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Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

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Major Ratings Factors

Issuer Credit Rating
AAA/Stable/A-1+

Strengths:

- Almost certain likelihood of government support in the event of financial distress.
- The state's maintenance obligation and guarantee of FMO's financial commitments.
- Historically strong financial profile.

Weaknesses:

- Volatile income stream.
- High-risk lending profile.

Rationale

We equalize our ratings on Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) with those on the Netherlands (unsolicited, AAA/Stable/A-1+), reflecting our opinion that there is an almost certain likelihood that the Dutch government would provide timely and sufficient extraordinary support to FMO in the event of financial distress.

In accordance with our criteria for government-related entities (GREs), our rating approach factors in our view of FMO's:

- Critical role as the key government vehicle for promoting private-sector growth in developing countries, an important public policy goal in The Netherlands; and
- Integral link with the Dutch government. The ratings reflect the 51% government ownership of and strong support for FMO, based on the government's obligation to maintain FMO's operations, its liquidity injections, and its commitment to preserve FMO's solvency, as well as a track record of such support.

Established in 1970, FMO is a public-private development bank. Its majority shareholder is the Dutch government (51%). The rest of the shares are held by large Dutch banks (42%) and employers' associations, trade unions, and individual investors (7%).

The 1998 agreement between FMO and the government formally codified sovereign support to FMO. The duration of the agreement is indefinite and its termination requires 12 years' notice by either party. Under Article 8 (financial security obligation) of the agreement, the government is legally required to enable FMO to meet its obligations, including funding raised in capital markets, on time. The agreement aims to provide financial support so that no situations arise in which FMO is unable to meet certain of its commitments on time. FMO's creditors have no direct recourse to the Dutch government. Instead, the government has an obligation to FMO.

The Netherlands' long-term commitment to, and support of FMO is also demonstrated by the sovereign's obligation in most circumstances to safeguard the company's solvency (Article 7 of the agreement—maintenance obligation). Article 7 states that the Dutch government is committed to covering all losses from operations that cannot be covered by general or specific provisioning and reserves. We understand that although the government does not explicitly guarantee FMO's individual obligations, it views its maintenance guarantee on FMO's operations as equivalent to an explicit guarantee. Discussions are ongoing between the Dutch state and its related entities regarding payment for guarantees. If FMO has to pay for its guarantee from the state, we think it would strengthen the explicit character of the guarantee.

FMO supports business and financial institutions in developing countries by providing capital and skills, which is part of the general policy of The Netherlands' Ministry of Development Cooperation, and therefore qualifies as a strategically important activity. It does so by arranging loans (€4.3 billion outstanding as of June 30, 2018), equity investments (€1.8 billion), guarantees, and other investment promotion activities.

In addition, it manages several off-balance-sheet development funds on behalf of, and at the risk of, the Dutch government. Government funds represented about 15% of FMO's total assets as of end-2017. FMO manages the following government funds that finance high-risk projects in developing countries:

- MASSIF: a fund aiding the development of micro-, small-, and midsized enterprises via financial institutions;
- IDF: long-term financing of funds earmarked for infrastructure projects in low income countries; and
- AEF: a fund financing energy projects.

In 2017, FMO established NedLinx B.V., a 100% subsidiary focusing on financing activities for Dutch small and midsize enterprises (SMEs) investing abroad. NedLinx integrates FMO's Dutch business activities. In our view, the creation of NedLinx B.V. strengthens FMO's economic policy role for the Dutch government by supporting Dutch business activities in emerging markets. There are ongoing discussions regarding the transfer of NedLinx's activities to a joint venture between FMO and Invest-NL, a new financing institution created by the Dutch government that will become operational in 2019. The institution will consist of a project development arm and an investment arm, and invest in companies and projects that are unable to attract sufficient financing from the market because of the investments' unsecure risk-return nature or long payback time.

Under FMO's revised dividend policy, the shareholders, including the government, may now take an increased dividend of up to 100% of distributable profit (about 5% of total profit), compared with 40%-60% previously. FMO's 2017 net profits increased significantly to €255 million, from €176 million in 2016, supported by exits from several private equity investments and the loan business' robust performance, despite a decrease in net interest income (€200 million in 2017, down 8% from 2016) as a result of a weaker U.S. dollar. In the first half of 2018, net interest income (€99 million) fell slightly compared with the first half of 2017 (€102 million). Net profit declined to €124 million compared with €156 million in June 2017, still reflecting a rise in the euro-dollar exchange rate. However, 2018 is not fully comparable with previous years due to the implementation of International Financial Reporting Standards (IFRS)

9, because fair value changes in FMO's private equity portfolio must be recorded in the profit and loss account, while previously they were recognized in the available for sale reserve.

In 2014, FMO received its full banking license from De Nederlandsche Bank, the Dutch central bank, further improving its access to the international capital markets and widening its financing options. FMO can now fully benefit from any emergency monetary policy measures that the European Central Bank (ECB) adopts. Moreover, within the ECB's Public Sector Purchase program (PSPP), launched in March 2015, securities issued by FMO became eligible for the Eurosystem's expanded asset purchase at an early stage of the program's implementation. In our view, the inclusion of FMO's securities did not have a significant impact on its already favorable borrowing conditions, partly because only slightly more than one-third of the funding portfolio is denominated in euros. Nevertheless, we think that including FMO's securities into the ECB's PSPP benefits its funding options. FMO is subject to the Bank Recovery and Resolution Directive, as implemented under Dutch law, with the competent resolution authority being the Dutch central bank.

We assess FMO's creditworthiness as being linked to that of the sovereign. We do not assess FMO's stand-alone credit profile because we view the likelihood of extraordinary government support as almost certain. As such, we consider that the likelihood of government support is not subject to transition risk.

Outlook

The stable outlook on FMO mirrors that on The Netherlands and reflects our expectation that the 1998 agreement with the Dutch state regarding its support of FMO will remain in force.

In the unlikely case that we were to reassess our view of FMO's integral link with and critical role for the Dutch government, in turn prompting us to adopt a view of a lower probability of extraordinary government support, we could lower our long-term rating on FMO below that on the sovereign.

Extraordinary Government Support: Almost Certain In Light Of Public Policy Role

In our opinion, FMO's role is critical to meeting the official policy objectives of The Netherlands. This is because FMO operates essentially on behalf of the government, providing a key role in meeting economic and social objectives. Also, we assess FMO as having an integral link with the government based on its 51% ownership by the Dutch government, as well as the state's support for its financial obligations and its commitment to continue funding FMO if necessary.

FMO was established in 1970 by the state, several Dutch companies, and trade unions as a joint-stock company under the "Law of May 1, 1970, on Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V." Under FMO's Articles of Association, the company is mandated to promote the economic and social progress of developing countries by funding private-sector investments--primarily through long-term loans and equity investments--in those countries in line with the Dutch government's policy goals on development cooperation. FMO also provides guarantees for third-party investments in developing economies and plays an active role in trade financing and syndicated loans. In addition, FMO manages several development funds and their associated risks on behalf of the government.

The relationship between the state and FMO is set out in a formal agreement first signed in 1991 and amended in 1998. The agreement has an indefinite term and its termination required 12 years' notice from either party. Moreover, FMO's authorized share capital comprises 49% 'B' shares, which may be held by the private sector, and 51% 'A' shares, which may only be issued to, and owned by, the state. Neither the state nor the private shareholders have shown any interest in altering the ownership structure. The initial banking license that FMO obtained in March 2008, and the full license it received in March 2014, have not affected the shareholder structure.

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. The company's creditors do not have a direct claim against the state, and Article 8 does not formally constitute a full, unconditional guarantee. Nevertheless, we believe the pledge effectively ensures that FMO's obligations are fully supported by the state's credit standing. Moreover, unlike other obligations that the state has toward FMO, Article 8 cannot be suspended under any circumstances while the agreement remains in force (Article 10).

Article 7 of the 1998 agreement also stipulates the state's "maintenance obligation" toward FMO, which, unlike the guarantee on the company's financial liabilities, can be suspended. Under this obligation, the state is committed to covering all of FMO's losses from operational risks that are unforeseen and not provisioned for, and that cannot be covered by the general reserve risk fund.

If FMO's financial situation were to deteriorate to the extent that it could invoke the state's obligations, the Dutch Ministry of Finance would be entitled to direct the company's 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. The likelihood of such a suspension seems remote, though, in our view, as cooperation between the state and FMO has always been strong. Given the assessment of the likelihood of extraordinary state support, it is important to note that the Dutch state has an interest of more than 90% of shareholder's equity, due to the fact that it is entitled to a major part of FMO's reserves.

Additionally, state support for FMO is demonstrated by the funding the company has received in the past. From 1991 to 2005, FMO received annual average capital contributions of more than €45 million from the Dutch government. Given that FMO now has a very strong capital base relative to its business, we do not expect the state to resume capital contributions in the next few years. However, we understand that the Dutch state is committed, in principle, to future capital contributions if an expansion of FMO's loan portfolio requires it. In our view, FMO also benefits from advantageous bilateral tax treaties and de facto preferred creditor treatment in some of FMO's countries of operation.

In 2017, FMO established NedLinx, a 100% subsidiary focusing on financing activities to Dutch SME companies investing abroad. NedLinx integrates FMO's Dutch business activities. There are ongoing discussions regarding the transfer of NedLinx's activities to a joint venture between FMO and Invest-NL, a new financing institution created by the Dutch government that will become operational in 2019.

Operations

In 2017, FMO conducted a revision of its corporate strategy through 2025, increasing the proportion of the investment portfolio directed at reducing inequalities and climate action. The new strategy focuses on three main sustainable development goals (SDGs): decent work and economic growth (SDG 8), reduced inequalities (SDG 10), and climate action (SDG 13).

Thus, in line with the Dutch government's policy objectives of local prosperity and stability, FMO planned to allocate 57% of new commitments last year to green investments and inequality reduction (32% and 25%, respectively). Green investments constituted 35% of total new commitments in the first half of 2018, outperforming the original target for the year, while 24% of these commitments were directed at reducing inequalities.

Furthermore, as part of the new strategy, FMO is increasing its investments in the 'European Neighbourhood', mainly the Middle East and Northern Africa, in line with the Dutch government's foreign policy objectives. In addition, the European Commission chose FMO to manage the NASIRA Risk-Sharing Facility, a €75 million guarantee to back young, female and migrant entrepreneurs in Africa and countries neighboring Europe, highlighting the foreign policy nature of FMO's investments.

In terms of sector focus, financial institutions constituted 35% of the total committed portfolio as of June 30, 2018, followed by energy (28%), multi-sector fund investments (14%), infrastructure, manufacturing and services (13%) and agribusiness (9%).

Total new commitments closed in 2017 reached €3.1 billion--above the initial target of €2.5 billion, including €1.1 billion of catalyzed funds, which increased significantly from €905 million in 2016. New commitments closed on behalf of the Dutch state under the three state funds increased to €210 million from €118 million in 2016. Catalyzed funds and governments funds managed on behalf of the state represented 35% and 7% of total new commitments in 2017, respectively. In the first half of 2018, new commitments increased to €751 million from €630 million in June 2017.

Policies governing lending decisions

FMO's main activity is to provide loans (€4.3 billion at half-year 2018, from €4.1 billion at year-end 2017). Lending and guarantee operations include project finance, corporate loans, and lines of credit to financial institutions, which in turn lend to local companies. In line with its mandate to operate commercially, the company provides funding on similar terms and conditions to those found in global financial markets.

The rapid loan growth in recent years is mostly explained by commercial banks pulling back from emerging markets, particularly for loans of longer duration, allowing FMO to capture new business and to emphasize its relevance to anticyclical development.

FMO calculates what interest rate to charge by adding a spread over its own basic rate for fixed-rate loans, or over LIBOR or an equivalent benchmark for floating-rate loans. The spread generally varies between 200 basis points (bps) and 500 bps, reflecting borrower and country risks, the maturity of the loan, and current financial market conditions. In addition, FMO mobilizes funds from commercial banks through nonrecourse loan syndication. The company provides part of the funds for the loan and serves as the lender of record for the entire facility.

Policies governing equity investments

FMO's equity investments increased to €1.8 billion as of June 30, 2018, from €1.7 billion at year-end 2017. Equity investments have gained weight in FMO's portfolio as part of its efforts to diversify its product mix and meet client needs. FMO's equity investments comprise common and preference shares, subordinated loans with equity options, and other quasi-equity instruments. FMO almost always takes a minority equity investment and is the largest shareholder in just one case; we understand it is willing, in certain cases, to take seats on company boards.

The company's equity investments have an average duration of five to 10 years. In addition, exit arrangements, preferably through stock markets, are agreed upon at the outset. FMO participates in private equity funds, which in turn take stakes in local firms not listed on the relevant stock exchange.

Local-currency financing and new products

FMO is involved in local-currency financing because foreign banks are often unable to offer local currency on longer tenors. Local-currency products have always been available to clients through government funds, but more recently FMO has started introducing its own products. FMO hedges all currency risk for its own products through The Currency Exchange Fund, of which it is an important shareholder, and commercial banks. At the end of 2017, about 11% of net loans to the private sector were denominated in local currency (up from 9% in 2016).

Turkey represents an important market for FMO, and as of June 30, 2018, debt exposure amounted to €376 million while equity exposure was €52 million, excluding committed not disbursed and guarantees received. Of the €376 million exposure, €99 million were denominated in Turkish lira, a currency exposure that has been hedged, reflecting FMO's limited appetite for currency risk. Recent political events in Turkey--and potential spillovers to other emerging markets--are being closely monitored as this country represents FMO's largest geographical exposure.

Policies governing provisions

The company introduced a specific loan provisions policy in 2003, linking the provision ratio (25%-100%) to internal ratings and the duration of arrears. The value-adjustment policy introduced the concept of incurred but not reported (IBNR) provisions in 2005, in accordance with IFRS. The IBNR provision relates to risks that are present but not yet identified, and is calculated with a model that depends on such factors as country ratings, portfolio breakdowns, default risks, and recovery rates.

Table 1

FMO Balance Sheet

(Mil. €)	2018 H1	2017 H1	2016 H1	2015 H1	2017	2016	2015	2014	2013	2012
Average assets	8,366.3	8,629.9	8,607.9	8,395.3	8,437.8	8,487.0	7,754.4	6,636.0	5,874.4	5,311.9
Total assets	8,293.1	8,439.5	8,820.4	8,395.3	8,322.9	8,552.8	8,421.3	7,087.6	6,184.3	5,564.5
Total loans (net)	4,267.9	4,208.1	4,335.3	4,205.4	4,139.4	4,526.7	4,307.2	3,859.8	2,980.9	2,821.5
Of which loans guaranteed by the state	33.2	54.2	56.6	56.0	39.0	56.8	56.8	58.5	53.4	58.9
Equity investment	1,544.8	1,597.8	1,529.0	1,377.7	1,502.8	1,712.1	1,467.5	1,124.4	943.2	890.5
Short-term deposits	1,450.7	1,467.4	1,750.4	1,652.5	1,544.1	1,242.6	1,545.4	1,093.6	1,102.6	678.1
Interest-bearing securities	362.5	531.9	637.7	628.0	362.9	575.1	611.6	593.3	664.7	729.8

Table 1

FMO Balance Sheet (cont.)										
(Mil. €)	**2018 H1**	**2017 H1**	**2016 H1**	**2015 H1**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Other assets	667.3	634.2	568.0	531.9	773.7	496.2	489.6	416.5	493.0	444.5
Total liabilities	5,331.5	5,670.5	6,226.3	6,001.6	5,493.0	5,779.2	5,910.4	4,950.1	4,221.4	3,749.9
Debt securities	4,900.9	5,267.2	5,701.9	5,104.5	5,101.3	5,181.0	5,347.6	4,197.0	3,609.8	3,291.6
Short-term credits*	90.2	82.1	132.6	259.2	125.9	39.5	76.0	261.1	226.9	240.4
Banks	0.0	0.0	0.0	72.2	0.0	0.0	0.0	81.2	76.9	27.8
Other liabilities	340.4	321.2	391.8	565.7	265.8	558.8	486.8	410.8	307.8	190.1
Capital	2,961.1	2,769.0	2,594.1	2,393.7	2,830.0	2,773.5	2,510.9	2,137.6	1,963.0	1,814.6
Of which share capital (paid-in)	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1	9.1
Of which reserves	2,952.0	2,759.9	2,585.0	2,384.6	2,820.9	2,764.5	2,501.8	2,128.5	1,953.9	1,805.5

*Predominantly collateral and deposits. H1--First half.

Given the positive economic context and several write-offs and full prepayments of credit impaired assets, FMO was able to bring down the nonperforming loan (NPL) ratio to 6.3% as of half-year 2018 from 6.9% at year-end 2017. As part of the European Council's plan to tackle NPLs, the European Banking Authority proposed guidelines that would require all institutions with elevated levels of nonperforming exposures (NPEs)--with a threshold at 5%--to establish an NPE strategy, applicable as of Jan. 1, 2019. We understand FMO is currently looking to reduce its exposure in some sectors that are deemed riskier.

Profitability remains volatile

We expect the company's annual results to remain relatively volatile. However, we believe FMO can partly manage the volatility within its annual profits through the spreads it charges customers for financial products.

FMO's net profitability decreased in the first half of 2018 to €124 million from €156 million for the same period last year, which resulted in a return on shareholders' equity of 8.6% (compared with 11.2% in June 2017). Despite robust performance, the decrease in the size of the loan portfolio following a weaker US dollar, led to a decrease in net interest income in the first half of 2018 to €99 million, from €102 million in the first half of 2017. Results from equity investments also decreased to €44 million from €92 million in the first half of 2017, as 2017 results were mainly driven by large private equity exits. Similarly, following the application of IFRS 9, fair value changes in FMO's private equity portfolio are now recorded in the profit and loss account, while previously they were recognized in the available for sale reserve. Hence, 2018 is not fully comparable with previous years. Remuneration FMO receives for services rendered on behalf of the state stood at €14 million in the first half of 2018 (€12 million for the same period in 2017), which helps stabilize FMO's otherwise relatively volatile profitability.

According to the 1998 agreement, FMO allocates most of its net profits to the contractual reserve. This usually reduces the distributable profit by about 95%. The management and supervisory boards then propose to shareholders how to appropriate the remaining net profit. FMO's dividend pay-out ratio is generally quite low given the contractual 1998 agreement restrictions on profit distribution. In 2017, FMO declared a €5.6 million dividend.

Table 2

FMO Profit And Loss Account

(Mil. €)	2018 H1	2017 H1	2016 H1	2015 H1	2017	2016	2015	2014	2013	2012
Income	173.6	231.1	147.8	166.6	443.9	299.5	319.9	260.3	253.9	271.5
Net interest income	99.2	102.5	108.0	111.8	199.9	216.5	227.2	169.4	154.5	153.8
Results from equity investments	43.8	91.9	19.4	13.6	154.6	39.0	24.2	59.3	23.6	72.1
Dividend income	13.4	20.4	7.8	8.6	36.6	16.8	20.1	12.7	19.8	17.2
Remuneration for services rendered	14.3	12.4	12.5	12.6	29.4	28.6	26.0	25.1	22.9	19.1
Other income	3.0	4.0	0.1	20.1	23.5	(1.4)	22.4	(6.2)	33.1	9.3
Expenses	36.9	52.8	80.3	51.0	160.7	86.7	108.1	112.8	79.9	103.1
Operating expenses	52.0	49.9	42.0	37.0	98.7	85.7	79.5	61.7	62.4	57.4
Value adjustments	(15.1)	2.9	38.3	14.0	62.0	1.0	28.6	51.1	17.5	45.7
Of which to loans	(14.7)	(8.0)	14.7	7.2	18.1	(38.1)	8.4	33.7	(3.0)	29.1
Of which to equity	0.0	12.3	25.2	5.3	46.9	44.0	19.1	14.5	22.1	22.8
Of which to guarantees	(0.4)	(1.4)	1.7	1.5	(3.0)	(4.9)	1.0	2.9	(1.6)	(6.3)
Profit before tax	140.2	175.3	67.7	118.8	292.5	219.1	215.0	149.4	169.0	172.4
Taxes	16.2	19.8	11.0	21.3	37.3	43.0	40.7	25.0	35.6	27.1
Net profit	123.9	155.5	56.8	97.5	255.2	176.1	174.3	124.4	133.3	145.3

H1--First half. Note that net profit as per 2018 is not fully comparable with previous years due to the implementation of IFRS9, which impacts the results from the private equity portfolio as it requires fair value changes to be recorded in the profit and loss account.

Funding And Liquidity: Both Benefit From Diversified Sources

FMO's principal sources of funds are the domestic and international financial markets, to which the company has good access, in our view. We regard FMO's €7 billion debt issuance program as its key funding vehicle. In fact, as a part of this program, FMO issued a $500 million three-year note in September 2018. In addition, FMO has a €1.5 billion commercial paper program in place, although to date it has not issued under this program. Furthermore, given FMO's bank status, it has access to funding at the ECB. In the context of the ECB's PSPP, triggered in March 2015, securities issued by FMO became eligible for the Eurosystem's expanded asset purchase at an early stage of the program implementation. It is estimated that the inclusion of the FMO's securities did not have a significant impact on its already favorable borrowing conditions, partly explained by the fact that only slightly more than one-third of the funding portfolio is euro-denominated. Nevertheless, we believe that the inclusion of the FMO's securities into the ECB's PSPP, which terminated at the end of 2018, benefited its funding options.

FMO's management is actively trying to diversify its funding markets, having issued, besides euros, in Swiss francs and in U.S., Australian, and New Zealand dollars since 2013, and in some cases paying a premium in order to keep markets open.

FMO has been an active issuer over the past few years. This has allowed, among other things, an increase in short-term deposits, strengthening FMO's liquidity in times of financial uncertainty. As a result, FMO holds about 18% of its assets as cash-on-hand and short-term deposits as of June 30, 2018, reflective of the conservative approach to managing liquidity. Internal liquidity risk guidelines require FMO to hold liquidity sufficient to cover at least six months of payment obligations.

Capital: Well-Capitalized Relative To Risk Profile

Because of its activities in what we consider to be high-risk countries, FMO has a much higher risk profile than commercial banks. On average, FMO's level of risk weighting assets is 2x-3x higher than that of commercial banks. Even so, we regard FMO as well-capitalized relative to the high-risk profile of its operations. The common equity tier 1 (CET 1) ratio stood at 25.8% as of June 30, 2018, up from 24.6% at end-2017 and well above the prudential minimum.

As of midyear 2018, total shareholders' equity was €3 billion. FMO's reserve allocation policy has historically ensured that the ratio of shareholders' equity to total assets remained at more than 40%, even during times of weaker performance. However, since 2008, this ratio has decreased, reaching 21.3% at year-end 2014 partly due to exchange-rate effects because euros are the denomination of 100% of its equity and the majority of its emerging market loans are U.S. dollar-denominated. Since then, this ratio has been increasing and stood at nearly 36% as of June 30, 2018.

In addition, the company's equity includes the share premium reserve, the Development Fund, the contractual reserve, and other reserves:

- The share premium reserve contains funds that the government transferred during FMO's financial restructuring in 1991.
- The Development Fund includes the annual budgetary allocations made by the state. The annual contributions, which ended in 2005, increased the balance of the Development Fund to €658 million.
- The contractual reserve includes the share of the annual profit that FMO is obliged to allocate under the terms of the 1998 agreement, which accounted for nearly 98% of net profit.
- The remainder of FMO's net profit, after deductions for the proposed dividend, is added to other reserves. We believe the low dividend pay-out ratio provides management with ample flexibility to translate operating results into equity increases.

Table 3

FMO Financial Ratios

(%)	2018 H1	2017 H1	2016 H1	H1 2015	2017	2016	2015	2014	2013	2012
Profitability										
Revenues/average assets	2.1	2.7	1.7	2.0	5.3	3.5	4.1	3.9	4.3	5.1
Net interest income/average assets	1.2	1.2	1.3	1.3	2.4	2.6	2.9	2.6	2.6	2.9
Operating expense/average assets	0.6	0.6	0.5	0.4	1.2	1.0	1.0	0.9	1.1	1.1
Pretax profits/average assets	1.7	2.0	0.8	1.4	3.5	2.6	2.8	2.3	2.9	3.2
Net profit/average assets (ROA)	1.5	1.8	0.7	1.2	3.0	2.1	2.2	1.9	2.3	2.7
Return on equity (ROE)	4.2	5.6	2.2	4.1	9.0	6.3	6.9	6.1	7.1	8.4
Net interest income/revenues	57.1	44.3	73.1	67.1	45.0	72.3	71.0	65.1	60.9	56.6
Operating expense/revenues	30.0	21.6	28.4	22.2	22.2	28.6	24.9	23.7	24.6	21.1
Provisions/revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 3

FMO Financial Ratios (cont.)										
(%)	**2018 H1**	**2017 H1**	**2016 H1**	**H1 2015**	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
Pretax profits/revenues	80.7	75.9	45.8	71.3	65.9	73.1	67.2	57.4	66.6	63.5
Revenue/employee (000 €)	352.9	469.7	333.6	421.7	902.2	676.1	809.9	672.6	682.5	822.7
Net profit/employee (000 €)	251.9	316.1	128.1	246.9	518.8	397.5	441.2	321.4	358.3	440.3
Liquidity (% of assets)										
Cash and deposits	17.5	17.4	19.8	19.7	18.6	14.5	18.4	15.4	17.8	12.2
Capital (%)										
Capital/assets	35.7	32.8	29.4	28.5	34.0	32.4	29.8	30.2	31.7	32.6
Capital/loans	69.4	65.8	59.8	56.9	68.4	61.3	58.3	55.4	65.9	64.3
Dividend payout ratio	N/A	N/A	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0

H1--First half.

Related Criteria

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- The Netherlands Ratings Affirmed At 'AAA/A-1+'; Outlook Stable, Nov. 16, 2018
- The Currency Exchange Fund N.V. Upgraded To 'A/A-1' On Improved Business Resilience; Outlook Stable, July 26, 2018

Ratings Detail (As Of January 16, 2019)	
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	
Issuer Credit Rating	AAA/Stable/A-1+
Senior Unsecured	AAA
Issuer Credit Ratings History	
25-Nov-2015	AAA/Stable/A-1+
26-May-2015	AA+/Positive/A-1+
29-Nov-2013	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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