

PROSPECTUS



**Nederlandse Financierings-Maatschappij voor
Ontwikkelingslanden N.V.**

Issue of GEL 160,000,000 Floating Rate Notes due 20 July 2023

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 31 July, 2018 (“Issue Date”) and will mature on 20 July 2023 (“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 are expected to be listed and admitted to trading on the market of the Georgian Stock Exchange.

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

Manager



GALT & TAGGART
CREATING OPPORTUNITIES

The date of this prospectus is 31 July 2018.

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

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

This offer comprises a public offering of the Bonds (the “**Public Offering**”) within the meaning of Article 3.1 of the Law of Georgia on the Securities Market (the “**Securities Market Law**”) only inside Georgia, Caucasus region. Notwithstanding the above, this Prospectus comprises neither a preliminary prospectus nor a final or approved prospectus for the purposes of Article 4 of the Securities Market Law. 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.

This Prospectus has not been approved by any regulatory authority, including NBG, by virtue of the exemption provided for by Article 4.6 of the Securities Market Law and available to issuers whose securities are listed on one of the recognised foreign stock exchanges within the meaning of Article 2.62 of the Securities Market Law. NBG has been notified of the Public Offering in advance, as required under Article 4.6 of the Securities Market Law.

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 analyze 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 AND INCORPORATION BY REFERENCE

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 most recent audited financial statements.

The Issuer's latest Annual Report shall be deemed to be incorporated in and to form part of this Prospectus, and references to this "Prospectus" shall mean this document and any documents incorporated by reference in and forming part of this Prospectus, except, and to the extent, any such document is superseded or modified by any subsequent document incorporated by reference in and forming part of this Prospectus. Neither the Prospectus nor the documents/information incorporated by reference in and forming part of this Prospectus have been submitted to any review and clearance procedures by any stock exchange or regulatory authority referred to herein.

Copies of the Annual Report incorporated by reference in this Prospectus may be obtained and downloaded from the Issuer's website: <https://www.fmo.nl/about-us/reports>

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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

An important risk to FMO is credit risk, particularly as a result of FMO having to take risks that commercial market parties are usually not prepared to take. Credit risk is the risk of loss of principal or loss of a financial reward stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation.

Credit risk from loans in emerging market countries arises from a combination of counterparty risk, country risk and product specific risks. These types of risk are assessed during the credit approval and credit review process and administered, *inter alia*, via internal scorecards. The lending process is based on formalized and strict procedures. Management of credit risk is FMO's core business, both in the context of project selection and project monitoring.

Market risk

FMO's lending activity (debt placements) is denominated mostly in U.S. Dollars (about 80% of its lending capacity) and in emerging market currencies, while the majority of borrowings in the capital markets are in U.S. Dollars and Euro, supplemented by currencies such as Australian dollars, Swedish Krona and other local currencies. FMO also offers certain debt products for which the interest rates are fixed. FMO's equity portfolio is denominated mostly in U.S. Dollars and to a lesser extent in emerging market currencies.

Changes in the level of currency exchange rates, interest rates, credit spreads included in interest rates (caused by the market perception of credit risk, liquidity risk or other risks) and changes between different types of interest rates may negatively affect FMO's business by decreasing its interest income. In a period of changing interest rates (and higher and more volatile credit spreads), interest expense may increase at different rates than the interest earned on assets. Accordingly, changes in interest rates could decrease interest result of FMO. FMO enters into derivatives to manage the currency and basic interest rate risks associated with the products described above across its portfolio as a whole.

FMO applies a structural approach for the foreign currency positions in the equity position for two reasons. First, FMO has created an open foreign exchange position in its private equity portfolio in order to hedge against an adverse effect of the exchange rate on the regulatory capital ratios. A depreciation of FMO's reporting currency (Euro) can significantly affect the capital ratio since FMO's assets - and hence also the risk weighted assets - are mainly US dollar denominated or in local currencies. The US dollar long position in the equity portfolio thereby functions as a partial hedge for FMO's regulatory capital ratios. Second, the uncertainty in the size and the timing of the cash flows for equity investments make hedging less effective.

Liquidity risk

The present treasury policy on investment provides for the need to maintain cash holdings, among other things to cover the liquidity risk. FMO has been rated 'AAA/Stable/A-1+' by Standard & Poor's Credit

Market Services Europe Ltd. ("**Standard & Poor's**") and 'AAA/Stable/FI+' by Fitch Ratings Limited ("**Fitch**"). As of the date of this Prospectus, Standard & Poor's and Fitch are established in the European Union and registered under the CRA Regulation.

FMO currently shares the same Standard & Poor's and Fitch credit ratings as the State, primarily as a result of the undertakings provided to FMO by the State in the agreement between the State of the Netherlands (the "**State**") and FMO (the "**State Agreement**") (see '*Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. - State Agreement*'). Accordingly, any change in the credit rating of the State could result in a corresponding change to FMO's credit rating. This could lead to an increase of FMO's cost of accessing capital markets as its main source of funding and FMO may encounter increased liquidity risks. This may also have an impact on FMO's competitive position with its clients in the private sector and its financial condition. Standard & Poor's and Fitch review their ratings and rating methodologies on a recurring basis.

FMO retains a sizeable portfolio of liquid investments to generate liquidity if required. The State Agreement addresses liquidity risk in article 8 (see '*Nederlandse Financieringsmaatschappij voor Ontwikkelingslanden N.V. - State Agreement*'). If FMO's access to the capital markets were to decline or the cost of accessing such markets should increase significantly or if FMO is unable to attract other sources of financing, these developments could have an adverse effect on FMO's financial condition and results of operations and could, in turn, impair FMO's access to liquidity. Under the State Agreement, the State has undertaken to provide support to FMO to the extent necessary to fulfil its obligations in respect of, among other things, all loans raised on the capital markets and all short-term funds raised on the money market with maturities of two years or less. If and to the extent that the State were to fail to fulfil its obligations under the State Agreement in a timely manner or at all, FMO could be unable to fulfil these obligations in a timely manner or at all when due, including its obligations under the Bonds.

No reliance upon the State

Although (i) the State is a majority shareholder in the Issuer and (ii) the Issuer has an agreement with the State which provides FMO with financial support, the State's involvement and/or financial support may over time, subject to a twelve-year notice period, be decreased substantially or terminated altogether and alter the Issuer's risk profile, financial position or future prospects. As a consequence, any such 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.

Changes in the financial services laws, regulations governing FMO's business and/or tax laws may adversely affect its 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) will have to be 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 finalised 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 standardised approach must be applied instead) and stricter rules for calculating risk-weighted assets for credit risk (both under the standardised approach as well as under the internal ratings-based (IRB) approach). The impact of the Basel III Reforms remains subject to considerable uncertainty and transposition by the EU legislature. Any amendments resulting from the Basel III Reforms and possible future reforms are likely to affect rules contained in CRD IV and/or the application of CRD IV and the rules and regulations based thereon.

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 will be 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 Commission has proposed a binding leverage ratio of 3% pursuant to the EU Banking Reforms (as further described below). According to the proposal, competent authorities remain responsible for monitoring leverage policies and processes of individual institutions and may impose additional measures to address risks of excessive leverage, if warranted. 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.

On 23 November 2016, the European Commission announced a further package of reforms to CRR, CRD IV, the BRRD and 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, macroprudential 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, and the transposition of the fundamental review of the trading book ("**FRTB**") conclusions into EU legislation. 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). Save for certain elements, such as the envisaged application of TLAC as of 1 January 2019 and the required implementation in the Member States of the 'non-preferred' senior debt ultimately by 29 December 2018, the timing for the final implementation of these reforms as at the date of this Prospectus is unclear. The EU Banking Reforms are still subject to debate and approval at the EU Level as well as implementation and entry into force in the Member States. Furthermore, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect the Issuer or Bondholders.

On 10 October 2017, the four parties that have formed the new Dutch government released their coalition agreement (*regerakkoord*) 2017-2021. The coalition agreement does not include concrete legislative

proposals, but instead sets out a large number of policy objectives of the new Dutch government. One of the policy objectives is the introduction of a 'thin capitalization rule' that, if implemented, would result in a limit of the deduction of interest on debt exceeding 92% of FMO's commercial balance sheet total. Many aspects of this policy objective remain unclear, but if this initiative is implemented in Dutch tax law, it may have an adverse impact on the amount of interest that FMO may deduct for Dutch corporate income tax purposes and thus may increase FMO's Dutch corporate income tax liability. However, the new Dutch government also aims to lower the Dutch corporate tax rate. If enacted, the corporate income rate applicable to taxable profits up to €200,000 will be lowered from 20% to 19% in 2019, to 17.5% in 2020 and to 16% in 2021 and the corporate income tax rate applicable to taxable profits in excess of €200,000 will be lowered from 25% to 24% in 2019, 22.5% in 2020 and to 21% in 2021.

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.

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.

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 and jurisdiction

The conditions of the Bonds 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. Bondholders may take any suit, action or proceedings arising out of or in connection with the Bonds against the Issuer in any court of competent jurisdiction. 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 holders of the Bonds 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 SRB, DNB, the ECB, the Minister of Finance and/or any other relevant authority could be used in such a way as to result in the debt instruments of the Issuer, such as the Bonds, absorbing losses or otherwise affecting the rights of Bondholders in the course of any resolution of the Issuer.

Other Risks

Risks Relating to Exchange Rate & Currency

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

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

Risks relating to Recognition and Enforcement of Judgment

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

TERMS AND CONDITIONS OF THE BONDS

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

GEL 160,000,000 Floating Rate Notes due 20 July, 2023 (the “**Bonds**”), are issued in line with the Articles of Association of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the “**Issuer**”). The issue of the Bonds was approved by written resolutions of the Board of Management of the Issuer dated on or around 30 July 2018.

Payments of principal and interest in respect of the Bonds will be made in accordance with a Calculation and Paying Agency Agreement dated 31 July, 2018 (the “**Calculation and Paying Agency Agreement**”) between the Issuer and JSC Galt & Taggart as calculation and paying agent (the “**Calculation and Paying Agent**”). The Calculation and Paying Agency Agreement has attached to it the Terms and Conditions of the Bonds. The Registered Holders (as defined below) are entitled to inspect a copy of the Calculation and Paying Agency Agreement which will be available at the specified office of the Calculation and Paying Agent and are deemed to have notice of, and be bound by, all the provisions of the Calculation and Paying Agency Agreement applicable to them.

“**Bondholder**” means a person who is a registered owner of the Bonds as evidenced by the extract from the Register 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, 31 July, 2018 (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 20 October, 20 January, 20 April and 20 July of each year from and including 20 October, 2018 up to and including 20 July, 2023. Each date set for payment of interest in this Condition 3 is hereinafter referred to as an “**Interest Payment Date**”, with 20 July, 2023 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 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 91 day GEL- NBG CD.

“**91 day 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=geo> 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**” 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 91 day 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;

“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 by the Government of Georgia or for the settlement of transactions by public institutions in Georgia or within the international banking community, or if GEL is otherwise not expected to be available to the Issuer as a result of circumstances beyond the control of the Issuer (including the non-payment by borrowers to the Issuer), then the Issuer shall be entitled to satisfy its obligations to the Registered Holders in respect of such payment by making such payments in the United States dollars (“USD”) equivalent amount calculated on the basis of the USD/GEL exchange rate established by NBG as of 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 constitute a late payment, such that the relevant Bondholders are not entitled to receive any default interest in respect of such payment.

(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, 18:00 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. 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 file a law suit with the court against the Issuer 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 Jurisdiction

(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) Jurisdiction

With respect to any legal action or proceedings (“**Proceedings**”) in connection with the Bonds, the Issuer irrevocably agrees, for the benefit of the Registered Holders that the competent courts of Georgia are to have jurisdiction to settle any disputes and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the Georgian courts shall be conclusive and binding upon the Issuer.

USE OF PROCEEDS

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

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

Incorporation

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

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

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

FMO's mission

FMO finances entrepreneurs from developing countries because it believes a thriving private sector fuels economic and social progress. Entrepreneurship is the key to creating sustainable economic growth and improving people's living standards. FMO invests in companies, financial institutions and projects with capital and knowledge, ambitious entrepreneurs who care about social returns and protecting the environment alongside financial success, because FMO is convinced they can serve as engines of sustainable growth in their countries. FMO creates impact through (i) inclusive development, (ii) green development, (iii) economic growth and (iv) sharing FMO's knowledge and networks. FMO's business is fuelled by a vision that it shares with the World Business Council for Sustainable Development: a world in 2050 in which nine billion people live well and within the boundaries of the planet. Within this vision, FMO's mission is to empower entrepreneurs to build a better world.

Share capital

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

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

| Shareholders' equity | 2017 | 2016 |
|----------------------------|-----------|-----------|
| Share capital | 9,076 | 9,076 |
| Share premium reserve | 29,272 | 29,272 |
| Contractual reserve | 1,726,404 | 1,477,843 |
| Development fund | 657,981 | 657,981 |
| Available for sale reserve | 400,687 | 571,075 |
| Translation reserve | -16,696 | 9,221 |
| Other reserves | 10,602 | 9,394 |

| | | |
|----------------------------|-----------|-----------|
| Undistributed profit | 5,556 | 6,682 |
| Non-controlling interest | 7,071 | 2,991 |
| Total shareholders' equity | 2,829,953 | 2,773,353 |

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, representatives of the private sector and certain private individuals) | 7 |

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

Activities

The Issuer is a development bank based in the Netherlands with total assets of EUR 8,322,929,000 as of 31 December 2017, and operates through its office in The Hague. As of 31 December 2017, the Issuer employed 467 people (full time equivalent).

The Issuer's core business comprises providing long-term financing to private companies in the Agribusiness and Energy sectors and financial institutions in Asia, Latin America, Africa and other developing regions. The Issuer makes use of financial products such as loans and equity investments as well as a non-financial product, namely knowledge transfer. The Issuer's lending and guarantee operations include project finance, corporate loans and lines of credit to financial institutions.

The Issuer invests, *inter alia*, both directly and through managed investment funds, in common and preference shares, subordinated loans with equity options or other sweeteners, and other quasi-equity instruments such as mezzanine financing, whether redeemable or not and whether covered by put-options or not. On average over the financial years 2015, 2016 and 2017, FMO has contracted EUR 1,693,000,000 in new commitments, in addition to commitments of State funds, with an average committed amount of approximately EUR 15 million per investment. The majority of these deals are in FMO's focus sectors.

Other activities of the Issuer include financing small-scale enterprises, providing seed capital to newly formed companies mainly in Africa, financing infrastructure projects in least developed countries, encouraging foreign direct investments and financial investment promotion and capacity development of

private sector companies in developing countries. Such other activities are performed by the Issuer for the account of the State and are based on agreements with the State.

These activities enable the Issuer to take on additional portfolio and sector-level risk in some cases. In others, such as in relation to capacity development activities, company-level risks are reduced by coupling institution building to the Issuer's core business clients. The client is better served by the Issuer's ability to apply synergetic combinations of these State-supported and the Issuer's primary activities. The capacity development-programme enables targeted access to know-how, bundled to meet a company's full organizational needs. The programme is FMO-managed and financed by the Dutch Ministry for Development Cooperation. In 2013, FMO established an investment advisory and management function which operates under the name FMO Investment Management ("FMO IM").

FMO IM is an investment advisor to a recently established debt fund that participates in loans provided to financial institutions serving small and medium sized enterprises in developing countries. To support fund management activities, FMO IM implemented a new system for administration of funds that it will be managing for third parties. FMO IM also applied for a Markets in Financial Instruments Directive ("MiFID") license application, which application was finalised by 17 September 2015.

Through its syndicated loan- or B loan-program the Issuer pools financial resources from multiple partners to attract the required funding on a non-recourse basis. Under this program, other financial institutions provide part of the funds for a loan and bear their *pro rata* share of the risks, but the Issuer serves as a lender of record for the entire loan. The participating banks can benefit from the political protection and fiscal benefits arising from the Issuer's status as a bilateral international financing institution. FMO continues to pursue increasingly effective approaches that strengthen partnerships with key stakeholders by offering innovative solutions for FMO's clients and create worldwide partnerships to serve clients with local knowledge combined with FMO's entrepreneurial spirit.

In 2017 FMO established a separate entity NedLinx B.V. to service Dutch companies that are looking for financing solutions to enable them to become more competitive in development projects with a social impact in the international markets. The main activities of NedLinx B.V. include providing export finance and project development activities.

Strategy

During 2017 FMO reviewed its operating environment and updated its corporate strategy towards 2025. FMO's updated strategy was aligned with the Sustainable Development Goals (SDGs), building on increased focus and impact in FMO's activities. FMO has set itself the goal to be 'Your preferred partner to invest in local prosperity'.

Across FMO's investments it contributes to Decent Work and Economic Growth (SDG 8). In the period up to 2025 FMO will raise the proportion of its portfolio focused on Reduced Inequalities (SDG 10) and Climate Action (SDG 13). To contribute to SDG 10, FMO is increasing inclusive (including genderfocused) investments and investments in least developed countries (LDCs). FMO can contribute to SDG 13 by increasing climate mitigation and adaptation investments and identifying ways to align its strategy with international climate ambitions (1.5 - 2.0-degrees pathway). In view of this, FMO will continue our journey to double its impact and halve its footprint by 2020.

Investing in local prosperity also means that FMO supports its clients with the aim of having positive impact on local stakeholders, their communities, and ultimately society at large. During project screening, FMO therefore ensures that its clients engage with local stakeholders to understand their perspectives, address their concerns, and ensure that they benefit from positive spin-offs from the project concerned and are properly compensated for any negative repercussions that the project may have on them.

Markets

FMO's main markets are: Financial Institutions, Energy and Agribusiness, Food and Water.

Financial Institutions

Accessible finance is a cornerstone for viable economies and strong private sectors. A healthy financial sector can bolster entrepreneurs and individuals alike.

FMO focuses on financial institutions with long-term goals that can boost their markets and communities by creating access to financial services. FMO tailors its products to its clients' needs – financing all forms of financial institutions at all stages of development. FMO's products and services cover the long-term as well as short-term, incorporating local-currencies when possible to avoid mismatches.

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

Energy

Financing energy projects is a major priority of FMO's strategy. FMO focuses on the full chain from exploration and transportation to generation and distribution, with a strong emphasis on renewable energy. In middle-income countries, FMO invests in sustainable energy. In low-income countries, FMO invests in energy projects that enable new access to energy, with an emphasis on renewable energy. For developing countries, access to reliable and affordable energy is essential for economic and social progress.

Energy is crucial for running businesses, institutions and households alike. Without alternatives, fragile fossil fuels such as oil, coal and gas continue to be depleted. And natural disasters from climate change are more frequent and devastating – putting even more pressure on resources.

FMO finances long-term projects that can fuel economies, open gateways to access, clear the way for low-carbon systems and safeguard energy supplies.

Agribusiness, Food and Water

Achieving long-term sustainability in global agribusiness production requires large investments targeted at improving farming practices, increasing yields and reducing waste. Food security and access to affordable nourishment are crucial in developing countries.

A surging global population demands long-term accessibility to affordable food. FMO finances sustainable agribusiness companies throughout the value chain, including farming, processing and distribution operations.

Dutch business

During 2014, FMO intensified the dialogue with Dutch parties to discuss how Dutch companies can be supported in doing business in developing countries. FMO supports Dutch corporates that invest in developing countries by providing them with relevant networks and products. FMO has particularly strong ambitions in the field of export finance, additional to the role assumed by commercial banks. In addition, building on the Partnership Development Facility FMO is developing a strategic investment agenda for food security and climate adaptation and blueprint investment approach for the Netherlands with high development impact propositions for emerging economies. These propositions combine technical expertise, execution capacity, finance and offtake contracts. The activities related to Dutch companies are included in NedLinx B.V.

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 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 above mentioned 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 five-yearly evaluation was commenced in 2013 and was completed in the first quarter of 2014.

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.

Since obtaining a full banking license, paragraph 3.5.5 of the DFSA (*noodregeling*), dealing with emergency measures with respect to liquidity and solvency, also applies to FMO.

Management

Supervisory Board

Prof. Dr. Ir. P. Vellinga

Mrs. Drs. A.E.J.M. Schaapveld
MA¹

Chairman of the Supervisory
Board²

Ir. T. Menssen MBA¹

Drs. D.J. van den Berg²

Drs J.V. Timmermans¹

Management Board

Peter van Mierlo

Mrs. F. Bouaré MBA

Mrs. Drs. L.G. Broekhuizen

Chief Executive Officer

Chief Risk & Finance Officer

Chief Investment Officer

¹ Member of the Audit and Risk Committee (the "ARC")

² Member of the Selection, Appointment and Remuneration Committee (the "SARC")

Management Board

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

The Management Board of the Issuer normally consists of three members. The Chief Executive Officer ("CEO") of FMO, Jürgen Rigterink has been succeeded by Peter van Mierlo on 1 July 2018.

Peter van Mierlo, Chief Executive Officer

In May 2018 Peter van Mierlo was appointed by the Supervisory Board as CEO, as per 1 July 2018. Previously, Peter was the Chairman of the Board of Management of PwC Netherlands and Managing Partner of PwC Europe in which role he led audits for amongst others large corporates and financial institutions. He is a fervent advocate of cultural diversity, gender equality and doing responsible business. Peter is amongst others a member of the Board of the Confederation of Netherlands Industry and Employers (*VNO-NWC*).

Linda Broekhuizen, Chief Investment Officer

Linda Broekhuizen was appointed as Chief Investment Officer ("**CIO**") as of 1 January 2014. She joined FMO in 2000. Prior to being appointed as CIO, Linda served as FMO's Director Financial Institutions, Manager of the Agribusiness, Food & Water department and Manager Sustainability Development. She is also a member of the management board of the Netherlands Council for Trade promotion (*Nederlands Centrum voor Handelsbevordering*) and member of the Appeals Committee of Foundation for Banking Ethics Enforcement.

Fatoumata Bouaré, Chief Risk & Finance Officer

Fatoumata Bouaré was appointed as Chief Risk & Finance Officer ("**CRFO**") as of 15 October 2017. Prior to being appointed as CRFO, Fatoumata was Director Risk Management Head, Bank Of Africa Group (holding), the highest-ranking risk professional at Bank of Africa and Deputy Chief Executive Officer of Bank of Africa Benin, well-known to FMO, where she was in charge of all integral aspects of risk, including environmental, social and sustainability risks. Before that, she served amongst others for seven years in several regional finance roles with Citibank.

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.

Supervisory Board

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

The Supervisory Board of the Issuer normally consists of six members. Due to the fact that the former Chairman, Jean Frijns, retired in October 2017 and has been succeeded by a sitting member, Pier Vellinga, the Supervisory Board currently counts one vacancy. The search for a new candidate is in process. This candidate should have experience in human/indigenous people's rights and Sustainable Development Goals and who has a network in and experience with Dutch development institutions including non-governmental organisations. The vacancy of the Chair of the Audit and Risk Committee has been filled, by means of the appointment of Koos Timmermans in October 2017.

P. (Pier) Vellinga, Chairman, Chairman

Until recently Pier Vellinga was the chairman of National Research Program on Climate Change, which supports the Dutch government and companies with operational knowledge required for investment decisions related to climate change, climate variability and spatial planning. Until 31 December 2015 he was a Professor at Wageningen University (WUR) and at the Vrije Universiteit in Amsterdam. He is co-founder and board member of URGENDA, the national platform for the promotion of sustainability in business practices and is director Water and Climate of the Wadden Academy.

Alexandra Schaapveld, Member

Alexandra Schaapveld holds a number of non-executive board positions. She is presently member of the supervisory board of Société Générale, France, and chairs the Audit Committee of this bank. She is a non-executive director of Bumi Armada Berhad, Malaysia and member of the Supervisory Board of Vallourec S.A., France. She joined ABN AMRO Bank in 1984. She was involved in Corporate Banking and subsequently in Investment Banking, Equity Capital Markets and Mergers and Acquisitions. In 2001, she was appointed Senior Executive Vice President responsible for Sector Expertise and in 2004 became Head of the Business Unit Global Clients and Investment Banking. After the acquisition of ABN AMRO by a consortium of banks, she became head of Europe for Royal Bank of Scotland, which position she held until 2008.

Thessa Menssen, Member

Thessa Menssen was appointed by the Annual General Meeting as member of FMO's Supervisory Board on 20 May 2016. Since 2012 she is chief financial officer/member of the executive board of Royal BAM Group in the Netherlands. She also serves as a supervisory board member and chairwoman of the audit committee at PostNL. Before joining Royal BAM Group, she held senior positions at Unilever and The Port of Rotterdam. From 2010 until 2015, she served as a supervisory board member at Vitens, the largest drinking water company in the Netherlands.

Dirk Jan van den Berg, Member

Dirk Jan van den Berg joined the Supervisory Board in 2016. He is currently Chair of the Executive Board of Sanquin Blood Supply, a foundation that runs the national blood bank system, operates a fully commercial pharmaceutical plant and conducts major research programs on blood related topics. He is also vice chairman of the Supervisory Board of Gasunie, member of the Governing Board of the European Institute for Innovation and Technology, and a member of many (international) academic and international policy advisory boards.

Koos Timmermans, Member

Koos Timmermans was appointed as Supervisory Board member in October 2017. He currently chairs the Audit and Risk Committee. Koos Timmermans's most recent positions (present - 2007) are Chief Financial Officer at ING Groep N.V., Vice-Chairman of ING Bank N.V. and Chief Risk Officer of ING Groep N.V. He brings the required knowledge and experience, with regard to topics such as Risk Management, in particular e.g. Basel III, Asset & Liability knowledge, finance and accounting knowledge to FMO. *Potential Conflicts of Interest Supervisory Board*

Before Alexandra Schaapveld was appointed as member of the Supervisory Board of FMO, she had already invested in a client of FMO and she is member of the investment committee and board of directors of this client. As a condition of her appointment to the Supervisory Board, DNB has set certain requirements to mitigate the risk of any conflict of interest arising in respect of this client. FMO complies fully with these requirements. 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.

Koos Timmermans is Vice-Chairman of ING Bank N.V., which bank is one of FMO's larger shareholders. Therefore, Koos Timmermans is not a dependent SB member as defined in the Dutch corporate governance code (the "Code") in principle 2.1.8. FMO applies this Code voluntarily. However, in case of possible conflicts of interests, if any, he will abstain from discussions and decision making in the Supervisory Board. The Code (as described in more detail below under '*Dutch Corporate Governance*

Code'), to which the Issuer voluntarily adheres, requires that any conflict of interest or apparent conflict of interest between a company and supervisory board members shall be avoided. Decisions to enter into transactions involving conflicts of interest of Supervisory Board members that are of material significance to the Issuer and/or the relevant Supervisory Board members require the approval of the Supervisory Board. Transactions involving a conflict of interest that are of material significance to the Issuer and/or the relevant Supervisory Board members will be disclosed in the annual report.

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

Audit and Risk Committee

As of 27 September 2017, the ARC comprises Koos Timmermans (Chair), Alexandra Schaapveld and Thessa Menssen.

The ARC monitors economic capital issues, in line with Basel guidelines. It reviews and advises on FMO's financial position, operational risks and reporting, corporate governance relating to financials and processes, including compliance, internal and external control, and audit reports.

Selection, Appointment and Remuneration Committee

The SARC currently consists of three members: Dirk Jan van den Berg, who chairs the committee, Pier Vellinga and currently there is one vacancy.

An important task of the SARC is preparing proposals on the (re)appointment of Supervisory and Management Board members. Others include carrying out regular assessments of the performance of the individual members of the Management Board members, monitoring the remuneration policy, preparing proposed adjustments and giving advice on the remuneration of individual Management Board members.

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 is based upon the articles of association and the State Agreement and a recommendation of the European Central Bank, which the Dutch Central Bank adopted, dated 13 December 2016. 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.

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%); and
- FMO Investment Management B.V. (100%)
- 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 as of the Issue Date is available at the following link: <https://matsne.gov.ge/ka/document/view/2257126>. FMO is currently indeed listed as an IFI.

The Netherlands tax

General

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

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

Withholding tax

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

Taxes on income and capital gains

Non-residents of the Netherlands

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

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Bonds are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Bonds that go beyond ordinary asset management and does not derive benefits from the Bonds that are taxable as benefits from other activities in the Netherlands.

Gift and inheritance taxes

Non-residents of the Netherlands

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

- (i) in the case of a gift of a Bond by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be a resident in the Netherlands.

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

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

Value added tax (VAT)

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

Other taxes and duties

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

UNDERWRITING AND SALE

The following is a summary of the underwriting and sale arrangements relating to the Bonds.

JSC Galt & Taggart (the “**Manager**”) has, pursuant to the Underwriting Agreement dated on or about the date of this Prospectus, agreed with the Issuer to fully underwrite the Bonds.

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

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

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 dated on or around 30 July 2018. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands and Georgia have been given for the issue of the Bonds and for the Issuer to undertake and perform its obligations under the Underwriting Agreement, the Calculation & Paying Agency Agreement and the Bonds.

No Material Change

There has been no material adverse change in the prospects of the Issuer since 31 December 2017.

No Significant Change

There has been no significant change in the financial or trading position of the Issuer or its subsidiaries, taken as a whole, since 31 December 2017.

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.

Auditors

As of 1 January 2016 Ernst & Young Accountants LLP ("**Ernst & Young**") became the new external auditor to audit the financial information of the Issuer. Ernst & Young is located at Antonio Vivaldistraat 150, 1083 HP Amsterdam, the Netherlands. The individual auditors of Ernst & Young are registered with the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants* ("**NBA**")).

International Financial Reporting Standards

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

Rating

FMO has been rated 'AAA/Stable/A-1+' by Standard & Poor's. An 'AAA' rating is the highest rating assigned by Standard & Poor's. 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. An 'AAA' rating is highest rating assigned by Fitch. The obligor's capacity to meet its financial commitment on the obligation is considered to be exceptionally strong.

ISSUER

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
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Georgia

AUDITOR

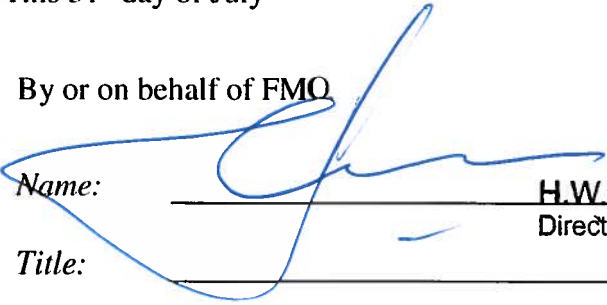
Ernst & Young Accountants LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

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

This 31st day of July

By or on behalf of FMO

Name:


_____ H.W.H.M. Cornelissen

Director Credit, Legal & Special Operations

Title:

Signature: _____

Name:

_____ L.G. Broekhuizen

Chief Investment Officer

Title:

Signature: