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*PROSPECTUS*

# Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

**Issue of GEL 100,000,000 Floating Rate Notes due 20 June 2027**

The GEL Floating Rate Notes (the "**Bonds**") will be issued by the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "**Issuer**" and/or "**FMO**") in registered form in denominations of GEL 1,000,000 on 23 June, 2022 ("**Issue Date**") and will mature on 20 June 2027 ("**Maturity Date**") and will be redeemed at their principal amount. The Bonds may not be redeemed before the Maturity Date. Interest on the Bonds is based on daily Tbilisi interbank interest rate index ("**TIBR**") calculated on non-cumulative compounded methodology plus 5 basis points spread per annum payable semi-annually in arrears.

The Bonds will not be admitted on any stock exchange.

The Bonds will be direct and unsecured obligations of the Issuer.

*Manager*

GALT & TAGGART
CREATING OPPORTUNITIES

*The date of this prospectus is 20 June 2022.*

The Issuer accepts responsibility for the information contained in this prospectus (the "**Prospectus**"). To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this Prospectus and the offer of the Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus comes are required by the Issuer and the Manager (as defined under "**Underwriting and Sale**") to inform themselves about, and to observe, any such restrictions.

The Bonds are not eligible for "public offering" as defined by the Law of Georgia on Securities Market (the "**Securities Market Law**"). Advertising the Offering (as defined below) is allowed to the extent permitted by Georgian law. The Prospectus and information provided herein is not an advertisement, an offer, or an invitation to make offer, sell and/or exchange or otherwise transfer the Bonds in Georgia, to or for the benefit of any person other than the Qualified Investors (as defined below).

This offer comprises an offering of the Bonds only inside Georgia, Caucasus region (the "**Offering**"). This Prospectus has not been approved by any regulatory authority, including the National Bank of Georgia ("**NBG**") and the Bonds may not be offered, sold or transferred except in accordance with Article 3.6 of the Securities Market Law to a person that is a sophisticated investor within the meaning of Article 2.57 of the Securities Market Law (the "**Qualified Investors**"). NBG has been notified of the Offering for the sole purpose of obtaining the International Securities Identification Number ("**ISIN**") for the Bonds.

The purpose of this Prospectus is to give information with regard to the Issuer and the Bonds which, according to the particular nature of the Issuer and the Bonds, may assist investors to make an informed assessment of the financial position and prospects of the Issuer and any investment decision with respect to the Bonds.

In order to be eligible to view the Prospectus or make an investment decision with respect to the Bonds, you must have represented to the Manager that you are a "Qualified Investor" eligible to receive this document.

The Prospectus is available for viewing and copies may be obtained from the Manager at the Manager's address.

Investors in the Bonds should rely only on information contained or incorporated by reference in this Prospectus. In connection with the issue and sale of the Bonds, no person is authorised to give any information or to make any representation not contained or incorporated by reference in this Prospectus, and neither the Issuer nor the Manager accepts responsibility for any information not contained or incorporated by reference herein. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Prospectus does not constitute and may not be used for the purposes of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation and no action is being taken to permit an offering of the Bonds or the distribution of this Prospectus in any jurisdiction where such action is required.

**Neither this Prospectus nor any other information supplied by the Issuer or the Manager in connection with the Bonds is intended to provide an evaluation of the risks involved in investing in the Bonds. Each investor is advised to make its own evaluation of the potential risks involved. This Prospectus does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in the Bonds. The risks and investment considerations identified in this Prospectus are provided as general information only. Investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in the Bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Neither the Issuer nor the Manager makes any representation to any offeree or purchaser of the Bonds regarding the legality of an investment in the Bonds by such offeree or purchaser under appropriate investment or similar laws.**

This Prospectus has been prepared in the English language. This Prospectus may be unofficially translated into the Georgian language in the future. In case of any discrepancy between the translations, the English version shall prevail.

In this Prospectus, references to Georgian Lari and references to "**GEL**" are to the lawful currency of Georgia.

The Manager's responsibility is limited to arranging and underwriting the Bond issue and managing the entire issue process. It does not accept liability for the accuracy of any information included or incorporated by reference in this

Prospectus (other than the information relating to or provided by or on behalf of the Manager) and prospective investors are advised to use such information with caution.

**AVAILABILITY OF INFORMATION**

The Issuer prepares an annual report (the "**Annual Report**"), which describes the Issuer, including its capital, operations, administration, articles of association, legal status and its principal financial policies. Each Annual Report also contains the Issuer's financial statements.

Copies of the Annual Report may be obtained and downloaded from the Issuer's website: https://www.fmo.nl/about-us/reports

Certain parts of the Annual Report are also incorporated throughout this Prospectus.

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## FORWARD-LOOKING STATEMENTS

Some statements in this Prospectus may be deemed to be 'forward-looking statements'. Forward- looking statements include all statements other than historical statements included in this Prospectus, including, without limitation, those concerning the FMO's financial position, business strategy, plans, goals and objectives of management for future operations (including development plans and objectives relating to FMO's products) and the assumptions underlying these forward-looking statements. When used in this Prospectus, the words 'anticipates', 'estimates', 'expects', 'believes', 'intends', 'plans', 'aims', 'seeks', 'may', 'will', 'should' and any similar expressions generally identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of FMO, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding FMO's present and future business strategies and the environment in which FMO will operate in the future. The Issuer's risks are more specifically described in the Section "RISK FACTORS".

Important factors that could cause FMO's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, changes or downturns in the Dutch economy or the economies in other countries in which FMO conducts business, the impact of fluctuations in foreign exchange rates and interest rates and the impact of future regulatory requirements.

These forward-looking statements speak only as of the date of this Prospectus. Other than as required by applicable laws and regulations, the rules and regulations of the relevant stock exchange, FMO expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statement contained herein to reflect any change in FMO's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

RISK FACTORS

Prospective investors should consider carefully the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the Bonds. Each of the risks highlighted below could have a material adverse effect on FMO's business, operations, financial condition or prospects, which, in turn, could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Bonds.

Prospective investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its operations that it considers being material. There may be additional risks that the Issuer currently considers not to be material or of which it is not currently aware, and any of these risks could have the effects set forth above.

In addition, investors should consult their own financial and legal advisors as to the risks and investment considerations arising from an investment in an issue of the Bonds and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances.

**Risks Relating to FMO**

**A. CREDIT RISK**

***A.1. FMO is subject to credit risk, which may result in losses for FMO and failures or defaults of other institutions with which FMO does business***

An important risk to FMO is credit risk. Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's or other obligor's failure to repay a loan or otherwise meet a contractual obligation.

Credit risk from loans in emerging market countries arises from a combination of counterparty risk, country risk and product specific risks. These types of risk are assessed during the credit approval and credit review process and administrated, *inter alia*, via internal scorecards, which is based on formalized and strict procedures. However, there can be no assurance that such procedures prove to be sufficient to mitigate credit risks, in particular where mid- to long term transactions are entered into or where counterparties are located in jurisdictions or active in economic sectors in which adequate quantitative and qualitative information may not be available. In addition, FMO's clients may be subject to broader economic, political (e.g. the conflict in Ukraine), social, regulatory, health (e.g. the COVID-19 pandemic) and environmental events, trends and local and global developments which (and the consequences of which) may not be fully known or understood at the date of entry into a particular transaction.

Distress or defaults (or rumors about any such distress or defaults) by any one or more of FMO's counterparties may result in losses for FMO and failures or defaults of other institutions with which FMO does business.

***A.2. FMO is subject to counterparty credit risk in the treasury portfolio and may not be able to meet its financial obligations***

In conducting its business, FMO is subject to counterparty credit risks. Counterparty credit risk in the treasury portfolio is the risk that FMO will suffer economic losses because a counterparty fails to fulfill its financial or other contractual obligations from open positions in the portfolio. Counterparty risk exposures in FMO's treasury portfolios originate from short-term investments (deposits, investment in money market funds, commercial paper, and collaterals related to transacted derivatives), interest-bearing securities (bonds), and transacted derivatives for hedging purposes.

The main goal of the treasury portfolio is to maintain liquidity buffer such that FMO can serve its liquidity needs in both on-going business and in stressed circumstances. Any failure or default of FMO's counterparties in respect of the treasury portfolio could therefore result in insufficient liquid assets being available to FMO, as a result of which FMO could be unable to fulfil such obligations (which may include the Bonds) in a timely manner or at all when due. Any failure on the side of FMO to meet its obligations in a timely manner may have an adverse impact on FMO's business, financial condition, results of operations, reputation and prospects. See also *'FMO is subject to liquidity risks and may not be able to meet its financial obligations'*.

## B. MARKET RISK

***FMO is subject to market risks and may not be able to protect itself against such risks by entering into hedging transactions***

Many of FMO's financing and investment activities take place in foreign currencies – mostly U.S. Dollars and to a lesser extent emerging market currencies – while the majority of FMO's borrowings in the capital markets are in U.S. Dollars and Euro, supplemented by currencies such as Australian dollars, Swedish Krona and other local currencies.

Changes in the level of currency exchange rates, interest rates (including credit spreads included in interest rates (caused by the market perception of credit risk, liquidity risk or other risks)) and changes between different types of interest rates may negatively affect FMO's business by decreasing its income. In a period of changing interest rates (and higher and more volatile credit spreads), interest expense may increase at different rates than the interest earned on assets, and foreign exchange rates may develop in an adverse manner which could adversely impact FMO's income on its assets if compared to the expenses under its exposures. In addition, as FMO's reporting currency is Euro, a depreciation of FMO's reporting currency against the currencies to which FMO is exposed may adversely affect FMO's regulatory capital ratios since FMO's assets - and hence also its risk weighted assets - are mainly denominated in foreign currencies.

FMO enters into derivative transactions to manage the currency and basic interest rate risks associated with its investments. FMO, however, applies a structural approach for the foreign currency positions in the equity position for two reasons. First, FMO has created an open foreign exchange position in its private equity portfolio in order to hedge against an adverse effect of the exchange rate on the regulatory capital ratios. A depreciation of FMO's reporting currency (Euro) can significantly affect the capital ratio, as described above, since FMO's assets - and hence also the risk weighted assets - are mainly US dollar denominated or in local currencies. The US dollar long position in the equity portfolio thereby functions as a partial hedge for FMO's regulatory capital ratios. Second, the uncertainty in the size and the timing of the cash flows for equity investments make hedging less effective. There is, however, no guarantee that the hedges and processes which FMO employs are and will at all times be effective.

Developing an effective strategy for dealing with these risks described above is complex, and no strategy can completely insulate FMO from risks associated with interest rate and foreign exchange rates fluctuations. FMO's hedging strategies also rely on certain assumptions and projections regarding its assets, liabilities, general market factors and the creditworthiness of its counterparties that may prove to be incorrect or prove to be inadequate. Accordingly, FMO's hedging activities may not have the desired beneficial impact on its results of operations or financial condition. It may be that certain techniques employed by FMO to hedge it risks cease to be recognized under applicable accounting standards or the regulators, which may have a significant adverse effect on FMO's financial condition and regulatory capital ratios. In addition, hedging counterparties may fail to perform their obligations resulting in unhedged exposures and losses on positions that are not collateralized. As such, FMO's hedging strategies involve certain risks, transaction costs and other costs, and if FMO terminates a hedging arrangement, it may also be required to pay additional costs, such as transaction fees or breakage costs. It is possible that there will be periods in the future, during which FMO has incurred or may incur losses on transactions, perhaps significant, after taking into account FMO's hedging strategies. FMO's hedging strategy finally relies on the assumption that hedging counterparties remain able and willing to provide the hedges required by its strategy. Increased regulation, market shocks, worsening market conditions (whether due to a Euro crisis or otherwise), and/or other factors that affect or are perceived to affect the financial condition, liquidity and creditworthiness of FMO may reduce the ability and/or willingness of such counterparties to engage in hedging contracts with it and/or other parties, affecting FMO's overall ability to hedge its risks and adversely affecting its business, financial condition, results of operations, liquidity and prospects.

## C. LIQUIDITY RISK

***FMO is subject to liquidity risks and may not be able to meet its financial obligations***

FMO is subject to the risk that it has insufficient liquid assets available to meet its financial obligations (whether under normal circumstances or in times of stress) without incurring significant costs or losses. The present treasury policy on investment provides for the need to maintain cash holdings, among other things to cover liquidity risks and FMO, as a regulated bank, is also subject to regulatory requirements to maintain certain liquidity buffers (see *'F.2. FMO is subject to minimum capital and liquidity requirements and may at any time have insufficient capital resources to meet such requirements'*). However, there is no guarantee that such policy or regulatory requirements would ensure that FMO, at all times, would have sufficient liquid assets available to it.

FMO retains a sizeable portfolio of liquid investments to generate liquidity if required. The State Agreement (as defined below) also addresses liquidity risk in article 8 (see *'INFORMATION RELATING TO THE NEDERLANDSE*

*FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. - State Agreement*'). Under the State Agreement, the State (as defined below) has undertaken to provide support to FMO to the extent necessary to fulfil its obligations in respect of, among other things, all loans raised on the capital markets and all short-term funds raised on the money market with maturities of two years or less. If FMO's sources of liquidity would prove insufficient to meet its obligations and, where the obligations would be covered under the State Agreement to the extent that the State were to fail to fulfil its obligations under the State Agreement in a timely manner or at all, FMO could be unable to fulfil such obligations (which may include the Bonds) in a timely manner or at all when due. Any failure on the side of FMO to meet its obligations in a timely manner may have an adverse impact on FMO's business, financial condition, results of operations, reputation and prospects.

**D. OPERATIONAL RISK**

***FMO is subject to operational risks***

FMO is subject to operational risk which can increase costs and can adversely affect FMO's business, financial condition, results of operations and prospects. Operational risks can arise from inadequate procedures, regulatory breaches, including inadequate compliance with internal rules and policies and laws and regulations, fraud and willful or negligent actions or omissions by employees, advisors or contractors of FMO, IT failures (including due to a computer virus, ransomware or a failure to anticipate or prevent cyber-attacks or other attempts to gain unauthorized access to FMO's systems) but also external events that interrupt normal business operations (including environmental disasters, terrorism, pandemics (including the COVID-19 pandemic), epidemics, other health crises and other catastrophic events).

FMO is in particular dependent on well-functioning IT systems. In conducting its business, FMO depends on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. The equipment and software used in FMO's computer systems and networks may not be capable of processing, storing or transmitting information as expected. Certain of FMO's computer systems and networks may also have insufficient recovery capabilities in the event of a malfunction or loss of data. In addition, such systems and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact and jeopardize FMO's confidential information or that of its clients or its counterparts. Similarly, FMO's computer systems and networks may have insufficient recovery processes in the case of a loss of data. Any of these events may adversely affect FMO's ability to comply with laws and regulations (including in respect of its obligations to handle personal data in a secure manner) and FMO's ability to serve its clients. This can in turn result in financial loss, harm to FMO's reputation and hinder its operational effectiveness and ultimately adversely affect FMO's operations, financial condition and prospects and reputation.

**E. RISKS RELATED TO FMO'S RELATIONSHIP WITH THE STATE**

***FMO's relationship with the State may have a materially adverse impact on FMO's business, financial condition, results of operations, liquidity and prospects***

Although (i) the State of the Netherlands (the "**State**") is a majority shareholder in FMO and (ii) FMO has an agreement with the State which provides FMO with financial support (the "**State Agreement**") (see *'INFORMATION RELATING TO THE NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V. - State Agreement'* for an extensive description of this agreement), the State's involvement and/or financial support may over time, subject to a twelve-year notice period, be (or perceived to be) decreased substantially or terminated altogether and alter FMO's risk profile, financial position or future prospects. As a consequence, any such (perceived) decrease or termination may have an adverse effect on FMO's financial position, credit rating and results of operations, which could have a negative impact on the risk profile of FMO and ultimately make it more difficult for FMO to obtain funds and it may be more expensive to fund FMO.

In particular, FMO currently shares the same credit ratings assigned by S&P Global Ratings Europe Limited and Fitch Ratings Ireland Limited as the State, primarily as a result of the undertakings provided to FMO by the State in the State Agreement. Any changes to the State Agreement or the State's shareholding in FMO resulting in an actual or perceived diminishment or termination of financial support from the State to FMO (or involvement in FMO) could materially adversely affect FMO's credit ratings. Any downgrade of FMO's credit ratings could materially increase FMO's cost of accessing capital markets (which constitutes its main source of funding) and its ability to raise new funding and FMO may encounter increased liquidity risks. In a broader sense, any downgrade may also have a material adverse impact on FMO's competitive position with its clients in the private sector and its financial condition.

**F. REGULATORY RISKS**

*F.1. FMO is subject to detailed regulations and a failure to comply may adversely affect it*

FMO conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in law, regulations, interpretations, and policies in the Netherlands and any other jurisdictions in which it conducts its businesses. Supervisory authorities have broad administrative power over many aspects of the banking business, including liquidity, capital adequacy, permitted investments, ethical issues, data protection, sanctions, anti-bribery, anti-corruption and anti-money laundering laws, regulations and policies currently governing or applied in respect to FMO may also change, or their interpretation may change, at any time in ways which have an adverse effect on FMO's business, and it is difficult to predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. In recent years, the cost and operational burden of complying with applicable regulations for banks has increased significantly and is expected to increase further. As an organization with relatively limited scale, FMO is burdened financially and operationally by the pressure of increasing and/or changing regulations.

Despite FMO's efforts to maintain effective compliance procedures and to comply with applicable laws, regulations and guidelines, these compliance procedures may be inadequate or otherwise ineffective, including as a result of human or other operational errors in their implementation, and FMO might fail to meet applicable standards or may be unable to meet future standards. FMO may also fail to comply with applicable laws and regulations as a result of unclear regulations, regulations being subject to multiple interpretations or being under development, or as a result of a shift in the interpretation or application of laws and regulations by supervisory authorities. If FMO or any of its affiliates is in breach of any existing or new laws or regulations now or in the future, FMO will be exposed to the risk of intervention by regulatory authorities, including investigation and surveillance, the suspension or revocation of its licenses, administrative or criminal proceedings, instructions with which FMO has to comply, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm FMO's results of operations and financial condition. In addition, the reputation of FMO could suffer and FMO could be fined or prohibited from engaging in some of its business activities or be held liable or otherwise be subjected to legal proceedings by clients if it does not comply with applicable laws and regulations.

*F.2. FMO is subject to minimum capital and liquidity requirements and may at any time have insufficient capital resources to meet such requirements*

FMO is subject to laws and regulations prescribing among other things its solvency and liquidity position. FMO is subject to the risk, inherent in all regulated financial businesses, of having insufficient capital resources to meet the minimum regulatory capital requirements. Changes to the Capital Requirements Directive, the Capital Requirements Regulation, the Basel III standards and other future regulatory reforms could impose additional restrictions on FMO's activities if it were to no longer meet certain capital or liquidity requirements.

In December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") published its final standards on the revised capital adequacy framework known as "**Basel III**". These standards are significantly stringent than the existing requirements. In order to facilitate the implementation of the Basel III capital and liquidity standards for banks and investment firms, on 20 July 2011 the European Commission proposed a legislative package to strengthen the regulation of the banking sector. On 26 June 2013, the Council and the European Parliament adopted the package known as "CRD IV" consisting of a directive known as the "CRD IV Directive" (which was implemented into Dutch law on 1 August 2014) and a regulation commonly known as the "CRR I" which entered into effect as of 1 January 2014. The EU rules deviate from the Basel III rules in certain aspects (e.g. in imposing an additional systemic risk buffer) and (in respect of some provisions) provide national flexibility to apply more stringent prudential requirements than those set in the EU (or Basel) framework. As part of the EU Banking Reforms (as described below), a new regulatory package known as "CRD V / CRR II" (consisting of a directive and regulation) entered into force on 27 June 2019 with the majority of the provisions (subject to transposition and implementation) intended to apply as from mid-2021. Furthermore, on 27 October 2021, the European Commission published a proposal on the revised CRD and the CRR, known as "CRD VI / CRR3". This proposal aims to finalize the EU's implementation of the Basel III framework through CRD VI and CRR3. The CRR3 and CRD VI provisions are scheduled to apply as from 1 January 2025.

CRD, as in force, consists of Directive 2013/36/EU, as amended (including as part of the EU Banking Reforms) (the "**CRD Directive**") and Regulation (EU) No 575/2013, as amended (including as part of the EU Banking Reforms) (the "**CRR**") which aims to create a sounder and safer financial system. The CRD Directive governs amongst other things the access to deposit-taking activities while the CRR establishes the majority of prudential requirements institutions need to respect.

Significant capital and liquidity requirements with which FMO should comply with under the CRD include:

- Minimum requirements regarding own funds and other regulatory capital positions (commonly known as capital buffers), including requirements to maintain a minimum ratio of Common Equity Tier 1 capital ("**CET1**") to risk-weighted assets ("**RWA**"), Tier 1 capital to RWA and total capital (Tier 1 and Tier 2 capital) to RWA.

- Leverage restrictions, including the compliance with a leverage ratio that is calculated by dividing Tier 1 capital by a measure of non-risk weighted assets ("**Leverage Ratio**"). Pursuant to the EU Banking Reforms a binding leverage ratio of 3% will become applicable to banks such as FMO. According to the EU Banking Reforms, competent authorities remain responsible for monitoring leverage policies and processes of individual institutions and may impose additional measures to address risk of excessive leverage, if warranted.

- Minimum requirements regarding liquidity, including compliance with (i) the liquidity coverage ratio that is calculated by dividing FMO's stock of high quality liquid assets by its total net cash outflows over a 30-day period ("**LCR**") and (ii) a net stable funding ratio which is calculated amount of available stable funding divided by the amount of required stable funding assets ("**NSFR**"), a binding detailed version of which will become applicable pursuant to the EU Banking Reforms.

In addition, as part of the EU Supervisory Review and Evaluation Process (SREP), supervisory authorities may perform an analysis of FMO's business model, arrangements, strategies, processes and mechanisms to form a view on its viability and sustainability. If necessary, they may take measures to address any problems and concerns including, among other things, requiring additional capital and/or liquidity buffers to be maintained by FMO. Such measures may result in changes to the business plan and strategy, or require FMO to reduce risks that are inherent in certain of its offerings by changing its policies, improving its systems or cease to provide such offerings altogether. Any such measures may materially adversely affect FMO's business and result of operations and may require FMO to make substantial investments or obtain additional regulatory capital, which it may not be able to at the time.

Capital and liquidity requirements may increase in the case of adverse developments in the financial markets or in economic conditions. Any non-compliance with the capital and liquidity requirements applicable to FMO may adversely affect FMO's reputation, and may result in administrative sanctions, judicial proceedings and investigations, the imposition of restrictions of its activities and other disciplinary actions all of which could materially adversely affect FMO's result of operations and financial condition.

FMO may, in the future, also become subject to stricter capital and liquidity requirements which may adversely affect FMO's income and require FMO to reduce business levels or raise additional regulatory capital, which it may be unable to at the time. The quantitative impact of additional regulatory capital requirements is currently uncertain and will depend also on the future development of FMO's balance sheet and whether multiple or even all of the changes have negative consequences for FMO, or only a few. FMO notes that the following changes in laws and regulations form a material risk for its capital and liquidity financial position and results of operations and prospects:

- In October 2021, the European Commission published their proposal for CRR3 (2021/0342) to implement the Basel III reforms (The Basel Committee on Banking Supervision ("**BCBS**") 424) and the standard on the capital requirements for market risk (BCBS 457). The proposal contains a number of items which will impact FMO's financial position following implementation in January 2025. An important element for FMO is a change in the treatment of private equity exposures under the standardized approach for credit risk, under which FMO's private equity exposures receive a 150% risk weight. BCBS 424 includes three categories: speculative equity (400% risk weight), equity holdings under national legislated programs (100% risk weight), and all other equity exposures (250% risk weight). The CRR3 proposal refines BCBS 424 based on the holding period so that FMO's private equity exposures receive a 250% risk weight. The proposal could still change in a manner that increases the risk weight for private equity exposures.

- Also included in the CRR3 proposal is, the BCBS standard on the capital requirements for market risk (BCBS 457). Although FMO does not have a trading book portfolio, the revised standards affect the capital requirements for FMO's foreign exchange position in the banking book. FMO shall apply the alternative standardized approach for market risk (sensitivity-based method), under which, the capital requirements will depend on the type of currency and the correlation between the currencies. Implementation of the new methodology is expected to take place in 2025 as part of the general implementation of CRR3. Furthermore, the CRR3 proposal includes new guidelines on the delineation between the trading book and the banking book, which may require FMO to set up a trading book in case FMO's products meet the definition of assets that are presumed to be in the trading book.

- In April 2019, Regulation (EU) 2019/630, which amends the CRR, with regard to the minimum loss coverage for non-performing exposures ("**NPEs**"), has been published. On the basis of a common definition of non-performing loans, the new rules would introduce a "prudential backstop," i.e. a minimum loss coverage banks need to set aside to cover losses caused by future loans that turn non-performing. The backstop requires all unsecured non-performing exposures more than 3 years vintage to be fully covered. It applies to NPEs with an origination date after March 2018, therefore the first potential impact will only be realized in 2022 at the earliest.

Any non-compliance with future regulations may adversely affect FMO's reputation, and may result in administrative sanctions, judicial proceedings and investigations, the imposition of restrictions of its activities and other disciplinary actions all of which could materially adversely affect FMO's result of operations and financial condition.

***F.3. FMO is subject to hold a Minimum Amount of Own Funds and Eligible Liabilities ("MREL") and difficulties in obtaining MREL may have a material adverse effect on FMO***

As part of the The Bank Recovery and Resolution Directive ("**BRRD**"), FMO is required to maintain a certain minimum amount of own funds and eligible liabilities ("**MREL**") expressed as a percentage of the total liabilities and own funds to ensure the effective application of the bail-in tool. The level of own funds and eligible liabilities required under MREL is set by the resolution authority for each bank (and/or group) based on, among other things, the criteria set forth in Article 45.6 of the BRRD, including the systemic importance of the institution. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law (including through contractual provisions). The MREL framework has become subject to substantial change during the recent years, amongst others, as a result of changes pursuant to the EU Banking Reforms, as described under the risk factor *'F.2. FMO is subject to minimum capital and liquidity requirements and may at any time have insufficient capital resources to meet such requirements'* above.

At the end of 2021, FMO has received its MREL decision from the Dutch Central Bank (*De Nederlandsche Bank*) ("**DNB**") in its capacity as Dutch National Resolution Authority. The MREL requirement was set equal to FMO's minimum requirements regarding own funds and other regulatory capital positions, which are imposed as part of DNB's SREP assessment. As FMO already has sufficient MREL eligible liabilities, the MREL requirement will not be phased-in but has already become applicable in full as of 1 January 2022. The MREL requirement is only imposed to FMO on a consolidated basis.

If FMO were to experience difficulties in raising MREL eligible liabilities, it may have to reduce its lending or investments in other operations which would have a material adverse effect on FMO's business, results of operations and prospects.

**G. RISKS RELATED TO FINANCIAL CONDITIONS, MARKET CIRCUMSTANCES AND (ECONOMIC) TRENDS**

***FMO's operations and results may be adversely affected by adverse developments and circumstances on a global scale or in the geographic areas in which it conducts its business***

FMO is active in various geographic regions. Its operations, business and results may be adversely impacted by (i) turbulence, turmoil and volatility in the financial markets, (ii) adverse economic, business and market developments and environments on a global scale or specific to the geographic regions in which it conducts its business (including high inflation rates, increased commodity prices and continued supply chain disruptions due largely to the impact of the resurgence of the COVID-19 pandemic in 2021 and the conflict in Ukraine in early 2022, the ramifications of which could last longer than anticipated) and (iii) local and global political events and trends, environmental developments, regulatory action, terrorism, war (including the conflict in Ukraine) and civil unrest, pandemics (including COVID-19), epidemics, health emergencies and other catastrophic events. FMO has made adjustments to private equity and loan valuations as well as loan impairments to account for management's updated expectations on the returns and recoveries on investments affected by the war in Ukraine during the first quarter of 2022. These adjustments resulted in a negative impact of approximately EUR 70 million for equity and investments in Ukraine and investees active in the region and approximately EUR 90 million for loans to customers in Ukraine. Any further developments in relation to the above circumstances, events and developments are inherently unpredictable and may result in significant losses for FMO or require FMO to cease all or certain activities in all or some of the geographic regions in which it conducts its business. Ultimately, this may have a materially adverse impact on FMO's business, financial condition, results of operations, liquidity and prospects.

**Risks Relating to the Bonds**

*Market, liquidity and yield considerations*

The Bonds may not have an established trading market when issued. There can be no assurance of a secondary market for the Bonds or the liquidity of such market if one develops. Consequently, investors may not be able to sell their Bonds readily or at prices that will enable them to realize a yield comparable to that of similar instruments, if any, with a developed secondary market.

No investor should purchase the Bonds unless such investor understands and is able to bear the risk that the Bonds may not be readily saleable, that the value of the Bonds will fluctuate over time, and that such fluctuations may be significant and could result in significant losses to such investor. This is particularly the case for investors whose circumstances may not permit them to hold the Bonds until maturity.

*Interest rate risks*

Interest rate of the Bonds is not fixed and it may vary. The interest rate will be dependent on the daily TIBR calculated on non-cumulative compounded methodology. TIBR index is based on real transactions between commercial banks active in the country of Georgia and represents weighted average interest rate of GEL denominated overnight unsecured loans. TIBR index calculation methodology is reviewed by NBG on an annual basis for the purpose of assessment as to what extent such methodology reflects the current market practices.

Should NBG determine that TIBR index calculation methodology no longer meets market demand, NBG shall make relevant changes in TIBR index calculation regulation after consultation with interbank market participants. Should TIBR fail to serve as a benchmark to price GEL floating rate instruments, NBG may cease to publish it. Discontinuation of TIBR may lead to the Reference Rate Fallback Provisions (as described below) applying and adversely affect the value of the Bonds.

An investment in the Bonds involves the risk that subsequent changes in market interest rates could have a material adverse effect on the value and resale price of the Bonds. Due to fluctuation of the interest rate of the Bonds, the registered owners of the Bonds or any other persons acting in the capacity of a legal owner of the Bonds may receive less income/profit from holding the Bonds than they expected at the time of purchase.

*FMO's credit rating may not reflect all risks affecting the Bonds*

The credit ratings assigned to FMO may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to Subsection "**C. LIQUIDITY RISK**" under Section "**Risks Relating to FMO**" above.

*Legal investment considerations*

Investors should consult their own legal advisers in determining whether and to what extent the Bonds constitute legal investments for such investors and whether and to what extent the Bonds can be used as collateral for various types of borrowings. In addition, financial institutions should consult their legal advisers or regulators in determining the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Investors whose investment activities are subject to investment laws and regulations, or to review or regulation by certain authorities may be subject to restrictions on investments in certain types of debt securities, which may include the Bonds. Investors should review and consider such restrictions prior to investing in the Bonds.

*Change of law*

The conditions of the Bonds (other than Condition 13(b) (*Arbitration*)) are governed by and construed in accordance with Georgian law as in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Georgian law or administrative practice after the date of this Prospectus, including but not limited to, the introduction of, and changes to, taxes, levies or fees applicable to the Issuer's operations. The laws of Georgia may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Bonds.

*The rights of Bondholders to challenge the exercise of the bail-in tool or other recovery or resolution powers by the competent resolution authority are likely to be limited*

Bondholders may have limited rights to challenge, to demand compensation for losses, seek a suspension or nullification of any decision of the competent resolution authority to take certain recovery or resolution measures, and exercise the bail-in tool or other recovery or resolution powers to implement such measures, to have that decision reviewed by a judicial or administrative process or otherwise, or to exercise any other remedy in this context.

*Future bank recovery and resolution regimes may affect the rights of Bondholders even further*

It is possible that under the BRRD, the SRM Regulation, the Special Measures Financial Institutions Act, the EU Banking Reforms or any other future similar proposals, any new resolution powers granted by way of statute to the Single Resolution Board, DNB, the ECB, the Minister of Finance and/or any other relevant authority could be used in such a way as to result in the debt instruments of the Issuer, such as the Bonds, absorbing losses or otherwise affecting the rights of Bondholders in the course of any resolution of the Issuer.

**Other Risks**

*Risks Relating to Exchange Rate & Currency*

Investors should consider that the Bonds will be denominated in GEL, and the exchange rate of GEL to other currencies might change significantly, that also might affect the return investors are expecting to receive.

In addition, the Issuer is only able to meet its obligations in respect of the Bonds in GEL for as long as it has sufficient revenues of GEL, which in reality depends on duly payment by its borrowers and adequate liquidity generally, or its ability to purchase sufficient amount of GEL in the Georgian currency market. Investors should also pay attention to the Terms and Conditions of the Bonds in this Prospectus under Condition 4(b). In the event that no GEL can be sourced by the Issuer, payments may ultimately be done in US dollar. In the event of late payment due to unavailability of GEL, no default interest is paid by the Issuer.

*Risks relating to Recognition and Enforcement of Judgment*

It may be difficult to enforce judgments of the Georgian courts rendered against the Issuer due to a number of factors, including without limitation, absence of treaties between Georgia and most jurisdictions (including the State of the Netherlands) for reciprocal enforcement of foreign court judgments as well as factors related to the legal status, privileges and immunities of the Issuer, all of which could introduce delay and unpredictability into the process of enforcing any Georgian court judgment against the Issuer.

# TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the Terms and Conditions of the Bonds*

GEL 100,000,000 Floating Rate Notes due 20 June 2027 (the "**Bonds**"), are issued in line with the Articles of Association of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "**Issuer**"). The issue of the Bonds was approved by written resolutions of the Board of Management of the Issuer dated on or around 15 December 2020 and the Supervisory Board of the Issuer dated 10 December 2020.

Payments of principal and interest in respect of the Bonds will be made in accordance with a Calculation and Paying Agency Agreement dated 20 June 2022 (the "**Calculation and Paying Agency Agreement**") between the Issuer and JSC Galt & Taggart as calculation and paying agent (the "**Calculation and Paying Agent**"). The Calculation and Paying Agency Agreement has attached to it the Terms and Conditions of the Bonds. The Registered Holders (as defined below) are entitled to inspect a copy of the Calculation and Paying Agency Agreement which will be available at the specified office of the Calculation and Paying Agent and are deemed to have notice of, and be bound by, all the provisions of the Calculation and Paying Agency Agreement applicable to them.

"**Bondholder**" means a person who is a registered owner of the Bonds as evidenced by the extract from the Register (as defined in Condition 3) and/or records of the Nominee Holder(s) of the Bonds;

"**Nominee Holder of the Bond**" means a nominee holder authorised by the Bondholder or other authorised nominee holder to hold the Bonds in nominee holding;

"**Registered Holder**" means a Bondholder or a Nominee Holder of the Bond in whose name a Bond is registered in the Register.

## 1. Form and Denominations

The Bonds are issued as dematerialised book-entry bonds in registered form, in denominations of GEL 1,000,000 each, at the date of issue, 23 June 2022 (the "**Issue Date**").

## 2. Status

The Bonds constitute direct and unsecured obligations of the Issuer ranking *pari passu,* without any preference among themselves, with all other unsecured and unsubordinated obligations of the Issuer.

## 3. Interest

### *(a) Interest Payment Dates*

The Bonds shall bear interest payable semi-annually in arrears on 20 June and 20 December of each year from and including 23 June 2022 up to and including 20 June 2027. Each date set for payment of interest in this Condition 3 is hereinafter referred to as an "**Interest Payment Date**", with 20 June 2027 also referred to as the "**Maturity Date**".

All payments will be made on the stated Interest Payment Dates or the Maturity Date, as the case may be, as per the list of the Registered Holders registered by the United Securities Registrar of Georgia (the "**Registrar**") in the register of Bondholders and/or Nominee Holders of the Bonds (the "**Register**") at the close of business two (2) Business Days preceding the Interest Payment Date or the Maturity Date (the "**Record Date**").

If any Interest Payment Date or the Maturity Date (as appropriate) is not a RFR Banking Day, as defined below (the "**Business Day**"), the Registered Holders shall not be entitled to payment until the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date for payment shall be brought forward to the immediately preceding Business Day.

Interest will be calculated on the basis of the actual number of calendar days in the relevant Interest Period (as defined below) based on a 365-day year.

Interest will accrue from and including the previous Interest Payment Date or the Issue Date as the case may be, to but excluding the next Interest Payment Date or the Maturity Date as the case may be. For the avoidance of doubt, where the Interest Payment Date has been adjusted to the next Business Day, interest will accrue to (but excluding) such postponed date and the immediately subsequent period will be from and including the postponed Interest Payment Date to but excluding the next Interest Payment Date.

Furthermore, where the Interest Payment Date has been adjusted to the first preceding Business Day (on account of the initially adjusted Interest Payment Date falling in the next calendar month), interest will accrue to (but excluding) such earlier date and the immediately subsequent period will be from and including the earlier Interest Payment Date to but excluding the next Interest Payment Date.

If an amount of interest payable in respect of any Bond, as calculated in accordance with these Conditions does not constitute an integral multiple of 0.01 GEL, such amount shall be rounded to the nearest integral multiple of 0.01 GEL (with 0.005 – 0.009 GEL being rounded up).

*(b)* *Interest Payments*

The Bonds will cease to bear interest from the due date of redemption unless, upon due presentation of evidence of any Bond, payment of principal is improperly withheld or refused, in which event interest shall not cease to accrue, but shall continue to accrue until whichever is the earlier of (i) the actual redemption of the Bonds and (ii) the date on which notice has been given to the Registered Holders to the effect that the necessary funds for redemption have been provided to the Calculation and Paying Agent.

*(c)* *Rate of Interest*

The rate of interest shall be the aggregate of (i) the Reference Rate and (ii) 5 basis points spread per annum.

"**Reference Rate**" means (i) for any day during an Interest Period that is a RFR Banking Day the Daily Non-Cumulative Compounded RFR Rate for that day and (ii) for any day during an Interest Period that is not a RFR Banking Day the Daily Non-Cumulative Compounded RFR Rate applicable to the immediately preceding RFR Banking Day.

"**Interest Period**" means each period beginning on an Interest Payment Date and ending on the day immediately before the next following Interest Payment Date, except in the case of the first period when it means the period beginning on the Issue Date and ending on the day immediately before the next following Interest Payment Date and except in the case of the last period when it means the period beginning on the penultimate Interest Payment Date and ending on but excluding the Maturity Date or, in the case of the Bonds becoming due and payable in accordance with Condition 9 (*Events of Default*), the date on which the Bonds become due and payable.

"**RFR Banking Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in Tbilisi.

The Daily Non-Cumulative Compounded RFR Rate shall be calculated as follows:

The "**Daily Non-Cumulative Compounded RFR Rate**" for any RFR Banking Day "**i**" during an Interest Period for the Bonds is the percentage rate per annum (without rounding, to the extent reasonably practicable for the Calculation and Paying Agent performing the calculation, taking into account the capabilities of any software used for that purpose) calculated as set out below:

$$(UCCDR_i - UCCDR_{i-1}) \times \frac{dcc}{IPn_i}$$

where:

"**$UCCDR_i$**" means the Unannualised Cumulative Compounded Daily Rate for that RFR Banking Day "**i**";

"**$UCCDR_{i-1}$**" means, in relation to that RFR Banking Day "**i**", the Unannualised Cumulative Compounded Daily Rate for the immediately preceding RFR Banking Day (if any) during that Interest Period;

"**dcc**" means 365 or, in any case where market practice in the relevant market is to use a different number for quoting the number of days in a year, that number;

"**$IPn_i$**" means the number of calendar days from, and including, that RFR Banking Day "**i**" up to, but excluding, the following RFR Banking Day; and

the "**Unannualised Cumulative Compounded Daily Rate**" for any RFR Banking Day (the "**Cumulated RFR Banking Day**") during that Interest Period is the result of the below calculation (without rounding, to the extent reasonably practicable for the Calculation and Paying Agent performing the calculation, taking into account the capabilities of any software used for that purpose):

$$ACCDR \times \frac{tIPn_i}{dcc}$$

where:

"**ACCDR**" means the Annualised Cumulative Compounded Daily Rate for that Cumulated RFR Banking Day;

"**tIPn$_i$**" means the number of calendar days from, and including, the first day of the IP Cumulation Period to, but excluding, the RFR Banking Day which immediately follows the last day of the IP Cumulation Period;

"**IP Cumulation Period**" means the period from, and including, the first RFR Banking Day of that Interest Period to, and including, that Cumulated RFR Banking Day;

"**dcc**" has the meaning given to that term above; and

the "**Annualised Cumulative Compounded Daily Rate**" for that Cumulated RFR Banking Day during that Interest Period is the percentage rate per annum (rounded to 5 decimal places) calculated as set out below:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{DailyRate_i \times n_i}{dcc}\right)-1\right] \times \frac{dcc}{tn_i}$$

where:

"**d$_0$**" means the number of RFR Banking Days in the OP Cumulation Period;

"**OP Cumulation Period**" means the period from, and including, the Corresponding OP Day for the first day of the IP Cumulation Period to, and including, the Corresponding OP Day for the last day of the IP Cumulation Period;

"**Corresponding OP Day**" means, in relation to any RFR Banking Day during that Interest Period, the RFR Banking Day which:

(a) is in the Observation Period; and
(b) falls the applicable Lookback Period prior to that relevant RFR Banking Day during the Interest Period;

"**Observation Period**" means the period from and including the day falling the applicable Lookback Period prior to the first day of that Interest Period and ending on, but excluding, the day falling the applicable Lookback Period prior to the last day of that Interest Period;

"**Lookback Period**" means 15 RFR Banking Days;

"**IP Cumulation Period**" has the meaning given to that term above;

"**i**" means a series of whole numbers from one to $d_0$, each representing the relevant RFR Banking Day in chronological order in the OP Cumulation Period;

"**Daily Rate**" for any RFR Banking Day is:

(a) the RFR for the relevant RFR Banking Day; or
(b) if the RFR is not available for that RFR Banking Day, the most recent RFR for a day which is not more than 5 RFR Banking Days before that RFR Banking Day,

provided that if the applicable rate is less than zero, the Daily Rate shall be deemed to be zero.

"**DailyRate$_i$**" means, for any RFR Banking Day "**i**" in the OP Cumulation Period, the Daily Rate for that RFR Banking Day "**i**";

"**RFR**" means the daily Tbilisi interbank interest rate index (TIBR) published by the National Bank of Georgia on the display page designated https://nbg.gov.ge/en/monetary-policy/tibr or (i) any successor display page, other published source, information vendor or provider that has been officially designated by the administrator of such page; or (ii) if such administrator has not officially designated a successor display page, another published source, service or provider (as the case may be), the successor display page, other published source, service or provider, if any, designated by the relevant information vendor or provider (if different from the administrator) as specified by the Calculation and Paying Agent who immediately notifies the Issuer in writing of the title, page, successor website and/or administrator specified by it.

"$\mathbf{n_i}$" means, for any RFR Banking Day "**i**" in the OP Cumulation Period, the number of calendar days from, and including, that RFR Banking Day "**i**" up to, but excluding, the following RFR Banking Day;

"**dcc**" has the meaning given to that term above; and

"$\mathbf{tn_i}$" means the number of calendar days from, and including, the first day of the OP Cumulation Period to, but excluding, the RFR Banking Day which immediately follows the last day of the OP Cumulation Period.

"**Reference Rate Fall-back Provisions**" means the reference rate fall-back provisions described below:

If there is no available Daily Rate for the purpose of calculating the Daily Non-Cumulative Compounded RFR Rate, then the applicable Reference Rate for that Interest Period shall be determined by the Calculation and Paying Agent in its discretion, acting in good faith and in a commercially reasonable manner provided that if, in any case, any such rate is less than zero, the Reference Rate shall be deemed to be zero.

The Calculation and Paying Agent shall notify (as soon as reasonably practicable) the Issuer of the aggregate amount of interest accrued over the relevant Interest Period and each applicable rate of interest related to the determination of such amount.

## 4. Payments

*(a) Registered Bonds*

Payments of principal and interest will be made (i) in GEL by credit or transfer to a GEL bank account, or (ii) in USD (as defined in paragraph (b) below) upon the occurrence of any of the events specified in Condition 4(b), by credit or transfer to a USD bank account, in each case as specified by the Registered Holders of the Bonds in the Register and kept with a commercial bank operating in the country of Georgia and appearing in the list of licensed commercial banks on the following link: *https://nbg.gov.ge/en/page/licensed-commercial-banks-1* (or any successor thereto). Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto, but without prejudice to the provisions of Condition 8. Each Registered Holder is responsible to keep up to date the GEL and USD bank account details with the Registrar, otherwise the Registered Holder may experience delays in receiving interest and/or principal payments. The Calculation and Paying Agent assumes no liability for any delay in payments to a Registered Holder caused by the unavailability of full and precise GEL and USD bank account details of such Registered Holder with the Registrar.

*(b) Unavailability of GEL*

If GEL is no longer used for the settlement of transactions in Georgia, or if the Issuer in exchange of USD or otherwise is not able to acquire a sufficient amount of GEL at prevailing market terms to satisfy its payment obligations in respect of the Bonds, or GEL is otherwise not available to the Issuer as a result of circumstances beyond the control of the Issuer ("**Unavailability of GEL**"), then the Issuer shall be entitled to satisfy its obligations to the Registered Holders in respect of such payments by making the payments in the United States dollars ("**USD**") equivalent amount calculated on the basis of the USD/GEL official exchange rate established by NBG for the relevant Interest Payment Date or the Maturity Date, as appropriate. Any payment in USD made at a reasonably sufficient time by the Issuer under such circumstances shall constitute a valid payment and shall not constitute a default in respect of the Bonds. In such conditions any payment beyond the relevant Interest Payment Date or Maturity Date shall not consist a late payment, so that the relevant Bondholders are not entitled to receive any default interest in respect of such payment.

The Issuer shall have the sole discretion to declare the occurrence of the Unavailability of GEL provided any of the above conditions are met.

*(c) Exercise of Bail-in Power or Stay Power*

No repayment of the principal amount of the Bonds or payment of interest thereon (to the extent of the portion thereof affected by the exercise of the Bail-in Power or the Stay Power) shall become due and payable after the exercise of any Bail-in Power or Stay Power by the Resolution Authority, unless such repayment or payment would be permitted to be made by the Issuer under the laws and regulations then applicable to the Issuer.

By subscribing for or otherwise acquiring the Bonds, the Registered Holders acknowledge, consent, accept and agree to be bound by:

(i) the exercise of any Bail-in Power that may result in (among others) (a) the write-down, reduction or cancellation of all, or a portion of, the principal amount of, and/or interest on, the Bonds; and/or (b) the conversion of all, or a portion, of the principal amount of, or interest on, the Bonds into shares (or other instruments of ownership) or other securities or other obligations of the Issuer or another person;

(ii) the effect of the exercise or the application of the Stay Power, such as suspension of any payment or delivery obligation in respect of the Bonds, the suspension of any termination right under the terms of the Bonds, a restriction on the enforcement of a security interest in relation to any assets of the Issuer and/or the exclusion of any termination, suspension, modification, netting or set-off rights or certain other contractual terms and creditors' rights as those may be applicable to the Bonds or otherwise vis-à-vis the Issuer.

"**Bail-in Power**" means the powers of the Resolution Authority applied to absorb losses, recapitalise the Issuer or convert to equity or reduce the principal amount of claims or debt instruments (such as the Bonds) of the Issuer that have been transferred pursuant to one of the resolution tools providing for a transfer of certain assets and/or liabilities of the institution under resolution to a third party, the exercise whereof may result in the write-down or conversion of eligible liability of the Issuer (such as the Bonds) in accordance with a certain order of priority.

"**DNB**" means De Nederlandsche Bank N.V. in its capacity as competent national resolution authority enjoying the powers granted by the Bank Recovery and Resolution Directive (as implemented in Dutch law) necessary for implementing the resolution decisions taken by the SRB in respect of significant banks in the Netherlands, such as the Issuer.

"**Resolution Authority**" means any authority with the ability to exercise a Bail-in Power or apply a Stay Power in respect of the Issuer, including but not limited to, the SRB and DNB.

"**SRB**" means the competent resolution authority for (inter alia) significant banks under the single supervisory mechanism, such as the Issuer, and is in that capacity responsible for adopting resolution decisions in respect of such banks thereby ensuring the effective and consistent functioning of the Single Resolution Mechanism Regulation.

"**Stay Power**" means the powers of the Resolution Authority, for a limited period of time, to (i) suspend contractual payment or delivery obligations due under a contract with the Issuer when under resolution or in certain circumstances before resolution, (ii) restrict the enforcement of any security interest over any assets of the Issuer and (iii) suspend certain rights of counterparties to, for instance, close out net gross obligations, accelerate future payments or otherwise terminate financial contracts.

*(d) Substitute Calculation and Paying Agent*

The Issuer reserves the right at any time to vary or terminate the appointment of the Calculation and Paying Agent and to appoint another Calculation and Paying Agent provided that it will at all times whilst any Bond is outstanding maintain a Calculation and Paying Agent (which shall be a reputable bank licensed to carry out banking activities in Georgia or a reputable broker licensed to carry out brokerage activities in Georgia). Notice of any such termination or appointment and of any changes in the specified office of the Calculation and Paying Agent will be given to the Registered Holders in accordance with Condition 11.

## 5. Closed Periods

No Registered Holder may require the transfer of a Bond to be registered during the period starting at the Close of business on any Record Date and ending on (and including) any Interest Payment Date. Violation of this clause may cause distribution of payments to the wrong recipients. The Calculation and Paying Agent assumes no liability for such distributions.

"**Close of business**" means, in relation to the Record Date, 6:00 pm Tbilisi time.

## 6. Redemption and Purchase

Unless previously purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date. The Bonds will not be redeemable prior to maturity unless agreed with the Issuer and Bondholders. The Issuer may at any time purchase Bonds in the open market or otherwise, in each case at any price. Bonds purchased by the Issuer may be cancelled.

## 7. Title

While title to the Bonds shall pass upon registration of the title on the Register at the Registrar or through registration of a change in records maintained by the Nominee Holder of the Bond, as applicable, the Issuer and the Calculation and Paying Agent may deem and treat only Registered Holders as the absolute owners thereof for the purpose of making payments and, for all other purposes (notwithstanding any notice of ownership) whether or not such Bond or, in the case of a payment of interest, such payment shall be overdue, and all payments to such Registered Holders shall be valid and effectual to discharge the liability of the Issuer and the Calculation and Paying Agent in respect of such Bond to the extent of the sum or sums so paid.

The Bonds may be transferred in accordance with relevant Georgian law requirements.

## 8. Taxation

Payments of principal and interest on the Bonds will be made by the Issuer to the Calculation and Paying Agent without withholding or deduction for or on account of tax since interest on the Bonds, i.e. the debt securities issued by an international financial institution including among others the Issuer, is exempt from profit tax.

## 9. Events of Default

If the Issuer shall default in the payment of the principal of, or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund for, any bonds (including the Bonds), notes or similar obligations which shall have been issued, assumed or guaranteed by the Issuer, and such default shall continue for a period of 90 days, then at any time thereafter and during the continuance of such default, the Registered Holder may deliver or cause to be delivered to the Issuer, at its principal office in the Hague, the Netherlands, written notice that such Registered Holder elects to declare the principal of and accrued interest on the Bonds held by it (the aggregate nominal amount of such Bonds to be specified in such notice) to be due and payable, and on the 30th day after such notice shall be so delivered to the Issuer, the principal of and accrued interest on such Bonds shall become due and payable, unless prior to that time all such defaults theretofore existing shall have been cured. Should the Issuer fail to redeem the Bonds when due (other than due to Unavailability of GEL), interest shall not cease to accrue but shall continue to accrue until whichever is the earlier of (i) the actual redemption of the Bonds and (ii) the date on which notice has been given to the Registered Holders to the effect that the necessary funds for redemption have been provided to the Calculation and Paying Agent.

In the event of the failure to perform or improper performance by the Issuer of its obligations under the Bonds and subject to a 90-day grace period as described above, the Registered Holders may resort to arbitral proceedings as described under Condition 13(b) below and demand redemption of the Bond and payment of the accrued interest, including, the interest accrued due to the late redemption of the Bond in accordance with this Condition.

For the avoidance of doubt, the exercise of any Bail-in Power or Stay Power by the Resolution Authority shall not constitute a default in respect of the Bonds. Please refer to Condition 4(c) above.

## 10. Modifications

The Issuer and the Calculation and Paying Agent may agree, without the consent of the Registered Holders, to any modification of any of these Conditions or any of the provisions of the Calculation and Paying Agency Agreement which is (i) not, in the reasonable opinions of the Issuer and the Calculation and Paying Agent, materially prejudicial to the interests of the Registered Holders, (ii) of a formal, minor or technical nature or (iii) aimed at correcting a manifest error. Notice of any such modification of any of these Conditions or any of the provisions of the Calculation and Paying Agency Agreement will be given to the Registered Holders in accordance with Condition 11.

## 11. Notices

All notices regarding the Bonds will be valid if placed on the Issuer's website.

## 12. Further Issues

The Issuer may from time to time without the consent of the Registered Holders create and issue further securities having the same terms and conditions as the Bonds in all respects (except for the Issue Date) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Bonds.

## 13. Governing Law and Arbitration

### *(a) Governing Law*

The Bonds and any non-contractual obligations arising out of or in connection with the Bonds are governed by, and shall be construed in accordance with, the laws of Georgia.

### *(b) Arbitration*

Any disputes which may arise out of or in connection with the Bonds shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. There shall be one (1) arbitrator and the appointing authority shall be LCIA (London Court of International Arbitration). The seat and place of arbitration shall be London, England and the English language shall be used throughout the arbitral proceedings. By subscribing for any of the Bonds each Bondholder waives any rights under the Arbitration Act 1996 or otherwise to appeal any arbitration award to, or to seek determination of a preliminary point of law by, the courts of England. The arbitral tribunal shall not be authorised to grant any interim measures or pre-award relief against the Issuer or any of the Bondholders (as appropriate), any provisions of the UNCITRAL Arbitration Rules notwithstanding. Where the UNCITRAL Arbitration Rules do not provide for a particular situation the Arbitrator shall, in its absolute discretion, determine what course of action should be followed and the Arbitrator's decision shall be final. This Condition 13(b) shall be governed by and construed in accordance with English law and English law shall be the procedural law of any arbitration conducted thereunder.

## USE OF PROCEEDS

The net proceeds to the Issuer from the sale of Bonds will be used for granting corresponding loan(s).

**INFORMATION RELATING TO THE NEDERLANDSE FINANCIERINGS-MAATSCHAPPIJ VOOR ONTWIKKELINGSLANDEN N.V.**

**Incorporation**

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "**Issuer**" or "**FMO**") was incorporated as a public company with limited liability (*naamloze vennootschap*) in the Netherlands on 8 July 1970. The Issuer's registered office is at Anna van Saksenlaan 71, 2593 HW The Hague, the Netherlands. The Issuer is registered in the commercial register (*handelsregister*) of the Netherlands Chamber of Commerce, under number 27078545. The general telephone number of FMO is +31 70 3149696. The commercial name of the Issuer is FMO.

The Issuer's articles of association (*statuten*) were lastly amended by notarial deed executed on 19 August 2009, before Drs. C.J. Groffen, civil law notary in Amsterdam, the draft of these articles having received the approval of the Ministry of Justice under number N.V. 107 045.

The Issuer was established by the State, several Dutch companies and several Dutch trade unions in accordance with and pursuant to the Law of 1 May 1970 on Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (*Staatsblad* 237, 1970).

**FMO's profile**

Since 1970, FMO has been a driving force behind investments empowering local entrepreneurs in emerging markets. FMO believes in a world in which, in 2050, more than 9 billion people live well and within the means of the planet's resources. FMO invests with the aim of enhancing local prosperity in emerging markets. FMO focuses on the private sector in the following three industries: Energy, Financial Institutions and Agribusiness, Food & Water. Through its investments in these industries, FMO aims to empower entrepreneurs to build a better world. FMO's role extends beyond financing, as it challenges and supports businesses meeting international environmental, social and governance standards. These businesses in turn, support job creation, reduce inequality and improve climate.

**Share capital**

The Issuer has an authorised share capital of EUR 45,380,000 divided into 1,020,000 Class A Shares of nominal value EUR 22.69 each (the "**A Shares**") and 980,000 Class B Shares of nominal value EUR 22.69 each (the "**B Shares**"). The A Shares may only be issued to and owned by the State.

The issued and fully paid share capital amounts to EUR 9,076,000 and comprises 204,000 A Shares and 196,000 B Shares. Each A Share and each B Share carries the right to cast one vote at any general meeting of shareholders (the "**General Meeting**") of the Issuer. The issue of shares is resolved upon by the General Meeting pursuant to a proposal from the Management Board, made with the approval of the Supervisory Board, without prejudice to article 2:96 of the Dutch Civil Code.

| **Shareholders' equity (EUR '000)** | **2021** | **2020** | **2019** |
|---|---|---|---|
| Share capital | 9,076 | 9,076 | 9,076 |
| Share premium reserve | 29,272 | 29,272 | 29,272 |
| Contractual reserve | 2,658,032 | 2,180,172 | 2,379,350 |
| Development fund | 657,981 | 657,981 | 657,981 |
| Fair Value reserve | 30,910 | 26,200 | 33,082 |
| Actuarial result pensions | -7,433 | -17,156 | -13,974 |
| Translation reserve | -392 | -17,727 | -2,742 |
| Other reserves | 43,338 | 32,162 | 32,162 |
| Undistributed profit | 12,831 | -3,347 | 2,707 |

| | | | |
|---|---|---|---|
| Non-controlling interest | 24 | 68 | 123 |
| Total shareholders' equity | 3,433,639 | 2,896,701 | 3,127,037 |

**Objects**

The principal object of the Issuer, as set forth in Clause 3 in its articles of association, is to make a contribution to the advancement of productive enterprises in developing countries in order to stimulate their economic and social progress, in accordance with the aims pursued by their governments and with the policy of the Dutch government in regard to development aid.

The Issuer has the corporate power and capacity to issue the Bonds and to enter into the agreements referred to in this Prospectus in connection with issue of the Bonds.

**Ownership and corporate structure**

As at the date of this Prospectus, the Issuer's shares are held as set out below:

| **Shareholder** | **Share %** |
|---|---|
| The State | 51 |
| Commercial Dutch banks (such as ABN AMRO, Rabobank, ING, etc.) | 42 |
| Others (incl. a Dutch union, private sector companies and several private individuals) | 7 |

The Issuer is a large company (*structuurvennootschap*) as set forth in article 2:153 of the Dutch Civil Code, which, *inter alia*, implies that the Issuer's managing directors (*bestuurders*) are appointed by its Supervisory Board. The Supervisory Board of the Issuer consists of six members. Pursuant to the articles of association all members of the Supervisory Board are appointed by the General Meeting.

**Activities**

The Issuer is a development bank based in the Netherlands with total assets of EUR 9,303 million as of 31 December 2021, and operates through its office in The Hague, and local (representative) offices in Johannesburg (South Africa), Nairobi (Kenya) and Singapore. As of 31 December 2021, the Issuer employed 605 permanent people.

The Issuer's core business comprises providing long-term financing to private companies in the focus sectors Agribusiness, Food & Water, Energy and Financial Institutions in Asia, Latin America, Africa and other developing regions. The Issuer provides financial products such as loans, guarantees and equity investments as well as a non-financial product, namely capacity development. The Issuer's lending and guarantee operations include project finance, corporate loans and lines of credit to financial institutions.

The Issuer invests, *inter alia*, both directly and through managed investment funds, in common and preference shares, subordinated loans with equity options or other sweeteners, and other quasi-equity instruments such as mezzanine financing, whether redeemable or not and whether covered by put-options or not. The majority of these deals are in FMO's focus sectors.

Other activities of FMO include providing seed capital to newly formed companies encouraging foreign direct investments and financial investment promotion and capacity development of private sector companies in developing countries. FMO manages several public funds on behalf of and for the account of the Dutch government to invest in early-stage projects, take higher risks and hence achieve its higher impact objective. For example, NASIRA, a European Commission financing program provides a bilateral loss-sharing scheme between FMO and its Financial Institution clients for unlocking lending to migrant, female and young entrepreneurs. Since 2019, FMO has managed the Dutch Fund for Climate and Development (established together with SNV Netherlands Development Organization, World Wide Fund for Nature and Climate Fund Managers). For the FMO Ventures Program, the European Commission has provided a (partial) guarantee program and a dedicated technical assistance program. It is intended to contribute to the further strengthening of FMO's focus on early-stage investments that deploy an innovative, technology-enabled business model. FMO has also recently signed an agreement with the UK government to manage its "Mobilizing Finance for Forests" program.

These activities enable FMO to take on additional portfolio and sector-level risk in some cases. In others, such as in relation to capacity development activities, company-level risks are reduced by coupling institution building to FMO's core business clients. Clients may be better served by FMO's ability to apply synergetic combinations of these public programs' and FMO's primary activities.

**FMO in its mobilizing role**

FMO, as part of its mission, strives to mobilize more capital from commercial and institutional investors to its markets. To that end, FMO partners with commercial banks, impact investors, institutional investors and development finance institutions to finance loans via its A/B loan program or other co-financing arrangements. As a development bank FMO knows that even the world's most underdeveloped regions offer significant opportunity for business and investment. FMO reaches out to those underserved markets and encourages the growth of responsible and profitable businesses in key sectors for development. FMO seeks opportunities to help investors fund projects that contribute to the Sustainable Development Goals ("**SDGs**"), forging new partnerships for positive change and enhancing the impact of activities of FMO and others, based on its vast experience and long track record of investing in the private sector in emerging and frontier markets.

FMO Investment Management B.V. ("**FMO IM**") is a 100 per cent. subsidiary of FMO. Its purpose is to build and grow investment management services for professional investors. This is part of FMO's strategic ambition to mobilize commercial investors to invest in emerging markets, thereby increasing its overall impact. FMO IM aims to scale up impact investing by providing investors access to FMO's deal flow in sustainable emerging markets. FMO IM has a license as an investment firm and is authorized to provide investment advice. FMO IM has its own management board. As sole shareholder of FMO IM, FMO determines the charter and scope within which the company operates, and FMO has approval rights for specific matters. By the end of 2021, FMO IM had €521 million (2020: €506 million) of assets under advisory.

In 2021, FMO spun off its activities falling under the responsibility of its former Dutch business department ("**NL Business**"). These activities were merged with select international activities of the Netherlands Enterprise Agency (RVO) into a new entity, Investment International. Invest International is a joint venture with the Dutch government, and is tasked with supporting Dutch companies through delivering international solutions. It provides a 'one-stop shop' for internationally oriented Dutch businesses looking for project development and financing solutions to enable them to become more competitive in the international markets.

**Strategy**

In 2017, FMO set its Strategy 2025, in close alignment with the SDGs.

To achieve the overarching strategic goal of being 'Your preferred partner to invest in local prosperity', FMO focuses on three objectives: higher impact portfolio, deeper relationships and higher productivity. Each of these objectives is further described below:

- **Higher impact portfolio:** FMO aims to create a higher impact portfolio by focusing investments on three SDGs across all FMO sectors: Decent Work and Economic Growth (SDG8), Reduced Inequalities (SDG 10), and Climate Action (SDG 13). Through its sector-specific strategies, FMO also contributes to Zero Hunger (SDG 2), Gender Equality (SDG 5), Renewable and Affordable Energy (SDG 7), and Partnerships for the Goals (SDG 17). Meanwhile, FMO contributes to other SDGs by ensuring its investments comply with international ESG standards and policies. To achieve a higher impact, FMO focuses on investments in regions where its impact can be the greatest and on sectors that are crucial to economic and social progress.

- **Deeper relationships:** To ensure achievement of the SDGs in the next decade, FMO needs to pool its resources and work with others. Deepening relationships will enable FMO to mobilize third-party funds and create investment opportunities to increase its impact in its focus markets. FMO will continue to grow its mobilizing activities to increase the capital flow towards developing countries. It will increase and strengthen its partnerships with (existing) donors on a national, European and global level.

- **Higher productivity:** FMO will continue to build a high-performing organization that enables it to deliver high impact and build deeper relationships in a more efficient and productive way. FMO will continue to improve management information and data quality and improve its processes, systems and culture. FMO aims to strengthen leadership by aligning roles and responsibilities and focusing on development of leadership competencies and talents. FMO strives to embed its redefined values and behaviors in its processes and procedures.

Before FMO invests and during the investment period, FMO carefully researches the financing opportunity and assesses its impact on the client's environment, employees and workers, communities and other stakeholders. Its investments are guided by policies that ensure that development impact and ESG are at the heart of its operations and its way of working adheres to high ethical standards. The IFC Performance Standards provide guidance to FMO's ESG assessments, covering a range of environmental, social and human rights impacts.

FMO is currently in the process of defining a new, long-term Strategy 2030.

**Funding needs**

In order to finance its activities, FMO has an estimated funding need of approximately EUR 1 – 2 billion a year. FMO expects to use such funding to fund its business activities and for general corporate purposes.

**Markets**

FMO's main markets are: Financial Institutions, Energy and Agribusiness, Food & Water. These are in FMO's view crucial to a country's economic and social progress.

*Financial Institutions*

Accessible finance is a cornerstone of a strong economy and private sector. A healthy financial sector can bolster entrepreneurs and individuals.

FMO works with financial institutions for a world where finance is more sustainable and accessible to everyone. FMO offers a range of financial products to financial institutions, including long-term loans, private equity, mezzanine, and other tailor-made products. Loans typically have maturities of 5 to 7 years, and are denominated in US dollar, Euro or local currency if possible. FMO also promotes green credit lines and looks to finance business models that serve the unbanked.

FMO also supports financial institutions in reaching international best practices, for example, in asset liability management, risk management, product development, environmental risk management and implementation of client protection principles.

*Energy*

FMO finances long-term projects which power economies, promote the transition to a low-carbon system and safeguard energy security. Power shortages are one of the biggest barriers to development for billions of people; everyone needs affordable and reliable energy resources.

FMO's energy practice focuses on renewable energy generation and distribution. FMO offers a full range of financing solutions – (syndicated) loans and equity investments – for energy generation and distribution projects, off-grid solutions, refurbishments and efficiency improvements.

FMO is committed to promote the adoption of leading international standards in environmental compliance, land tenure, business integrity and social practices.

*Agribusiness, Food & Water*

FMO invests across the value chain – enhancing food security, supporting sustainability and promoting inclusive development. Over the coming decades, the global population will increase to over 9 billion with fewer resources available. FMO has made Agribusiness, Food & Water a priority to help meet these challenges by focusing investments across the value chain. It offers various forms of financing, including long-term loans, equity, mezzanine and working capital finance.

FMO finances sustainable agribusiness companies throughout the value chain including those that make agriculture more water efficient. It also has built a portfolio of carbon negative transactions in the forestry and sustainable land use sectors.

**State Agreement**

The long-term commitment of the State to the Issuer and the State's strong financial backing of the Issuer is set out in the Agreement dated 16 November 1998 between the State of the Netherlands and the Issuer (the "**State Agreement**"). On 9 October 2009 an addendum to the State Agreement was signed, mainly relating to the information flow to the government in their role as counterparty to the State Agreement.

The State Agreement was entered into for an indefinite period and may be cancelled by either party with effect from 1 January in any year, but subject to a twelve-year notice period. During such notice period the State Agreement remains in full force and effect. The Issuer states that neither the Issuer nor the State has cancelled the State Agreement and that it does not expect cancellation of the State Agreement in the foreseeable future.

Pursuant to the State Agreement, the State has agreed to provide financial support to the Issuer, including a number of yearly contributions to the Issuer's development fund of EUR 37,260,000. The yearly contributions of the State were made available by the State as holder of the A Shares and were added to the Issuer's equity.

The development fund reached a total capital of EUR 657,981,000 on 1 January 2005. The State Agreement does not provide for further budget allocation after 2005 and hence no contributions have been made after 2005.

The purpose of the State Agreement is to ensure that FMO will be able to conduct its business which is described in more detail in the State Agreement and FMO's articles of association. To this extent, article 4 of the State Agreement provides, translated into English, that:

> *'To enable FMO to conduct its business in accordance with Article 1 of this Agreement and its objects as set forth in article 2 of its Articles of Association, the State agrees to provide FMO with funds as hereinafter specified in articles 5-8.'*

To this extent, the State Agreement is also aimed at providing financial support so that no situations arise in which FMO is unable to meet certain of its commitments on time. The State's undertaking to provide financial support and the types of commitments are described in more detail in article 8 of the State Agreement, which is translated into English as follows:

> *'Without prejudice to other provisions in this Agreement, the State shall prevent situations arising in which FMO is unable to meet the following (comprehensively enumerated) commitments on time: FMO's commitments in respect of*
>
> *(i) loans raised in the capital markets;*
>
> *(ii) short term funds raised on the money market with maturities of two years or less;*
>
> *(iii) swap agreements involving the exchange of principal and interest;*
>
> *(iv) swap agreements not involving the exchange of principal, but with interest payments;*
>
> *(v) foreign exchange forward contracts and Forward Rate Agreements (FRAs);*
>
> *(vi) options and futures contracts;*
>
> *(vii) combinations of the products referred to under (i) to (vi);*
>
> *(viii) guarantees given by FMO to third parties in respect of the financing of private companies in developing countries; and*
>
> *(ix) commitments relating to the maintenance of an adequate organization.'*

Bonds fall within the scope of the abovementioned article of the State Agreement.

In connection with the said undertaking of the State, it is agreed that the Issuer will provide the Minister of Finance with information necessary to exercise effective supervision of the Issuer's activities and financial position. Pursuant to article 10 of the State Agreement, the State cannot suspend its obligations under article 8.

The State Agreement provides for an evaluation of the State Agreement every five years from the date of the State Agreement. Translated into English, article 11 provides that:

> *'The State and FMO shall evaluate this Agreement or cause it to be evaluated each time with the lapse of five years from the date of signature of this Agreement. Any proposed changes to parts of this Agreement which may arise from such evaluations shall be taken into consideration by the State and FMO, but they shall be under no obligation to consent to them.'*

Under Dutch law, the Issuer has no obligation to accept any proposal or offer form amendments to the State Agreement following an evaluation. The most recent evaluation was commenced in 2013 and was completed in the last quarter of 2020.

**Bank Status**

On 3 March 2014, DNB granted a full banking license to FMO pursuant to Article 2:12 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht)* (the "**DFSA**"). Since this date, FMO may also attract repayable funds from the public, including the issuance of Bonds to retail investors (but excluding funds to which the deposit guarantee scheme (*depositogarantiestelsel*) applies, unless prior approval has been obtained from DNB). Prior to obtaining a full banking license, FMO was authorised by DNB, pursuant to Article 3:4 subsection 1 of the DFSA, to pursue the business of a voluntary bank in the Netherlands.

As a bank, FMO must ensure that its processes comply with applicable regulatory requirements. FMO is submitted to the formal supervision of DNB, and complies with the internationally accepted standards of the BIS (Bank for International Settlements) and other banking requirements. As of 4 November 2014, FMO is subject to indirect supervision by the ECB. The ECB may give instructions to DNB in respect of FMO or even assume direct supervision over the prudential aspects of the FMO's business.

**Management**

*Supervisory Board*

| | | |
|---|---|---|
| Drs. D.J. van den Berg<br><br>Chairman of the Supervisory Board[2] | Drs. J.V. Timmermans[1] | vacancy |
| Dr. D.K. Agble[1] | Ir. M. Demmers MBA[2+3] | Ir. R.P.F. van Haeringen[2+3] |

*Management Board*

| | | |
|---|---|---|
| Mr. Ir. M.A.S. Jongeneel | Mrs. F. Bouaré MBA | Mr. Drs. H.J. de Ruijter |
| Chief Executive Officer | Chief Risk & Finance Officer | Chief Investment Officer |

[1] Member of the Audit and Risk Committee (the "**ARC**")
[2] Member of the Selection, Appointment and Remuneration Committee (the "**SARC**")
[3] Member of the Impact Committee

**Management Board**

The chosen address of the Issuer's Management Board is Anna van Saksenlaan 71, 2593 HW The Hague, the Netherlands.

The Management Board of the Issuer consists of three members. A new CEO was appointed as of 1 September 2021 and the Chief Investment Officer *ad interim* (who joined the Management Board in October 2020) was appointed Chief Investment Officer in July 2021. The Supervisory Board and the Management Board have agreed on expanding the Management Board to 5 members. The position of CRFO will be split into a Chief Risk Officer and a Chief Finance Officer and the CIO position will also be split into two Chief Investment Officer positions who will work closely together (exact titles are still to be determined). The search process is currently ongoing, and the Management Board will consist of five members in the course of this year. The reason for the expansion is mainly the increased responsibilities and complexities of the Management Board portfolios.

*Michael Jongeneel, Chief Executive Officer*

Michael Jongeneel was appointed as Chief Executive Officer as of 1 September 2021. He joined from international consulting firm Bain & Company where he was a partner in the Amsterdam office as well as the firm's global lead for sustainable finance. In this capacity, he helped to transform banks and insurers toward inclusion of sustainability in their core businesses and to develop impact investing strategies and innovative solutions in sustainable finance. Additionally, he gained extensive experience working in and with not-for-profit organizations focused on positive social and environmental impact. Prior to Bain, he spent eight years at Triodos Bank where he was the Managing Director of Triodos Investment Management B.V., and initially joined as Triodos' Chief Operating Officer and member of the Executive Board. He has a degree in Information Engineering from the University of Twente.

*Fatoumata Bouaré, Chief Risk & Finance Officer*

Fatoumata Bouaré joined FMO's Management Board in October 2017 as Chief Risk & Finance Officer. Before that, she held the positions of Director Risk Management Head at the Bank of Africa Group and Deputy Chief Executive Officer of Bank of Africa Benin. In her capacity as the highest-ranking risk professional at the Bank of Africa Group, she was in charge of all integral aspects of risk, including environmental, social and sustainability risks. Her early career developed primarily with blue-chip multinationals. Working first in treasury and finance, she held several regional finance roles with Citibank (Ivory Coast, Senegal), where she eventually transitioned to risk management. Thereafter, she assumed two high-level risk positions at United Bank for Africa (Ivory Coast, Burkina Faso). She then joined Bank of Africa in 2010. She has a degree in Engineering (Ivory Coast) and a Master of Business Administration from L'Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC in France).

*Huib-Jan de Ruijter, Chief Investment Officer*

Huib-Jan de Ruijter was appointed as Chief Investment Officer as of 8 July 2021. Since 2015, Huib-Jan de Ruijter was Director of Financial Institutions, responsible for the sector department which works closely with banks, microfinance institutions and fintechs to advance access to finance to entrepreneurs. He started within FMO as Investment Officer in the Financial Markets department in 2008. He was promoted to Director of his department in 2011 and in this capacity responsible for FMO's treasury as well as loan syndications. Before joining FMO, he was an Executive Director in the Financing Group of Goldman Sachs based in London. He started his career at ABN AMRO for which he worked in various roles in Amsterdam, London and Lisbon. He studied in Groningen where he completed Masters in both Business Administration and Law. He is a CFA Charterholder and attended Summerschool at the London School of Economics and Political Science (LSE) where he took courses on International Development.

*Potential Conflicts of Interest Management Board*

None of the members of the Management Board performs principal activities outside the Issuer which are significant for the Issuer. There are no potential conflicting interests between any of the duties of the members of the Management Board to the Issuer and their respective private interests or other duties.

The members of the Management Board avoid any form and semblance of conflicting interests in the performance of their duties. The regulations of the Management Board contain a provision that each member of the Management Board, who is confronted with a (potential) conflict of interest that is of material importance to FMO, must report any such instance to the Chairman of the Supervisory Board and the other members of the Management Board. A member of the Management Board who is involved in a conflict of interest provides the Chairman of the Supervisory Board and the other members of the Management Board with all the relevant information. The question whether or not there is a conflict of interest will be decided by the Supervisory Board in the absence of the Management Board member in question. The relevant member of the Management Board will not take part in the deliberations or the decision-making regarding that matter. Decisions to enter into transactions involving (potential) conflicts of interest of members of the Management Board require the approval of the Supervisory Board. In case of a potential conflict of interest the relevant transactions will be disclosed in the annual report.

During 2020 it was deemed best to abolish the Executive Committee (ExCo), which was established as of 1 January 2020. The ExCo consisted of the members of the Management Board and seven of the Directors. Establishing the ExCo was a response to the growing pace of change in FMO's markets, the growth of its organization and the need to engage more actively with a larger number of stakeholders. These issues remain and the Supervisory Board and the Management Board are looking into expanding the Management Board from three to five persons.

**Supervisory Board**

The chosen address of the Issuer's Supervisory Board is Anna van Saksenlaan 71, 2593 HW The Hague, the Netherlands.

The Supervisory Board of the Issuer consists of five members. The search and selection process for the sixth member has been initiated.

*Dirk Jan van den Berg, Chairman*

Dirk Jan van den Berg joined the Supervisory Board in 2016. He is currently Chair of the Association of Health Insurance Companies in the Netherlands (*ZN, Zorgverzekeraars Nederland*). He is also a member of the Supervisory Board of Air France KLM Holding, vice chairman of the Supervisory Board of Gasunie, member of the Governing Board of the European Institute for Innovation and Technology, and a member of several (international) academic and international policy advisory boards.

*J.V. (Koos) Timmermans, Vice-Chairman*

J.V. (Koos) Timmermans was appointed as Supervisory Board member in October 2017. He currently chairs the Audit and Risk Committee of the Supervisory Board. J.V. (Koos) Timmermans's most recent positions (2007 - 2019) were Chief Financial Officer at ING Groep N.V., Vice-Chairman of ING Bank N.V. and Chief Risk Officer of ING Groep N.V. Currently he also serves as chairman of Stadsherstel (City Restoration, Amsterdam), Advisor of Bain Consultancy, Member of the Supervisory Board of PostNL and Member of the Supervisory Board of Havenbedrijf Rotterdam (Port Authority Rotterdam). He brings the required knowledge and experience, with regard to topics such as Risk Management, in particular e.g. Basel III, and Asset & Liability Management to FMO.

*Dugald Agble, Member*

Dugald Agble was appointed as a member of FMO's Supervisory Board on 23 April 2020. He is an experienced private equity investor, who has built a solid track record across various top PE firms in London, including Terra Firma Capital Partners and Helios Investment Partners, increasingly focusing on sub-Saharan African transactions. He is currently CEO of Black Volta Ventures (UK) Limited, Black Volta Limited and Standard Life Private Equity Trust Plc. He brings the required financial and economic expertise and the experience in financial services-/(impact)investment or development finance.

*Marjolein Demmers, Member*

Marjolein Demmers was appointed as a member of FMO's Supervisory Board on 23 April 2020. She currently chairs the Impact Committee of the Supervisory Board. She is a broadly experienced sustainability expert and is currently Director/CEO of Natuur & Milieu, a Dutch environmental NGO, which aims to make a difference in the fields of renewable energy, sustainable mobility and healthy food. She fulfils the corporate social responsibility and sustainability profile. Currently she is member of the Supervisory Board of DRIFT (research, consultancy and education in transition), board member of SKAO (*Schemabeheerder CO2-Prestatieladder*), member of the Strategic Advisory Council of TNO SA&P (Strategic Advisory & Policy), member of the Supervisory Board of AquaMinerals (Reuse of recovered materials of the water sector), and a member of several other sustainability and ESG advisory boards and councils.

*Reintje van Haeringen, Member*

Reintje Van Haeringen was appointed as a member of FMO's Supervisory Board on 23 April 2020. She currently chairs the Selection, Appointment and Remuneration Committee of the Supervisory Board. She is an international development expert and is currently CEO of Care Nederland, an NGO, dedicated to poverty reduction and social justice worldwide. Reintje van Haeringen brings the required in depth experience with project activities in emerging countries, NGOs, Human Rights and the Sustainable Development Goals. Currently she is board member of the Dutch Coalition for Humanitarian Innovation (DCHI) and 'Samenwerkende Hulp Organisaties' (SHO/Giro555), and member of the CEO Meeting of Dutch Relief Alliance.

*Potential Conflicts of Interest Supervisory Board*

Dugald Agble is among other things the CEO and shareholder of an investment company with shared values and objectives around development and impact. The sector and country focus and the investment size of this investment company show an overlap with activities and objective of FMO. FMO and DNB have agreed on certain requirements to mitigate the risk of any conflict of interest that could arise. Other than this, there are no potential conflicting interests between any of the duties of the members of the Supervisory Board to the Issuer and their respective private interests or other duties.

FMO voluntarily applies the Dutch corporate governance code (the "**Code**"). The Supervisory Board is of the opinion that all of its members are independent, as meant by Best Practice Provisions 2.1.7 up to and including 2.1.9 of the Code. No direct, indirect or formal conflicts of interest were identified in 2021. However, in case of possible conflicts of interests, if any, members will abstain from discussions and decision making in the Supervisory Board. The Code, to which the Issuer voluntarily adheres, requires that any conflict of interest or apparent conflict of interest between a company and supervisory board members shall be avoided. Decisions to enter into transactions involving conflicts of interest of Supervisory Board members that are of material significance to the Issuer and/or the relevant Supervisory Board members require the approval of the Supervisory Board. Transactions involving a conflict of interest that are of material significance to the Issuer and/or the relevant Supervisory Board members will be disclosed in the annual report.

The regulations of the Supervisory Board contain a provision that a Supervisory Board member who is confronted with a potential conflict of interest must report any such instance immediately to the Chairman of the Supervisory Board and provide the Chairman of the Supervisory Board with all the relevant information. It is stipulated that the Supervisory Board member in question will not take part in the deliberations or decision-making regarding the matter.

**Audit and Risk Committee**

The Audit and Risk Committee ("**ARC**") comprises J.V. (Koos) Timmermans (Chair) and Dugald Agble and has one vacancy. The ARC monitors economic capital issues, in line with Basel guidelines. It supervises and advises on FMO's financial position. It monitors and offers expertise on issues such as risk management policy, internal and external auditing systems and compliance with legislation and external and internal regulations. One of its key tasks is to monitor the performance of external auditors.

**Selection, Appointment and Remuneration Committee**

The Selection, Appointment and Remuneration Committee ("**SARC**") currently consists of three members: Reintje van Haeringen (Chair), Dirk Jan van den Berg and Marjolein Demmers. The main task of the SARC is to advise on the proposals on the (re)appointment of Supervisory and Management Board members. Other tasks include monitoring the remuneration policy, preparing proposed adjustments and giving advice on the remuneration of individual Management Board members.

**Impact Committee**

The Impact Committee currently comprises Marjolein Demmers, Reintje van Haeringen and has one vacancy. The Impact Committee assists the Supervisory Board in overseeing the quality and integrity of FMO's statements regarding development impact. The Impact Committee, amongst others, prepares the decision-making (and/or the advice) of the Supervisory Board around FMO's strategy (including policies and targets) around Impact and ESG.

**General Meeting**

The Annual General Meeting is held within six months after the end of the financial year. The General Meeting is notified by the Supervisory Board of any proposed appointment to the Management Board, adopts the financial statements, determines the allocation of profits, grants discharge to the members of the Management Board and Supervisory Board, fills vacancies and appoints the auditors of the Issuer. Insofar as the articles of association do not prescribe a larger majority, resolutions of the General Meeting will be adopted by an absolute majority of the votes cast.

**Dividend**

The provision and the appropriation of the net profit of FMO is based upon the articles of association, the State Agreement and a recommendation of the European Central Bank, which the Dutch Central Bank adopted, dated 17 January 2020. In short, dividend payments cannot be made in case of a significant deterioration of economic and financial circumstances up until the moment of dividend distribution. The General Meeting will determine which portion of the result of a financial year is reserved or in which way a loss will be incorporated, as well as the appropriation of the remaining profit, with regard to which the Supervisory Board and the Management Board can make a non-binding proposal in accordance with the provision and dividend policy adopted by the General Meeting, taking into account the relevant provisions in the State Agreement.

A company net profit of €491 million is recorded in 2021. Under the State Agreement, FMO is required to add €478 million to the contractual reserve. Therefore the 2021 profit is not completely distributable. The distributable element of the net profit amounts to €12,8 million (2020: €0). The Management Board and the Supervisory Board have proposed distributing a sum of €12,8 million as cash dividend.

**Subsidiaries**

FMO is the majority shareholder of each of the following subsidiaries:

- Asia Participations B.V. (100%);
- Equis DFI Feeder L.P. (63%); and
- FMO Investment Management B.V. (100%).

## TAXATION

### Georgia tax

Following changes made by the Parliament of Georgia on 26 December 2013 to the Georgian Tax Code, coupon income and sale proceeds from debt securities issued by international financial institutions ("**IFIs**") are exempt from profit tax. The list of such prescribed IFIs_is established by the Resolution No. 198 of the Government of Georgia, dated 21 February 2014 on Determining the List of IFIs and FMO is included in such list as an IFI.

### The Netherlands tax

*General*

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Bonds or any coupons. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Bonds or coupons and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Bondholders or prospective bondholders should consult with their own tax advisors with regard to the tax consequences of investing in the Bonds in their particular circumstances. The discussion below is included for general information purposes only.

This summary is based on the tax laws of the Netherlands, published regulations thereunder and published authoritative case law, all as in effect on the date hereof, and all of which are subject to change or to different interpretation, possibly with retroactive effect. Where the summary refers to "**the Netherlands**" it refers only to the part of the Kingdom of the Netherlands located in Europe.

*Withholding tax*

All payments made by the Issuer under the Bonds may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein, unless the Bonds are treated as equity of the Issuer for Netherlands tax purposes.

***Taxes on income and capital gains***

*Non-residents of the Netherlands*

A holder of the Bonds or coupons that is neither an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a 'Non-Netherlands Resident Entity') nor an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a 'Non-Netherlands Resident Individual') will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Bonds or in respect of any gain or loss realised on the disposal or deemed disposal of the Bonds or coupons, provided that:

(i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Bonds are attributable; and

(ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Bonds that go beyond ordinary asset management and does not derive benefits from the Bonds that are taxable as benefits from other activities in the Netherlands.

***Gift and inheritance taxes***

*Non-residents of the Netherlands*

No Netherlands gift or inheritance taxes will arise on the transfer of Bonds by way of gift by, or on the death of, a holder of Bonds who is neither resident nor deemed to be resident in the Netherlands, unless:

(i) in the case of a gift of a Bond by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or

(ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be a resident in the Netherlands.

For purposes of the above, a gift of Bonds made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

***Value added tax (VAT)***

No Netherlands VAT will be payable by the holders of the Bonds on (i) any payment in consideration for the issue of the Bonds or (ii) the payment of interest or principal by the Issuer under the Bonds.

***Other taxes and duties***

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty, other than court fees, will be payable by the holders of the Bonds in respect of (i) the issue of the Bonds or (ii) the payment of interest or principal by the Issuer under the Bonds.

**UNDERWRITING AND SALE**

*The following is a summary of the Underwriting and Sale arrangements relating to the Bonds.*

JSC Galt & Taggart (the "**Manager**") has, pursuant to the Underwriting Agreement dated 20 June 2022, agreed with the Issuer to fully underwrite the Bonds.

The Manager has agreed that it will not offer or sell directly or indirectly, or distribute the Prospectus, except in accordance with Georgian law.

The Manager has agreed that the Bonds shall not be offered or sold in any jurisdiction other than Georgia. The Manager further agreed that in Georgia the Bonds will be offered and sold only to Qualified Investors.

## GENERAL INFORMATION

### Authorisation

The establishment of the Offering and the issuance of the Bonds have been duly authorised by written resolutions of the Board of Management of the Issuer, and confirmed as such by written confirmation dated 7 June, 2022. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands and Georgia have been given for the issue of the Bonds and for the Issuer to undertake and perform its obligations under the Underwriting Agreement, the Calculation & Paying Agency Agreement and the Bonds.

### No Material Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2021.

### No Significant Change

During the first quarter of 2022 adjustments have been made to private equity and loan valuations as well as loan impairments to account for management's updated expectations on the returns and recoveries on investments affected by the war in Ukraine. These adjustments resulted in a negative impact of approximately EUR 70 million for equity and investments in Ukraine and investees active in the region and approximately EUR 90 million for loans to customers in Ukraine.

FMO's direct exposure to Ukraine has been disclosed in the 2021 Annual Report and remains around EUR 200 million with 14 customers. This exposure is in debt products (56%), equity (37%) and guarantees (7%), within two of the three FMO's strategic sectors, Energy and Agri Food and Water. Moreover, FMO has indirect exposurein Ukraine through debt funds amounting to EUR 14 million. No direct exposure in the Financial Industry sector is held in Ukraine. FMO has no direct exposure and a limited indirect exposure to Russia. Furthermore, FMO has no cash or derivative contract in Russian Rouble or Ukrainian Hryvnia. The exposure towards Belarus is around EUR 20 million, mostly in equity. A sensitivity analysis has been performed to assess the financial impact on FMO's liquidity position and capital ratios. This assessment shows that even in a strongly adverse scenario FMO remains widely above all regulatory requirements and internal appetite.

Other than the above item, there has been no significant change in the financial performance or financial position of the Issuer or of the Issuer's group since 31 December 2021.

### Listing

The Issuer has currently listed notes on the Regulated Market of the Luxembourg Stock Exchange and the Euro MTF Market of the Luxembourg Stock Exchange and Euronext in Amsterdam.

### Issuer's Website

The Issuer's website address is http://www.fmo.nl/. Information on the Issuer's website does not form part of this Prospectus and may not be relied upon in connection with any decision to invest in any Bonds.

### International Financial Reporting Standards

FMO reports on the basis of the International Financial Reporting Standards (IFRS), as adopted by the European Union, as of 1 January 2005.

### Rating

FMO has been rated 'AAA/Stable/A-1+' by S&P Global Ratings Europe Limited ("S&P"). An 'AAA' rating is the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is considered to be extremely strong.
FMO has been rated 'AAA/Stable/F1+' by Fitch Ratings Ireland Limited ("Fitch"). An 'AAA' rating is highest rating assigned by Fitch. The obligor's capacity to meet its financial commitment on the obligation is considered to be exceptionally strong.

FMO's ratings with S&P and Fitch have been obtained with the cooperation of FMO.

**ISSUER**

**Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.**
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**Signed and confirmed on behalf of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.**

This 20th day of June 2022

By or on behalf of FMO

*Name:* Natalia Babakishvili

*Title:* Attorney

*Signature:* N. Babakishvili