Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

Full Rating Report

Ratings

Foreign Currency

Long-Term IDR	AAA
Short-Term IDR	F1+

Local Currency

Long-Term IDR	AAA

Outlooks

Long-Term Foreign Currency IDR	Stable
Long-Term Local Currency IDR	Stable

Financial Data

	31 Dec 15	31 Dec 14
Total assets (EURm)	8,421.3	7,087.6
Total equity and reserves (EURm)	2,510.9	2,137.6
Total long-term debt (EURm)	5,347.6	4,197.0
Net income (EURm)	174.3	124.4
ROA (%)	2.06	1.8
ROE (%)	7.0	5.8
Tier one regulatory capital (CET1) ratio (%)	22.9	21.3
Impaired loans/total loans (%)	6.88	7.02
Loan impairment charges/loans (%)	0.18	0.8

Source: Fitch, issuer

Related Research

Netherlands (November 2015)

Analysts

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Key Rating Drivers

Strong State Support: The ratings are aligned with those of the Netherlands due to Fitch Ratings' expectation of strong extraordinary state support. State support for FMO was formalised in an agreement in 1998. The ratings also reflect state control and oversight of FMO, and FMO's strategic importance for Dutch development aid policy. FMO obtained a full banking licence in 2014 and is regulated as a bank. However, Fitch considers FMO a credit-linked entity and rates it using a top-down approach under its non-US public-sector entities (PSE) criteria.

Strategic Importance: FMO's main goal is to support sustainable private initiatives in emerging markets, in accordance with Dutch development aid policy. Its core business is to provide long-term financing (EUR4.25bn net loans outstanding at end-2015; equity investments EUR1.47bn) to private companies and financial institutions. FMO also manages several strategic development funds on behalf of the Dutch government; these off-balance-sheet funds totalled EUR1.19bn at end-2015.

Solvency Ensured by State: Under Article 8 of the sovereign support agreement, the state is legally bound to enable FMO to meet its financial obligations on time, notably by providing liquidity. Article 7 of the agreement provides for the state's obligation in most circumstances to safeguard FMO's solvency. The state's obligation is to FMO, not to third parties.

Majority State Ownership: The Dutch state owns 51% of FMO's shares through the Ministry of Finance. The remaining 49% is owned by large Dutch banks, Dutch institutions and private individuals. Fitch considers it highly unlikely that the state would give up its majority stake, as the state guarantee can only be revoked with 12 years' notice.

Thorough State Oversight: The Ministry of Finance and the Ministry of Foreign Affairs oversee FMO's activity and accounts. The Ministry of Finance focuses on FMO's risk policy, while the Ministry of Foreign Affairs assesses FMO's policy development.

Strong Financial Profile: FMO's profitability has been solid and resilient over recent years. FMO benefits from low funding costs and high investment yields generated by business conducted in emerging countries. In 2015, despite a challenging market environment, FMO's profitability increased, partly due to the appreciation of the US dollar, with a record net profit of EUR174m, up from EUR124m in 2014.

Solid Capital Ratios: FMO's regulatory solvency is strong (core Tier 1 capital ratio of 22.9% at end-2015) and its leverage is low (equity/assets of 29.8% at the same date). FMO's capital ratios were strengthened in 2015 by the issuance of EUR175m of Tier 2 notes callable in December 2020 and maturing in December 2025.

Rating Sensitivities

Reliance on Sovereign: Negative rating action could result from a downgrade of the Netherlands' sovereign rating or adverse changes to the state's oversight and support of FMO – notably the weakening of the agreement between the state and FMO, associated with a reduction in FMO's state ownership.

Rating History

Date	Long-Term Foreign IDR	Long-Term Local IDR
14 Apr 15	AAA	AAA
4 Aug 14	AAA	AAA
13 Dec 13	AAA	AAA
4 Dec 13	AAA	AAA

Related Criteria

Rating of Public-Sector Entities – Outside the United States (February 2016)

International Local and Regional Governments Rating Criteria – Outside the United States (April 2016)

Profile and Overview

FMO is the key Dutch government financial vehicle for bilateral developmental finance, providing financing for private companies in developing countries, primarily in the 55 poorest countries in the world. FMO finances companies, projects and financial institutions through long-term loans and equity investments in these countries, in line with the Dutch government's policy goals on development co-operation. FMO also provides guarantees for third-party investments in developing economies and plays an active role in trade financing and syndicated loans.

FMO was founded in 1970 by the Dutch government, the private sector, employers and trade unions as a joint-stock company under the Law of 1 May 1970 with the goal of empowering entrepreneurs in emerging economies. FMO specialises in sectors where its contribution can have the highest long-term impact such as financial institutions, energy and agribusiness. In addition to activities for its own account, FMO acts as an asset manager for several government funds. The risks of these investments are borne by government funds and therefore do not weigh on FMO's solvency. An exception to these funds is Fonds Opkomende Markten (FOM), which is on average 85% guaranteed by the Dutch state.

Principal Rating Factors

Figure 1
Principal Rating Factors

	Legal status	Strategic importance	Control and oversight	Integration/ financial
Rating factors*	Mid-range	Stronger	Stronger	Stronger

* Linkage with the sponsor
Source: Fitch

Legal Status

Fitch considers FMO's legal status to be moderately supportive of its credit quality. FMO is a limited liability company with a development bank status, based in The Hague. The Dutch government deliberately created FMO as a private-law company instead of an agency in order that it might be more effective in private-sector development.

The Dutch state through the Dutch Ministry of Finance has owned 51% of FMO's shares since 1977, in the form of A-shares, which may only be issued to and placed with the Dutch state. The remaining 49% is owned by Dutch banks and Dutch institutions – mainly ABN AMRO, Rabobank and ING – and individual investors in the form of B-shares. Fitch considers it highly unlikely that the Dutch state would give up its majority stake, given that the state guarantee can only be revoked with a 12-year notice period.

The Dutch state intends to retain its majority shareholding in FMO's share capital for as long as it considers that the functioning of FMO in the context of Dutch government policy on development co-operation would be substantially impaired without that majority shareholding. Although its stake in FMO is limited to 51% of share capital, the Dutch state's overall interest in FMO's equity is higher, as the state is entitled to more than 90% of FMO's reserves.

Strategic Importance

FMO has a high strategic importance for the state, which Fitch considers highly supportive of its credit quality. FMO implements one of the state's core responsibilities; it is a policy instrument of the Ministry of Foreign Affairs and therefore qualifies as a strategically important activity. FMO manages several government funds off-balance sheet, at the state's risk. These funds consisted at end-2015 of loans and equity investments totalling EUR1.19bn, and accounted for about 11% of FMO's balance sheet. The MASSIF and Infrastructure for Development funds account for the bulk of the risk that FMO manages on behalf of the state, representing 47% and 44% respectively of the total. The assignment of FMO to manage these funds illustrates the instrumental role it plays in the Dutch state's development co-operation strategy.

The majority of FMO's financing operations are deals in which commercial banks are reluctant to participate. Regular commercial banks without a state guarantee would face difficulties obtaining funding for the activities in which FMO is currently involved. In the run-up to Basel III, such deals would also place a huge strain on the capital of a commercial bank. One of FMO's goals is to involve commercial banks in its deals in order to improve the development of the financial systems of developing countries.

FMO contributes to Dutch state interests through such activities as knowledge-sharing via partnerships with Dutch universities, providing finance to or for the benefit of Dutch companies, providing fund management services for Dutch institutional investors who may lack the scale and experience to invest directly in emerging markets – FMO offers a diversified portfolio that smaller investors would be unable to build themselves – and matchmaking clients with parties in the Netherlands.

Control and Oversight

Fitch considers the control and oversight by the state as highly supportive of FMO's credit quality. Within the mandates assigned to it by the 16 November 1998 agreement, FMO has substantial independence to operate, although it periodically consults the state on important strategic decisions. In case it becomes likely that FMO will need financial support from the Dutch state, the state can give "reasonable instructions" according to Article 10 of the Agreement to the management board, under exceptional circumstances.

The Dutch state has a majority in the general assembly of shareholders. All decisions in the assembly need a simple majority, with the exception of motions to amend the Articles of Association and dissolve the company and resolutions for a legal merger or divestiture.

The Ministry of Finance and the Ministry of Foreign Affairs exercise a supervisory role at FMO, on behalf of the Dutch government through different mechanisms. The Ministry of Finance supervises FMO's risks policy and position on a quarterly basis through a report by FMO's Chief Risk and Finance Officer. The Ministry of Foreign Affairs assesses the alignment of FMO's activities with its general development co-operation policy on an annual basis. Within one month of the end of each quarter, FMO has to provide the Minister of Finance and the Minister of Foreign Affairs with a summary for the calendar year including the current quarter on the balance sheet at the end of that quarter and the profit and loss account compared with the budget.

The Minister of Finance and the Minister for Foreign Affairs meet with FMO at least twice a year for the purposes of policy consultation, and to discuss whether FMO's activities have been performed in accordance with its activity criteria. Changes to the regulatory framework may be made with the consent of both the state and FMO.

The state also intervenes in FMO's management and operations as, notably, it must be consulted for exceptional investments higher than 30% of FMO's capital, and as FMO's remuneration policy is subject to a non-binding proposal from the Ministry of Finance.

Although not required for the conduct of its business, FMO voluntarily applied for a Dutch banking licence, which it formally obtained in April 2014. It is supervised by the Dutch regulator (De Nederlandse Bank, DNB – the Dutch central bank) and has to abide by banking regulations. FMO is subject to the formal supervision of DNB, and complies with the internationally accepted standards of the Bank for International Settlements (BIS) and other banking requirements. This banking status provides FMO with access to central bank refinancing operations, if needed. FMO reports its debt repayment schedule as part of the general Internal Capital Adequacy Assessment Process (ICAAP) report, which is monitored by DNB.

FMO has a two-tier board structure, with a management board and a supervisory board. The management board develops and implements FMO's strategy and is responsible for ensuring that the company complies with relevant legislation and regulations. It comprises three statutory directors: the chief executive officer, the chief investment officer and the chief risk and finance officer. The supervisory board appoints the members of the management board and supervises its activities. It advises the management board on the management and strategic development of the company. The supervisory board consists of six members with specific expertise in FMO's primary areas of business. These members are appointed by the annual meeting of shareholders.

Integration/Financial

Fitch considers FMO's integration in the general government accounts as strongly supportive of its credit quality. FMO does not receive state subsidies and its debt is not consolidated in general government debt. However, the state has entrusted FMO with managing designated development funds for a committed total of EUR1,194m at end-2015. FMO receives fees from the state to manage these funds. This underlines the importance of FMO to the state for the realisation of its development co-operation objectives.

State backing for FMO's solvency and liquidity is strong and formalised. It applies to all debt issued in the capital markets, irrespective of tenor and rank. The relationship between the state and FMO is set out in a formal agreement first signed in 1991 and amended in 1998, which is viewed as a state guarantee on FMO's financial obligations. The agreement has an indefinite term and its termination requires 12 years' notice from either party. According to Article 8 of the 1998 agreement, "The state shall prevent situations arising in which FMO is unable to meet its financial commitments on time."

The article comprehensively lists the types of obligations covered by this undertaking. This obligation exists solely between the state and FMO. In the exceptional case that the Dutch state has suspended its obligations, a third party cannot take legal action to force the Dutch state directly to honour its payment obligations. However, Fitch considers that the state support is to FMO and the pledge from the state effectively ensures that FMO's obligations are strongly backed up by the Netherlands' credit standing.

Under Article 7 of the 1998 agreement, the state has a "maintenance obligation" to FMO, which, unlike the guarantee on the company's financial obligations, can be suspended. Under this obligation, the state is committed to covering all of FMO's losses from unforeseen and non-provisioned operational risks that cannot be covered by the general reserve risk fund.

If FMO's financial situation were to deteriorate to the extent that it could be expected to invoke the state's obligations, the Ministry of Finance would be entitled to direct its financial and economic policies. Under such a scenario, FMO's failure to comply with the minister's directions could result in the suspension of the maintenance obligation, but the track record of smooth and tight co-operation between the state and FMO is strong and therefore we consider that such suspension is unlikely. If FMO were liquidated, its capital reserves would revert to a state obligation after settlement of the contractual return to shareholders.

As per the 1998 agreement and FMO's statuses (Articles of Association), FMO also pays dividends to the state although the amounts are generally minimal as FMO allocates most of its net profit to its legal reserves. FMO's dividend payout ratio generally stands at a maximum of 5% of net profit, of which 51% is paid out to the Dutch state. There have been discussions with the state with regard to a potential increase of the dividend payout ratio to the state, but this would require an amendment of the Articles of Association. To date, there have been no initiatives to implement such an amendment.

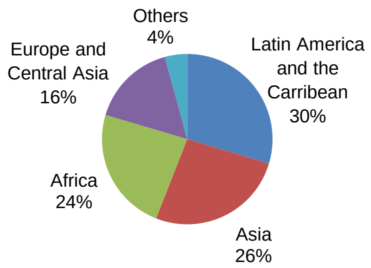
Overall Assessment

In view of the above factors, Fitch has classified FMO as a credit-linked PSE under its rating of PSEs criteria. This is attributable to the entity's strong strategic importance, the state's shareholding, and the control and integration with the state. The ratings of FMO are equalised with Netherlands' ratings.

Fitch considers the ability and willingness of the state to extend extraordinary support to FMO as very high and as an important factor in its credit quality.

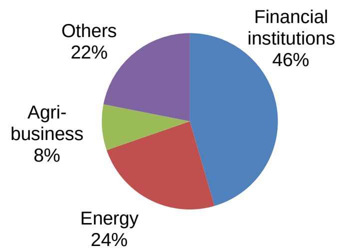
State support for FMO is demonstrated by the funding the company has received in the past. During 1991-2005, FMO received annual average capital contributions of over EUR45m from the state, which are registered in its equity. Given that FMO now has a strong capital base, we expect the state's capital contributions to be more limited in the medium term. However, the state is committed in principle to future capital contributions if an expansion of FMO's loan portfolio requires it.

Figure 2
FMO Gross Loans Exposure - by Country
31 December 2015



Source: Fitch

Figure 3
FMO Gross Loans Exposure - by Sector
31 December 2015



Source: FMO, Fitch

FMO does not have access to state treasury lines. Beyond the liquidity support mentioned in the 1998 Agreement, FMO does not have access to additional state liquidity support mechanisms. However, the liquidity support embodied in the 1998 Agreement obliges the state to prevent situations in which FMO is unable to meet commitments on time in relation to loans raised in the capital markets, short-term funds raised in the money market, derivatives and guarantees given by FMO to third parties.

Fitch considers FMO's debt as moderate in comparison with the central government's debt (representing just 1.1% of the latter in 2015) and in comparison with Dutch GDP (0.8% of the latter), hence ensuring that the state is well able to provide support. The state's commitment to FMO is recorded by the Netherlands as a contingent liability.

Other parties and in particular other tiers of government beyond the Ministry of Finance and the Ministry of Foreign Affairs are unlikely to interfere in relations between the Dutch state and FMO. Given that almost every member of the EU provides a state guarantee to its own development bank, it is unlikely that FMO's government support would be challenged by other EU members in the context of state aid rules, all the more so as most of FMO's borrowers are located in non-EU countries.

Operations

Financial Performance

FMO's main activity consists of providing loans, mostly with a term of less than five years, 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 FOM, in which FMO participates as a 5%-20% risk partner.

Apart from the financing it provides from its own resources, FMO offers loans, guarantees and equity finance from special government funds. The funds consist of subsidies provided under the General Administrative Law Act regarding the Infrastructure Development Fund, MASSIF, the Access to Energy Fund and FOM. The latter was started during 2012. FMO incurs a risk in MASSIF as it has an equity share of 2.55%. For the remaining interest in MASSIF, and the full risk in the other government funds, FMO has a contractual right and obligation to settle the results of the funds' activities with the state. The economic risks related to these funds are predominantly taken by the state.

Although FMO's total committed investment portfolio (including investments on behalf of the state) increased to EUR9.2bn in 2015 from EUR8bn in 2014, the quality of FMO's loans and investments portfolios remained fairly stable. Over recent years, FMO's profitability has been solid and resilient. The company benefits from a healthy net interest margin owing to its low funding costs and the typically high yields generated by businesses conducted in emerging countries. In 2015, despite a challenging market environment, FMO's profitability increased, partly due to the appreciation of USD, with a record net profit of EUR174m, up from EUR124m in 2014. Its return on shareholders' equity was high at 7% in 2015, notably in light of FMO's strong interest margin. Fitch expects the return on equity to remain stable in the medium term, despite the volatility of the markets in which FMO operates.

New financing commitments (EUR1.58bn in 2015) are evenly split between Africa, Asia, Latin America and the Caribbean, and Eastern Europe. In terms of loan portfolio stock, Latin America and the Caribbean account for the largest share (29% of the total loan portfolio), followed by Asia (26.3%), Africa (23.6%) and Eastern Europe. Sector-wise, financial institutions account for the largest share at 38% of the committed portfolio, followed by energy – notably renewable energies, and excluding oil exploration (23%). Currently, 43% of FMO's committed portfolio consists of investments made in low-income countries and 39% in lower-middle-income countries. FMO's recent rapid loan growth is mostly explained by commercial banks pulling back from emerging markets, particularly for longer-term loans, allowing FMO to capture new business and to emphasise its relevance to counter-cyclical development.

Together with its financial partners including German and French development financial institutions DEG and Proparco, International Finance Corporation and others, FMO finances projects outside its main strategic focus sectors. These are aggregated as "Diverse Sectors", and accounted for 14% of the total committed portfolio at end-2015. FMO encourages private investors to engage in developing markets through syndicated loans and various risk-sharing agreements.

FMO's equity portfolio grew by 30% to EUR1.5bn in 2015. This was mainly driven by new investments (equity investments and associates), while FMO realised a number of successful exits in 2015, with net results from equity investments amounting to EUR24.2m.

Although the risk aversion of market participants can benefit FMO, a key challenge is the still volatile demand for FMO's products, especially considering the higher short-term liquidity levels prevalent in low-income countries. FMO's equity portfolio and, hence, balance sheet are vulnerable to exchange-rate movements (other operations are effectively hedged against exchange-rate fluctuations): FMO's committed portfolio is mostly denominated in US dollars (about 76% at end-2014), followed by euros (16%) and other currencies (8%). FMO does not take active positions in any currency, except for a share of the equity portfolio where the exposure in local currency remains open.

FMO's overall investment decisions must adhere to the principles stated in the Criteria Memorandum, which is an appendix to the 1998 agreement. In addition to promoting economic development in emerging economies, environmental and social factors are key for FMO when it considers investment projects. In addition to these investment criteria, FMO's management has established exposure limits by country, client, sector and guarantor, to diversify risk.

Strategy

The strategy defined for 2013-2016 confirms FMO's ambitions to substantially increase its development impact and loan portfolio, in the financial institutions, energy and agribusiness sectors, which are integral to the economic development of the poorest countries. Additional components of the strategy include fund management and syndicated loans. FMO's new strategy also entails it tightening its links with the Netherlands by partnering with Dutch companies and making use of the growing network of similarly oriented organisations within the Dutch market.

In the coming years, FMO will invest at least 70% in low- and lower-middle-income countries, and at least 35% in the 55 poorest countries through own financing. Moreover, FMO has reinforced its presence in the sustainable bond market: FMO aims, by 2020, to be the leading impact investor by doubling impact and halving footprint. It will also increase its catalysing role through fund management for third parties and syndicated loans, in order to maximise the development impact of its projects. Development impact is an inherent part of FMO's investment process – and one that its stakeholder monitors very tightly.

Debt, Liquidity and Contingent Liabilities

Secured Risk Management

FMO's risks are prudently managed, and Fitch considers its risk appetite to be modest. The vast majority of FMO's equity investments and lending is to financial institutions; this significant sector concentration is mitigated by borrower and geographical diversification. Impaired loans represented 6.88% of total loans at end-2015, a moderate percentage considering FMO operates in volatile environments. These impaired loans were only 60% covered by specific reserves, but coverage soars to close to 114% when including collective reserves. FMO's liquidity coverage ratio was a high 261% at 30 June 2015.

Loan write-offs were marginal in 2015, accounting for just 0.6% of total loans. In the case of loan restructurings, which typically affect between 3% and 4% of loans, FMO normally charges a restructuring fee and increases the rate it charges to clients. FMO has set prudent limits to manage foreign-currency risk; it aims to fund foreign-currency assets with liabilities in the same currency, and residual gaps are closed using derivatives.

The only risk FMO is actively pursuing relates to credit risk stemming from debt and equity instruments and institutions in developing countries. This credit risk profile is supported by holding prudent levels of capital and liquidity and through diversification across sectors and regions. Risk management policies are supported by a governance structure that ensures application of a solid four-eye principle and proper involvement of the Investment Committee for credit risk and an Asset and Liability Management Committee for market risk. Concentration risk of FMO's investments is mitigated by stringent limits on individual counterparties (single client and economic group limits), countries (from 8% to 20% of FMO's capital, dependent on country ratings) and sectors (50% of country limit).

Strong Capitalisation, Good Access to Funding Markets

FMO's regulatory solvency is strong (Core Tier 1 capital ratio of 22.9% at end-2015) and its leverage is particularly low (equity/assets of 29.8% at the same date). FMO's capital ratios were strengthened in 2015 thanks to the issuance of EUR175m of Tier 2 notes.

FMO does not take customer deposits and virtually all of its funding is sourced on capital markets. The risk associated with FMO's high reliance on a confidence-sensitive funding source is mitigated by prudent liquidity management (notably through close monitoring of asset and liability maturity mismatches and through running a prudent liquidity buffer to withstand temporary closures of the capital markets).

The implementation of the more stringent Basel III/CRD IV has had a material impact on FMO's current capital ratios. However, given its special status, ownership and mission, Fitch does not believe that FMO, although licensed as a bank, would be submitted to the upcoming Bank Recovery and Resolution Directive (BRRD) in the same way as other European privately owned and commercial banks. The Dutch state's contractual commitment to provide support to FMO if ever required would potentially conflict with any legal limitation imposed by the BRRD.

However, a number of other factors point to the fact FMO might not be subject to BRRD resolution tools should it fail because the resolution objectives in the BRRD may be met with ordinary insolvency proceedings: a default of FMO would carry limited contagion risk to other Dutch financial institutions; FMO has a relatively small balance sheet (EUR8.4bn of total assets, and loan and development assets represent primarily non-Dutch risks); FMO's functions can be argued not to meet the definition of "critical functions" as defined under the BRRD; FMO does not accept deposits or investments covered by deposit guarantee schemes;

and FMO is non-systemic for the Dutch or European financial system – this is evidenced by the fact that it has not been required to hold a capital buffer as required for globally systemically important banks or domestic systemically important banks.

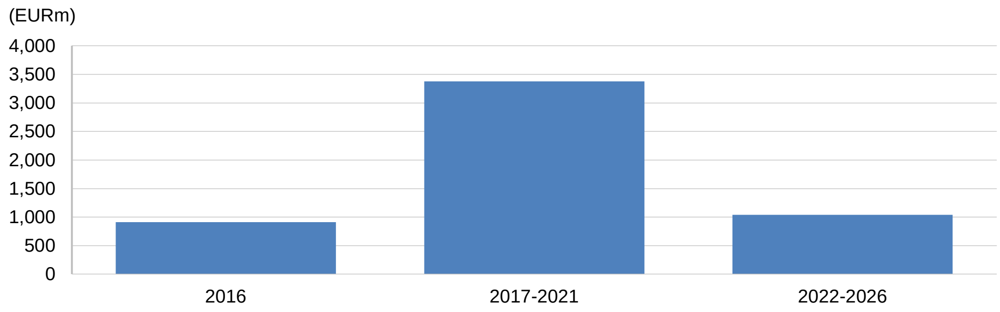
The 1998 agreement is expected to support FMO's obligations irrespective of their format and to provide going-concern support. In addition, FMO's current capital provides a significant buffer to absorb losses and any bail-in before senior creditors could be affected.

The growth of FMO's total assets is mostly financed by long-term funding in the domestic and international financial markets, to which the company has good access through its debt issuance programme, with a limit of EUR6bn. In 2012, short-term funding was replaced by long-term funding. In 2015, FMO raised almost EUR1.7bn, up from EUR1.2bn in 2014, in diverse markets and currencies. Tenors vary from two to 10 years, and the main currencies are the US dollar and the euro. In 2015, FMO successfully issued a EUR500m sustainability bond and USD500m benchmark issues, which resulted in an increase in long-term debt to EUR5.3bn at end-2015 from EUR4.2bn at end-2014.

Figure 4

FMO Liabilities Repayment Profile

As of end 2015; LT financial debt maturities



Source: Fitch, FMO

FMO's liquidity position is well within its limits and remains so even under various stress scenarios. Internal liquidity risk guidelines require FMO to hold liquidity sufficient to cover at least six months of payment obligations. If committed bank lines and possible sale and repurchase agreements (repos) are included, FMO currently holds liquid resources sufficient to cover about seven months of its debt payment obligations. FMO has a EUR1.5bn euro commercial paper programme in place, although to date this has not been used. More than 90% of the interest-bearing securities that FMO holds on its balance sheet (about EUR611m as of end-2015) are eligible for repo at the ECB. FMO is also an eligible issuer under the Public Sector Purchase Programme of the ECB set in 2015.

Appendix A

Figure 5

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

(EUR 000)	2011	2012	2013	2014	2015
Profit and loss					
Interest revenue	194,701.0	202,099.0	196,778.0	206,592.0	272,708.0
Interest expenditure	-47,733.0	-48,275.0	-42,243.0	-37,193.0	-45,506.0
Net interest income	146,968.0	153,824.0	154,535.0	169,399.0	227,202.0
Net fees and commissions	24,918.0	26,287.0	29,835.0	31,951.0	33,357.0
Other operating income	53,957.0	98,256.0	50,735.0	76,784.0	48,355.0
Personal expenses	-39,074.0	-44,195.0	-46,824.0	-45,923.0	-59,642.0
Other operating expenses	-12,424.0	-15,915.0	-15,795.0	-15,801.0	-19,881.0
Net gains and losses on securities and trading	12,069.0	-4,195.0	18,944.0	-17,833.0	11,044.0
Net operating income/(loss)	186,414.0	214,062.0	191,430.0	198,577.0	240,435.0
Provisions	-23,110.0	-22,866.0	4,601.0	-36,566.0	-9,441.0
Operating profit (loss) after provisions	163,304.0	191,196.0	196,031.0	162,011.0	230,994.0
Other non-operating revenues/expenses	-45,551.0	-18,764.0	-25,121.0	-12,639.0	-16,038.0
Contributions from state budgets	-	-	-1,934.0	-	-
Profit (loss) before tax	117,753.0	172,432.0	168,976.0	149,372.0	214,956.0
Taxation	-24,362.0	-27,149.0	-35,641.0	-24,996.0	-40,668.0
Net profit (loss)	93,391.0	145,283.0	133,335.0	124,376.0	174,288.0
Balance sheet					
Assets					
Cash and cash equivalents	*42,114.0*	22,057.0	29,042.0	33,743.0	76,966.0
Liquid securities	1,005,640.0	1,010,011.0	961,606.0	834,666.0	862,659.0
Deposits with banks	498,787.0	678,126.0	1,102,630.0	1,093,606.0	1,545,384.0
Loans (including loans guaranteed by the state)	2,584,662.0	2,816,503.0	2,980,863.0	3,859,840.0	4,307,159.0
Other earning assets	-	-	-	-	724.0
Long-term investments (including investments in associates)	795,439.0	913,686.0	962,443.0	1,148,775.0	1,500,268.0
Fixed assets	9,383.0	11,685.0	7,468.0	7,468.0	7,626.0
Intangible	8,242.0	5,693.0	4,954.0	2,379.0	2,108.0
Other long-term assets	115,012.0	105,869.0	135,337.0	107,167.0	118,388.0
Total assets	5,059,279.0	5,563,630.0	6,184,343.0	7,087,644.0	8,421,282.0
Liabilities & equity					
Customer deposits	-	-	-	-	-
Deposits from banks	260,780.0	27,772.0	76,897.0	81,168.0	0.0
Short-term borrowing	-	-	-	125,000.0	76,015.0
Other short-term liabilities	-	-	-	-	-
Debt maturing after 1 year	2,678,540.0	3,291,650.0	3,609,796.0	4,196,998.0	5,347,614.0
Other long-term funding	362,918.0	330,005.0	445,042.0	465,244.0	391,073.0
Other provisions and reserves	16,193.0	24,249.0	22,839.0	12,467.0	1,706.0
Other long-term liabilities	76,258.0	74,532.0	66,812.0	69,207.0	93,958.0
Equity	1,484,464.0	1,621,343.0	1,747,712.0	1,869,582.0	2,050,187.0
Reserves	180,126.0	194,079.0	215,245.0	267,978.0	460,729.0
Total liabilities & equity	5,059,279.0	5,563,630.0	6,184,343.0	7,087,644.0	8,421,282.0
Memo					
Guarantees and other contingent liabilities	1,318,245.0	1,374,079.0	1,514,618.0	1,721,581.0	1,943,096.0

Source: Issuer and Fitch calculations

Appendix B

Figure 6

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)

	2011	2012	2013	2014	2015
Ratios					
Performance					
Interest revenue on loans/loans (%)	5.97	6.54	6.16	5.03	6.13
Interest expense/borrowings and deposits (%)	1.45	1.32	1.02	0.76	0.78
Net interest income/earning assets (%)	3.56	3.4	3.05	2.91	3.34
Net operating income/net interest income and other oper. revenue (%)	82.54	76.9	81.42	71.4	77.83
Net operating income/equity and reserves (%)	11.2	11.79	9.75	9.29	9.57
Net operating income/total assets (%)	3.68	3.85	3.1	2.8	2.86
Credit					
Growth of total assets (%)	-	9.97	11.16	14.61	18.82
Growth of loans (%)	-	8.27	4.5	28.26	10.78
Impaired loans/total loans (%)	3.56	3.71	4.27	7.02	6.88
Reserves for impaired loans/impaired loans (%)	311.94	283.71	220.03	121.29	114.12
Loan impairment charges/loans (%)	1.27	0.93	-0.09	0.8	0.18
Liquidity and funding					
Long-term debt/total equity and reserves (%)	160.91	181.32	183.9	196.35	212.9
Liquid assets/total assets (%)	20.71	18.55	16.02	12.25	11.16
Total deposits and debt/total assets (%)	65.27	65.59	66.81	68.69	69.02
Liquid assets/short-term deposits and borrowing (%)	-	-	-	694.73	1269.25
Capitalisation					
Equity and reserves/total assets (%)	32.9	32.63	31.74	30.16	29.83
Net profit/total equity and reserves (%)	5.61	8	6.79	5.82	6.94
Loans/equity and reserves (%)	174.67	173.4	167.58	197.38	186.08
Regulatory capital adequacy ratio (%)	29.4	29	27.7	21.3	23.6

n.a.: not available
Source: Issuer and Fitch calculations

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.