FMO

Entrepreneurial Development Bank

INTERIM REPORT

2022

Meet Khalid Shuiabu, a farmer and member of Babban Gona in Kaduna State, Nigeria during the 2021 planting season on his maize farm. Farmers are affected by rising food prices, especially for fertilizers, and high inflation resulting in increasing costs for farming. FMO contributes to food security and supports Babban Gona, a farming service franchise model improving the lives of Nigerian smallholder farmers in these challenging times.

TABLE OF CONTENTS

AT A GLANCE

FMO is the Dutch entrepreneurial development bank

Since 1970 we have been a driving force behind investments empowering local entrepreneurs in emerging markets. We believe in a world in which, in 2050, more than 9 billion people live well and within the means of the planet's resources.

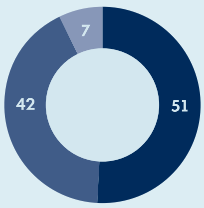
We invest with the aim of enhancing local prosperity in emerging markets and take risks that the commercial banking sector is not willing to take. We focus on the private sector in the following industries: Energy, Financial Institutions and Agribusiness, Food & Water. Through our investments in these industries we empower entrepreneurs to build a better world.

Our role extends beyond financing, as we challenge and support businesses to meet international environmental, social and governance standards. These businesses, in turn, support job creation, reduce inequality and improve our climate. Our strategy is to be your preferred partner to invest in local prosperity.

FMO has its head office in The Hague, the Netherlands, with local offices in Johannesburg, South Africa, and Nairobi, Kenya. We also have a representative office registered in Costa Rica.

Organization and ratings

Ownership structure %



- The State of the Netherlands
- Dutch banks
- Employers' associations, trade unions, corporate and individual investors

Ratings

AAA
Fitch ratings

AAA
Standard&Poor's

2nd /1071 banks
Sustainalytics relative performance (1st=lowest risk)

Prime
ISS ESG rating

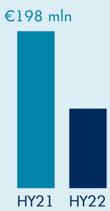
Employees

641
Total number of employees

56
Number of nationalities

47%
of women in senior and middle management

Financial performance



€102 million
Net profit

23.5%
CET1(%)

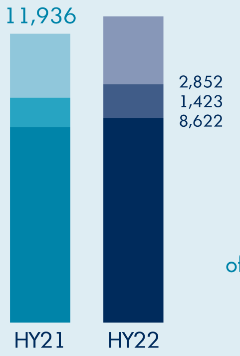
Half Year (HY) 2022 performance

Investing in local prosperity[1]

	Decent Work and Economic Growth	Reduced Inequalities	Climate Action

Total committed portfolio[2]

One-third of our portfolio aims to contribute to reduced inequalities and climate action.



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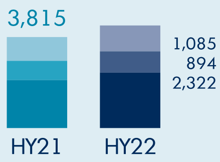

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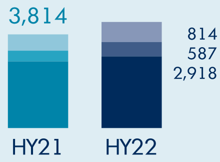


- Mobilized funds
- Public funds
- FMO's balance sheet

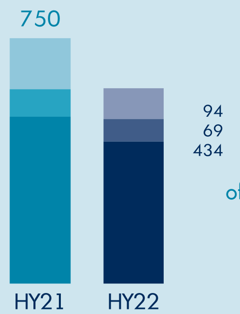
€12,897 million[3]
Total committed portfolio

€4,301 million
Reducing Inequality-labelled committed portfolio

€4,319 million[3]
Green-labelled committed portfolio

Total new investment volume[2]

33% of the total new investment volume aims to contribute to reduced inequalities and 48% to climate action.



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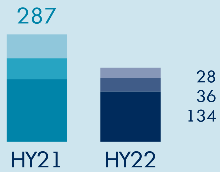

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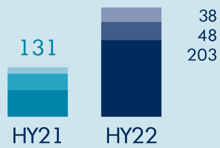

- Mobilized funds
- Public funds
- FMO's balance sheet

€597 million
Total new investment volume

€198 million
Reducing Inequality-labelled new investment volume

€289 million
Green-labelled new investment volume

Other key indicators[4]

Our portfolio resulted in an estimated 620 thousand jobs supported and 1.3 million tCO_2e financed avoided GHG emissions.

620,000
Jobs supported

1,300,000 tCO_2e
Total financed avoided greenhouse gas emissions

1. In addition to investments made on its own balance sheet, FMO also invests public and mobilized funds to create higher impact. These funds are managed but not owned by FMO. The risk exposure for these assets is for the third-party providers of this capital.
2. This is an alternative performance measure (APM) that is not included in the financial statements and is designed for steering purposes.
3. The HY21 figure was restated to exclude sub-delegated funds.
4. The comparative figure is not available, as this metric was not reported in HY21

DGP is a woman-led enterprise, about 60% of employees are women, and through financing facilities by local Ipak Yuli Bank, the partner-bank of FMO, they already transformed part of their production to paper.

LETTER FROM THE MANAGEMENT BOARD

After a hopeful end to 2021 and a positive start to 2022, when many COVID-19 measures were lifted, FMO set out to deliver on ambitious targets for new investments and our development impact. Major geopolitical and economic changes in the first half of the year, however, have changed our positive outlook.

The ongoing war in Ukraine has had a catastrophic effect on the country's citizens and businesses and has disrupted energy and food supply chains globally. Poverty and inequality levels, already worse due to COVID-19, have deteriorated even further. In Sub-Saharan Africa, 85 percent of the region's wheat supplies are imported. [1] Higher fuel and fertilizer prices also affect domestic food production. Together, these factors will disproportionately hurt the poor and increase food insecurity. Many countries have felt the impact of these challenges as have our customers.

In light of this, it is imperative we serve our customers better, create more impact and take risks that commercial parties are not ready to take. This is why we are pursuing three strategic priorities, which are to build back our business, adapt to regulatory changes, and accelerate the development of our organization.

Building back business

Last year, the pandemic and the need to focus on internal processes limited our ability to generate new business. We have set ambitious targets and are building our investment pipeline in pursuit of these, in full awareness of the uncertainty that lies ahead. A few of the highlights of the first half of 2022 are:

- Through MASSIF, we supported over 50,000 displaced Ukrainians in Georgia and ensured the continuity of Ukrainian SMEs through a technical assistance facility with our Georgian customer Gazelle Finance.
- We contributed to food security through a syndicated facility with Moldova's largest agribusiness group, Trans-Oil Group, for US$43 million. We also renewed support for Babban Gona, a farming service franchise model improving the lives of Nigerian smallholder farmers through a US$15 million facility. In addition, we provided a top-up of US$20 million to Hayel Saeed Anam Group in Yemen to produce and distribute food staples like flour and milk.
- As part of our commitment to increase investments in fragile and conflict-affected states, we supported youth and women-run SMEs affected by COVID-19 with a US$10 million NASIRA portfolio guarantee and Capacity Development (CD) Program.
- We invested in Egypt's first green renewables-backed project bond through a direct subscription for US$72.5 million through the Scatec Green Bond, refinancing six power plants across the country.
- We mobilized funds – including Proparco – to provide reliable power to the residents of Karachi through a US$100 million syndicated facility to private power company K-Electric. This transaction aims to enhance KE's transmission and distribution network, an important pillar in FMO's updated approach for the Energy sector.
- Alongside British International Investment (BII) and Old Mutual, we committed US$40 million to the African Infrastructure Investment Fund 4. This will help to bridge the immense financing gap in digital, transport, and logistics infrastructure across Africa and accelerate Africa's energy transition.
- We supported on-lending to women and youth-owned agricultural micro, small and medium-sized enterprises (MSMEs) in Uzbekistan with a US$50 million loan to our long-standing customer Ipak Yuli Bank.
- We supported the acceleration of the tech start-up scene in Ghana, Tanzania, and Morocco by partnering with AfricArena, the leading African series of tech events, through our Ventures Program.

1 International Monetary Fund (April 2022). Regional Economic Outlook: Sub-Saharan Africa - A New Shock and Little Room to Maneuver.

- For the first time in two years we hosted in-person events, including our Future of Energy conference with Solarplaza in the Netherlands, which highlighted how hybrid (wind) applications, energy storage, and distributed energy can increase access to energy. We also hosted our African Cheetahs Roundtable in Kenya, bringing together executives of Africa’s most promising and fast-growing agribusiness companies.

Adapting to changing regulations

We recognize the need for greater transparency and accountability, the main drivers behind stricter regulations for financial institutions. We continue to monitor these developments and are adapting our internal procedures, disclosures, risk management and governance frameworks in line with the expectations of the European Central Bank (ECB) to manage and disclose on climate-related risks, the LIBOR transition and the EU Sustainable Finance regulation.

In 2020, we launched the Financial Economic Crime (FEC) Enhancement program to demonstrate full compliance with the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch: Wwft) and the Sanctions Law. We finalized this program by 2021.

FMO received the Dutch Central Bank's (DNB) conclusions and observations. Follow-up on DNB’s recommendations and findings has been initiated. We are determined to continue to improve in the regulatory domain and to ensure that the changes we implement are tailored to the day-to-day realities and complexities of the markets we are active in.

Accelerating organizational development

To help us realize our financial and impact targets and to increase our productivity, we have been recruiting more people. This includes a Director Business Projects, who will focus on our digitalization program and internal efficiency.

We continued to improve our impact management. We launched the Joint Impact Model (JIM) Foundation, which aims to increase transparency on key impact indicators in developing countries in a harmonized way. We are reviewing our Position Statement on Indirect Finance and our Disclosure Policy. Also, we are adjusting our investment process to take the impact of investments on local communities into account even better.

Financial and impact performance

Our net profit for the first half of 2022 amounted to €102 million (HY21: €198 million). The easing of COVID-19 measures was overshadowed by the Russian invasion of Ukraine, where the impact of the war resulted in additional impairments and valuation adjustments on our loan and private equity portfolios respectively. The strengthening of the USD versus the EUR had an upward impact of €118 million on the predominately USD denominated private equity portfolio.

The current crisis is enhancing FMO’s additionality as an investor in emerging markets and developing economies. At the same time, we notice a decline in the share of our investments in least developed countries that started during the pandemic and continues in 2022. We are currently not on track to achieve our Reducing Inequality (RI) target for 2022, however we are striving to bring our RI investments back on track in the second half of the year. In the first half year, we realized €198 million in RI-labelled investments. With €289 million Green-labelled new investments, we are progressing well on our Green target. At the end of the first half year, FMO's outstanding portfolio resulted in an estimated 620,000 jobs supported (FY21: 642,000) and 1,300,000 tCO2e financed avoided GHG emissions (FY21: 1,255,000 tCO2e).

The Private Equity portfolio consisting of investments in Ukraine and investees active in the region has been valuated at approximately €67.6 million less than before the Russian invasion. In addition, FMO took impairments of approximately €96.5 million on loans to customers in Ukraine. Our Common Equity Tier 1 (CET1) ratio remains well above our appetite level.

Looking ahead

The war in Ukraine will continue to increase the price of food in emerging markets and developing economies and impact some of the poorest and most vulnerable countries. We have already been supporting customers who supply food to such countries and are increasing commitments in cases where commercial lenders are retrenching. Nonetheless, we are working with the private sector and the Dutch government to see how and where we can do even more to secure food for the people who need it the most.

We will continue to monitor economic developments and mitigate risks when necessary. We believe that global equity markets will remain very volatile in the second half of the year and that the war in the Ukraine could lead to further impairments to our debt and equity portfolios. We are also following, among others, the situation in Sri Lanka, where the country and its people are faced with an economic and political crisis. The current exposure in Sri Lanka amounts to €70.4 million.

We need to and want to continually improve. Lessons learned from the more complex projects help us do that, for example Plantations et Huileries du Congo S.A (PHC) / Feronia, which we exited earlier this year. Another complex project, Agua Zarca, saw new developments in June, related to earlier legal proceedings. More information can be found on our website.

Our experience gained over more than 50 years, continued dialogue with our stakeholders and insights from evaluations we conduct, continue to inform our approach, and our long-term strategy. In September this year, we will launch our updated impact strategy toward 2030, which sets out how we will challenge ourselves and our partners to maximize our impact. In addition, we will be expanding the Management Board (MB) from three to five members, which we agreed with the Supervisory Board last year. We are in the process of hiring two people, who – pending final approvals – will join the MB later this year.

Responsibility statement

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

- The 2022 condensed consolidated interim accounts give a true and fair view of the assets, liabilities, financial position and profit of FMO and its consolidated undertakings;
- This Interim Report 2022 includes a fair overview 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 2022; and
- This Interim Report 2022 includes a description of the principal risks and uncertainties for the remaining six months of the financial year.

The Hague, August 11, 2022

Fatoumata Bouaré, Chief Risk & Finance Officer
Huib-Jan de Ruijter, Chief Investment Officer
Michael Jongeneel, Chief Executive Officer

Consolidated interim accounts 2022

Condensed consolidated balance sheet

	Notes	June 30, 2022	December 31, 2021
Assets			
Banks		59,060	95,873
Current accounts with State funds and other programs		234	648
Short-term deposits	(5.2)		
-of which: Amortized cost		811,014	1,149,877
-of which: Fair value through profit or loss		619,445	193,302
Other receivables		24,078	22,477
Interest-bearing securities at amortized cost		537,559	463,971
Derivative financial instruments	(5.3)	176,296	235,673
Loans to the private sector			
-of which: Amortized cost		4,267,527	4,152,713
-of which: Fair value through profit or loss		589,436	621,978
Current tax receivables		13,911	-
Equity investments	(5.4)		
-of which: Fair value through OCI		141,741	140,425
-of which: Fair value through profit or loss		2,050,247	1,876,825
Investments in associates	(5.5)	332,719	298,737
Property, plant and equipment		25,418	27,243
Intangible assets		15,766	17,958
Deferred income tax assets		3,092	5,589
Total assets		**9,667,543**	**9,303,289**
Liabilities			
Short-term credits	(6)	17,466	123,359
Current accounts with State funds and other programs		100	1,017
Derivative financial instruments	(5.3)	524,991	192,225
Debentures and notes	(7)	5,478,944	5,426,596
Current tax liabilities		-	36,929
Wage tax liabilities		623	576
Accrued liabilities		22,139	28,208
Other liabilities		25,955	22,400
Provisions		29,379	27,592
Deferred income tax liabilities		10,748	10,748
Total liabilities		**6,110,345**	**5,869,650**
Shareholders' equity			
Share capital		9,076	9,076
Share premium reserve		29,272	29,272
Contractual reserve		2,658,032	2,658,032
Development fund		657,981	657,981
Fair value reserve		32,226	30,910
Actuarial result pensions		-250	-7,433
Translation reserve		25,487	-392
Other reserves		43,338	43,338
Undistributed result		102,010	12,831
Shareholders' equity (parent)		**3,557,172**	**3,433,615**
Non-controlling interests		26	24
Total shareholders' equity		**3,557,198**	**3,433,639**
Total liabilities and shareholders' equity		**9,667,543**	**9,303,289**

Condensed consolidated profit and loss account

	Notes	June 30, 2022	June 30, 2021
Income			
Interest income from financial instruments measured at AC	(9)	142,781	138,930
Interest income from financial instruments measured at FVPL	(9)	-476	-2,820
Interest expenses from financial instruments measured at AC	(10)	-57,707	-52,441
Interest expenses from financial instruments measured at FVPL	(10)	34,327	36,926
Interest expenses on leases	(10)	-73	-80
Net interest income		**118,852**	**120,515**
Dividend income	(11)	31,998	9,850
Results from equity investments	(12)	119,278	102,853
Total results from equity investments		**151,276**	**112,703**
Fee and commission income		5,090	8,979
Fee and commission expense		-6,211	-1,329
Net fee and commission income	**(13)**	**-1,121**	**7,650**
Results from financial transactions	(14)	11,524	-2,729
Remuneration for services rendered	(15)	17,964	14,540
Gains and losses due to derecognition		3	1,152
Other operating income		-167	59
Total other income		**29,324**	**13,022**
Total income		**298,331**	**253,890**
Operating expenses			
Staff costs		-51,484	-45,864
Administrative expenses		-15,963	-14,061
Depreciation and impairment of PP&E and intangible assets		-5,749	-5,533
Other operating expenses		-193	-129
Total operating expenses		**-73,389**	**-65,587**
Impairments on			
Interest-bearing securities		-19	61
Loans		-103,303	25,432
Loan commitments		-668	-258
Guarantees issued		-10,652	3,011
Total impairments		**-114,642**	**28,246**
Results on associates			
Share in the result of associates		-15,357	8,789
Total result on associates		**-15,357**	**8,789**
Profit/(loss) before taxation		94,943	225,338
Income tax	(16)	7,069	-26,941
Net profit/(loss)		**102,012**	**198,397**
Net profit/(loss) attributable to			
Owners of the parent company		102,010	198,425
Non controlling interests		2	-28
Net profit/(loss)		**102,012**	**198,397**

Condensed consolidated statement of comprehensive income

	Notes	June 30, 2022	June 30, 2021
Net profit/(loss)		**102,012**	**198,397**
Other comprehensive income			
Share of other comprehensive income of associates due to exchange differences		25,879	5,912
Income tax effect		-	-
Items to be reclassified to profit and loss		**25,879**	**5,912**
Fair value reserve of equity instruments at FVOCI		1,316	6,349
Actuarial gains/(losses) on defined benefit plans		9,680	7,590
Income tax effect		-2,497	-3,111
Items not reclassified to profit and loss		**8,499**	**10,828**
Total other comprehensive income, net of tax		**34,378**	**16,740**
Total comprehensive income		**136,390**	**215,137**
Total comprehensive income attributable to:			
Owners of the parent company		136,388	215,165
Non-controlling interests		2	-28
Total comprehensive income		**136,390**	**215,137**

Condensed consolidated statement of changes in shareholders' equity

	Share capital	Share premium reserve	Contractual reserve	Development fund	Fair value reserve	Actuarial result pensions	Translation reserve	Other reserves	Undistributed result	Non-controlling interests	Total
Balance at January 1, 2021	**9,076**	**29,272**	**2,180,172**	**657,981**	**26,200**	**-17,156**	**-17,727**	**32,162**	**-3,347**	**68**	**2,896,701**
Exchange differences on associates	-	-	-	-	-	-	5,912	-	-	-	5,912
Fair value reserve of equity instruments at FVOCI	-	-	-	-	6,349	-	-	-	-	-	6,349
Actuarial gains/losses on defined benefit plans	-	-	-	-	-	7,590	-	-	-	-	7,590
Income tax effect other comprehensive income	-	-	-	-	-1,214	-1,897	-	-	-	-	-3,111
Total other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**5,135**	**5,693**	**5,912**	**-**	**-**	**-**	**16,740**
Changes in subsidiary Equis DFI Feeder L.P.[2]	-	-	-	-	-	-	-	-	-	-	-
Release from fair value reserve	-	-	-	-	-	-	-	-	-	-	-
Net profit /(loss)[1]	-	-	-	-	-	-	-	-3,349	201,772	-28	198,395
Dividend distributed	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2021	**9,076**	**29,272**	**2,180,172**	**657,981**	**31,335**	**-11,463**	**-11,815**	**28,813**	**198,425**	**40**	**3,111,836**
Balance at December 31, 2021	**9,076**	**29,272**	**2,658,032**	**657,981**	**30,910**	**-7,433**	**-392**	**43,338**	**12,831**	**24**	**3,433,639**
Exchange differences on associates	-	-	-	-	-	-	25,879	-	-	-	25,879
Fair value reserve of equity instruments at FVOCI	-	-	-	-	1,316	-	-	-	-	-	1,316
Actuarial gains/losses on defined benefit plans	-	-	-	-	-	9,680	-	-	-	-	9,680
Income tax effect other comprehensive income	-	-	-	-	-	-2,497	-	-	-	-	-2,497
Total other comprehensive income, net of tax	**-**	**-**	**-**	**-**	**1,316**	**7,183**	**25,879**	**-**	**-**	**-**	**34,378**
Changes in subsidiary Equis DFI Feeder L.P.[2]	-	-	-	-	-	-	-	-	-	-	-
Release from fair value reserve	-	-	-	-	-	-	-	-	-	-	-
Net profit /(loss)[1]	-	-	-	-	-	-	-	-	102,010	2	102,012
Dividend distributed	-	-	-	-	-	-	-	-	-12,831	-	-12,831
Balance at June 30, 2022	**9,076**	**29,272**	**2,658,032**	**657,981**	**32,226**	**-250**	**25,487**	**43,338**	**102,010**	**26**	**3,557,198**

1 Under the Agreement State-FMO of November 16, 1998, it is required to add this part of the net profit to the contractual reserve. Therefore this profit is not distributable.

2 Changes driven by movements in the underlying investment portfolio of Equis DFI Feeder such as subscription and sales.

Condensed consolidated statement of cash flows

	Notes	June 30, 2022	June 30, 2021
Operational activities			
Net profit/(loss)		102,012	198,397
Adjustment for non-cash items:			
- Result of associates		15,357	-8,789
- Unrealised (gains) losses arising from changes in fair value[1]		-16,189	-44,465
- Unrealised (gains) losses arising from changes in foreign exchange rates		-222,489	-93,590
- Unrealised (gains) losses arising from other changes[2]		-4,865	-6,924
- Amortization of premiums/discounts debentures and notes		-3,926	5,650
- Impairments		114,642	-28,246
- Depreciation and impairment of PP&E assets		5,749	5,533
- Income tax expense		-7,069	26,941
Changes in:			
- Income taxes payable / receivable		-36,929	23,825
- Loans		127,391	313,716
- Equity investments		-59,794	-31,535
- Other assets and liabilities[3]		1,823	-30,921
- Short-term deposits > 3 months[3]		-330,592	-59,044
- Short-term credits[3]		-105,895	-89,550
Net cash flow from operational activities		**-420,774**	**180,998**
Investment activities			
Purchase of interest-bearing securities		-96,358	-92,102
Redemption/sale of interest-bearing securities		36,896	47,084
Investments in PP&E and intangible fixed assets		-1,358	-742
Disinvestments in PP&E and intangible fixed assets		1,258	-
Investments in Associates		-7,363	-10,195
Divestments in Associates		-	636
Net cash flow from investment activities		**-66,925**	**-55,319**
Financing activities			
Proceeds from issuance of debt securities, debentures and notes	(7)	687,382	526,731
Redemption of debt securities, debentures and notes	(7)	-568,470	-173,429
Lease payments		-1,687	-1,685
Dividend paid		-12,831	-
Net cash flow from financing activities		**104,394**	**351,617**
Net cash flow		**-383,305**	**477,296**
Cash and cash equivalents			
Net foreign exchange difference		103,180	50,105
Banks and short term deposits at January 1		1,395,141	1,344,136
Banks and short term deposits at June 30		1,115,016	1,871,537
Total cash flow		**-383,305**	**477,296**
Operational cash flows from interest and dividends			
Interest received		131,962	147,619
Interest paid		-23,380	-15,514
Dividend received		31,998	9,850
Interest paid for lease liabilities		-73	-80

1 Unrealized (gains) losses arising from changes in fair value related to fair value changes in loans to private sector, derivatives, equity investments, debentures and notes.

2 Unrealized (gains) losses arising from other changes relate to changes in accrual and amortizable fees of financial assets and liabilities.

3 Movement is excluding foreign exchange results. Foreign exchange results are included in unrealized gains (losses) arising from foreign exchange rates.

Banks and short term deposits

The balance as mentioned in the cash flow statement corresponds with the following items in the consolidated balance sheet:

Cash position maturity bucket < 3 months	June 30, 2022	June 30, 2021
Banks	59,060	52,672
Short term deposits measured at AC	811,014	1,071,175
Short term deposits measured at FVPL	619,445	806,734
-of which > 3 months	-374,503	-59,044
Banks and short term deposits < 3 months	**1,115,016**	**1,871,537**

Notes to the consolidated interim accounts

1 Corporate information

FMO was incorporated in 1970 as a public limited company with 51% of shares held by the Dutch Government and 49% held by commercial banks, state unions and other members of the private sector. The company is located at Anna van Saksenlaan 71, The Hague, The Netherlands and is registered under ID 27078545 in the Chamber of Commerce. FMO finances activities in emerging markets and developing economies to stimulate private sector development. In addition, FMO provides services in relation to government and public funds and programs.

Financing and investing activities

FMO is the Dutch entrepreneurial 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 the emerging markets and developing economies.

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’.

We arrange syndicated loans to mobilize funds, by bringing together investors – commercial banks and other development finance institutions (DFIs) - with FMO for structuring these transactions. This enables us to provide our clients with increased access to finance and more diversified lending, while giving our financial partners efficient opportunities to enter new markets.

Commercial fund management

FMO's subsidiary, FMO Investment Management B.V. (FMO IM), provides investment advice for third party investment funds, which are invested in FMO’s transactions in emerging and developing markets. Through these funds FMO IM offers investors access to our expertise in responsible emerging market investing.

Services in relation to government and public funding

Apart from financing activities from its own resources, FMO provides loans, guarantees and equity capital from government funding, within the conditions and objectives stipulated in the agreements. The funding consist of subsidies provided under the General Administrative Law Act regarding MASSIF, Access to Energy Fund (AEF), Building Prospects (BP), Capacity Development Program (CD) and Dutch Fund for Climate and Development (DFCD). In addition, funding is provided by the UK Government for Mobilizing Finance for Forests (MFF).

FMO incurs a risk in MASSIF as it has an equity share of 2.17% (2021: 2.17%). With respect to the remaining interest in MASSIF, and the full risk in the other government programs, FMO has a contractual right and obligation to settle the results arising from the programs’ activities with the Dutch Government. The economic risks related to these funds are predominantly taken by the Dutch Government, and FMO has limited control over policy issues regarding these funds. FMO receives a remuneration fee for managing these funds. Therefore, with the exception of FMO’s equity share in MASSIF, the funds' assets, results and liabilities are not included in the annual accounts.

The European Development Financial Institutions (EDFI) Management Company (MC) (of which FMO is one of the shareholders together with the other EDFIs) was established in Brussels to manage European Commission (EC) funding for the Electri-FI global facility, the Agri-FI investment facility and the Electri-FI Country. FMO, as accredited entity for the EC, acts as delegatee (contractee) for the EC and has sub-delegated all operational activities related to these facilities to the EDFIMC.

FMO was accredited by Green Climate Fund (GCF) and capitalizes on FMO's experience in mobilizing and enabling the private sector in developing countries towards low-emission and climate-resilient investments. In this context, FMO has received funds from the EU, USAID and the Dutch Government with the purpose to invest directly in Climate Investor One (CIO), a facility raised by FMO and managed by Climate Fund Managers (CFM). CIO is a blended finance, capital-recycling facility mandated with delivering renewable energy infrastructure projects in emerging markets through its contribution to each phase of a projects lifecycle.

The EC and FMO have an agreement for risk sharing facility NASIRA for an amount of €100 million. The facility uses guarantees to allow banks to on-lend to underserved entrepreneurs within the European neighborhood and Sub-Saharan Africa. The goal of these guarantees is to allow local banks to provide loans to groups they perceive as too risky.

Furthermore, FMO and the EC signed the guarantee agreement for the FMO Ventures Program. The program's aim is to invest in both fund and direct investments in Africa, the European Neighborhood and Asia (excluding China). Next to equity investments, the Program will also have a dedicated technical assistance program to support investees of FMO Ventures Program and will promote the development of local Venture Capital ecosystems.

Mobilizing Finance for Forests (MFF) was established by the United Kingdom (UK) government as a blended finance investment program to combat deforestation and other environmentally unsustainable land use practices contributing to global climate change. Through MFF, FMO has been appointed by the UK government to invest up to £150 million across a mix of investment funds and direct investments in selected tropical forest regions in Africa, Asia and Latin America.

2 Basis of preparation and changes to accounting policies

2.1 Basis of preparation

These 2022 condensed consolidated interim accounts as at June 30, 2022 have been prepared in accordance with IAS 34 in the International Financial Reporting Standards (IFRS).

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, 2021. The consolidated interim accounts do not include all the 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, 2021.

2.2 Group accounting and consolidation

The company accounts of FMO and the company accounts of the subsidiaries Asia Participations B.V., FMO Investment Management B.V. , Equis DFI Feeder L.P. and FMO Representative Office LAC Limitada are consolidated in these interim accounts. FMO Representative Office LAC Limitada was incorporate during first half of 2022 and is FMO's representative entity in Costa Rica. This subsidiary is 100% owned by FMO. The consolidation of this entity does not have a material impact on FMO's balance sheet or FMO's current business activities. Nedlinx B.V. was liquidated during the first half of 2022 and is no longer part of the consolidation structure of FMO's consolidated accounts. The subsidiary was 100% owned by FMO. The event of liquidation of this entity does not have a material impact on FMO's balance sheet or FMO's current business activities.

The activities of Asia Participations B.V. and Equis DFI Feeder L.P. consist of providing equity capital to companies in developing countries. FMO Investment Management B.V. carries out portfolio management activities for third party investment funds, which are invested in FMO’s 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.

2.3 Foreign currency translation

FMO uses the euro as the unit for presenting its annual accounts and interim reports. All amounts are denominated in thousands of euros unless stated otherwise. FMO uses the euro as the functional currency.

2.4 Adoption of new standards, interpretations and amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of FMO’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of January 1, 2022. FMO has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following standards, amendments to published standards and interpretations were adopted in the current year.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments to IFRS 3 update the reference to the 2018 Conceptual Framework, as well as making reference to IAS 37 when determining whether a present obligation exists as a part of an acquisition. In addition, IFRS 3 now explicitly states contingent assets acquired in a business combination are not recognised. The amendments are effective for business combinations entered into on or after 1 January 2022. This did not have a material impact on FMO's treatment of business combinations.

Amendments to IAS 16 - Property, Plant and Equipment - Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use. The amendments are effective for annual periods beginning on or after 1 January 2022 and are applied retrospectively. Given the nature of FMO's property, plant and equipment, this amendment did not have an impact on the accounting treatment of these items.

Amendments to IAS 37 - Onerous Contracts

The amendments provide clarity on which costs an entity considers in assessing whether a contract is onerous. The amendments are effective for annual periods beginning on or after 1 January 2022 and to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. There are currently no contracts which had been impacted by the amendments.

Annual Improvements 2018-2020

Subsidiary as a First-Time Adopter (IFRS 1)

IFRS 1 allows subsidiaries that become a first-time adopter later than its parent to measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements. The amendment extends this relief to the cumulative translation differences for foreign operations. The amendment is effective for annual periods beginning on or after 1 January 2022. The amendment did not have an impact on the consolidated financial statements of FMO.

Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (IFRS 9)

When considering the derecognition of a financial liability, IFRS 9 indicates that the terms of the instrument are deemed to be substantially different (and therefore qualify for derecognition) if the discounted present value of the remaining cash flows under the new terms are at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability ('10 per cent' test). The amendment clarifies which fees an entity should include when applying the '10 per cent' test. The amendment is effective for annual periods beginning on or after 1 January 2022 and did not have an impact on the accounting treatment for derecognition of financial liabilities.

Lease Incentives (IFRS 16)

The amendment removes an illustrative example on the reimbursement of leasehold improvements and did not have an impact on how FMO accounts for leases.

Taxation in fair value measurements (IAS 41)

The amendment removes the requirement for entities to exclude tax related cash flows when measuring the fair value of assets in the scope of IAS 41. The amendments apply to the financial period beginning 1 January 2022 and did not have an impact on the FMO consolidated financial statements.

2.5 Standards issued but not yet effective

Other significant standards issued, but not yet endorsed by the European Union and not yet effective up to the date of issuance of FMO's Interim Report 2022, are listed below.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts. In June 2020 IFRS 17 was amended whereby the effective date was extended to financial periods beginning on or after January 1, 2023. This standard does not have an impact on FMO.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current
These amendments affect the presentation of liabilities in the statement of financial position. They clarify the considerations that determine whether a liability should be classified as current or non-current. The amendments are not expected to have a material impact on how FMO classifies liabilities in the statement of financial position. The amendments are effective from 1 January 2023 and are applied retrospectively.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments are not expected to change the way FMO applies materiality judgements.

Definition of Accounting Estimates - Amendments to IAS 8
In February 2021, the IASB issued amendments to IAS 8, in which it introduces a new definition of ‘accounting estimates’. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments are effective for annual periods beginning on or after January 1, 2023. The amendments are not expected to have a material impact on FMO and will be considered for judgement purposes, when changes are to be applied in a reporting period.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
The amendments clarify the application of the initial recognition exemption provided in IAS 12. The initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. The amendments are not expected to have a material impact for FMO.

2.6 Estimates and assumptions

In preparing the condensed consolidated interim accounts in conformity with IAS 34, management is required to make estimates and assumptions affected reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. 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, 2021.

2.7 Segment Reporting

The operating segments are reported in a manner consistent with internal reporting to FMO’s chief operating decision maker. The chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Management Board. FMO presents its operating segments based on servicing unit. Reference is made to the Segment Information note for more details on operating segments.

3 Risk developments

For a detailed overview of FMO’s risk governance and risk management approach please refer to the section "Risk Management" in FMO’s consolidated annual accounts as of 31 December 2021. The risk developments in the first half year of 2022 are disclosed below.

3.1 Capital adequacy

FMO complies with the CRR/CRD requirements and reports its capital ratios to the Dutch Central Bank on a quarterly basis. FMO calculates the capital requirement for its entire portfolio based on the standardized approach. At the end of June 2022, the Total Capital ratio is 24.6%.

The inclusion of the remaining 2021 profit into the own funds is partly offset by the effects of the increased production during the first half year, resulting in a higher Risk Weighted Assets (RWA) and higher deductions from own funds.

FMO’s capital ratio remains above the combined ratio of the Supervisory Review and Evaluation Process (SREP) minimum and FMO’s internal requirements.

	June 30, 2022	December 31, 2021
IFRS shareholders' equity	3,557,172	3,433,616
Tier 2 capital	250,000	250,000
Regulatory adjustments:		
- Interim profit not included in CET 1 capital	-102,010	-292,265
- Other adjustments (deducted from CET 1)	-310,972	-293,381
- Other adjustments (deducted from Tier 2)	-103,799	-94,059
Total capital	**3,290,392**	**3,003,911**
Of which Common Equity Tier 1 capital	*3,144,190*	*2,847,970*
Risk weighted assets	**13,352,862**	**12,655,587**
Of which:		-
- Credit and counterparty risk	10,824,242	10,256,838
- Foreign exchange	1,958,874	1,882,322
- Operational risk	551,389	492,475
- Credit valuation adjustment	18,357	23,951
Total capital ratio	24.6%	23.7%
Common Equity Tier 1 ratio	23.5%	22.5%

1 Following specific provisions in the CRR, FMO is required to deduct from its regulatory capital significant and insignificant stakes for subordinated loans and (in)direct holdings of financial sector entities above certain thresholds. These thresholds correspond to approximately 10% of regulatory capital. Exposures below the 10% thresholds are risk- weighted accordingly.

3.2 Credit risk

According to a June 2022 World bank report , Russia’s invasion of Ukraine has led not only to a humanitarian catastrophe, but also caused a deep regional slowdown and substantial negative global spillovers, such as continued supply bottlenecks and rising inflation. While the World bank still expected 4.1% growth for 2022 in January 2022, against 5.7% in 2021, in this more challenging context, global growth is now projected to slow down more sharply to 2.9% in 2022 and 3% in 2023-24. Growth in Emerging Markets is projected to roughly halve in 2022, slowing from 6.6% in 2021 to 3.4%.

FMO’s portfolio has also been affected by these developments, particularly in the Ukraine itself. During the first half of 2022, FMO's NPL ratio increased from 9.5% to 11.1%. The increase is caused entirely by new NPL's in Ukraine, which as of 30 June 2022 amounted to €96.5 million, after a write off of €40 million of an exposure located in Russian occupied territory. The total impairment on loans in the Ukraine at end June 2022 (including write offs) amounted to €99 million.

Excluding NPL’s in Ukraine, the NPL percentage would be 9.3%. So far the impact of the war on our portfolio outside the Ukraine has been limited. FMO made a detailed assessment of our exposures in the ECA region, but no new non-performing Exposures were identified. New NPLs in 2022 outside Ukraine only amounted to €3 million.

The impact of the COVID-19 pandemic on FMO's NPL levels remains relatively limited. None of the new NPL's were caused primarily by COVID-19 pandemic.

Past due information related to FMO’s portfolio loans and receivables are presented in the table below. This categorization does not apply to financial assets other than loans, including interest-bearing securities and short-term deposits.

Loans past due and impairments as per June 30, 2022	Stage 1	Stage 2	Stage 3	Fair Value	Total
Loans not past due	3,250,170	841,188	167,335	626,957	4,885,650
Loans past due:					
-Past due up to 30 days	14,900	4,921	12,564	17,191	49,576
-Past due 30-60 days	-	-	-	-	-
-Past due 60-90 days	-	1,774	-	5,913	7,687
-Past due more than 90 days	-	-	301,445	23,797	325,242
Gross Exposure	**3,265,070**	**847,883**	**481,344**	**673,858**	**5,268,155**
Less: amortizable fees	-33,174	-8,702	-3,183	-	-45,059
Less: ECL allowance	-21,647	-33,311	-226,753	-	-281,711
Less: FV adjustments	-	-	-	-84,422	-84,422
Carrying amount	**3,210,249**	**805,870**	**251,408**	**589,436**	**4,856,963**

Loans past due and impairments as per December 31, 2021	Stage 1	Stage 2	Stage 3	Fair Value	Total
Loans not past due	3,222,515	811,927	75,658	651,035	4,761,135
Loans past due:					
-Past due up to 30 days	6,154	-	11,558	-	17,712
-Past due 30-60 days	-	-	38,340	-	38,340
-Past due 60-90 days	21	-	6,612	-	6,633
-Past due more than 90 days	-	-	227,301	39,914	267,215
Gross exposure	**3,228,690**	**811,927**	**359,469**	**690,949**	**5,091,035**
Less: amortizable fees	-34,678	-7,992	-2,600	-	-45,270
Less: ECL allowance	-20,486	-29,522	-152,095	-	-202,103
Less: FV adjustments	-	-	-	-68,971	-68,971
Carrying amount	**3,173,526**	**774,413**	**204,774**	**621,978**	**4,774,691**

All Interest Bearing Securities (credit quality of AA or higher) and Banks (credit quality of BBB- or higher) are classified as Stage 1. An amount of € 72 thousand is calculated for the ECL of both asset classes as per June 30, 2022.

The following table shows the credit quality and the exposure to credit risk of the loans to the private sector at amortized cost and fair value at June 30, 2022.

Loans to the private sector at June 30, 2022 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair value	Total	%
F1-F10 (BBB- and higher)	330,102	-	-	-	330,102	6%
F11-F13 (BB-,BB,BB+)	1,882,068	109,935	-	383,547	2,375,550	45%
F14-F16 (B-,B,B+)	1,007,903	327,239	2,932	154,526	1,492,600	28%
F17 and lower (CCC+ and lower)	44,997	410,709	478,412	135,785	1,069,903	20%
Gross exposure	**3,265,070**	**847,883**	**481,344**	**673,858**	**5,268,155**	**100%**
Less: amortizable fees	-33,174	-8,702	-3,183	-	-45,059	
Less: ECL allowance	-21,647	-33,311	-226,753	-	-281,711	
Less: FV adjustments	-	-	-	-84,422	-84,422	
Carrying amount	**3,210,249**	**805,870**	**251,408**	**589,436**	**4,856,963**	

Loans to the private sector at December 31, 2021 Indicative counterparty credit rating scale of S&P	Stage 1	Stage 2	Stage 3	Fair value	Total	%
F1-F10 (BBB- and higher)	298,631	-	-	15,691	314,322	6%
F11-F13 (BB-,BB,BB+)	1,882,765	143,029	-	347,046	2,372,840	47%
F14-F16 (B-,B,B+)	1,019,114	344,623	-	197,785	1,561,522	31%
F17 and lower (CCC+ and lower)	28,180	324,275	359,469	130,427	842,351	17%
Gross exposure	**3,228,690**	**811,927**	**359,469**	**690,949**	**5,091,035**	**100%**
Less: amortizable fees	-34,678	-7,992	-2,600	-	-45,270	
Less: ECL allowance	-20,486	-29,522	-152,095	-	-202,103	
Less: FV adjustments	-	-	-	-68,971	-68,971	
Carrying amount	**3,173,526**	**774,413**	**204,774**	**621,978**	**4,774,691**	

The following table shows the credit quality and the exposure to credit risk of the financial guarantees on June 30, 2022.

Financial guarantees[1]		June 30, 2022		
Indicative counterparty credit rating scale of S&P	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
F1-F10 (BBB- and higher)	8,912	-	-	8,912
F11-F13 (BB-,BB,BB+)	179,335	-	-	179,335
F14-F16 (B-,B,B+)	35,322	-	-	35,322
F17 and lower (CCC+ and lower)	12,965	-	14,329	27,294
Sub-total	**236,534**	**-**	**14,329**	**250,863**
ECL allowance	-767	-	-11,327	-12,094
Total	**235,767**	**-**	**3,002**	**238,769**

1 Financial guarantees represent €97,963 classified as contingent liabilities and €152,900 classified as irrevocable facilities as per Note 'Irrevocable and contingent liabilities'

Financial guarantees[1]		December 31, 2021		
Indicative counterparty credit rating scale of S&P	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
F1-F10 (BBB- and higher)	8,715	385	-	9,100
F11-F13 (BB-,BB,BB+)	142,825	609	-	143,434
F14-F16 (B-,B,B+)	40,187	1,144	-	41,331
F17 and lower (CCC+ and lower)	11,926	-	-	11,926
Sub-total	**203,653**	**2,138**	**-**	**205,791**
ECL allowance	-723	-36	-	-759
Total	**202,930**	**2,102**	**-**	**205,032**

1 Financial guarantees represent €69,341 classified as contingent liabilities and €136,450 classified as irrevocable facilities as per Note 'Irrevocable and contingent liabilities'

The following table shows the credit quality and the exposure to credit risk of the loan commitments to private sector on June 30, 2022. These represent contracts signed but not disbursed yet.

Loans commitments			June 30, 2022		
Indicative counterparty credit rating scale of S&P	**Stage 1**	**Stage 2**	**Stage 3**	**Other1[1]**	**Total**
F1-F10 (BBB- and higher)	9,552	-	-	-	9,552
F11-F13 (BB-,BB,BB+)	172,103	19,105	-	9,053	200,261
F14-F16 (B-,B,B+)	173,475	39,984	-	-	213,459
F17 and lower (CCC+ and lower)	34,627	19,427	5,559	697	60,310
Total nominal amount	**389,757**	**78,516**	**5,559**	**9,750**	**483,582**
ECL allowance	-1,883	-2,272	-	-	-4,155
Total	**387,874**	**76,244**	**5,559**	**9,750**	**479,427**

1 Loan commitments for which no ECL is calculated (Fair Value loans or expired availability date).

Loans commitments	**December 31, 2021**				
Indicative counterparty credit rating scale of S&P	**Stage 1**	**Stage 2**	**Stage 3**	**Other1[1)]**	**Total**
F1-F10 (BBB- and higher)	36,471	-	-	-	36,471
F11-F13 (BB-,BB,BB+)	248,726	46,138	-	19,265	314,129
F14-F16 (B-,B,B+)	212,836	16,496	-	-	229,332
F17 and lower (CCC+ and lower)	34,186	2,338	10,477	697	47,698
Total nominal amount	**532,219**	**64,972**	**10,477**	**19,962**	**627,630**
ECL allowance	-2,397	-880	-	-	-3,277
Total	**529,822**	**64,092**	**10,477**	**19,962**	**624,353**

1 Loan commitments for which no ECL is calculated (Fair Value loans or expired availability date).

The following tables show the changes in loans, financial guarantees and loan commitments.

Changes in Loans to the private sector at AC in 2022	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Gross amount	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**
At January 1, 2022	3,194,012	-20,486	803,935	-29,522	356,869	-152,095	4,354,816	-202,103
Additions	464,118	-2,915	50,871	-1,914	-	-	514,989	-4,829
Exposure derecognised or matured/ lapsed (excluding write offs)	-513,418	1,804	-75,335	375	-12,163	44,762	-600,916	46,941
Transfers to Stage 1	56,547	-426	-56,547	426	-	-	-	-
Transfers to Stage 2	-154,948	1,719	154,948	-1,719	-	-	-	-
Transfers to Stage 3	-55,609	337	-88,026	1,493	143,635	-1,830	-	-
Modifications of financial assets (including derecognition)	213	-	-	-	627	-	840	-
Changes in risk profile (including changes in accounting estimates)	-	-84	-	-515	-	-146,545	-	-147,144
Amounts written off	-	-	-	-	-43,518	43,518	-43,518	43,518
Changes in amortizable fees	1,830	-	757	-	989	-	3,576	-
Premium/Discount	68	-	-	-	-	-	68	-
Changes in accrued income	1,745	-	1,896	-	-3,912	-	-271	-
Foreign exchange adjustments	237,338	-1,596	46,682	-1,935	35,634	-14,563	319,654	-18,094
At June 30, 2022	**3,231,896**	**-21,647**	**839,181**	**-33,311**	**478,161**	**-226,753**	**4,549,238**	**-281,711**

Changes in Loans to the private sector at AC in 2021	**Stage 1**		**Stage 2**		**Stage 3**		**Total**	
	Gross amount	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**	**Gross amount**	**ECL allowance**
At January 1, 2021	3,289,746	-40,608	814,362	-45,870	301,861	-146,743	4,405,969	-233,221
Additions	294,795	-2,095	6,983	-563	-	-	301,778	-2,658
Exposure derecognised or matured/ lapsed (excluding write offs)	-454,056	16,627	-141,379	9,690	-14,504	5,093	-609,939	31,410
Transfers to Stage 1	214,991	-10,587	-214,991	10,587	-	-	-	-
Transfers to Stage 2	-118,745	1,782	119,701	-1,917	-956	135	-	-
Transfers to Stage 3	-10,767	227	-30,372	2,912	41,139	-3,139	-	-
Modifications of financial assets (including derecognition)	-1,602	-	1,837	-	1,488	-	1,723	-
Changes in risk profile not related to transfers	-	10,391	-	551	-	-16,216	-	-5,274
Amounts written off	-	-	-	-	-8,919	8,919	-8,919	8,919
Changes in amortizable fees	3,113	-	-	-	-	-	3,113	-
Changes in accrued income	-833	-	1,625	-	-619	-	173	-
Foreign exchange adjustments	84,096	-1,506	11,918	-1,131	8,707	-4,540	104,721	-7,177
At June 30, 2021	**3,300,738**	**-25,769**	**569,684**	**-25,741**	**328,197**	**-156,491**	**4,198,619**	**-208,001**

The full contractual amount of assets that were written off during the current and prior reporting period are still subject to enforcement activity.

Movement financial guarantees[1] in 2022	Stage 1		Stage 2		Stage 3		Total	
	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance
At January 1, 2022	203,653	-723	2,138	-36	-	-	205,791	-759
Additions	49,232	-423	-	-	-	-	49,232	-423
Exposures matured (excluding write-offs)	-16,596	314	-2,169	783	-27,737	-	-46,502	1,097
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-13,182	117	-	-	13,182	-117	-	-
Changes to models and inputs used for ECL calculations	-	-9	-	-744	27,745	-10,572	27,745	-11,325
Foreign exchange adjustments	13,427	-43	31	-3	1,139	-638	14,597	-684
At June 30, 2022	**236,534**	**-767**	**-**	**-**	**14,329**	**-11,327**	**250,863**	**-12,094**

1 Total financial guarantees represent €97,963 classified as contingent liabilities and €152,900 classified as irrevocable facilities, as per Section 8 Commitments and Contingent Liabilities.

Movement financial guarantees[1] in 2021	Stage 1		Stage 2		Stage 3		Total	
	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance	Outstanding exposure/ Nominal amount	ECL allowance
At January 1, 2021	300,939	-1,875	105,612	-2,630	-	-	406,551	-4,505
Additions	89,292	-844	633	-	-	-	89,925	-844
Exposures matured (excluding write-offs)	-194,040	666	-91,323	2,543	-	-	-285,363	3,209
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	630	-	-1	-	-	-	629
Foreign exchange adjustments	10,775	-65	3,291	-84	-	-	14,066	-149
At June 30, 2021	**206,966**	**-1,488**	**18,213**	**-172**	**-**	**-**	**225,179**	**-1,660**

1 Total financial guarantees represent €123,216 classified as contingent liabilities and €101,963 classified as irrevocable facilities, as per Section 8 Commitments and Contingent Liabilities.

Movement of loan commitments in 2022	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
At January 1, 2022	532,219	-2,397	64,972	-880	10,477	-	607,668	-3,277
Additions	459,868	-1,095	40,384	-1,069	-	-	500,252	-2,164
Exposures derecognised or matured (excluding write-offs)	-586,450	1,707	-79,331	1,716	-5,275	-	-671,056	3,423
Transfers to Stage 1	13,182	-56	-13,182	56	-	-	-	-
Transfers to Stage 2	-61,619	318	61,619	-318	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Changes to models and inputs used for ECL calculations	-	-204	-	-1,722	-	-	-	-1,926
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	32,557	-156	4,054	-55	357	-	36,968	-211
At June 30, 2022	**389,757**	**-1,883**	**78,516**	**-2,272**	**5,559**	**-**	**473,832**	**-4,155**

Movement of loan commitments in 2021	Stage 1		Stage 2		Stage 3		Total	
	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance	Nominal amount	ECL allowance
At January 1, 2021	378,990	-3,160	54,904	-1,748	18,360	-	452,254	-4,908
Additions	194,008	-702	35,487	-2,713	-	-	229,495	-3,415
Exposures derecognised or matured (excluding write-offs)	-96,213	1,773	-9,564	1,007	-11,699	-	-117,476	2,780
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-3,698	52	3,698	-52	-	-	-	-
Transfers to Stage 3	-3,693	-	-	-	3,693	-	-	-
Changes to models and inputs used for ECL calculations	-	566	-	-190	-	-38	-	338
Amounts written off	-	-	-	-	-	-	-	-
Foreign exchange adjustments	9,652	-90	1,708	-59	262	38	11,622	-111
At June 30, 2021	**479,046**	**-1,561**	**86,233**	**-3,755**	**10,616**	**-**	**575,895**	**-5,316**

The modelling methodologies, assumptions and inputs applied in determining ECL in the current period are consistent with those applied in the financial year ending December 31, 2021.

The macroeconomic scenarios' model was updated following the publication of the new macroeconomic outlook data by the International Monetary Fund (IMF) in April 2022 (2021: October). The updates of the model based on GDP forecast, caused new point-in-time adjustments to probability of defaults in the impairment model, leading to an increase of €2.9 million in combined stage-1 and stage-2 impairment charge.

IMF GDP % Growth Forecasts	2022	2021
Turkey	2.7	11.0
India	8.2	8.9
Georgia	3.2	10.4
Argentina	4.0	10.2
Nigeria	3.4	3.6
Uganda	4.9	5.1
Armenia	1.5	5.7
South Africa	1.9	4.9
Mongolia	2.0	1.4
Kenya	5.7	7.2
Ivory Coast	6.0	6.5
Ukraine	-35.0	3.4

June 30, 2022	Total unweighted amount per ECL scenario	Probability	Loans to the private Sector[1)]	Guarantees	Bonds and Cash	Total
ECL Scenario:						
Upside	282,076	2%	5,404	236	2	5,642
Base case	303,032	50%	145,433	6,046	36	151,515
Downside	336,581	48%	155,495	6,029	35	161,559
Total			**306,332**	**12,311**	**73**	**318,716**

1 Loans to private sector in this table include amounts related to ECL allowances for off balance loan commitments (refer to note 6).

December 31, 2021	Total unweighted amount per ECL scenario	Probability	Loans to the private Sector[1)]	Guarantees	Bonds and Cash	Total
ECL Scenario:						
Upside	187,575	2%	3,740	10	1	3,752
Base case	206,192	50%	102,690	380	26	103,096
Downside	237,678	48%	113,508	553	25	114,085
Total			**219,938**	**942**	**52**	**220,933**

[1] Loans to private sector in this table include amounts related to ECL allowances for off balance loan commitments (refer to note 6).

June 30, 2022

ECL allowance Stage 2 - Trigger assessment	Loans to private Sector	Guarantees	Loan Commitments	Total
More than 30 days past due	-24	-	-	-24
Deterioration in credit risk - financial difficulties	-33,287	-	-2,272	-35,559
Total	**-33,311**	**-**	**-2,272**	**-35,583**

December 31, 2021

ECL allowance Stage 2 - Trigger assessment	Loans to private Sector	Guarantees	Loan Commitments	Total
More than 30 days past due	-	-	-	-
Deterioration in credit risk - financial difficulties	-29,522	-36	-880	-30,438
Total	**-29,522**	**-36**	**-880**	**-30,438**

FMO continues to support clients by undertaking several forborn measures.

June 30, 2022	Performing	*of which: performing but past due > 30 days and <=90 days*	*of which: performing forborne*	Non Performing	*of which: non performing forborne*	*of which: impaired*	Gross Exposure	Less: amortizable fees	Less: ECL allowance	Plus: fair value adjustments	Carrying value
Loans to the private sector (Amortised Cost)	**4,112,953**	-	192,099	**481,344**	292,881	251,720	**4,594,297**	-45,059	-281,711	-	**4,267,527**
Loans to the private sector (Fair value)	**570,913**	-	6,468	**102,945**	87,370	-	**673,858**	-	-	-84,422	**589,436**
Total	**4,683,866**	-	198,567	**584,289**	380,251	251,720	**5,268,155**	-45,059	-281,711	-84,422	**4,856,963**

December 31, 2021	Performing	*of which: performing but past due > 30 days and <=90 days*	*of which: performing forborne*	Non Performing	*of which: non performing forborne*	*of which: impaired*	Gross exposure	Less: amortizable fees	Less: ECL allowance	Plus: fair value adjustments	Carrying amount
Loans to the private sector (Amortised Cost)	**4,030,437**	-	235,341	**369,649**	237,052	171,548	**4,400,086**	-45,270	-202,103	-	**4,152,713**
Loans to the private sector (Fair value)	**577,776**	-	23,544	**113,173**	70,942	-	**690,949**	-	-	-68,971	**621,978**
Total	**4,608,213**	-	258,885	**482,822**	307,994	171,548	**5,091,035**	-45,270	-202,103	-68,971	**4,774,691**

3.3 Equity investment risk

The first half of 2022 was characterized by the Russian invasion on Ukraine. Inflation, which was already high before the invasion due to disruptions in the supply chain and high consumer demand after COVID-19 pandemic, went up world-wide as prices for fossil fuels and food substantially increased. As it is expected that the economy in Europe will be impacted more because of the Russian invasion due to gas shortages the EUR weakened substantially versus the USD.

Re-measurement of fair values of the equity portfolio (excluding results from sales) amounted to €113 million profit (YE December 2021: €98 million). Underlying factors contributing to this profit were a strengthening of the USD versus EUR contributing €123 million and a decrease of the value of the portfolio of €10 million. The loss was caused by €67 million from the Ukraine portfolio and higher valuations of the Venture Capital portfolio, the general PE fund portfolio and some changes in the direct equity portfolio contributing to total €57mln. Per June 30, 2022, the equity investments portfolio amounts to €2.2 billion (December 31, 2021: €2.0 billion). In addition, dividend income amounts to €32 million.

3.4 Concentration risk

Concentration risk is the risk that FMO's exposures are too concentrated within or across different risk categories. Concentration risk may trigger losses large enough to threaten the institution's health or ability to maintain its core operations or trigger material change in institution's risk profile. Strong diversification within FMO's emerging market portfolio is ensured through stringent limits on individual counterparties, sectors, countries, and regions.

Country risk

Country risk arises from country-specific events that adversely impact FMO's exposure in a specific country. Within FMO, country risk is broadly defined. It includes all relevant factors that have a common impact on FMO's portfolio in a country such as economic, banking and currency crises, sovereign defaults, and political risk events. To ensure diversification within FMO's emerging market portfolio across regions, a country limit framework is in place to mitigate concentration risk from the perspective of the portfolio as a whole.

During the first half of 2022, country risk in FMO's markets has generally increased as a result of the Ukraine - Russia war. The impact of the war is worldwide and has resulted into high inflation, higher interest rates, supply chain disruptions and increasing risk aversion.
Moreover, Sri Lanka is affected by a deep economic crisis followed by high inflation, massive protests, and collapse of the government. Most noteworthy rating downgrades in the first half of 2022 occurred for Ukraine, Belarus, Sri Lanka and El Salvador. The rating downgrade of Ukraine affected the valuations of our equity and loan portfolio across all sectors for Ukrainian customers. These rating downgrades could lead to tighter investment limits for particular countries. Finally, individual client ratings may be influenced as a consequence.

3.5 Market risk - Currency Risk

FMO continued the limited appetite for currency risk in 2022. Exposures are hedged through matching currency characteristics of assets with liabilities, or through derivative transactions such as cross-currency swaps and FX forwards conducted with either commercial parties or with The Currency Exchange Fund (TCX Fund N.V.). Most currency exposures are hedged to US dollars on a micro-hedge basis, whereby the US dollar position is managed on a portfolio basis accordingly. FMO does not take any active positions in any currency for purpose of making a profit. Each individual currency is managed within a strict position limit and an overall appetite level is set at 1% of shareholder’s equity for the total open position across all currencies. Individual exposures and total open currency positions were within risk appetite in 2022. FMO maintains a deliberately unhedged foreign currency position which stems from the private equity investments, and which serves the purpose of a structural hedge for our capital ratio.

Interest Rate Risk in the banking book

Interest rate risk is the risk of potential loss due to adverse movements in interest rates. Changing interest rates mainly influence the fair value of fixed interest balance sheet items and affect the bank’s earnings by altering interest ratesensitive income and expenses, affecting its net interest income (NII). FMO continued to have low appetite for interest rate risk in the first half of 2022. FMO does not take any active interest rate positions for the purpose of making a profit.

The interest rate gap and BPV exposure are monitored on weekly basis against limits set by the ALCO. The delta EVE limit is defined in the Risk Appetite Framework and set at 5% of Tier I. The EaR limit is defined in the Risk Appetite Framework set at 5% of projected net interest income. The interest rate positions were within risk appetite in 2022. In spite of rising rates in the United States, Europe and globally our positions remain within limits.

3.6 Compliance risk

In 2021, FMO completed its financial economic crime (FEC) enhancement project. This included an extensive Know Your Customer (KYC) file remediation, tailored to the specific requirements of developing and emerging economies. The external validation, which was overall positive, identified several recommendations that FMO will follow up on in 2022. For certain compliance themes, such as anti-bribery and corruption, as well as sanctions and unusual transactions, awareness sessions (refreshers) were organized with targeted front-office departments.

FMO received the Dutch Central Bank's (DNB) conclusions and observations. Follow-up on DNB’s recommendations and findings has been initiated. We are determined to continue to improve in the regulatory domain and to ensure that the changes we implement are tailored to the day-to-day realities and complexities of the markets we are active in.

Several additional measures have been taken since the start of 2022 in relation to sanctions involving Russia/Belarus to ensure FMO’s funds are not directly or indirectly provided to sanctioned parties. These measures include, among others, setting up of a Sanctions Working Group, increased frequency of adverse news screenings and communication has been done with specific customers in the affected regions and industries.

End of 2021, FMO started a project to further develop and enhance privacy data protection capabilities including engaging a dedicated privacy officer and privacy champions within various departments. Specific trainings will be deployed to stimulate awareness. The project is on track and aims to finish in 2022. The privacy officer monitors FMO's privacy compliance periodically. The privacy officer is involved in i.e. change management activities and new projects to advise on privacy risks and risk mitigation.

3.7 Regulatory risk

On 27 October 2021, The European Commission published proposals for reforms to the Capital Requirements Regulations (CRR-3) and Capital Requirements Directive (CRD6). These draft regulations focus on three main parts: 1) the implementation of the finalized Basel III reforms into European legislation, 2) new rules requiring banks to systematically identify, disclose and manage sustainability risks (ESG risks) as part of their risk management, and 3) stronger enforcement tools for supervisors overseeing EU banks. The first two parts are of relevance to FMO, and closely monitors the regulatory developments while these new regulations are being drafted and discussed at a European level.

With regards to the European translation of the Basel III standard, updates were included on the use of internal models, recalibrations to the standardized approach for credit risk, operational risk, CVA and market risk. Important elements for FMO include the envisaged implementation date (1 January 2025) and the change in treatment for private equity exposures under the standardized approach for credit risk. Under the current draft foreseen risk weight will increase from the current 150% to 250% if the intended holding period is greater than 3 years, rather than 400% when falling under the speculative equity classification.

The CRR-3 and CRD-6 proposals also included several amendments in relation to ESG risk. Most notably, according to the draft FMO is required to start disclosing ESG risks as part of its Pillar 3 disclosures on an annual basis starting in 2025, and the proposal also added ESG risks into the scope of the Supervisory Review and Evaluation Process, the annual assessment of banks conducted by banking supervisors. A more elaborate description of the relevant changes expected from CRR-3 and CRD-6 can be found in FMO’s 2021 annual report.

4 Segment information

The Management Board sets performance targets, approves and monitors the budgets prepared by operating segments. operating segments are not identical to the strategic sectors.

FMO's strategic sectors represent the economic sectors in which FMO operates. The three strategic sectors are Agribusiness Food & Water, Financial Institutions and Energy, which also represent economic sectors. FMO's Management Board steers on the following five operating segments: Agribusiness, Food & Water, Financial Institutions, Energy, Private Equity and Other.

In the first half of 2022, two transactions are transferred from Financial Institutions to Agribusiness Food & Water. This transfer amounted up to €5.9 million in total. In addition, one transaction was transferred from Energy to PE, the loan was converted to equity. The total amount of the transfer was for €3.5 million.

FMO presents the results of the operating segments using a financial performance measure called underlying profit. Underlying profit excludes the EUR/USD currency effects related to the results from equity investments. All fair value changes including currency effects are recorded in the profit and loss account.

Underlying profit as presented below is an alternative performance measure. The table below shows a reconciliation of the underlying net profit to the net profit.

At June 30, 2022	Financial Institutions	Energy	Agribusiness, Food & Water	Private Equity	Other	Total
Interest income	61,272	50,927	26,304	1,137	2,665	142,305
Interest expenses	-4,644	-5,183	-2,228	-8,627	-2,771	-23,453
Net fee and commission income	-652	402	-1,165	514	-220	-1,121
Dividend income	-	-	-	31,998	-	31,998
Results from equity investments	-	-	-	-4,012	-	-4,012
Results from financial transactions	-9,176	4,551	-8,815	-5,328	30,292	11,524
Remuneration for services rendered	2,076	4,010	1,896	6,099	3,883	17,964
Gains and losses due to recognition	3	-	-	-	-	3
Other operating income	-	-	-	-	-167	-167
Allocated income	7,148	7,976	3,428	13,277	-31,829	-
Total underlying income	**56,027**	**62,683**	**19,420**	**35,058**	**1,853**	**175,041**
Operating expenses	-19,614	-17,156	-12,609	-22,863	-1,147	-73,389
Total operating expenses	**-19,614**	**-17,156**	**-12,609**	**-22,863**	**-1,147**	**-73,389**
Impairments on loans and guarantees	-3,386	-66,823	-43,481	-951	-1	-114,642
Total impairments	**-3,386**	**-66,823**	**-43,481**	**-951**	**-1**	**-114,642**
Profit/(loss) before taxation	33,027	-21,296	-36,670	11,244	705	-12,990
Share in results from associates	-	-	-	-15,357	-	-15,357
Taxation	-8,257	5,324	9,167	4,093	-176	10,151
Underlying net profit/(loss)	**24,770**	**-15,972**	**-27,503**	**-20**	**529**	**-18,196**
Currency effect equity investments	-	-	-	120,208	-	120,208
Net profit/(loss)	**24,770**	**-15,972**	**-27,503**	**120,188**	**529**	**102,012**

Segment assets at June 30, 2022	Financial Institutions	Energy	Agribusiness, Food & Water	Private Equity	Other	Total
Loans to the private sector	2,304,890	1,532,560	980,092	25,813	13,608	4,856,963
Equity investments and investments in associates	-	-	-	2,524,707	-	2,524,707
Other assets	713,753	474,586	303,504	789,817	4,213	2,285,873
Total assets	**3,018,643**	**2,007,146**	**1,283,596**	**3,340,337**	**17,821**	**9,667,543**
Contingent liabilities – Effective guarantees issued	63,896	20,179	13,326	562	-	97,963
Assets under management (loans and equity investments) managed for the risk of the state	148,015	187,856	155,193	607,797	-	1,098,861

At June 30, 2021	Financial Institutions	Energy	Agribusiness, Food & Water	Private Equity	Other	Total
Interest income	52,425	53,361	24,055	2,038	4,231	136,110
Interest expenses	-3,428	-3,962	-1,857	-4,910	-1,438	-15,595
Net fee and commission income	1,110	6,515	24	175	-174	7,650
Dividend income	-	-	-	9,850	-	9,850
Results from equity investments	-	-	-	57,412	-	57,412
Results from financial transactions	3,355	-7,688	-2,055	-2,368	6,027	-2,729
Remuneration for services rendered	2,261	2,994	1,928	4,179	3,178	14,540
Gains and losses due to recognition	-	58	1,094	-	-	1,152
Other operating income	-	-	-	-	59	59
Allocated income	2,338	2,702	1,266	3,349	-9,655	-
Total underlying income	**58,061**	**53,980**	**24,455**	**69,725**	**2,228**	**208,449**
Operating expenses	-14,845	-13,621	-11,597	-17,030	-8,494	-65,587
Total operating expenses	**-14,845**	**-13,621**	**-11,597**	**-17,030**	**-8,494**	**-65,587**
Impairments on loans and guarantees	21,900	5,480	3,688	-724	-2,098	28,246
Total impairments	**21,900**	**5,480**	**3,688**	**-724**	**-2,098**	**28,246**
Profit/(loss) before taxation	65,116	45,839	16,546	51,971	-8,364	171,108
Share in results from associates	-	-	-	8,789	-	8,789
Taxation	-15,810	-11,129	-4,017	3,060	2,091	-25,805
Underlying net profit/(loss)	**49,306**	**34,710**	**12,529**	**63,820**	**-6,273**	**154,092**
Currency effect equity investments	-	-	-	44,305	-	44,305
Net profit/(loss)	**49,306**	**34,710**	**12,529**	**108,125**	**-6,273**	**198,397**

Segment assets at June 30, 2021	Financial Institutions	Energy	Agribusiness, Food & Water	Private Equity	Other	Total
Loans to the private sector	1,995,172	1,547,624	932,038	35,749	61,460	4,572,043
Equity investments and investments in associates	-	-	-	2,144,423	-	2,144,423
Other assets	824,854	639,827	385,328	901,338	25,408	2,776,755
Total assets	**2,820,026**	**2,187,451**	**1,317,366**	**3,081,510**	**86,868**	**9,493,221**
Contingent liabilities – Effective guarantees issued	78,726	43,994	-	496	-	123,216
Assets under management (loans and equity investments) managed for the risk of the state	150,460	180,279	149,735	514,605	-	995,079

5 Financial Instruments

5.1 Accounting classification

The following table shows the carrying amounts of financial assets and financial 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.

At June 30, 2022	FVPL - mandatorily	Fair value hedging instruments	FVOCI-equity instruments	Amortized cost	Financial liabilities used as hedged items	Total
Financial assets measured at fair value						
Short-term deposits	619,445	-	-	-	-	619,445
Derivative financial instruments	150,798	25,498	-	-	-	176,296
Loans to the private sector	589,436	-	-	-	-	589,436
Equity investments	2,050,247	-	141,741	-	-	2,191,988
Total	**3,409,926**	**25,498**	**141,741**	**-**	**-**	**3,577,165**
Financial assets not measured at fair value						
Banks	-	-	-	59,060	-	59,060
Current accounts with state funds and other programs	-	-	-	234	-	234
Short-term deposits	-	-	-	811,014	-	811,014
Interest-bearing securities	-	-	-	537,559	-	537,559
Loans to the private sector	-	-	-	4,267,527	-	4,267,527
Current tax receivables	-	-	-	13,911	-	13,911
Other receivables	-	-	-	24,078	-	24,078
Total	**-**	**-**	**-**	**5,713,383**	**-**	**5,713,383**
Financial liabilities measured at fair value						
Derivative financial instruments	323,247	201,744	-	-	-	524,991
Total	**323,247**	**201,744**	**-**	**-**	**-**	**524,991**
Financial liabilities not measured at fair value						
Short-term credits	-	-	-	17,466	-	17,466
Debentures and notes	-	-	-	1,136,921	4,342,023	5,478,944
Current accounts with state funds and other programs	-	-	-	100	-	100
Accrued liabilities	-	-	-	22,139	-	22,139
Other liabilities	-	-	-	25,955	-	25,955
Total	**-**	**-**	**-**	**1,202,581**	**4,342,023**	**5,544,604**

December 31, 2021	FVPL - mandatory	Fair value hedging instruments	FVOCI-equity instruments	Amortized cost	Financial liabilities used as hedged items	Total
Financial assets measured at fair value						
Short-term deposits	193,302	-	-	-	-	193,302
Derivative financial instruments	129,345	106,328	-	-	-	235,673
Loans to the private sector	621,978	-	-	-	-	621,978
Equity investments	1,876,825	-	140,425	-	-	2,017,250
Total	**2,821,450**	**106,328**	**140,425**	**-**	**-**	**3,068,203**
Financial assets not measured at fair value						
Banks	-	-	-	95,873	-	95,873
Current accounts with state funds and other programs	-	-	-	648	-	648
Short-term deposits	-	-	-	1,149,877	-	1,149,877
Interest-bearing securities	-	-	-	463,971	-	463,971
Loans to the private sector	-	-	-	4,152,713	-	4,152,713
Other receivables	-	-	-	22,477	-	22,477
Total	**-**	**-**	**-**	**5,885,559**	**-**	**5,885,559**
Financial liabilities measured at fair value						
Derivative financial instruments	167,719	24,506	-	-	-	192,225
Total	**167,719**	**24,506**	**-**	**-**	**-**	**192,225**
Financial liabilities not measured at fair value						
Short-term credits	-	-	-	123,359	-	123,359
Debentures and notes	-	-	-	997,778	4,428,818	5,426,596
Current accounts with state funds and other programs	-	-	-	1,017	-	1,017
Accrued liabilities	-	-	-	28,208	-	28,208
Other liabilities	-	-	-	22,400	-	22,400
Total	**-**	**-**	**-**	**1,172,762**	**4,428,818**	**5,601,580**

5.2 Short-term deposits

	June 30, 2022	December 31, 2021
Collateral delivered (related to derivative financial instruments)	390,824	118,594
Dutch central bank	416,865	1,027,997
Mandatory reserve deposit with Dutch central bank	1,872	1,833
Collateral delivered to European Central Bank	1,453	1,453
Short term deposits measured at AC	**811,014**	**1,149,877**
Commercial paper	550,667	149,361
Money market funds	68,778	43,941
Short term deposits measured at FVPL	**619,445**	**193,302**
Balance at December 31	**1,430,459**	**1,343,179**

Mandatory reserve deposits are not available for use in FMO's day-to-day operations.

5.3 Derivatives

FMO uses various derivatives to hedge it's assets and liabilities against interest rate risk and market risk. During the first half of 2022, the derivatives position has increased and is related to maturing or termination of interest rate swaps and cross - currency interest swaps (see tables below).

The amounts relating to derivatives designated as fair value hedging instruments and hedge ineffectiveness were as follows:

		Carrying amount				
June 30, 2022	**Notional amount**	**Assets**	**Liabilities**	**Change in fair value used for calculating hedge ineffectiveness**	**Ineffectiveness recorded in profit or loss**	**Line item in P&L that includes hedge ineffectiveness**
Interest rate swaps	4,561,929	25,498	201,744	-251,557	5,029	Results from financial transactions
December 31, 2021						
Interest rate swaps	4,383,939	106,328	24,506	-124,252	1,152	Results from financial transactions

The amounts relating to items designated as hedged items were as follows:

June 30, 2022	**Carrying amount of the hedged item**	**Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item**			
Balance sheet line item	**Liabilities**	**Assets**	**Liabilities**	**Change in fair value used for calculating hedge ineffectiveness**	**Accumulated amount remaining in the balance sheet for any hedged items that have ceased to be adjusted for hedging gains and losses**
Debentures and notes	4,342,023	-	-	256,586	-
December 31, 2021					
Debentures and notes	4,428,818	-	-	125,404	-

The following table summarizes the notional amounts and the fair values of the ‘derivatives other than hedge accounting instruments’. These derivatives are held to reduce interest rate risks and currency risks but do not meet the specified criteria to apply hedge accounting at reporting period. The following table also includes derivatives related to the asset portfolio.

June 30, 2022		**Notional amounts**	**Fair value assets**	**Fair value liabilities**
Derivatives other than hedge accounting instruments:				
·	Currency swaps	121,594	2,405	291
·	Interest rate swaps	992,233	46,879	1,713
·	Cross-currency interest rate swaps	2,838,102	101,514	306,583
Subtotal		**3,951,929**	**150,798**	**308,587**
Derivatives related to asset portfolio		-	-	14,660
Total derivative assets (/liabilities) other than hedge accounting instruments		**3,951,929**	**150,798**	**323,247**

December 31, 2021		Notional amounts	Fair value assets	Fair value liabilities
Derivatives other than hedge accounting instruments:				
·	Currency swaps	84,217	290	1,486
·	Interest rate swaps	943,510	11,084	23,795
·	Cross-currency interest rate swaps	3,293,367	117,971	133,260
Subtotal		**4,321,094**	**129,345**	**158,541**
Derivatives related to asset portfolio		-	-	9,178
Total derivative assets (/liabilities) other than hedge accounting instruments		**4,321,094**	**129,345**	**167,719**

5.4 Equity Investments

The positive change in fair value as per June 2022 is mainly driven by FX exchange results. Unrealized results from capital movement for FVPL positions is -€9K, please also refer to note 12.

	Equity measured at FVOCI	Equity measured at FVPL	Total
Net balance at January 1, 2022	140,425	1,876,825	2,017,250
Purchases and contributions	-	99,705	99,705
Conversion of loans to equity	-	-	-
Conversion Associate/FVPL	-	-	-
Return of Capital (including sales)	-	-39,911	-39,911
Changes in fair value	1,316	113,628	114,944
Total balance at June 30, 2022	**141,741**	**2,050,247**	**2,191,988**

5.5 Associates

Net balance at January 1, 2022	298,737
Purchases and contributions	7,363
Conversion from loans to equity	16,770
Conversion Associates/FVPL	-
Return of capital (including sales)	-
Share in net results	-15,357
Exchange rate differences	25,206
Total balance at June 30, 2022	**332,719**

5.6 Fair values

Fair value hierarchy

All financial instruments for which fair value is recognized or disclosed are categorized within the fair value hierarchy, based on lowest level input that is significant to the fair value measurement as a whole, as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation processes

For recurring and non-recurring fair value measurements categorized within Level 3 of the fair value hierarchy, FMO uses the valuation processes to decide its valuation policies and procedures and analyze changes in fair value measurement from period to period.

FMO's fair value methodology and governance over applied methods includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure quality and adequacy. The responsibility of ongoing measurement resides with the relevant departments. Once submitted, fair value estimates are also reviewed and challenged by the Investment Risk Committee (IRC). The IRC approves the fair values measured including the valuation techniques and other significant input parameters used. The appropriateness of the valuation techniques applicable to the underlying instruments is assessed as part of the valuation process and any potential changes between levels in the fair value hierarchy are considered.

Valuation techniques

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 broker/ 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 (level 3). A substantial part of fair value (level 3) is based on net asset values.

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 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.

The table below presents the carrying value and estimated fair value of FMO's non fair value financial assets and liabilities.

The carrying values in the financial asset and liability categories are valued at amortized cost except for the funding in connection with hedge accounting.

Financial assets-liabilities not measured at fair value	**June 30, 2022**		**December 31, 2021**	
	Carrying value	**Fair Value**	**Carrying value**	**Fair value**
Short term deposits at AC	811,014	811,014	1,149,877	1,149,877
Banks	59,060	59,060	95,873	95,873
Interest-bearing securities	537,559	518,939	463,971	466,521
Loans to the private sector at AC	4,267,527	4,343,544	4,152,713	4,247,515
Financial assets not measured at fair value	**5,675,160**	**5,732,557**	**5,862,434**	**5,959,786**
Short-term credits	17,466	17,466	123,359	123,359
Debentures and notes	5,478,944	5,455,061	5,426,596	5,435,668
Financial liabilities not measured at fair value	**5,496,410**	**5,472,527**	**5,549,955**	**5,559,027**

The valuation technique we use for the fair value determination of loans to the private sector and non-hedged funding is based on 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, 2022	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at FVPL				
Short-term deposits	619,445	-	-	619,445
Derivative financial instruments	-	176,296	-	176,296
Loans to the private sector	57,063	-	532,373	589,436
Equity investments	52,640	-	1,997,607	2,050,247
Financial assets at FVOCI				
Equity investments	-	-	141,741	141,741
Total financial assets at fair value	**729,148**	**176,296**	**2,671,721**	**3,577,165**
Financial liabilities mandatorily at FVPL				
Derivative financial instruments	-	510,331	14,660	524,991
Total financial liabilities at fair value	**-**	**510,331**	**14,660**	**524,991**

December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets mandatorily at FVPL				
Short-term deposits	193,302	-	-	193,302
Derivative financial instruments	-	235,673	-	235,673
Loans to the private sector	59,831	-	562,147	621,978
Equity investments	70,134	-	1,806,691	1,876,825
Financial assets at FVOCI				
Equity investments	-	-	140,425	140,425
Total financial assets at fair value	**323,267**	**235,673**	**2,509,263**	**3,068,203**
Financial liabilities mandatorily at FVPL				
Derivative financial instruments	-	183,047	9,178	192,225
Total financial liabilities at fair value	**-**	**183,047**	**9,178**	**192,225**

Movements in financial instruments measured at fair value based on level 3	Derivative financial instruments	Loans to the private sector	Equity investments	Total
Balance at January 1, 2021	4,041	528,879	1,793,694	2,326,614
Total gains or losses				
-In profit and loss (changes In fair value)	-4,373	-16,126	196,922	176,423
-In other comprehensive income (changes in fair value)	-	-	25,766	25,766
Purchases /disbursements	-	68,779	257,900	326,679
Sales/repayments	59	-52,570	-353,667	-406,178
Interest Capitalization	-	7,602	-	7,602
Write-offs	-	-3,817	-	-3,817
Accrued income	-	-187	-	-187
Exchange rate differences	273	29,587	101,836	131,696
Derecognition and/or restructuring FVPL versus AC	-	-	-	-
Conversion from loans to equity	-	-	-	-
Conversion Associate/FVPL	-	-	-	-
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-75,335	-75,335
Balance at December 31, 2021	**-**	**562,147**	**1,947,116**	**2,509,263**
Total gains or losses				
-In profit and loss (changes In fair value)	-	-3,999	11,509	7,510
-In other comprehensive income (changes in fair value)	-	-	1,316	1,316
Purchases /disbursements	-	8,502	99,705	108,207
Sales/repayments	-	-54,032	-39,911	-93,943
Interest Capitalization	-	3,226	-	3,226
Write-offs	-	-1,450	-	-1,450
Accrued income	-	912	-	912
Exchange rate differences	-	33,855	119,613	153,468
Derecognition and/or restructuring FVPL versus AC	-	-	-	-
Conversion from loans to equity	-	-16,788	-	-16,788
Conversion Associate/FVPL	-	-	-	-
Transfers into level 3	-	-	-	-
Transfers out of level 3	-	-	-	-
Balance at June 30, 2022	**-**	**532,373**	**2,139,348**	**2,671,721**

Valuation techniques and unobservable inputs used measuring fair value of loans to the private sector

Type of debt investment	Fair value at June 30, 2022	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Loans	58,003	Discounted cash flow model	Based on client spread	A decrease/increase of the used spreads with 1% will result in a higher/lower fair value of approx €0.5million.
	201,228	ECL measurement	Based on client rating	An improvement / deterioration of the Client Rating with 1 notch will result in approx 0.5% increase/decrease
	32,760	Credit impairment	n/a	n/a
Debt Funds	240,382	Net Asset Value	n/a	n/a
Total	**532,373**			

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

Type of equity investment	Fair value at June 30, 2022	Valuation technique	Range (weighted average) of significant unobservable inputs	Fair value measurement sensitivity to unobservable inputs
Private equity fund investments	1,248,456	Net Asset Value	n/a	n/a
Private equity direct investments	34,073	Recent transactions	Based on at arm's length recent transactions	n/a
	403,192	Book multiples	1.0	A decrease/increase of the book multiple with 10% will result in a lower/higher fair value of €40 million.
	220,683	Earning Multiples	Depends on several unobservable data such as EBITDA multiples (range 1.0 - 9,6)	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €22million.
	37,415	Discounted Cash Flow (DCF)	Based on discounted cash flows	A decrease/increase of the used unobservable data with 10% will result in a lower/higher fair value of €4 million.
	81,334	Put option	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 €8 million.
	114,195	Firm offers	Based on offers received from external parties	n/a
Total	**2,139,348**			

6 Short term credits

	June 30, 2022	December 31, 2021
Collateral received (related to derivative financial instruments)	17,466	123,359
Balance	**17,466**	**123,359**

7 Debentures and notes

Debentures and notes includes issued debt instruments in various currencies under FMO's Debt Issuance Programs. In addition, a subordinated note of €250 million is also included in the Debenture and Notes. Under IFRS this note is classified as financial liability, but for regulatory purposes it is considered as Tier 2 capital. This note was issued on July 15, 2020 with a maturity date of January 15, 2031. The note is issued at 99.764% of the aggregated nominal amount at a fixed coupon rate of 0.625%. The note is non-convertible and can be called on first call date after five years till July 15, 2026.

The following table summarizes the carrying value of the debentures and notes.

	June 30, 2022	December 31, 2021
Debentures and notes under hedge accounting	4,342,023	4,428,818
Debentures and notes valued at AC	1,136,921	997,778
Total debentures and notes	**5,478,944**	**5,426,596**

The nominal amounts of the debentures and notes are as follows:

	June 30, 2022	December 31, 2021
Debentures and notes under hedge accounting	4,527,902	4,355,318
Debentures and notes valued at AC	1,120,010	983,610
Total debentures and notes	**5,647,912**	**5,338,928**

The movements can be summarized as follows:

	2022
Balance at January 1	5,426,596
Amortization of premiums/discounts	-3,926
Proceeds from issuance	687,382
Redemptions	-568,470
Changes in fair value	-256,586
Changes in accrued expense	-732
Exchange rate differences	194,680
Balance at June 30	**5,478,944**

Line item 'changes in fair value' represents the fair value changes attributable to the hedge risk in connection with the debentures and notes used for hedge accounting purposes.

8 Commitments and contingent liabilities

To meet the financial needs of borrowers, FMO enters into various irrevocable commitments (loan commitments, equity commitments and guarantee commitments) and contingent liabilities. These contingent liabilities consist among others of financial guarantees, which commit FMO to make payments on behalf of the borrowers in case the borrower fails to fulfill payment obligations. Though these obligations are not recognized on the balance sheet, they do obtain Credit Risk similar to loans to the private sector. Therefore, provisions are calculated for financial guarantees and loan commitments according to the ECL measurement methodology.

Furthermore, the contingencies include an irrevocable payment commitment (IPC) to the Single Resolution Board (SRB) in Brussels. In April 2016, the SRB provided credit institutions with the option to fulfil part of their obligation to pay the annual ex - ante contributions to the Single Resolution Fund (SRF) through IPCs.

	June 30, 2022	December 31, 2021
Contingent liabilities		
Encumbered funds (single resolution fund)	1,453	1,453
Effective guarantees issued	97,963	69,341
Less: provisions, amortizing fees	-13,353	-1,953
Total guarantees issued	**84,610**	**67,388**
Total contingent liabilities	**86,063**	**68,841**
Guarantees received		
Effective guarantees received	-409,233	-334,221
Total guarantees received	**-409,233**	**-334,221**

Nominal amounts for irrevocable facilities is as follows:

	June 30, 2022	December 31, 2021
Irrevocable facilities		
Contractual commitments for disbursements of:		
- Loans	483,582	627,630
- Equity investments and associates	747,045	701,141
- Contractual commitments for financial guarantees given	152,900	136,450
Total irrevocable facilities	**1,383,526**	**1,465,221**

9 Interest Income

	June 30, 2022	June 30, 2021
Interest on loans measured at AC	141,582	137,724
Interest on interest-bearing securities	1,199	1,206
Total interest income from financial instruments measured at AC	**142,781**	**138,930**
Interest on loans measured at FVPL	20,035	21,469
Interest on short-term deposits	1,057	173
Interest on derivatives related to asset portfolio	-21,568	-24,462
Total interest income from financial instruments measured at FVPL	**-476**	**-2,820**
Total interest income	**142,305**	**136,110**

10 Interest Expense

	June 30, 2022	June 30, 2021
Interest on debentures and notes hedged	-29,863	-25,475
Interest on debentures and notes not hedged	-25,553	-24,988
Interest on short-term credits	-400	71
Interest expenses related to banks (assets)[1]	-1,891	-2,049
Total interest expense from financial instruments measured at AC	**-57,707**	**-52,441**
Interest on derivatives related to funding portfolio	34,327	36,926
Total interest expense from financial instruments measured at FVPL	**34,327**	**36,926**
Interest on leases	-73	-80
Total interest expense	**-23,453**	**-15,595**

1 Interest expense is related to Cash and balances held at Central bank. Overnight deposits rates at central banks were negative in the Eurozone, implying interest expense on assets.

11 Dividend income

	June 30, 2022	June 30, 2021
Dividend income direct investments	27,193	7,361
Dividend income fund investments	4,805	2,489
Total dividend income	**31,998**	**9,850**

12 Results from equity investments

	June 30, 2022	June 30, 2021
Results from equity investments		
Unrealized results from capital results	-9,664	52,762
Unrealized results from FX conversions - capital results	8,634	1,090
Unrealized results from FX conversions - cost price	114,658	44,353
Results from Fair value re-measurements	**113,628**	**98,205**
Results from sales		
Realized results	-9,389	9,238
Release unrealized results	15,039	-4,590
Net results from sales	**5,650**	**4,648**
Total results from equity investments	**119,278**	**102,853**

13 Net fee and commission income

	June 30, 2022	June 30, 2021
Prepayment fees	1,680	5,961
Fees for FVPL loans	80	528
Administration fees	1,034	1,157
Other fees (like arrangement, cancellation and waiver fees)	2,296	1,333
Total fee and commission income	**5,090**	**8,979**
Custodian fees and charges for the early repayment of debt securities	-733	-270
Guarantee fees related to unfunded risk participants	-5,478	-1,059
Total fee and commission expense	**-6,211**	**-1,329**
Net fee and commission income / (expense)	**-1,121**	**7,650**

14 Results from financial transactions

The movement for results from financial transactions can be mainly explained by changes in valuations for derivatives and FX results. This movement is primarily driven by changes in cross currency basis spreads and yield curves of various underlying currencies (e.g. USD, EUR, AUD).

	June 30, 2022	June 30, 2021
Gain/(losses) on remeasurement on valuation of hedged items	256,586	62,554
Gain/(losses) on remeasurement of hedging instruments	-251,557	-61,930
Result on hedge accounting	**5,029**	**624**
Result on sale and valuation of treasury derivatives not under hedge accounting	30,610	7,110
Result on sale and valuation of derivatives related to asset portfolio	-5,328	-3,753
Result on sale and valuation of loans at FVPL	-13,439	-5,061
Result on financial instruments mandatory at FVPL	**11,842**	**-1,704**
Foreign exchange results Loans at FVPL	39,125	13,078
Foreign exchange results Derivatives	21,789	20,723
Foreign exchange results on other financial assets/liabilities	-65,777	-35,812
Foreign exchange results	**-4,863**	**-2,011**
Other financial results	-483	361
Total result from financial transactions	**11,524**	**-2,729**

15 Remuneration for services rendered

	June 30, 2022	June 30, 2021
Funds and programs managed on behalf of the State:		
- MASSIF	5,508	5,439
- Building Prospects	4,582	4,356
- Access to Energy Fund	1,944	1,495
- FOM OS	-	50
Syndication fees, remuneration from directorships and others	5,930	3,200
Total remuneration for services rendered	**17,964**	**14,540**

Remuneration for managing funds and programs is assessed for market conformity. Related management expenses are included in operating expenses.

16 Tax

Current income tax receivables amount to €13.9 million (December 31, 2021: Payable €36.9 million).

The domestic corporate income tax rate for 2022 is 25,8% (2021: 25.0%). Mainly because of the participation exemption on the equity results, the effective income tax rate for half year 2022 is -7.5%. Appling the tax rate to the profit of €95 million we come to a corporate income tax receivable amount of €7.1 million (December 2021: Payable €33.3million). Per 30 June, 2022 there were no unused tax losses (December 31, 2021: EUR €0 million) and the unused tax credits amounted to €0 (December 31, 2021: €0).

		June 30, 2022	December 31, 2021
Profit/(loss) before taxation		94,943	523,914
Income taxes at statutory rate of 25.8% (2021: 25%)		-24,495	-130,979
Increase/decrease resulting from:			
·	Settlement with local withholding taxes	1,113	2,100
·	Non-taxable income (participation exemption facility)	31,164	92,426
·	Tax adjustments to prior periods	-	3,369
·	Other	-713	-184
Total income tax		**7,069**	**-33,268**
Effective income tax rate		-7.5%	6.3%

	June 30, 2022	December 31, 2021
Deferred tax assets		
Pension provision	2,958	2,958
Actuarial gains and losses on defined benefit plans	86	2,583
Tax depreciation fixed assets	-	-
Operational leases	48	48
Total deferred tax assets	**3,092**	**5,589**
Deferred tax liabilities		
Fair value movements equity investments	-10,748	-10,748
Total deferred tax liabilities	**-10,748**	**-10,748**
Net balance	**-7,656**	**-5,159**

17 Related parties

FMO considers the Dutch Government, subsidiaries, associated companies, the Management Board (MB) and the Supervisory Board (SB) as related parties.

In the first half year of 2022 the only change related to the composition of the MB and SB was that Thessa Menssen decided to step down as member of the SB as per 1 January 2022. The SB expects to be able to announce her successor in the second half of 2022.

For the expansion of the MB from 3 to 5 members, it is expected that per September 1, 2022 the current Chief Risk & Finance Officer-role (CRFO) will be split in a Chief Finance & Operations Officer (CFOO) and a Chief Risk Officer (CRO). The Supervisory Board is also looking for an additional fifth MB member as the Chief Investment Officer-role (CIO) will also be split in two roles. Both appointments are expected to take place in the second half of 2022 and will be subject to final formal approvals.

In the first half of 2022 one private equity investment was transferred from State Fund Access to Energy Fund to FMO (€13.9 million).

In the first half of 2022, the FMO Representative Office LAC Limitada legal entity was created in Costa Rica. This subsidiary is 100% owned by FMO. The consolidation of this entity does not have a material impact on FMO's balance sheet or FMO's current business activities.

During first half of 2022, Nedlinx B.V. was liquidated and is no longer part of the consolidation structure of FMO's consolidated accounts. The subsidiary was 100% owned by FMO. The event of liquidation of this entity does not have a material impact on FMO's balance sheet or FMO's current business activities.

18 Dividends

At December 2021, the Management Board and the Supervisory Board proposed distributing a sum of €12.8 million (2020: €0) as cash dividend to shareholders. The proposal was approved during the General Meeting of Shareholders of April 28, 2022 and the cash dividend was paid out.

19 Events after the end of the reporting period

There has been no significant subsequent event between the balance sheet date and the date of approval of these accounts, which would impact the interim accounts as per June 30, 2022.

Independent auditor's review report

To: The shareholders and supervisory board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

Our conclusion

We have reviewed the consolidated interim accounts 2022 included in the interim report of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) based in The Hague for the period from 1 January 2022 to 30 June 2022.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim accounts of FMO for the period from 1 January 2022 to 30 June 2022, are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated interim accounts comprise:

- The condensed consolidated balance sheet as at 30 June 2022
- The following condensed consolidated statements for the period from 1 January 2022 to 30 June 2022: the condensed profit and loss account, the condensed consolidated statement of comprehensive income, changes in shareholders' equity and cash flows
- The notes to the consolidated interim accounts, comprising a summary of the significant accounting policies and other explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed interim financial information section of our report.

We are independent of FMO in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the supervisory board for the consolidated interim accounts

Management is responsible for the preparation and presentation of the consolidated interim accounts in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.
Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim financial information that is free from material misstatement, whether due to fraud or error. The supervisory board is responsible for overseeing FMO's financial reporting process.

Our responsibilities for the review of the consolidated interim accounts

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of FMO and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim financial information
- Making inquiries of management and others within FMO
- Applying analytical procedures with respect to information included in the condensed interim financial information
- Obtaining assurance evidence that the consolidated interim accounts agree with, or reconcile to, FMO's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed interim financial information
- Considering whether the consolidated interim accounts have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amsterdam, 11 August 2022

Ernst & Young Accountants LLP

Signed by J.G. Kolsters

LIST OF ABBREVIATIONS

AC	Amortized cost
AEF	Access to Energy Fund
BP	Building Prospects
CD	Capacity Development Program
CET1	Common Equity Tier 1
CFM	Climate Fund Managers
CIO	Climate Investor One
CRD	Capital Requirements Directive
CRFO	Chief Risk & Finance Officer
CRR	Capital Requirements Regulation
DFCD	Dutch Fund for Climate and Development
DNB	De Nederlandse Bank (Dutch Central Bank)
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EC	European Commission
ECB	European Central Bank
ECL	Expected Credit Loss
EDFI	European Development Finance Institution
EU	European Union
FEC	Financial Economic Crime
FOM	Faciliteit Opkomende Markten
FMO IM	FMO Investment Management
FV	Fair value
FVOCI	Fair value through other comprehensive income
FVPL	Fair value through profit or loss
FX	Foreign exchange
GCF	Green Climate Fund
GDP	Gross Domestic Product
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPC	Irrevocable payment commitment
IRC	Investment Risk Committee
JIM	Joint Impact Model
KYC	Know Your Customer
LIBOR	London Inter-Bank Offered Rate
MB	Management Board
MSME	Micro, Small and Medium Enterprises
MFF	Mobilizing Finance for Forests
NPL	Non performing loans
OCI	Other comprehensive income
PP&E	Property Plant and Equipment
RI	Reduced Inequalities
SB	Supervisory Board
SRB	Single Resolution Board
SRF	Single Resolution Fund
Wwft	Wet ter voorkoming van witwassen en financieren terrorisme

ADDITIONAL INFORMATION

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In Search of VOF: Ilja van Roon

Design

Studio Duel

Production

F19 Digital First reporting

REPORTING SCOPE

This interim report covers activities that took place or had effect on the first six months of 2022.

FMO published its integrated annual report 2021 in March. This report is audited by the external auditor. Please read the 2021 auditor's report for detailed information on the scope and result of their work. Previous reports are available on reporting.fmo.nl or via annualreport.fmo.nl