1,759,877	600,522	1,085,695	1,436,858	8,395,349
Contingent liabilities – effective guarantees issued	73,018	-	-	29,419	11,517	113,954
Loans and equity investments managed for the risk of the State	338,196	216,130	62,304	85,010	85,034	786,674

At June 30, 2014	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
LOANS & GUARANTEES						
Interest & fee income	40,636	18,250	7,755	152	14,726	81,519
Other income	3,279	2,253	887	1,601	201	8,221
Value adjustments	3,737	215	-1,156	-358	-24,450	-22,012
Other comprehensive income	-866	-366	-159	-	-346	-1,737
Total loans & guarantees	46,786	20,352	7,327	1,395	-9,869	65,991
EQUITY INVESTMENTS (INCLUDING ASSOCIATES AND SUBSIDIARIES)						
Results from equity investments, associates and subsidiaries	26,437	3,524	-	4,792	-36	34,717
Dividend income	3,372	101	-	2,487	375	6,335
Impairments	-152	-308	-	-4,960	-1,296	-6,716
Other comprehensive income	-2,604	465	323	-1,454	-1,010	-4,280
Total equity investments	27,053	3,782	323	865	-1,967	30,056
REMUNERATION FOR SERVICES RENDERED						
Managed government funds	5,881	1,423	642	1,081	475	9,502
Syndicated & parallel transactions	941	180	59	72	86	1,338
Total remuneration for services rendered	6,822	1,603	701	1,153	561	10,840
OTHER						
Operating expenses	-14,436	-6,107	-2,643	-4,788	-5,767	-33,741
Income tax expenses	-11,400	-3,905	-1,355	445	3,339	-12,876
Other comprehensive income	331	140	61	110	132	774
Total other	-25,505	-9,872	-3,937	-4,233	-2,296	-45,843
Total comprehensive income	55,156	15,865	4,414	-820	-13,571	61,044
Total other comprehensive net of tax	-3,139	239	225	-1,344	-1,224	-5,243
Net profit	58,295	15,626	4,189	524	-12,347	66,287

Segment assets

At June 30, 2014	Financial Institutions	Energy	Agribusiness	Multi-Sector Fund Investments	Infrastructure, Manufacturing, Services	Total
Loans (incl. guaranteed by the State)	1,607,129	675,208	286,491	26,304	650,131	3,245,263
Equity investments and investments in associates	213,608	95,043	46,932	581,683	77,365	1,014,631
Other assets	901,591	381,412	165,104	301,063	360,241	2,109,411
Total assets	2,722,328	1,151,663	498,527	909,050	1,087,737	6,369,305
Contingent liabilities – effective guarantees issued	70,590	-	-	24,082	14,978	109,650
Loans and equity investments managed for the risk of the State	285,363	175,166	43,548	79,509	76,301	659,887

6. 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 have an insignificant impact (June 30, 2014: €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 advanced valuation methods and practices. When available, these fund managers value the underlying investments based on quoted prices, if not available 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 2014. 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 OTC derivative 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, 2015, the unamortized accrual amounts to €20,296 (December 31, 2014: €20,582). An amount of €2,771 was recorded as an expense in the profit and loss (June 30, 2014: €2,474).

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, 2015, the fair value of the loans to the private sector was €89,296 (December 31, 2014: €156,157) 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 €61 million (December 31, 2014: €56 million).

The unhedged funding is valued at amortized cost. The difference between the fair value and the carrying cost value amounts to €9,923 as per June 30, 2015 (December 31, 2014: €12,033).

The valuation technique we use for the calculation of fair value of unhedged funding and loans to the private sector 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, 2015	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
• Short-term deposits	-	1,652,455	-	1,652,455
• Derivative financial instruments	-	312,356	159	312,515
AVAILABLE FOR SALE FINANCIAL ASSETS				
• Equity investments	49,785	-	1,327,904	1,377,689
• Interest-bearing securities	627,960	-	-	627,960
Total financial assets at fair value	677,745	1,964,811	1,328,063	3,970,619
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS				
• Derivative financial instruments	-	475,197	-	475,197
Total financial liabilities at fair value	-	475,197	-	475,197
At December 31, 2014				
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
• Short-term deposits	-	1,093,606	-	1,093,606
• Derivative financial instruments	-	241,215	188	241,403
AVAILABLE FOR SALE FINANCIAL ASSETS				
• Equity investments	51,970	-	781,418	833,388
• Interest-bearing securities	593,263	-	-	593,263
Total financial assets at fair value	645,233	1,334,821	781,606	2,761,660
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS				
• Derivative financial instruments	-	329,099	-	329,099
Total financial liabilities at fair value	-	329,099	-	329,099

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

	Derivative financial instruments	Equity investments	Total
Balance at January 1, 2014	23,698	641,966	665,664
Total gains or losses			
• In profit and loss (changes in fair value and value adjustments)	-22,540	-8,023	-30,563
• In other comprehensive income (changes in fair value available for sale reserve)	-	60,329	60,329
Purchases	-	160,984	160,984
Sales	-970	-73,926	-74,896
Transfers into level 3	-	4,030	4,030
Transfers out of level 3	-	-3,942	-3,942
Balance at December 31, 2014	188	781,418	781,606
Total gains or losses			
• In profit and loss (changes in fair value and value adjustments)	-29	-5,278	-5,307
• In other comprehensive income (changes in fair value available for sale reserve)	-	165,079	165,079
Purchases	-	133,708	133,708
Sales	-	-34,877	-34,877
Transfers into level 3	-	287,854	287,854
Transfers out of level 3	-	-	-
Balance at June 30, 2015	159	1,327,904	1,328,063

Valuation techniques and unobservable inputs used measuring fair value of equity investments

Type of equity investment	Fair value at June 30, 2015	Valuation technique	Significant unobservable inputs	Range (weighted average)	Fair value measurement sensitivity to unobservable inputs
Private equity fund investments	887,354	Net Asset Value	n/a	n/a	n/a
Private equity direct investments	160,313	Recent transactions	n/a	Based on at arm's length recent transactions	n/a
	50,587	Book multiples	Book value	0.7 – 1.0	A decrease/increase of the book multiple with 10% will result in a lower/higher fair value of €5 million. To be recorded in other comprehensive income
	210,066	Cost as best estimate for FV	n/a	n/a	For impairment testing purposes we also determine a fair value based on unobservable inputs. The positive impact on other comprehensive income is within a range of €20 million - €30 million.
	19,584	Put option based on guaranteed floor		The guaranteed floor depends on several unobservable data such as IRR, EBITDA multiples, book multiples and Libor rates	A decrease/increase of the used unobservable data with 10% will result in a lower/ higher fair value of €2 million. To be recorded in other comprehensive income
Total	1,327,904				

7. COMMITMENTS AND CONTINGENT LIABILITIES

During the first half year of 2015 the irrevocable facilities increased mainly as a result of new commitments and the stronger US Dollar.

Guarantees received increased during the first half of 2015 mainly because of newly received guarantees.

	June 30, 2015	December 31, 2014
CONTINGENT LIABILITIES		
Effective guarantees issued	113,954	119,630
Less: provisions, amortized costs and obligations for guarantees (presented under other liabilities)	-12,092	-9,957
Total contingent liabilities	101,862	109,673
Effective guarantees received	219,488	191,777
Total guarantees received	219,488	191,777

8. DEBENTURES AND NOTES

Debentures and notes increased to €5.1 billion (December 31, 2014: €4.2 billion). During the first half of 2015 an amount of €1,081 million was issued and €446 million was redeemed. The outstanding debt amount increases by €276 million due to currency movements.

9. DIVIDENDS

In the General Meeting of Shareholders in May 2015 the proposal for appropriation of profit 2014 was approved. The distributable amount of the net profit amounts to €4,560 million which has been fully distributed as cash dividend.

10. INCOME TAX

Income tax and current income tax liabilities increased compared to 2014 due to the increased net profit. The effective tax rate increased to 17.9% (first half year of 2014: 16.3%) due to relatively lower tax deductible items.

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 2014.

KPMG REVIEW REPORT

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

INTRODUCTION

We have reviewed pages 6 until and including 19 of the condensed consolidated interim financial information as at June 30, 2015 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V., The Hague, which comprises the balance sheet as at June 30, 2015, 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, 2015, and the notes. Management of the Company is responsible for the preparation and presentation of this condensed 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 condensed consolidated 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, 2015 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, August 17, 2015

KPMG Accountants N.V.

M.J. Kooyman RA

ADDITIONAL INFORMATION

REPORTING SCOPE

This interim report covers activities that took place or had effect on the first six months of 2015.

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.

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