

PROSPECTUS

FMO

Entrepreneurial
Development
Bank

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

Issue of GEL 34,000,000 Floating Rate Notes due 28 May 2026

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 28 May 2021 (“**Issue Date**”) and will mature on 28 May 2026 (“**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 payable quarterly in arrears at the rate of 91-days National Bank of Georgia (“**NBG**”) Certificate of Deposit (as defined below), as reported by NBG on the following link: <https://www.nbg.gov.ge/index.php?m=619&lng=eng>

The Bonds will not be admitted on any stock exchange.

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

Manager



The date of this prospectus is 25 May 2021.

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 “**Placement 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, or 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 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 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

Certain statements in this Prospectus may be deemed to be “forward-looking statements”. Forward-looking statements include statements concerning the Issuer’s plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues, capital expenditures, financing needs, future operations, development, business strategy and other information that is not historical information.

Words such as “believe”, “anticipate”, “estimate”, “target”, “potential”, “expect”, “intend”, “predict”, “project”, “could”, “should”, “may”, “will”, “plan”, “aim”, “seek” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under “Risk Factors”, as well as those included elsewhere in this Prospectus. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

Accordingly, investors should not place undue reliance on forward-looking statements and, when looking at forward-looking statements, should carefully consider the foregoing factors and other uncertainties and events. The forward-looking statements in this Prospectus speak only as of the date of this Prospectus. The Issuer does not undertake any obligation to update or revise any of them (whether as a result of new information, future events or otherwise), other than as required by applicable laws. The Issuer does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios, and should not be viewed as the most likely or standard scenario. These cautionary statements qualify all forward-looking statements attributable to the Issuer or persons acting on the Issuer’s behalf and any projections made by third parties included in this Prospectus.

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

Credit risk

Credit risk is defined as the risk that FMO will suffer an economic loss because a client fails to meet its obligations in accordance with agreed terms.

For FMO's emerging market loan portfolio, adverse changes in credit quality can occur due to specific client and product risk, or risks relating to the country in which the client conducts its business. The main source of credit risk arises from investments in emerging markets and off-balance instruments such as loan commitments and guarantees.

Credit Risk management is very important at FMO, both in the context of project selection and project monitoring. In this process, a set of investment criteria per sector and product is used that reflects minimum standards for the required financial strength of FMO's clients. This is further supported by credit risk models that are used for risk quantification, calculation, expected credit loss allowance, and the determination of economic capital use per transaction. Funding decisions depend on the risk profile of the client and financing instrument. For credit monitoring, FMO's clients are subject to annual reviews as a minimum. FMO also monitors clients that are identified as Reason for Concern through a quarterly Watch List process to proactively manage loans before they become non-performing. For distressed assets, the Special Operations department actively manages workout and restructuring.

FMO has set internal appetite levels for non-performing loans and specific impairments on loans. If any of the metrics exceed the appetite levels, Credit will assess the underlying movements and analyse trends per sector, geography and any other parameter. Credit will also consider market developments and peer group benchmarks. Based on the analysis, Credit will propose mitigating measures to the Investment Review Committee (IRC). If any of the indicators deteriorate further, Risk will be involved to assess to what extent the trend is threatening FMO's capital and liquidity ratios.

Market risk

Market Risk is the risk that the value and/or the earnings of FMO decline because of unfavourable market movements. At FMO, this includes interest rate risk and currency risk.

Interest rate risk in the banking book

Interest rate risk is the risk of potential loss due to adverse movements in interest rates. Changing interest rates mainly influence the fair value of fixed interest balance sheet items.

FMO has no trading book and all assets (loans and investments) are part of the banking book. FMO's policy is to match assets and liabilities within defined limits. As the loan portfolio is more granular, loans are pre-funded and new funding is obtained periodically and matched to the asset portfolio in terms of expected maturity and interest rate sensitivity. Interest rate risk arises from the residual tenor mismatch, mismatch in fixed rate assets funded by floating rate liabilities, and differences in reference rates or currencies resulting in basis risk. FMO has little optionality in its portfolio and has no material exposure to rates-driven prepayment risk. The volatility of the market value of assets and liabilities over the holding period due to interest rate movements is of less concern as these are held until maturity.

Interest rate risk management falls under the responsibility of the Asset and Liability Committee (ALCO). The day-to-day management of interest rate risk, particularly quantification and monitoring, is delegated to Risk. Treasury department acts as the first line of defence and is responsible for daily transacting activities. Interest rate risk is monitored using earnings-based metrics and value-based metrics.

Earnings-based methods capture short-term effects of interest rate re-fixing or re-pricing that may impact net interest incomes. The metrics below are used for this purpose.

- The interest rate gap provides a static overview of the full balance sheet's repricing and refinancing characteristics. The gap is monitored over different time buckets where limits are in place both per bucket and on cumulative level, for all currencies (aggregate and currency-by-currency).
- Earnings-at-Risk (EaR) provides a dynamic projection of net interest income sensitivity to yield curve shocks. FMO monitors EaR on a 2-year forward looking basis and applies different scenarios simultaneously that allow for identification of basis risk as well.

Economic value methods capture changes in net present values of assets, liabilities and off-balance sheet items to changes in yield curves. Value-based metrics measure long-term effects of interest rate changes over the full tenor of the balance sheet. The following economic value metrics are calculated:

- Basis Point Value (BPV) provides the change in market value of assets, liabilities and interest-rate risk sensitive off-balance items for a one basis point change in yield curves. Limits are in place for the whole balance sheet, and for main currencies (EUR and USD) separately.
- Equity Value at Risk (EVAR) provides changes in the economic value of the shareholder's equity given certain shifts in yield curves. The impacts of both a 200 basis-points parallel shift and a 200 basis-points gradual shift are reported.

The interest rate gap and BPV exposure are monitored on weekly basis against limits set by the ALCO. Limits are defined dynamically to accommodate a 200 basis-points shock within 5% of shareholder's equity. The EVaR limit is set at 5% of shareholder's equity. The EaR is used for monitoring purposes only and thresholds are defined based on 5% of projected net interest income.

Currency risk

Currency risk is defined as the risk that changes in foreign currency exchange rates have an adverse effect on the value of FMO's financial position and future cash flows. FMO also reviews currency risk in terms of impact on the capital ratios.

FMO offers loans and attracts funding in a wide range of currencies. This is done to provide financing in the currency best fitting FMO's clients and to reduce currency risks on their side. To ensure proper diversification, FMO attracts funding in different currencies, both on-shore and off-shore, including emerging market and frontier market currencies which contribute to FMO's goal to develop local currency markets.

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

Structural Hedge

FMO maintains a deliberately unhedged foreign currency position for purpose of managing the volatility of the capital ratio. These foreign currency positions stem from the private equity investments, and act as a 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 since FMO's assets - and hence also the risk weighted assets - are mainly denominated in foreign currencies. The long open position in the equity portfolio thereby functions as a partial hedge

for FMO's regulatory capital ratios. In addition, the uncertainty in the size and the timing of the cash flows for equity investments makes micro-hedging less effective, hence these positions are better fit for use as a capital ratio hedge.

Liquidity risk

Liquidity risk is defined as the risk for FMO not being able to fulfil its financial obligations due to insufficient availability of liquid means.

FMO's risk appetite is to maintain adequate liquidity buffers to fulfil FMO's current and future financial obligations. The appetite follows a similar rationale as for capital and it is aimed to maintain enough liquidity to ensure FMO would never need to fall back on the guarantee provided by the Dutch State to FMO's investors. To realize this ambition, minimum liquidity requirements apply as prescribed by the competent regulator.

FMO's Liquidity Risk Policy Framework is built on four Pillars.

1. Minimum liquidity buffer under stress;
2. Maturity matched funding;
3. Diversified funding;
4. Meet regulatory requirements.

Based on these four pillars, FMO's risk appetite levels are defined to ensure a minimum buffer above the 7-months minimum survival period under stress, a liquidity coverage ratio (LCR) to exceed 135%, a Net Stable Funding Ratio (NSFR) to exceed 110%, and restrictions on failed funding periods and cost of wholesale funding above peers. Additional thresholds such as matching funding and liquidity in specific currencies are also in place for managing and monitoring FMO's risk profile. These monitoring metrics are delegated to Director Risk and Director Treasury and are subject to a formal sign-off procedure and reported to ALCO. The ALCO is also responsible to approve the Liquidity Risk Policy.

FMO traditionally has a conservative liquidity policy and funding strategy that is well suited to its business. Stress tests are conducted on FMO's liquidity position on weekly basis to ensure this conservative position is maintained. For the annual Internal Liquidity Adequacy Assessment Process (ILAAP), FMO performs additional stress tests including a severe stress scenario provided by the Dutch Central Bank (*De Nederlandsche Bank*) ("**DNB**") and includes reverse stress testing. A continuous review is performed on the liquidity position, FMO's assumptions, internal expectations and external market conditions to ensure that FMO's liquidity planning is accurate.

The Liquidity Contingency Plan sets out FMO's strategy for addressing liquidity needs in the case of a crisis, ensuring that various sources of emergency liquidity are available to meet all current and future financial obligations, whilst avoiding excessive funding costs, incurring unacceptable losses and significantly changing the business profile. The liquidity sources include a long-term bond portfolio and a portfolio of short-term instruments such as cash, Money Market Funds, Commercial Paper (CP) and Treasury Bills. The long-term bonds and CP can be used as collateral in repurchase agreements to obtain short-term cash from the DNB or from commercial parties.

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events, including legal risks, excluding strategic risks. This is the 'Basel' definition of operational risk.

Operational risks are not actively sought and have no direct material upside in terms of return/income generation, yet operational risk events are inherent in operating a business. Operational risk events can result in non-compliance with applicable (internal and external) standards, losses, misstatements in the financial reports, and reputational damage.

Overall, FMO is cautious with operational risks. Safe options, with low inherent risk are preferred, despite consequence of limited rewards (or higher costs). There is no appetite for high residual risk. Risk metrics are reported on a quarterly basis. These metrics cover operational risks in general, such as the amount of loss per quarter and timely follow-up of management actions, and specific metrics for risk-(sub)types.

Management of the first line of defence is primarily responsible for managing (embedded) risks in the day-to-day business processes. The first line acts within the risk management framework and supporting guidelines defined by specialized risk functions that make up the second line of defence. Internal Audit in its role of the third line of defence provides independent assurance on the effectiveness of the first and second lines.

Departmental risk control self-assessments are conducted annually in order to identify and assess risks and corresponding controls. The strategy and business objectives are also reviewed annually by the Directors in a risk perspective.

Despite all preventive measures, operational risk events cannot always be eliminated. FMO, however, systematically collects risk event information and analyses such events in order to take appropriate actions. Furthermore, operational risks resulting from changes in activities are assessed in FMO's Change Risk Assessment Process and could trigger the Product Approval and Review Process.

Information and Cyber Security

Information is one of the FMO's most valuable assets. In recognition of the importance of protecting its information, systems and infrastructure, FMO has established a dedicated second line function and structured approach to identify and assess Cyber risks and ensure the confidentiality, integrity and availability of information.

Model risk

FMO uses models in various business areas including loan origination, financial reporting and compliance. Model risk is the risk of mis specified or inappropriately used models. In order to control and mitigate model risk, FMO has a model risk policy that prescribes sound practices for model development and use. The policy outlines the governance framework for model risk, including the responsibilities of model owners and the model risk oversight function.

FMO performs regular validations of models that have a material financial, regulatory or reputational impact. Furthermore, model results are regularly evaluated and compared with actual experience.

Risks related to FMO's relationship with the State

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 *'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 the Issuer's risk profile, financial position or future prospects. As a consequence, any such (perceived) decrease or termination may have an adverse effect on the Issuer's financial position, credit rating and results of operations, which could have a negative impact on the risk profile of the Issuer 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 S&P (as defined below) and Fitch (as defined below) credit ratings 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.

Changes in the financial services laws, regulations governing FMO's business and/or tax laws may adversely affect FMO's operations or profitability

FMO is subject to detailed banking laws and government regulation in the Netherlands. The Dutch Central Bank (*De Nederlandsche Bank*) ("**DNB**") has broad administrative power over many aspects of the banking business, including liquidity, capital adequacy, permitted investments, ethical issues and anti-money laundering. FMO is subject to indirect supervision by the European Central Bank ("**ECB**") under the system of supervision, which comprises the ECB and the national competent authorities of participating EU Member States, the Single Supervisory Mechanism ("**SSM**"). The SSM is one of the elements of the Banking Union. 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.

Banking laws, regulations and policies currently governing FMO may also 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 light of the responses to the global economic and financial crisis, financial institutions have been confronted with a succession of new legislation and regulations, including, in particular, rules and regulations regarding capital adequacy, liquidity, leverage, accounting and other factors affecting banks.

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 more 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**". CRD IV consists of a directive (the Capital Requirements Directive or "**CRD IV Directive**") and a regulation (the Capital Requirements Regulation or "**CRR**") which aims to create a sounder and safer financial system. The CRD IV Directive governs amongst other things the access to deposit-taking activities while the CRR establishes the majority of prudential requirements institutions need to respect. On 1 August 2014, the CRD IV Directive was implemented in Dutch law. The application in full of all measures under CRD IV (including any national implementation thereof in the Netherlands) has been completed before 1 January 2019. The CRR entered into effect on 1 January 2014 and has direct effect in the Netherlands. Since the introduction of the Basel III framework, the Basel Committee published several consultation documents for the amendment of Basel III. These consultations include, among others, proposals for revision of the standardised approaches for credit, operational and market risk and the introduction of capital floors based on standardised approaches. On 7 December 2017, the Basel Committee published the finalized Basel III post-crisis reforms to the global regulatory framework ("**Basel III Reforms**") (informally referred to as Basel IV). The Basel III Reforms seek to restore credibility in the calculation of risk-weighted assets and improve the comparability of banks' ratios. Important changes include the introduction of the aforementioned capital floor, stricter rules for internal models (i.e. internal models for operational risk will no longer be permitted; a standardized approach must be applied instead) and stricter rules for calculating risk-weighted assets for credit risk (both under the standardized approach as well as under the internal ratings-based (IRB) approach). An important element for FMO is a change in the treatment of private equity exposures under the new standardized approach for credit risk. FMO's private equity exposures would no longer receive a 150% risk weight but they would fall under one of 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 exact impact of the new standard will depend on the translation into European legislation. Due to outbreak of COVID-19 in April 2020, the Basel Committee announced deferral of implementation by one year to January 2023.

CRD IV, in implementing Basel III, intends to increase the quality and quantity of capital, to require increased capital against derivative positions and to introduce a capital conservation buffer, a counter-cyclical buffer, a systemic buffer, a new liquidity framework (liquidity coverage ratio ("**LCR**") and a net stable funding ratio ("**NSFR**") as well as a leverage ratio. The LCR addresses the sufficiency of high-quality liquid assets to meet short-term liquidity needs under a specified acute stress scenario which may not fall below 100% of the estimated net cash outflows for the following 30 days. The NSFR requires that banks maintain a stable funding profile in relation to their on- and off-balance sheet activities, i.e., that long-term assets are covered with sufficient stable funding. The leverage ratio is defined as Tier-1 capital divided by a measure of non-risk weighed assets. The leverage ratio requirement has been phased in with initially a reporting period, a disclosure obligation as of 1 January 2015 and the migration to a binding harmonised requirement as part of the EU Banking Reforms (as defined and further described below). In this respect, the European Council has adopted a binding leverage ratio of 3% pursuant to the EU Banking Reforms. Finally, international discussions regarding a possible leverage ratio surcharge for global systemically important banks ("**G-SIBs**") have resulted in the Basel III Reforms introducing such surcharge. FMO does not currently qualify as such a G-SIB.

In January 2019, the Basel Committee published the final 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. The capital requirements for foreign exchange positions will increase with a multiplication factor of 1.2 under the simplified alternative approach. In case a sensitivity-based approach needs to be implemented, the capital requirements will depend on the type of currency and the correlation between the currencies. The CRR provides only a reporting requirement for market risk, which will become applicable as of September 2021. Implementation of the final capital requirement will be postponed from 2022 to 2023 due to the COVID-19 pandemic.

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 potential impact will only be realized in 2022 at the earliest.

In May 2019, the European Council adopted a comprehensive legislative package of reforms to the CRR, the CRD IV, the Bank Recovery and Resolution Directive (the "**BRRD**") and the Single Resolution Mechanism Regulation (the "**SRM Regulation**") (the "**EU Banking Reforms**"), including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reforms are wide-ranging and cover multiple areas,

including a binding 3% leverage ratio, the introduction of a binding detailed NSFR, permission for reducing own funds and eligible liabilities, macro prudential tools, a new category of 'non-preferred' senior debt, the implementation of the total loss-absorbing capacity ("TLAC") standard, an amendment of the minimum requirement for own funds and eligible liabilities ("MREL") framework to align it with the TLAC standard. The final text relating to the EU Banking Reforms was published in the Official Journal of the European Union on 7 June 2019 and entered into force on 27 June 2019 whereas most of the rules will start applying mid-2021. As such, the EU Banking Reforms may affect the Issuer (including with regard to the MREL it must maintain) and the Bonds (including with regard to their ranking in insolvency and their being at risk of being bailed-in). The most relevant for FMO is the requirement to apply a look through assessment for investments in equity and debt funds, which requires an institution to look at the funds underlying investments and to calculate the risk weights based on funds actual investments and leverage.

In general, FMO cannot fully predict what impact the new rules and regulations will have on its business or profitability until the final rules are implemented and what the scope of these rules and regulations will be. Any new or changed regulations may adversely affect FMO's business and/or results of operations.

Impact of adverse developments and circumstances (including COVID-19 (Coronavirus)), on a global scale or in the geographic areas in which the Issuer conducts its business, on FMO's portfolio

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 and (iii) local and global political events and trends, environmental developments, regulatory action, terrorism, war and civil unrest, pandemics (including COVID-19), epidemics, health emergencies and other catastrophic events. Any of such 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.

Recently, the current coronavirus (COVID-19) outbreak is having a profound impact on business, has caused stock markets worldwide to lose significant value and impacted global economic activity, and it is possible that it will cause a prolonged global economic crisis or recession. The impact of COVID-19 on economic conditions is volatile and uncertain and may affect FMO in ways that are not currently known or foreseen. The impact on FMO is expected to be potentially material and will depend on how the situation and its impact on the economy and FMO's counterparties evolve. The measures that have and may in the future be taken by governments, regulators, communities and businesses (including FMO) to respond to the outbreak of COVID-19 have led and could continue to lead to material or prolonged disruptions to FMO's business and staff. FMO may also be indirectly adversely affected by the COVID-19 as the pandemic may result in an economic downturn and may negatively affect the financial condition of FMO's counterparties and clients and may ultimately increase the risk of impairments and defaults by FMO's clients and counterparties under loans and other arrangements as well as losses on FMO's equity investments.

As at the date of this Prospectus, the impact of COVID-19 is a rapidly evolving situation. There will potentially be more impacts for FMO from a financial perspective through this unprecedented period and if the impact of the virus continues to be severe and prolonged, this may have a materially adverse impact on FMO's business, financial condition, results of operations, liquidity and prospects (see also below under 'General Information – No Material Change').

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 NBG's rates on 91-day Certificates of Deposit or the Refinancing Rate (as defined below) in accordance with the Reference Rate Fallback Provisions (as defined below). Such rates, taking into account the sovereign rating of Georgia and other market conditions (such as the monetary policy of the NBG), may be subject to significant changes (increase or decrease).

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 Bondholders 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 "*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 is able to purchase sufficient amount of GEL in the Georgian currency market. Investors should also pay attention to Condition

4(b) (*Unavailability of GEL*) of the Terms and Conditions of the Bonds in this Prospectus. In the event of Unavailability of GEL (as defined below), 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.

TERMS AND CONDITIONS OF THE BONDS

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

GEL 34,000,000 Floating Rate Notes due 28 May 2026 (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 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 25 May 2021 (the “**Calculation and Paying Agency Agreement**”) between the Issuer and TBC Capital LLC 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 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, as defined in Condition 3.

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, 28 May 2021 (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 quarterly in arrears on 28 February, 28 May, 28 August and 28 November of each year from and including 28 May 2021 up to and including 28 May 2026. Each date set for payment of interest in this Condition 3 is hereinafter referred to as an “**Interest Payment Date**”, with 28 May 2026 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**”), subject to the Modified Following Business Day Convention (as defined below).

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 actual number of days in such period will therefore be more than 91 days. As the immediately subsequent period will be from and including the postponed Interest Payment Date to but excluding the next Interest Payment Date, the actual number of days in such period will be less than 91 days if the next Interest Payment Date is a Business Day.

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 actual number of days in such period will therefore be less than 91 days. As the immediately subsequent period will be from and including the earlier Interest Payment Date to but excluding the next Interest Payment Date, the actual number of days in such period will be more than 91 days if the next Interest Payment Date is a Business Day.

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 the actual redemption of the Bonds or until 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 calculated by reference to 91day GEL-NBG CD.

“**91day GEL-NBG CD**” means the latest rate per annum for a period of 91 days, which appears on <https://www.nbg.gov.ge/index.php?m=619&lng=eng> Page as of 12:30 p.m. Tbilisi time (or any substitute page) on the Interest Determination Date, subject to the Reference Rate Fall-back Provisions.

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and securities market participants settle transactions and are open for general business in Tbilisi, London and New York.

“**Certificates of Deposit**” or “**CD**” means any short-term discounted debt securities issued in a dematerialized form by NBG for the purposes of exercising monetary and credit policy, with maturities of 91 days.

“**Interest Determination Date**” means for any Interest Period, the day which is two (2) Business Days before the first day of such Interest Period.

“**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.

“**Modified Following Business Day Convention**” means when Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

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

If the 91day GEL-NBG CD has not been published for the last 60 days prior to the Interest Determination Date, then the rate of interest shall be determined as

- (i) the weekly compounded Refinancing Rate, or if not available then
- (ii) the relevant interest rate as 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 will be deemed to be zero.

“**Refinancing Rate**” means the last published refinancing rate (monetary policy rate) of NBG as observed on <https://www.nbg.gov.ge/index.php?m=554>. This rate is also available on Bloomberg under ticker GGBRREFA Index.

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://www.nbg.gov.ge/index.php?m=403&lng=eng>. 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 made by the Issuer under such circumstances in USD shall constitute a valid payment and shall not constitute a default in respect of the Bonds. Any payment beyond the relevant Interest Payment Date or Maturity Date shall not consist a late payment, such 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) 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 the actual redemption of the Bonds but not beyond the 15th day after 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, 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.

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. The governing law of this Condition 13(b) is the substantive and procedural law of England.

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 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.

The Issuer invests with the aim of enhancing local prosperity in emerging markets and takes risks that the commercial banking sector is not willing to take. FMO focuses on the private sector in the following industries: Energy, Financial Institutions and Agribusiness, Food & Water. Through the Issuer's investments in these industries FMO empowers entrepreneurs to build a better world.

The Issuer's role extends beyond financing, as FMO challenges and supports businesses to meet international environmental, social and governance standards. These businesses, in turn, support job creation, reduce inequality and improve climate.

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

Share capital

The Issuer's authorized capital amounts to EUR 45,380,000, consisting of A shares of EUR 22.69 each, which are held by the Dutch Government, and B shares of EUR 22.69 each as well, which are held by commercial banks and private investors. The Dutch Government holds 51% of the total shares of FMO, while commercial banks and private investors hold the remaining 49%. The voting rights for A shares and B shares are equal.

In addition, the equity of FMO comprises of three reserves, which result from the State Agreement (as defined in the Section "State Agreement" below). These are the share premium reserve, the development fund and the contractual reserve. As long as the Issuer continues its activities, these reserves are not available to the shareholders. Upon liquidation of FMO these reserves fall to the Dutch Government, after settlement of the contractual return to the shareholders.

Shareholders' equity	2020	2019	2018
Share capital	9,076	9,076	9,076
Share premium reserve	29,272	29,272	29,272
Contractual reserve	2,180,172	2,379,350	2,261,694
Development fund	657,981	657,981	657,981
Fair Value reserve	26,200	33,082	17,773
Actuarial result pensions	-17,156	-13,974	-21,123
Translation reserve	-17,727	-2,742	-6,758
Other reserves	32,162	32,162	32,162
Undistributed result	-3,347	2,707	3,570
Non-controlling interests	68	123	161
Total shareholders' equity	2,896,701	3,127,037	2,983,808

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.

Business activities

FMO invests in countries that are often characterized by a fragile private sector, little job security and/or high poverty rates. Its customers operate in volatile markets that are significantly impacted by macroeconomic trends like increasing commodity prices and foreign exchange movements. FMO engages with its customers before and during the lifetime of an investment to understand their context and risks. This enables the Issuer to offer products and services that suit the specific needs of its customers. In turn, its customers go on a long-term journey with FMO towards positive social, environmental and economic change.

Diversification is key to the Issuer's risk management approach and allows FMO to limit the volatility of its earnings. FMO invests in 82 countries, across four regions: Africa, Asia, Eastern Europe and Central Asia, and Latin America and the Caribbean.

The Issuer invests in sectors that are crucial for job creation, reducing inequalities and taking climate action. FMO also finances other sectors indirectly through its investments in financial institutions, through private equity (PE) funds with a strong track-record in job creation, and through its Dutch business activities. Investing in different sectors also diversifies risks as each sector is impacted differently by macroeconomic developments.

Financing & investing | FMO offers long-term financing and, when needed, provides funding in local currencies to mitigate the exchange rate risk of its customers and end beneficiaries.

FMO offers direct medium and long-term loans at both fixed and variable interest rates, with a repayment grace period where needed.

The Issuer arranges syndicated loans by bringing together commercial banks, investors and other DFIs to raise larger financing amounts in an efficient way. FMO receives an arrangement and/or agency fee for these services.

The Issuer invests equity directly or indirectly (through funds) or co-invests with partners. FMO works with fund managers and investee companies to integrate sustainability into their core operations. The Issuer provides stable, long-term capital and usually sells its stake after five to ten years. FMO receives dividends and accounts for fair value gains or losses during the lifetime of an investment.

FMO structures its guarantees so that they meet the needs of the beneficiary, the market and the targeted creditors. This ensures companies have access to international markets and can participate in global trading.

Investment management | The Issuer manages public funds that it invests in higher-risk projects that promise substantial development impact. Through FMO IM funds and unfunded risk participations, institutional and other

professional investors have access to FMO's expertise in impact investing in emerging and frontier markets. The Issuer offers a selection of funds with different market-based, risk-return profiles.

Advisory and capacity building | Beyond financing, FMO also offers advisory services and technical assistance to support customers in building profitable and sustainable businesses. This consists of support in the design and implementation of ESG risk mitigation measures, master classes and events, capacity development and sector initiatives.

FMO in its mobilizing role

FMO, as part of its mission, strives to mobilize more capital from commercial and institutional investors to its markets. 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.

FMO Investment Management B.V. ("**FMO IM**") is a 100% subsidiary of FMO. FMO IM has a license as an investment firm and is authorised to provide investment advice. Its purpose is to build and grow investment management services for professional investors.

If approved by the Senate of the Dutch Parliament, FMO's NL Business department will be merged with select international activities of the Netherlands Enterprise Agency (RVO) into a new organization named Invest International. FMO will hold a 49% stake and the Dutch government the remaining 51%. The new organization is intended to provide a 'one-stop shop' for internationally oriented Dutch businesses that are looking for project development and financing solutions to enable them to become more competitive in the international markets.

Strategy

In line with its vision and mission, FMO aligned its strategy with the SDGs with an overarching strategic goal of being 'Your preferred partner to invest in local prosperity'.

The Issuer's efforts to achieve this goal focuses on three pillars: higher impact portfolio, deeper relationships and higher productivity. FMO creates higher impact by focusing its activities on SDGs and markets that are key to economic, environmental and social progress. The Issuer increases this impact by deepening relationships with its customers and other stakeholders, by mobilizing third-party funds and by working closely with businesses and industry associations to enhance ESG standards. By achieving higher productivity and organizational efficiency, the Issuer can scale up its activities, and create greater impact.

FMO monitors a set of performance metrics aligned with these three pillars and sets specific targets for each. This allows it to define, steer and track success for each objective.

Focus markets

To achieve higher impact, FMO focuses its investments on regions where its impact can be the greatest and on sectors that are crucial to economic, environmental and social progress.

The Issuer maintains a wide geographical spread to optimize its impact and diversify risks, while prioritizing regions and countries where development impact is needed the most.

FMO focuses on three sectors that – in their view – are crucial to a country's economic and social progress:

Agribusiness, Food & Water | Approximately, 800 million people globally are undernourished. This sector can ensure that by 2050, 9 billion people have access to food and that the environmental and social footprint is minimized. To this end, FMO invests in advanced technologies and applies international standards. The Issuer finances sustainable agribusiness companies throughout the value chain including those that make agriculture more water-efficient. It also invests in forestry.

Energy | Approximately one billion people lack access to energy. Many of these people live in rural Africa. Three billion people lack access to clean cooking fuels and technology. FMO invests in renewable energy, as well as in projects that provide access to energy in less developed economies.

Financial Institutions | Globally, approximately 1.7 billion adults are still unbanked. Accessible finance is a cornerstone of a strong economy and private sector. A healthy financial sector can bolster entrepreneurs and individuals. FMO provides long-term funding, risk capital and local currency financing and focuses on SME financing. The Issuer also promotes green lines and looks for business models that serve the unbanked.

Dutch business

Over the years, FMO has made considerable effort to deepen relationships with Dutch corporate customers, increase the visibility of NL Business in the Dutch corporate landscape and in strategic relationship building. FMO used its Development Accelerator and Project Development Fund to develop new and innovative projects.

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 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 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.

Articles of association

FMO's articles of association were last amended in 2009, the year in which the first version of the Dutch Corporate Governance Code came into effect. FMO's bylaws were updated in 2013 and the bylaws of the Impact Committee were drawn up in 2019.

Governance structure

FMO is a company with a two-tier board consisting of the Management Board and the Supervisory Board, within the meaning of article 2:153 of the Dutch Civil Code. Among other implications, this means that members of the Supervisory Board will be appointed by the General Meeting at the nomination of the Supervisory Board. With respect to a third of the members of the Supervisory Board, the Supervisory Board is in principle required to nominate the individual recommended by the Works Council. The Dutch Civil Code also states that the financial statements will be adopted by the General Meeting.

FMO is expected to take the interests of all stakeholders into account at all times. In governance terms, this expectation is expressed through the responsibilities and accountability of the Management Board and Supervisory Board with regards to FMO's shareholders and other stakeholders.

The Management Board ensures that FMO adheres to all applicable corporate governance codes. Specific responsibilities of the Supervisory Board include the tasks described in the Dutch Banking Code 2014 regarding sound and ethical operation.

The Management Board of FMO consists of the Chief Executive Officer, the Chief Risk & Finance Officer and the Chief Investment Officer appointed by the Supervisory Board:

F. (Fatoumata) Bouaré	L.G. (Linda) Broekhuizen	H. (Huib-Jan) de Ruijter
Chief Risk & Finance Officer Ivorian (Ivory Coast), 1966, female	Chief Executive Officer a.i. Dutch, 1968, female	Chief Investment Officer a.i. Dutch, 1976, male
Appointment in current position 2017-2021	Appointment in MB position: 2014-2018, 2018-2022	Temporary appointment: October 2020

Other positions:
No other positions.

Other positions:
1. Member of the Board of Directors of EDFI (association of bilateral European Development Finance Institutions)
2. Member of the Appeals Committee of the Foundation for Banking Ethics Enforcement and member of the Appeals Committee of DSI
3. Supervisory Board member of the Netherlands Council for Trade promotion (NCH)
4. Supervisory Board member Royal Institute of the Tropics (KIT)
5. Member of the Development Cooperation Committee of the Dutch Advisory Council on International Affairs (COS / AIV)
6. Member of the Advisory committee for Guarantee Program SME credits (Ministry of Economic Affairs and Climate)
7. MB member Stichting Netherlands Advisor Board on Impact Investing (NAB)

Other positions:
No other positions.

The Management Board members are formally responsible for the management of FMO.

The Supervisory Board of FMO consists of six members appointed by the General Meeting of Shareholders on the nomination of the Supervisory Board:

	Supervisory Board	Audit & Risk Committee	Selection, Appointment & Remuneration Committee	Impact Committee
P. Vellinga (Chairman until 23 April 2020)	•		•	
A.E.J.M. Schaapveld (SB member until 23 April 2020)	•	•		
D.J. van den Berg (Chairman (a.i.) as of 23 April 2020)	•		•	•
J.V. Timmermans	•	•		
T. Menssen	•	•		•
D.K. Agble (as of 23 April 2020)	•	•		
M. Demmers (as of 23 April 2020)	•		•	•
R.P.F. van Haeringen (as of 23 April 2020)	•		•	•

Appointments of members of the Supervisory Board and Management Board are subject to the approval by the Dutch Central Bank, which assesses the reliability and suitability of candidates.

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.

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 2020. 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.

Supervisory Board Committee activities

The Supervisory Board currently has three committees: the Audit and Risk Committee, the Selection, Appointment and Remuneration Committee, and, as of 1 July 2019, the Impact Committee.

The Audit and Risk Committee (ARC) 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.

The main task of the Selection, Appointment and Remuneration Committee is to advise on the proposals on the appointment and 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.

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.

On 27 March 2020, the ECB strongly recommended banks (such as FMO) to either suspend its dividend payment until at least 1 October 2020, or to completely cancel the dividend payment for 2019. This recommendation is supported by DNB, given the significant shock that the corona pandemic is inflicting on the economy and the role that is envisaged for banks to mitigate the effects as much as possible. A company net loss of €205 million is recorded in 2020. Considering this loss, the Management Board and Supervisory Board proposed to the Shareholders not to pay out dividends related to 2020. Based on the Agreement State-FMO of November 16, 1998, the proposal is made to allocate €6.1 million of the loss (3% of the loss) to "other reserves" and the remaining loss to the "contractual reserve". This approach aligns with the pay-out factor as applied in the allocation of dividend in previous years. The above proposal with respect to non-payment of dividends and allocation of losses has been approved by the Annual General Meeting of the Issuer on 22 April 2021.

Subsidiaries

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

- Nuevo Banco Comercial Holding B.V. (100%);
- Asia Participations B.V. (100%);
- FMO Medu II Investment Trust Ltd. (100%);
- Equis DFI Feeder L.P. (63%);
- FMO Investment Management B.V. (100%); and
- NedLinx 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.

PLACEMENT AND SALE

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

TBC Capital LLC (the “**Manager**”) has, pursuant to the Mandate Letter dated 7 May 2021, agreed to assist the Issuer in placing the Bonds with purchasers who are the Qualified Investors.

The Manager shall offer or sell the Bonds through the Prospectus. The Manager is prevented from distributing any information other than information included in the Prospectus.

The Manager has agreed that the Bonds shall not be offered or sold on behalf of the Issuer in any jurisdiction other than Georgia.

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 on or around 18 May 2021. 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 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 2020 other than as described below.

FMO has not yet incurred material increases in non-performing loans or write-offs due to COVID-19. However, the Issuer did take additional provisions for the performing loan portfolio for the increased credit risk that is caused by the uncertainties around the pandemic.

Furthermore, due to accumulation of external factors such as the political crisis in Lebanon, floods and the locust plague in East Africa, rising dollar prices or stock markets plummeting at the beginning of the pandemic, the euro-dollar valuation has changed significantly, affecting FMO's private equity portfolio on the currency side.

Travel restrictions have limited FMO's ability to fill its pipeline and close new contracts. This has impacted its 2020 results. Effects are expected to be long-term as FMO is unlikely to make up for the lower growth in 2020 and 2021, meaning it will affect income levels for years to come. FMO has, therefore, reviewed its cost base to maintain a healthy cost to income ratio.

In the energy sector, project development has come to a standstill, leading to fewer new business opportunities. Some projects were held up due to supply chain disruptions or faced delayed construction that ultimately led to restructuring of loans as their financial position deteriorated. For other operational projects, governments low on funds were unable to pay for the energy provided. Due to the decline in economic activity, demand for electricity has also decreased. Furthermore, FMO is active in the off-grid sector, where small entrepreneurs can no longer afford the facilities and supply chains of materials have been interrupted. Due to local lockdowns, payment for the off-grid systems could not be collected, which also hit the sector hard.

FMO's Agribusiness, Food & Water portfolio is diversified and is holding up well. The impact of the pandemic on such portfolio was lower than expected.

FMO has a large microfinance portfolio that cannot count on government support as much as the universal banking sector. However, FMO's customers are holding up relatively well. Borrowers are repaying their loans as best as possible. Larger financial institutions are aided by moratoria offered by governments. The long-term effects remain to be seen once banks have to pay back this debt.

No Significant Change

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 2020.

Listing

The Issuer has currently listed notes on 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 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 Limited ("Fitch"). An 'AAA' rating is the highest rating assigned by Fitch. The obligor's capacity to meet its financial commitment on the obligation is considered to be exceptionally strong.

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 25th day of May 2021

By or on behalf of FMO

Name: Natalia Babakishvili

Title: Attorney

Signature: N. Babakishvili