



## BASE PROSPECTUS DATED 14 June 2018

**Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.**  
(Incorporated in the Netherlands with limited liability and having its statutory domicile in  
The Hague)

### EUR 7,000,000,000 Debt Issuance Programme

Under the EUR 7,000,000,000 Debt Issuance Programme (the "**Programme**") described in this base prospectus (the "**Base Prospectus**"), Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("**FMO**" or the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 7,000,000,000 (or its equivalent in any other currency calculated as described herein).

The Notes may be issued on a continuing basis to one or more of the dealers specified below and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). The Dealer or Dealers with whom the Issuer agrees or proposes to agree an issue of any Notes is or are referred to as the "**relevant Dealer(s)**" in respect of those Notes.

**An investment in the Notes entails certain risks. Prospective investors should have regard to the risk factors described under the section 'Risk Factors' in this Base Prospectus.**

The Notes of each series (each a "**Series**") or tranche (each a "**Tranche**") will initially be represented by a global note. Each global note which is not intended to be issued in new global note form (a "**Classic Global Note**" or "**CGN**") as specified in the relevant Final Terms (as defined below) will be deposited on the issue date thereof either (i) with a common depository on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other agreed clearing system specified in the applicable Final Terms or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., formerly known as NECIGEF, ("**Euroclear Netherlands**"). Each global note which is intended to be issued in a new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. See '*Form of the Notes*' as set out herein.

This Base Prospectus has been approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"), which is the Netherlands' competent authority for the purpose of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State (the "**Prospectus Directive**"), as a Base Prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the Netherlands for the purpose of giving information with regard to the issue of Notes during the period of twelve months after the date hereof.

Application may be made for Notes to be listed and admitted to trading on Euronext in Amsterdam ("**Euronext in Amsterdam**"), the regulated market of Euronext Amsterdam N.V., the Official List of the Luxembourg Stock Exchange (the "**Luxembourg Stock Exchange**"), the non-regulated Luxembourg multilateral trading facility (the "**Euro MTF**") and the regulated market of London Stock Exchange plc (the "**London Stock Exchange**"). Euronext in Amsterdam, the Luxembourg Stock Exchange and the London Stock Exchange are regulated markets for the purposes of Directive 2014/65/EU ("**MiFID II**"). The Programme also permits Notes to be

issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system.

The AFM may be requested by the Issuer to provide the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in Luxembourg, the *Finanstilsynet* (the "**Norwegian Finanstilsynet**") in Norway, the *Financial Services and Markets Authority* in Belgium (the "**FSMA**"), the *Bundesanstalt für Finanzdienstleistungsaufsicht* in Germany (the "**BfF**"), the *Financial Conduct Authority* (the "**FCA**") in the United Kingdom in its capacity as competent authority ("**UK Listing Authority**") under the UK Financial Services and Market Act 2000, the *Finanstilsynet* (the "**Danish Finanstilsynet**") in Denmark, the *Finanssivalvonta* (the "**Finanssivalvonta**") in Finland and the *Finansinspektionen* (the "**Finansinspektionen**") in Sweden, with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Regulation 809/2004/EC (the "**Prospectus Regulation**", which term includes any amendments thereto).

The AFM shall notify the European Securities and Markets Authority ("**ESMA**") of the approval of this Base Prospectus and any supplement hereto at the same time as such approval is notified to the Issuer. In addition, the AFM shall provide ESMA with a copy of this Base Prospectus and any supplement hereto.

Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Non-exempt Offer**".

The Issuer may agree with any Dealer that Notes with a minimum denomination of at least EUR 100,000 (or its equivalent in any other currency) may be issued in a form not contemplated by the Terms and Conditions of the Notes as set out herein, in which case a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes and, if relevant, which will be subject to the prior approval of the AFM.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S ("**Regulation S**") under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder (the "**Revenue Code**").

Series or Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security 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. The rating of a certain Series or Tranche of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") will be disclosed clearly and prominently in the Final Terms. In general, credit institutions as defined in Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the Capital Requirements Regulation or "**CRR**"), such as the Issuer, are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**Arranger**

Rabobank

**Dealers**

ABN AMRO	BofA Merrill Lynch
Citigroup	Crédit Agricole CIB
Daiwa Capital Markets Europe	Danske Bank
Deutsche Bank	FMO
HSBC	ING
J.P. Morgan	Mizuho Securities
Rabobank	

This Base Prospectus is issued in replacement of a base prospectus dated 16 June 2017.

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## SUMMARY

Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and the Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in a summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element should be included in the summary with the mention of 'Not Applicable'.

<b>Section A – Introduction and Warnings</b>		
<b>A.1</b>	<b>Introduction and warning</b>	<p>This summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole (including any documents incorporated by reference) by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member State, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Words and expressions defined in the <i>'Terms and Conditions of the Notes'</i> below or elsewhere in this Base Prospectus have the same meanings in this summary.</p>
<b>A.2</b>	<b>Consent to use of this Base Prospectus</b>	<p>Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "<b>Non-exempt Offer</b>".</p> <p><i>Issue specific summary:</i></p> <p>[Not Applicable. No Non-exempt Offer of the Notes will be made.] [Not Applicable. The Notes are issued in denominations of at least EUR 100,000 (or its equivalent in any other currency).]</p> <p>[<i>Consent:</i> Subject to the conditions set out below, the Issuer consents to the use of the Base Prospectus in connection with a Non-exempt Offer of Notes in the Non-exempt Offer Jurisdiction by the Dealer[s], [ ], [and] [each financial intermediary whose name and address is published on the Issuer's website and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer] [and any financial intermediary which is authorised to make such offers under the applicable legislation implementing Directive 2014/65/EU] and publishes on its website the following statement (with the information in square brackets completed with the relevant information):</p> <p><i>'We [insert legal name of financial intermediary], refer to the [insert title of relevant Non-exempt Offer Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "Issuer"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in the Netherlands (the "Non-exempt Offer") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Non-exempt Offer accordingly.'</i></p>

		<p>In connection with this Non-exempt Offer, the Issuer accepts responsibility for the content of the Base Prospectus in relation to any investor to whom an offer of any Notes in this Non-exempt Offer is made by any financial intermediary to whom the Issuer has given its consent to use the Base Prospectus (an "<b>Authorised Offeror</b>"), provided that such Non-exempt Offer has been made in accordance with all the conditions as described under '<i>Consent</i>' above and '<i>Conditions to consent</i>' below.</p> <p><i>Offer period:</i> The Issuer's consent referred to above is given for Non-exempt Offers of Notes during the period from [ ] to [ ] (the "<b>Offer Period</b>").</p> <p><i>Conditions to consent:</i> The conditions to the Issuer's consent [(in addition to the conditions referred to above)] are such that such consent (a) is only valid in respect of the relevant Tranche of Notes; (b) is only valid during the Offer Period; [and] (c) only extends to the use of the Base Prospectus to make Non-exempt Offers of the relevant Tranche of Notes in the Netherlands [and (d) [ ]].</p> <p><b>An investor intending to acquire or acquiring Notes in a Non-exempt Offer from an Authorised Offeror other than the Issuer will do so, and offers and sales of such Notes to an investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations, expenses and settlement arrangements. The Issuer will not be a party to any such arrangements with such investors in connection with the Non-exempt Offer or sale of the Notes concerned and, accordingly, the Base Prospectus and any Final Terms will not contain such information.</b></p> <p><b>Each investor must look at the relevant Authorised Offeror at the time of any such Non-exempt Offer for the provision of information regarding the terms and conditions of the Non-exempt Offer and the Authorised Offeror will be solely responsible for such information (other than where such information is contained in the Base Prospectus, as completed by the applicable Final Terms).</b></p>
<b>Section B – The Issuer</b>		
<b>B.1</b>	<b>Legal and commercial name of the Issuer</b>	The legal name of the Issuer is Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. The commercial name of the Issuer is FMO.
<b>B.2</b>	<b>Domicile, legal form, legislation and country of incorporation of the Issuer</b>	FMO is a public company with limited liability ( <i>naamloze vennootschap</i> ) incorporated in the Netherlands, having its statutory seat at The Hague, the Netherlands. FMO is registered in the trade register of the Netherlands Chamber of Commerce under no. 27078545.
<b>B.4b</b>	<b>Trends</b>	<p>The world economy continues to show broad-based momentum. Against that positive backdrop, the prospect of a similarly broad-based conflict over trade presents a jarring picture.</p> <p>2018 GDP growth for Latin America is expected to be 2.0%. Growth is also picking up to 4.3% in Eastern Europe. Emerging Asia continues to enjoy the highest regional growth rate in the world of 6.5% in 2018, with India at 7.4%. Sub Saharan Africa is expected to grow by 3.4%.</p> <p>Despite the good near-term news, longer-term prospects are more sobering. Emerging and developing economies present a diverse picture, and among those</p>

		<p>that are not commodity exporters, some can expect longer-term growth rates comparable to pre-crisis rates. Many commodity exporters will not be so lucky, however, despite some improvement in the outlook for commodity prices. Those countries will need to diversify their economies to boost future growth and resilience.</p> <p>We have broad and deep experience in managing volatility and uncertainties through diversification, in order to achieve healthy returns. We will maintain our risk policy, diversification and adequate capitalisation (with a BIS ratio of 25.8% at the end of 2017, which is well above the minimum requirements for banks under CRR, FMO is one of the best capitalised banks in the Netherlands). However, further regulatory changes could further tighten the capital requirements of FMO and, in turn deteriorate the competitive position of FMO from competitors which are not subject to a regulatory regime.</p> <p>With our pipeline and diversified portfolio, supported by a strong capital base, we are positive that the economic environment will allow us to reach our growth and income targets for 2018.</p> <p>A number of downside risks could play out in 2018, affecting our clients and FMO.</p> <p>Various forces are shaping the landscape for development banks. Public funds have increasingly become available for private projects, sometimes at subsidized rates. At the same time, the role of private impact investors has become more prominent as an efficient and affordable solution for banks and companies that used to be dependent on development bank funding. FMO as a development bank is experiencing increased competition in some countries and sectors. The competition is arising from other kinds of entities with access to cheap and often state-related capital that are entering the markets in their search for yield. This is increasingly visible in the production for energy but other markets may follow.</p> <p>In general, although financial conditions in emerging markets have continued to improve, underlying vulnerabilities remain among some large emerging market economies. We have identified specific events like potential EUR/USD volatility and an economic slowdown in China.</p> <p>In addition, the largest economies in sub Saharan Africa are experiencing sharp slowdowns or recessions as lower commodity prices interact with difficult domestic political and economic conditions and a major drought in East Africa. It is uncertain what the impact will be of global political developments on world trade, interest rates and currencies and the ramifications for emerging economies. Political and economic uncertainties remain a key risk to the stability of the world economy. US President Trump has unilaterally withdrawn from the Iran nuclear deal and will be reinstating the highest level of sanctions on Teheran. International diplomacy has been reduced to name calling, giving it a surrealistic sense of unreality that makes the world security situation ever more threatening. The United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement have set joint public and corporate agendas aimed at ending extreme poverty, reducing inequality and tackling climate change. They recognize that people living in poverty tend to suffer most from climate change, so these challenges will need to be addressed in tandem. Development banks can make significant contributions to the SDGs and have a role in limiting temperature increases below 1.5 - 2.0 degrees Celsius.</p> <p>By design, we address global issues every day. Our public and private stakeholders share our commitment to the SDGs and the Paris Climate Accord. They challenge us on how we, as a development bank, can set ambitious targets to address global issues and be transparent about outcomes achieved. We set targets to generate impact and with the help of our partners and expert</p>
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		<p>recommendations, such as those from the Task Force on Climate-related Financial Disclosures and the EU High-level Group on Sustainable Finance, we refine ways to share progress.</p> <p>FMO has updated its strategy for the period up to 2025, in which we partner with others to invest in local prosperity focusing on projects that contribute to SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities) and SDG 13 (Climate Action). We will deepen our focus on energy, financial institutions, and the agribusiness, food &amp; water sectors because we believe this is where we can add more value. It did present us with the dilemma of whether to proceed in sectors such as manufacturing, ports and telecoms. To dedicate more resources to our focus sectors, we have decided to discontinue our debt offering in non-focus areas.</p> <p>NGOs and local stakeholders have become more vocal. Local communities, NGOs, governments and the media increasingly expect development banks to foster local prosperity through investments with a positive impact on local communities. For high-impact projects they expect sponsors and financiers to ensure that local communities are consulted early on, to ensure that negative effects are mitigated and local communities benefit from positive spin-offs of the project.</p> <p>NGOs and local stakeholders call upon development banks to be more transparent about their investments. There is an increasing call to include dialogues with local stakeholders in the early stages of the investment cycle, and stakeholders wish to be informed through early disclosure of project information as well as progress reporting once projects are underway.</p> <p>FMO has implemented its updated sustainability policy, supported by various position statements, among other things regarding human rights, after fruitful consultations with a wide range of stakeholders including NGOs and the Dutch government. The increasing demand for transparency also leads to additional reporting requirements, such as EU reporting guidelines and the Dutch banking sector agreement on international responsible business conduct regarding human rights (IMVO).</p> <p>In recent years FMO has increasingly been requested to combine impact in developing countries with value creation for the Netherlands. In addition to supporting Dutch international commitments in meeting SDGs and climate goals, FMO should enable Dutch companies to invest in developing countries and emerging markets, in case commercial funding is not available.</p> <p>The Dutch government has called upon FMO to clearly show how it supports the SDGs. Dutch companies indicate the need for financial and non-financial support for their activities in developing countries and emerging markets. FMO is called upon to align these two goals and in doing so, support the aid and trade agenda of the Dutch government.</p> <p>FMO has taken steps to play a central role in assisting Dutch companies with investments in emerging markets through its subsidiary NedLinx B.V., which originated from the NL Business department. In these activities, FMO will uphold its approach to being additional to the market and avoiding competition with commercial financiers, whilst maintaining high ESG standards.</p> <p>In December 2017, the Basel Committee announced the completion of the Basel III reforms. The long awaited new agreement, referred to as Basel IV, sets the new global standards for capital requirements for banks, including the new standardized approach to credit risk. Of particular relevance to FMO is the proposed new capital treatment of equity exposures. New regulations aim to make the banking sector more robust and better prepared for future crises.</p>
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		However, the proposed higher capital requirements for equity investments in Basel IV will limit our ability to provide clients with long-term capital, thereby having an effect on banks in developing countries and the use of financial instruments for economic development in these countries. As providing high-risk finance in developing countries is our core business we are challenged to define mitigating measures with the purpose to maximize our impact in responding to product demand from our clients.																																																																																																																																																																		
<b>B.5</b>	<b>Organisational structure</b>	The outstanding shares in the share capital of FMO are held by the Dutch State (51%), with the remainder (49%) held by commercial Dutch banks (such as ABN AMRO, Rabobank and ING, etc.), a Dutch union, other private sector companies and several private individuals.																																																																																																																																																																		
<b>B.9</b>	<b>Profit forecast or estimate</b>	Not Applicable. No profit forecasts or estimates are made in this Base Prospectus.																																																																																																																																																																		
<b>B.10</b>	<b>Qualifications in the audit reports</b>	Not Applicable. The audit reports with respect to FMO's audited financial statements for the financial years ended 31 December 2017 and 31 December 2016 are unqualified.																																																																																																																																																																		
<b>B.12</b>	<b>Selected historical key financial information</b>	<p>The selected historical key financial information for FMO is set out below:</p> <table border="1"> <thead> <tr> <th>(x €million)</th> <th>2017</th> <th>2016</th> <th>2015</th> <th>2014</th> <th>2013</th> </tr> <tr> <th></th> <th>IFRS</th> <th>IFRS</th> <th>IFRS</th> <th>IFRS</th> <th>IFRS</th> </tr> </thead> <tbody> <tr> <td>New commitments 1)</td> <td>1,946</td> <td>1,550</td> <td>1,584</td> <td>1,632</td> <td>1,524</td> </tr> <tr> <td>of which are</td> <td>210</td> <td>118</td> <td>184</td> <td>177</td> <td>144</td> </tr> <tr> <td>Government funds</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total committed portfolio</td> <td>9,155</td> <td>9,778</td> <td>9,256</td> <td>8,013</td> <td>6,633</td> </tr> <tr> <td>of which are</td> <td>1,222</td> <td>1,239</td> <td>1,194</td> <td>978</td> <td>844</td> </tr> <tr> <td>Government funds 2)</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="6"><b>Balance sheet</b></td> </tr> <tr> <td>Net loans</td> <td>4,139</td> <td>4,527</td> <td>4,307</td> <td>3,860</td> <td>2,981</td> </tr> <tr> <td>Equity investments portfolio 3)</td> <td>1,710</td> <td>1,828</td> <td>1,500</td> <td>1,149</td> <td>962</td> </tr> <tr> <td>Shareholders' equity</td> <td>2,830</td> <td>2,774</td> <td>2,511</td> <td>2,138</td> <td>1,963</td> </tr> <tr> <td>Debt securities and debentures / notes</td> <td>5,101</td> <td>5,181</td> <td>5,348</td> <td>4,197</td> <td>3,610</td> </tr> <tr> <td><b>Total assets</b></td> <td><b>8,323</b></td> <td><b>8,553</b></td> <td><b>8,421</b></td> <td><b>7,088</b></td> <td><b>6,184</b></td> </tr> <tr> <td colspan="6"><b>Profit and loss account</b></td> </tr> <tr> <td colspan="6"><i>Income</i></td> </tr> <tr> <td>Net interest income</td> <td>200</td> <td>217</td> <td>227</td> <td>169</td> <td>155</td> </tr> <tr> <td>Income from equity investments</td> <td>191</td> <td>56</td> <td>44</td> <td>72</td> <td>43</td> </tr> <tr> <td>Other income including services</td> <td>53</td> <td>27</td> <td>49</td> <td>19</td> <td>56</td> </tr> <tr> <td><b>Total Income</b></td> <td><b>444</b></td> <td><b>300</b></td> <td><b>320</b></td> <td><b>260</b></td> <td><b>254</b></td> </tr> <tr> <td colspan="6"><i>Expenses</i></td> </tr> <tr> <td>Total expenses</td> <td>-99</td> <td>-86</td> <td>-79</td> <td>-62</td> <td>-62</td> </tr> <tr> <td><b>Operating profit before value adjustments</b></td> <td><b>345</b></td> <td><b>214</b></td> <td><b>241</b></td> <td><b>198</b></td> <td><b>192</b></td> </tr> <tr> <td colspan="6">Value adjustments</td> </tr> <tr> <td>&gt; to loans and guarantees</td> <td>-15</td> <td>43</td> <td>-10</td> <td>-36</td> <td>4</td> </tr> <tr> <td>&gt; to equity investments</td> <td>-47</td> <td>-44</td> <td>-19</td> <td>-15</td> <td>-22</td> </tr> <tr> <td><b>Total value adjustments</b></td> <td><b>-62</b></td> <td><b>-1</b></td> <td><b>-29</b></td> <td><b>-51</b></td> <td><b>-18</b></td> </tr> </tbody> </table>	(x €million)	2017	2016	2015	2014	2013		IFRS	IFRS	IFRS	IFRS	IFRS	New commitments 1)	1,946	1,550	1,584	1,632	1,524	of which are	210	118	184	177	144	Government funds						Total committed portfolio	9,155	9,778	9,256	8,013	6,633	of which are	1,222	1,239	1,194	978	844	Government funds 2)						<b>Balance sheet</b>						Net loans	4,139	4,527	4,307	3,860	2,981	Equity investments portfolio 3)	1,710	1,828	1,500	1,149	962	Shareholders' equity	2,830	2,774	2,511	2,138	1,963	Debt securities and debentures / notes	5,101	5,181	5,348	4,197	3,610	<b>Total assets</b>	<b>8,323</b>	<b>8,553</b>	<b>8,421</b>	<b>7,088</b>	<b>6,184</b>	<b>Profit and loss account</b>						<i>Income</i>						Net interest income	200	217	227	169	155	Income from equity investments	191	56	44	72	43	Other income including services	53	27	49	19	56	<b>Total Income</b>	<b>444</b>	<b>300</b>	<b>320</b>	<b>260</b>	<b>254</b>	<i>Expenses</i>						Total expenses	-99	-86	-79	-62	-62	<b>Operating profit before value adjustments</b>	<b>345</b>	<b>214</b>	<b>241</b>	<b>198</b>	<b>192</b>	Value adjustments						> to loans and guarantees	-15	43	-10	-36	4	> to equity investments	-47	-44	-19	-15	-22	<b>Total value adjustments</b>	<b>-62</b>	<b>-1</b>	<b>-29</b>	<b>-51</b>	<b>-18</b>
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New commitments 1)	1,946	1,550	1,584	1,632	1,524																																																																																																																																																															
of which are	210	118	184	177	144																																																																																																																																																															
Government funds																																																																																																																																																																				
Total committed portfolio	9,155	9,778	9,256	8,013	6,633																																																																																																																																																															
of which are	1,222	1,239	1,194	978	844																																																																																																																																																															
Government funds 2)																																																																																																																																																																				
<b>Balance sheet</b>																																																																																																																																																																				
Net loans	4,139	4,527	4,307	3,860	2,981																																																																																																																																																															
Equity investments portfolio 3)	1,710	1,828	1,500	1,149	962																																																																																																																																																															
Shareholders' equity	2,830	2,774	2,511	2,138	1,963																																																																																																																																																															
Debt securities and debentures / notes	5,101	5,181	5,348	4,197	3,610																																																																																																																																																															
<b>Total assets</b>	<b>8,323</b>	<b>8,553</b>	<b>8,421</b>	<b>7,088</b>	<b>6,184</b>																																																																																																																																																															
<b>Profit and loss account</b>																																																																																																																																																																				
<i>Income</i>																																																																																																																																																																				
Net interest income	200	217	227	169	155																																																																																																																																																															
Income from equity investments	191	56	44	72	43																																																																																																																																																															
Other income including services	53	27	49	19	56																																																																																																																																																															
<b>Total Income</b>	<b>444</b>	<b>300</b>	<b>320</b>	<b>260</b>	<b>254</b>																																																																																																																																																															
<i>Expenses</i>																																																																																																																																																																				
Total expenses	-99	-86	-79	-62	-62																																																																																																																																																															
<b>Operating profit before value adjustments</b>	<b>345</b>	<b>214</b>	<b>241</b>	<b>198</b>	<b>192</b>																																																																																																																																																															
Value adjustments																																																																																																																																																																				
> to loans and guarantees	-15	43	-10	-36	4																																																																																																																																																															
> to equity investments	-47	-44	-19	-15	-22																																																																																																																																																															
<b>Total value adjustments</b>	<b>-62</b>	<b>-1</b>	<b>-29</b>	<b>-51</b>	<b>-18</b>																																																																																																																																																															

		Share in the results of associates	9	6	3	2	-5
		<b>Profit before tax (including results from associates)</b>	<b>292</b>	<b>219</b>	<b>215</b>	<b>149</b>	<b>169</b>
		Taxes	-37	-43	-41	-25	-36
		<b>Net profit</b>	<b>255</b>	<b>176</b>	<b>174</b>	<b>124</b>	<b>133</b>
		Average number of full-time employees	444	404	372	362	342
		Avoided GHG emissions (tCO <sub>2</sub> eq)(x'000) 4)	1,600	500	787	N.A.	N.A.
		<p>1) New investments and Committed investment portfolio concern both investments for FMO's account and for Government funds managed by FMO.</p> <p>2) The Government funds include MASSIF, IDF, AEF and FOM-OS.</p> <p>3) Including investments in associates.</p> <p>4) Avoided GHG emissions is the indicator for FMO's strategic goal of halving its footprint by doubling GHG avoidance by 2020. It is measured in a similar way as the (in)direct jobs supported. 2015 was the first year FMO measured its progress. Baseline figure (2012) for avoided GHG emissions is 575,000 tCO<sub>2</sub> equivalent.</p>					
	<b>Material adverse change statement</b>	There has been no material adverse change in the prospects of the Issuer since 31 December 2017.					
	<b>Significant changes statement</b>	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.					
<b>B.13</b>	<b>Recent events</b>	Not Applicable. There are no recent events particular to FMO which are to a material extent relevant to the evaluation of FMO's solvency.					
<b>B.14</b>	<b>Dependence upon other entities within the group</b>	Not Applicable. FMO is not dependent upon other entities within the group.					
<b>B.15</b>	<b>Issuer's principal activities</b>	The Issuer is a development bank based in the Netherlands. The Issuer's core business comprises providing long-term financing to private companies 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.					
<b>B.16</b>	<b>Controlling shareholders</b>	The outstanding shares in the share capital of FMO are held by the Dutch State (51%), with the remainder (49%) held by commercial Dutch banks (such as ABN AMRO, Rabobank and ING, etc.), a Dutch union, other private sector companies and several private individuals.					
<b>B.17</b>	<b>Credit ratings</b>	<p>FMO has been rated 'AAA/Stable/A-1+' by Standard &amp; Poor's and 'AAA/Stable/F1+' by Fitch.</p> <p>Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to FMO. A security 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</p>					

		<p>agency.</p> <p><i>Issue specific summary:</i></p> <p>[The Notes to be issued[have been]/[are expected to be] rated [ ] by [ ]. / The Notes to be issued have not been rated.]</p>
<b>Section C – Securities</b>		
<b>C.1</b>	<b>Type and class of the Notes, security identification number(s)</b>	<p>The Notes described in this summary are debt securities which may be issued under the EUR 7,000,000,000 Programme.</p> <p>The Notes are issued in Series (as defined below) comprising one or more Tranches (as defined below) of Notes of that Series, and each Series will be the subject of the final terms (each the "<b>Final Terms</b>") prepared by or on behalf of FMO.</p> <p>"<b>Tranche</b>" means Notes which are identical in all respects (including as to listing) and "<b>Series</b>" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices from the date on which such consolidation is expressed to take effect.</p> <p>The Notes will be issued in bearer form.</p> <p>A Note may be a Note bearing interest on a fixed rate basis ("<b>Fixed Rate Note</b>"), a Note bearing interest on a floating rate basis ("<b>Floating Rate Note</b>"), a Note during the term of which no interest shall become due and payable ("<b>Zero Coupon Note</b>"). A Note may be a Note redeemable in instalments ("<b>Instalment Note</b>"), the Issue Price of a Note may be payable in instalments ("<b>Partly Paid Note</b>") depending on the Redemption/Payment Basis specified in the applicable Final Terms. A Note with a Specified Denomination of at least EUR 100,000, may also be a Note with interest or principal payable in one or more currencies which may be different from the Specified Currency, i.e. the currency in which the Notes are denominated ("<b>Dual Currency Note</b>"). A Note may be a Note (i) bearing interest of which the amount payable is calculated by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms ("<b>Currency Linked Interest Note</b>") and (ii) with principal of which the amount payable is calculated by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms ("<b>Currency Linked Redemption Note</b>") and, together with a Currency Linked Interest Note, a "<b>Currency Linked Note</b>". The applicable currency rate(s) of exchange may be different from the currency in which the Notes are denominated.</p> <p>The security identification number(s) will be specified in the applicable Final Terms.</p> <p><i>Issue specific summary:</i></p> <p>Type: debt instruments</p> <p>The Notes are [Fixed Rate Notes]/[Floating Rate Notes]/[Zero Coupon Notes]/[Instalment Notes]/[Partly Paid Notes]/[Currency Linked Interest Notes/Currency Linked Redemption Notes/Currency Linked Notes] and are in bearer form.</p> <p>The Notes are issued as Series Number [ ] [, Tranche Number [ ]]. The</p>

		<p>Aggregate Nominal Amount of the Notes is [ ].</p> <p>[ISIN Code: [ ]]</p> <p>[Common Code: [ ]]</p> <p>[Other relevant code: [ ]]</p>
<b>C.2</b>	<b>Currency of the Notes</b>	<p>Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer (including, without limitation, the Euro, the United States dollar, the British pound, the Swiss franc, the Norwegian Krone, the Swedish Krona and the South African Rand.</p> <p><i>Issue specific summary:</i></p> <p>The Specified Currency of the Notes is [Euro][the United States dollar] [British pound][Swiss franc][Norwegian Krone][Swedish Krona][South African Rand][specify any other currency that is applicable].</p>
<b>C.5</b>	<b>Restrictions on the free transferability of the Notes</b>	<p>FMO and the Dealers have agreed certain customary restrictions on offers, sale and delivery of Notes and of the distribution of offering material in the European Economic Area, the United States, the United Kingdom, Japan and the Netherlands.</p> <p><i>Issue specific summary:</i></p> <p>The Issuer and the Dealer[s] have agreed certain customary restrictions on offers, sale and delivery of Notes and of the distribution of offering material in [insert relevant jurisdiction(s)].</p>
<b>C.8</b>	<b>Rights attached to the Notes, including ranking and limitations to those rights</b>	<p><b>Ranking (status)</b></p> <p>The Notes will constitute unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.</p> <p><b>Taxation</b></p> <p>All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, subject to certain exceptions, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts receivable by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in the absence of such withholding or deductions.</p> <p><b>Events of Default</b></p> <p>The terms and conditions of the Notes contain the following events of default:</p> <p>(a) default is made for more than 30 days in the payment of interest or principal in respect of the Notes;</p> <p>(b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days following the service on the Issuer of notice requiring the same to be remedied;</p>

		<p>(c) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save either (a) for the purposes of reorganisation on terms approved by an extraordinary resolution of the Noteholders or (b) in connection with a reorganisation under which the continuing entity effectively assumes all the rights and obligations of the Issuer;</p> <p>(d) the Issuer is or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law in its jurisdiction of incorporation or is declared bankrupt, or is granted a suspension of payment (<i>surséance van betaling</i>);</p> <p>(e) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business;</p> <p>(f) any of the following events:</p> <p>(i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws;</p> <p>(ii) an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer or, as the case may be, in relation to the whole or a material part of the undertaking or assets of the Issuer;</p> <p>(iii) an encumbrancer takes possession of the whole or a material part of the undertaking or assets of the Issuer; or</p> <p>(iv) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of the Issuer;</p> <p>and in any case (other than the appointment of an administrator) is not discharged within 30 days; or</p> <p>(g) if the Issuer = initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).</p> <p><b>Meetings</b> Meetings of Noteholders may be convened to consider any matter affecting their interests, including the sanctioning by extraordinary resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.</p> <p><b>Governing Law</b> The Notes will be governed by, and construed in accordance with either the laws of the Netherlands or England, as specified in the relevant Final Terms.</p>
<b>C.9</b>	<b>Interest, maturity,</b>	<p><b>Interest</b> Notes may be interest-bearing or non-interest-bearing. Interest (if any) may be at</p>

<p><b>redemption, yield and representative of the Noteholders</b></p>	<p>a fixed or floating rate and may vary during the lifetime of the relevant Series. In each case, interest will be payable on such date or dates as may be agreed between FMO and the relevant Dealer at the time of issue of the Notes, specified in the applicable Final Terms. In addition, the interest rate and yield in respect of Notes bearing interest at a fixed rate will also be so agreed and specified.</p> <p><b><i>Maturities</i></b>  Any maturity, subject to minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency, as agreed between FMO and the relevant Dealer at the time of issue of the relevant Notes, specified in the applicable Final Terms.</p> <p>Unless previously redeemed or purchased and cancelled earlier, each Note will be redeemed by FMO at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.</p> <p><b><i>Early Redemption</i></b>  FMO will be permitted to redeem all (but not some only) Notes for taxation reasons.</p> <p>In addition, the Notes may be redeemed prior to their maturity date in certain circumstances as specified in the relevant Final Terms, including pursuant to an Issuer Call Option and an Investor Put Option.</p> <p>The terms under which the Notes may be redeemed early will be agreed between FMO and the relevant Dealer at the time of issue of the relevant Notes, specified in the applicable Final Terms.</p> <p><b><i>Representative of the Noteholders</i></b>  Not Applicable. No representative of the Noteholders has been appointed by the Issuer.</p> <p><b><i>Issue specific summary:</i></b></p> <p><b><i>Interest</i></b>  [Fixed Rate Notes: The Notes are Fixed Rate Notes. The Notes bear interest from [ ] at a rate of [ ] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on [ ] in each year up to and including the Maturity Date [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of 'Business Day']/not adjusted]. Indication of yield: [ ] per cent. per annum.]</p> <p>[Floating Rate Notes: The Notes are Floating Rate Notes. The Notes bear a floating rate of interest from [ ] of [LIBOR/EURIBOR] +/- [ ] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on [ ] in each year[, subject to adjustment in accordance with the [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention.]</p> <p>[Zero Coupon Notes: The Notes are Zero Coupon Notes and do not bear interest. The Accrual Yield is [ ] per cent. per annum.]</p> <p><b><i>Maturity</i></b>  The maturity date of the Notes is [[ ]/the Interest Payment Date falling in or nearest to the relevant month and year: [ ]]. Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at [[ ] per Specified Denomination]/[[ ] in nominal amount of the Note] in [insert specified currency] on [ ].</p>
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		<p><b>Issuer Call Option</b>  [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)</p> <p>Optional Redemption Date(s): [ ] Optional Redemption Amount(s) of each Note [and method of calculation of such amount(s)]: [ ] per Specified Denomination  Notice Period: [ ]</p> <p><b>Investor Put Option</b>  [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)</p> <p>Optional Redemption Date(s): [ ] Optional Redemption Amount(s) of each Note [and method of calculation of such amount(s)]: [ ] per Specified Denomination  Notice Period: [ ]</p>
C.10	<b>Derivative component in interest payments</b>	The amount of principal and/or interest payable in respect of Currency Linked Notes will be calculated on the Currency Exchange Rate Valuation Date by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms.
C.11	<b>Listing and admission to trading</b>	<p>The Notes may be listed and admitted to trading on the regulated market of Euronext in Amsterdam, the Luxembourg Stock Exchange, the non-regulated Luxembourg multilateral trading facility (the "Euro MTF") or the London Stock Exchange, or may be issued on an unlisted basis.</p> <p><b>Issue specific summary:</b></p> <p>[Application may be made for the Notes to be listed and admitted to trading on [Euronext in Amsterdam/ the Luxembourg Stock Exchange/ the Euro MTF/ the London Stock Exchange] with effect from [ ]/[Not Applicable]. The Notes are not intended to be listed and admitted to trading.]</p>
C.15	<b>How the value of the investments is affected by the value of the underlying instrument(s) unless the securities have a denomination of at least EUR 100.000</b>	<p>The amount of principal and/or interest payable in respect of Currency Linked Notes will be calculated on any day on which a currency exchange rate is to be determined ("Currency Exchange Rate Valuation Date") by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms.</p> <p>The market price of such Notes may be volatile and the amount of principal and/or interest payable may depend upon movements in currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.</p> <p><b>Issue specific summary:</b></p> <p>The amount of [principal[[and/or][interest] payable in respect of Currency Linked Notes are linked to [a single currency rate of exchange][specify]/[a basket of currency rates of exchange][specify].</p> <p>The market price of such Notes may be volatile and the amount of principal and/or interest payable may depend upon movements in currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.</p>
C.16	<b>Expiration or maturity date of the derivative</b>	Unless previously redeemed or purchased and cancelled, each Currency Linked Redemption Note will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date specified in the

	<b>securities - the exercise date or final reference</b>	<p>applicable Final Terms.</p> <p><i>Issue specific summary:</i></p> <p><i>Maturity</i></p> <p>The maturity date of the Notes is [[ ]/the Interest Payment Date falling in or nearest to the relevant month and year: [ ]]. Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes at [[ ] per Specified Denomination]/[[ ] in nominal amount of the Note] in [insert specified currency] on [ ].</p>
C.17	<b>Settlement procedures of the derivative securities</b>	<p>The Notes will be deposited on the Issue Date thereof either (i) with a common depositary on behalf of Euroclear Bank S.A./N.V. ("<b>Euroclear</b>") and Clearstream Banking S.A. ("<b>Clearstream, Luxembourg</b>") and/or any other agreed clearing system specified in the applicable Final Terms or (ii) with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., formerly known as NECIGEF, ("<b>Euroclear Netherlands</b>").</p> <p><i>Issue specific summary:</i></p> <p>The Notes will be deposited on the Issue Date, at the Issue Price specified in the applicable Final Terms, with [Euroclear Bank S.A./N.V. and/or Clearstream Banking S.A.][Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.] [specify other].</p>
C.18	<b>How the return on the derivative securities takes place</b>	See the above elements, C.9 and C.10.
C.19	<b>Exercise price/final reference price of the underlying</b>	The final reference price is linked to a currency exchange rate on any day on which a currency exchange rate is to be determined, as specified in the applicable Final Terms and in accordance with the conditions.
C.20	<b>Type of underlying and where information about the underlying can be found</b>	<p>The amount of principal and/or interest payable in respect of Currency Linked Notes will be calculated on the Currency Exchange Rate Valuation Date by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms.</p> <p>Information regarding the underlying may be found at the information source specified in the applicable Final Terms.</p> <p><i>Issue specific summary:</i></p> <p>The amount of [principal][and/or][interest] payable in respect of Currency Linked Notes are linked to [a single currency rate of exchange][specify]/[a basket of currency rates of exchange][specify]. Further information regarding the underlying can be found at [specify information source].</p>
C.21	<b>Market where the Notes will be traded</b>	See the above element, C.11.
<b>Section D – Risks</b>		
D.2	<b>Key information on the key risks that are specific</b>	By investing in the Notes, investors assume the risk that FMO may become insolvent or otherwise unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in



	<p><b>to the Issuer</b></p>	<p>FMO becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur. The inability of FMO to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. Additional risks and uncertainties not presently known to FMO or that it currently believes to be immaterial could also have a material impact on its business operations. FMO has identified a number of factors which could have an adverse effect on its liquidity position and ability to fulfil its obligations under the Notes independently.</p> <p>The material risks FMO faces in its operations include the following risks:</p> <ul style="list-style-type: none"> <li>• The risk that the actual return on an investment will be lower than the expected return. At FMO this includes a credit risk (loan portfolio) as well as equity risk management of FMO's core business;</li> <li>• An important risk is credit risk, particularly as a result of it having to take risks that commercial market parties are usually not prepared to take. If a substantial number of the clients in FMO's loan portfolio fail to repay their loans in full, or if a substantial number of such other counterparties fail to meet their contractual obligations, FMO could experience an operational loss, which could reduce its profitability and lower its equity base;</li> <li>• An equity risk that results from equity investments, consisting of the risk that FMO's equity stake cannot be sold for a reasonable price and in a sufficiently liquid market, and the risk that the fair value of an equity investment decreases;</li> <li>• 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;</li> <li>• Ratings downgrades could have an adverse impact on FMO's operations and financial condition and could, in turn, impair FMO's access to liquidity;</li> <li>• Negative effects from FMO's procedures, information systems and/or employees, advisors or contractors can increase costs and/or other liabilities for FMO, and can negatively affect FMO's profitability and reputation;</li> <li>• The State's involvement and/or financial support may over time be decreased substantially or terminated altogether and alter FMO's risk profile, financial position or future prospects and any such decrease or termination may have an adverse effect on FMO's financial position, credit rating and results of operations, which could have a negative impact on the risk profile of FMO;</li> <li>• It may be more difficult to obtain funds and it may be more expensive to fund FMO, it may be more difficult to hedge risks, the risk that counterparties default on their obligations might increase, investments might lose value, the solvency of FMO might suffer, and assets/investments might be less liquid;</li> <li>• Impairment losses may occur on certain balance sheet items; and</li> <li>• Changes in the financial services laws and/or regulations governing FMO's business may adversely affect its operations or profitability.</li> </ul>
<p><b>D.3</b></p>	<p><b>Key information</b></p>	<p>The key risks that are specific to the Notes, include the following risks:</p>

	<p><b>on the key risks that are specific to the Notes</b></p>	<ul style="list-style-type: none"> <li>• The risk that exchange rates may change significantly and the risk that authorities with jurisdiction over the relevant currencies may impose or modify exchange controls or may dispose of the relevant currency;</li> <li>• In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations;</li> <li>• The regulation and reform of 'benchmarks' may affect the value or payment of interest or principal under the Notes. Furthermore, future discontinuance of LIBOR, EURIBOR and any other benchmark may adversely affect the value of Notes which reference LIBOR, EURIBOR or such other benchmark;</li> <li>• Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: <ul style="list-style-type: none"> <li>➤ have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement;</li> <li>➤ have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;</li> <li>➤ have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;</li> <li>➤ understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets;</li> <li>➤ be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investments and its ability to bear the applicable risks; and</li> <li>➤ be aware that it may receive no interest;</li> </ul> </li> <li>• A potential investor should not invest in Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio;</li> <li>• The Notes will be new securities which may not be widely distributed and for which there is currently no active trading market, and there is no assurance as to the development or liquidity of any trading market for any particular Series or Tranche of Notes;</li> <li>• The Notes may be redeemed prior to maturity;</li> <li>• One or more independent rating agencies may assign ratings to the Notes and/or FMO, and such ratings may not reflect the potential impact of all risks related to structure, market, and other factors that may affect the value of the Notes or the standing of FMO;</li> </ul>
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		<ul style="list-style-type: none"> <li>• Because the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands, investors will have to rely on their procedures for transfer, payment and communication with FMO;</li> <li>• Whether New Global Notes allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem, either upon issue or at any or all times during their life, will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time;</li> <li>• The conditions of the Notes are governed by and construed in accordance with either Dutch law or English law as in effect as at the date of this Base Prospectus, and no assurance can be given as to the impact of any possible judicial decision or change to Dutch law, English law or administrative practice after the date of this Base Prospectus, including but not limited to, the introduction of, and changes to, taxes, levies or fees applicable to FMO's operations (such as the imposition of a financial transaction tax);</li> <li>• The U.S. Foreign Account Tax Compliance Act may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding, and may, under certain circumstances, also affect payments to an ultimate investor that is a financial institution;</li> <li>• Pursuant to implemented banking recovery and resolution legislation for ailing banks the relevant resolution authority may use its powers in a way that could result in the debt instruments of FMO, such as the Notes, absorbing losses or otherwise affecting the rights of the Noteholders in the course of any resolution of FMO; and</li> <li>• If, during the term of the relevant sustainability notes, no green finance projects or inclusive finance projects will be found that comply with FMO's core environmental and social requirements, the net proceeds of the issue of such notes will remain in FMO's liquidity portfolio and may temporarily be used for different purposes in case of liquidity stress situations, which can negatively affect FMO's reputation.</li> </ul>
D.6	Risk warning	<p>See the above element, D.3 and additionally the following risk warning.</p> <p><b>Risks relating to Currency Linked Notes</b></p> <p>Potential investors in Currency Linked Notes should be aware that, depending on the terms of such Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose all or a substantial portion of their investment. Also Currency Linked Notes may be subject to adjustment or may be redeemed following the occurrence of a market disruption event.</p> <p><i>Issue specific summary:</i></p> <p>[Potential investors in Currency Linked Notes should be aware that, depending on the terms of such Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose all or a substantial portion of their investment. Also Currency Linked Notes may be subject to adjustment or may be redeemed following the occurrence of a market disruption</p>

		event.]
<b>Section E – Offer</b>		
<b>E.2b</b>	<b>Reasons for the offer and use of proceeds</b>	<p>The purpose of fund raising by means of issuing Notes is to further the Issuer's objects as set out in its articles of association.</p> <p>The Issuer may issue sustainability notes. The proceeds from the issue of each sustainability note will be used to finance debt and equity investments which comply with the Issuer's core environmental and social requirements, as specified in the applicable Final Terms. Certain sustainability notes will have further requirements, as specified in the applicable Final Terms.</p> <p>If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.</p> <p><i>Issue specific summary:</i></p> <p>The net proceeds from the issue of the Notes will be applied by the Issuer for [the financing of private enterprises and financial institutions in Africa, Asia, Latin America, Eastern Europe and other developing countries or areas.]/[ ].</p>
<b>E.3</b>	<b>Terms and Conditions of the offer</b>	<p>The terms and conditions of each offer of Notes, if applicable, will be determined by agreement between the Issuer and the relevant Dealer at the time of issue and specified in the applicable Final Terms. An investor intending to acquire or acquiring any Notes in a Non-exempt Offer from an Authorised Offeror other than the Issuer will do so, and offers and sales of such Notes to an investor by such Authorised Offeror will be made in accordance with any terms and other arrangements in place between such Authorised Offeror and such investor including as to price, allocations, expenses and settlement arrangements. The investor must look at the relevant Authorised Offeror for the provision of such information and the Authorised Offeror will be solely responsible for such information. FMO has no responsibility or liability to an investor in respect of such information.</p> <p><i>Issue specific summary:</i></p> <p>[Not Applicable]</p> <p>Conditions to which the offer is subject: [Offers of the Notes are conditional on their issue. As between the Authorised Offerors and their customers, offers of the Notes are further subject to conditions as may be agreed between them and/or as specified in the arrangements in place between them.]</p> <p>Total amount of the offer: if the amount is not fixed, description of the arrangements and time for announcing the definitive amount to the public: [ ]</p> <p>Description of the application process, including offer period and any possible amendments, during which the offer will be open: [A prospective Noteholder should contact the applicable Authorised Offeror in the Non-exempt Offer Jurisdiction prior to the end of the Offer Period. A prospective Noteholder will subscribe for the Notes in accordance with the arrangements existing between such Authorised Offeror and its customers relating to the subscription of securities generally. Noteholders will not be required to enter into any contractual arrangements directly with the Issuer in connection with the subscription of the Notes.][ ]</p> <p>Description of possibility to reduce subscriptions: [Not Applicable/give details]</p> <p>Description of manner for refunding excess amount paid by applicants: [Not</p>

		<p>Applicable/<i>give details</i>]</p> <p>Details of the minimum and/or maximum amount of application: [There are no pre-identified allotment criteria. The Authorised Offeror will adopt allotment criteria in accordance with customary market practices and applicable laws and regulations.] [ ]</p> <p>Details of the method and time limits for paying up and delivering the Notes: [Investors will be notified by the relevant Authorised Offeror of their allocations of Notes and the settlement arrangements in respect thereof.] [ ]</p> <p>Manner in and date on which results of the offer are to be made public: [Investors will be notified by the applicable Authorised Offeror of their allocations of Notes and the settlement procedures in respect thereof on or around <i>[date]</i>.] [ ]</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/<i>give details</i>]</p> <p>Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Offers may be made by the Authorised Offerors in the Non-exempt Offer Jurisdiction to any person during the Offer Period. In other EEA countries and in all jurisdictions (including the Non-exempt Offer Jurisdiction) outside of the Offer Period, offers will only be made by the [Dealers] pursuant to an exemption under the Prospectus Directive, as implemented in such countries. All offers of the Notes will be made in compliance with all applicable laws and regulations.] [ ]</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Prospective Noteholders will be notified by the relevant Authorised Offeror in accordance with the arrangements in place between such Authorised Offeror and the prospective Noteholders.]</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place: The Initial Authorised Offerors identified in paragraph 8(vi) (<i>'General Consent'</i>) of Part B of the Final Terms [and any additional Authorised Offerors who have or obtain the Issuer's consent to use the Base Prospectus in connection with the Non-exempt Offer and who are identified on the Issuer's website as an Authorised Offeror].</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/<i>give details</i>]</p>
E.4	<b>Interests of persons involved in the issue/offer</b>	<p>The relevant Dealer(s) may be paid commission in relation to any issue of Notes under the Programme. In addition, in the Programme Agreement, the Issuer has agreed to reimburse the Dealer(s) for certain of their expenses in connection with the establishment of the Programme and the issue of the Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.</p> <p>A description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest will be specified in the applicable Final Terms. This description may be satisfied by disclosure that, except for the commissions payable to the Dealers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.</p>

		<p><i>Issue specific summary:</i></p> <p>[Except for the commissions payable to the Dealers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]/[ ]</p>
<b>E.7</b>	<b>Estimated expenses charged by the Issuer or any Authorised Offeror</b>	<p>There are no expenses charged to the investor by the Issuer or any Authorised Offeror. However, such expenses may be charged to investors in connection with a specific issue of Notes. If so, details will be specified in the applicable Final Terms.</p> <p><i>Issue specific summary:</i></p> <p>[There are no expenses charged to the investor by the Issuer or any Authorised Offeror]/[The following expenses are to be charged to the investor by the Issuer or any Authorised Offeror: [ ]]</p>

## RISK FACTORS

*FMO believes that the factors described below represent the material risks inherent in investing in Notes, but the inability of FMO to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons. The risks described below are not the only risks FMO faces. Additional risks and uncertainties not presently known to FMO or that it currently believes to be immaterial could also have a material impact on its business operations. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus including any documents incorporated by reference herein and form their own opinion prior to making any investment decision. Prospective investors should read the entire Base Prospectus. Words and expressions defined in the 'Terms and Conditions of the Notes' below or elsewhere in this Base Prospectus have the same meanings in this section.*

### **Risks relating to FMO**

Should the risks stated below materialise, this could cause losses for FMO and could have an adverse effect on its liquidity position. As a result FMO may not be able to fulfil its obligations under the Notes independently.

The material risks FMO faces in its operations include:

#### *Investment risk*

FMO defines investment risk as the risk that the actual return on an investment will be lower than the expected return. At FMO this includes a credit risk (loan portfolio) as well as an equity risk management of FMO's core business, as FMO's investment portfolio makes up the large majority of FMO's (risk weighted) assets and generates the large majority of FMO's income. In addition, the portfolio has a risk of losses through provisions on loans and lower fair values of equity positions.

#### *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 administrated, *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.

#### *Equity risk*

With regard to equity risk that results from equity investments, FMO distinguishes between "exit risk", the risk that FMO's equity stake cannot be sold for a reasonable price and in a sufficiently liquid market, and "equity risk", the risk that the fair value of an equity investment decreases. FMO has a long-term view on its equity portfolio, usually selling its equity stake within a period of 5 to 10 years. FMO can accommodate an increase in the average holding period of its equity investments and thereby wait for markets to improve again to realize exits.

Equity investments are assessed by the investment committee in terms of specific obligor as well as country risk. The investment review committee assesses the valuation of the majority of equity investments quarterly. The performance of the equity investments in the portfolio is periodically analyzed during the fair value process. Based on this performance and the market circumstances, exits are pursued in close cooperation with FMO's co-investing partners. The total outstanding equity portfolio at December 31, 2017, amounts to EUR 1,710,315 (2016: EUR 1,828,172) of which EUR 854,747 (2016: EUR 904,309) is invested in investment funds.

#### *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/F1+' by Fitch Ratings Limited ("**Fitch**"). As of the date of this Base 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 further change in the credit rating of the State could result in a corresponding change to FMO's credit rating. Although FMO has not to date experienced an increase in its costs of accessing capital markets as a result of Standard & Poor's downgrade, if ratings are (further) lowered, FMO's cost of accessing capital markets as its main source of funding may increase, and it 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 and may decide on a (further) downgrade at any time.

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 Notes.

#### *Operational risk*

Operational risks can arise from inadequate procedures, regulatory breaches, including inadequate compliance with internal and external laws and/or wilful or negligent actions or omissions by employees, advisors or contractors of FMO. Examples are fraud, unreported risk positions and other events of an operational nature that can have a negative outcome for FMO. Negative effects from FMO's procedures, information systems and/or employees, advisors or contractors can increase costs and/or other liabilities for FMO, and can negatively affect FMO's profitability and reputation.



### *Reputational risk*

FMO's operations in developing and emerging markets exposes FMO to reputational risks such as environmental and social risks and various types of legal risks. FMO has a limited appetite for reputation risk when such risks would prompt key stakeholders to intervene in the decision making or running of its daily business. Outside of this FMO has a moderate appetite for reputation risk. As long as these activities at the outset have a clear expected contribution to FMO's goal to achieve development impact, FMO may accept incidentally the risk of negative press coverage, such as the media attention in May 2018 as a result of the announcement by environmental activist Berta Cáceres's relatives (also see '*Environmental, social and governance risk*' below) that they intend to file a writ of summons claiming monetary damages from FMO. Additionally, FMO may accept incidentally the risk of Non-governmental organization ("**NGO**") attention, client feedback, or isolated cases of financial losses. FMO cannot fully avoid such risks due to the nature of its operations, but mitigates them as much as possible through strict policies, upfront assessment and consultation with stakeholders, and when necessary, through agreements with FMO's clients. Particularly threatening legal proceedings are subject to many uncertainties, and their outcomes are often difficult to predict, although the negative press coverage regarding these proceedings could have a negative impact on FMO's reputation.

In addition, on 16 November 2017, FMO published the compliance review by the independent expert panel ("**IEP**") of FMO's complaint mechanism regarding FMO's investment in the Sendou power plant in Senegal. Although the IEP recognized considerable improvements by both FMO and the Sendou project company since the start of the project, it also identifies certain omissions by FMO during the due diligence phase prior to the project in 2009. According to the IEP, certain environmental & social items, especially community engagement, could have been considered more carefully by FMO. FMO acknowledged that, during the due diligence phase some key environmental & social items should have been considered more carefully and contextual risk should have been better analyzed. FMO has incorporated the lessons learned from this and other projects into its policies, and believes that the project company is on the right track with the strong support of its stakeholders, the Senegalese government and the lenders, and is taking the necessary actions in order to make the project fully compliant with the applicable standards once operational. However, despite FMO's efforts, FMO cannot predict the effect this project might have on its reputation due to the history of this project, the context in which FMO operates and the perception of this project by FMO's stakeholders.

### *Environmental, social and governance risk*

In recent years, FMO has seen some of its projects criticised due to social impacts on indigenous people. In July 2017, FMO and Finnfund exited from the Agua Zarca hydro-electric power project in Honduras. FMO's exit from the project intended to reduce international and local tensions in the area. The exit followed on the conclusions of the independent fact finding mission, that undertook a review of the project after the violent death of environmental activist Berta Cáceres, and the recommendations of the independent facilitator. In an effort to meet some of the development needs of communities in the area, FMO and Finnfund committed to making funds available for the realization of several projects for these communities.

FMO faces environmental and social risks in its emerging market projects. These risks stem from the nature of FMO's projects, which in some cases could carry negative environmental and/or social impacts. Working in complex operational environments and non-ideal situations, FMO accepts there is a risk of negative press and/or negative reactions from NGOs in the context of environmental, social and governmental ("**ESG**") performance as long as the opportunity to create a development impact is clear and there are opportunities to mitigate the risk through environmental and social action plans and monitoring. The risk appetite for deviations from the exclusion list and human rights violations by projects financed by FMO is zero. FMO furthermore expects the highest standards in professional conduct. Internally, FMO strives to limit the footprint of its own workplace and strives to the highest standards in employee satisfaction.

### *No reliance upon the State*

Although (i) the State is a majority shareholder in FMO and (ii) FMO has an agreement with the State which provides FMO with financial support (see '*Nederlandse Financieringsmaatschappij 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 decreased substantially or terminated altogether and alter FMO's risk profile, financial position or future prospects. As a consequence, any such decrease or termination may have an adverse effect on FMO's financial position, credit rating and results of operations, which could have a negative impact on the risk profile of FMO.

*The following risks may exist or arise:*

- It may be more difficult to obtain funds and it may be more expensive to fund FMO. Due to the global economic crisis, it is difficult, and could become more difficult, to obtain liquidity and term funding on favourable terms. Any increase of costs of funding may have an adverse effect on the financial position and results of operations of FMO.
- It may be more difficult to hedge risks. FMO enters into hedging arrangements in order to mitigate the market risks that are inherent to FMO's business and operations. It may become more difficult to maintain this hedging strategy as a consequence of which the hedging arrangements may not have the desired beneficial impact on FMO's financial position or results of operations and may result in losses.
- The risk that counterparties default on their obligations might increase. Counterparties may not be able to pay or perform under their obligations to FMO due to e.g. bankruptcy, lack of liquidity, downturns in the economy, operational failure or for other reasons. Any such defaults could lead to losses for FMO which could have a material adverse effect on FMO's business, results of operations and financial position.
- Investments might lose value. The fair value of investments (including FMO's equity portfolio) made by FMO may change. Any such change may adversely affect the financial position of FMO.
- The solvency of FMO might suffer. FMO may not be able to meet its payments obligations due to insufficient financial resources or may only be able to secure such financial resources at high costs.
- Assets/investments might be less liquid. FMO requires liquidity in its day-to-day business activities primarily to pay its operating expenses and interests on its debt and other liabilities. The principal source of liquidity for FMO is the wholesale lending market, and as a result of obtaining a full banking license as per 3 March 2014, it may now also enter the retail lending market. Further liquidity is also available through cash flow from FMO's assets and investment portfolio. Any change in such liquidity may have a negative effect on FMO's financial position.

*Impairment losses may occur on certain balance sheet items*

The carrying amount of assets, save for deferred tax assets, is reviewed for impairment every time events or changes in circumstances indicate that the carrying amount might not be realised. An impairment loss is recognised whenever the carrying amount of an asset is higher than its realisable value. An impairment loss is charged directly to the income statement and/or debited directly to equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any related deferred tax assets or liabilities are determined by comparing the revised carrying amount of the asset with its tax base.

*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 Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in) (as described in more detail under *'Recovery and resolution measures; intervention measures'* below). 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 Base 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 Noteholders.

On 10 October 2017, the four parties that have formed the new Dutch government released their coalition agreement (*regeerakkoord*) 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 Notes**

#### *Exchange rate risk and exchange controls*

FMO will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls or may dispose of the Investor's Currency. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate of a Specified Currency or the applicable currency in case of a Dual Currency Note (as defined below). As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Factors which are material for the purpose of assessing the market risks associated with the Notes*

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investments and its ability to bear the applicable risks; and

- be aware that it may receive no interest.

#### *Risks related to the structure of a particular issue of Notes*

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors.

A potential investor should not invest in Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

#### *Denominations*

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denominations (as defined in the Conditions). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

#### *The regulation and reform of 'benchmarks' may affect the value or payment of interest or principal under the Notes*

Various benchmarks (including interest rate benchmarks such as the London Inter-Bank Offered Rate ("**LIBOR**") and the Euro Interbank Offered Rate ("**EURIBOR**")) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective such as the Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"), whilst others are still to be implemented. Under the Programme, the interest payable on the Notes can be determined by reference to such benchmarks.

Under the Benchmark Regulation, new requirements apply with respect to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmark Regulation, among other things, (i) requires benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorized or registered (or, if non-EU-based, deemed equivalent or recognized or endorsed).

These reforms and other pressures (including from regulatory authorities) may cause one or more benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Moreover, any significant change to the setting or existence of LIBOR, EURIBOR or any other relevant benchmark could affect the ability of the Issuer to meet its obligations under the Notes and could have a material adverse effect on the value or liquidity of, and amounts payable under, the Notes.

#### *Future discontinuance of LIBOR, EURIBOR and any other benchmark may adversely affect the value of Notes which reference LIBOR, EURIBOR or such other benchmark*

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR, EURIBOR or any other benchmark were discontinued or otherwise unavailable, the rate of interest on Notes which reference LIBOR, EURIBOR or any other benchmark will be determined for the relevant period by the fallback provisions set out in Condition 3(b)(C) applicable to such

Notes. If the Calculation Agent or the Issuer, in consultation with the other person, determines at any time prior to, on or following any Interest Determination Date, that the relevant Reference Rate (as specified in the applicable Final Terms) has been discontinued or ceases to be an industry accepted rate for debt market instruments during the life of the Notes, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date) appoint a Rate Determination Agent (as defined in Condition 3(b)(C)) which will determine in its sole discretion, acting in good faith, whether a substitute or successor rate, as well as any necessary changes to the business day convention, the definition of business day, the interest determination date, the day count fraction and any method for calculating the Replacement Reference Rate (as defined in Condition 3(b)(C)), including any adjustment factor needed to make such Replacement Reference Rate comparable to the relevant Reference Rate.

The Rate Determination Agent may be considered an ‘administrator’ under the Benchmark Regulation. This is the case if it is considered to be in control over the provision of the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario. This would mean that the Rate Determination Agent (i) administers the arrangements for determining such rate, (ii) collects, analyses, or processes input data for the purposes of determining such rate and (iii) determines such rate through the application of a method of calculation or by an assessment of input data for that purpose. Furthermore, for the Rate Determination Agent to be considered an ‘administrator’ under the Benchmark Regulation, the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario should be a benchmark (index) within the meaning of the Benchmark Regulation. This may be the case if the Replacement Reference Rate and/or the determined rate of interest on the basis of the Replacement Reference Rate and any adjustments made thereto by the Rate Determination Agent and/or otherwise in determining the applicable rate of interest in the context of a fallback scenario, is published or made available to the public and regularly determined by the application of a method of calculation or by an assessment, and on the basis of certain values or surveys.

The Benchmark Regulation stipulates that each administrator of a benchmark regulated thereunder or the benchmark itself must be registered, authorized, recognized or endorsed, as applicable, in accordance with the Benchmark Regulation. There is a risk that administrators (which may include the Rate Determination Agent in the circumstances as described above) of certain benchmarks will fail to obtain such registration, authorization, recognition or endorsement, preventing them from continuing to provide such benchmarks, or may otherwise choose to discontinue or no longer provide such benchmark.

The Replacement Reference Rate will (in the absence of manifest error) be final and binding, and will apply to the relevant Notes without any requirement that the Issuer obtains consent of any Noteholders. If the Rate Determination Agent is unable to or otherwise does not determine a Replacement Reference Rate under Condition 3(b)(C), this could result under Conditions 3(b)(A), (B) or (C) in the effective application of a fixed rate to what was previously a Floating Rate Note based on the rate which applied in the previous period when the relevant Reference Rate was available (as stated in the Final Terms in respect of a series of Notes).

In addition, due to the uncertainty concerning the availability of successor rates and substitute reference rates and the involvement of a Rate Determination Agent (as defined in Condition 3(b)(C), the relevant fallback provisions may not operate as intended at the relevant time. In addition, the Replacement Reference Rate may perform differently from the discontinued benchmark. For example, there are currently proposals to replace LIBOR (which generally has a term of one, three or six months) with an overnight rate. Similarly, proposals have been made to use a rate on highly rated government obligations to replace LIBOR, which is currently based on interbank lending rates and carries an implicit element of credit risk of the banking sector. Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes or the perceived likelihood of its ability to redeem is increased, the market value of those Notes will generally not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is

lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Dual Currency Notes*

FMO may issue Notes with Specified Denominations of at least EUR 100,000, with interest or principal payable in one or more currencies which may be different from the Specified Currency, i.e. the currency in which the Notes are denominated ("**Dual Currency Note**"). A prospective investor should be aware that:

- the market price of such Notes may be very volatile;
- it may receive no interest;
- payment of interest may occur at a different time or in a different currency than expected;
- due to the difference in currency, the interest or principal may be subject to disadvantageous changes in exchange rates; and
- it may lose all or a substantial portion of its principal due to devaluation of the currency other than the Specified Currency.

#### *Currency Linked Notes*

FMO may issue a Note (i) bearing interest of which the amount payable is calculated by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms ("**Currency Linked Interest Note**") and (ii) with principal of which the amount payable is calculated by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms ("**Currency Linked Redemption Note**" and, together with a Currency Linked Interest Note, a "**Currency Linked Note**"). The applicable currency rate(s) of exchange may be different from the currency in which the Notes are denominated.

Potential investors in any such Notes should be aware that, depending on the terms of the Currency Linked Notes, (i) they may receive no or a limited amount of interest, (ii) payment of principal or interest may occur at a different time or in a different currency than expected and (iii) they may lose all or a substantial portion of their investment. In addition, movements in currency exchange rates may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices and the timing of changes in the exchange rates may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in currency exchange rates, the greater the effect on yield.

If the amount of principal and/or interest payable are dependent upon movements in currency exchange rates and are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the currency exchange rates on principal or interest payable will be magnified.

The market price of such Notes may be volatile and, if the amount of principal and/or interest payable are dependent upon movements in currency exchange rates, may depend upon the time remaining to the redemption date and the volatility of currency exchange rates. Movements in currency exchange rates may be dependent upon economic, financial and political events in one or more jurisdictions.

Currency Linked Notes have a different risk profile to ordinary debt securities. Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the nature and value of the investment return on the Currency Linked Notes. Furthermore, investors who intend to convert gains or losses from the redemption, exercise or sale of Currency Linked Notes into their home currency may be affected by fluctuations in the exchange rates between their home currency and the relevant currency (or basket of currencies). The performance of currency values is dependent upon the supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, speculation and measures taken by governments and central banks, regardless of other market forces.

Where the Currency Linked Notes are denominated in an emerging market currency or linked to one or more emerging market currencies, such emerging market currency or currencies can experience significantly more volatility and less certainty with respect to their future levels or the rate of exchange against other currencies than currencies or more developed markets. Emerging market currencies are highly exposed to the risk of a currency crisis happening in the future and this could trigger the need for the Calculation Agent to make adjustments to the terms and conditions of the Notes.

In addition, if in respect of Currency Linked Notes the Calculation Agent determines that a Market Disruption Event (as defined in Condition 6(b)) has occurred or is continuing, then, if the Calculation Agent determines that it is unable to determine the relevant rate(s) of exchange, the Issuer may either require the Calculation Agent to make such adjustments to the Terms and Conditions as it considers appropriate to account for any such Market Disruption Event and determine the date(s) on which any such adjustments will be effective or give notice to the Noteholders in accordance with Condition 13 and redeem all, but not some only, of the Currency Linked Notes, at the Early Redemption Amount (as described in Condition 5(e)).

*There is no active trading market for the Notes*

Notes will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Series or Tranche, such Series or Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of FMO. Although applications may be made for the Notes to be listed and admitted to trading on Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF or the London Stock Exchange as specified in the applicable Final Terms, there is no assurance that such applications will be accepted, that any particular Series or Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Series or Tranche of Notes.

*The Notes may be redeemed prior to maturity*

Unless specified otherwise in the applicable Final Terms, in the event that FMO would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Netherlands or any political subdivision thereof or any authority therein or thereof having power to tax, FMO may redeem all outstanding Notes in accordance with the Conditions.

In addition, if in the case of any particular Series or Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at FMO's option in certain other circumstances FMO may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

*Credit rating risk*

Credit or corporate ratings may not reflect all risks. One or more independent rating agencies may assign ratings to the Notes and/or FMO. The ratings may not reflect the potential impact of all risks related to structure, market, and other factors that may affect the value of the Notes or the standing of FMO. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. In the event a rating assigned to the Notes and/or FMO is lowered for any reason, the market value of the Notes may be adversely affected, but no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes.

*Because the Global Notes are held by or on behalf of Euroclear, Clearstream, Luxembourg and/or Euroclear Netherlands, investors will have to rely on their procedures for transfer, payment and communication with FMO*

Notes may be represented by one or more Global Notes (as defined below). Such Global Notes will in the case of a CGN be deposited with (i) a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system specified in the applicable Final Terms or (ii) with Euroclear Netherlands, and, in the case of an NGN, be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in



the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Because the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through Euroclear Netherlands, Euroclear and Clearstream, Luxembourg (as applicable).

While the Notes are represented by a Global Note, FMO will discharge its payment obligations under (a) CGNs by making payments via the Paying Agent (as defined below) to Euroclear Netherlands or to the common depositary for Euroclear and Clearstream, Luxembourg; and (b) NGNs by making payments via the Paying Agent (as defined below) to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg, for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear Netherlands, Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. FMO has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear Netherlands, Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

#### *Notes in New Global Note form*

The New Global Note form has been introduced to allow for the possibility of debt instruments being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the "**Eurosystem**") and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

#### *Potential conflicts of interest Calculation Agent*

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a calculation agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

#### *Change of law and jurisdiction*

The conditions of the Notes are governed by and construed in accordance with either Dutch law or English law as in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Dutch law, English law or administrative practice after the date of this Base Prospectus, including but not limited to, the introduction of, and changes to, taxes, levies or fees applicable to FMO's operations. Prospective investors should note that either the courts of the Netherlands or England shall have jurisdiction in respect of any disputes involving any Series of Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against FMO in any court of competent jurisdiction. The laws of the Netherlands or England may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

#### *Tax initiatives of Dutch government*

On 10 October 2017, the four parties that have formed the new Dutch government released their coalition agreement (*regeerakkoord*) 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. On 23 February 2018, the Dutch State Secretary for Finance published a letter (*Brief Aanpak belastingontwijking en belastingontduiking*) with an annex containing further details on the government's policy objectives against tax avoidance and tax evasion.

One of the policy objectives is the introduction of a withholding tax as of 1 January 2021, on interest payments directly or indirectly made to beneficiaries in 'low-tax jurisdictions' or countries that are included in the EU list of non-cooperative jurisdictions. The interest withholding tax would apply to certain payments made by a Dutch entity directly or indirectly to group companies in a low-tax or non-cooperative jurisdiction. As at the date of this Base Prospectus it is unclear which jurisdictions will be considered 'low tax jurisdictions' and, more generally, what the exact scope and impact of the measures will be. It seems unlikely that the proposed measure will apply to interest on debt instruments that are issued in the market and/or listed, such as the Notes. However it cannot

be ruled out that it will have a wider application and, as such, it could potentially be applicable to interest payments on the Notes. If this policy objective is implemented in such a way that FMO will become obliged to pay additional amounts as provided for or referred to in Condition 7(b), FMO may redeem the Notes, in whole but not in part, at its option under Condition 5(b).

#### *The proposed Financial Transaction Tax*

On 14 February 2013, the European Commission has published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction Tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt. Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State. However, the Commission's Proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

#### *U.S. Foreign Account Tax Compliance Withholding*

Sections 1471 through 1474 of the Revenue Code ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**").

The new withholding regime is now in effect for payments from sources within the United States and will apply to foreign passthru payments (a term not yet defined) no earlier than 1 January 2019.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "Reporting FI" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the Netherlands have entered into an agreement (the "**US-Netherlands IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the US-Netherlands IGA it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the clearing systems, given that each of the entities in the payment chain between the Issuer and the participants in the clearing systems is a major financial institution whose business is dependent on compliance with FATCA

and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA Withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA Withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA Withholding.

FMO's obligations under the Notes are discharged once it has paid the common depository or common safekeeper for the clearing systems (as bearer holder of the Notes) and FMO has therefore no responsibility for any amount thereafter transmitted through hands of the clearing systems and custodians or intermediaries.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

*The rights of the holders of the Notes may be directly or indirectly affected as a result of the exercise by the competent resolution authority of the bail-in tool or other recovery or resolution power or Intervention Measures in respect of the Issuer*

With the implementation of the BRRD into Netherlands law and the entry into force of the SRM Regulation, the competent resolution authority may decide to take certain measures and exercise certain powers thereunder, including the bail-in tool or other recovery or resolution powers, in such a manner that could result in debt instruments or other liabilities of the Issuer, including the Notes, absorbing losses. Taking such measures and the exercise of such powers could negatively affect the rights of the Noteholders or the enforcement thereof, and could result in losses being incurred by the Noteholders to the extent that the Noteholder could lose part or all of its investment in the Notes, including any accrued but unpaid interest. Taking any recovery or resolution measures or exercise of any power pursuant thereto could also indirectly negatively affect the position of the Noteholders. Even if no measures are taken or powers are exercised directly in respect of the Notes, any remedies by the Noteholders may be restricted, the market value of the Notes may be affected and the powers could increase the Issuer's cost of funding and thereby have an adverse impact on the Issuer's financial position. In addition, Intervention Measures could negatively affect the rights of the Noteholders or the enforcement thereof, and could result in losses being incurred by the Noteholders to the extent that the Noteholder could lose part or all of its investment in the Notes, including any accrued but unpaid interest.

The rights of the Noteholders that may be negatively affected as a result of the exercise of the bail-in tool, another recovery or resolution power or an Intervention Measure in respect of the Issuer may also include any set-off rights of a Noteholder. This may, for example, be the case if any claim of a Noteholder against the Issuer under the Notes would be written-down, converted or expropriated or otherwise be subject to the bail-in tool, another recovery or resolution power or an Intervention Measure, while any (counter)claim of the Issuer vis-à-vis that Noteholder would not be affected. Set-off rights and certain other rights may also not be enforceable against the Issuer or subject to a (temporary) suspension, in the event of the exercise of the bail-in tool, another recovery or resolution power or an Intervention Measure in respect of the Issuer.

Moreover, whether all or part of the principal amount of the Notes may be subject to the bail-in tool is unpredictable and may depend on a number of factors which may be outside the Issuer's control. Trading behaviour in respect of Notes which are subject to the bail-in tool is not necessarily expected to follow trading

behaviour associated with other types of securities. Any indication herein that the Notes may become subject to the bail-in tool could have an adverse effect on the market price of the relevant Notes.

See the section headed '*Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V - Structure, Policy and Compliance - Recovery and resolution measures; intervention measures*' for the definitions of "BRRD", "SRM Regulation", "SRB", "Special Measures Financial Institutions Act" and "Intervention Measures" and for more information regarding the BRRD, the SRM Regulation and the Special Measures Financial Institutions Act and the proposed changes to the BRRD and SRM Regulation under the EU Banking Reforms.

*The circumstances under which the competent resolution authority would take any recovery or resolution measure or Intervention Measure are uncertain*

Although certain conditions must be met for taking (i) recovery and resolution measures and the exercise of any powers to implement such measures and (ii) Intervention Measures, it is uncertain which specific factors the competent resolution authority would consider in deciding whether to take any recovery or resolution measure or Intervention Measure, and how to implement such measure, with respect to the Issuer and its assets or liabilities, such as the Notes. The criteria that the competent resolution authority would consider provide it with considerable discretion. Noteholders may not be able to refer to publicly available criteria in order to anticipate a potential recovery or resolution measure or Intervention Measure being taken or the exercise of any power pursuant thereto, and consequently its potential effect on the Issuer and the Notes.

*The rights of Noteholders 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*

Noteholders 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 Notes 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 Notes, absorbing losses or otherwise affecting the rights of Noteholders in the course of any resolution of the Issuer.

*Sustainability notes*

The Issuer may issue sustainability notes. The proceeds from the issue of each sustainability note will only be used to finance debt and equity investments which comply with FMO's core environmental and social requirements, as specified in the applicable Final Terms. Certain sustainability notes will also have further requirements, as specified in the applicable Final Terms. In such case, the net proceeds of the issue of such sustainability notes will be allocated within FMO's Treasury to a special sub-portfolio that will be linked to FMO's lending operations that comply with such further requirements. So long as such sustainability notes are outstanding, the balance of the sub-portfolio will be reduced by amounts matching disbursements in respect of the projects that meet these requirements. There can be no assurance that projects will be found that comply with the requirements of any sustainability note. If no such projects can be found during the term of the relevant sustainability notes, the net proceeds of the issue of such notes will remain in FMO's liquidity portfolio and may, in accordance with their terms, temporarily be used for different purposes in case of liquidity stress situations. This could negatively affect FMO's reputation as an issuer of sustainability notes.

## IMPORTANT NOTICE

FMO accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of FMO (which has taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information from third-parties, as specified in the applicable Final Terms, has been accurately reproduced and does not omit anything likely which would render the reproduced information inaccurate or misleading. FMO accepts responsibility accordingly.

Neither the Arranger, the Dealers, the Listing Agents (as defined below) or the Paying Agent (as defined below) nor any of their respective affiliates, directors, officers or employees or any other affiliated person, accepts any responsibility whatsoever for the contents of this Base Prospectus nor for any other statements made or purported to be made by either themselves or on their behalf in connection with the Issuer, the Programme, the Notes or the issue or distribution of the Notes. Accordingly, each of them disclaim any and all liability, whether arising in tort or contract or otherwise in respect of this Base Prospectus or any such statement.

Application may be made for certain series of Notes to be listed on Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF and the London Stock Exchange. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to any Tranche of Notes will be set forth in the Final Terms relating to such Tranche which will be filed with, if and when applicable, the AFM, the CSSF, the Norwegian Finanstilsynet, the FSMA, the BfF, the UK Listing Authority, the Danish Finanstilsynet, the Finanssivalvonta or the Finansinspektionen, if required by the Prospectus Directive and its applicable implementing measures in the Netherlands and, if applicable, will be delivered to Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF or the London Stock Exchange, and filed with the relevant competent authorities together with an issue specific summary (if relevant) in the required language, on or before the date of issue of the Notes of such Tranche.

The AFM has approved this Base Prospectus in connection with the issue by FMO of Notes which are:

- a) offered to the public in the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, whether or not such Notes are listed and admitted to trading on any market; or
- b) admitted to trading on any one or more regulated markets as defined under Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments; and not
- c) market instruments as defined by Article 4(1)(17) of Directive 2014/65/EU, having a maturity of less than 12 months,

such Notes hereinafter referred to as "**PD Notes**". PD Notes may be issued in any denominations as agreed between FMO and the relevant Dealer(s).

FMO may also issue unlisted Notes and/or Notes not admitted to trading on any regulated market in the European Economic Area and, where such Notes are, in addition, issued with a minimum denomination of at least EUR 100,000 (or its equivalent in any other currency) or otherwise fall within an exemption from the requirement to publish a prospectus under the Prospectus Directive; the AFM has neither approved nor reviewed information contained in this Base Prospectus in connection with the issue of any such exempt Notes.

If between the date of this Base Prospectus and the final closing of the relevant Non-exempt Offer or, as the case may be, the time when trading of the Notes begins on Euronext in Amsterdam, the regulated market of the Luxembourg Stock Exchange, the Euro MTF or the regulated market of the London Stock Exchange, a significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of the Notes arises or is noticed, FMO will prepare a supplement to this Base Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes subject to such Non-exempt Offer or, as the case may be, such admission to trading. Such a supplement will be approved by the AFM and published in accordance with applicable law and a notification will be provided to the competent authorities and the ESMA. The summary, and any translations thereof required for the purpose of such Non-exempt Offer or, as the case may be, such admission to trading, will also be supplemented, if necessary, to take into account the new information included in the supplement.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section headed '*Documents Incorporated by Reference*' below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Base Prospectus.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any Final Terms or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by FMO, the Arranger or any of the Dealers.

Neither this Base Prospectus nor any Final Terms nor any other information supplied in connection with the Programme should be considered as a recommendation by FMO, the Arranger, any of the Dealers, the Listing Agents (as defined below) or the Paying Agent (as defined below) or any of their respective affiliates, directors, officers or employees or any other affiliated person that any recipient of this Base Prospectus or any other information supplied in connection with the Programme should purchase any Notes. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility is accepted by any one or more of them as to the accuracy, completeness or fairness of the information or opinions contained in this Base Prospectus, or incorporated by reference herein, or any other information provided by FMO and no such information and none of such opinions is, or may be relied upon as, a promise or representation by any one or more of them as to the past or future.

Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of FMO. Neither this Base Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of FMO, the Arranger or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall at any time imply that the information contained herein concerning FMO is correct at any time subsequent to the date hereof or, as the case may be, the date upon which the Base Prospectus has been most recently amended or supplemented or the balance sheet date of the most recent financial statements deemed to be incorporated by reference into this Base Prospectus or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of FMO during the life of the Programme. Investors should review, *inter alia*, the most recent company financial statements of FMO and any other relevant publicly available information when deciding whether to purchase any Notes.

Neither this Base Prospectus nor any part hereof constitutes an offer or an invitation to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and any Final Terms and the offer or sale of Notes in certain jurisdictions may be restricted by law. FMO, the Arranger and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by FMO, the Arranger or the Dealers which would permit a non-exempt offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus (or any part thereof) or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the European Economic Area, the United States, the United Kingdom, the Netherlands and Japan (see the section headed '*Subscription and Sale*' below).

The Notes have not been approved or disapproved by the US Securities and Exchange Commission, any State Securities Commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Base Prospectus. Any representation to the contrary is unlawful.

ABN AMRO Bank N.V. ("**ABN AMRO**") has been engaged by the Issuer as Amsterdam listing agent (the "**Amsterdam Listing Agent**") and Dutch paying agent (the "**Dutch Paying Agent**"). The Amsterdam Listing Agent activities relate to the admission of the Notes to trading on, if applicable, Euronext in Amsterdam. The Dutch Paying Agent activities relate to performing certain payment services on behalf of the Issuer towards the Noteholders and determination of the interest rates. ABN AMRO's activities pursuant to the engagement have consisted of assisting the Issuer with filing the application for admission to listing with Euronext in Amsterdam.

Banque Internationale à Luxembourg ("**BIL**") has been engaged by the Issuer as principal paying agent (the "**Principal Paying Agent**", and the Principal Paying Agent and the Dutch Paying Agent, each a "**Paying Agent**") and Luxembourg listing agent (the "**Luxembourg Listing Agent**", and together with the Dutch Listing Agent, also referred to as the "**Listing Agents**"). The Principal Paying Agent activities relate to performing certain payment services on behalf of the Issuer towards the Noteholders and determination of the interest rates. The Luxembourg Listing Agent activities relate to the admission of the Notes to trading on, if applicable, the Luxembourg Stock Exchange or the Euro MTF. BIL's activities pursuant to the engagement have consisted of assisting the Issuer with filing the application for admission to listing with the Luxembourg Stock Exchange or the Euro MTF.

ABN AMRO and BIL are both acting for the Issuer and for no one else and will not regard any other person as their clients in connection with the Programme, the Notes, or the issue or distribution of the Notes and will not be responsible for anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the Programme, the Notes, or the issue or distribution of the Notes nor any other transaction or arrangement referred to in this Base Prospectus.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and the Notes are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States or to U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (see the section headed '*Subscription and Sale*' below).

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled 'Prohibition of Sales to EEA Retail Investors', the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes will include a legend entitled 'MiFID II Product Governance' which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark under the Benchmark Regulation. If any such reference rate does constitute such a benchmark, the relevant Final Terms will indicate whether or not the administrator thereof is included in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation. Not every reference rate

will fall within the scope of the Benchmark Regulation. Furthermore, transitional provisions in the Benchmark Regulation may have the result that an administrator and/or a benchmark is not required to appear in the register of administrators and benchmarks at the date of the relevant Final Terms. The registration status of any administrator or benchmark under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any Final Terms to reflect any change in the registration status of the administrator.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so:

- in circumstances in which no obligation arises for FMO or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or
- in the circumstances described under '*Non-exempt Offers of Non-exempt Offer Notes in the European Economic Area*' below.

See the section headed '*Subscription and Sale*' below for further information.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

FMO may, in its absolute discretion, perform market making activities as a liquidity provider in respect of certain series or tranches of Notes.

All figures in this Base Prospectus have not been audited, unless stated otherwise. These figures are internal figures of FMO.

All references in this document to 'U.S. Dollars', 'USD', 'U.S.\$' and '\$' refer to the currency of the United States of America, those to 'Sterling' and '£' refer to the currency of the United Kingdom, those to 'CHF' refer to the currency of Switzerland, 'NOK' to the currency of Norway, 'SEK' to the currency of Sweden, those to 'ZAR' refer to the currency of South Africa and those to 'Euro', 'EUR', and '€' refer to the currency introduced at the start of the third stage of the Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended.

Your attention is drawn to the important information on page [45] of this Base Prospectus.



## CALCULATION OF THE OUTSTANDING AMOUNT

This Base Prospectus and any supplement will only be valid for offering, listing and admission to trading of Notes on Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF or the London Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed EUR 7,000,000,000 or its equivalent in any other currency. For the purpose of calculating the aggregate nominal amount of Notes from time to time:

- a) the EUR equivalent of Notes denominated in another Specified Currency (specified as such in the applicable Final Terms) shall be determined, at the discretion of the Issuer, as of the date of agreement to issue such Notes (the "**Agreement Date**") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the EUR against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date;
- b) the amount (or, where applicable, the EUR equivalent) of Dual Currency Notes (being Notes in respect of which payments of interest and/or principal may be made in a currency other than the Specified Currency), Currency Linked Notes (being Notes (i) bearing interest of which the amount payable is calculated by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms and/or (ii) with principal of which the amount payable is calculated by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms) and Partly Paid Notes (being Notes where the Issue Price is payable in more than one instalment) shall be calculated (in the case of Notes not denominated in EUR, in the manner specified above) by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes, regardless of the subscription price paid); and
- c) the amount (or, where applicable, the EUR equivalent) of Zero Coupon Notes (being Notes during the term of which no interest shall become due and payable) and other Notes issued at a discount or premium shall be calculated (in the case of Notes not denominated in EUR, in the manner specified above) by reference to the net proceeds received by the Issuer for the relevant issue.

## **NON-EXEMPT OFFERS OF NON-EXEMPT OFFER NOTES IN THE EUROPEAN ECONOMIC AREA**

Certain Tranches of Notes with a denomination of less than EUR 100,000 (or its equivalent in any other currency) ("**Non-exempt Offer Notes**") may, subject as provided below, be offered to the public in a Relevant Member State in circumstances where there is no exemption from the obligation under Article 3(2) of the Prospectus Directive to publish a prospectus. Any such offer is referred to in this Base Prospectus as a "**Non-exempt Offer**".

This Base Prospectus has been prepared on a basis that permits Non-exempt Offers of Non-exempt Offer Notes in the Netherlands (the "**Non-exempt Offer Jurisdiction**"). Any person making or intending to make a Non-exempt Offer of Non-exempt Offer Notes in the Non-exempt Offer Jurisdiction on the basis of this Base Prospectus must do so only with the Issuer's consent - see '*Consent given in accordance with Article 3(2) of the Prospectus Directive (Retail Cascades)*' below.

If the Issuer intends to make or authorise any Non-exempt Offer of Non-exempt Offer Notes to be made in one or more Relevant Member States other than in the Non-exempt Offer Jurisdiction (including but not limited to Denmark, Finland, Luxembourg, Norway, Sweden and the United Kingdom), it will prepare a supplement to this Base Prospectus specifying such Relevant Member State(s) and any additional information required by the Prospectus Directive in respect thereof. Such supplement will also set out provisions relating to the Issuer's consent to use this Base Prospectus in connection with any such Non-exempt Offer.

Save as provided above, neither the Issuer, the Arranger nor any Dealer has authorised, nor do they authorise, the making of any Non-exempt Offer of Non-exempt Offer Notes in circumstances in which an obligation arises for either the Issuer, the Arranger or any Dealer to publish or supplement a prospectus for such offer.

### **Consent given in accordance with Article 3(2) of the Prospectus Directive (Retail Cascades)**

In the context of any Non-exempt Offer of Non-exempt Offer Notes in the Non-exempt Offer Jurisdiction, the Issuer accepts responsibility in the Non-exempt Offer Jurisdiction, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any Non-exempt Offer Notes by a Dealer and also with respect to subsequent resale or final placement of securities by any financial intermediary which was given consent to use this Base Prospectus (an "**Authorised Offeror**"), where the offer is made in compliance with all conditions attached to the giving of the consent. Such consent and conditions are described below under '*Consent*' and '*Common conditions to consent*'. Neither the Issuer, the Arranger nor any Dealer has any responsibility for any of the actions of any Authorised Offeror, including compliance by an Authorised Offeror with applicable conduct of business rules or other local regulatory requirements or other securities law requirements in relation to such Non-exempt Offer.

**Save as provided below, neither the Issuer, the Arranger nor any Dealer has authorised the making of any Non-exempt Offer and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Non-exempt Offer of Non-exempt Offer Notes in any jurisdiction. Any Non-exempt Offer made without the consent of the Issuer is unauthorised and neither the Issuer, the Arranger nor any Dealer accepts any responsibility or liability for the actions of the persons making any such unauthorised offer.**

If, in the context of a Non-exempt Offer, an Investor to whom an offer of any Non-exempt Offer Notes is made is offered Non-exempt Offer Notes by a person which is not an Authorised Offeror, the Investor should check with such person whether anyone is responsible for this Base Prospectus for the purpose of Article 6 of the Prospectus Directive in the context of the Non-exempt Offer and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should obtain legal advice.

The Issuer will publish information with respect to Authorised Offerors unknown at the time of the approval of the Base Prospectus or the filing of the applicable Final Terms, as the case may be, on its website <https://www.fmo.nl/funding-programs>.

## Consent

Subject to the conditions set out below under '*Common conditions to consent*':

- A. the Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Non-exempt Offer Notes in any Non-exempt Offer Jurisdiction by:
- (i) the Dealer(s) specified in the relevant Final Terms;
  - (ii) any financial intermediary named as an Initial Authorised Offeror in the applicable Final Terms; and
  - (iii) any financial intermediary appointed after the date of the applicable Final Terms and whose name and address is published on the Issuer's website <https://www.fmo.nl/funding-programs> and identified as an Authorised Offeror in respect of the relevant Non-exempt Offer; and
- B. if (and only if) paragraph 8(vi) ('*General Consent*') of Part B of the relevant Final Terms specifies '*General Consent*' as '*Applicable*', the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Non-exempt Offer of Non-exempt Offer Notes in the Non-exempt Offer Jurisdiction by any financial intermediary which satisfies the following conditions:
- (i) it is authorised to make such offers under the legislation implementing the MiFID or MiFID II, as the case may be, as applicable in each relevant jurisdiction; and
  - (ii) it accepts such offer by publishing on its website the following statement (with the information in square brackets duly completed with the relevant information):

*'We, [insert legal name of financial intermediary], refer to the [insert title of relevant Non-exempt Offer Notes] (the "Notes") described in the Final Terms dated [insert date] (the "Final Terms") published by Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "Issuer"). We hereby accept the offer by the Issuer of its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Notes in the Netherlands (the "Non-exempt Offer") in accordance with the Authorised Offeror Terms and subject to the conditions to such consent, each as specified in the Base Prospectus, and we are using the Base Prospectus in connection with the Non-exempt Offer accordingly.'*

The '*Authorised Offeror Terms*' are that the relevant financial intermediary:

- I. will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer(s) that it will, at all times in connection with the relevant Non-exempt Offer:
  - (a) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**") from time to time including, without limitation, Rules relating to both the appropriateness or suitability of any investment in the Non-exempt Offer Notes by any person and disclosure to any potential Investor, and will immediately inform the Issuer and the relevant Dealer(s) if at any time such financial intermediary becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;
  - (b) comply with the restrictions set out under '*Subscription and Sale*' in this Base Prospectus which would apply as if it were a Dealer;
  - (c) consider the relevant manufacturer's target market assessment and distribution channels identified under the "MiFID II product governance" legend set out in the applicable Final Terms;
  - (d) ensure that any fee (and any other commissions or benefits of any kind) received or paid by that financial intermediary in relation to the offer or sale of the Non-exempt Offer Notes does

not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

- (e) hold all licenses, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the Non-exempt Offer Notes under the Rules;
- (f) comply with, and take appropriate steps in relation to, applicable anti-money laundering, anti-bribery, anti-corruption and *'know your client'* Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any Non-exempt Offer Notes by the Investor), and will not permit any application for Non-exempt Offer Notes in circumstances where the financial intermediary has any suspicions as to the source of the application moneys;
- (g) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so required and permitted, make such records available to the relevant Dealer(s) and the Issuer or directly to the appropriate authorities with jurisdiction over the Issuer and/or the relevant Dealer(s) in order to enable the Issuer and/or the relevant Dealer(s) to comply with anti-money laundering, anti-bribery, anti-corruption and *'know your client'* Rules applying to the Issuer and/or the relevant Dealer(s);
- (h) ensure that no holder of Non-exempt Offer Notes or potential Investor in Non-exempt Offer Notes shall become an indirect or direct client of the Issuer or the relevant Dealer(s) for the purposes of any applicable Rules from time to time, and, to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;
- (i) cooperate with the Issuer and the relevant Dealer(s) in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (f) above) upon written request from the Issuer or the relevant Dealer(s) as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer(s):
  - (i) in connection with any request or investigation by the AFM and/or any relevant regulator of competent jurisdiction in relation to the Non-exempt Offer Notes, the Issuer or the relevant Dealer(s); and/or
  - (ii) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer(s) or another Authorised Offeror, including, without limitation, complaints as defined in rules published by the AFM and/or any relevant regulator of competent jurisdiction from time to time; and/or
  - (iii) which the Issuer or the relevant Dealer(s) may reasonably require from time to time in relation to the Non-exempt Offer Notes and/or as to allow the Issuer or the relevant Dealer(s) fully to comply within its own legal tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any timeframe set by any such regulator or regulatory process;

- (j) during the primary distribution period of the Non-exempt Offer Notes: (i) not sell the Non-exempt Offer Notes at any price other than the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer(s)); (ii) not sell the Non-exempt Offer Notes otherwise than for the settlement on the Issue Date specified in the applicable Non-exempt Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer(s) and the Issuer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the Non-exempt Offer Notes (unless otherwise agreed with the relevant Dealer(s)); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer(s);
- (k) either (i) obtain from each potential Investor an executed application for the Non-exempt Offer Notes, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from

its execution-only clients, in each case, prior to making any order for the Non-exempt Offer Notes on their behalf, and, in each case, maintain the same on its files for so long as is required by any applicable Rules;

- (l) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer(s) to breach any Rule or subject the Issuer or the relevant Dealer(s) to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;
  - (m) comply with the conditions to the consent referred to under '*Common conditions to consent*' below and any further requirements relevant to the Non-exempt Offer as specified in the applicable Final Terms;
  - (n) make available to each potential Investor in the Non-exempt Offer Notes the Base Prospectus (as supplemented as at the relevant time, if applicable), the applicable Final Terms and any applicable information booklet provided by the Issuer for such purpose, and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus; and
  - (o) if it conveys or publishes any communication (other than the Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purpose of the relevant Non-exempt Offer) in connection with the relevant Non-exempt Offer, it will ensure that such communication (i) is fair, clear and not misleading and complies with the Rules, (ii) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that none of the Issuer nor the relevant Dealer(s) accept any responsibility for such communication and (iii) does not, without the prior written consent of the Issuer or the relevant Dealer(s) (as applicable), use the legal or publicity names of the Issuer or, respectively, the relevant Dealer(s) or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant Non-exempt Offer Notes on the basis set out in this Base Prospectus;
- II. agrees and undertakes to indemnify each of the Issuer and the relevant Dealer(s) (in each case, on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation of defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it or any information which has not been authorised for such purposes by the Issuer or the relevant Dealer(s); and
- III. agrees and accepts that:
- (a) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Non-exempt Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, the laws of the Netherlands; and
  - (b) the competent courts of The Hague, the Netherlands are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) and accordingly submits to the exclusive jurisdiction of such courts.

**Any financial intermediary falling within sub-paragraph (B) above who wishes to use this Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website the statement (duly completed) specified at paragraph (B)(ii) above.**

**Common conditions to consent**

The conditions to the Issuer's consent are (in addition to the conditions described in paragraph (B) above if paragraph 8(vi) ('*General Consent*') of Part B of the applicable Final Terms specifies '*General Consent*' as '*Applicable*') that such consent:

- (a) is only valid in respect of the relevant Tranche of Non-exempt Offer Notes;
- (b) is only valid during the Offer Period specified in the relevant Final Terms; and
- (c) only extends to the use of this Base Prospectus to make Non-exempt Offers of the relevant Tranche of Non-exempt Offer Notes in the Netherlands.

**ARRANGEMENTS BETWEEN INVESTORS AND AUTHORISED OFFERORS**

**AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY NON-EXEMPT OFFER NOTES IN A NON-EXEMPT OFFER FROM AN AUTHORISED OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH NON-EXEMPT OFFER NOTES TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE NON-EXEMPT OFFER OR SALE OF THE NON-EXEMPT OFFER NOTES CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK AT THE RELEVANT AUTHORISED OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. NEITHER THE ISSUER NOR ANY DEALER (EXCEPT WHERE SUCH DEALER IS THE RELEVANT AUTHORISED OFFEROR) HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.**

**Non-exempt Offers: Issue Price and Offer Price**

Non-exempt Offer Notes to be offered pursuant to a Non-exempt Offer will be issued by the Issuer at the Issue Price specified in the applicable Final Terms. The Issue Price will be determined by the Issuer in consultation with the relevant Dealer(s) at the time of the relevant Non-exempt Offer and will depend, amongst other things, on the interest rate applicable to the Non-exempt Offer Notes and prevailing market conditions at any time. The offer price of such Non-exempt Offer Notes will be the Issue Price or such other price as may be agreed between an Investor and the Authorised Offeror making the offer of the Non-exempt Offer Notes to such Investor. The Issuer will not be party to arrangements between an Investor and an Authorised Offeror, and the Investor will need to look to the relevant Authorised Offeror to confirm the price at which such Authorised Offeror is offering the Non-exempt Offer Notes to such Investor.

## DOCUMENTS INCORPORATED BY REFERENCE

The following publicly available documents will be filed with the AFM and shall be incorporated in, and form part of, this Base Prospectus:

- (a) the articles of association (*statuten*) of the Issuer in the Dutch and English language;
- (b) only to the extent they apply to Fixed Rate Notes and Floating Rate Notes the terms and conditions as referred to on pages 26 up to and including 50 of the base prospectus of the Issuer relating to the Programme, dated 14 September 2009 (the "**2009 Terms and Conditions**");
- (c) only to the extent they apply to Fixed Rate Notes and Floating Rate Notes, the terms and conditions as referred to on pages 27 up to and including 50 of the base prospectus of the Issuer relating to the Programme, dated 12 May 2010 (the "**2010 Terms and Conditions**");
- (d) only to the extent they apply to Fixed Rate Notes and Floating Rate Notes, the terms and conditions as referred to on pages 28 up to and including 52 of the base prospectus of the Issuer relating to the Programme, dated 14 June 2011 (the "**2011 Terms and Conditions**");
- (e) only to the extent they apply to Fixed Rate Notes and Floating Rate Notes, the terms and conditions as referred to on pages 31 up to and including 55 of the base prospectus of the Issuer relating to the Programme, dated 28 June 2012 (the "**2012 Terms and Conditions**");
- (f) the terms and conditions as referred to on pages 32 up to and including 57 of the base prospectus of the Issuer relating to the Programme, dated 3 July 2013 (the "**2013 Terms and Conditions**");
- (g) the terms and conditions as referred to on pages 51 up to and including 75 of the base prospectus of the Issuer relating to the Programme, dated 2 June 2014 (the "**2014 Terms and Conditions**");
- (h) the terms and conditions as referred to on pages 45 up to and including 65 of the base prospectus of the Issuer relating to the Programme, dated 17 June 2015 (the "**2015 Terms and Conditions**");
- (i) the terms and conditions as referred to on pages 47 up to and including 68 of the base prospectus of the Issuer relating to the Programme, dated 22 June 2016 (the "**2016 Terms and Conditions**");
- (j) the terms and conditions as referred to on pages 48 up to and including 69 of the base prospectus of the Issuer relating to the Programme dated 16 June 2017 (the "**2017 Terms and Conditions**"); and
- (k) the publicly available audited annual financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017 (including the independent auditor's reports thereon) (as set out on pages 69 through 153 of the Issuer's 2016 annual report and pages 57 through 151 of the Issuer's 2017 annual report respectively).

The Issuer will provide, without charge, to each person to whom a copy of this Base Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated herein by reference and any further prospectus or prospectus supplement prepared by the Issuer for the purpose of updating or amending any information contained herein or therein and, where appropriate, English translations of any or all such documents.

Written requests for such documents should be directed to the Issuer at its registered office set out at the end of this Base Prospectus. In addition, such documents will be available free of charge from the office of ABN AMRO, Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands in its capacity as Dutch Paying Agent or from the principal office in Luxembourg of BIL, 69 route d'Esch L-2953 Luxembourg, Luxembourg, in its capacity as Principal Paying Agent.

The Base Prospectus and the documents incorporated by reference herein can also be found at the website <https://www.fmo.nl/funding-programs>.

## FORWARD-LOOKING STATEMENTS

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

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

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

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



## FORM OF THE NOTES

Each Series or Tranche of Notes will be governed by, and shall be construed in accordance with, either the laws of the Netherlands or England as specified in the applicable Final Terms. In this Base Prospectus Notes expressed to be governed by Dutch law are referred to as "**Dutch Law Notes**" and Notes expressed to be governed by English law are referred to as "**English Law Notes**".

Each Series or Tranche of Notes will (unless otherwise specified in the applicable Final Terms) be initially represented by a temporary global Note (a "**Temporary Global Note**") (or, if so specified in the applicable Final Terms, a permanent global Note (a "**Permanent Global Note**") and, together with the Temporary Global Note, the "**Global Notes**" and each a "**Global Note**"), without Receipts, Coupons or Talons. Each Global Note which is not intended to be issued as an NGN (a CGN), as specified in the relevant Final Terms, will be deposited on the relevant Issue Date either (i) with a common depository for Euroclear and Clearstream, Luxembourg or (ii) with Euroclear Netherlands. Each Global Note which is intended to be issued as a NGN as specified in the relevant Final Terms, will be deposited on or around the relevant Issue Date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Whilst any Note is represented by a Temporary Global Note and subject to TEFRA D selling restrictions (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010), payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the relevant clearing system(s) and the relevant clearing system(s) have given a like certification (based on the certifications they have received) to the Agent. Any reference in this section to the relevant clearing system(s) shall mean the clearance and/or settlement system(s) specified in the applicable Final Terms.

On 13 June 2006, the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the 'Standards for the use of EU securities settlement systems in ESCB credit operations' of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

### *Exchangeability Temporary Global Notes*

In respect of each Series or Tranche of Notes for which a Temporary Global Note will be issued, a date on which this Temporary Global Note will become exchangeable (the "**Exchange Date**") will be determined. Interests in a Temporary Global Note will be exchangeable (free of charge), upon request as described therein, either for interests in a Permanent Global Note without Receipts, Coupons or Talons or for definitive Notes (as specified in the applicable Final Terms) in each case (if the Notes are subject to TEFRA D selling restrictions or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) against certification of beneficial ownership as described above unless such certification has already been given, on and after the Exchange Date which is the later of:

1. 40 days after the date on which the Temporary Global Note is issued; and
2. 40 days after the completion of the distribution of the relevant Series or Tranche, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue) (the "**Distribution Compliance Period**").

The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under '*Terms and Conditions of the Notes*' below) the Agent shall arrange that, where a Temporary Global Note representing a Series or Tranche of Notes is issued, the Notes of such Series or Tranche shall be assigned an ISIN and a common code by Euroclear and Clearstream,

Luxembourg which are different from the ISIN and common code assigned to Notes of any other Tranche of the same Series.

Definitive Notes that are English Law Notes will be in the standard euromarket form. Definitive Notes that are Dutch Law Notes will be in the standard euromarket form. Definitive Notes and Global Notes will be in bearer form.

*Payments of principal and interest (if any) on Permanent Global Notes*

Payments of principal and interest (if any) on a Permanent Global Note will be made through the relevant clearing system(s) against presentation or surrender (as the case may be) of the Permanent Global Note (if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. A Permanent Global Note will be exchangeable (free of charge), in whole in accordance with the applicable Final Terms for security printed definitive Notes with, where applicable, Receipts, Coupons or Coupon sheets and Talons attached. Such exchange may be made, as specified in the applicable Final Terms, either (i) upon not less than 30 days' written notice being given to the Agent by Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system (acting on the instructions of any of its participants) as described therein or (ii) only upon the occurrence of any Exchange Event. An "**Exchange Event**" means (1) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available or (2) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the Permanent Global Note in definitive form or (3) upon the occurrence of any of the circumstances described in Condition 9. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 upon the occurrence of an Exchange Event as described in (1) or (2) above. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, acting on the instructions of any holder of an interest in such Permanent Global Note, may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (2) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 30 days after the date of receipt of the relevant notice by the Agent. Global Notes and definitive Notes will be issued pursuant to the Agency Agreement. At the date hereof, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form.

In case of Notes represented by a Global Note deposited with Euroclear Netherlands, exchange of such Global Notes for security printed definitive Notes is limited to the circumstances described in Articles 26 and 45 in connection with delivery (*uitlevering*) under the Dutch Securities Giro Transfer Act 1977 (*Wet giraal effectenverkeer*) as amended from time to time.

*Applicable legends*

The following legend will appear on all Global Notes (except for Temporary Global Notes), definitive Notes, Receipts and Coupons (including Talons) with a maturity of more than 1 year which are subject to TEFRA D selling restrictions (or any successor U.S. Treasury regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010):

'ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE.'

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or Euroclear Netherlands as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or Euroclear Netherlands shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The following legend will appear on all Global Notes held in Euroclear Netherlands:

*'Notice: This Note is issued for deposit with Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("Euroclear Netherlands") at Amsterdam, the Netherlands. Any person being offered this Note for transfer or any other purpose should be aware that theft or fraud is almost certain to be involved.'*

#### *Acceleration*

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 of the Notes. In such circumstances: (a) where any Dutch Law Note is still represented by a Global Note and a holder of such Note so represented and credited to his account with the relevant clearing system(s) (other than Euroclear Netherlands) gives notice that it wishes to accelerate such Note, holders of interests in such Global Note credited to their accounts with the relevant clearing system(s) (other than Euroclear Netherlands) will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the relevant clearing system(s) (other than Euroclear Netherlands) on and subject to the terms of the relevant Global Note; (b) where any English Law Note is still represented by a Global Note, the holder of such Note so represented may give notice that it wishes the Global Note to be exchanged for Notes in definitive form.

#### *Conditions upon exchangeability*

Whenever a Global Note is to be exchanged for Notes in definitive form, the Issuer shall procure the prompt delivery (free of charge) of such Notes in definitive form, duly authenticated and with Receipts, Coupons and Talons attached (if so specified in the applicable Final Terms), in an aggregate principal amount equal to the principal amount of the Global Note to the bearer of the Global Note against the surrender of the Global Note to or to the order of the Agent within 30 days of the bearer requesting such exchange. If:

- (i) Notes in definitive form have not been delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the bearer of a Global Note has duly requested exchange of the Global Note for Notes in definitive form; or
- (ii) a Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Global Note in accordance with the terms of the Global Note on the due date for payment,

then the Global Note (including the obligation to deliver Notes in definitive form) will become void at 5.00 p.m. (Luxembourg time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (ii) above) and the bearer of the Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Global Note or others may have under a deed of covenant dated 22 June 2016 (the "**Deed of Covenant**") executed by the Issuer).

Under the Deed of Covenant, persons shown in the records of the relevant clearing system(s) (other than Euroclear Netherlands) as being entitled to an interest in a Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Global Note became void, they had been the holders of Notes in definitive form in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of the relevant clearing system(s) (other than Euroclear Netherlands).

In the case of a Global Note deposited with Euroclear Netherlands, the rights of Noteholders will be exercised in accordance with the Securities Giro Transfer Act 1977 (*Wet giraal effectenverkeer*) as amended from time to time.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Global Note and which will be endorsed on (or, if permitted by the rules of the relevant stock exchange or other relevant authority and agreed between the Issuer and the relevant Dealer, incorporated by reference into) each definitive Note in the standard euromarket form. The applicable Final Terms will be endorsed on, incorporated by reference into, or attached to, each Global Note and definitive Note in the standard euromarket form. All capitalised terms that are not defined in these Terms and Conditions will have the meaning given to them in the applicable Final Terms. Reference should be made to 'Form of Final Terms' below for a description of the content of Final Terms which includes the definition of certain terms used in the following Terms and Conditions.*

This Note is one of a series of Notes issued by Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (the "**Issuer**") pursuant to the Agency Agreement (as defined below). References herein to the "**Notes**" shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a temporary global Note (a "**Temporary Global Note**") or a permanent global Note (a "**Permanent Global Note**" and together with the Temporary Global Note, the "**Global Notes**" and each, a "**Global Note**"), units of the lowest Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange for a Global Note and (iii) any Global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) are the subject of an amended and restated Agency Agreement dated 14 June 2018 (the "**Agency Agreement**") between the Issuer, Banque Internationale à Luxembourg as issuing and principal paying agent and agent bank (in such capacity the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes in the standard euromarket form (unless otherwise specified) have interest coupons ("**Coupons**") and, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons, respectively. Definitive Notes in the standard euromarket form repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Any reference herein to "**Noteholders**" shall mean the holders of the Notes, and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to "**Receptholders**" shall mean the holders of the Receipts and any reference herein to "**Couponholders**" shall mean the holders of the Coupons, and shall, unless the context otherwise requires, include the holders of the Talons. Any holders mentioned above include those having a credit balance in the collective deposits held by Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., formerly known as NECIGEF ("**Euroclear Netherlands**") or one of its admitted institutions (*aangesloten instellingen*).

References in these Terms and Conditions to 'Coupons' will include references to such Coupon sheets.

To the extent applicable, the Issuer undertakes to comply with Book VI of the Belgian Code of Economic Law in respect of the Notes issued under the Base Prospectus.

In accordance with Articles VI.82 to VI.84 of the Belgian Code of Economic Law, except in the case of a force majeure event, the Issuer may not unilaterally modify the characteristics of a product if it concerns an essential feature of the product. The redemption features of the Notes provided by Condition 5 (Redemption and Purchase) are only possible upon a decision of the Issuer as a consequence of a force majeure event or with compensation.

The Final Terms for this Note are endorsed hereon or attached hereto or applicable hereto or incorporated by reference herein and supplement these Terms and Conditions. All capitalised terms that are not defined in these Terms and Conditions will have the meaning given to them in the applicable Final Terms. References herein to the 'applicable Final Terms' are to the Final Terms for this Note.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices from the date on which such consolidation is expressed to take effect.

Copies of the Agency Agreement, the Deed of Covenant and the applicable Final Terms are available at the specified offices of each of the Agent and the other Paying Agents save that a Final Terms relating to an unlisted Note will only be available for inspection by a Noteholder upon such Noteholder producing evidence as to identity satisfactory to the relevant Paying Agent. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are binding on them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

## 1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and Specified Denomination(s).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Currency Linked Interest Note or, only if the Specified Denomination is at least EUR 100,000, a Dual Currency Note, or a combination of any of the foregoing depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Instalment Note, a Partly Paid Note, a Currency Linked Redemption Note or, only if the Specified Denomination is at least EUR 100,000, a Dual Currency Note, or a combination of any of the foregoing, depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

As set out below, title to the Notes, Receipts and Coupons will pass by delivery. For Notes held by Euroclear Netherlands deliveries will be made in accordance with the Dutch Securities Giro Transfer Act 1977 (*Wet giraal effectenverkeer*) as amended from time to time. Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Agent and any other Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person (other than Euroclear or Clearstream, Luxembourg who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error)) shall be treated by the Issuer and any Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a Global Note held by a common depositary in the case of a Classic Global Note ("**CGN**") as specified in the relevant Final Terms, or a common safekeeper in the case of a New Global Note ("**NGN**"), as specified in the relevant Final terms, for Euroclear and Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures, as amended from time to time, of Euroclear or of Clearstream, Luxembourg, as the case may be.

Any reference in these Terms and Conditions to the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg hold for their customers which reflect the amount of such customers' interests in the Notes (but excluding any interest in Notes of Euroclear or Clearstream, Luxembourg shown in the records of the other clearing system).

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms but shall not include Euroclear Netherlands.

In case of Notes represented by a Global Note deposited with Euroclear Netherlands, exchange of such Global Notes for security printed definitive Notes is limited to the circumstances described in Articles 26 and 45 in connection with delivery (*uitlevering*) under the Dutch Securities Giro Transfer Act 1977 (*Wet giraal effectenverkeer*) as amended from time to time.

In these Terms and Conditions:

"**Specified Denomination(s)**" means the denomination of the Notes specified as such in the applicable Final Terms.

## 2. Status of the Notes

The Notes and the relative Receipts and Coupons constitute unsecured and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves and with all other present and future unsecured and unsubordinated obligations of the Issuer save for those preferred by mandatory provisions of law.

## 3. Interest

### (a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date (if that does not fall on an Interest Payment Date). The amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, unless if so specified in the applicable Final Terms, a Broken Amount is specified with respect to a particular Fixed Interest Period, in which case the specified Broken Amount will be payable on the relevant Interest Payment Date. If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Terms and Conditions:

"**Broken Amount**" means the amount specified as such in the applicable Final Terms;

"**Day Count Fraction**" means in respect of the calculation of an amount of interest in accordance with this Condition 3(a) either (1) a Day Count Fraction as further defined in Condition 3(d), if so indicated in the applicable Final Terms, or (2):

(i) if 'Actual/Actual (ICMA)' is specified in the applicable Final Terms:

- (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

1. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
  2. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year;
- (ii) if '30/360' is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of 12 30 day months divided by 360).

**"Determination Date"** means the determination date as specified in the applicable Final Terms;

**"Determination Period"** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

**"Fixed Coupon Amount"** means the amount specified as such in the applicable Final Terms;

**"Fixed Interest Period"** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

**"Interest Commencement Date"** means the Issue Date unless otherwise specified in the applicable Final Terms;

**"Issue Date"** means the issue date specified as such in the applicable Final Terms;

**"Maturity Date"** means the date of maturity of the Notes specified as such in the applicable Final Terms; and

**"sub-unit"** means, with respect to any currency other than EUR, the lowest amount of such currency and, with respect to Euro, means one Eurocent.

(b) Interest on Floating Rate Notes

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate equal to the Rate of Interest payable in arrear on either:

- A. the Specified Interest Payment Date(s) in each year; or
- B. if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an **"Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur

or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- 1) in any case where Specified Periods are specified in accordance with Condition 3(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, 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 (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- 2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- 3) the Modified Following Business Day Convention, such Interest Payment Date (or other 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 (or other date) shall be brought forward to the immediately preceding Business Day; or
- 4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions:

**"Business Day"** means a day which is both:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation and any Additional Business Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars shall be Sydney) or (2) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 ("**TARGET2**") is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms on the following basis.

(A) *ISDA Determination For Floating Rate Notes*

Where ISDA Determination is specified as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as specified in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an ISDA Master Agreement incorporating the 2000 or 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Series or Tranche of the Notes (the "**ISDA Definitions**") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is the period specified in the applicable Final Terms; and



- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") or on the Euro zone interbank offered rate ("**EURIBOR**"), the first day of that Interest Period.

For the purposes of this subparagraph (b)(ii)(A):

"**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

When this subparagraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 3(d) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this subparagraph (A).

In these Terms and Conditions:

"**Margin**" means the margin applicable to the Notes specified as such in the applicable Final Terms.

Market disruption events will be dealt with under the terms set out in the applicable ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation for the Reference Rate (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if in the case of (1) above, no such offered quotation appears, or in each case of (2) above fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with such offered quotations as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for

the relevant Interest Period by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with such offered rates, the offered rate for deposits in the Specified Currency for the relevant Interest Period, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for the relevant Interest Period, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

For the purposes of this subparagraph (b)(ii)(B)(2):

**"Interest Determination Date"** means the interest determination date as specified in the applicable Final Terms;

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent;

**"Reference Rate"** means the rate specified as such in the applicable Final Terms, being either LIBOR or EURIBOR;

**"Relevant Screen Page"** means such page, section, caption or column or other part of a particular information service as may be specified in the applicable Final Terms; and

**"Specified Time"** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels Time, in the case of a determination of EURIBOR).

(C) *Replacement Reference Rate Determination for discontinued Reference Rate or if the Reference Rate ceases to be an industry accepted rate*

Notwithstanding the provisions above in this Condition 3(b), if the Calculation Agent or the Issuer, in consultation with the other person, determines at any time prior to, on or following any Interest Determination Date, that the relevant Reference Rate (as specified in the applicable Final Terms) has been discontinued or ceases to be an industry accepted rate for debt market instruments during the life of the Notes, the Issuer will, as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), appoint an agent ("**Rate Determination Agent**"), which will determine in its sole discretion, acting in good faith, whether a substitute or successor rate for purposes of determining the relevant Reference Rate in respect of each Interest Determination Date falling on such date or thereafter that is substantially comparable to the Reference Rate is available or whether a successor rate that has been recommended or selected by the monetary authority or similar authority (or working group thereof) in the jurisdiction of the applicable currency, or widely recognized industry association or body, is available. If the Rate Determination Agent determines that there is an industry-accepted successor rate, the Rate Determination Agent will use such substitute or successor rate to determine the relevant Reference Rate. If the Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the "**Replacement Reference Rate**") for purposes of determining the Reference Rate on each Interest Determination Date falling at least five business days after such determination, (A) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest determination date, the Day Count Fraction and any method for calculating the Replacement Reference Rate and/or any other Conditions (as required by the Rate Determination Agent, acting in good faith), including any adjustment factor needed to make such Replacement Reference Rate comparable to the relevant Reference Rate, in each case in a

manner that is consistent with industry-accepted practices for such Replacement Reference Rate; (B) references to the Reference Rate in these Conditions applicable to the relevant Floating Rate Notes will be deemed to be references to the relevant Replacement Reference Rate, including any alternative method for determining such rate as described in (A) above; (C) the Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable; and (D) the Issuer will give notice as soon as reasonably practicable to the Noteholders (in accordance with Condition 13 (Notices)) and the Principal Paying Agent specifying the Replacement Reference Rate, as well as the details described in (A) above.

The determination of the Replacement Reference Rate and the other matters referred to above by the Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Principal Paying Agent, the Calculation Agent and the Noteholders and no liability to any such person will attach to the Rate Determination Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes. If the Rate Determination Agent is unable to or otherwise does not determine a Replacement Reference Rate, or if the Interest Determination Date would be less than five business days prior to the date on which the Rate Determination Agent determined the Replacement Reference Rate, then the Reference Rate (as stated in the Final Terms in respect of a series of Notes) will remain the rate in effect (but subject to the other provisions of Condition 3, but particularly Condition 3(b)(A) and 3(b)(B)) in respect of the relevant Interest Determination Date, and any subsequent Interest Determination Dates will remain subject to the operation of the provisions of this Condition 3(b)(C).

For the avoidance of doubt, each Noteholder shall be deemed to have accepted the Replacement Reference Rate and such other changes made pursuant to this paragraph (iii) and no consent or approval of any Noteholder shall be required.

The Rate Determination Agent will (i) be (A) a major bank or broker-dealer in the principal financial center of the Specified Currency as appointed by the Issuer, or (B) the Issuer, and (ii) if required, have obtained the registration, authorization, recognition or endorsement, as applicable, to act as such Rate Determination Agent.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period is determined in accordance with the provisions of paragraph (c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period is determined in accordance with the provisions of paragraph (c) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

For the purposes of this paragraph (c):

**"Maximum Rate of Interest"** means the maximum rate of interest specified as such in the applicable Final Terms; and

**"Minimum Rate of Interest"** means the minimum rate of interest specified as such in the applicable Final Terms or if no such rate is state the minimum rate of interest shall be deemed zero.

(d) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **"Interest Amount"**) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of

the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period in accordance with Condition 3(d) either (1) a Day Count Fraction as further defined in Condition 3(a), if so indicated in the applicable Final Terms, or (2):

- (i) if 'Actual/365' or 'Actual/Actual' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if 'Actual/365 (Fixed)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if 'Actual/365 (Sterling)' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if 'Actual/360' is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if '30/360', '360/360' or 'Bond Basis' is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30 day month or (b) the last day of the Interest Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30 day month)); and
- (vi) if '30E/360' or 'Eurobond Basis' is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30 day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30 day month).

(e) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and admitted to trading and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and admitted to trading and to the Noteholders in accordance with Condition 13.

For the purposes of this paragraph (e):

**"London Business Day"** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(f) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3, whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or

manifest error) be binding on the Issuer, the Agent, the Calculation Agent, if applicable, the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent, if applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(g) Principal and Interest on Dual Currency Notes

In the case of Dual Currency Notes payments (whether in respect of principal or interest and whether at maturity or otherwise) will be made in such currencies, and based on such rates of exchange, as may be specified in the applicable Final Terms.

(h) Interest on Partly Paid Notes

In the case of Partly Paid Notes and absent failure to pay any Instalment Amount due on any Partly Paid Note, interest will accrue as aforesaid on the paid up nominal amount of such Notes.

(i) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 or individually.

(j) Change of Interest Basis Option

If "**Change of Interest Basis Option**" is specified as applicable in the applicable Final Terms, the Issuer may, subject to notification to Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF or the London Stock Exchange (if the Notes are being listed or admitted to trading on such stock exchange or the Euro MTF) and having given:

- (1) notice to the Noteholders in accordance with Condition 13; and
- (2) notice to the Agent,

not less than the number of Business Days equal to the Interest Basis Option Period (as specified in the applicable Final Terms) prior to the date on which the Change of Interest Basis Option shall be effective (both of which notices shall be irrevocable) exercising the Change of Interest Basis Option upon which the Interest Basis of the Notes shall change from the Initial Interest Basis (which shall cease to apply) to the Subsequent Interest Basis (which shall commence to apply), effective as of the Change of Interest Basis Option Date (as specified in the applicable Final Terms) immediately following the date on which the notice referred to above is given.

For the purposes of this paragraph (j):

"**Initial Interest Basis**" means the initial interest basis applicable on the Issue Date as specified in the applicable Final Terms; and

"**Subsequent Interest Basis**" means the interest basis specified as such in the applicable Final Terms that shall commence to apply from and including the Change of Interest Basis Option Date (as specified in the applicable Final Terms).

#### 4. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States or any of its possessions); and
- (ii) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque provided, however, that no payment will be made by transfer to an account in, or by cheque mailed to an address in, the United States or any of its possessions.

Payments (i) will be subject in all cases to fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7, and (ii) may be subject to FATCA Withholding.

(b) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against surrender of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against surrender of Coupons, in each case at the specified office of any Paying Agent (in the case of any payments to be made in U.S. Dollars, outside the United States).

Payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above against surrender of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes and Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of five years after the date on which such principal first became due (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due. Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Receipts and Talons (if any) appertaining thereto will become void and no payments in respect of any such Receipts and no further Coupons in respect of any such Talons will be made or issued, as the case may be. Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Receipts, Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. Where any such Note is presented for redemption without all unmatured Receipts, Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon **provided that** such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note to or to the order of any Paying Agent. A record of each payment made against presentation or surrender of such Global Note, distinguishing between any payment of principal and any payment of interest, will in case of a CGN be made on such Global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made and in case of an NGN *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note.

In the case of Global Notes held by Euroclear Netherlands, payment of interest or principal or any other payments on or in respect of the Notes to the Noteholders will be effected through admitted institutions (*aangesloten instellingen*) of Euroclear Netherlands. The Issuer shall deposit or cause to be deposited the funds intended for payment on the Notes in an account of Euroclear Netherlands. The Issuer will by such deposit be discharged of its obligations towards the Noteholders. No person other than the holder of the Global Note shall have any claim against the Issuer in respect of any payments due on that Global Note. Euroclear Netherlands will be discharged of its obligation to pay by paying the relevant funds to the admitted institutions of Euroclear Netherlands which according to Euroclear Netherlands' record hold a share in the *girodepot* with respect to such Notes, the relevant payment to be made in proportion to the share in such *girodepot* held by each of such admitted institution of Euroclear Netherlands. Euroclear Netherlands shall not be obliged to make any payment in excess of funds it actually received as funds free of charges of any kind whatsoever.

Notwithstanding the foregoing, U.S. Dollar payments of principal and interest in respect of the Notes will be made at the specified office of a Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)) if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. Dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. Dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(c) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

For these purposes, "**Payment Day**" means any day (subject to Condition 8) which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in (1) in case of Notes in definitive form only, the relevant place of presentation and (2) any Additional Financial Centre; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars, shall be Sydney) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 is open.

For the purposes of this paragraph (c):

**"Additional Financial Centre"** means any financial centre specified as such in the applicable Final Terms.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Instalment Notes, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

In these Terms and Conditions:

**"Amortised Face Amount"** has the meaning specified in Condition 5(e)(iii);

**"Instalment Amount(s)"** means the amount(s) specified as such in the applicable Final Term; and

**"Optional Redemption Amount(s)"** means an amount specified as such in the applicable Final Terms, and if no such amount is specified, the nominal amount of such Note.

## 5. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date (in the case of a Note other than a Floating Rate Note) or on the Interest Payment Date falling in the month of redemption (in the case of a Floating Rate Note) or by instalments in the Instalment Amount(s) and on the Instalment Date(s) specified in the applicable Final Terms (in the case of a Note redeemable in instalments).



In these Terms and Conditions:

**"Instalment Date(s)"** means the date(s) specified as such in the applicable Final Terms.

(b) Redemption for Tax Reasons

If this Condition 5(b) is applicable, Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable) if, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Series or Tranche of the Notes. Each Note redeemed pursuant to this Condition 5(b) will be redeemed at its Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call Option)

If Issuer Call Option is specified in the applicable Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent,

(both of which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or greater than the Maximum Redemption Amount, both as specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear, Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion) and/or Euroclear Netherlands, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, **provided that** such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 5 days prior to the Selection Date.

In these Terms and Conditions:

**"Optional Redemption Date(s)"** means, if specified as applicable in the applicable Final Terms, the date(s) designated and notified by the Issuer to the Noteholders (in the event an Issuer Call Option is applicable) or by the Noteholders to the Issuer (in the event an Investor Put Option is applicable).

(d) Redemption at the Option of the Noteholders (Investor Put Option)

If Investor Put Option is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands, to exercise the right to require redemption of this Note its holder must deliver at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg or, if applicable, Euroclear Netherlands, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, or, if applicable, Euroclear Netherlands (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them or, if applicable, Euroclear Netherlands, to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or, if applicable, Euroclear Netherlands, from time to time and, if this Note is represented by a Global Note which is a CGN, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly. If this Note is represented by a Global Note which is a NGN, upon the exercise of an Investor Put Option, the Agent shall instruct Euroclear and Clearstream, Luxembourg or any common safekeeper for them to update their records as applicable.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 9.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{Reference Price} * (1 + \text{AY})^y$$

where:

"**Reference Price**" means the reference price as specified in the applicable Final Terms;

"AY" means the Accrual Yield expressed as a decimal; and

"y" is a fraction the numerator of which is equal to the number of days (calculated on the basis of the Day Count Fraction specified in the applicable Final Terms, or if none is specified in the applicable Final Terms, a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Series or Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is calculated on the basis of the Day Count Fraction specified in the applicable Final Terms, or if none is specified in the applicable Final Terms, 360.

(f) Instalments

Instalment Notes will be repaid in the Instalment Amount(s) and on the Instalment Date(s). In case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5(e) above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at Maturity, early redemption or otherwise at the paid-up nominal amount of such Notes.

(h) Purchases

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, re-issued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to paragraph (h) above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be re-issued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders, in accordance with Condition 13.

**6. Currency Linked Notes**

If the Notes are specified as Currency Linked Interest Notes and/or Currency Linked Redemption Notes in the applicable Final Terms, the provisions of this Condition 6 apply, as applicable.

(a) Interest on Currency Linked Interest Notes

Each Currency Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date in accordance with Condition 3 and as specified in the applicable Final Terms which may specify any Day Count Fraction as

included in Condition 3(a) and 3(d). Payments of interest in respect of Currency Linked Interest Notes will be calculated on the Currency Exchange Rate Valuation Date by reference to a single currency rate of exchange or basket of currency rates of exchange, as specified in the applicable Final Terms, with the following formula:

$$\text{Interest payable in Base Currency} = \text{Interest payable in Relevant Currency or Currencies} * \text{applicable exchange rate(s) appearing on the Currency Price Source on the Currency Exchange Rate Valuation Date}$$

(b) Redemption of Currency Linked Redemption Notes

Unless previously redeemed or purchased and cancelled, each Currency Linked Redemption Note will be redeemed by the Issuer at its Final Redemption Amount, payable in the Base Currency, on the Maturity Date specified in the applicable Final Terms. Payments of principal in respect of Currency Linked Redemption Notes will be calculated on the Currency Exchange Rate Valuation Date by reference to a single currency rate of exchange or basket of currency rates of exchange as specified in the applicable Final Terms, with the following formula:

$$\text{Principal payable in Base Currency} = \text{Principal payable in Relevant Currency or Currencies} * \text{applicable exchange rate(s) appearing on the Currency Price Source on the Currency Exchange Rate Valuation Date}$$

(c) Market Disruption Events

If the Calculation Agent determines in respect of a Currency Exchange Rate Valuation Date that a Market Disruption Event has occurred or is continuing in respect of one or more currency exchange rates, then the Calculation Agent shall determine the currency exchange rate(s) on such Currency Exchange Rate Valuation Date taking into consideration all information that it deems relevant.

If the Calculation Agent determines that it is unable to determine the currency exchange rate(s) pursuant to the paragraph above, the Issuer may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to make such adjustments to these Terms and Conditions as it considers appropriate to account for any such Market Disruption Event and determine the date(s) on which any such adjustments will be effective; or
- (ii) give notice to the Noteholders in accordance with Condition 13 and redeem all, but not some only, of the Currency Linked Notes, at the Early Redemption Amount (as described in Condition 5(e)).

Upon the occurrence of a Market Disruption Event, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with Condition 13 giving details of the action proposed to be taken in relation thereto.

For the purposes of this Condition 6:

**"Base Currency"** means the base currency specified in the applicable Final Terms.

**"Currency Exchange Rate Valuation Date"** means any day on which a currency exchange rate is to be determined, as specified in the applicable Final Terms.

**"Currency Price Source"** means the price source(s) specified in the applicable Final Terms or, if the relevant rate is not published or announced by such price source at the relevant time, the successor or alternative price source or page/publication for the relevant rate as determined by the Calculation Agent.

**"Market Disruption Event"** means a Currency Exchange Rate Valuation Date on which it becomes impossible to obtain the Relevant Currency exchange rate(s), the corresponding successor page or a similar source.

**"Relevant Currency"** means the relevant currency specified in the applicable Final Terms.

## 7. Taxation

All payments of principal and interest in respect of the Notes, Receipts, Talons and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will depending on which provision is specified in the applicable Final Terms either:

- (a) make the required withholding or deduction of such taxes, duties, assessments or governmental charges for the account of the holders of the Notes, Receipts, Talons or Coupons, as the case may be, and shall not pay any additional amounts to the holders of the Notes, Receipts, Talons or Coupons; or
- (b) pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts, Talons or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts, Talons or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt, Talon or Coupon:
  - (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Netherlands other than the mere holding of such Note, Receipt or Coupon or the receipt of principal or interest in respect thereof; or
  - (ii) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who could avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
  - (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day (assuming that day to have been a Payment Day (as defined in Condition 4(c)); or
  - (iv) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt, Talon or Coupon to another Paying Agent.

Payments in respect of the Notes, Receipts, Talons or Coupons may be subject to FATCA Withholding. If an amount in respect of FATCA Withholding were to be deducted or withheld from a payment on, or in respect of, the Notes, Receipts, Talons or Coupons, such amount will be treated as paid for all purposes under the Notes, Receipts, Talons and Coupons, and neither the Issuer nor any Paying Agent nor any other person would be required to pay additional amounts as a result of the FATCA Withholding.

For the purposes of this Condition 7:

**"FATCA Withholding"** means any withholding or deduction required pursuant to Sections 1471 through 1474 of the Revenue Code, any current or future regulations, official guidance or interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Revenue Code and any intergovernmental agreements (or related legislation or official administrative rules or practices) implementing any of the foregoing;

**"Relevant Date"** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## 8. Prescription

The Notes, Receipts and Coupons will be prescribed unless presented for payment within a period of five years starting on the day following the date on which such payment first becomes due.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

## 9. Events of Default

If any one or more of the following events (each an "**Event of Default**") shall have occurred and be continuing:

- (a) default is made for more than 30 days in the payment of interest or principal in respect of the Notes; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 60 days following the service on the Issuer of notice requiring the same to be remedied; or
- (c) any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer save either (a) for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders (as defined in Condition 14) or (b) in connection with a reorganisation under which the continuing entity effectively assumes all the rights and obligations of the Issuer; or
- (d) the Issuer is or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law in its jurisdiction of incorporation or is declared bankrupt, or is granted a suspension of payment (*surséance van betaling*); or
- (e) the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business; or
- (f) any of the following events:
  - (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws; or
  - (ii) an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed in relation to the Issuer, as the case may be, in relation to the whole or a material part of the undertaking or assets of the Issuer; or
  - (iii) an encumbrancer takes possession of the whole or a material part of the undertaking or assets of the Issuer; or
  - (iv) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of the Issuer; and in any case (other than the appointment of an administrator) is not discharged within 30 days; or
- (g) if the Issuer initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any Noteholder may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount (as described in Condition 5(e)), together with accrued Interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## 10. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **11. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out in this Base Prospectus.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, **provided that**:

- (a) so long as the Notes are listed and admitted to trading on any stock exchange or by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (b) there will at all times be a Paying Agent with a specified office in a city in continental Europe other than the jurisdiction in which the Issuer is incorporated; and
- (c) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

#### **12. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon matures, the Talon (if any) forming part of such Coupon may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon including (if such further Coupon does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon matures.

#### **13. Notices**

All notices regarding the Notes shall be published (i) by way of press release issued in the Netherlands and each Member State where the Notes have been listed and admitted to trading on a regulated market, (ii) on the website of the Issuer and (iii) if so specified in the applicable Final Terms, in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London (in the case of (iii) above). Any such notice will be deemed to have been given on the date of the first publication.

Until such time as any definitive Notes are issued, there may (**provided that**, in the case of any publication required by virtue of the Notes being admitted to trading and listing by any competent authority and/or stock exchange, such requirements so permit), so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for publication in some or all of the newspapers referred to above, the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Where the identity of all the Noteholders is known to the Issuer, the Issuer may (after consultation with the relevant stock exchange (where relevant)) give notice individually to such holders in lieu of publication as provided above.

Notices to be given by any holder of the Notes shall be in writing and given by lodging such notice, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **14. Meetings of Noteholders, Modification and Waiver**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or certain provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons), the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two thirds, or at any adjourned such meeting not less than one third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification (except as mentioned above) of the Agency Agreement which is not materially prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Receipts, the Coupons, or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the laws of the Netherlands or the laws of England.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

For the purposes of these Terms and Conditions:

**"Extraordinary Resolution"** means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions in the Agency Agreement contained by a majority consisting of not less than 75% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% of the votes given on such poll.

#### **15. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

#### **16. Governing Law and Submission to Jurisdiction**

- (a) *Dutch Law*

This Condition 16(a) shall be applicable to the Notes if the governing law of the Notes is specified in the applicable Final Terms as the laws of the Netherlands.



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

The Issuer submits for the exclusive benefit of the Noteholders, the Receiptholders and the Couponholders to the jurisdiction of the court of first instance (*rechtbank*) of The Hague, the Netherlands, judging in first instance, and its appellate courts. Without prejudice to the foregoing, the Issuer further irrevocably agrees that any suit, action or proceedings arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may be brought in any other court of competent jurisdiction.

(b) *English law*

This Condition 16(b) shall be applicable to the Notes if the governing law of the Notes is specified in the applicable Final Terms as English law.

The Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes, the Receipts and the Coupons.

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

Condition 16(b) is for the benefit of the Noteholders, the Receiptholders and the Couponholders only. As a result, nothing in this Condition 16(b) prevents any Noteholder, Receiptholder or Couponholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders, the Receiptholders and the Couponholders may take concurrent Proceedings in any number of jurisdictions.

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to the Royal Netherlands Embassy (attn. Economics Department), 38, Hyde Park Gate, London SW7 5DP, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder, Receiptholder or Couponholder addressed and delivered to the Issuer or to the specified office of the Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder, Receiptholder or Couponholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Agent. Nothing in this paragraph shall affect the right of any Noteholder, Receiptholder or Couponholder to serve process in any other manner permitted by law. This Condition 16(b) applies to Proceedings in England and to Proceedings elsewhere.

## 17. **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes, if the governing law of the Notes is specified in the applicable Final Terms as English law, under the Contracts (Rights of Third Parties) Act 1999.

## FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes.

Final Terms dated [ ]

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

(Incorporated in the Netherlands with limited liability and having its statutory domicile in The Hague)

**Legal Entity Identifier (LEI):** XTC5E2QFTEF0435JWL77

**Issue of [Aggregate Nominal Amount of Series or Tranche] [Title of Notes] due [day][month][year] (the "Notes")**

**under the EUR 7,000,000,000 Debt Issuance Programme**

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 14 June 2018 [and the supplement(s) to it dated [ ]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State (as defined below) (the "**Prospectus Directive**"). This document contains the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC as amended, the "**Insurance Mediation Directive**") where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**[MiFID II product governance / Retail investors, professional investors and ECPs target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in MiFID II; **EITHER** [and (ii) all channels for distribution of the Notes are appropriate[, including investment advice, portfolio management, non-advised sales and pure execution services]] **OR** [(ii) all channels for distribution to eligible counterparties and professional clients are

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<sup>1</sup> Include this legend unless the Final Terms for an offer of Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable".

appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[, / and] portfolio management[, / and][ non-advised sales ][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.]]<sup>1</sup>

[The Base Prospectus (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (i) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so[:

- (i) in those Non-exempt Offer Jurisdictions mentioned in paragraph 8(vi) (*General Consent*) of Part B below, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus) and that such offer is made during the Offer Period specified for such purpose therein and that any conditions relevant to the use of the Base Prospectus are complied with; or]<sup>2</sup>
- (ii) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer, the Arranger nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].

[The Base Prospectus (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]<sup>3</sup>

*[The following alternative language applies if the first Series or Tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date. N.B. when using a post – 1 July 2012 approved base prospectus to tap a previous issue under a pre – 1 July 2012 approved base prospectus, the final terms in the post – 1 July 2012 base prospectus will take a different form due to the more restrictive approach to final terms. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.]*

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<sup>1</sup> Include this legend if parties have agreed to a retail target market.

<sup>2</sup> Include this legend where a Non-exempt Offer of Non-exempt Offer Notes is anticipated.

<sup>3</sup> Include this legend where only an exempt offer of Notes is anticipated.

[Terms used herein shall be deemed to be defined as such, to the extent they apply to Fixed Rate Notes and/or Floating Rate Notes, in [the terms and conditions as referred to on pages 26 up to and including 50 of the base prospectus of the Issuer relating to the Programme, dated 14 September 2009 (the "**2009 Terms and Conditions**") [the terms and conditions as referred to on pages 27 up to and including 50 of the base prospectus of the Issuer relating to the Programme, dated 12 May 2010 (the "**2010 Terms and Conditions**") [the terms and conditions as referred to on pages 28 up to and including 52 of the base prospectus of the Issuer relating to the Programme, dated 14 June 2011 (the "**2011 Terms and Conditions**") [the terms and conditions as referred to on pages 31 up to and including 55 of the base prospectus of the Issuer relating to the Programme, dated 28 June 2012 (the "**2012 Terms and Conditions**") [the terms and conditions as referred to on pages 32 up to and including 57 of the base prospectus of the Issuer relating to the Programme, dated 3 July 2013 (the "**2013 Terms and Conditions**") [the terms and conditions as referred to on pages 51 up to and including 75 of the base prospectus of the Issuer relating to the Programme, dated 2 June 2014 (the "**2014 Terms and Conditions**") [the terms and conditions as referred to on pages 45 up to and including 65 of the base prospectus of the Issuer relating to the Programme, dated 17 June 2015 (the "**2015 Terms and Conditions**") [the terms and conditions as referred to on pages 47 up to and including page 68 of the base prospectus of the Issuer relating to the Programme, dated 22 June 2016 (the "**2016 Terms and Conditions**") [the terms and conditions as referred to on pages 48 up to and including 69 of the base prospectus of the Issuer relating to the Programme dated 16 June 2017 (the "**2017 Terms and Conditions**")] each of which have been incorporated by reference in, and form part of the Base Prospectus dated 14 June 2018[, as supplemented by the supplement to the Base Prospectus dated [insert date]] (the "**Base Prospectus**"). These Final Terms contain the final terms of the Notes and must be read in conjunction with the Base Prospectus, save in respect of the 2009/2010/2011/2012/2013/2014/2015/2016/2017 Terms and Conditions incorporated by reference therein which are attached hereto. Together, the Base Prospectus and these Final Terms constitute a base prospectus for the purposes of the Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Base Prospectus dated 14 June 2018 and the Conditions. The Base Prospectus is available for viewing at the website <https://www.fmo.nl/funding-programs>, and copies may be obtained at the specified office of the Issuer and the Agent.

*[Include whichever of the following apply or specify as 'Not Applicable' (N/A). Note that the numbering should remain as set out below, even if 'Not Applicable' is indicated for individual paragraphs or sub paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing Final Terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute 'significant new factors' and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]*

*[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute category 'B' information as indicated in Annex XX of the Prospectus Regulation and consequently trigger the need for an individual drawdown prospectus.]*

*[If the Notes must be redeemed before first anniversary of their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]*

1.	Issuer:	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.
2.	(i) Series Number:	[ ]
	(ii) Tranche Number:	[ ]
	(iii) Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date]</i> /the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 27 below [which is expected to occur on or after <i>[insert date]</i> ].]

3.	Specified Currency or Currencies:	[EUR/USD/Sterling/CHF/NOK/SEK/ZAR/other]
4.	Aggregate Nominal Amount:	
	(i) Series:	[ ]
	(ii) Tranche:	[ ]
5.	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]](in the case of fungible issues only, if applicable)]
6.	(i) Specified Denominations:	[ ]  (If the Specified Denomination is expressed to be EUR 100,000 or its equivalent and multiples of a lower principal amount (for example EUR 1,000), insert the additional wording below:) <sup>1</sup>  [EUR 100,000 and integral multiples of [EUR 1,000] in excess thereof up to and including [EUR 199,000]. No notes in definitive form will be issued with a denomination above [EUR 199,000].]
	(ii) Form of definitive Notes: (calculation amount)	[Standard Euromarket]
7.	(i) Issue Date:	[ ]
	(ii) Interest Commencement Date:	[Specify/Issue Date/ Not Applicable]
8.	Maturity Date:	[specify date] (for Fixed Rate)
		[specify month and year] (for Floating Rate – Interest Payment Date falling in or nearest to the relevant month and year)
9.	Interest Basis:	[[ ] per cent. Fixed Rate]
		[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]
		[Zero Coupon]
		[with a Currency Linked Interest structure as referred to in paragraph 21 below] (include this option, if applicable, besides other applicable Interest Basis and related paragraph(s) below)
		[Dual Currency] (Dual Currency can only be chosen in case of Notes with a denomination per unit of at least EUR 100,000)
		(further particulars specified below)

<sup>1</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.

10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at <i>[include percentage/100%]</i> per cent. of their nominal amount]
		[Currency Linked Redemption]
		[Dual Currency] ( <i>Dual Currency can only be chosen in case of Notes with a denomination per unit of at least EUR 100,000</i> )
		[Partly Paid]
		[Instalment]
		(further particulars specified below)
11.	Change of Interest Basis Option:	[Condition 3(j) applies]  [The Interest Basis shall change from [Fixed Rate/Floating Rate/Zero Coupon/None-interest bearing] to [Fixed Rate/Floating Rate/Zero Coupon/None-interest bearing] following the exercise of a Change of Interest Basis Option]  [Not Applicable]
12.	Interest Basis Option Period:	[ ] Business Days
13.	Change of Interest Basis Option Date:	[[ <i>date</i> ]/Each Interest Payment Date]
14.	Initial Interest Basis:	[[ ] per cent. Fixed Rate]  [Floating Rate][LIBOR/EURIBOR] +/- [ ] per cent.  [Zero Coupon]  [Non-interest bearing]
15.	Subsequent Interest Basis:	[[ ] per cent. Fixed Rate]  [Floating Rate][LIBOR/EURIBOR] + [ ] per cent.  [Zero Coupon]  [Non-interest bearing]
16.	Investor Put/Issuer Call Options:	[Investor Put Option/ Issuer Call Option/Not Applicable]
		(further particulars specified below)
17.	(i) Status of the Notes:	Senior
	(ii) Date [Board] approval for issuance of Notes obtained:	[ ]  <i>(NB: Only relevant where Board (or similar) authorisation is required for the particular Series or Tranche of Notes)</i>

<b>Provisions Relating to Interest (if any) Payable</b>		
18.	Fixed Rate Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Rate(s) of Interest:	[ ] per cent. per annum
		[payable [annually/semi-annually/quarterly] in arrear]
	(ii) Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date][adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of 'Business Day']/not adjusted]  <i>(NB: amend in the case of long or short coupons)</i>
	(iii) Fixed Coupon Amount[(s)]:	[ ] per [ ] in nominal amount
	(iv) Broken Amount(s):	[ ] per nominal amount payable on the Interest Payment Date falling [in/on] [ ] / [Not Applicable]
	(v) Day Count Fraction:	[30/360]  [Actual/Actual (ICMA)]  <i>[Include any other option from Condition 3(d)]</i>  <i>(Note that if interest is not payable on a regular basis (for example, if there are Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction)</i>
	(vi) Determination Date(s):	[ ] in each year  <i>(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or a short first or last coupon)</i>  <i>(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where the Day Count Fraction is Actual/Actual (ICMA))</i>
19.	Floating Rate Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Interest Period:	[ ]
	(ii) Specified Period(s):	[ ]
	(iii) Specified Interest Payment Dates:	[ ]

(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(v) Additional Business Centre(s):	[Not Applicable/ <i>give details</i> ]
(vi) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
(vii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[[ <i>Insert name</i> ] shall be the Calculation Agent ( <i>no need to specify if the Agent is to perform this function</i> )]
(viii) Screen Rate Determination:	[Applicable/Not Applicable]
– Reference Rate:	[ ]
	<i>(Either LIBOR or EURIBOR)</i>
– Interest Determination Date(s):	[ ]
	<i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)</i>
– Relevant Time:	[ ]
– Relevant Screen Page:	[ ] (in accordance with the fall back provisions as set out in Condition 3(b))
	<i>(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate)</i>
(ix) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[ ]
– Designated Maturity:	[ ]
– Reset Date:	[ ]
(x) Margin(s):	[+/-][ ] per cent. per annum
(xi) Minimum Rate of Interest:	[ ] per cent. per annum



	(xii) Maximum Rate of Interest:	[ ] per cent. per annum
	(xiii) Day Count Fraction:	[Actual/365] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] <i>[Include any other option from Condition 3(a)]</i>
	(xiv) Applicable ISDA Definitions:	[2000/2006] ISDA Definitions [(as amended and updated)]
20.	Zero Coupon Note Provisions:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Accrual Yield:	[ ] per cent. per annum
	(ii) Reference Price:	[ ]
	(iii) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 5(e) and 5(j) apply] [Actual/365] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] <i>(Consider applicable Day Count Fraction if not U.S. Dollar denominated)</i>

21.	Currency Interest Provisions: Linked Note	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Base Currency:	[ ]
	(ii) Relevant Currency/Currencies:	[[ ] <i>(give details and, if a basket of currencies, please also specify the weighting and application of the Relevant Currencies)</i> ]
	(iii) Rate of Exchange and Aggregate Nominal Amount in Relevant Currency/Currencies (Series/Tranche):	[ ] <i>(please specify applicable exchange rate on the issue date, for example 1 USD = 0.77 EUR)</i> [resulting in an Aggregate Nominal Amount of [ ] <i>(include amount in Relevant Currency/Currencies)</i> ]
	(iv) Currency Price Source:	[ ]
	(v) Currency Exchange Rate Valuation Date:	[ ]
	(vi) Description of formula to be used to determine the Rate of Interest and/or Interest Amount payable:	[[ ] <i>(fill in details of the formula in accordance with Condition 6 (a))</i> ]
	(vii) Other terms or special conditions:	[None/give details]
22.	Dual Currency Note Provisions <sup>1</sup> :	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Principal payable in other currency than Specified Currency:	[Applicable/Not Applicable <i>(if applicable include currencies [EUR/USD/Sterling/CHF/NOK/SEK/ZAR/other] in which principal is payable)</i> ]
	(ii) Interest payable in other currency than Specified Currency:	[Applicable/Not Applicable <i>(if applicable include currencies [EUR/USD/Sterling/CHF//NOK/SEK/ZAR/other] in which interest is payable)</i> ]
	(iii) Rate of Exchange:	[Provide exchange rate]  <i>(please specify applicable exchange rate on the issue date, for example 1 USD = 0.77 EUR)</i>
	<b>Provisions Relating</b>	

<sup>1</sup> Dual Currency can only be chosen in case of Notes with a denomination per unit of at least EUR 100,000.

	<b>to Redemption</b>	
23.	Issuer Call Option:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount of each Note:	[ ] per Specified Denomination/[ ] in nominal amount of the Note]
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount of each Note:	[ ] per Specified Denomination/[ ] in nominal amount of the Note]
	(b) Maximum Redemption Amount of each Note:	[ ] per Specified Denomination/[ ] in nominal amount of the Note]
	(iv) Notice period:	[ ]
24.	Investor Put Option:	[Applicable/Not Applicable]
		<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Optional Redemption Date(s):	[ ]
	(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):	[ ] per Specified Denomination/[ ] in nominal amount of the Note]
	(iii) Notice period:	[ ]
25.	Final Redemption Amount of each Note:	[[ ] per Specified Denomination]/[[ ] in nominal amount of the Note] <i>(in connection with Currency Linked Redemption Notes the Final Redemption Amount as calculated in accordance with Condition 6(b))</i>
26.	Instalment Note Provisions:	[Applicable/Not Applicable] <i>(Condition 5(f))</i> <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Instalment Amount(s):	[ ]
	(ii) Instalment Date(s):	[ ]

27.	Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default:	[[ ] per Specified Denomination]/[ ] in nominal amount of the Note]
28.	Currency Linked Redemption Note:	[Applicable/Not Applicable]  <i>(if applicable, include the following)</i>  [Subject to any purchase and cancellation or early redemption, the Currency Linked Redemption Notes will be redeemed on the Maturity Date at [include percentage/100%] per cent. of their nominal amount]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Base Currency:	[ ]
	(ii) Relevant Currency or Currencies:	[[ ] (give details and, if a basket of currencies, please also specify the weighting and application of the Relevant Currencies)]
	(iii) Rate of Exchange and Aggregate Nominal Amount in Relevant Currency/Currencies (Series/Tranche):	[ ] (please specify applicable exchange rate on the issue date, for example 1 USD = 0.77 EUR) [resulting in an Aggregate Nominal Amount of [ ] (include amount in Relevant Currency/Currencies)]
	(iv) Currency Price Source:	[ ]
	(v) Currency Exchange Rate Valuation Date:	[ ]
	(vi) Description of formula to be used to determine the principal payable:	[[ ] (fill in details of the formula in accordance with Condition 6 (b))]
	(vii) Other terms or special conditions:	[None/[ ] (give details)]
<b>General Provisions Applicable to the Notes</b>		
29.	Form of Notes:	Bearer Notes
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]
		[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
		[Permanent Global Note exchangeable for definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]

		<i>(Ensure that this is consistent with the wording in the 'Form of the Notes' section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Global Note exchangeable for definitive Notes.)</i>
		(Except where, in case the Global Note has been deposited with Euroclear Netherlands, delivery of definitive Notes is not feasible under the Dutch Securities Giro Transfer Act 1977 ( <i>Wet giraal effectenverkeer</i> ) as amended from time to time)
30.	New Global Note Form:	[Applicable/Not Applicable]
31.	(i) In relation to any sum payable in a Specified Currency, the principal financial centre of the country of the relevant Specified Currency:	[Applicable ( <i>specify relevant principal financial centre</i> )/Not Applicable]
	(ii) Additional Financial Centre(s):	[Applicable ( <i>specify relevant Additional Financial Centre(s)</i> )/Not Applicable]  <i>(Note that this item relates to the place of payment, and not Interest Period end dates, to which items 20(v) relate)</i>
32.	Coupons or Receipts to be attached to definitive Notes (and dates on which such Coupons or Receipts mature):	[Yes ( <i>give details</i> )/No]
33.	Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature):	[Yes ( <i>give details</i> )/No]
34.	Details relating to Partly Paid Notes; amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest	[Applicable ( <i>give details</i> )/Not Applicable]  <i>(N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues)</i>

	due on late payment:	
35.	Details relating to Instalment Notes:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(i) Instalment Amount(s):	[Applicable ( <i>give details</i> )/Not Applicable]
	(ii) Instalment Date(s):	[Applicable ( <i>give details</i> )/Not Applicable]
36.	Whether Condition 7(a) of the Notes applies (in which case Condition 5(b) of the Notes will not apply) or whether Condition 7(b) and Condition 5(b) of the Notes apply:	[Condition 7(a) applies and Condition 5(b) does not apply][Condition 7(b) and Condition 5(b) apply]
37.	Governing law of the Notes:	[The laws of the Netherlands/English law]
38.	Notices:	[Press release/website of the Issuer/Financial Times]
39.	Fungible issues:	[Applicable/ Not Applicable ( <i>Attach terms and conditions of the Notes if the Notes are fungible with an original Series or Tranche issued pursuant to a previous base prospectus and specify the issue with which the Notes are fungible.</i> )]  Issue fungible with previous issue: [ ]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the EUR 7,000,000,000 Debt Issuance Programme of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. 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 these Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

*[(Relevant third party information )]* has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

1.	<b>LISTING</b>	
	(i) Listing:	[Euronext in Amsterdam/ the Luxembourg Stock Exchange/ the Euro MTF/ the London Stock Exchange/None]
	(ii) Admission to trading:	[Application may be made for the Notes to be listed and admitted to trading on [Euronext in Amsterdam/ the Luxembourg Stock Exchange/ the Euro MTF/ the London Stock Exchange] with effect from [ ].][Not Applicable. The Notes are not intended to be listed and admitted to trading.]
	[(iii) Estimate of total expenses related to listing and admission to trading:] <sup>1</sup>	[ ]
2.	<b>RATINGS</b>	
	Ratings:	[The Notes to be issued have not been rated]  [The Notes to be issued [have been]/[are expected to be] rated:]
	[S & P:	[ ]]
	[Moody's:	[ ]]
	[[Other]:	[ ]]
<p><i>(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)</i></p> <p>[[Insert full legal name of credit rating agency] is established in the European Union and is registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies (the "<b>CRA Regulation</b>").]</p> <p>[and/or]</p> <p>[[Insert full legal name of credit rating agency] is established in the European Union and is not registered under [the CRA Regulation] [Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies (the "<b>CRA Regulation</b>"). [Insert full legal name of credit rating agency] has submitted an application for registration in accordance with the CRA Regulation, and such registration is not refused, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.)]</p> <p>[and/or]</p> <p>[[Insert the full legal name of credit rating agency] is not established in the European Union and has not applied for registration under [the CRA Regulation] [Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies.]</p> <p><i>[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]</i></p>		

<sup>1</sup> Only required for Notes with a denomination per unit of at least EUR 100,000.

3.	<b>INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER</b>	
	<i>(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below.)</i>	
	[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue/offer of the Notes has an interest material to the offer. The Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]	
4.	<b>REASONS FOR THE OFFER[, / AND] USE OF PROCEEDS [AND TOTAL EXPENSES]<sup>1</sup></b>	
	(i) Reasons for the offer:	[ ]  <i>(See section 'Use of Proceeds' wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)</i>
	(ii) Use of Proceeds:	[ ]  [in case of sustainability notes: specify the Issuer's core environmental and social requirements, and any further requirements applicable to the sustainability notes]  <i>(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)</i>
	(iii) Estimated total expenses:	[[ ]/Not Applicable]  <i>(If applicable: include breakdown of expenses)</i>
5.	<b>[Fixed Rate Notes Only – YIELD</b>	
	Indication of yield:	[ ]
		Calculated as [ ] on the Issue Date  [The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]
6.	<b>[HISTORIC INTEREST RATES<sup>2</sup> / PERFORMANCE OF [CURRENCY] RATE[S] OF EXCHANGE AND ASSOCIATED RISKS AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING [CURRENCY] RATE[S] OF</b>	

<sup>1</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.

<sup>2</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.



	<b>EXCHANGE]</b> ( <i>Floating Rate Notes and Currency Linked Notes only</i> )	
	[Not Applicable]	
	Details of historic [LIBOR/EURIBOR] rates can be obtained from [Reuters]]	
	<i>(Need to include details of where past and future performance, associated risks and volatility of the relevant [currency] rates can be obtained.)</i>	
	<i>(Include other information concerning the relevant [currency] rates required by paragraph 4.2 Annex XII of the Prospectus Regulation.)</i>	
	The Issuer [intends to provide post-issuance information [ <i>specify what information will be reported and where it can be obtained</i> ]] / [does not intend to provide post-issuance information]].	
7.	<b>OPERATIONAL INFORMATION</b>	
	ISIN Code:	[ ]
	Common Code:	[ ]
	CFI:	[[ ]/Not Applicable]
	FISN:	[[ ]/Not Applicable] <i>(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")</i>
	Other relevant code:	[ ]
	Relevant clearing and settlement system(s):	[Euroclear/Clearstream, Luxembourg /Euroclear Netherlands/ <i>other</i> ]
	Delivery:	Delivery [against/free of] payment
	Names and addresses of additional Paying Agent(s) (if any):	[ ]
	New Global Note intended to be held in a manner which would allow Eurosystem eligibility:	[Yes/No]
		[Yes. Note that the designation 'Yes' simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]  [No. Whilst the designation is specified as 'No' at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem

		monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met]
	The Issuer [intends to provide post-issuance information [ <i>specify what information will be reported and where it can be obtained</i> ]][does not intend to provide post-issuance information]	
8.	<b>DISTRIBUTION</b>	
	(i) Method of distribution:	[Syndicated/Non syndicated]
	(ii) If syndicated, names and addresses of Managers:	[Applicable/Not Applicable]
		<i>(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis, and names and addresses of the entities agreeing to place the issue without a firm commitment or under 'best efforts' arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, include a statement of the portion not covered)<sup>1</sup></i>
	– Date [Subscription] agreement: <sup>2</sup>	[Applicable ( <i>give details</i> )/Not Applicable]
	– Stabilising Manager(s) (if any):	[Applicable ( <i>give details</i> )/Not Applicable]
	(iii) If non syndicated, name and address of relevant Dealer:	[Applicable ( <i>give details</i> )/Not Applicable]
	(iv) Total commission: <sup>3</sup>	[ ] per cent. of the Aggregate Nominal Amount
	(v) Netherlands selling restriction:	[Applicable ( <i>give details</i> )/Not Applicable]
	– Zero Coupon Notes:	[Selling restriction applies/does not apply] ( <i>restriction for each issue</i> ) ( <i>Delete as appropriate</i> )
	– Whether TEFRA D or TEFRA C rules apply:	[TEFRA D / TEFRA C]
	(vi) Non-exempt Offer:	[Not Applicable] [A Non-exempt Offer of Non-exempt Offer Notes may be made by the Dealers [and [ <i>specify, if applicable</i> ]] (together [with the Dealers], the " <b>Initial Authorised Offerors</b> ") [and any other Authorised Offerors in accordance with paragraph [ ] below] in the Netherlands (the " <b>Non-exempt Offer Jurisdiction</b> ") during the period from [ <i>specify date</i> ] until [ <i>specify</i>

<sup>1</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.

<sup>2</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.

<sup>3</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.

		<i>date</i> ] (the "Offer Period").]
	– General Consent:	[Applicable/Not Applicable]
	– Other conditions to consent:	[Applicable/Not Applicable]
	(vii) Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable]
	(viii) Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable]
9.	<b>TERMS AND CONDITIONS OF THE OFFER</b> <sup>1</sup>	[Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	Conditions to which the offer is subject:	[Offers of the Notes are conditional on their issue. As between the Authorised Offerors and their customers, offers of the Notes are further subject to conditions as may be agreed between them and/or as specified in the arrangements in place between them.]
	Total amount of the offer; if the amount is not fixed, description of the arrangements and time for announcing the definitive amount to the public:	[ ]
	Description of the application process, including offer period, including any possible amendments, during which the offer will be open:	[A prospective Noteholder should contact the applicable Authorised Offeror in the Non-exempt Offer Jurisdiction prior to the end of the Offer Period. A prospective Noteholder will subscribe for the Notes in accordance with the arrangements existing between such Authorised Offeror and its customers relating to the subscription of securities generally. Noteholders will not be required to enter into any contractual arrangements directly with the Issuer in connection with the subscription of the Notes.][ ]
	Description of possibility to reduce subscriptions:	[Not Applicable/ <i>give details</i> ]
	Description of manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i> ]
	Details of the minimum and/or maximum amount of application:	[There are no pre-identified allotment criteria. The Authorised Offeror will adopt allotment criteria in accordance with customary market practices and applicable laws and regulations.][ ]
	Details of the method and time limits for paying up and	[Investors will be notified by the relevant Authorised Offeror of their allocations of Notes and the settlement arrangements in

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<sup>1</sup> Only required for Notes with a denomination per unit of less than EUR 100,000.

	delivering the Notes:	respect thereof.] [ ]
	Manner in and date on which results of the offer are to be made public:	[Investors will be notified by the applicable Authorised Offeror of their allocations of Notes and the settlement procedures in respect thereof on or around <i>[date]</i> .][ ]
	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i> ]
	Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Offers may be made by the Authorised Offerors in the Non-exempt Offer Jurisdiction to any person during the Offer Period. In other EEA countries and in all jurisdictions (including the Non-exempt Offer Jurisdiction) outside of the Offer Period, offers will only be made by the <i>[Dealers]</i> pursuant to an exemption under the Prospectus Directive, as implemented in such countries. All offers of the Notes will be made in compliance with all applicable laws and regulations.][ ]
	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Prospective Noteholders will be notified by the relevant Authorised Offeror in accordance with the arrangements in place between such Authorised Offeror and the prospective Noteholders.]
	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	The Initial Authorised Offerors identified in paragraph 8(vi) (' <i>General Consent</i> ') of Part B above [and any additional Authorised Offerors who have or obtain the Issuer's consent to use the Prospectus in connection with the Non-exempt Offer and who are identified on the Issuer's website as an Authorised Offeror] (together, the " <b>Authorised Offerors</b> ").
	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i> ]
	Statement on benchmark[s]:	[[ <i>specify benchmark</i> ] is provided by <i>[administrator legal name]</i> ][ <i>repeat as necessary</i> ]. As at the date hereof, [[ <i>administrator legal name</i> ][appears]/[does not appear] [ <i>repeat as necessary</i> ] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation. [As far as the Issuer is aware, <i>specify benchmark(s)</i> ] [does/do] not fall within the scope of the Benchmark Regulation by virtue of Article 2 of that regulation] [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that [ <i>legal name of administrator(s)</i> ] [is/are] not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).]/[Not Applicable]

## **USE OF PROCEEDS**

The purpose of fund raising by means of issuing Notes is to further the Issuer's objects as set out in its articles of association.

If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

The Issuer may, for example, issue sustainability notes. The proceeds from the issue of each sustainability note will be used to finance debt and equity investments which comply with the Issuer's core environmental and social requirements, as specified in the applicable Final Terms. Certain sustainability notes will have further requirements, as specified in the applicable Final Terms.

## **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.

<b>Shareholders' equity</b>	<b>2017</b>	<b>2016</b>
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	<u>2,829,953</u>	<u>2,773,353</u>

## 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 Notes under the Programme and to enter into the agreements referred to in this Base Prospectus in connection with the Programme.

## Ownership and corporate structure

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

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

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

Notes 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 Notes 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 MA <sup>1</sup>	
Chairman of the Supervisory Board <sup>2</sup>		
Ir. T. Menssen MBA <sup>1</sup>	Drs. D.J. van den Berg <sup>2</sup>	Drs J.V. Timmermans <sup>1</sup>

### *Management Board*

Peter van Mierlo	Mrs. F. Bouaré MBA	Mrs. Drs. L.G. Broekhuizen
Chief Executive Officer	Chief Risk & Finance Officer	Chief Investment Officer

<sup>1</sup> Member of the Audit and Risk Committee (the "ARC")

<sup>2</sup> 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 will be 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. Until that time, current Management Board member Linda Broekhuizen functions as CEO ad interim. Also until that time, Peter is the Chairman of the Board of Management of PwC Netherlands and Managing Partner of PwC Europe in which role he leads 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.

### **Structure, Policy and Compliance**

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.

#### *Dutch Corporate Governance Code*

On 8 December 2016, the Dutch Corporate Governance Committee released the Code which was subsequently effective as per 1 January 2017. The Code contains 24 principles and 128 best practice provisions for a managing board, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditing, disclosure, compliance with and enforcement of the Code.

Dutch companies admitted to trading on a European regulated market or a non-European stock exchange that is comparable to a European regulated market are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Code and, if and to the extent they do not apply, to explain the reasons why.

Although it is not a listed company, FMO voluntarily adheres to the Code and has reported on corporate governance in the financial annual report from 2004 onwards in accordance with the Code. FMO acknowledges the importance of good corporate governance. FMO supports the last version of the Code (2016 version) and applies the relevant provisions of the Code subject to the exceptions set out in its Annual Report 2017.

The main changes in the Code, compared to the former version, have to do with the following topics:

1. Long term value creation received a central position in the Code. This asks of members of the Management Board and Supervisory Board that they act in a sustainable way, by making conscious choices about the tenability of the strategy in the long term.
2. The culture within a company is paid more attention to in the Code. Members of the Management Board and Supervisory Board are expected to create a culture, which stimulates desirable behavior and stimulates acting with integrity.
3. In the Code is incorporated what is expected in the field of risk management and the way this explained. A novelty is for example that the Management Board, while explaining its risk management, also looks forward, by indicating which material risks could influence the continuity of the company. The internal audit function has been stronger embedded in the Code.
4. The Code places new accents with regard to checks and balances, sound management and independent supervision. For example, management can be most effective, if the composition of the Management Board and Supervisory Board is diverse with regard to gender, expertise, background and competences.
5. The Code presumes, more than before, an own responsibility of the members of the Management Board and Supervisory Board, with regard to the topic of sound remuneration. The Supervisory Board, however, should take into account that the remuneration should be in proportion to the long-term value creation and the social context in which the company operates.
6. A company is allowed to explain deviation from the Code. However, with regard to the quality of this explanation requirements have been incorporated in the Code in a clearer way.

#### *Banking Code*

The Dutch Banking Association (*Nederlandse Vereniging van Banken*) has revised the Dutch Banking Code 2010. The new Dutch Banking Code 2014 ("**Banking Code**") entered into force on 1 January 2015 and is designated to make a contribution to public trust in banks and their role in the community. The Banking Code applies to all banks holding a banking license and formulates principles for banks relating to, for instance, the bankers' oath, remuneration, internal supervision, risk management and audits. Under this decree banks are obliged to report in their annual report on their compliance with the principles of the Banking Code. Banks are required to state in their annual report how they have applied the principles of the Banking Code in the previous year and, if they have not applied a principle or not done so in full, to provide a reasoned explanation for this. FMO has implemented the Banking Code and has drawn up an extensive document in which FMO explains per article how it complies (*FMO and the Dutch Banking Code*), which is published on FMO's website and as far as required in FMO's annual reports.

#### *Recovery and resolution measures; intervention measures*

The Bank Recovery and Resolution Directive ("**BRRD**") and the Single Resolution Mechanism Regulation ("**SRM Regulation**") set out a common European recovery and resolution framework which is composed of three pillars: (i) preparation (by requiring banks to draw up recovery plans and resolution authorities to draw up resolution plans), (ii) early intervention powers and (iii) resolution powers. The BRRD has been transposed into Dutch law pursuant to the Act implementing the European framework for the recovery and resolution of banks and investment firms (*Implementatiewet Europees kader voor herstel en afwikkeling van banken en beleggingsondernemingen*), which entered into force on 26 November 2015. The Issuer is subject to the BRRD as implemented in Dutch law.

The SRM Regulation applies to banks subject to the single supervisory mechanism ("**SSM**") pursuant to Council Regulation (EU) No 1024/2013 and Regulation (EU) No 1022/2013, such as the Issuer, and provides for a single resolution framework ("**SRM**") in respect of such banks. The SRM Regulation has been applicable since 1 January 2016 and prevails over the implementation in national law of the BRRD where it concerns the resolution of such banks. The SRM Regulation also provides for the establishment of a Single Resolution Board ("**SRB**"), which will be responsible for the effective and consistent functioning of the SRM. The SRB also acts as the competent resolution authority for significant banks under the SSM. The competent national resolution authority will in principle be the competent resolution authority for less significant banks, such as the Issuer, and is in that capacity responsible for adopting resolution decisions in respect of such banks. The competent resolution

authority in respect of the Issuer is the Dutch Central Bank (*De Nederlandsche Bank*, "**DNB**"). Under certain circumstances, however, the SRB may instead of DNB act as competent resolution authority in respect of less significant banks.

The SRM and BRRD apply not only to banks, but may also apply to certain investment firms, group entities and (to a limited extent) branches of equivalent non-EEA banks and investment firms. In connection therewith, the SRM and BRRD recognise and enable the application of the recovery and resolution framework both on the level of an individual entity as well as on a group level. The below should be read in the understanding that the Issuer may become subject to requirements and measures under the SRM and BRRD not only with a view to or as a result of its individual financial situation, but also, in certain circumstances, with a view to or as a result of the financial situation of the group that it forms part of.

The BRRD, as implemented under Netherlands law, provides DNB in its capacity as competent national resolution authority with the powers necessary to implement resolution decisions in respect of less significant banks in the Netherlands, such as the Issuer. In addition, DNB, as the competent supervisory authority in respect of less significant banks, is allowed to take certain recovery measures in the event the financial condition of such a bank is deteriorating (subject to further conditions). Such measures could pertain, amongst others, to a change of the legal or operational structure, the removal of (individuals within) senior management or the management body and the appointment of a temporary administrator.

DNB may pursuant to the SRM Regulation decide to write-down, cancel or convert relevant capital instruments of the Issuer, independently or in combination with a resolution action as described below (excluding the bail-in tool) if the Issuer would be deemed no longer viable (or one or more other conditions apply). DNB will subsequently exercise the write-down and conversion powers pursuant to the BRRD, as implemented under Netherlands law, in order to write-down or cancel the relevant capital instruments or convert these instruments into shares or other instruments of ownership, and in accordance with a certain order of priority.

DNB may decide to place the Issuer under resolution if the Issuer would be deemed failing or likely to fail and the other resolution conditions would also be met. As part of the resolution scheme to be adopted by DNB, it may decide to apply certain resolution tools, subject to the general resolution objectives and principles laid down in the SRM Regulation. These resolution tools include the sale of business tool, the bridge institution tool and the asset separation tool, each of which, in summary, provides for a transfer of certain assets and/or liabilities of the institution under resolution to a third party. In addition, the SRM provides for the bail-in tool. The bail-in tool may be applied to recapitalise the Issuer or convert to equity or reduce the principal amount of claims or debt instruments of the Issuer that have been transferred pursuant to one of the aforementioned transfer tools. The bail-in tool extends further than the relevant capital instruments of the Issuer, and may also result in the write-down or conversion of eligible liabilities of the Issuer in accordance with a certain order of priority. In order to ensure the effectiveness of the bail-in tool, the SRM prescribes at all times a MREL which may be subject to the bail-in tool. The DNB has determined the MREL on a bank-by-bank basis, based on assessment criteria set out in technical regulatory standards.

According to the SRM Regulation, the national resolution authorities shall take the necessary action to implement resolution decisions. They shall exercise their powers granted to them under the BRRD, as implemented in national law. In addition to the resolution powers described above, the Dutch Central Bank has been granted certain other resolution and ancillary powers to implement any resolution decision in respect of the Issuer. It may for instance decide to terminate or amend any agreement (including a debt instrument such as the Notes) to which the Issuer is a party or replace the Issuer as a party thereto. Furthermore, the Dutch Central Bank may, subject to certain conditions, suspend the exercise of certain rights of counterparties vis-à-vis the Issuer or suspend the performance of payment or delivery obligations of the Issuer. In addition, pursuant to Netherlands law, certain counterparty rights may be excluded in the event such rights come into existence or become enforceable as a result of any recovery or resolution measure or any event in connection therewith (subject to further conditions).

The EU Banking Reforms (as described above under '*Changes in the financial services laws and/or regulations governing FMO's business may adversely affect its operations or profitability*') include various amendments to the BRRD and SRM framework. Among others, the EU Banking Reforms contain a proposal for the implementation of the TLAC standards as well as an amendment of the MREL framework to align it with the TLAC standard. The TLAC standard adopted by the Financial Stability Board aims to ensure that G-SIBs have sufficient loss-absorbing and recapitalization capacity available in resolution. To maintain coherence between the MREL rules (which apply to both G-SIBs and non-G-SIBs), the EU Banking Reforms also propose a number



of changes to the MREL rules applicable to non-G-SIBs, such as the Issuer, including (without limitation) the criteria for the eligibility of liabilities for MREL. The EU Banking Reforms further provide for the resolution authorities to give guidance to an institution to have own funds and eligible liabilities in excess of the requisite levels for certain purposes. Furthermore, the EU Banking Reforms also include a directive which entered into force on 28 December 2017 amending the BRRD (the "**BRRD Amendment Directive**"). The BRRD Amendment Directive provides for an EU harmonised approach on bank creditors' insolvency ranking that would enable banks to issue debt in a new statutory category of unsecured debt, ranking just below the most senior debt and other senior liabilities for the purposes of resolution, while still being part of the senior unsecured debt category. The EU Banking Reforms also propose a moratorium tool allowing for the suspension of certain contractual obligations for a short period of time in resolution as well as in the early intervention phase. Finally, the EU Banking Reforms are expected to take into account the final report submitted by EBA on 14 December 2016 which contains a number of recommendations to amend the current MREL framework. As such, the EU Banking Reforms may affect the Issuer (including with regard to the MREL it must maintain) and the Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in). The BRRD Amendment Directive has to be implemented by the Member States by 29 December 2018. Although the Netherlands legislature has published the legislative proposal for implementation of the BRRD Amendment Directive on 9 March 2018, the date of entry into force thereof is unclear. The timing for the final implementation of the other reforms that form part of the EU Banking Reforms also remains unclear as at the date of this Base Prospectus. 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. Finally, until the EU Banking Reforms are in final form, it is uncertain how the proposals will affect FMO or Noteholders.

Finally, the Dutch Act on special measures regarding financial undertakings (*Wet bijzondere maatregelen financiële ondernemingen or Interventiewet*, hereinafter the "**Special Measures Financial Institutions Act**") enables the Minister of Finance to intervene with a bank established in the Netherlands, such as the Issuer, if the Minister of Finance is of the view that the stability of the financial system is in serious and immediate danger due to the situation that the bank is in. These powers consist of (i) the expropriation of assets and/or liabilities (*onteigening van vermogensbestanddelen*) of the Issuer, and securities issued by or with the cooperation of the Issuer, claims against it, and (ii) immediate measures (*onmiddellijke voorzieningen*), which measures may deviate from statutory provisions or the Issuer's articles of association, such as temporarily depriving the Issuer's shareholders from exercising their voting rights and suspending a board member or a supervisory board member ("**Intervention Measures**").

The entry into force of the SRM Regulation and the implementation of the BRRD has raised the question whether the powers attributed to the Minister of Finance on the basis of the Special Measures Financial Institutions Act are compatible with the SRM and implementation of the BRRD. The Dutch legislator has addressed this issue by labelling the Special Measures Financial Institutions Act as state emergency regulations (*staatsnoodrecht*). It is therefore expected that these powers will only be applied if the SRM and BRRD regime would not be effective. The exclusion of certain rights against the Issuer, as discussed above with respect to the BRRD, applies similarly in this context.

#### *Basel III and CRD IV*

In December 2010, the Basel Committee published its final standards on 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 CRD IV. CRD IV consists of the CRD IV Directive and 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 finalized 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 (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 requirements are 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 referred to below). If Basel III is followed under CRD IV, the leverage ratio may not fall below 3%, though there is still uncertainty as to the exact percentage and scope of the leverage ratio under CRD IV. The EU rules deviate from the Basel III rules in certain aspects (e.g. in imposing an additional systemic risk buffer) and (in respect of some provisions) provide national flexibility to apply more stringent prudential requirements than those set in the EU (or Basel) framework. In this respect, under the EU Banking Reforms, the European Commission has proposed a binding leverage ratio of 3%. 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 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 CRD IV, the BRRD and the SRM Regulation in the form of the EU Banking Reforms, including measures to increase the resilience of EU institutions and enhance financial stability. The EU Banking Reform 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 TLAC standard, the amendment of a number of aspects of the MREL framework to align it with the TLAC standard, and the transposition of the 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 Notes (including with regard to their ranking in insolvency and their being at risk of being bailed-in) (as described in more detail under '*Recovery and resolution measures; intervention measures*' above). 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 Base 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 Noteholders.

## **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%)

### **International Financial Reporting Standards**

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

### **Outlook 2018**

The world economy continues to show broad-based momentum. Against that positive backdrop, the prospect of a similarly broad-based conflict over trade presents a jarring picture.

2018 GDP growth for Latin America is expected to be 2.0%. Growth is also picking up to 4.3% in Eastern Europe. Emerging Asia continues to enjoy the highest regional growth rate in the world of 6.5% in 2018, with India at 7.4%. Sub Saharan Africa is expected to grow by 3.4%.

Despite the good near-term news, longer-term prospects are more sobering. Emerging and developing economies present a diverse picture, and among those that are not commodity exporters, some can expect longer-term growth rates comparable to pre-crisis rates. Many commodity exporters will not be so lucky, however, despite some improvement in the outlook for commodity prices. Those countries will need to diversify their economies to boost future growth and resilience.

We have broad and deep experience in managing volatility and uncertainties through diversification, in order to achieve healthy returns. We will maintain our risk policy, diversification and adequate capitalisation (with a BIS ratio of 25,8% at the end of 2017, which is well above the minimum requirements for banks under CRR, FMO is one of the best capitalised banks in the Netherlands). However, further regulatory changes could further tighten the capital requirements of FMO and, in turn deteriorate the competitive position of FMO from competitors which are not subject to a regulatory regime.

With our pipeline and diversified portfolio, supported by a strong capital base, we are positive that the economic environment will allow us to reach our growth and income targets for 2018.

A number of downside risks could play out in 2018, affecting our clients and FMO.

Various forces are shaping the landscape for development banks. Public funds have increasingly become available for private projects, sometimes at subsidized rates. At the same time, the role of private impact investors has become more prominent as an efficient and affordable solution for banks and companies that used to be dependent on development bank funding. FMO as a development bank is experiencing increased competition in some countries and sectors. The competition is arising from other kinds of entities with access to cheap and often state-related capital that are entering the markets in their search for yield. This is increasingly visible in the production for energy but other markets may follow.

In general, although financial conditions in emerging markets have continued to improve, underlying vulnerabilities remain among some large emerging market economies. We have identified specific events like potential EUR/USD volatility and an economic slowdown in China.

In addition, the largest economies in sub Saharan Africa are experiencing sharp slowdowns or recessions as lower commodity prices interact with difficult domestic political and economic conditions and a major drought in East Africa. It is uncertain what the impact will be of global political developments on world trade, interest rates and currencies and the ramifications for emerging economies.

Political and economic uncertainties remain a key risk to the stability of the world economy. US President Trump has unilaterally withdrawn from the Iran nuclear deal and will be reinstating the highest level of sanctions on Teheran. International diplomacy has been reduced to name calling, giving it a surrealistic sense of unreality that makes the world security situation ever more threatening.

The United Nations Sustainable Development Goals (SDGs) and the Paris Climate Agreement have set joint public and corporate agendas aimed at ending extreme poverty, reducing inequality and tackling climate change. They recognize that people living in poverty tend to suffer most from climate change, so these challenges will need to be addressed in tandem. Development banks can make significant contributions to the SDGs and have a role in limiting temperature increases below 1.5 - 2.0 degrees Celsius.

By design, we address global issues every day. Our public and private stakeholders share our commitment to the SDGs and the Paris Climate Accord. They challenge us on how we, as a development bank, can set ambitious targets to address global issues and be transparent about outcomes achieved. We set targets to generate impact and with the help of our partners and expert recommendations, such as those from the Task Force on Climate-related Financial Disclosures and the EU High-level Group on Sustainable Finance, we refine ways to share progress.

FMO has updated its strategy for the period up to 2025, in which we partner with others to invest in local prosperity focusing on projects that contribute to SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities) and SDG 13 (Climate Action). We will deepen our focus on energy, financial institutions, and the agribusiness, food & water sectors because we believe this is where we can add more value. It did present us with the dilemma of whether to proceed in sectors such as manufacturing, ports and telecoms. To dedicate more resources to our focus sectors, we have decided to discontinue our debt offering in non-focus areas.

NGOs and local stakeholders have become more vocal. Local communities, NGOs, governments and the media increasingly expect development banks to foster local prosperity through investments with a positive impact on local communities. For high-impact projects they expect sponsors and financiers to ensure that local communities are consulted early on, to ensure that negative effects are mitigated and local communities benefit from positive spin-offs of the project.

NGOs and local stakeholders call upon development banks to be more transparent about their investments. There is an increasing call to include dialogues with local stakeholders in the early stages of the investment cycle, and stakeholders wish to be informed through early disclosure of project information as well as progress reporting once projects are underway.

FMO has implemented its updated sustainability policy, supported by various position statements, among other things regarding human rights, after fruitful consultations with a wide range of stakeholders including NGOs and the Dutch government. The increasing demand for transparency also leads to additional reporting requirements, such as EU reporting guidelines and the Dutch banking sector agreement on international responsible business conduct regarding human rights (IMVO).

In recent years FMO has increasingly been requested to combine impact in developing countries with value creation for the Netherlands. In addition to supporting Dutch international commitments in meeting SDGs and climate goals, FMO should enable Dutch companies to invest in developing countries and emerging markets, in case commercial funding is not available.

The Dutch government has called upon FMO to clearly show how it supports the SDGs. Dutch companies indicate the need for financial and non-financial support for their activities in developing countries and emerging markets. FMO is called upon to align these two goals and in doing so, support the aid and trade agenda of the Dutch government.

FMO has taken steps to play a central role in assisting Dutch companies with investments in emerging markets through its subsidiary NedLinx B.V., which originated from the NL Business department. In these activities, FMO will uphold its approach to being additional to the market and avoiding competition with commercial financiers, whilst maintaining high ESG standards.

In December 2017, the Basel Committee announced the completion of the Basel III reforms. The long awaited new agreement, referred to as Basel IV, sets the new global standards for capital requirements for banks, including the new standardized approach to credit risk. Of particular relevance to FMO is the proposed new capital treatment of equity exposures. New regulations aim to make the banking sector more robust and better prepared for future crises.

However, the proposed higher capital requirements for equity investments in Basel IV will limit our ability to provide clients with long-term capital, thereby having an effect on banks in developing countries and the use of financial instruments for economic development in these countries. As providing high-risk finance in developing countries is our core business we are challenged to define mitigating measures with the purpose to maximize our impact in responding to product demand from our clients.

For 2018, FMO's targets are as follows:

		<b>Targets</b>
Total investment volume	Total new contracts FMO, state funds and catalyzed funds	EUR 2.5 billion
Catalyzed from third parties		EUR 920 million
Green investments as % of the total		32%
ESG performance		90%
Reducing inequalities as % of the total		25%
Dutch business (Dutch business, export finance and project development)		100 million
Operating income		EUR 370 million

## FMO FIVE YEAR FINANCIAL REVIEW (AS AT 31 DECEMBER)

(x €million)	2017	2016	2015	2014	2013
	IFRS	IFRS	IFRS	IFRS	IFRS
New commitments 1)	1,946	1,550	1,584	1,632	1,524
of which are Government funds	210	118	184	177	144
Total committed portfolio	9,155	9,778	9,256	8,013	6,633
of which are Government funds 2)	1,222	1,239	1,194	978	844
<b>Balance sheet</b>					
Net loans	4,139	4,527	4,307	3,860	2,981
Equity investments portfolio 3)	1,710	1,828	1,500	1,149	962
Shareholders' equity	2,830	2,774	2,511	2,138	1,963
Debt securities and debentures / notes	5,101	5,181	5,348	4,197	3,610
<b>Total assets</b>	<b>8,323</b>	<b>8,553</b>	<b>8,421</b>	<b>7,088</b>	<b>6,184</b>
<b>Profit and loss account</b>					
<i>Income</i>					
Net interest income	200	217	227	169	155
Income from equity investments	191	56	44	72	43
Other income including services	53	27	49	19	56
<b>Total Income</b>	<b>444</b>	<b>300</b>	<b>320</b>	<b>260</b>	<b>254</b>
<i>Expenses</i>					
Total expenses	-99	-86	-79	-62	-62
<b>Operating profit before value adjustments</b>	<b>345</b>	<b>214</b>	<b>241</b>	<b>198</b>	<b>192</b>
<i>Value adjustments</i>					
> to loans and guarantees	-15	43	-10	-36	4
> to equity investments	-47	-44	-19	-15	-22
<b>Total value adjustments</b>	<b>-62</b>	<b>-1</b>	<b>-29</b>	<b>-51</b>	<b>-18</b>
Share in the results of associates	9	6	3	2	-5
<b>Profit before tax (including results from associates)</b>	<b>292</b>	<b>219</b>	<b>215</b>	<b>149</b>	<b>169</b>
Taxes	-37	-43	-41	-25	-36
<b>Net profit</b>	<b>255</b>	<b>176</b>	<b>174</b>	<b>124</b>	<b>133</b>
Average number of full-time employees	444	404	372	362	342
Avoided GHG emissions (tCO <sub>2</sub> eq)(x000) 4)	1,600	500	787	N.A.	N.A.

1) New commitments and total committed portfolio concern both investments for FMO's account and investments for government funds managed by FMO.

2) The Government funds include MASSIF, IDF, AEF and FOM-OS.

3) Including investments in associates.

4) Avoided GHG emissions is the indicator for FMO's strategic goal of halving its footprint by doubling GHG avoidance by 2020. It is measured in a similar way as the (in)direct jobs supported. 2015 was the first year FMO measured its progress. Baseline figure (2012) for avoided GHG emissions is 575,000 tCO<sub>2</sub> equivalent.

## CONSOLIDATED BALANCE SHEET 2017 AND 2016

The annual figures for the years ended 31 December 2017 and 31 December 2016 are derived from the Issuer's annual accounts for the year 2017.

(before profit appropriation) (x €thousands)	Notes	Page number Annual Report	2017	2016
<b>ASSETS</b>				
Banks	(1)	122	71,763	58,178
Short-term deposits	(2)	122	1,544,118	1,242,604
Interest-bearing securities	(3)	122	362,916	575,117
Derivative financial instruments	(4)	123	259,402	186,510
Loans to the private sector	(5), (9)	124, 127	4,100,425	4,469,948
Loans guaranteed by the State	(6), (9)	124, 127	38,956	56,768
Equity investments	(7)	125	1,502,833	1,712,112
Investments in associates	(8)	126	207,482	116,060
Fixed assets	(10)	128	12,866	9,168
Current income tax receivables	(31)	137	7,458	-
Deferred income tax assets	(31)	137	10,587	10,618
Current accounts with State funds and other programs	(11)	128	274	1,901
Other receivables	(12)	129	120,713	21,753
Accrued income	(13)	129	83,136	92,028
<b>Total assets</b>			<b>8,322,929</b>	<b>8,552,765</b>
<b>LIABILITIES</b>				
Short-term credits	(14)	129	125,935	39,464
Derivative financial instruments	(4)	123	147,424	423,981
Debentures and notes	(15)	129	5,101,288	5,180,977
Current accounts with State funds and other programs	(16)	130	182	75
Current income tax liabilities	(31)	137	-	16,434
Wage tax liabilities			117	340
Deferred income tax liabilities	(31)	137	9,682	13,688
Other liabilities	(17)	130	5,039	7,441
Accrued liabilities	(18)	130	56,721	51,408
Provisions	(19)	130	46,588	45,422
<b>Total liabilities</b>			<b>5,492,976</b>	<b>5,779,230</b>
<b>SHAREHOLDERS' EQUITY</b>				
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
<b>Total shareholders' equity (parent)</b>			<b>2,822,882</b>	<b>2,770,554</b>
Non-controlling interests			7,071	2,991
<b>Total shareholders' equity</b>	(20)	133	<b>2,829,953</b>	<b>2,773,535</b>
<b>Total liabilities and shareholders' equity</b>			<b>8,322,929</b>	<b>8,552,765</b>
Contingent liabilities				
• Effective guarantees issued	(32)	138	68,129	61,050
• Effective guarantees received	(32)	138	-175,042	-224,754
Irrevocable facilities	(32)	138	1,785,159	1,820,239
Loans and equity investments managed for the risk of the State <sup>1</sup>			920,606	985,350

<sup>1</sup> See segment reporting paragraph of the annual report 2017.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT 2017 AND 2016

The consolidated profit and loss account figures for the years ended 31 December 2017 and 31 December 2016 are derived from the Issuer's annual accounts for the year 2017.

(x €thousands)	Notes	Page number Annual Report	2017	2016
<b>INCOME</b>				
Interest income			284,622	282,401
Interest expense			-84,739	-65,861
<b>Net interest income</b>	(21)	134	<b>199,883</b>	<b>216,540</b>
Fee and commission income			6,723	6,691
Fee and commission expense			-712	-547
<b>Net fee and commission income</b>	(22)	135	<b>6,011</b>	<b>6,144</b>
Dividend income	(23)	135	36,592	16,819
Results from equity investments	(24)	135	154,571	39,041
Results from financial transactions	(25)	136	16,103	-8,779
Remuneration for services rendered	(26)	136	29,372	28,565
Other operating income	(27)	136	1,348	1,186
<b>Total other income</b>			<b>237,986</b>	<b>76,832</b>
<b>Total Income</b>			<b>443,880</b>	<b>299,516</b>
<b>OPERATING EXPENSES</b>				
Staff costs	(28)	136	-71,559	-63,685
Other administrative expenses	(29)	137	-23,909	-19,357
Depreciation and impairment	(10)	128	-3,154	-2,565
Other operating expenses	(30)	137	-48	-75
<b>Total operating expenses</b>			<b>-98,670</b>	<b>-85,682</b>
<b>VALUE ADJUSTMENTS ON</b>				
Loans	(9)	127	-18,110	38,069
Equity investments and associates	(7), (8)	125, 126	-46,919	-43,996
Guarantees issued	(9)	127	3,042	4,920
<b>Total value adjustments</b>			<b>-61,987</b>	<b>-1,007</b>
Share in the result of associates	(8)	126	9,293	6,247
<b>Total result on associates and subsidiaries</b>			<b>9,293</b>	<b>6,247</b>
<b>Profit before taxation</b>			<b>292,516</b>	<b>219,074</b>
Income tax	(31)	137	-37,281	-42,969
<b>Net profit</b>			<b>255,235</b>	<b>176,105</b>



## TAXATION

### Certain material Netherlands tax consequences

#### *General*

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Notes, Coupons, Talons or Receipts. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes, Coupons, Talons or Receipts 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. Noteholders or prospective noteholders should consult with their own tax advisors with regard to the tax consequences of investing in the Notes, Coupons, Talons or Receipts 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 Notes, Coupons, Talons or Receipts 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 Notes, Coupons, Talons or Receipts are treated as equity of the Issuer for Netherlands tax purposes.

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

Please note that the summary in this section does not describe the Netherlands tax consequences for:

- (i) holders of Notes, Coupons, Talons or Receipts if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children) have a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (*fictief aanmerkelijk belang*) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder, alone or, in case of individuals, together with his /her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de Vennootschapsbelasting 1969*) and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and
- (iii) holders of Notes, Coupons, Talons or Receipts who are individuals for whom the Notes, Coupons, Talons or Receipts or any benefit derived from the Notes, Coupons, Talons or Receipts are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001).

#### *Netherlands Resident Entities*

Generally speaking, if the holder of Notes, Coupons, Talons or Receipts is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes (a "Netherlands Resident Entity"), any payment under the Notes, Coupons, Talons or Receipts or any gain or loss realised on the disposal

or deemed disposal of the Notes, Coupons, Talons or Receipts is subject to Netherlands corporate income tax at a rate of 20% with respect to taxable profits up to EUR 200,000 and 25% with respect to taxable profits in excess of that amount (rates and brackets for 2018).

#### *Netherlands Resident Individuals*

If the holder of Notes, Coupons, Talons or Receipts is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes (a "Netherlands Resident Individual"), any payment under the Notes, Coupons, Talons or Receipts or any gain realised on the disposal or deemed disposal of the Notes, Coupons, Talons or Receipts is taxable at the progressive income tax rates (with a maximum of 51.95% in 2018), if:

- (i) the Notes, Coupons, Talons or Receipts are attributable to an enterprise from which the holder of the Notes, Coupons, Talons or Receipts derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise, without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or
- (ii) the holder of the Notes, Coupons, Talons or Receipts is considered to perform activities with respect to the Notes, Coupons, Talons or Receipts that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes, Coupons, Talons or Receipts that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the abovementioned conditions (i) and (ii) do not apply to the individual holder of Notes, Coupons, Talons or Receipts, such holder will be taxed annually on a deemed, variable return (with a maximum of 5.38% in 2018) of his/her net investment assets (*rendementsgrondslag*) for the year at an income tax rate of 30%.

The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes, Coupons, Talons or Receipts are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Notes, Coupons, Talons or Receipts are as such not subject to Netherlands income tax.

For the net investment assets on 1 January 2018, the deemed return ranges from 2.02% up to 5.38% (depending on the aggregate amount of the net investment assets on 1 January 2018). The deemed, variable return will be adjusted annually on the basis of historic market yields.

#### *Non-residents of the Netherlands*

A holder of the Notes, Coupons, Talons or Receipts that is neither a Netherlands Resident Entity nor a Netherlands Resident Individual will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes, Coupons, Talons or Receipts or in respect of any gain or loss realised on the disposal or deemed disposal of the Notes, Coupons, Talons or Receipts, 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 Notes, Coupons, Talons or Receipts 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 Notes, Coupons, Talons or Receipts that go beyond ordinary asset management and does not derive benefits from the Notes, Coupons, Talons or Receipts that are taxable as benefits from other activities in the Netherlands.

#### *Gift and inheritance taxes*

### *Residents of the Netherlands*

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes, Coupons, Talons or Receipts by way of a gift by, or on the death of, a holder of such Notes, Coupons, Talons or Receipts who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

### *Non-residents of the Netherlands*

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

- (i) in the case of a gift of a Note, Coupon, Talon or Receipt 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 Notes 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 Notes, Coupons, Talons or Receipts on (i) any payment in consideration for the issue of the Notes, Coupons, Talons or Receipts or (ii) the payment of interest or principal by the Issuer under the Notes, Coupons, Talons or Receipts.

### ***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 Notes, Coupons, Talons or Receipts in respect of (i) the issue of the Notes, Coupons, Talons or Receipts or (ii) the payment of interest or principal by the Issuer under the Notes, Coupons, Talons or Receipts.

### **Tax treatment in Luxembourg**

*The following information sets out certain material Luxembourg tax consequences of purchasing, owning and disposing of the Notes, Receipts, coupons or Talons. It does not purport to be a complete analysis of all possible tax situations that may be relevant to a decision to purchase, own or sell the Notes, Receipts, Coupons or Talons, and is furthermore limited to Luxembourg withholding tax issues and the taxes mentioned under the heading 'Other taxes' only. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective purchasers of the Notes, Receipts, Coupons or Talons should consult their own tax advisers as to the applicable tax consequences of the ownership of the Notes, Receipts, Coupons or Talons, based on their particular circumstances. This information does not allow any conclusions to be drawn with respect to issues not specifically addressed. The following description of Luxembourg tax law is based upon the Luxembourg law and regulations as in effect and as interpreted by the Luxembourg tax authorities on the date of the Prospectus and is subject to any amendments in law (or in interpretation) later introduced, whether or not on a retroactive basis. Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only.*

### ***Withholding Tax***

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Notes, Receipts, Coupons or Talons can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein in accordance with applicable law, subject however to the application of the Luxembourg law of December 23, 2005 as amended introducing a final tax on certain payments of interest made to certain Luxembourg resident individuals (the "**RELIBI Law**").

Payment of interest or similar income (within the meaning of the RELIBI Law, referring to the Luxembourg laws of 21 June 2005 (the "**EUSD Laws**") implementing the EU Council Directive 2003/48/EC (the "**EUSD**") and several agreements concluded with certain dependent or associated territories, on debt instruments made or deemed made by a paying agent (within the meaning of the RELIBI Law) established in Luxembourg to or for the benefit of an individual Luxembourg resident for tax purposes who is the beneficial owner of such payment and established in another EU Member State or in an associated or dependent territory as referred to above, and deemed to be acting on behalf of a Luxembourg resident individual, may be subject to a withholding tax at a rate of 20%. Such withholding tax will be in full discharge of income tax if the individual beneficial owner acts in the course of the management of his/her private wealth. Responsibility for the withholding and payment of the tax lies with the Luxembourg paying agent.

An individual beneficial owner of interest or similar income (within the meaning of the RELIBI Law, referring to the EUSD Laws) who is a resident of Luxembourg and acts in the course of the management of his private wealth may opt for a final tax of 20% when he receives or is deemed to receive such interest or similar income from a paying agent established in another EU Member State, in a Member State of the EEA which is not an EU Member State, or in a State which has concluded a treaty directly in connection with the EUSD. Responsibility for the declaration and the payment of the 20% final tax is assumed by the individual resident beneficial owner of interest.

#### ***Other taxes***

In principle, there is no Luxembourg registration tax (as long as the Notes are not submitted for registration on a voluntary basis, or in the case of legal proceedings before Luxembourg courts, or in the case the Notes must be produced before an official Luxembourg authority, in which case a fixed registration duty may be due), stamp duty or any other similar tax or duty payable in Luxembourg by holders of Notes as a consequence of the issuance of the Notes or subsequent transfer of the Notes.

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement dated 14 June 2018 (the "**Programme Agreement**") agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under *'Form of the Notes'*, *'Form of Final Terms'* and *'Terms and Conditions of the Notes'* above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

### General

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefore.

With regard to each Series or Tranche, the relevant Dealer will be required to comply with any additional restrictions set out in the relevant Syndication Agreement or Dealer Accession Letter.

### Prohibition of sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies the 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression 'retail investor' means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of IMD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Prospectus Directive (as defined below); and
- (b) the expression an 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies 'Prohibition of Sales to EEA Retail Investors' as 'Not Applicable', in relation to each Relevant Member State, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "Non-exempt Offer") following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

### **United States**

1. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Revenue Code and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Series or Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

2. In addition (but only in relation to Notes with an initial maturity in excess of 365 days that are treated as issued in bearer form for US federal income tax purposes):

*where TEFRA D is specified in the applicable Final Terms:*

- (a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Revenue Code, as amended (the "**D Rules**"), each Dealer (a) represents that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (b) represents that it has not

delivered and agrees that it will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

- (b) each Dealer represents that it has and agrees that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each Dealer represents that it is acquiring the Notes for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Revenue Code, as amended; and
- (d) with respect to each affiliate that acquires Notes from a Dealer for the purpose of offering or selling such Notes during the restricted period, such Dealer repeats and confirms the representations and agreements contained in subparagraphs (a), (b) and (c) on such affiliate's behalf.

Terms used in this paragraph 2 have the meanings given to them by the Revenue Code and regulations thereunder, including the D Rules.

*where TEFRA C is specified in the applicable Final Terms:*

Each Dealer understands that under U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) or, any successor rules in substantially the same form as such rules for purposes of Section 4701 of the Revenue Code, as amended (the "**C Rules**"), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer represents and agrees that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with the original issuance of Notes in bearer form, the Dealer has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if either the Dealer or the prospective purchaser is within the United States or its possessions or otherwise involve a U.S. office of the Dealer in the offer or sale of Notes in bearer form. Terms used in this paragraph 1(2) have the meanings given to them by the Revenue Code and regulations thereunder, including the C Rules.

## **United Kingdom**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA") and each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act. No. 228 of 1949, as amended)), or to others for re offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **The Netherlands**

Any Notes (including rights representing an interest in a Global Note) issued under the Programme that are offered anywhere in the world shall only be offered in accordance with the paragraph below.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Final Terms specify that this provision does not apply because the standard exemption wording required by Article 5:20(5) DFSA is not applicable, it will not make an offer of Notes to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Prospectus Directive or (ii) standard exemption wording is disclosed as required by Article 5:20(5) DFSA, provided that no such offer of Notes shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each Dealer has represented and agreed that Zero Coupon Notes (as defined below) in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext in Amsterdam with due observance of the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations.

No such mediation is required in respect of (a) the transfer and acceptance of rights representing an interest in a Zero Coupon Note in global form, or (b) in respect of the initial issue of Zero Coupon Notes in definitive form to the first holders thereof, or (c) the transfer and acceptance of Zero Coupon Notes in definitive form between individuals not acting in the conduct of a business or profession, or (d) the transfer and acceptance of such Zero Coupon Notes within, from or into the Netherlands if all Zero Coupon Notes (either in definitive form or as rights representing an interest in the Zero Coupon Note in global form) of any particular Series or Tranches are issued outside the Netherlands and are not distributed within the Netherlands in the course of their initial distribution or immediately thereafter.

In the event that the Dutch Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Notes have to be complied with and, in addition thereto, if such Zero Coupon Notes in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (*Staatsblad 129*) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Notes. For purposes of this paragraph "**Zero Coupon Notes**" means notes that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

### **Belgium**

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a Belgian Consumer) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.



## GENERAL INFORMATION

### Authorisation

The establishment and updating of the Programme and the issue of Notes under the Programme have been duly authorised by written resolutions of the Board of Management of the Issuer dated 11 May 1999, 9 May 2000, 8 May 2001, 14 May 2002, 6 August 2003, 20 September 2004, 24 October 2005, 20 November 2006, 4 October 2007, 14 May 2008, 11 September 2008, 10 September 2009, 15 April 2010, 10 May 2011, 27 June 2012, 26 June 2013, 26 May 2014, 9 June 2015, 20 May 2016 and 2 June 2017 and by written resolutions of the Supervisory Board of the Issuer dated 11 May 1999, 9 May 2000, 8 May 2001, 14 May 2002, 16 September 2003, 20 September 2004, 24 October 2005, 11 September 2006, 13 September 2007, 14 May 2008, 11 September 2008, 2 April 2009, 10 September 2009, 15 April 2010, 10 March 2011, 8 March 2012, 12 December 2013, 11 May 2015, 20 May 2016, 2 June 2017 and 12 June 2018. All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Netherlands have been given for the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Agreement, the Agency Agreement and the Notes.

### Listing

The Issuer has currently listed Notes on the Luxembourg Stock Exchange, the Euro MTF and Euronext in Amsterdam. Application may be made for the Notes to be listed and admitted to trading on Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF or the London Stock Exchange as specified in the applicable Final Terms.

### Documents Available

For the period of twelve (12) months following the approval by the AFM of this Base Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer at Anna van Saksenlaan 71, 2593 HW The Hague, the Netherlands, and from the specified office of the Agent:

- (i) the articles of association (*statuten*) of the Issuer and an English translation thereof;
- (ii) the publicly available audited annual financial statements of the Issuer for the two most recent financial years;
- (iii) the publicly available non-audited interim financial statements of the Issuer for the two most recent financial years, as reviewed by the external auditor;
- (iv) the Deed of Covenant and the Agency Agreement (which contains the forms of the Temporary and Permanent Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons);
- (v) a copy of this Base Prospectus;
- (vi) any future prospectuses, information memoranda and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference;
- (vii) the Final Terms for each Series or Tranche of Notes which are listed or admitted to trading on Euronext in Amsterdam, the Luxembourg Stock Exchange, the Euro MTF or the London Stock Exchange; and
- (viii) an English translation of the State Agreement dated 16 November 1998 between the Issuer and the State and the addendum thereto dated 9 October 2009.

### 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 Base Prospectus and may not be relied upon in connection with any decision to invest in any Notes.

## **Clearing and Settlement Systems**

The Notes have been accepted for clearance through Euroclear, Clearstream, Luxembourg and Euroclear Netherlands. The appropriate common code and ISIN for each Series or Tranche allocated by Euroclear, Clearstream, Luxembourg, Euroclear Netherlands and any other relevant security code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

## **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.

## **Litigation**

The Issuer is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), nor have there been any such proceedings during the 12 months before the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or any of its subsidiaries taken as a whole.

## **Dealers transacting with the Issuer**

In the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Conditions for Determining Price**

The price and amount of Notes will be determined by the Issuer and the relevant Dealer at the time of issue. The issue price will be disclosed in the Final Terms.

## **Auditors**

For the years 2016 and 2017 Ernst & Young Accountants LLP ("**Ernst & Young**") is the external auditor to audit the financial statements 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**")). The independent auditor's reports of Ernst & Young with respect to the annual financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017 are incorporated by reference in the form and context in which it is included, with the consent of Ernst & Young.

## **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.

Series or Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche or Series of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security 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. The rating of a certain Series or Tranche of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to a relevant Series or Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 of 16 September 2009 on credit rating agencies, as amended (the "**CRA Regulation**") will be disclosed clearly and prominently in the Final Terms. In general, credit institutions as defined in Regulation 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the Capital Requirements Regulation or "**CRR**"), such as the Issuer, are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

#### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes, other than required by any applicable laws and regulations or as specified in the applicable Final Terms.

**Registered office of the Issuer**

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

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