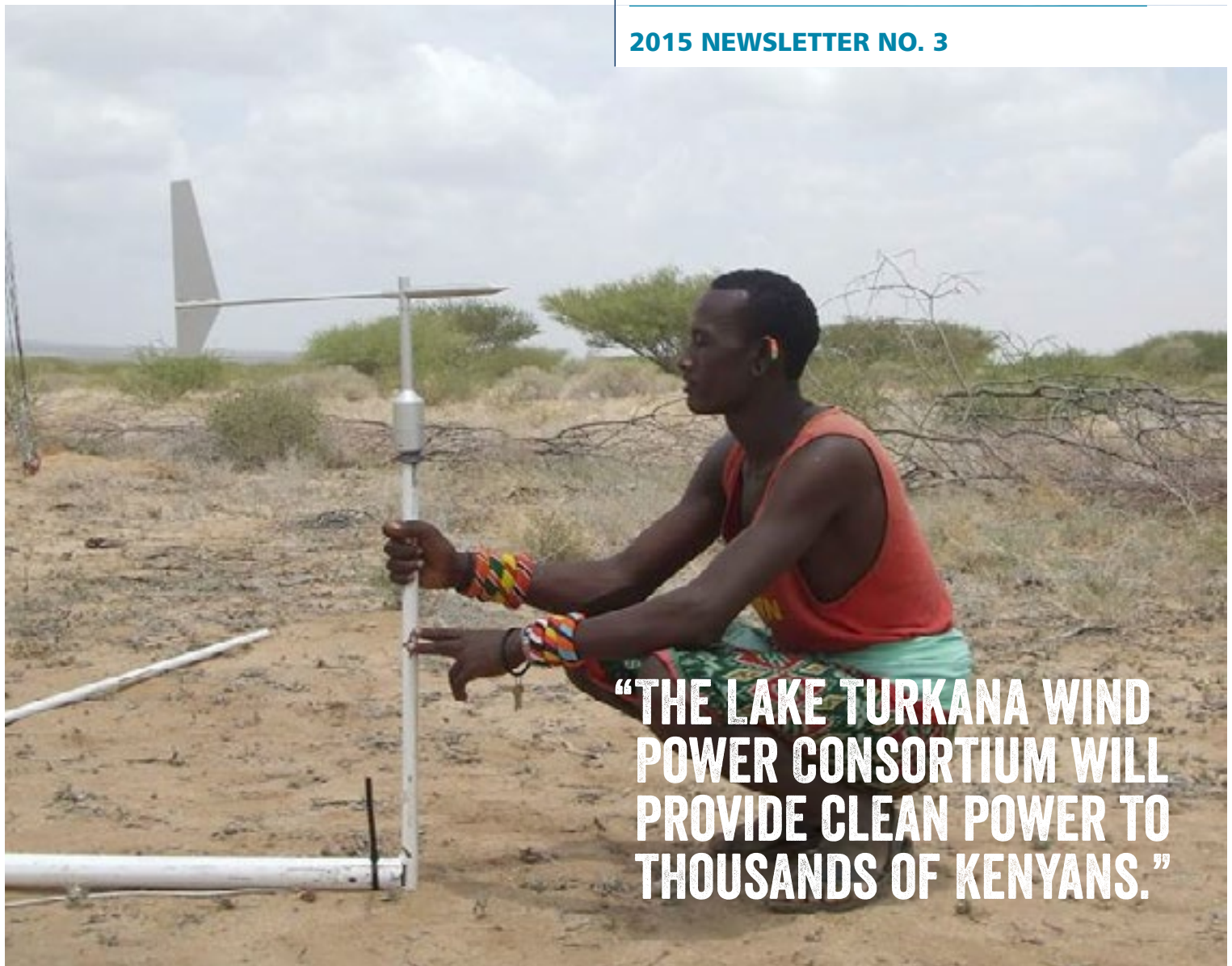


FMO

Entrepreneurial
Development
Bank

SUSTAINABILITY BOND

2015 NEWSLETTER NO. 3



**“THE LAKE TURKANA WIND
POWER CONSORTIUM WILL
PROVIDE CLEAN POWER TO
THOUSANDS OF KENYANS.”**

NEWSLETTER NO.3

APRIL 2015

The Sustainability Bond Newsletter is published twice a year. It reports the status and disbursements of projects selected for the Sustainability Bond. It is sent to investors and is made available via www.fmo.nl

CONTACT

FMO

Financial Markets / Treasury

T +31 70 314 9852

E Treasury.FO@fmo.nl

W. www.fmo.nl/sustainability-bonds

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INTRODUCTION

The proceeds of the Sustainability Bond support the financing of green and inclusive finance projects according to FMO's Sustainability Bond framework, which is aligned with FMO's long term strategy of fostering inclusive and green growth.

FMO's strategy is based on a strong conviction that economic growth that is both inclusive and green will lead to a better world. This is a guiding principle in our selection of sectors, countries and products, as well as in our cooperation with clients and investors. Watch the '[Towards a better world](#)' animation to learn more about the inspiring journey we have embarked on.

So far, FMO has disbursed EUR 463.1 million to eligible projects in the period from November 2012 until December 2014, against a total Sustainability Bond outstanding of EUR 500 million (ISIN XS0993154748). Disbursements in foreign currency are converted into Euro at the exchange rate on the date of the respective disbursement.

KPMG has provided Limited Assurance that the proceeds of the Sustainability Bond are being invested in eligible projects as defined by FMO. See for more information the [2014 FMO annual report](#).

Sustainalytics has reviewed a large sample of allocated projects and is reasonably confident that the eligible projects meet the use of proceeds criteria as defined in the Sustainability Bond framework. See for more information the [Sustainalytics Review 2014](#).

SUSTAINALYTICS OPINION

FMO has asked Sustainalytics, a sustainability rating agency, to provide verification of FMO's Sustainability Bond framework. FMO would like to ensure alignment with the Green Bond Principles and industry best practices, before issuing its second future Sustainability Bond. Sustainalytics concludes FMO's Sustainability Bond to be robust, credible and transparent. Sustainalytics considers FMO to be well positioned to issue its second Sustainability Bond. To read the full report [click here](#)

INDUSTRY LEADER IN ESG PERFORMANCE

FMO takes the number one spot within the diversified financials industry in Sustainalytics' Global Platform. The company ranks at the top of its industry based on its overall ESG rating as well as its performance in each of the areas of environmental, social, and governance performance.

USE OF PROCEEDS CRITERIA

FMO has adopted Multilateral Development Banks' (MDBs) eligibility criteria for climate change mitigation and adaptation. The mitigation criteria are specific and detailed, creating sufficient clarity to investors regarding the intended use of bond proceeds. FMO provides assurance to investors it will only fund adaptation projects having a positive impact.

The lending practices of microfinance institutions need to be compliant with FMO's ESG policies and exclusionary criteria. In order to ensure compliance,

FMO follows a thorough due diligence process when selecting microfinance institutions. Additionally, an annual review is being conducted on FMO's clients.

STRONG INTERNAL EXPERTISE

FMO's expertise in areas of project selection and measurement make it highly likely that assets selected for the Sustainability Bond will have a strong impact in the areas of climate change mitigation, climate change adaptation and inclusive finance.

EXCELLENT REPORTING

FMO's reporting is very detailed and transparent, which will provide investors clarity about the bond investments.

Source:
[Sustainalytics, Framework Summary and Second Opinion, FMO Sustainability Bond](#)

SUSTAINABILITY RATINGS

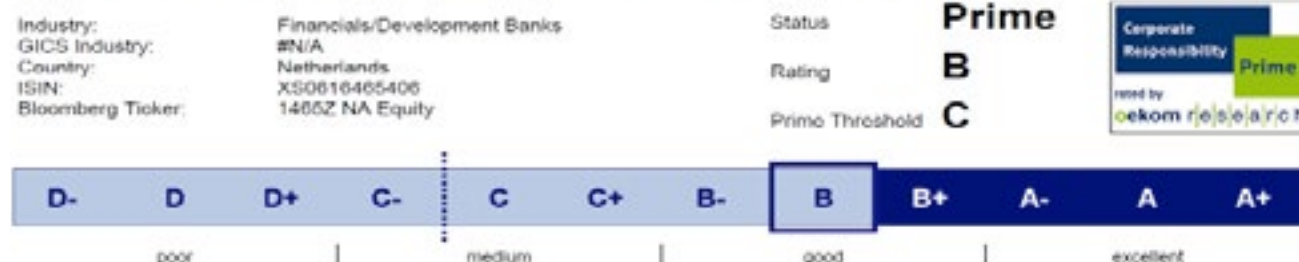


Overall Performance



oekom Corporate Rating

Netherlands Development Finance Company



USE OF PROCEEDS CRITERIA

Sustainability Bonds are senior unsecured bonds issued under FMO's Debt Issuance Program aimed at financing green and inclusive finance projects. FMO applies strict investment criteria and follows a thorough due diligence process and integrated environmental, social and governance (ESG) approach. Eligible projects may be financed directly or indirectly, including through financial intermediaries.

GREEN INVESTMENTS

FMO's green eligibility criteria are aligned with the Multilateral Development Banks (MDBs) framework on climate change mitigation and adaptation finance. The eligible projects may include:

- Climate change mitigation/ adaptation
- Renewable energy projects such as solar, wind, ocean, geothermal power and hydro;
- Energy efficiency projects in buildings, transportation and industrial.

INCLUSIVE INVESTMENTS

Inclusive finance includes but is not limited to microfinance. It focuses on expanding access to affordable and responsible financial products and services by poor and vulnerable populations. This also includes organizations that are often unable to gain access to financial products and services such as micro- and small-enterprises.

A wide range of financial products and services are incorporated within the remit of inclusive finance including savings, credit, insurance, remittances, and payments (*source: UNPRI*).

Eligible projects includes microfinance institutions (MFI), and financing of micro, small- and medium-sized enterprises (MSMEs) through financial intermediaries in developing and emerging markets in which FMO operates.

Thus far, FMO has only included microfinance projects. Projects are classified as microfinance if they meet the following criteria:

- End-client should meet two of the three criteria to qualify: the number of employees < 10; turnover < USD 100,000; total assets < USD 100,000;
- If before mentioned data under bullet 1 is not available, the end-client average loan size should be less than USD 10,000. (source: IFC)

ENVIRONMENTAL AND SOCIAL REQUIREMENTS

FMO strives to apply core minimum environmental and social requirements to all of its debt and equity financing activities, including all activities which are financed with the proceeds of the Sustainability Bond.

FMO implements additional environmental and social requirements based on its assessment of the risks faced by individual borrowers and/or financing transactions.

MANAGEMENT OF PROCEEDS

The net proceeds of the Sustainability Bond issue are allocated within FMO's Treasury to a special sub-portfolio that is linked to FMO's lending operations in the fields of green finance and inclusive finance. So long as the Sustainability Bond is outstanding, the balance of the sub-portfolio will be reduced by amounts matching disbursements in respect of eligible projects. Pending such disbursement, the net proceeds of the Sustainability Bond will be held in FMO's liquidity portfolio and may temporarily be used for different purposes in case of liquidity stress situations.

Besides being active as an issuer of Sustainability Bonds, FMO is also keen to make environmentally

and socially responsible investments in its liquidity portfolio. The socially responsible objectives are integrated in FMO's investment policy, both positive and negative screening. FMO bought its first green bond in 2011. Currently about 28% of FMO's long-term liquidity portfolio is invested in green bonds.

ELIGIBLE PROJECTS INCLUDE:

- Projects committed after the issuance of the Sustainability Bond;
- Projects committed before the issuance of the Bond but funded (disbursed) after the issuance of the Sustainability Bond;
- Projects funded (disbursed) within the 12 months before the issuance of the Bond.



POWER TO KENYAN WIND TURBINES



The Lake Turkana Wind Power consortium is the largest wind power project in Africa, and will provide clean power to thousands of Kenyans. At the same time, it will create new opportunities for the local community thanks to major improvements in infrastructure and resources.

"WE ORGANIZED STAKEHOLDER MEETINGS TO LISTEN TO THE LOCAL POPULATION AND ADDRESS THEIR CONCERNS"

Willem Paardekooper,
Partner KP&P

Twelve years ago, Harry Wassenaar started out in Kenya as a farmer. Today he is partner at KP&P, a company registered in the Netherlands with the objective to invest in renewable energy projects in Africa. In 2006, KP&P established Lake Turkana Wind Power Ltd. 'As a farmer, I became interested in wind power

and invested in a wind turbine', Wassenaar explains. 'When I retired, people continued to contact me for advice about wind power. Very quickly, my work developed from consulting to project development, and then to actually investing in and building the wind turbines.'

A project developer – especially one in the relatively new area of wind power – needs solid legal advice. That’s where Kasper Paardekooper, now KP&P’s director, came in. ‘With my extensive legal background, I was one of the first to see the potential in this new field of business and decided to specialize in the related law. Harry and I teamed up for a project and it clicked. KP&P built its first wind turbines in 2002.’

BOOMING BUSINESS

In 2005, Wassenaar was approached by Willem Dolleman, an acquaintance who had been relocated to Kenya 30 years ago from the Netherlands. He had heard about his interest in wind power and had an interesting proposal. ‘Willem regularly went camping at Lake Turkana and often had great difficulty pitching his tent because of the strong winds. On a visit back to the Netherlands he saw how wind turbines were booming. This, combined with Kenya’s lack of energy resources, gave him the idea to set up a wind project in Kenya. He contacted me and I went to Kenya to view the location,’ recounted Wassenaar.

On site, Wassenaar immediately saw the potential: ‘Wind speeds were good as well as constant. I made some quick calculations on the back of an envelope and came to the conclusion that wind could deliver some 1,500 Gigawatt per year. Amazing! This was a project with huge potential.’

FEASIBILITY

The first step was a (pre)feasibility study in order to get reliable data on wind speeds and possible yields, to determine how to get the power to the national grid in the most efficient way, and also to negotiate an exclusivity agreement with Marsabit County Council for the area. A consortium of six partners was formed to raise the money. They were aided by a Dutch subsidy (PESP).

Paardekooper: *‘Having extremely competent and reliable local partners was a huge plus. Without Willem and our other Kenyan partners, Carlo van Wageningen, Chris Staubo and John Mwangi, we would never have been able to initiate this project.’*

Right from the start, the results were promising – German Wind Energy Institute DEWI said that the results were among the best they had ever encountered. They calculated an annual yield of 1,600 Gigawatt per hour. A typical UK household consumes 4,600 Kilowatt-hour per year, while the global average is as high as 3,500 Kilowatt-hours per year (Source: Enerdata via World Energy Council).

Dutch institute KEMA provided a plan to connect to the national grid, with an exclusivity agreement in place: the time had come to take the next steps. The consortium realized they had to get the Kenyan government on board. Wassenaar: ‘Kenya had no previous experience with wind power so we had to really prove our case. Fortunately, we had the numbers on our side; we had hard evidence that renewable energy from Lake Turkana could save EUR 120 million each year in oil imports. Add to this, the boost it would bring to the local economy and the government was soon as enthusiastic as we were. They have remained a true supporter of the project throughout the development phase.’

ADDRESSING CHALLENGES

The remoteness of Lake Turkana posed a major challenge. In order to get the power from the location to the grid, a transmission line of some 428 km would have to be built through the Rift Valley, a densely populated area. ‘We needed 1,800 way leaves to achieve this’, Paardekooper says, ‘and fortunately, the Kenyan government helped us too.’

The consortium made great efforts to involve the local population at Lake Turkana in their plans. ‘We organized stakeholder meetings to listen to them and address their concerns,’ Paardekooper continues. ‘We did not just approach tribe leaders; we also addressed women, younger men and adolescents to hear which changes they would like to see. With this as the foundation, we developed an extensive CSR plan which included higher education for teenage girls and grants for students.’

At the same time, the community benefits from infrastructural improvements made for the project.

The project gives them access to electricity and better roads, built for the transport of materials, provide faster connections and boost economic development. Wells built to provide water for the construction site are also used by the local population. These are life-changing developments, and we feel very proud and privileged to be a part of them.’

Financing the project was another huge challenge. Wassenaar: ‘We took it step by step. The consortium and PESP financed the pre-feasibility study. Then, each of the six partners raised funds in return for shares in the project. Together we raised EUR 5.5 million, which enabled us to continue.’ With total project costs expected to be EUR 623 million, more funds were necessary. FMO provided EUR 35 million in senior debt and up to EUR 8.5 million in (partly stand-by) equity through shareholder Aldwych Turkana Investments Ltd. In addition, the Dutch government provided a EUR 10 million grant for infrastructural improvements. The remaining funds have come from a wide range of sources led by the African Development Bank. Triodos Investment Management – Triodos Groenfonds – has provided a small loan to African Development Bank and is the single only financial institution involved in which retail clients can directly engage with the Lake Turkana project.

FUTURE PLANS

Lake Turkana Wind Power will be fully commissioned by 2017. The project will produce approximately 20 per cent of Kenya’s currently installed capacity. Currently, the majority of Kenya’s electricity is generated from hydropower (50.7 per cent), but droughts have emphasized the need to diversify energy sources. The Lake Turkana project provides reliable and continuous clean power and will help to increase the availability and affordability of electricity throughout the country.

Will the success of this project lead KP&P to continue developing wind power in Africa? ‘We’ve still got some loose ends to tie up on this project’, Paardekooper says with a smile. ‘But we do firmly believe that Kenya and also other parts of Africa hold a huge potential for wind energy.’

COUNTRY: KENYA

FMO INVESTMENT

COMPANY	FMO INVESTMENT
Lake Turkana	EUR 35 mln
Wind Power Project	YEAR OF INVESTMENT
SECTOR	2014
Renewable Energy	FINANCIAL PRODUCTS USED
	Senior loan

IMPACT AND PERFORMANCE



365 wind turbines



Providing 300MW of reliable, low cost wind power to the Kenya national grid, equivalent to approximately 20% of the current installed electricity generating capacity

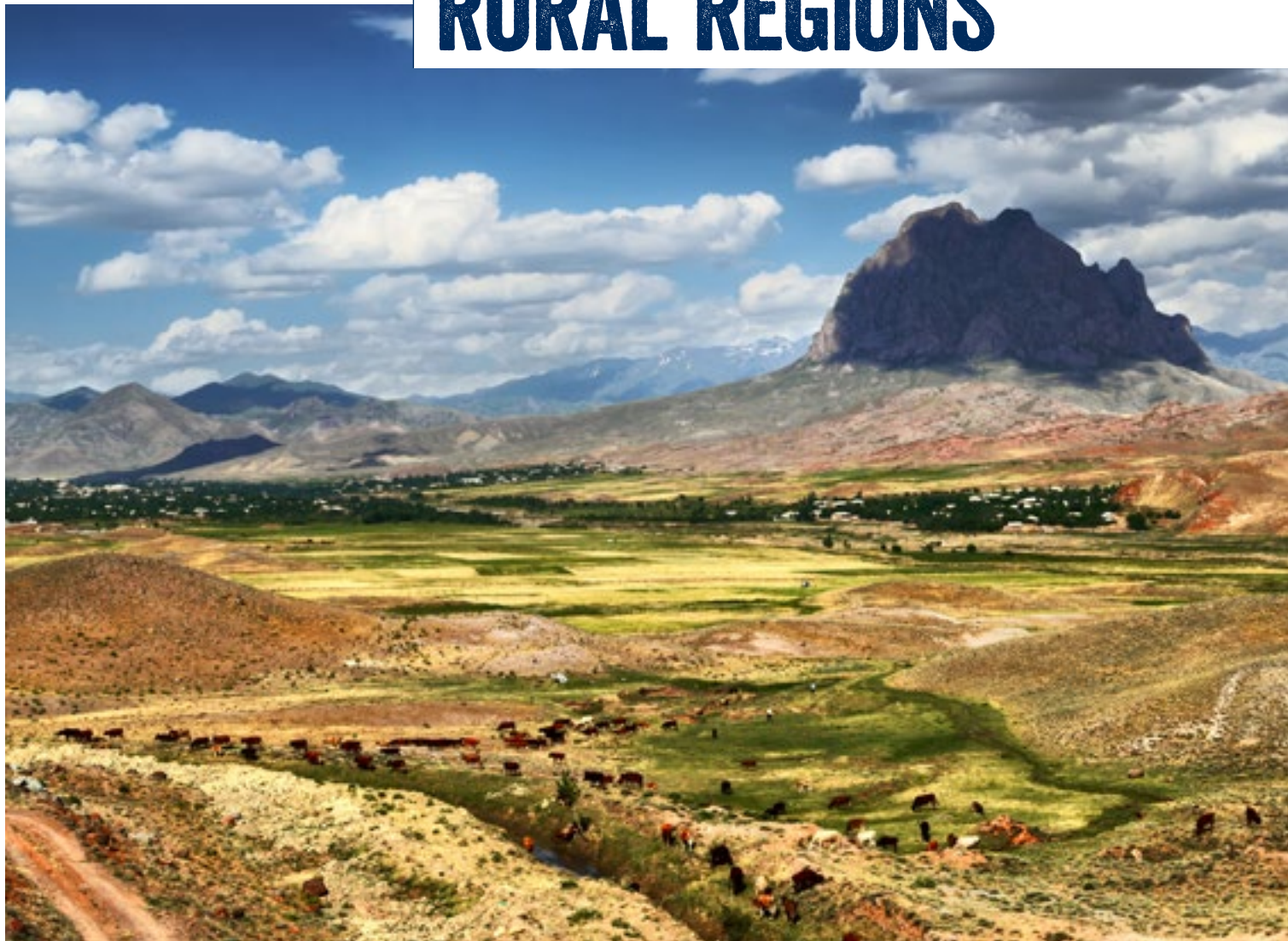


Amount of reductions is nearly 380,000 metric tons CO₂ equivalent per annum

Source:

Upsides platform for responsible finance and sustainable development in emerging markets. Upsides is an initiative of Triodos bank and FMO. The interview was first published in Upsides, please [click here](#).

SUPPORTING SMALL BUSINESSES IN AZERBAIJAN'S RURAL REGIONS



Through a USD 40 million multi-currency syndicated loan facility arranged by FMO, FINCA Azerbaijan can provide micro entrepreneurs in rural and remote areas with sustainable financing. FINCA Azerbaijan is the leading non-bank microfinance institution in Azerbaijan, operating in the country since 1998 under limited license from the National Bank of Azerbaijan. It is a subsidiary of FINCA International, a leading international microfinance organization that provides socially responsible financial services to assist low-income individuals and communities build assets, create jobs and raise their standard of living.

SUSTAINABLE LONG-TERM GROWTH

In recent years, Azerbaijan evidenced GDP growth, rise in income and poverty reduction that was mainly attributable to increasing oil revenues. It has transformed itself into a sustainable upper middle income economy. However, in order to maintain the country's economy at this level, Azerbaijan needs to diversify its economy and become less dependent on the energy-sector. In the financial sector, there is a strong disparity in the allocation of credit. Credit investments in the regions outside greater Baku still only comprise a modest 14% of the total credit portfolio. The market around Baku is saturating whereas growth potential in the region remains, mainly in the agriculture sector.

ACCESS TO BANKING SERVICES

FINCA Azerbaijan is mainly active in the agricultural sector (54% of portfolio), trade (23%) and services (20%). 65% of its clients lives in the rural area. FINCA Azerbaijan is number 1 in the market in terms of client outreach, with other banks mainly active in the Baku area and a few focus regions. Since FINCA Azerbaijan is mostly active in the rural regions and will move further down into the region, there are good growth opportunities. FINCA Azerbaijan provides financial services to more than 150,000 active clients through its 67 branches covering the country, with a gross loan portfolio of more than USD 240 million. Half of the portfolio consists of loans provided to the agricultural sector and a quarter of the loans are provided to women. With its national coverage and abundant experience in the micro-segment, FINCA Azerbaijan is well positioned to realize its growth objections.

SMALL BUSINESSES

For many Azerbaijani people, micro businesses form a significant part of household income. Thanks to its extensive branch network, micro entrepreneurs in rural and remote areas of the country will particularly benefit from the loan facility, where the supply of banking services is still limited.

COUNTRY: AZERBAIJAN



FMO INVESTMENT

COMPANY	FMO SHARE
FINCA Azerbaijan LLC	USD 15 mln
SECTOR	YEAR OF INVESTMENT
Financial Institutions	2014
TOTAL ARRANGED	
USD 40 mln	

IMPACT AND PERFORMANCE



Supporting more than 20,000 additional small businesses, especially in the agricultural sector and across the regions of Azerbaijan.

PROGRESS REPORT ON USE OF THE PROCEEDS

MORE PROJECT INFORMATION CAN BE FOUND ON WWW.FMO.NL/PROJECT-LIST

The table below presents the disbursements of the projects in the period November 2012 until December 2014.
RE = Renewable Energy, **EE** = Energy Efficiency, **MFI** = Microfinance Institution

FMO estimates the environmental impact of FMO's Sustainability Bond and its EUR 282.8 million direct green investments (total Sustainability Bond allocation EUR 463.1 million) will be an avoidance of approximately 238,418 tons of greenhouse gas (GHG).

The estimated GHG reduction is based on the ex-ante estimates of the annual reductions in an operational year of the direct green investments, multiplied by the ratio between the Sustainability Bond allocation and the Project Size.

EXAMPLE PROJECT SAVINGS RELATED TO SUSTAINABILITY BOND ALLOCATION:

- EUR 100 million project
- Project savings of 100,000 tons of CO₂eq per year
- Total FMO financing is EUR 20 million
- Total Sustainability Bond allocation is EUR 10 million (i.e., 10% of total project size)
- Total attribution to the Sustainability bond would be 10,000 tons of CO₂eq per year (i.e., 10% of total GHG savings).

	Beneficiary	Sector	Country	Description	Total FMO financing	Sus bond allocation
1	APOLLO INVESTMENT PARTNERSHIP II	RE	SOUTH AFRICA	South African focused renewable energy fund managed by African Infrastructure Investment Managers (AIIM)	23.8	15.5
2	ARMSTRONG SE ASIA CLEAN ENERGY LP	RE	ASIA	Private equity fund investing in small-scale renewable energy generation and resource efficiency projects in South East Asia	11.9	1.2
3	BERKELEY ENERGY NETHERLANDS HOLDING	RE	PHILIPPINES	A platform company that will invest in hydro energy assets in the Philippines	2.4	2.0
4	BERKELEY ENERGY WIND MAURITIUS	RE	INDIA	Renewable energy fund manager investing in Asian and African emerging markets	21.0	10.6
5	CHINA SINGYES SOLAR TECHNOLOGIES	RE	CHINA	Hong Kong-based solar energy installation company	19.8	18.2
6	CLEAN ENERGY LLC	RE	MONGOLIA	Renewable energy company focused on developing first wind farm Salkhit in Mongolia	17.1	3.6
7	COMPAGNIE IVOIRIENNE DE PRODUCTION	EE	IVORY COAST	Clean energy technology to enhance the efficiency of an existing power plant by generating 25.5% more power, without any incremental gas consumption and no further greenhouse gas emissions	25.0	9.9
8	CORE ENERGY (PTY) LTD FOR WITKOP	RE	SOUTH AFRICA	Company established to develop, construct and operates a solar power project near Johannesburg, South Africa	5.3	5.3

PROGRESS REPORT ON USE OF THE PROCEEDS

	Beneficiary	Sector	Country	Description	Total FMO financing	Sus bond allocation
9	CORIA PKF INVESTMENTS 28 (PTY)LTD	RE	SOUTH AFRICA	Company established to develop, construct and operate a wind project situated in the Karoo, South Africa	11.0	11.0
10	ENERGEQ HOLDINGS	RE	INDIA	Company to develop and operate wind energy assets in India	20.5	20.5
11	EOLO DE NICARAGUA S.A.	RE	NICARAGUA	Company to develop, construct and operate a wind project located at the shore of Lake Nicaragua	22.2	6.5
12	ERIKI ENERGY (PTY) LTD FOR SOUTPAN	RE	SOUTH AFRICA	Company established to develop, construct, and operate a solar power plant situated Northeast of Johannesburg, South Africa	5.5	5.5
13	FIBABANKA A.S	EE	TURKEY	FMO has provided a greenline to Fibabanka in Turkey, to mainly finance energy efficiency investments in the tourism and manufacturing sectors	25.0	25.0
14	GREEN FOR GROWTH FUND, SOUTHEAST	RE	ECA	The first specialized fund to advance energy efficiency and renewable energy in Southeast Europe, including Turkey	25.3	25.3
15	GTS MAJES S.A.C.	RE	PERU	Solar photovoltaic facility near Arequipa in Peru owned by Spain-based Grupo T-Solar Global	5.5	0.5
16	IEH PENONOME PANAMA S.A.	RE	PANAMA	Project company that will develop, construct and operate the 215 MW Penonome II wind farm in Panama	20.7	18.9
17	INVERSIONES EOLICAS DE OROSI DOS	RE	COSTA RICA	Company to build and operate a 50MW wind power project	22.2	10.6
18	JORDAN WIND PROJECT COMPANY PSC	RE	JORDAN	Project to construct a wind farm in Jordan	23.4	9.8
19	KHI SOLAR ONE (PTY) LTD	RE	SOUTH AFRICA	First concentrated solar power project in sub-Saharan Africa	21.9	20.8
20	LAKE TURKANA WIND POWER	RE	KENYA	A SPV to develop, construct and operate a 300MW wind farm near Lake Turkana in Kenya	35.0	0.4
21	LEREKO METIER SUSTAINABLE	RE	SOUTH AFRICA	Fund invests in energy efficiency, renewables, water and waste management in South and Southern Africa	4.6	1.3
22	NSL WIND POWER COMPANY (KAYATHAR)	RE	INDIA	Company to develop a 49.5MW wind farm	19.0	10.7
23	PALMA GUINEE S.A.	EE	GUINEA	Greenfield energy efficiency project which allows for reduced energy consumption for heating, air conditioning and water use reduction	9.0	3.3
24	PANAMA WIND ENERGY GODAWARI PRIVATE	RE	INDIA	IPP Wind Power Developer in the State of Maharashtra in India	45.1	15.1
25	PANAMA WIND ENERGY PRIVATE LIMITED	RE	INDIA	IPP Wind Power Developer in the State of Maharashtra in India	12.5	2.6
26	POLARIS ENERGY NICARAGUA S.A	RE	NICARAGUA	Geothermal energy plant San Jacinto-Tizate in Nicaragua	15.0	1.2
27	POLESINE SA	RE	URUGUAY	Company established to develop, construct, and operate a wind farm in Uruguay	19.8	18.6
28	RAJASTHAN SUN TECHNIQUE ENERGY	RE	INDIA	A 100MW concentrated solar power project located in the state of Rajasthan in India	23.8	12.6
29	RENEW WIND ENERGY (DEVGARH) PRIVATE	RE	INDIA	Company established to develop, construct and operate a wind power plant, located in the state of Maharashtra in India	19.0	16.0

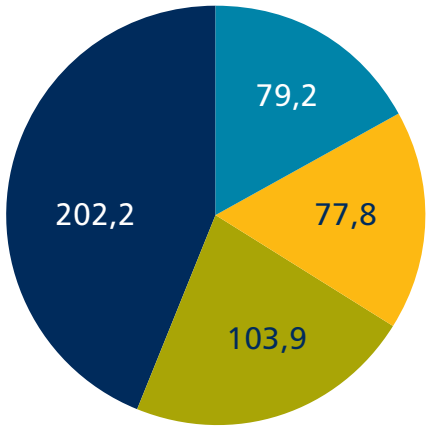
PROGRESS REPORT ON USE OF THE PROCEEDS

30	RENEWABLE ENERGY ASIA FUND 'A' L.P.	RE	ASIA	Fund that invests in small hydro, wind, geothermal, solar, landfill gas and biomass projects in Asian developing markets	10.0	5.2
31	SINDICATUM RENEWABLE ENERGY COMPANY	EE	ASIA	Company that develops, owns and operates clean energy projects in South and South-East Asia.	24.8	8.1
32	SOLEQ HOLDINGS	RE	ASIA	Fund that will invest in solar assets in Thailand, Malaysia, Indonesia, Vietnam and the Philippines	15.8	10.5
33	TAKORADI INTERNATIONAL COMPANY	EE	GHANA	Expansion of an existing power plant with a turbine powered by the steam heated by the exhaust heat of the existing turbines, resulting in a power output increase of approximately 50% without additional fuel consumption	63.4	27.9
34	VIENTOS DE ELECTRO-TECNIA SA DE CV	RE	HONDURAS	Company developing a wind farm in San Marcos de Colon	33.7	21.6
GREEN TOTAL					680.0	375.6
35	AMRET CO. LTD	MFI	CAMBODIA	Deposit-taking microfinance institution in Cambodia with a focus on agriculture and poor women in rural areas	9.3	9.3
36	BAI TUSHUM BANK CJSC	MFI	KYRGYZSTAN	Company that primarily funds (M)SMEs, mainly involved in agricultural and trading activities, in rural and urban areas (38% of the borrowers are females).	8.3	2.4
37	CJSC MDO IMON INTERNATIONAL	MFI	TAJIKISTAN	Microfinance institution (MFI) with a leading position	6.9	6.9
38	FINCA AZERBAIJAN	MFI	AZERBAIJAN	FINCA Azerbaijan is the leading microfinance institution in Azerbaijan	12.0	12.0
39	IFMR CAPITAL FINANCE PRIVATE	MFI	INDIA	Early growth non-banking financing company based in Chennai	6.8	6.8
40	KOMPANION FINANCIAL GROUP	MFI	KYRGYZSTAN	Community development financial institution In Kyrgyzstan	6.3	6.1
41	LOLC MICRO CREDIT LIMITED	MFI	SRI LANKA	Microfinance institution with a focus on rural and post-war areas	11.1	11.1
42	MICROCREDIT COMP MOL BULAK FINANCE	MFI	KYRGYZSTAN	Second largest microfinance institution in Kyrgyzstan	4.8	1.5
43	PRASAC MICROFINANCE INST LTD	MFI	CAMBODIA	The largest microfinance institution from Cambodia	39.6	16.8
44	REGIONAL MSME INV FUND FOR SUB-SAHARAN AFRICA	MFI	AFRICA	Fund for local currency financing for MSMEs in sub-Saharan Africa	6.2	3.0
45	SATHAPANA LIMITED	MFI	CAMBODIA	Deposit-taking microfinance institution in Cambodia	11.9	11.6
INCLUSIVE TOTAL					105.1	87.5
GRAND TOTAL					785.1	463.1

USE OF PROCEEDS

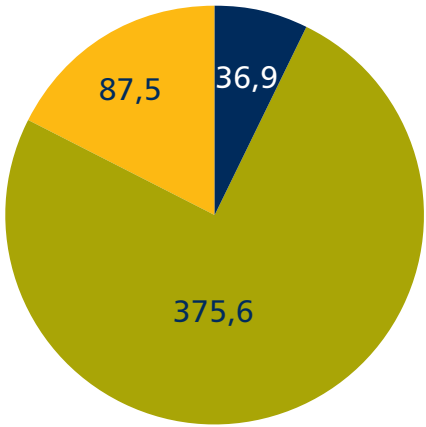
The pie charts illustrate the allocation of the EUR 500 million FMO Sustainability Bond per region and green and financial inclusion assets.

PER REGION (EUR MLN)



- Eastern Europe and Central Asia
- Latin America and the Caribbean
- Africa
- Asia

FOR GREEN AND INCLUSIVE ELIGIBLE ASSETS (EUR MLN)



- Available
 - Disbursed, green
 - Disbursed, inclusive
- Total disbursed 93%

GREEN BOND PRINCIPLES

FMO is a member of the Green Bond Principles (GBP) - voluntary guidelines which encourage transparency, disclosure and integrity in the green bond segment. The principles were published by 13 international banks on 13 January 2014.

The publication followed a broad market consultation involving investors, environmental groups and issuers, including FMO. GBP represent an attempt to standardize the green bond market, providing a reference best practice for any market participant.

PROCESS TO DEFINE GREEN TRANSACTIONS

All transactions that apply for the Green Transaction label (except straightforward) are discussed with FMO's climate biz knowledge street (CBKS) green panel of climate specialists.



POTENTIALLY GREEN PROJECTS

- ✓ Deal team and client underpin green benefits
- ✓ Strategic deal with replication potential
- ✓ FMO's green panel determines eligibility
- ✓ Final approval by FMO's sustainability team

YES



STRAIGHTFORWARD GREEN PROJECTS

- Renewable energy*
- REDD
- Manufacture of clean tech components



FOLLOWING PARTNERS

Multilateral Development Bank (MDB) partner counts transaction as green and provides documentation to underpin.

GREEN PROJECTS

*Geothermal power projects follow the 'potentially green' process, as project GHG emissions may in some regions be significant, causing no net GHG emission reduction. In this case they will not be classified as green.

LEGAL NOTICE

Nothing in this report constitutes an offer to sell securities. Persons who offer, sell or recommend investments in securities issued by FMO must act in accordance with the laws and regulations applicable to them, which may restrict such actions.

This report has been issued pursuant to the terms of certain Sustainability Bonds issued under FMO's debt issuance programme. Further information on this programme can be found at www.fmo.nl/investor-relations.

The information contained in this report has been summarized and should not be considered definitive. FMO has no obligation to update the information contained in this report.