

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 150,000,000 0.578% Notes due 2024 (the "Notes")

Issuer's Name and registered office:	The Financial Fund for the Development of the River Plate Basin (<i>Fondo Financiero para el Desarrollo de la Cuenca del Plata</i> , "FONPLATA" or the "Issuer" or the "Bank"), Avenue San Martin #155, Equipetrol, Building Ambassador Business Center, 3 rd Floor, Santa Cruz de la Sierra, Bolivia.
Interest Rate:	0.578% p.a., payable annually in arrears on March 11, for the first time on March 11, 2020.
Issue Price:	The Joint-Lead Managers have purchased the Notes at 100% of the nominal amount (before commission).
Placement Price:	The Placement Price of the Notes will be fixed in accordance with supply and demand.
Payment Date:	March 11, 2019
Maturity Date:	March 11, 2024, redemption at par.
Early Redemption:	At par in accordance with the terms and conditions of the Notes, provided 85% of the Bonds have been previously repurchased.
Reopening of the Issue:	The Issuer reserves the right to reopen this issue according to the terms and conditions of the Notes.
Denominations:	CHF 5,000 nominal and multiples thereof.
Form of the Notes:	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 Notes.
Covenants:	Pari Passu, Negative Pledge, Cross Default.
Listing and Trading:	Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange. The Notes have been provisionally admitted to trading on the SIX Swiss Exchange on March 7, 2019. The last trading day of the Notes is expected to be March 7, 2024.
Governing Law and Jurisdiction:	The Notes are governed by, and construed in accordance with Swiss law. Place of jurisdiction for the Notes shall be Zurich.
Selling Restrictions:	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.
Rating:	The Bonds have been rated "A-" by Standard & Poor's and "A2" by Moody's.
Security Number/ISIN/Common Code:	46.311.204 / CH0463112042 / 195416184

UBS Investment Bank

Credit Suisse

together the "Joint-Lead Managers"

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SELLING RESTRICTIONS

Each of the Issuer and the Joint-Lead Managers warrants and agrees that it will comply with the following selling restrictions:

General

Save for having listed the Bonds at the SIX Swiss Exchange, no action has been or will be taken in any jurisdiction by the Issuer or the Joint-Lead Managers that would permit a public offering of the Bonds, or possession or distribution of any offering material in relation thereto, in or from any country or jurisdiction where action for that purpose is required. In addition to the specific selling restrictions set out below, the Issuer and the Joint-Lead Managers undertake to comply with all applicable laws and regulations in each country or jurisdiction in which it purchases or in or from which it offers, sells or delivers the Bonds or has in its possession or distributes any offering material in respect of the Bonds.

United States of America and United States Persons

A) The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and 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 Issuer and the Joint-Lead Managers have offered or sold the Bonds, and will offer and sell the Bonds (i) as part of their distribution at any time and (ii) acquired otherwise until 21 April 2019 (40 days after the Payment Date) (the "**Restricted Period**"), only in accordance with Rule 903 of Regulation S under the Securities Act.

Accordingly, neither the Issuer, the Joint-Lead Managers and their affiliates nor any persons acting on their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Bonds, and they have complied and will comply with the offering restrictions requirement of Regulation S. The said Joint-Lead Managers have agreed that, at or prior to confirmation of sale of the Bonds, they will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Bonds from them during the Restricted Period, a notice to substantially the following effect:

"The Bonds covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States of America or to, or for the account or benefit of U.S. persons (i) as part of their distribution at any time and (ii) otherwise acquired until 21 April 2019 except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Each of the Issuer and the Joint-Lead Managers represents, warrants and agrees that it has not offered or sold, and will not offer or sell, any Bonds within the United States or to or for the account or benefit of United States persons except in accordance with Rule 903 of Regulation S under the Securities Act.

Terms used in this paragraph (A) have the meanings given to them by Regulation S under the Securities Act.

B) Each of the Joint-Lead Managers represents, warrants and agrees that it has not entered and will not enter into any contractual arrangement (other than this Agreement) 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 Joint-Lead Managers:

(1) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "D Rules"), (a) have 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) have 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) represent and agree that they have, 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) if one or more of the Joint-Lead Managers is a U.S. person, each such Joint-Lead Manager represents that it is acquiring the Bonds for the purposes of resale in connection with the original issuance of the Bonds and if it retains the Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6);

(4) represent and agree that the Bonds will be offered and sold in accordance with practices and documentation customary in Switzerland;

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

(6) represent and agree 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;

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

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

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 Joint-Lead Manager agree 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, which has implemented the Prospectus Directive (each a "**Relevant Member State**"), each of the Issuer and the Joint-Lead Managers represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Bonds to the public in that Relevant Member State other than:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Issuer and relevant bank or banks nominated by the Issuer for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

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

United Kingdom

Each of the Issuer and the Joint-Lead Managers has represented and agreed that:

- (i) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom; and
- (ii) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorized person, apply to the Issuer.

GENERAL INFORMATION

Notice to Investors

The Swiss listing prospectus (the "**Prospectus**") shall be read and construed on the basis that the annexes hereto are deemed to be incorporated in, and to form part of, this Prospectus.

The financial institutions involved in the issuance and offering of the Notes are banks, which directly or indirectly have 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 Auditor

The financial statements of the Ordinary Capital Resources of the Issuer as of June 30, 2018 and year ended December 31, 2017 were prepared in accordance with International Financial Reporting Standards ("**IFRS**") and have been audited by PricewaterhouseCoopers (the "**Auditor**"), chartered accountants, independent registered public accounting firm.

The Auditor address is S.R.L., Omnia Dei Building- 1st 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 Available

Copies of this Prospectus (as well as the document incorporated by reference see section below) are available at UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, 8098 Zurich, Switzerland, or can be ordered by telephone +41-44-239 47 03 (voicemail), fax +41-44-239 69 14 or by e-mail swiss-prospectus@ubs.com.

The document incorporated by reference is also available on the website of the Issuer (www.fonplata.org).

Documents incorporated by reference

The following document shall be deemed to be incorporated in, and form part of this Prospectus (copies of the document incorporated by reference are available upon request at the address indicated in the preceding paragraph):

- The 2016 annual report of the Issuer

Prospectus

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

No person has been authorized to give any information or make any representation in connection with the offering of the Notes 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 Joint-Lead Managers. Neither the delivery of this Prospectus, nor the issue of the Notes 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.

Notice to Noteholders

The 2018 audited Financial Statements as at December 31, 2018 and 2017 are expected to be published on or around March 20, 2019 on the website of the Issuer (www.fonplata.org).

FORWARD LOOKING STATEMENTS

This Prospectus (as defined below) 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 Joint-Lead Managers 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

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 regional offices in Buenos Aires, Argentina 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, Argentina 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

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 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, 2018, 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, 2018 are as follows: Argentina 12.2%, Bolivia 19.7%, Brazil 7.0%, Paraguay 12.2% and Uruguay 19.3%.

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.

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.

Risks Relating to the Bonds

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

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 adviser) 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 of the Bonds for trading 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 of the Bonds to sell their Bonds or of the prices at which holders may be able to sell their Bonds. The Joint Lead-Managers are 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 value.

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

INFORMATION ON THE NOTES

Authorization

Pursuant to a resolution of the Executive Board of Directors of the Issuer dated February 27, 2019 and the Bond Purchase and Paying Agency Agreement dated March 7, 2019 between the Issuer on one side and UBS AG, acting through its business division UBS Investment Bank ("**UBS AG**") and Credit Suisse AG (together with UBS AG the "**Joint-Lead Managers**") on the other side, the Issuer has decided to issue the Notes of CHF 150,000,000 to be paid on March 11, 2019 and maturing on March 11, 2024.

Use of Net Proceeds

The net proceeds of the Notes, being the amount of CHF 149,475,000 (the "**Net Proceeds**") will be used by the Issuer for general purposes.

None of the Joint-Lead Managers have any responsibility for, or be obliged to concern itself with, the application of the Net Proceeds of the Notes.

Notices

Notices concerning the Issuer are generally published on the website of the Issuer (www.fonplata.org).

All notices in relation to the Notes will be published in electronic form on the internet site of the SIX Swiss Exchange under the section headed Official Notices (currently: http://www.six-swiss-exchange.com/news/official_notices/search_en.html).

Representation

In accordance with Article 43 of the Listing Rules of the SIX Swiss Exchange, UBS AG has been appointed by the Issuer as representative to lodge the listing application with the SIX Swiss Exchange.

INFORMATION ON THE ISSUER

Name, location

The headquarters of FONPLATA are located at Avenida San Martin #155, Equipetrol, Building Ambassador Business Center, 3rd Floor, Santa Cruz de la Sierra, Bolivia and has regional offices in Buenos Aires, Argentina 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 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 Articles of Agreement entered into force on October 14, 1976.

The Issuer is an MFI with unlimited duration and is governed by its Charter and its Regulations.

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 "La Plata" river 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;

The New Charter is expected to be ratified by its Member Countries in the course of the year 2019.

Regulations

The Regulations of the Issuer were last amended in 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 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, 2018.

The first capital increase approved in 2013 for USD 1,150 million consisted of USD 350 million paid-in capital, with annual installments 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 installments 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.

As of June 2018, members are up-to-date on the payment of their capital contributions with FONPLATA.

Authorized capital as of June 30, 2018 (in USD millions)

Member Country	Paid-in	Callable	Total	%
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%
Total	1,349.20	1,665.00	3,014.20	100.0%

Paid-in Capital as of June 30, 2018 (in USD millions)

Member country	Paid-in integrated	Receivable	Total
Argentina	275.58	174.17	449.74
Bolivia	81.02	68.89	149.90
Brazil	243.08	206.67	449.74
Paraguay	81.02	68.89	149.90
Uruguay	81.02	68.89	149.90
Total	761.70	587.50	1,349.20

For further information regarding capital, see Note 8.1 (“**Paid-in Capital**”) in FONPLATA’s financial statements for June 30, 2018.

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.

History

FONPLATA began operating in 1976 after the Charter entered into force. Initially, the organization operated in Sucre, but in 2002 its headquarters were permanently moved to Santa Cruz de la Sierra, Bolivia.

In 2010, FONPLATA governors agreed to initiate a reform process to provide the organization with a new governance model that included the creation of the Executive President position.

Since the first Executive President was appointed in 2012, the new administration has developed a reform plan to relaunch the Institution based on a new Institutional Strategic Plan over a ten-year period, which was approved by the Board of Governors. Since then, FONPLATA was re-launched as an organization and has significantly expanded its lending capacity.

In that context, the Board of Governors approved the two capital increases described in the previous section.

In September 2016, FONPLATA was rated for the first time by international rating agencies, being assigned an A- by Standard & Poor's and A2 by Moody's. These ratings were ratified by both rating agencies in 2018.

FONPLATA wants to increase its relevance as a regional development bank and has been making strategic decisions to increase its lending capacity. Until 2016 FONPLATA's funding came directly from its Member Countries. However, with the new policies and strategies in place, on December 2016 FONPLATA contracted its first credit line with CAF for USD 75 million and since then has worked with other multilateral organizations to diversify its funding sources.

Based on the new strategic plan, updated policies and credit rating, FONPLATA has now capacities to operate as a regional development bank, able to leverage indebtedness from other financing institutions and from global capital markets.

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 sovereign guaranteed financings extended to central, sub-national governments and government entities. 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.

All 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 new business model adopted since 2012, 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:

- FONPLATA makes sovereign-guaranteed loans only.
- Loans applicants must submit a proposal specifying the development objective pursued and the technical, economical 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 endorsements and guarantees is limited to three times its net assets. As of June 30, 2018 59.3% of the lending capacity had been used.

Limitations on loan concentration by country 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. As of June 30, 2018 the Member Countries exposures were in compliance with these concentration limits.

During 2017, loans approvals totaled USD327 million compared to USD 316 million in 2016. The table below, provides a summary of loans approved by country since FONPLATA's inception and through 2011, and then annually through 2017.

Loans approved by country (in USD millions)

Country	Inception through 2011	2012	2013	2014	2015	2016	2017	Total Approvals
Argentina	248.24	25.00	25.00	56.52	70.00	142.50	92.20	659.46
Bolivia	220.61	0.00	35.00	94.69	55.00	60.00	50.00	515.30
Brazil	226.96	0.00	0.00	40.00	0.00	0.00	141.95	408.91
Paraguay	259.51	0.00	0.00	0.00	93.50	85.66	42.86	481.53
Uruguay	86.34	112.00	0.00	70.50	65.50	27.50	0.00	361.84
Total	1,041.66	137.00	60.00	261.71	284.00	315.66	327.01	2,427.04

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 70.3% of the Issuer's total assets in June 30, 2018 and are funded from paid-in capital, retained earnings and borrowings.

Loan Portfolio Outstanding by country as of June 30, 2018 (in USD millions)

Member Country	Loan Portfolio Outstanding
Argentina	118.89
Bolivia	192.41
Brazil	67.99
Paraguay	119.47
Uruguay	188.22
Total	686.99

As of June 30, 2018 the Issuer had Zero loan balances in non-accruals status. Nonetheless, and consistent with its enterprise-wide risk management policy, the Issuer accounts for provision to reflect the potential impairment on its loan portfolio, which is determined based on an adjusted credit risk classification of the Member Country. The applied methodology is considered adequate by FONPLATA to absorb potential losses related to the loan portfolio. As of June 30, 2018 the provision for potential impairment on loans was in amount of USD 3,45 million (0,5% 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 0.5% per annum, on the undisbursed portion of the loans, and an additional one-time, front-end administration fee of up to 1% of the principal amount of loans.

The amortization period for most of the loans is 15 years, but can go up to 20 years, and includes grace periods of up to five years.

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

Selected Projects

Set out below are examples of projects approved by the Issuer and the respective loan approval amounts. For a detailed list of projects please refer to the Annual Report on the Issuer's website.

Argentina

In Argentina, focus has been on promoting the development of rural and border communities in order to benefit the most vulnerable segments of the population. The type of projects financed correspond to programs of social development, access to water and sanitation, and promotion of integration and trade with a very broad work plan that includes both more isolated and distant communities in border areas, and interventions in areas surrounding the urban cone of Buenos Aires.

Project: Chagas disease control in amount of USD 25 million.

Bolivia

In Bolivia, the financing program is mainly focused on supporting the construction and improvement of its roads and urban infrastructure. In that sense, several stretches of the east-west corridor are being built to improve cargo and passenger transportation times. Funds are also targeted towards the building of roads routes into *Chiquitanía* region, a historic heritage center of great wealth and biodiversity where Bolivia's Jesuit Missions are found. Together with the missions in Argentina, Brazil, Paraguay and Uruguay, these Jesuit missions make up a cultural heritage network which could become a tourism and integration focal point in the River Plate Basin.

Project: Road infrastructure Puente Chimore - Villa Tunari in amount of USD 50 million.

Brazil

In Brazil, projects are mostly targeted towards the development of small and medium-sized cities across different southern and central states. The main objective of the portfolio is to help improve infrastructure and the life quality of the people living in those towns. Some of the projects include an extensive urban and port renewal program in the city of Corumbá on the border with Bolivia, an important river port on the Paraguay River in the State of Mato Grosso do Sul, which will help improve its positioning as an integration and tourist hub across the River Plate Basin region.

Project: Integrated Development Program for Corumbá in amount of USD 40 million

Paraguay

In Paraguay, most of the financings have been in infrastructure projects consisting in the construction and maintenance of road infrastructure to enhance integration with neighboring countries. Works include the construction of new highways and bridges, and the rehabilitation and maintenance of core networks. In addition, Paraguay's Livestock Fund is being supported as a way to help finance more advantageously the production and trade of small and medium-sized livestock and dairy producers.

Project: Road infrastructure Program for the Integration South – East of Paraguay in amount of USD 70 million

Uruguay

In Uruguay, operations are mainly concentrated in the construction, rehabilitation and maintenance of road infrastructure, with the purpose of improving the road condition for the safe transportation of goods and people across the country, and also enhancing connectivity with neighboring countries. Additionally, a project is underway to provide drinking water and sanitation to more than 7,000 people in the town of Santa Lucía and the Santa Lucía River basin, in the Department of Canelones. This project includes a sewage network, household connections and treatment of wastewater, thereby improving environmental conditions and lessening risks on health.

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.

In 2014, the Board of Governors created and funded the following special funds:

- a. "Fund for the Compensation of the Operating Margin (FOCOM)": This fund pursues the objective of helping to reduce the financial cost incurred by Bolivia, Paraguay and Uruguay on their loans with the Issuer, through the payment of a portion of the interest to be paid semiannually by these borrowing Member Countries. The payment of the part of the interest accrued on loans by FOCOM on behalf of the borrowers is contingent and determined annually. In May 2014, the Board of Governors assigned as a contribution to this fund, an amount of USD 5.51 million, from retained earnings as of December 31, 2013. No additional contributions were assigned by the Board of Governors subsequent to the inception of this fund and during the interim period ended as of June 30, 2018.

FOCOM is managed by FONPLATA independently from the management of its own affairs and its funds and resources are invested in accordance with FONPLATA's investment guidelines.

- b. "Technical Cooperation Program (PCT)": This fund was created through the restructuring and transfer of resources from the "Fondo para Desarrollo de Proyecto de Integración Regional" (FONDEPRO), to the PCT. The PCT pursues the purpose of fostering regional development and integration, through financing studies, technical knowledge exchange programs, and other initiatives that form an integral part of the Issuer's strategic focus. No additional contributions were assigned by the Board of Governors subsequent to the inception of the PCT.

The PCT is managed by FONPLATA independently from the management of its own affairs and its funds and resources are invested in accordance with FONPLATA's investment guidelines.

For additional information please refer to Note 6.6 Special Fund in the Financial Report as of June 30, 2018.

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 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 mismatch between assets and liabilities, minimize currency risk and interest rate risk.

As of June 30, 2018 the Issuer borrowings correspond to USD 84 million (8.6% of total liabilities and net equity).

The Issuer is well capitalized with a capital adequacy ratio of 138% as of June 30, 2018 compared to the policy limit which requires a minimum of 35%. The capital adequacy ratio compares the net assets 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 securities and 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, 2018 liquid assets (which include cash, cash equivalents and investments) amounted to USD 281.4 million equal to 28,8% in relation to Total Assets.

Patents and licenses

The Issuer is not dependent on patents or licences, industrial, commercial or financing contracts or new manufacturing processes.

Focus on Risk Management

FONPLATA has updated governance and revamped its risk management procedures. Conservative 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 to sovereigns, only;
- (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 seeks to manage 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.

Management

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, citizens of the Member Countries;
- f) Consideration 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 FONPLATA's 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.

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) Knowing and approving the granting of 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 consideration 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.

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.

List of board of Governors and Board of Executive Directors as of the date of the prospectus

Board of Governors

	Mariana Prado Noya	President of the Board of Governors
Argentina	Nicolás Dujovne	Head Governor
	Vacant*	Alternate Governor
Bolivia	Mariana Prado Noya	Head Governor
	Vacant*	Alternate Governor
Brazil	Marcos Prado Troyjo	Head Governor
	Erivaldo Alfredo Gomes	Alternate Governor
Paraguay	Benigno López Benítez	Head Governor
	Humberto Colmán	Alternate Governor
Uruguay	Danilo Astori	Head Governor
	Pablo Ferreri	Alternate Governor

Executive Board of Directors

	Antonio Mullisaca Díaz	President of the Executive Board of Directors
Argentina	Martín Soto	Head Director
	Vacant*	Alternate Director
Bolivia	Antonio Mullisaca	Head Director
	Sergio Cusicanqui	Alternate Director
Brazil	Marcos Machado Guimarães	Head Director
	Eduardo Rolim de Pontes Vieira	Alternate Director
Paraguay	Oscar Pérez	Head Director
	Francisco Ogura	Alternate Director
Uruguay	Fernando Scelza	Head Director
	Mariella Maglia	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.

Legal proceedings

As of the date of this Prospectus, there are no litigation or arbitration proceedings against or affecting the Issuer or any of its assets, nor is the Issuer aware of any pending or threatened proceedings, which are or might reasonably be expected to be material in the context of the issuance of the Bonds and, to the Issuer's knowledge, no such action or proceedings are threatened.

Register

As an international legal entity the Issuer is not listed in any register.

Outstanding conversion and option rights and bonds

There are no outstanding convertible bonds or options issued by the Issuer on the Issuer's securities (including employee options).

Own equity securities

As of the date of this Prospectus, the Issuer does not hold own shares.

Dividends

Consistent with the practice of other multilateral development banks, the Issuer does not pay any dividends on its shares.

Information on the Issuer's most recent business performance

Save as disclosed in this Prospectus there have been no significant changes in the performance of the Issuer's business since June 30, 2018.

Material changes since the most recent annual financial statements

Except as disclosed in this Prospectus and as of the date of this Prospectus, there has been no adverse change in the financial condition or operations of the Issuer since June 30, 2018, which would materially affect its ability to carry out its obligations under the Notes.

TAXATION

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 Notes and repayment of principal of the Notes 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 November 4, 2015 the Swiss Federal Council announced a mandate to the Swiss Federal Finance Department to institute a group of experts tasked with the preparation of a new proposal for a reform of the Swiss withholding tax system. The new proposal is expected to include in respect of interest payments the replacement of the existing debtor-based regime by a paying agent-based regime for Swiss withholding tax similar to the one published on December 17, 2014 by the Swiss Federal Council and repealed on June 24, 2015 following the negative outcome of the legislative consultation with Swiss official and private bodies. Under such a new paying agent-based regime, if enacted, a paying agent in Switzerland may be required to deduct Swiss withholding tax on any payments or any securing of payments of interest in respect of a Note for the benefit of the beneficial owner of the payment unless certain procedures are complied with to establish that the owner of the Note is not an individual resident in Switzerland.

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 Notes may be subject to the Swiss federal securities turnover tax at a rate of up to 0.30% of the purchase price of the Notes, 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) Notes 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 Notes by, a holder of Notes 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) Notes Held as Private Assets by a Swiss Resident Holder

Individuals who are resident in Switzerland and who hold Notes as private assets are required to include all payments of interest on such Notes 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 Notes 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.

Notes without a "predominant one-time interest payment": Holders of Notes 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 Notes (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 Notes) for the relevant tax period.

Notes with a "predominant one-time interest payment": In the case of notes 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 notes 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 notes with a "predominant onetime interest payment" may be offset against gains realized within the same tax period on the sale of any notes with a "predominant one-time interest payment".

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

Individuals who hold Notes as part of a business in Switzerland and Swiss resident corporate taxpayers and corporate taxpayers resident abroad holding Notes 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 Notes (including a gain relating to interest accrued) and any loss on such Notes 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 Notes.

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

The Issuer accepts responsibility for all information contained in this Prospectus (including the documents attached hereto or incorporated by reference herein) and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that to the best of the Issuer's knowledge and belief there are no other material facts, the omission of which would make any statement herein misleading, whether of fact or opinion. The Issuer has not verified information about its Member Countries set forth in this Prospectus.

Santa Cruz de la Sierra, March 7, 2019

The Financial Fund for the Development of the River Plate Basin

TERMS OF THE NOTES

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 150'000'000 (hundred and fifty million Swiss francs) is divided into bonds with denominations of CHF 5'000 (five thousand Swiss francs) and integral multiples thereof (each, a "**Bond**" or "**Note**", together the "**Bonds**" or "**Notes**").

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 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.

C. Interest

1.1 Interest Rate

The Bonds bear interest from 11 March 2019 (the "**Issue Date**") at the rate of 0.578 per cent per annum of the principal amount thereof payable annually in arrear on 11 March (the "**Interest Payment Date**") commencing on 11 March 2020 and unless redeemed earlier, ending on 11 March 2024 (the "**Maturity Date**").

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 UBS (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. Undertakings

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

G. Events of Default

The Principal Paying Agent 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 Principal Paying Agent 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 Principal Paying Agent 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 Principal Paying Agent in its capacity as Bondholders' representative (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.

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 Principal Paying Agent 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 Holders (a "Holders' 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 Holders' 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 Holders' Meeting which shall convene such a meeting as soon as commercially possible upon receipt of such request.

- b) The costs of such Holders' 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 Notes at the time of such Bondholders' request to the Issuer to convene a Holders' Meeting).
- c) A Holders' 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 Holders' 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 Holders' 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 Holders' Meeting and also the formal requirements referred to in paragraph f) of this Condition. The Issuer (at its head office) and the Principal Paying Agent (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 Holders' 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 Holders' Meeting within thirty (30) minutes after the time fixed for holding the Holders' Meeting, the Bondholders present shall choose the Chairman instead.

The Chairman shall lead and preside over the Holders' 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 Holders' 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 Holders' Meeting is entitled to attend and to vote on the resolutions proposed at such Holders' Meeting. Bank certificates shall be dated before the date of the Holders' 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 Holders' 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 Holders' 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 Holders' Meeting a sufficient quorum is not present, the Holders' Meeting shall be dissolved.

- h) Holders' voting rights shall be determined according to the principal amount of the outstanding Notes 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 Holders' Meeting.

- i) A resolution shall be validly passed if approved by at least of the following percentages of votes cast at a duly convened Holders' 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 Holders' 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 Holders' 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 Holders' Meeting held in accordance with this Condition shall be conclusive and binding on all present or future Bondholders, whether present or not at the Holders' 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 Holders' Meeting without prior written approval of the Issuer. Any resolution approved at a Holders' 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 Holders' Meeting shall be made and signed by the Chairman pursuant to paragraph e) of this Condition.

Notice of any resolution passed at a Holders' 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 Holders' Meeting. Non-publication of such notice shall not invalidate such resolution.

- m) If no Bondholder or an insufficient number of Bondholders attend a Holders' 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 Principal Paying Agent 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 Principal Paying Agent, 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 Principal Paying Agent on behalf of the Bondholders. Such approval shall not be unreasonably withheld if, in the sole opinion of the Principal Paying Agent:

- (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 Principal Paying Agent is entitled to appoint one or more experts at the expenses of the Issuer for the assistance of the Principal Paying Agent 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, where notices are currently published under the address "www.six-swiss-exchange.com/news/official_notices/search_en.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.