

## IMPORTANT NOTICE

### **THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-US PERSONS AND ADDRESSEES OUTSIDE OF THE US**

**IMPORTANT: You must read the following before continuing.** The following disclaimer applies to the attached Prospectus accessed via internet or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached Prospectus. In accessing the attached Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND, SUBJECT TO CERTAIN EXCEPTIONS, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT).

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

**Confirmation of your Representation:** In order to be eligible to review this Prospectus or make an investment decision with respect to the securities described herein, investors must not be a US Person (as defined in Regulation S under the Securities Act). You have been sent the attached Prospectus on the basis that you have confirmed to UBS Investment Bank, being the sender of the attached, (i) that you and any customers that you represent are not US Persons, (ii) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) that you consent to delivery by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. Also, there are restrictions on the distribution of the attached Prospectus and/or the offer or sale of Notes in the member states of the European Economic Area. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of UBS Investment Bank, the Syndicate Banks or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from UBS Investment Bank, if lawful.



# FONPLATA

## CHF 200,000,000 0.556% Bonds due 2026 (the “**Bonds**”)

<b>Issuer’s Name and registered office:</b>	The Financial Fund for the Development of the River Plate Basin ( <i>Fondo Financiero para el Desarrollo de la Cuenca del Plata</i> , “ <b>FONPLATA</b> ” or the “ <b>Issuer</b> ” or the “ <b>Bank</b> ”), Avenue San Martin #155, Equipetrol, Ambassador Business Center, 3 <sup>rd</sup> Floor, Santa Cruz de la Sierra, Bolivia.
<b>Interest Rate:</b>	0.556% p.a., payable annually in arrears on September 3, for the first time on September 3, 2021 (short first interest period of 180 days).
<b>Issue Price:</b>	The Lead Manager has purchased the Bonds at 100% of the nominal amount (before commission).
<b>Placement Price:</b>	The Placement Price of the Bonds will be fixed in accordance with supply and demand.
<b>Payment Date:</b>	March 3, 2021.
<b>Maturity Date:</b>	September 3, 2026, redemption at par.
<b>Early Redemption:</b>	At par in accordance with the terms and conditions of the Bonds, provided 85% of the Bonds have been previously repurchased.
<b>Reopening of the Issue:</b>	The Issuer reserves the right to reopen this issue according to the terms and conditions of the Bonds.
<b>Denominations:</b>	CHF 5,000 nominal and multiples thereof.
<b>Form of the Bonds:</b>	The Bonds will be represented by a Permanent Global Certificate and registered as intermediated securities ( <i>Bucheffekten</i> ) with SIX SIS Ltd. Investors do not have the right to request the printing and delivery of definitive Bonds.
<b>Covenants:</b>	<i>Pari Passu</i> , Negative Pledge, Cross Default.
<b>Listing and Trading:</b>	Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange. The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange on March 1, 2021. The last trading day of the Bonds is expected to be September 1, 2026.
<b>Governing Law and Jurisdiction:</b>	The Bonds are governed by, and construed in accordance with Swiss law. Place of jurisdiction for the Bonds shall be the City of Zurich.
<b>Selling Restrictions:</b>	In particular U.S.A., European Economic Area and United Kingdom. The Bonds 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.
<b>Rating:</b>	The Bonds have been rated “A–” by Standard & Poor’s and “A2” by Moody’s.
<b>Security Number/ ISIN/ Common Code:</b>	59 389 393 / CH0593893933 / 230032009

### Credit Suisse

the “**Lead Manager**”

Prospectus dated March 1, 2021

This Prospectus has been approved by SIX Exchange Regulation Ltd in its capacity as review body pursuant to article 52 of the Swiss Financial Services Act on March 18, 2021.

## IMPORTANT INFORMATION

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**This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by SIX Exchange Regulation Ltd in its capacity as Swiss review body pursuant to article 52 of the Swiss Financial Services Act (“FinSA”). Consequently, neither the delivery of this Prospectus nor the offering, sale or delivery of any Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the issue of the Bonds is correct as of any time subsequent the date indicated in the document containing the same.**

This Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Bonds and for the admission to trading and listing of the Bonds on the SIX Swiss Exchange. The Issuer has not authorized the use of this Prospectus for any other purpose.

The Bonds, if issued, will be issued on the basis of the final prospectus relating to the Bonds (the “**Final Prospectus**”), which will only be submitted to the Swiss Review Body for review after completion of the offering of the Bonds.

Potential investors should be aware that the Terms of the Bonds set out in this Prospectus are incomplete and subject to amendment and completion in the Final Prospectus. Accordingly, the rights of Holders under the Bonds will be determined exclusively by the Terms of the Bonds set out in the Final Prospectus.

## TABLE OF CONTENTS

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Important information . . . . .	2
Table of Contents . . . . .	3
Selling Restrictions. . . . .	4
Summary . . . . .	7
General Information . . . . .	9
Forward Looking Statements. . . . .	10
Enforcement of Civil Liabilities. . . . .	11
Risk Factors. . . . .	12
Information on the Bonds. . . . .	16
Information on the Issuer . . . . .	17
Taxation . . . . .	27
Responsibility Statement . . . . .	29
Terms of the Bonds . . . . .	30
Interim Report as of June 30, 2020 . . . . .	Annex A

## SELLING RESTRICTIONS

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### General

Persons who receive this Prospectus are required by the Issuer and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Bonds or have in their possession or distribute such offering material and to obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of the Bonds under the law and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries, in all cases at their own expense, and neither the Issuer nor the Lead Manager shall have responsibility therefor. In accordance with the above, the Bonds purchased by any person that it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances that would result in the Issuer being obliged to register any further information materials or corresponding document to the Bonds in such jurisdiction.

### United States of America and United States Persons

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

The Lead Manager represents, warrants and agrees that it has offered and sold the Bonds, and will offer and sell the Bonds (i) as part of its distribution at any time, and (ii) otherwise until the end of the Distribution Compliance Period, only in accordance with Rule 903 of Regulation S.

The Lead Manager agrees that, at or prior to confirmation of sale of Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from it during the Distribution Compliance Period a confirmation or notice to substantially the following effect:

“The securities covered hereby 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 and sold within the United States of America (the United States) or to or for the account or benefit of U.S. persons (i) as part of their distribution at any time, of (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the Issue Date, except in accordance with Regulation S (or, if available, Rule 144A) under the Securities Act. Terms used herein have the meanings given to them by Regulation S under the Securities Act.”

Distribution Compliance Period means the period expiring 40 calendar days after the later of the commencement of the offering of the Bonds and the Issue Date.

The Lead Manager represents, warrants and agrees that neither it, its affiliates nor any person acting on its or their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Bonds.

In addition, during Distribution Compliance Period, an offer or sale of Bonds within the United States by a broker/dealer (whether or not it is participating in the offering), may violate the registration requirements of the Securities Act.

Terms used in this clause (A) have the meanings given to them by Regulation S.

- (B) The Lead Manager has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Bonds, except with their affiliates or with the prior written consent of the Issuer.

- (C) In addition, the Lead Manager:

(1) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the D Rules), (a) has neither offered to sell nor sold, and during the restricted period will neither offer to sell nor sell, the Bonds to a person who is within the United States or its possessions or to a U.S. person, and (b) has not delivered and will not deliver, within the United States or its possessions, any Bonds in definitive bearer form that may be sold during the Restricted Period;

(2) represents and agrees that it has, and throughout the Restricted Period will have, in effect procedures reasonably designed to ensure that their employees or agents who are directly engaged in selling the Bonds are aware that such Bonds 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 U.S. person, except as permitted by the D Rules;

(3) represents and agrees that the Bonds will be offered and sold in accordance with practices and documentation customary in Switzerland;

(4) will use reasonable efforts to sell the Bonds within Switzerland;

(5) represents and agrees that more than 80% by value of the Bonds will be offered and sold to persons who are not distributors by distributors maintaining an office located in Switzerland;

(6) has not applied, and will not apply, for listing of the Bonds on any exchange outside Switzerland; and

(7) with respect to each affiliate that acquires Bonds in bearer form for the purpose of offering or selling such Bonds during the Restricted Period, it repeats and confirms the representations and agreements contained in clauses (1) through (6) on behalf of such affiliate.

Restricted Period means the period expiring 40 calendar days after the later of the commencement of the offering of the Bonds and the Issue Date.

Terms used in this paragraph (C) have the meanings given to them by the U.S. Internal Revenue Code and the regulations thereunder, including the D Rules.

The Lead Manager agrees that all offering materials and documents used in connection with offers and sales of the Bonds prior to the expiration of the Restricted Period shall include the following language:

"The Bonds 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 accordance with Regulation S under the Securities Act."

## European Economic Area

In relation to each Member State of the European Economic Area, the Lead Manager represents and agrees that it has not made and will not make an offer of Bonds to the public in that Relevant Member State except that it may make an offer of the Bonds to the public in that Member State at any time:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Bonds referred to above shall require the Issuer or the Lead Manager to publish a prospectus to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Bonds to the public**" in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

## United Kingdom

The Lead Manager represents and agrees that it has not made and will not make an offer of Bonds to the public in the United Kingdom (the "**UK**") except that it may make an offer of the Bonds to the public in the UK at any time:

- (i) to any legal entity that is a qualified investor as defined in the UK Prospectus Regulation;

- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of the Issuer for any such offer; or
- (iii) in any other circumstances falling within section 86 of the United Kingdom Financial Services and Markets Act 2000 (the “**FSMA**”),

provided that no such offer of Bonds referred to in clauses (i) to (iii) above shall require the Issuer or Credit Suisse to publish a prospectus pursuant to section 85 of the FSMA.

For the purposes of this provision, the expression an “**offer of Bonds to the public**” in relation to any Bonds in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds, and the expression “**UK Prospectus Regulation**” means the Prospectus Regulation as it forms a part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Lead Manager further represents, warrants and agrees that:

- (a) 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 United Kingdom Financial Services and Markets Act 2000 (the “**FMSA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FMSA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FMSA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

## SUMMARY

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**This summary should be read as an introduction to this Prospectus. Any decision to invest in the Bonds should be based on a consideration of this Prospectus as a whole, including any documents incorporated by reference into this Prospectus. Potential investors in the Bonds should be aware that liability under article 69 FinSA for any false or misleading information contained in this summary is limited to any such information that is false or misleading when read together with, or that is inconsistent with, the other parts of this Prospectus.**

### A. Information on the Issuer

Issuer: The Financial Fund for the Development of the River Plate Basin (FONPLATA), a multilateral financial institution ("**MFI**"), with registered office at Avenue San Martin #155, Equipetrol, Ambassador Business Center, 3<sup>rd</sup> Floor, Santa Cruz de la Sierra, Bolivia.

Independent Auditors: PricewaterhouseCoopers S.R.L., Omnia Dei Building – 1<sup>st</sup> Floor, I Street and Viador Pinto Equipetrol Norte, Santa Cruz de la Sierra, Bolivia.

**Potential investors are informed that the auditor is a member of the "Colegio de Auditores de Boliva" which is not recognised by the Swiss Federal Council.**

Legal Entity Identifier (LEI): 254900GFRCPNS88N4K89

### B. Information on the Terms of the Bonds

Bonds: CHF 200,000,000 0.556 percent Bonds due 2026.

Issue Date: March 3, 2021.

Maturity Date: September 3, 2026

Interest Rate: 0.556% p.a., payable annually in arrears on September 3, for the first time on September 3, 2021 (short first interest period of 180 days).

Denomination: CHF 5,000 nominal and multiples thereof.

Status: The Bonds constitute unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present or future unsecured and unsubordinated obligations of the Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law.

Form: The Bonds will be represented by a Permanent Global Certificate and registered as intermediated securities (*Bucheffekten*) with SIX SIS Ltd. Investors do not have the right to request the printing and delivery of definitive Bonds.

Covenants: *Pari passu*, negative pledge, cross-default.

Principal Paying Agent: Credit Suisse AG.

Governing Law and Jurisdiction: The Bonds are governed by, and construed in accordance with Swiss law. Place of jurisdiction for the Bonds shall be the City of Zurich.



### C. Information on the Offering

Offering:	The offering described herein consists of a public offering of Bonds in Switzerland.		
Issue Price:	100 percent (before commission) of the aggregate principal amount of the Bonds.		
Clearing and Settlement:	SIX SIS Ltd.		
Ratings:	The Bonds have been rated “A–” by Standard & Poor’s and “A2” by Moody’s.		
Net Proceeds:	The net proceeds of the Bonds, being the amount of CHF 199,250,000 will be used by the Issuer for general purposes.		
Security Numbers:	Swiss Security Number:	59389393	
	ISIN:	CH0593893933	
	Common Code:	230032009	
Selling Restrictions:	In particular the United States of America and United States persons, EEA and United Kingdom.		
Lead Manager:	Credit Suisse AG.		

### D. Information on the Admission to Trading and Listing

Swiss Trading Venue:	SIX Swiss Exchange.
Admission to Trading and Listing:	The Bonds have been provisionally admitted to trading on SIX Swiss Exchange with effect from March 1, 2021. Application will be made for the Bonds to be listed on SIX Swiss Exchange. The last day of trading is expected to be September 1, 2026.

### E. Information on the Prospectus Approval

Swiss Review Body:	SIX Exchange Regulation Ltd, Hardturmstrasse 201, 8005 Zurich, Switzerland (the <b>Swiss Review Body</b> ).
Prospectus Date and Approval:	<p>This Prospectus is dated March 1, 2021, and has been approved by the Swiss Review Body on the date appearing on the cover page of this Prospectus.</p> <p>This Prospectus will not be updated for any developments that occur after its date. In particular, this Prospectus is not required to be updated as of the date of the approval by the Swiss Review Body.</p>

## GENERAL INFORMATION

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### Notice to Investors

The financial institution involved in the issuance and offering of the Bonds is a bank, which directly or indirectly has participated, or may participate, in financing transactions and/or other banking business with the Issuer, which are not disclosed herein.

Investors are advised to familiarize themselves with the entire content of this Prospectus.

### Independent Auditors

The financial statements of the Ordinary Capital Resources of the Issuer as of June 30, 2020 and year ended December 31, 2019 were prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements as of the year ended December 2019 have been audited by PricewaterhouseCoopers (the “Auditor”), chartered accountants, independent registered public accounting firm and the June 30, 2020 interim financial statements were reviewed by the Auditor.

The Auditor address is S.R.L. Omnia Dei Building – 1<sup>st</sup> Floor, I Street and Viador Pinto Equipetrol Norte, Santa Cruz de la Sierra, Bolivia.

**Potential Investors are informed that the Auditor is a member of the “Colegio de Auditores de Bolivia” which is not recognised by the Swiss Federal Council.**

### Documents incorporated by reference

The following documents shall be deemed to be incorporated in, and form part of this Prospectus:

- 2019 Annual Report
- Articles of Agreement (Charter)
- FONPLATA Regulations

### Documents Available

Copies of this Prospectus, the Final Prospectus (once approved by the Swiss Review Body) as well as the documents incorporated by reference are available at Credit Suisse AG, Uetlibergstrasse 231, CH-8070 Zurich, Switzerland, or may be obtained upon request by telephone (+41 44 333 49 73), fax (+41 44 333 57 79) or e-mail to [newissues.fixedincome@credit-suisse.com](mailto:newissues.fixedincome@credit-suisse.com).

The documents incorporated by reference are also available on the website of the Issuer ([www.fonplata.org](http://www.fonplata.org)).

### Prospectus

This Prospectus is available in English language only and provides information about the Issuer and the Bonds. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds.

No person has been authorized to give any information or make any representation in connection with the offering of the Bonds other than as stated herein and any other information or representation if given or made should not be relied upon as having been authorised by the Issuer or the Lead Manager. Neither the delivery of this Prospectus, nor the issue of the Bonds nor any sale thereof shall, in any circumstances, create any implication that there has been no material adverse change in the affairs of the Issuer since the date hereof.

## **FORWARD LOOKING STATEMENTS**

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This Prospectus contains certain forward-looking statements and information relating to FONPLATA that are based on the current expectations, estimates, plans, strategic aims, vision statements, and projections of their management and information currently available to FONPLATA.

These forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results of operations, financial condition, performance or achievements of the Issuer to be materially different from any future results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Terms and phrases such as “will”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “predict”, “estimate”, “project”, “target”, “assume”, “may” and “could”, and variations of these words and similar expressions, are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Neither the Issuer nor the Lead Manager undertake an obligation to update any forward-looking statement, even if new information, future events or other circumstances have made them incorrect or misleading.

## ENFORCEMENT OF CIVIL LIABILITIES

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The Issuer is a multilateral financial institution established pursuant to an international treaty. The headquarters of the Issuer are in Santa Cruz, Bolivia and it has liaison offices in Buenos Aires, Argentina, Montevideo, Uruguay and in Asunción, Paraguay. All of its Governors, Directors, their alternates, officers and employees reside outside Switzerland, and all or a significant portion of the assets of such persons may be, and substantially all of the Issuer's assets are, located outside Switzerland. As a result, it may not be possible for investors to enforce against the Issuer any judgments obtained in courts in such jurisdictions, including judgments predicated upon the laws of Switzerland or of other jurisdictions outside of Bolivia, Brazil, Argentina, Uruguay and Paraguay. In the Terms of the Bonds, the Issuer will submit to the jurisdiction of city of Zurich 1, Switzerland, with the right of appeal to the Swiss Federal Court of Justice in Lausanne, when the law permits, the decision of which will be final. The Issuer has not designated any process agent as delivery address for the service of judicial documents pursuant to art. 140 of the Swiss Rules of Civil Procedure (*Schweizerische Zivilprozessordnung*) and as special domicile pursuant to art. 50 of the Swiss Act of Debt Enforcement and Bankruptcy.

Pursuant to the Agreement on Exemptions, Immunities and Privileges of the Financial Fund for the Development of the River Plate Basin in the Territory of the Member Countries (the "**Immunity Agreement**"), the Issuer and its assets enjoy immunity from every form of legal process in the Member Countries except in so far as in any particular case the Issuer has expressly waived its immunity. The Immunity Agreement provides that the Issuer, through its Executive Board of Directors, shall take the appropriate measures for the settlement of disputes derived from contracts or other private law act of which the Issuer is a party.

Pursuant to the Immunity Agreement, the Issuer's assets, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation and any other form of interference, whether by executive, administrative, judicial or legislative action in the Member Countries. The Issuer's headquarter and archives, wherever located, shall be inviolable. The Issuer's administrators, executive secretary, officials and officials of international advisory bodies while exercising their functions and during their journeys to and from the place where they will fulfill their mission, shall enjoy, *inter alia*, immunity from personal arrest or detention and from seizure of their personal baggage; immunity from jurisdiction in respect of words spoken or written and all acts done by them in their official capacity, immunity from any kind of legal process.

## RISK FACTORS

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*Investing in the Bonds involves risks. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but inability of the Issuer to pay interest, principal or any other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus or in the documents incorporated herein by reference and reach their own views prior to making any investment decision.*

### **Risk related to the Issuer**

**The loan portfolio and, consequently, the financial condition of the Issuer may be impacted by developments affecting the global and regional economies and financial markets.**

The Issuer makes loans to its Member Countries mostly with a sovereign guarantee. Although the Issuer has established risk management policies, guidelines and practices, changes in the macroeconomic environment and financial markets in the borrowing Member Countries of the Issuer, due to global economic crises, regional crises, natural disasters or other factors, may increase the risks in the loan portfolio of the Issuer and, consequently, may adversely affect its results of operations and financial condition.

**The Issuer depends on a limited number of borrowers for a substantial portion of its revenue, and the loss of or a significant reduction in revenue resulting from a default by a key borrower could significantly decrease such revenue.**

While the Issuer has policies in place to limit the exposure to any single borrower or group of borrowers, its credit risk is concentrated on a limited number of countries and borrowers. Under these policies the exposure of the Issuer represented by loans to borrowers in any Member Country shall not exceed 25% of the Issuer's total lending capacity, and the outstanding loan portfolio per Member Country shall not exceed 30% of the Issuer's total assets.

As of June 30, 2020, the loan portfolio of the Issuer included loans in all five Member Countries. The percentage of (gross) outstanding loans per country vs. total assets as of June 30, 2020 are as follows: Argentina 19.6%, Bolivia 19.3%, Brazil 7.7%, Paraguay 9.9% and Uruguay 14.0%.

Although the Issuer expects to benefit from preferred creditor status with each of its borrowers, the loss of or a significant reduction in revenue resulting from a default by a key borrower could significantly decrease the revenue and materially affect the financial condition and results of operations of the Issuer. Historically, the Issuer has not experienced any defaults on any of its loans outstanding.

**As standard among MFIs, the Issuer is not subject to external regulatory oversight, which may adversely affect its results of operations.**

The Issuer is a multilateral financial institution ("MFI") of indefinite life, which is governed by the covenants contained in its Articles of Agreement (the "**Charter**") and its Regulations. As standard among MFIs the Issuer is not subject to regulation by any state. Accordingly, while the Issuer has established prudential policies and procedures to govern its internal operations in accordance with international standards, such as Basel (for capital adequacy), International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS**") (for accounting) and international best practices (for corporate governance), the operations of the Issuer are not subject to external regulatory oversight unlike commercial financial institutions. There can be no assurance, in the absence of an independent regulatory or supervisory authority, that the Issuer will maintain its current capital adequacy and liquidity framework and/or adhere to its internal requirements.

The Issuer's supervisory body is composed of the Board of Governors, the Executive Board of Directors, the Executive President, and an Audit Committee. Each of these entities forms part of the Issuer's governance structure with the aim of a system of authorization and oversight to set and monitor goals, control activities, assess risk, and control the operating environment to the extent possible. The supervisory body meets in regular sessions and on an *ad hoc* basis as necessary. The Governors and Directors of the Issuer are appointed by the Member Countries. Because the Member Countries are also borrowers from the Issuer, circumstances may arise in which the interests of a Member Country conflict with the broader interests of the Issuer. Notwithstanding the foregoing,

decisions regarding financial policies and credit loans require approval from the majority of Executive Directors appointed by the Member Countries.

### **Limitation of waiver of immunity**

While the Issuer has waived its immunity in respect of its obligations pursuant to the Terms of the Bonds, investors are informed that such waiver is limited insofar as pursuant to the Immunity Agreement, the Issuer's assets, wherever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation and any other form of interference, whether by executive, administrative, judicial or legislative action in the Member Countries. For further information in this regard, refer to section *Enforcement of Civil Liabilities* on page 11 of this Prospectus.

### **Risks Relating to the Bonds**

#### **The Bonds may not be a suitable investment for all investors.**

Potential investors must determine the suitability of an investment in the Bonds in light of their own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus or 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 Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's home currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### **The Bonds are not guaranteed by any sovereign entity or agency.**

Although established by treaty between its Member Countries, the Issuer is a legal entity separate from both the governments of its Member Countries and the agencies of such governments. Therefore, the principal of the Bonds, and interest due or to become due in respect of the Bonds, constitute obligations solely of the Issuer and do not constitute the obligation of, nor are they guaranteed or insured by any Member Country or sovereign entity or agency thereof. Holders of the Bonds (the **"Holders"**) will not have recourse to any one sovereign or Member Country, to enforce judgments against the Issuer.

#### **The Issuer's credit ratings may not reflect all risks of an investment in the Bonds.**

The credit ratings are an assessment by rating agencies on the Issuer's ability to pay its debts when due. Consequently, real or anticipated changes in the Issuer's credit ratings will generally affect the market prices of the Bonds. These credit ratings may not reflect the potential impact of risks relating to the Bonds. Agency ratings are not a recommendation to buy, sell or hold any security, and may be revised or withdrawn at any time by the issuing organization. Each agency's rating should be evaluated independently of any other agency's rating.

#### **The Terms of the Bonds do not contain financial covenants or meaningful restrictions on the Issuer.**

The Issuer is not restricted from incurring additional debt or other liabilities, including debt secured by liens, under the Bonds, except as described under Condition B.1.2 of the Terms of the Bonds "Negative Undertaking". The Issuer may from time to time incur additional debt and other liabilities, which may be substantial in amount and could affect the Issuer's ability to meet its obligations under the Bonds.

## **Payments under the Bonds may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act.**

Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as “**FATCA**”) may impose a 30 percent withholding tax on all or a portion of payments made in respect of the Bonds if (i) the Issuer is or becomes a foreign financial institution (“**FFI**”) (as defined in FATCA) that enters into an agreement with the U.S. Internal Revenue Service (the “**IRS**”) to provide certain information on its account holders (making the Issuer a “**Participating FFI**”), and (ii) (a) a Holder does not provide information sufficient for the Issuer or any intermediary financial institution (including any paying agent) to determine whether the holder is a U.S. person or should otherwise be treated as holding a “**United States Account**” of the Issuer, (b) a Holder does not consent, where necessary, to have its information disclosed to the IRS (such Holder, a “**Recalcitrant Holder**”) or (c) any Holder, or person through which payment on the Bonds is made, is not able to receive payments free of withholding under FATCA. The Issuer is currently not a FFI. However, whether or not the Issuer is a FFI is a factual determination that must be periodically reexamined, so it is possible that the Issuer could become an FFI in the future.

If the Issuer or any intermediary or agent is required to deduct a withholding tax, the applicable rate may be up to 30 percent. This withholding generally will not apply to payments in respect of the Bonds unless the Bonds are issued (or significantly modified) on or after the “grandfathering date”, which is the date that is six months after the date on which final U.S. Treasury Regulations defining the term “foreign passthru payments” are published in the U.S. Federal Register.

Further guidance may affect the application of FATCA to the Bonds, including the potential future release of an intergovernmental agreement between the United States and any Member Country to implement the provisions of FATCA.

## **Risks Relating to the Market Generally**

### **Active trading markets for the Bonds may not develop.**

The Bonds are new issues of securities with no established trading market. Although the Issuer intends to apply for listing and trading of the Bonds on SIX Swiss Exchange, no assurance can be given that the Bonds will become or will remain listed. The Issuer cannot provide any assurances that trading markets for the Bonds will develop or of the ability of Holders to sell their Bonds or of the prices at which Holders may be able to sell their Bonds. The Lead Manager is not obligated to make a market in the Bonds. If no active trading markets develop, you may be unable to resell the Bonds at any price or at their fair market value.

### **If trading markets do develop, changes in the Issuer’s ratings or the financial markets could adversely affect the market prices of the Bonds.**

The market prices of the Bonds will depend on many factors, including, but not limited to, the following:

- ratings on the Issuer’s debt securities assigned by rating agencies;
- the time remaining until maturity of the Bonds;
- the prevailing interest rates being paid by other institutions similar to the Issuer;
- the Issuer’s results of operations, financial condition and prospects; and
- the condition of the financial markets.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Bonds.

Rating agencies continually review the ratings they have assigned to institutions and debt securities. Negative changes in the ratings assigned to the Issuer or its debt securities could have an adverse effect on the market prices of the Bonds.

**An investment in the Bonds by a purchaser whose home currency is not Swiss Francs entails exchange rate risks.**

All payments of interest on and the principal of the Bonds and any redemption price for the Bonds will be made in Swiss Francs (“CHF”). An investment in the Bonds by a purchaser whose home currency is not CHF entails risks, including the possibility of significant changes in rates of exchange between the holder’s home currency and CHF and the possibility of the imposition or subsequent modification of foreign exchange controls. These risks generally depend on factors over which the Issuer has no control, such as economic, financial and political events and the supply of and demand for the relevant currencies. In the past, rates of exchange between CHF and certain currencies have been highly volatile, and each holder should be aware that volatility may occur in the future. Fluctuations in any particular exchange rate that have occurred in the past, however, are not necessarily indicative of fluctuations in the rate that may occur during the term of the Bonds. Depreciation of CHF against the Holder’s home currency would result in a decrease in the effective yield of the Bonds below its coupon rate and, in certain circumstances, could result in a loss to the Holder.

**Interest rate risks.**

In general, as market interest rates rise, Bonds bearing interest at a fixed rate generally decline in market value.

Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds.

**Return on an investment in Bonds will be affected by charges incurred by investors.**

An investor’s total return on an investment in any Bonds will be affected by the level of fees charged by an agent, nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Bonds, custody services and on payments of interest and principal. Potential investors are, therefore, advised to investigate the basis on which any such fee will be charged on the relevant Bonds.

**Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Bonds are legal investments for it, (2) Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk based capital or similar rules.

**U.S. securities laws may restrict the transfer of Bonds.**

The Bonds have not been and will not be registered under the United States Securities Act of 1933 and applicable U.S. state securities laws. Therefore, the Bonds may be transferred or resold only in transactions that are exempt from or not subject to the registration requirements of the Securities Act and applicable state securities laws. See chapter headed “Selling Restrictions”.

**Risks relating to the emergence of coronavirus Covid-19**

The emergence of coronavirus Covid-19 poses a new risk to the financial position of the Issuer. As at the date of this Prospectus, some of the Issuer’s Member Countries are being significantly affected. The extent of the risk posed by Covid-19 in the future is unclear; if the impact of the virus is severe or prolonged, this may have a materially adverse impact on the Issuer’s financial position.



## INFORMATION ON THE BONDS

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### Authorization

Pursuant to a resolution of the Executive Board of Directors of the Issuer dated November 26, 2019 and the Bond Purchase Agreement dated March 1, 2021 between the Issuer on one side and Credit Suisse AG on the other side, the Issuer has decided to issue the Bonds.

### Use of Net Proceeds

The net proceeds of the Bonds, being the amount of CHF 199,250,000 (the “**Net Proceeds**”) will be used by the Issuer for general purposes.

The Lead Manager has no responsibility for, or be obliged to concern itself with, the application of the Net Proceeds of the Bonds.

### Offering

The offering described herein consists of a public offering of the Bonds in Switzerland.

### Clearing and Settlement

The permanent global certificate representing the Bonds will be deposited with SIX SIS Ltd.

### Notices

Notices concerning the Issuer are generally published on the website of the Issuer ([www.fonplata.org](http://www.fonplata.org)).

All notices in relation to the Bonds will be published in accordance with the Terms of the Bonds.

### Representative

In accordance with Article 58a of the Listing Rules of the SIX Swiss Exchange, Credit Suisse AG has been appointed by the Issuer as representative to lodge the listing application with the SIX Swiss Exchange.

## INFORMATION ON THE ISSUER

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### Name, location

The headquarters of FONPLATA are located at Avenida San Martin #155, Equipetrol, Ambassador Business Center, 3<sup>rd</sup> Floor, Santa Cruz de la Sierra, Bolivia. FONPLATA has liaison offices in Buenos Aires, Argentina, Montevideo, Uruguay and in Asunción, Paraguay.

FONPLATA may have offices in the Member Countries or in third countries.

### Incorporation, duration, system of law, legal form

The Issuer was established by ratification of the Articles of Agreement ("**Charter**") dated June 12, 1974 by the founding Member Countries Republic of Argentina ("**Argentina**"), the Plurinational State of Bolivia ("**Bolivia**"), the Federative Republic of Brazil ("**Brazil**"), the Republic of Paraguay ("**Paraguay**"), and the Oriental Republic of Uruguay ("**Uruguay**") (together the "**Member Countries**"). The Charter entered into force on October 14, 1976.

The Issuer is a multilateral financial institution (MFI) with unlimited duration and is governed by its Charter and its Regulations.

### Legal Entity Identifier

Legal Entity Identifier (LEI) of the Issuer is 254900GFRCPNS88N4K89.

### Charter

The Charter of the Issuer is an international treaty which sets forth among others, the Issuer's purpose, functions, capital structure and organization. The Charter outlines the operations in which the Issuer may engage, and establishes the Issuer's legal status, immunities and privileges.

The Charter provides for its amendment only by a decision of the Board of Governors of the Issuer by a majority of four-fifths of the votes of the Member Countries.

On November 9, 2018 reaffirming its support to management and the continuous growth of its portfolio of operations, FONPLATA's Board of Governors approved modifications to the Charter (the "**New Charter**"). These modifications pursue modernizing and enhancing the institution's overall capacity and relevance to perform as an effective partner in the development of its Member Countries and their integration at a regional and global levels. The modifications approved encompass, among others:

- (i) FONPLATA's transformation from a "Fund" into a "Development Bank";
- (ii) expansion of its scope of work from one based on a strictly geographic focus consisting of the countries located in the River Plate basin, to one encompassing the entire economic region of influence of its member countries and their integration in the global market;
- (iii) the expansion of its membership beyond its five founding members, recognizing the possibility of incorporating non-founding members that could consist of either countries or institutions;

Once the New Charter comes into effect, the number of Governors will no longer be limited to five. Each Member Country will be entitled to appoint one Head Governor and one Alternate Governor. With respect to the number of Executive Directors, it will be capped at nine Directors, one Director appointed by each Founding Member and up to four Directors to be elected by class B shareholders, which will be shareholders other than the Founding Member Countries.

The New Charter is expected to be ratified by its Member Countries in the course of the year 2021.

## Regulations

The Regulations of the Issuer were last amended on November 9, 2018.

## Purpose

According to Article 3 of its Charter, the purpose of FONPLATA shall be to finance the implementation of studies, projects, programs and works aimed at promoting the harmonious development and physical integration of the Member Countries.

To fulfill its purpose, as per Article 4 of the Charter, FONPLATA shall perform various functions, inter alia:

- a) To grant loans, sureties and guarantees;
- b) To obtain domestic loans and external borrowings;
- c) To financially support the hiring of technical assistance and advice;
- d) To act as agent and advisory body of the Intergovernmental Coordinating Committee of the River Plate Basin Countries upon its request; and
- e) To perform all functions deemed conducive to the best fulfillment of its purposes.

## Membership

The members of the Issuer consist of the following five Member Countries: Argentina, Bolivia, Brazil, Paraguay and Uruguay.

The current shareholder participation for FONPLATA is as follows:

Member Country	Shareholder Percentage
Argentina	33.33%
Bolivia	11.11%
Brazil	33.33%
Paraguay	11.11%
Uruguay	11.11%

Despite holding different stakes, each Member Country has the same voting rights.

With the New Charter, FONPLATA's members will be composed of founding Member Countries ("**Founding Members**") and non-founding Member Countries ("**Non-Founding Members**"). Non-founding countries and agencies may be accepted as members under the conditions established by the Board of Governors and upon its approval.

## Capital

Shareholders' support for FONPLATA is strong, as evidenced by two capital increases approved by the Board of Governors' since 2013. The authorized capital of FONPLATA – cash paid-in capital and callable capital – amounts to USD 3,014 million as of June 30, 2020.

The first capital increase approved in 2013 for USD 1,150 million consisted of USD 350 million paid-in capital, with annual instalments beginning in 2014 and ending in 2018, and USD 800 million of callable capital, raising the authorized capital from USD 489 million to USD 1,639 million consisting of USD 799 million of paid-in capital, and USD 840 million of callable capital.

The second capital increase, effective in 2017, added USD 1,375 million to the amount of authorized capital, resulting in a total of USD 3,014 million. It consists of USD 550 million of paid-in capital and USD 825 million of callable capital.

The callable capital was subscribed and committed in 2017, and the paid-in will be subscribed and integrated in seven annual instalments through 2024.

The callable capital portion of the capital stock subscriptions is subject to call by the Board of Governors upon FONPLATA's requirement and to the extent necessary to meet its financial obligations and commitments, serving as an additional cushion. The New Charter provides that the payment of the callable capital shall be made in proportion to the shareholding of each Member Country. The New Charter further provides that the obligation of the Member Countries to meet the callable capital payment shall continue until full payment is made. Thus, FONPLATA considers the obligations of Member Countries to pay for their respective callable capital subscriptions to be binding obligations backed by the full faith and credit of the respective governments.

**Authorized capital as of June 30, 2020 (in USD millions)**

<b>Member Country</b>	<b>Paid-in</b>	<b>Callable</b>	<b>Total</b>	<b>%</b>
Argentina	449.74	555.01	1,004.76	33.3%
Bolivia	149.90	184.99	334.89	11.1%
Brazil	449.74	555.01	1,004.76	33.3%
Paraguay	149.90	184.99	334.89	11.1%
Uruguay	149.90	184.99	334.89	11.1%
<b>Total</b>	<b>1,349.20</b>	<b>1,665.00</b>	<b>3,014.20</b>	<b>100.0%</b>

**Paid-in Capital as of June 30, 2020 (in USD millions)**

<b>Member country</b>	<b>Paid-in integrated</b>	<b>Receivable</b>	<b>Total</b>
Argentina	299.41	150.33	449.74
Bolivia	99.79	50.11	149.90
Brazil	266.76	182.98	449.74
Paraguay	99.79	50.11	149.90
Uruguay	99.79	50.11	149.90
<b>Total</b>	<b>865.55</b>	<b>483.65</b>	<b>1,349.20</b>

For further information regarding capital, see Note 10.1 ("**Capital**") in FONPLATA's financial statements for June 30, 2020.

Once the New Charter has been ratified, FONPLATA's capital will be made up of common stocks, with a face value of ten thousand dollars (USD 10,000.00) each. Each share will carry the right to one vote. Class A shares will be held by Founding Members, and class B shares will be held by Non-Founding Members. Class A stocks will include (a) up to one hundred thirty-four thousand, nine hundred twenty (134,920) stocks amounting to one billion, three hundred forty-nine million, two hundred thousand dollars (USD 1,349,200,000.00) – cash paid-in capital – and (b) one hundred sixty-six thousand, five hundred (166,500) stocks amounting to one billion, six hundred sixty-five million dollars (USD 1,665,000,000.00) – callable capital.

As many class B shares as necessary shall be issued upon an increase of the authorized capital after the accession of new members. In addition, five class C shares shall be issued as follows: one for each holder of class A stocks with a face value of zero and carrying the right to one vote per share. The purpose of these stocks will be to grant the Founding Members special rights to make decisions on the issues set forth in article 20 of the New Charter.

The Founding Members' interest in FONPLATA's capital shall not be lower than fifty-one percent of the authorized capital. Classes A and B stocks shall at all times account for the total authorized capital of FONPLATA.

FONPLATA's authorized capital shall be increased by the Board of Governors where

- (a) an increase in the lending capital is required, or

- (b) the accession of new members takes place, or
- (c) any Founding Member having less stocks than the other class A shareholders requests to subscribe as many stocks as needed to equal the number of shares of the major shareholder of that class.

## **Mission and Business Strategy**

FONPLATA's mission is to support the integration of the Member Countries in order to achieve a harmonious and inclusive development within and across the River Plate Basin areas of influence by helping reduce socioeconomic disparities and favoring the complementarity and synergy of efforts of national development organizations and other development agencies.

FONPLATA's business strategy is to focus on small-to-medium-sized projects, with an average USD 50–60 million loan ticket size, with a special focus on vulnerable zones, border regions and integration. Regarding geographic objectives, the intent is to have a proportional participation of member countries in loan portfolio.

FONPLATA's long-term Institutional Strategic Plan approved by the Board of Governors in 2013 was revised in 2017 for the period 2018–2022 and establishes the strategic importance of the continued growth of FONPLATA's lending and capital base, ensuring consistency with the sustainable development goals (“**SDG**”s) of the 2030 Agenda for Sustainable Development.

The Institutional Strategic Plan for 2018–2022 includes the following key components:

1. Ensure FONPLATA's relevance as a financing entity for the integration and regional development.
  - Continue growing the lending capacity
  - Ensure positive cash flows to Member Countries
  - Maintain and improve the current credit risk rating
  - Identify and attract new members that help both increase lending capacity and also improve credit risk rating
2. Strengthen dialogue with Member Countries and anticipate their challenges and needs for financing
  - Implement new financial products
  - Expand the offer of non-financial services
  - Promote an efficient decentralization of operations
  - Assume a firm commitment to climate change and the sustainable use of natural resource
3. Adapt the organizational structure while preserving agility and low transaction costs
  - Adapt the current organizational structure in response to changes in the volume of operations
  - Aim to be recognized as a modern, innovative, agile, effective and efficient financial institution.

## **Operations**

FONPLATA grants loans, sureties and guarantees and finances pre-investment studies to identify projects of interest in the Member Countries. FONPLATA's loans are mostly sovereign guaranteed financings extended to central, sub-national governments and government entities. In 2019 the Board of Governors approved a Non-Sovereign Risk Facility for state owned banks which started operating in 2020. Loans are mainly for infrastructure projects designed to help-boost economic and social development in vulnerable and regional border geographic areas. Target sectors are road infrastructure, environment, sanitation & water, social infrastructure, disaster risk reduction, logistics, urban development in small cities and sustainable energy.

The majority of FONPLATA's loans are sovereign-guaranteed, and in line with other multilateral financial institutions, FONPLATA expects to benefit from preferred creditor status from its Member Countries.

## Lending Cycle

The process of identifying, assessing, approving and disbursing the financing of a development project often extends over several years. The length of the project cycle depends on the nature, objective and purpose of each individual project, as well as the capacity of the implementing institutions.

As part of its business model, FONPLATA has developed new lending instruments, policies and procedures and optimized its lending cycle. Proposed project loans are evaluated in accordance with FONPLATA's Operational Policies, which set out detailed eligibility and evaluation guidelines. Among relevant lending principles are:

- The majority of FONPLATA's loans are sovereign-guaranteed. Non-sovereign lending is capped at 6% of lending capacity and is geared to the public sector only.
- Loans applicants must submit a proposal specifying the development objective pursued and the technical, economic and financial merits of the project.

FONPLATA evaluates both the capacity of the borrower to carry out its financial obligations under the loan agreement and the institutional capacity of the implementing agency responsible for carrying out the project.

FONPLATA supervises the use of the loan proceeds and monitors proper adherence to all relevant procurement and fiduciary requirements.

Moreover, the Issuer maintains policies on its lending capacity and of risk exposures to limit loan concentration. According to FONPLATA's Financial Policies, FONPLATA's lending capacity, which is the maximum amount that can be committed as loans and/or guarantees is limited to three times its net assets. As of June 30, 2020 73.5% of the lending capacity had been used.

Limitations on loan concentration by country for the sovereign guaranteed loans require that the exposure of the Issuer's operations portfolio per Member Country shall not exceed 25% of the lending capacity, and that the Member Country outstanding loan portfolio does not exceed 30% of the Issuer's Total Assets. Limitations on loan concentration for the Non-Sovereign Risk portfolio require that the exposure of the Issuer's operations portfolio to the non-sovereign risk (NSR) loans shall not exceed 6% of the lending capacity, and that the NSR outstanding loan portfolio does not exceed 10% of the Issuer's Total Assets.

As of June 30, 2020 the Member Countries and Non Sovereign Risk exposures were in compliance with these concentration limits.

During 2019, loans approvals totaled USD 461 million compared to USD 425 million in 2018. The table below, provides a summary of loans approved by country since FONPLATA's inception and through 2011, and then annually through 2019.

### Loans approved by country (in USD millions)

Country	Inception through 2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Approvals
Argentina	248.24	25.00	25.00	56.52	70.00	142.50	92.20	105.06	150.00	914.53
Bolivia	220.61	0.00	35.00	94.69	55.00	60.00	50.00	65.00	41.94	622.23
Brazil	226.96	0.00	0.00	40.00	0.00	0.00	141.95	62.50	68.60	540.01
Paraguay	259.51	0.00	0.00	0.00	93.50	85.66	42.86	82.00	200.00	763.53
Uruguay	86.34	112.00	0.00	70.50	65.50	27.50	0.00	110.53	0.00	472.37
<b>Total</b>	<b>1,041.66</b>	<b>137.00</b>	<b>60.00</b>	<b>261.71</b>	<b>284.00</b>	<b>315.66</b>	<b>327.01</b>	<b>425.10</b>	<b>460.54</b>	<b>3,312.68</b>

Loan disbursements are subject to the fulfillment of conditions set forth in the respective loan agreement. During the project's execution phase, FONPLATA staff review progress, monitor compliance with all existing policies and procedures and assist borrower's implementing agencies to resolve any problems that may arise. Discrepancies between loan approvals and loans outstanding generally relate to speed of disbursement by each counterparty of the respective Member Countries.

The principal source of income of the Issuer is income from loans to its Member Countries. Loans accounted for 70.5% of the Issuer's total assets in June 30, 2020 and are funded from paid-in capital, retained earnings and borrowings.

#### **Loan Portfolio Outstanding by country as of June 30, 2020 (in USD millions)**

<b>Member Country</b>	<b>Loan Portfolio Outstanding</b>
Argentina	306.50
Bolivia	302.06
Brazil	84.72
Paraguay	155.52
Uruguay	219.65
Non Sovereign Risk (NSR)	36.00
<b>Total</b>	<b>1,104.46</b>

As of June 30, 2020 the Issuer had zero loan balances in non-accrual status. Nonetheless, and consistent with its risk management policies and in compliance with IFRS, the Issuer accounts for a provision to reflect the potential impairment of its loan portfolio, which is determined based on an adjusted credit risk rating of the Member Countries. The applied methodology is considered adequate by FONPLATA to absorb potential losses related to the loan portfolio. As of June 30, 2020 the provision for potential impairment on loans was in the amount of USD 15.08 million (1.4% of gross loan portfolio).

#### **Loan Terms**

The Executive Board of Directors approves loans with variable rates of interest. Interest rates are currently reviewed annually to take effect with respect to loans approved in the calendar year.

In addition to the interest rate, the Issuer charges a commitment fee on loans, which is currently 0.4% per annum (0,5% for non sovereign loans), on the undisbursed portion of the loans, and an additional one-time, administration fee of up to 0.85% of the principal amount of loans (for non-sovereign loans this ranges from 0,3% to 0,55%). Non-sovereign loans also have an origination fee of 0,6%.

The amortization period for most of the sovereign loans is 15 years, but can go up to 20 years, and includes grace periods of up to five years. In the case of non-sovereign loans, the maximum amortization period is 5 years.

Loans are required to be repaid in USD (the Issuer's functional currency), thus the Issuer bears low currency risk.

#### **Special Funds**

The Issuer's Board of Governors can create special funds for specific purposes. Special funds are considered as separate and independent legal entities from FONPLATA, which are controlled by the Member Countries through the Board of Governors. Consequently, the balances held under those funds do not need to be consolidated by the Issuer.

Special funds are funded through distribution of retained earnings maintained in the general reserve.

For additional information please refer to Note 4.12 Special Fund in the Financial Report as of June 30, 2020 in Annex A to this Prospectus.

#### **Borrowings**

The Issuer business strategy is to provide financings for projects in the Member Countries and therefore expects assets to continue to grow in the future, which will increase FONPLATA's need for additional funding; likewise, maturing debt obligations will need to be replaced. In addition to scheduled capital increases, the Issuer anticipates a need to increase funds raised in the international capital markets and to maintain funding through borrowings from multilateral and other financial institutions.



Based on the Issuer's Financial Policies, FONPLATA's maximum borrowing capacity is two times its net equity plus the amounts of the liquid assets portfolio. In addition, policies dictate to manage resources in order to minimize maturity mismatches between assets and liabilities, minimize currency risks and interest rate risks.

As of June 30, 2020 the Issuer borrowings correspond to USD 509.5 million (32.5% of total liabilities and net equity).

The Issuer is well capitalized with a capital adequacy ratio of 83.3% as of June 30, 2020 compared to the policy limit which requires a minimum of 35%. The capital adequacy ratio compares the net equity with respect to the financial and operational risk adjusted assets, which are consistent with its integrated risk management approach.

## **Liquidity Management**

The primary objective of the Issuer's liquidity management policy is to ensure that adequate resources are available to meet anticipated loan disbursements, administrative, and financial expenditures for the next twelve months. The Issuer invests its liquid assets in highly rated fixed income instruments including bank deposits. Its investment policy dictates a minimum credit rating of investment grade (BBB-/Baa3) and a minimum average liquid assets portfolio credit rating of AA-/Aa3. As of June 30, 2020 liquid assets (which include cash, cash equivalents and investments) amounted to USD 462 million equal to 29.5% in relation to Total Assets.

## **Focus on Risk Management**

FONPLATA has updated governance and revamped its risk management procedures. Financial policies have been designed to ensure a moderate risk appetite and a prudent approach to risk. This focus allows the continuous development, implementation and application of multiple controls in managing exposures to all types of risks. Credit, market (including interest rate), and liquidity risks are addressed in different policies that allow the mitigation or avoidance of the inherent risks. Examples include:

- Lending mostly to sovereigns, with non-sovereign lending restricted to public sector and capped to 6% of lending capacity;
- (All) lending is in USD, to avoid open currency positions (USD being the functional currency of FONPLATA);
- The use of floating interest rates for the loan portfolio pricing;
- An Assets & Liabilities Management (ALM) policy that actively manages the mismatch between the durations of loan portfolio and third-party funding;
- Investment policy of excess liquidity restricted to fixed-income instruments, with short duration and high quality.

All the risks mentioned above, together with operational risks identified on a continuous basis across the organization, are periodically and regularly monitored. Results of such monitoring, and any deviation thereof, are reported to and addressed in relevant committees.

## **Board of Governors**

The Issuer's affairs are conducted by the Board of Governors, the Executive Board of Directors, the President, other officers and staff.

All management powers are vested in the Board of Governors, which consists of five Governors with one Governor appointed by each Member Country.

The Board of Governors may delegate all vested powers on the Executive Board of Directors or, where appropriate, on the Executive President with the following exceptions:

- a) Approval of the amendments to the Charter and of FONPLATA's Regulations and its amendments;



- b) Approval of the annual budget of FONPLATA;
- c) Decision upon the construction of FONPLATA's Charter and its Regulations; the modification of the amount of FONPLATA's own resources and their integration;
- d) Proposal to the Member Countries Governments to amend the Charter of FONPLATA;
- e) Hiring of external auditors;
- f) Approval of FONPLATA's audit report, Annual Report, General Balance Sheet and Profit and Loss Statement;
- g) Decision on the participation of other countries and organizations in the increase of FONPLATA's own resources;
- h) Determination of the funds allocation policy;
- i) Determination of FONPLATA's form of liquidation in the event of dissolution.

The Board of Governors shall ordinarily meet once a year, on the date and at the place decided upon by the Board of Governors.

The resolutions of the Board of Governors shall be adopted by a majority of four-fifths of the votes of the Member Countries.

### **Executive Board**

The Executive Board of Directors shall be composed of five members. Each Member Country shall appoint a Head Director and may designate an Alternate Director.

The Executive Board of Directors shall be responsible for the management of FONPLATA, and for such purposes, it shall exercise its own powers as well as those delegated by the Board of Governors.

The Executive Board of Directors shall be responsible for:

- a) Fulfilling and enforcing the decisions of the Board of Governors;
- b) Approving loans, sureties and guarantees within the guidelines of the funding allocation policy set out by the Board of Governors;
- c) Submitting the annual budget of FONPLATA for the review and approval of the Board of Governors;
- d) Annually submitting the Annual Report, the General Balance Sheet, and the Profit and Loss statement for the consideration of the Board of Governors;
- e) Convening extraordinary meetings of the Board of Governors upon the favorable vote of at least three of its members;
- f) Proposing to the Board of Governments amendments to FONPLATA Regulations;
- g) Approving the operational, financial and staff policies to be followed by FONPLATA.

## Board of Governors and Executive Board of Directors

### Board of Governors

	Óscar Llamosas Díaz	President of the Board of Governors
<b>Argentina</b>	Gustavo Osvaldo Béliz	Head Governor
	Marcos Daniel Vago	Alternate Governor
<b>Bolivia</b>	Felima Gabriela Mendoza Gumiel	Head Governor
	Marcelo Alejandro Montenegro Gómez García	Alternate Governor
<b>Brazil</b>	Roberto Fendt Junior	Head Governor
	Erivaldo Alfredo Gomes	Alternate Governor
<b>Paraguay</b>	Óscar Llamosas Díaz	Head Governor
	Carmen María Marín Rodríguez	Alternate Governor
<b>Uruguay</b>	Azucena Arbeleche	Head Governor
	Alejandro Irastorza	Alternate Governor

### Executive Board of Directors

	Oscar Antonio Pérez López	President of the Executive Board of Directors
<b>Argentina</b>	Christian Gonzalo Asinelli	Head Director
	María Laura Pellegrini	Alternate Director
<b>Bolivia</b>	Harley Jesús Rodríguez Téllez	Head Director
	Vacant*	Alternate Director
<b>Brazil</b>	Marcos Machado Guimarães	Head Director
	Eduardo Rolim de Pontes Vieira	Alternate Director
<b>Paraguay</b>	Oscar Antonio Pérez López	Head Director
	Francisco Katsuki Ogura Kono	Alternate Director
<b>Uruguay</b>	Fernando Luis Scelza Martínez	Head Director
	Mariella Esther Maglia Mazzilli	Alternate Director

\* As of the date of this Prospectus the new Alternative Governors and Director have not yet been appointed.

The members of the Board of Governors and the Executive Board can be contacted at the address of the Issuer.

The Executive President is elected by the Board of Governors. The President holds office for a term of five years and may be re-elected. Under the direction of the Board of Directors, the President conducts the Issuer's business, acts as the legal representative of FONPLATA and serves as the Issuer's Chief Executive Officer. The Executive President of FONPLATA is Juan E. Notaro Fraga.

### Legal proceedings

As of the date of this Prospectus, there are no pending or impending court, arbitration or administrative proceedings, where these are of material importance in respect of assets and liabilities or profits and losses of the Issuer.

### Recent Developments

As anticipated in the Letter from the President to the Bank's 2019 Annual Report, the novel corona virus has had and will continue to have wide-ranging and profound effects in the global and regional economies, with a high cost in human life and seriously impacting the way we live, interact and work.

In mid-March, as all countries proceeded to close their borders and to issue stay-at-home orders in an effort to contain the virus from spreading further, the Bank also closed its headquarters and liaison offices. However, and thanks to its investments in technology, it was able to switch its workforce to a teleworking modality so staff could work from their respective homes. This way, the Bank safeguarded the health of its employees and continued serving the needs of its member countries through directly supporting them in their efforts to counteract the immediate effects of the pandemic.

The immediate effect of the COVID-19 pandemic is a reduction of interest rates. In the case of the Bank, a reduction on the 6-month Libor rate directly results into a reduction of the amount of interest accrued on loans to member countries. The effect of this reduction in net income has been partially offset by an increase in loan disbursements, and by a reduction in borrowing costs, which have been contracted based on the 6-month Libor rate.

### **No Material Adverse Change**

Save as disclosed in this Prospectus there have been no significant changes in the performance of the Issuer's business since June 30, 2020.

## TAXATION

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*The following summary of certain aspects of withholding taxes in Switzerland is of a general nature and is included herein solely for informational purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Swiss tax law, to which they may be subject.*

### Swiss Federal Withholding Tax

At present, payment of interest on the Bonds and repayment of principal of the Bonds are not subject to Swiss federal withholding tax, provided that the Issuer is at all times resident and managed outside Switzerland for Swiss tax purposes.

On April 3, 2020, the Swiss Federal Council published a consultation draft on the reform of the Swiss withholding tax system applicable to interest on bonds. This consultation draft provides for, among other things and subject to certain exceptions, the replacement of the current debtor-based regime applicable to interest payments with a paying agent-based regime for Swiss withholding tax. Under this paying agent-based regime, subject to certain exceptions, (i) all interest payments made by paying agents acting out of Switzerland to individuals resident in Switzerland will be subject to Swiss withholding tax, including on bonds issued by issuers outside Switzerland, and (ii) interest payments to all other persons will be exempt from Swiss withholding tax, including to foreign investors (except indirect interest payments through foreign and Swiss domestic collective investments vehicles) and Swiss domiciled legal entities. However, the results of the consultation, which ended on July 10, 2020, were controversial. Consequently, on September 11, 2020, the Swiss Federal Council decided to prepare a new draft on the reform of the Swiss withholding tax system providing for the abolition of Swiss withholding tax on interest payments on bonds for submission to the Swiss Federal Parliament.

### Swiss Federal Securities Turnover Tax

The issue and the sale of a Note on the issuance day (primary market transaction) are not subject to Swiss federal securities turnover tax (*Umsatzabgabe*). Secondary market dealings in Bonds may be subject to the Swiss federal securities turnover tax at a rate of up to 0.30% of the purchase price of the Bonds, however, only if a securities dealer in Switzerland or Liechtenstein, as defined in the Swiss federal stamp duty act (*Bundesgesetz über die Stempelabgaben*), is a party or acts as an intermediary to the transaction and no exemption applies.

### Income Taxation on Principal or Interest

#### a) Bonds Held by Non Swiss Holders

Payments of interest and repayment of principal by the Issuer to, and gain realized on the sale or redemption of Bonds by, a holder of Bonds who is not a resident of Switzerland and who during the current taxation year has not engaged in a trade or business through a permanent establishment in Switzerland to which such Note is attributable will not be subject to any Swiss federal, cantonal or communal income tax in respect of such Note.

For the potential new Swiss withholding tax legislation replacing the current issuer based withholding tax system for a paying agent based system, see above “—Swiss Federal Withholding Tax”.

#### b) Bonds Held as Private Assets by a Swiss Resident Holder

Individuals who are resident in Switzerland and who hold Bonds as private assets are required to include all payments of interest on such Bonds in their personal income tax return for the relevant tax period and will be taxable on any net taxable income for such tax period.

A capital gain, including a gain relating interest accrued realized on the sale or redemption of Bonds by such a Swiss resident holder, is a tax free private capital gain, and, conversely, a respective loss on the Note is a non tax deductible private capital loss.

*Bonds without a “predominant one-time interest payment”:* Holders of Bonds without a predominant onetime interest payment (the yield-to-maturity predominantly derives from periodic interest payments and not from a onetime interest payment) who are individuals receive payments of interest on Bonds (either in the form of periodic interest payments or as a one-time-interest-payment such as an issue discount or a repayment premium) are required to include such payments in their personal income tax return and will be taxable on any net taxable income (including the payments of interest on the Bonds) for the relevant tax period.

*Bonds with a “predominant one-time interest payment”:* In the case of Bonds with a “predominant one-time interest payment” (the yield-to-maturity predominantly derives from a one-time-interest-payment such as an original issue discount or a repayment premium and not from periodic interest payments), the positive difference (including any capital and foreign exchange gain) between the amount received upon sale or redemption and the issue price (if the Bonds were purchased thereafter) will be classified as a taxable interest payment, as opposed to a tax-free capital gain (differential taxation method). Losses realized on the sale of Bonds with a “predominant onetime interest payment” may be offset against gains realized within the same tax period on the sale of any Bonds with a “predominant one-time interest payment”.

c) *Bonds Held as Swiss Business Assets and by Private Persons Classified as Professional Securities Dealers*

Individuals who hold Bonds as part of a business in Switzerland and Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Bonds as part of a permanent establishment in Switzerland, are required to recognize the payments of interest and any gain realized on the sale or redemption of such Bonds (including a gain relating to interest accrued) and any loss on such Bonds in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period. The same taxation treatment also applies to Swiss resident individuals who, for income tax purposes, are classified as “professional securities dealers” for reasons of, inter alia, frequent dealings and leveraged investments in securities.

## **Automatic Exchange of Information in Tax Matters**

The Automatic Exchange of Information in Tax Matters (AEI) is a global initiative led by the Organization of Economic Co-Operation and Development (OECD). It aims to establish a universal standard for automatic exchange of tax information and to increase tax transparency. Jurisdictions that are committed to implement or have implemented the AEI (such as Switzerland, the EU member countries and many other jurisdictions worldwide) require their Reporting Financial Institutions in accordance with the respective local implementing law to determine the tax residence(s) of their account holders and controlling persons (as applicable) and, in case of reportable accounts, report certain identification information, account information and financial information (including the account balance and related payments such as interest, dividends, other income and gross proceeds) to the local tax authority which will then exchange the information received with the tax authorities in the relevant reportable jurisdictions.

More specifically, Switzerland has concluded a multilateral AEI agreement with the EU (replacing the EU savings tax agreement) and has concluded bilateral AEI agreements with several non-EU countries. In accordance with such multilateral agreements and bilateral agreements and the implementing laws of Switzerland, Switzerland has begun exchange data so collected, and such data may include data about payments made in respect of the Bonds.

## **Swiss Facilitation of the Implementation of the U.S. Foreign Account Tax Compliance Act**

Switzerland has concluded an intergovernmental agreement with the U.S. to facilitate the implementation of FATCA. The agreement ensures that the accounts held by U.S. persons with Swiss financial institutions are disclosed to the U.S. tax authorities either with the consent of the account holder or by means of group requests within the scope of administrative assistance. Information will not be transferred automatically in the absence of consent, and instead will be exchanged only within the scope of administrative assistance on the basis of the double taxation agreement between the U.S. and Switzerland. On October 8, 2014, the Swiss Federal Council approved a mandate for negotiations with the U.S. on changing the current direct-notification-based regime to a regime where the relevant information is sent to the Swiss Federal Tax Administration, which in turn provides the information to the U.S. tax authorities.

## **RESPONSIBILITY STATEMENT**

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The Issuer accepts responsibility that the information is correct to the best of their knowledge and that no material facts or circumstances have been omitted. The Issuer has not verified information about its Member Countries set forth in this Prospectus.

Santa Cruz de la Sierra, March 1, 2021

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**The Financial Fund for the Development of the River Plate Basin**

## TERMS OF THE BONDS

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The terms and conditions of the bonds (each a “**Condition**”, and together the “**Terms of the Bonds**”), issued by FONPLATA, are established pursuant to the Bond Purchase and Paying Agency Agreement. The Terms of the Bonds govern the rights and obligations of the Issuer and the Bondholders (as defined below) in relation to the Bonds (as defined below) and are as follows:

### A. Form, Denomination, Certification, Printing and Delivery of the Bonds

The aggregate principal amount of the issue of CHF 200,000,000 (two hundred million Swiss francs) is divided into bonds with denominations of CHF 5,000 (five thousand Swiss francs) and integral multiples thereof (each, a “**Bond**”, together the “**Bonds**”).

FONPLATA (the “**Issuer**”) reserves the right to reopen this issue and increase the aggregate principal amount at any time and without prior consent of or permission of the Bondholders (as defined below) through the issue of further bonds which will be fungible with the Bonds (i.e. identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate) (the “**Reopening**”).

The Bonds will be issued in the form of a Permanent Global Certificate (*Globalurkunde*) in accordance with Article 973b of the Swiss Code of Obligations.

Each holder of such Bonds (the “**Bondholders**” and each a “**Bondholder**”) shall have a quotal co-ownership interest (*Miteigentumsanteil*) in the Permanent Global Certificate to the extent of his claim against the Issuer, provided that for so long as the Permanent Global Certificate remains deposited with the SIX SIS AG or any other intermediary (*Verwahrungsstelle*) recognized by the SIX Swiss Exchange for the settlement of transactions in bonds listed on such exchange (the “**Intermediary**”). Once the Permanent Global Certificate is deposited with the Intermediary and entered into the securities accounts of one or more participants of the Intermediary, the Bonds will constitute intermediated securities (*Bucheffekten*, the “**Intermediated Securities**”) in accordance with the provisions of the Swiss Federal Act on Intermediated Securities (*Bucheffektengesetz*). The co-ownership interest shall be suspended and so long as the Bonds are Intermediated Securities, the Bonds may only be transferred by the entry of the transferred Bonds in a securities account of the transferee.

Neither the Issuer nor the Bondholders but only the Principal Paying Agent (as defined below), in circumstances, where the Principal Paying Agent deems the printing and delivery of Definitive Bonds (as defined below) necessary or useful, shall at any time have the right to effect or demand the conversion of the Permanent Global Certificate into, or the delivery of, uncertificated securities (*Wertrechte*) or individually certificated securities (*Wertpapiere*) (“**Definitive Bonds**”).

The records of the Intermediary will determine the number of Bonds held through each participant in that Intermediary. In respect of the Bonds held in the form of Intermediated Securities, the Bondholders will be the persons holding the Bonds in a securities account or, in the case of intermediaries, the intermediaries holding the Bonds for their own account in a securities account which is in their name.

### B. Status and Negative Pledge

#### 1.1 Unsubordinated debt securities

The Bonds constitute unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present or future unsecured and unsubordinated obligations of the Issuer, except for such preferences as are provided for by any mandatorily applicable provision of law. This provision will not be construed so as to require the Issuer to make payments under the Bonds ratably with payments made under any other indebtedness.

#### 1.2 Negative Undertaking

So long as any Bond remains outstanding, the Issuer will not create any guarantee, mortgage, lien, pledge, charge or other form of encumbrance or security interest, other than a Permitted Security upon the whole or any part of its present or future assets or revenues, to secure any Relevant Indebtedness (as defined below), unless, at the same

time or prior thereto, the Issuer's obligations under the Bonds (i) are secured equally and ratably therewith by such encumbrance or security interest or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by the Bondholders' Representative.

In these Conditions, "**Relevant Indebtedness**" means any present or future indebtedness of the Issuer represented or evidenced by notes, bonds, debentures, loan stock or other securities which for the time being are or are capable of being, quoted, listed or ordinarily dealt with on any stock exchange, over-the-counter market or other securities market.

In these Conditions, "**Permitted Security**" means (i) a security (and any security created in substitution for any such security) in the form of any guarantee, mortgage, charge, pledge, lien or other form of encumbrance or security interest relating to the financing, refinancing or the acquisition of any specified asset or assets in the future, but only to the extent that such security secures obligations arising from the financing, refinancing or acquisition of such specified assets; and (ii) liens securing obligations under Hedge Agreements entered into in the ordinary course of business.

For purposes of this Section, "**Hedge Agreements**" means any swap agreement, cap agreement, collar agreement, futures contract, forward contract, option contract or similar agreement or arrangement designed to protect against or mitigate the effect of fluctuations in interest rates or foreign exchange and entered into as bona fide hedges and not for speculative purposes.

## **C. Interest**

### **1.1 Interest Rate**

The Bonds bear interest from March 3, 2021 (the "**Issue Date**") at the rate of 0.556 per cent per annum of the principal amount thereof payable annually in arrear on September 3 (the "**Interest Payment Date**") commencing on September 3, 2021 and unless redeemed earlier, ending on September 3, 2026 (the "**Maturity Date**"). The first Interest Period is a short Interest Period of 180 days.

The period beginning on the Issue Date and ending on the day preceding the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the day preceding the next Interest Payment Date is called an "**Interest Period**".

Interest is computed on the basis of twelve 30-day months of a 360-day year.

If an Interest Payment Date (other than the Maturity Date (as defined in Condition C.1.1 above) falls on a day that is not a Business Day, such Interest Payment Date will be the next succeeding day that is a Business Day. If the Maturity Date falls on a day that is not a Business Day, the payment of principal and interest will be made on the next Business Day. In any such case, no interest shall accrue for the period from and after the Interest Payment Date or Maturity Date, as the case may be, until such next Business Day.

"**Business Day**" means a day on which commercial banks are open for domestic business and foreign exchange (including dealings in Swiss Francs) in Zurich and New York.

### **1.2 Accrual of Interest**

Each Bond will cease to bear interest where such Bond is to be redeemed or repaid pursuant to Conditions D.1.1, D.1.2 and D.1.3 from and including the due date for redemption or repayment unless, upon due presentation, payment of principal is improperly withheld or refused; in such event such Bond shall continue to bear interest at the aforesaid rate (both before and after judgment) until but excluding the day on which all sums due in respect of such Bond up to that day are received by the Principal Paying Agent on behalf of the Bondholders.

## **D. Redemption and Purchase**

### **1.1 Redemption at Maturity**

Unless previously purchased and cancelled or redeemed as herein provided, the Bonds will be redeemed by the Issuer at their principal amount (together with unpaid accrued interest to that date) on the Maturity Date.



## 1.2 Redemption at the Option of the Issuer

Subject to a period of not less than thirty (30) nor more than sixty (60) days' prior notice to the Principal Paying Agent, the Issuer may redeem the Bonds at any time after the Issue Date and prior to the Maturity Date, in whole, but not in part only, at par of their aggregate principal amount plus accrued interest, if any, on the date determined by the Issuer for early redemption, if eighty-five (85) per cent or more of the aggregate principal amount of the Bonds have been redeemed or purchased and cancelled at the time of such notice.

## 1.3 Purchases

The Issuer may at any time purchase Bonds in the open market or otherwise at any price and for any purposes (including for cancellation purposes). Any purchases shall be made in accordance with applicable laws or regulations, including applicable stock exchange regulations. Such Bonds may be held, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation as set out below.

If purchases are made by public tender, such tender must be available to all Bondholders alike.

## 1.4 Cancellation

All Bonds which are redeemed or surrendered to the Principal Paying Agent shall immediately be cancelled. All Bonds so cancelled cannot be reissued or resold.

## **E. Payment / Taxation**

The amounts required for the payment of interest on the Bonds, the principal amount of the Bonds and any other payments in cash to be made under these Conditions will be made available in good time in freely disposable Swiss francs, which will be placed at the free disposal of the Principal Paying Agent in Switzerland. If the due date for any payment by the Issuer does not fall on a Business Day, the Issuer undertakes to effect payment for value the Business Day immediately following such due date and the Bondholders will not be entitled to any additional sum in relation thereto. Interest on the Bonds will be payable only outside of the United States and its possessions, in accordance with U.S. Treasury Regulations Section 1.163-5(c)(2)(v) and in Switzerland, in accordance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(3)(B). If an amount in respect of the U.S. Foreign Account Tax Compliance Act (including any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986 ("**Code**"), or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of Sections 1471 to 1474 of the Code), were to be deducted or withheld from interest, principal or other payments on the Bonds, none of the Issuer, any intermediary or agent will be required to pay additional amounts as a result of the deduction or withholding of such tax.

Upon receipt of the funds in Switzerland, the Principal Paying Agent will arrange for payment to the Bondholders.

The Issuer undertakes that payments to be made under these Conditions shall be made in freely disposable Swiss francs without collection cost to the Bondholders, and unless provided for by applicable law, without any restrictions, and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Bondholders and without requiring any affidavit or the fulfilment of any other formality, at the counters of Credit Suisse AG (the "**Principal Paying Agent**").

The receipt by the Principal Paying Agent of the funds in Swiss francs in Switzerland shall release the Issuer of its obligations under the Bonds to the extent of amounts paid by the Issuer.

## **F. Events of Default**

Credit Suisse AG as Bondholders' representative (the "**Bondholders' Representative**") may give notice to the Issuer that the outstanding Bonds are immediately due and payable at their principal amount, together with accrued interest, in any of the following events (each an "**Event of Default**") unless, prior to the time when the Issuer receives such notice, the relevant Event of Default shall have been cured, to the satisfaction of the Bondholders' Representative or otherwise made good:

- (a) if default is made in the payment of any principal of or interest due on the Bonds or any of them and such default continues for a period of ten (10) days next; or

- (b) if the Issuer fails to perform or observe any of its material obligations under or to procure the performance of any other provisions of the Bonds and such default continues for a period of thirty (30) calendar days following the service by the Bondholders' Representative on the Issuer of notice requiring such default to be remedied; or
- (c) if the Issuer is in default in the fulfilment of a payment obligation in respect of any indebtedness for borrowed money provided that the aggregate outstanding nominal amount in respect of which one or more such defaults occurs is in excess of CHF 25,000,000 or its equivalent in other currencies and such default is not remedied within a period of ten (10) days next following such default; or
- (d) the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops or suspends payment of all or a material part of its debts, proposes or makes a stay of execution, a postponement of payments (*Stillhaltevereinbarung*), a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any such debts or a moratorium or postponement of payments (*Stillhaltevereinbarung*) is agreed or declared in respect of or affecting all or a substantial part of the debts of the Issuer or a liquidator is appointed with respect to the Issuer; or
- (e) the Issuer alters its legal or commercial structure through bankruptcy, liquidation, disposal of a substantial part of its assets, change in the objects of the legal entity and/or commercial activities or merger, insofar as the relevant action, in the Bondholders' Representative's (as defined below) opinion, has a material adverse effect on the capacity of the Issuer to meet its obligations under the Terms of the Bonds, unless the Bondholders' Representative considers the situation of the Bondholders as adequately protected based on securities created or other steps taken by the Issuer; or
- (f) a dissolution, winding-up, liquidation or merger involving the Issuer as result of which the Issuer is not the surviving legal entity, unless the successor legal entity assumes all the Issuer's liabilities of the Bonds.

The Issuer undertakes to inform the Bondholders' Representative without delay if any event mentioned under para. (b) through (f) has occurred and to provide the Bondholders' Representative with all necessary documents and information in connection therewith.

If an Event of Default occurs, the Bondholders' Representative has the right but not the obligation to serve a written notice of default ("**Default Notice**"), such notice having the effect that the Bonds shall become immediately due and payable at par plus accrued interest, if any, on the day the Default Notice is given. The Bondholders' Representative is entitled to appoint one or more experts at the expenses of the Issuer for the assistance in making its assessments whether an Event of Default occurred or not.

## **G. Undertakings**

For as long as any Bond remains outstanding, the Issuer will inform the Bondholders' Representative and the Principal Paying Agent of any event, circumstance or other matter that may be relevant in connection with their functions set forth in these Conditions, and in particular of any event that constitutes an Event of Default.

## **H. Prescription**

Claims for payment of principal and interest cease to be enforceable by legal action in accordance with the applicable statute of limitations under Swiss law (presently after ten (10) years, in case of principal, and after five (5) years, in case of interest, from their relevant due dates).

## **I. Enforcement of Rights**

The Bondholders shall not be entitled to exercise any right or option, if these Conditions provide that such right or option shall be exercised by the Bondholders' Representative on behalf of the Bondholders.

## **J. Meetings of Bondholders; Modifications; Waivers**

- a) The Bondholders' Representative or the Issuer may at any time convene a meeting of the Bondholders (a "**Bondholders' Meeting**").

If an Event of Default has occurred and is continuing and as long as the Bondholders' Representative has not exercised its rights under Condition G with respect thereto, the Bondholders who wish that a Bondholders' Meeting should be convened and who represent at least ten (10) per cent. of the Aggregate Principal Amount then outstanding and who are entitled to participate and to vote in accordance with paragraphs f) and h) of this Condition may at any time require the Issuer to convene a Bondholders' Meeting which shall convene such a meeting as soon as commercially possible upon receipt of such request.

- b) The costs of such Bondholders' Meeting shall be borne by the Issuer or, in the case the Issuer is prohibited by law to pay these costs, by the Bondholders convening such meeting (each of these Bondholders shall bear such costs in relation to its respective holding of Bonds at the time of such Bondholders' request to the Issuer to convene a Bondholders' Meeting).
- c) A Bondholders' Meeting may consider any matter affecting the interests of the Bondholders (other than matters on which the Bondholders' Representative has previously exercised its rights contained in Condition G (Events of Default) above and Condition K (Amendment to the Conditions) below), including any modification of, or arrangement in respect of the Terms of the Bonds.
- d) Notice convening a Bondholders' Meeting shall be given at least twenty (20) calendar days prior to the proposed date thereof. Such notice shall be given in accordance with Condition O (Notices), at the expense of the Issuer. It shall state generally the nature of the business to be transacted at such Bondholders' Meeting. If an Extraordinary Resolution (as defined below) is being proposed, the wording of the proposed resolution or resolutions shall be indicated. The notice shall specify the day, hour and place of the Bondholders' Meeting and also the formal requirements referred to in paragraph f) of this Condition. The Issuer (at its head office) and the Bondholders' Representative (at the specified office) will make a copy of such notice available for inspection by the Bondholders during normal business hours at each of their respective offices.
- e) All Bondholders' Meetings shall be held in Zurich, Switzerland. A chairman (the "**Chairman**") shall be nominated by the Issuer after consultation of the Bondholders' Representative in writing. If no person has been so nominated or if the nominated person is not present at the Bondholders' Meeting within thirty (30) minutes after the time fixed for holding the Bondholders' Meeting, the Bondholders present shall choose the Chairman instead.

The Chairman shall lead and preside over the Bondholders' Meeting. Among others, it shall be his duty to determine the presence of persons entitled to vote and to inquire if the necessary quorum (as set forth below) is present. He shall instruct the Bondholders as to the procedure of the Bondholders' Meeting and the resolutions to be considered. He shall sign the minutes referred to in paragraph l) of this Condition.

In the case of any equality of votes, the Chairman shall have a casting vote.

A declaration by the Chairman that a resolution has been supported or supported by a particular majority in accordance with paragraphs g) and i) of this Condition or not supported or not supported by a particular majority in accordance with paragraphs g) and i) of this Condition shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

- f) Each person who produces a certificate by a bank in respect of such Bond relating to that Bondholders' Meeting is entitled to attend and to vote on the resolutions proposed at such Bondholders' Meeting. Bank certificates shall be dated before the date of the Bondholders' Meeting and confirm that the respective Bonds are deposited in a securities account (*Effektenkonto*) with that bank and will remain so deposited with such bank until and including the date of the Bondholders' Meeting and that the Bank has not issued any other such certificate with respect to such Bonds.
- g) The presence quorum necessary in order to vote on resolutions proposed at a Bondholders' Meeting shall be persons entitled under paragraphs f) and h) of this Condition holding or representing persons holding in the aggregate at least the following percentages of the Aggregate Principal Amount of all Bonds then outstanding:

Each Ordinary Resolution: twenty-five (25) per cent.

Each Extraordinary Resolution: sixty-six (66) per cent.

The terms Ordinary Resolution and Extraordinary Resolution are defined below.

If within thirty (30) minutes after the time fixed for any Bondholders' Meeting a sufficient quorum is not present, the Bondholders' Meeting shall be dissolved.

- h) Bondholders' voting rights shall be determined according to the principal amount of the outstanding Bonds held. Each Bond in denomination of CHF 5,000 shall be entitled to one (1) vote.

Bonds held by or on behalf of the Issuer or any other natural person or legal entity:

- (i) which directly or indirectly owns or controls more than fifty (50) per cent. of the equity share capital of the Issuer; or
  - (ii) of which, in the case of a legal entity, more than fifty (50) per cent. of the equity share capital is controlled by the Issuer directly or indirectly; or
  - (iii) where the Issuer is in a position to exercise, directly or indirectly, a control over the decisions or actions of such natural person or legal entity or representative thereof, irrespective of whether or not the latter is affiliated to the Issuer, shall not be entitled to vote at a Bondholders' Meeting.
- i) A resolution shall be validly passed if approved by at least of the following percentages of votes cast at a duly convened Bondholders' Meeting held in accordance with this Condition:

Each Ordinary Resolution: fifty-one (51) per cent.

Each Extraordinary Resolution: sixty-six (66) per cent.

Every proposal submitted to a Bondholders' Meeting shall be decided upon a poll.

- j) Any resolution which is not an Extraordinary Resolution in accordance with paragraph k) of this Condition shall be deemed to be an Ordinary Resolution.
- k) An Extraordinary Resolution shall be necessary to decide on the following matters at a Bondholders' Meeting:
- (i) to postpone the maturity beyond the stated maturity of the principal of any Bonds;
  - (ii) to reduce the amount of principal payable on any Bonds; or
  - (iii) to change the date of interest payment on any Bonds; or
  - (iv) to decrease the rate of interest, or to change the method of computation of interest, on any Bonds; or
  - (v) to change any provision for payment contained in the Terms of the Bonds or the place or the currency of repayment of the principal of any Bonds or interest on any Bonds; or
  - (vi) to amend or modify or waive the whole or any parts of Condition G or paragraphs f), g), h), i) or k) of this Condition; or
  - (vii) to create unequal treatment between Bondholders; or
  - (viii) to convert the Bonds into equity; or
  - (ix) to change the choice of law and the jurisdiction clause contained in Condition P.

The above-mentioned list of issues for which an Extraordinary Resolution shall be necessary is exclusive.

- l) Any resolution approved at a Bondholders' Meeting held in accordance with this Condition shall be conclusive and binding on all present or future Bondholders, whether present or not at the Bondholders' Meeting, regardless of whether such Bondholders have approved such resolution. The Bondholders shall not be entitled to any improvement of their position vis-à-vis the Issuer pursuant to resolution approved at a Bondholders' Meeting without prior written approval of the Issuer. Any resolution approved at a Bondholders' Meeting, which increased the obligations of the Issuer under the Terms of the Bonds shall become effective only after written approval of the Issuer.

Minutes of all resolutions and proceeding at a Bondholders' Meeting shall be made and signed by the Chairman pursuant to paragraph e) of this Condition.

Notice of any resolution passed at a Bondholders' Meeting will be published by the Bondholders' Representative on behalf and at the expense of the Issuer in compliance with Condition O (Notices) not less than ten (10) calendar days after the date of the Bondholders' Meeting. Non-publication of such notice shall not invalidate such resolution.

- m) If no Bondholder or an insufficient number of Bondholders attend a Bondholders' Meeting, the right to decide on the redemption of the Bonds or any other measures to protect the interests of the Bondholders available to the Bondholders' Representative according to the Terms of the Bonds shall revert to the absolute discretion of the Bondholders' Representative. Any such decision of the Bondholders' Representative shall be final and binding upon the Issuer and the Bondholders. Notice of any such decision shall be published in accordance with Condition O (Notices).

#### **K. Amendment to the Conditions**

The Bondholders' Representative may, without the consent of the Bondholders, agree to any modification or arrangement of the Terms of the Bonds which, in the opinion of the Bondholders' Representative, is of a formal, minor or technical nature or is made to correct a manifest error.

#### **L. Replacement of Issuer**

The Issuer may be replaced by another Issuer (the "**New Issuer**") at a later date as the direct debtor of the Bonds, provided that the Issuer shall request prior approval from the Bondholders' Representative on behalf of the Bondholders. Such approval shall not be unreasonably withheld if, in the sole opinion of the Bondholders' Representative:

- (a) the interests of the Bondholders are satisfactorily protected, in particular with regard to their status under applicable tax law;
- (b) the New Issuer is able to fulfil all payment obligations arising from or in connection with the Bonds and coupons in Swiss Francs and with the right to transfer without restriction all amounts required to be paid under the Bonds and coupons; and
- (c) the New Issuer has obtained any necessary governmental authorizations of the country of its domicile or its deemed residence.
- (d) the Issuer has issued an irrevocable and unconditional guarantee as per art. 111 of the Swiss Code of Obligations in respect to the obligations of the New Issuer under the Bonds in form and content satisfactory to the Bondholders' Representative.

The Bondholders' Representative is entitled to appoint one or more experts at the expenses of the Issuer for the assistance of the Bondholders' Representative in making its assessments.

Any substitution shall be published in accordance with Condition O. In the event of such substitution, any reference to the Issuer in these Conditions shall be deemed to refer to the New Issuer.

By subscribing to or otherwise acquiring, any of the Bonds or coupons, the Bondholders expressly consent to the Issuer substituting for itself as principal debtor under the Bonds or the coupons the New Issuer subject to the provisions of this Condition L.

#### **M. Listing**

The Issuer will use its reasonable efforts to procure that the Bonds are listed on SIX Swiss Exchange and to maintain such listing during the whole life of the Bonds.

## **N. Severability**

If at any time any or more of the provisions of the Conditions is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

## **O. Notices**

All notices to Bondholders regarding the Bonds shall be published by the Principal Paying Agent in accordance with the applicable regulations of the SIX Swiss Exchange and the directions by or after consultation with and at the expense of the Issuer in due time and shall be valid as soon as published electronically on the internet website of SIX Swiss Exchange under the section headed "Official Notices" ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com), where notices are currently published under the address "[www.six-group-com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html](http://www.six-group-com/en/products-services/the-swiss-stock-exchange/market-data/news-tools/official-notices.html)").

## **P. Governing Law and Jurisdiction**

These Conditions, the Bonds and/or the coupons shall be subject to and governed by substantive Swiss law.

Any dispute which might arise between Bondholders on the one hand and the Issuer on the other hand regarding these Conditions, the Bonds and/or the coupons shall be settled in accordance with Swiss law, the exclusive place of jurisdiction being Zurich 1, Switzerland, with the right of appeal to the Swiss Federal Court of Justice in Lausanne, when the law permits, the decision of which will be final.