

COMPLIANCE WITH ARTICLES 88 - 95 OF THE CAPITAL REQUIREMENTS DIRECTIVE (CRD IV)

Article 96 of the fourth Capital Requirements Directive ("CRD IV") requires institutions to set out a statement on the institution's website on how they comply with the requirements of articles 88 to 95 of the Directive. Article 134b of the Decree on prudential measures Dutch Financial Services Act ("Prudential Measures Decree") has implemented the requirements of article 96 CRD IV in Dutch law.

Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") is a public limited liability company under Dutch law. Its registered office is in The Hague, the Netherlands. FMO has its main office in the Netherlands and a small representative office in Johannesburg, South-Africa.

FMO is a bank and is subject to supervision exercised by The Dutch Central Bank (De Nederlandsche Bank N.V.). All our activities are based in, and directed from, The Hague - there are no 'subsidiaries' around the world. This enables us to manage our business in an integrated and transparent manner.

This document confirms that FMO complies with the CRD IV requirements of articles 88 to 95, which cover the following topics:

1. Governance
2. Remuneration
3. Reporting

Ad 1. Governance

Articles 88 and 91 of CRD IV set (general) requirements in respect of the management body of a financial institution, including its role, its composition, induction and training of its members and the number of directorships an individual member may hold. These requirements are implemented in Dutch law through article 134b Prudential Measures Decree in conjunction with article 17c Prudential Measures Decree and articles 3:8 paragraphs 3 and 4 of the Dutch Act on Financial Supervision (DAFS) respectively. The maximum number of directorships has been laid down in articles 2:132a and 2:142a of the Dutch Civil Code.

Governance arrangements (article 88 par. 1 CRD IV)

FMO is subject to the large company regime (in Dutch, the so called: "*structuurregime*"). Under this regime, a number of traditional powers vested in the General Meeting of Shareholders (General Meeting) are transferred to the Supervisory Board.

FMO has a two-tier board structure consisting of a Management Board and a Supervisory Board. In short, the General Meeting appoints and dismisses the members of the Supervisory Board and the Supervisory Board appoints and dismisses the members of the Management Board. The Supervisory Board must notify the General Meeting of a proposal to appoint a member of the Management Board.

Further details on the governance of FMO can be found in the Corporate Governance Chapter of the online Annual Report and in FMO's Articles of Association.

FMO does not qualify as a "significant" bank as defined in article 6 paragraph 4 of the SSM Regulation (No. 1024/2013). This means that article 88 par. 2 CRD IV does not apply.

Supervisory Board

The Supervisory Board is charged with supervising the policies of the Management Board and the general state of affairs within the bank and the associated business. Another task of the Supervisory Board is advising the members of the Management Board and acting as sparring partner. In fulfilling their task, the Supervisory Board members act according to the interests of the bank and its associated business, while carefully weighing the interests of its stakeholders.

The composition of the Supervisory Board is such that the combined experience, expertise and independence of its members enable it to best carry out the variety of its responsibilities and duties to the bank and its stakeholders, consistent with applicable law and regulation. The desirable composition of the Supervisory Board is described in the Profile of the Supervisory Board. The Profile is determined by the Supervisory Board and discussed with the General Meeting and the Works Council.

An overview of the current members of the Supervisory Board and their biographies is provided on FMO's website. Further information on the composition, responsibilities, organisation and activities of the Supervisory Board and its two committees can be found in the following documents published on FMO's website, under Governance & Policies / Supervisory Board:

- the online Annual Report (Corporate Governance Chapter and Supervisory Board Report)
- the Standing Rules of the Supervisory Board
- the Standing Rules of the Audit and Risk Committee
- the Standing Rules of the Selection, Appointment and Remuneration Committee
- the Profile of the Supervisory Board

Management Board

The management of FMO lies with the Management Board. The Management Board currently consists of three members, a Chief Executive Officer, a Chief Risk & Finance Officer and a Chief Investment Officer.

The Management Board members have a shared overall responsibility for managing FMO, which means that they are responsible for achieving the bank's mission, strategy and associated risk profile, and the development of results and corporate social responsibility issues that are relevant to the bank. The Management Board also takes legitimate interests of its stakeholders into account. The Management Board is accountable for this to the Supervisory Board and the General Meeting.

The Management Board members collectively manage and oversee the bank, which includes the following areas of attention:

- o the positioning of the bank (its strategies, identity and market approach);
- o the risk profile of the bank, its profitability and capital position and its compliance with internal and external rules;
- o the (integrity of the) accounting and financial reporting systems;
- o the strategic disclosure- and communication plan;
- o the (governance) organisation;
- o the performance of senior management.

The composition of the Management Board is such that the combined competences, knowledge, experience and skills of its members guarantee the proper fulfilment of FMO's management function.

On FMO's website an overview is provided of the current members of the Management Board, including their biographies. Membership of the Management Board of FMO is a full time position, by definition.

The Standing Rules for the Management Board have been published on FMO's website.

The Management Board monitors and periodically assesses the effectiveness of FMO's governance arrangements and takes appropriate steps to address any deficiencies. Monitoring takes place, amongst others, by means of an Audit report on FMO's governance, which is discussed by the Management Board as well as by the Supervisory Board.

Management body requirements (article 91 CRD IV)

All members of the Management Board and Supervisory Board have a strong affinity with the mission, vision and values of FMO and are of good repute. They perform their tasks in a meticulous, expert and fair manner, taking into account the applicable laws, internal regulations and codes of conduct. In accordance with Dutch law, all members of the Supervisory Board and the Management Board have taken the financial sector oath or promise (also known as "Bankers' Oath").

The Chairs of the Supervisory Board and the Management Board oversee whether the members of the boards commit sufficient time to perform their functions. As at the date hereof, all members of the Management Board and Supervisory Board comply with the rules as to the limitation of the number of executive and non-executive directorships the members may hold.

The competences, knowledge and skills required for members of both the Supervisory Board and the Management boards are a recurring theme within both these boards. Sessions with external and internal experts are organized regularly, to keep up to date with global developments and the sectors that have an impact on the operations of FMO. Other topics involve e.g. risk management, compliance and accounting standards. In addition, members of the boards follow external programs or courses to broaden their knowledge and experience.

Any potential candidates for the Managing Board or the Supervisory Board that do not pass the suitability screening procedures with the Dutch Central Bank cannot be appointed to the relevant board.

Ad 2. Remuneration

Articles 92 up to and including 95 of CRD IV relate to requirements as to the remuneration policies for the Supervisory Board, the Management Board and other identified staff of institutions. The Dutch Central Bank has implemented the CRD IV regulations with respect to sound remuneration policies for Dutch banks in the Regulation on Sound Remuneration DAFS 2014 (in Dutch: Regeling Beheerst Beloningsbeleid Wft 2014).

The required information on the remuneration policies for identified staff of FMO, including its governance and implementation, can be found:

- in the Annual Report, which is published on FMO's website
- on the Corporate Governance webpages, in the Report Remuneration Policy and Practice regarding Identified Staff of FMO

Ad 3. Reporting

Country by country reporting

Article 89 of CRD IV relates to country-by-country reporting. Through the Decree implementing disclosure requirements CRD, these requirements have been implemented in Dutch law.

FMO meets its reporting obligations in accordance with these requirements. FMO has its main office in the Netherlands and a small representative office in Johannesburg, South-Africa. The latter office is not an establishment as meant in the requirement. As required, FMO publishes the mandatory information on a consolidated basis. Details can be found in the online Annual Report.

Return on assets

Article 90 of CRD IV requires disclosure of its return on assets in a firm's Annual Report and accounts, calculated as net profit divided by total balance sheet. Through the Decree implementing disclosure requirements CRD, these requirements have been implemented in Dutch law.

Regarding the year 2015, FMO did not completely meet this requirement, however, the information could easily be derived from the Annual Report 2015, as FMO published its net profit (EUR 174.3 million) as well as its total balance sheet (EUR 8,421.3 million). As per 31 December 2015, FMO's return on assets amounted to 2.1%.

FMO will publish its return on assets in its Annual Report 2016.

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