

## AGM 22 April 2021

### Minutes

of the **51st Annual General Meeting of Shareholders** of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") held on **Thursday 22 April 2021** by video conference at **11.00 hours**.

#### 1. OPENING

**Mr. D.J. van den Berg, Chairman** of the Supervisory Board, opens the 51st Annual General Meeting of Shareholders of FMO. Although meetings of shareholders normally must be held in one of the places specified in the Articles of Association, however, today use will be made of the emergency law COVID-19 to hold the meeting completely virtually. The meeting has been convened in accordance with all legal and statutory requirements. Shareholders received the documents by registered mail and, if their email address was known, also by email.

**The Chairman** welcomes the shareholders and other attendees and in particular the representatives of the Ministry of Finance, Mr. W.J. Vossers, Mrs. G.A.J. Jansen, Mr. A.J. van Andel and Mr. G.C.F. Verschuer on behalf of the State as the holder of the A shares and Mr. M. Sarfo as representative of the department of Sustainable Economic Development of the Ministry of Foreign Affairs. The Chairman also welcomes the representatives of the external auditor Ernst & Young Accountants LLP, Mr. J. Kolsters and Mr. J. Groen.

**The Chairman** is pleased that all seemed to have connected in this virtual way and starts with a few household notices. The meeting setup allows all SB and MB members to speak during the meeting. They should mute when they do not speak to avoid background noise. In case of questions during the meeting they should use the "raise your hand" feature, after which they will receive permission to unmute. The full session is in English. It is highly preferred to raise a question or make a comment in English. If this is not possible, the Chairman will summarize the question into English. The chat will be monitored. In case of any unanswered questions, the response will be shared afterwards. For technical reasons voting instructions have in principle already been given by means of a proxy. Shareholders will be provided the opportunity to change their voting instructions, if after hearing the discussion they come to a different conclusion. The Chairman will give instructions at the specific agenda items. The session is recorded for internal use only.

**The Chairman** asks Mrs. Oosterbaan to provide the numbers of the shareholders attending the meeting.

**Mrs. Oosterbaan** states that 24 shareholders are present or represented at this meeting, who are jointly able to cast 368,276 votes, which is a little over 92% of the issued capital.

**The Chairman** thanks Mrs. Oosterbaan and continues with introducing the other five Supervisory Board members: Mr. J.V. Timmermans, Vice-Chairman of the Supervisory Board and Chair of the Audit and Risk Committee, Mrs. T. Menssen, Chair of the Impact Committee and member of the Audit and Risk Committee, Mr. D.K. Agble, member of the Audit and Risk and Risk Committee, Mrs. M. Demmers, member of the Impact Committee and member of the Selection, Appointment and Remuneration Committee, and Mrs. R.P.F. van Haeringen, member of the Impact Committee and Chair of the Selection, Appointment and Remuneration Committee.

**The Chairman** further welcomes the Management Board, Mrs. L.G. Broekhuizen, Chief Executive Officer ad interim, Mrs. F. Bouaré, Chief Risk & Finance Officer and Mr. H. De Ruijter, Chief Investment Officer ad interim. Next, the Chairman welcomes and introduces some of the other participants. At agenda item 3 shareholders can ask Mr. Kolsters and Mr. Groen questions about EY's audit procedures and their statement on the Financial Statements. Shareholders are requested to address their questions to the Chairman of the meeting. Also online is Mrs. C.E.M. Oosterbaan, Corporate Secretary of FMO, who he appoints as Secretary of this meeting.

**The Chairman** draws attention to the audio recording and, for some, the camera recording of the meeting, which are only used for the minutes. In accordance with the rules of good governance and the Articles of Association, the draft minutes of this meeting will be made available on request, within two months after the end of the meeting and placed on the company's website after which shareholders will have three months to respond to the draft minutes. The minutes will then be adopted by the Chairman and the Secretary of this meeting. The minutes will be sent to shareholders at their request.

## 2. PRESENTATION OF THE MANAGEMENT BOARD REGARDING THE FINANCIAL YEAR 2020

**The Chairman** invites the members of the Management Board to give a presentation about the 2020 financial year.

**Mrs. Broekhuizen** thanks the Chairman and welcomes all to the Annual General Meeting. Who would have thought a year ago that not only the 2020 edition, but also the 2021 edition of the AGM would be done fully virtually? Although one knew that COVID-19 would have an impact on the world, it is safe to say that no one really foresaw the length, reach and effect on how people live, work, and interact with each other. Still, FMO is happy to welcome the shareholders, hopefully all in good health. In the next half hour, Mrs. Broekhuizen together with Mrs. Bouaré and Mr. De Ruijter would like to show shareholders the highlights and performance of FMO in 2020 and share their thoughts on what lies ahead in 2021. Who would have thought that the world would be defined by bubbles, circles, statistics, bar charts and distance? This picture is all too familiar to societies all over the world, in which one tries to make the most of the limitations that all have been faced with. Nothing new is said when stating that 2020 was an incredibly eventful year for the world, where the COVID-19 pandemic took a hold on global wellbeing, societies, and economies at incredible speed. The death of George Floyd sparked global outrage and the Black Lives Matter movement. Big changes happened to the international political dynamics with Brexit and the US elections and FMO was confronted with the rapid

grip that climate change is taking on the world, which the locusts plague in Sub Saharan Africa and record heat registered in Antarctica. COVID-19 amplified inequality both between and within countries, with the largest impact falling on emerging markets and developing economies. Within countries, young, female and low-skilled workers have suffered the most in this recession, partly because of their jobs being concentrated in contact-intensive and informal sectors. An additional 95 million people are projected to have become extremely poor in 2020. And the number of undernourished people increased with 80 million. One has seen the headlines on the substantial capital outflows from the developing economies in the first half of 2020. And looking at the global numbers, UNCTAD reported last January that global Foreign Direct Investment, FDI, collapsed in 2020, falling with 42%. Interestingly, with a 69% decline, the developed economies were hit harder than developing economies where Foreign Direct Investment dropped with 12%. However, crisis-related income losses per capita in developing economies are expected to be 20% compared to 11% in advanced economies. Mr. De Ruijter will share later how this impacted FMO's clients. Also, inside the mostly virtual walls of FMO, 2020 created quite a few challenges. On Thursday March 12, FMO's newly established Corona Taskforce announced the first lockdown, effectively the day after on Friday 13. Late May, the death of George Floyd sparked internal discussions on FMO's own inclusivity and diversity. In June, Mr. Van Mierlo decided to step down as CEO and the FMO's leadership team was confronted with a situation in which a way needed to be found to share divergent perspectives, emotions, and experiences through screens while the situation really cooled for in-person conversations. Shortly thereafter, the Executive Committee decided to discontinue. And as the pandemic developed and it was no longer possible to travel, FMO needed to adjust its approach and support to its customers and FMO realized it was heading towards its first loss in three decades. Mrs. Bouaré will later share more details on this loss. Over summer the leadership team worked intensively on the approach to reconnect the full FMO team. A roadmap was developed to improve the quality of direction and interaction which FMO is building on further today. September also brought exciting news for the colleagues in NL business with the appointment of Mr. Joost Oorthuizen and Mrs. Ineke Bussemaker as chairperson of the MB and SB respectively. And late September, management accelerated the pace of aligning investments and customer files with the KYC and FEC regulations. This took significant effort from the full FMO team and the Management Board is incredibly grateful for their resilience under already challenging circumstances. Mrs. Broekhuizen asks Mr. De Ruijter to tell the shareholders more about how FMO supported its customers last year.

**Mr. De Ruijter** states that the old adage of “what does not kill you will make you stronger” also applied to FMO. Despite the challenges thrown at FMO, FMO also found out how resilient it is as an organization. FMO continued to do what it does well, adapt, refocus and progress and FMO was there for its customers and stakeholders and worked with them towards realizing the sustainable development goals. Looking at SDG 8 for instance, FMO provided financial and non-financial support to protect jobs. FMO extended the NASIRA risk sharing programme to support COVID-19 affected entrepreneurs together with the European Commission. And the first guarantee was signed with SASFIN in South Africa. On SDG 10, FMO entered least developed countries like Burkina Faso, Chad, and the Palestinian Territories. FMO launched its ventures programme to support pioneering technology-enabled business models. They are crucial to accelerate progress towards the SDGs and with ten investments in 2020, FMO is now one of the most active venture capital investors in Africa. On SDG 13, FMO made its first renewable energy investment in Djibouti for the construction and operation of a 60-megawatt windfarm. This will help the country to meet energy demands and transition towards 100% renewable energy in 2030. FMO also played an important role in the

development of the green bond market in the Caucasus. FMO acted as anchor investor in the first green bonds issued in Armenia and in Georgia. Overall, FMO intensified its partnerships with its partners and stakeholders, for example on the harmonization of impact measurement through the Joint Impact Model used to report on jobs supported and greenhouse gas emissions, also through the Partnership for Carbon Accounting Financials, PCAF, which launched the first global standard for measuring and reporting financed emissions. Another example is launch of FEmpower, a unique curriculum to provide training, mentoring and capacity building for female entrepreneurs.

The world around FMO impacted the way it is working and how FMO adds value to its customers, many of whom actively supported their communities to deal with COVID-19. Fortunately, they also proved to be resilient, despite the challenges they faced. Mr. De Ruijter zooms in on some of these. In Energy, project development came to a standstill leading to fewer new business opportunities and some operational projects were affected by payment delays caused by governments low on funds. The off-grid sector was affected as payment could not always be collected, because of local lockdowns. Looking at agribusiness, in the first months of the pandemic there were fears that the virus would lead to famine as food could not be harvested or transported. On top of that, East Africa was affected by floods and a locusts' plague. Fortunately, the impact ultimately turned out to be lower than expected. And in the financial sector, there are notable differences between countries and regions. FMO's activities focus on micro, small and medium-sized entrepreneurs who were particularly affected by lockdowns. Lockdowns in Latin America were stringent, and the economies and the financial sector suffered. In other regions where lockdowns were less stringent, expectations remain relatively positive. Banks often benefitted from government support and provided moratoria to their customers. The long-term effects of this remain to be seen. Microfinance institutions on the other hand cannot count on government support, but borrowers seem to be repaying their loans as best as possible.

Considering these challenging circumstances, FMO's response was defined by both financial and non-financial support. Together with the development finance community, FMO is committed to help resolve liquidity and solvency issues. Looking at FMO's investment portfolio, FMO provided emergency funding and capital, for instance by stepping in where commercial banks retracted. FMO provided over 30 payment deferrals which enabled FMO's clients to give relieve to their customers. FMO facilitated restructurings were needed and provided guarantees to enable clients to continue to take risk. Next to support through investment activities, FMO also provided other non-financial support, for instance through access through advisory services to give customers and investees the right knowledge for crisis management, business continuity and resilience planning and to address environmental, social and governance-related challenges, through webinars in collaboration with external knowledge partners and in this way FMO puts its internal expertise and external network to good use. Thirdly, around 40 customers received emergency grants. These were used to adapt their skills, their business models, to provide vital goods and services to employees and communities. Worth noting as well is the support given by FMO's Dutch business team which supported several projects by Dutch organizations active in health and water in Africa and Asia, based on a carve-out of € 1 million from the development accelerator facility. Throughout the organisation different ways were found to connect and to create a sense of togetherness at times when this was physically not possible. People took "ommetjes" (walks), followed cooking classes together, intensified team meetings and FMO's band produced

a recording from their home studios. Olympics were held and some of the colleagues hosted virtual yoga classes.

After increased focus on gender equality in FMO's organization and ensuring the team better reflects the markets FMO is active in, FMO focused on the next step in its diversity and inclusion approach. It started with a video by and for employees with FMO's commitment to diversity and inclusion, together with a corporate commitment statement and at the end of the year FMO formed the diversity and inclusion advisory board. Also, in the culture conversation series that FMO launched earlier this year, attention is paid to diversity and unconscious bias amongst others. Still a lot remains to be done, but these were good steps forward. Then FMO had to adapt its plans to celebrate FMO's 50<sup>th</sup> anniversary. Baking competitions were held, podcasts were launched in FMO's future minded magazine, and more than 50 colleagues held a challenge to live along the 1.5-degree pathway in their respective households. And lastly, FMO opened the office to allow small teams to advance the work FMO does on KYC and FEC-alignment. It helps to really collaborate as a deal team. And of course, the teams are happy to spend time together again in FMO's beautiful office building.

**Mrs. Bouaré** states that COVID-19 has had a multidimensional impact including in FMO's performance. Looking at the performance, Mrs. Bouaré starts with the impact. In 2020, there was a sharp decrease in the volume of new investments compared to the previous year with € 1.9 billion versus € 2.7 billion last year. Consequently, the lower investment in combination with lower valuation of PE-portfolio and the negative effect of a fixed variation, led to FMO ending the year with a portfolio of € 12 billion, which was below the volume of the original target of € 14 billion. FMO's portfolio continues to support direct and indirect jobs. Zooming in on the job result for FMO, in 2020 FMO's outstanding portfolio resulted in over 400,000 jobs. Those jobs have been supported for the first time using the Joint Impact Model. Reducing inequality-labelled new investments did relatively well in 2020, although FMO fell short of its target and less than the € 784 million result in 2019. Reducing inequality-labelled transactions represents almost 40% of FMO's total new investments, thanks to several large transactions targeting least developing countries and inclusive business. In fact, of those reducing inequality new investments, € 500 million was invested in inclusive businesses, focusing mostly on microfinance, women owned SMEs and small holder finance. € 280 million was invested in companies and projects operating in least developed countries like Burkina Faso, Bangladesh and Myanmar. The depreciation of the US dollar and the lower valuation of FMO's equity portfolio have also influenced the total reduced inequality-labelled commitment portfolio, which decreased from € 3.9 billion in 2019 to € 3.8 billion in 2020. Most of FMO's green label new investments flowed towards renewable energy projects like solar, wind and hydro, but also agriculture and green credit lines. In 2020, FMO invested € 466 million in green projects, which was a quarter of FMO's total new investment volume. The energy market has struggled and, in particular, fewer investments in renewable energy happened as a consequence of the pandemic as highlighted by Mr. De Ruijter. Green investments in other sectors however increased, including in sustainable agriculture, forestry, and green line to financial institutions. Also, here, as a consequence of low investments, a depreciation of USD and a lower value of PE-portfolio, the green committed portfolio decreased from € 4.2 billion in 2019 to € 3.9 billion in 2020. 2020 is the first year for FMO to report on the finance absolute GHG-emission. The emission has been estimated using the Joint Impact Model as well. Now that FMO is laying a bit of foundation for emissions, this provides a further base for FMO's ambition to align its portfolio to the 1.5-degree pathway.



Although FMO is reporting a net loss in 2020, FMO's capital ratio remains well above its requirements and the CET1-ratio remains very strong. The quality of FMO's portfolio has been maintained. The NPL-ratio is at 9.1% compared to 9.8% in 2019 and the reduction of the NPL is the result of new NPLs for € 139 million, compensated by repayment of € 68 million that includes also guarantee calls, a write-off for € 61 million and a client who went back to performing for € 38 million. It is fair to say that FMO's diversification strategy with exposure diversified across sectors and countries has proven effective during the pandemic, as some economies and sectors have been less affected than others.

**Mrs. Bouaré** now takes a closer look at the reason for FMO's loss. FMO ended the year with a loss of € 205 million, the first loss since 1991, largely driven by a decrease of the fair value of FMO's private equity portfolio. COVID-19 has had a material negative effect on the valuation of the private equity portfolio. The initial sharp decline in global equity prices had resulted in a depreciation of FMO's portfolio by 12% in June 2020. The markets stabilized in the second half of 2020 and a limited recuperation has occurred since then. In 2020, this has resulted in a loss of € 159 million, compared to a positive result of € 60 million in 2019. The future value of FMO's PE-portfolio also will depend on how fast the global recovery post COVID-19 will happen. Additionally, FMO has an FX-effect on the PE-portfolio. A large part of FMO's private equity portfolio is denominated in USD or is USD-equivalent. The Euro/USD depreciation of 10% in 2020 had consequently a downward effect on the financial performance of those assets. The FX-result in 2020 on the PE-portfolio amounted to minus € 118 million, compared to a positive result of € 25 million in 2019. Contrary to initial expectations at the start of the pandemic, performance on the loan portfolio remained relatively stable. As for the loan provision and revaluation of loans, the largest hit was already taken in Q1 at the start of the COVID-19 crisis and this to reflect the fact that the credit rating of a substantial amount of FMO's clients was downgraded. As a result, this downgrade has led to another addition to the credit provision of € 106 million in Q1. But those provisions were partly released in Q3 and Q4 as the situation improved. On the operational expenses side, FMO ended around budget. In 2020, FMO had a lower expense due to lower inflow of about 30 fte. Travel expenses also were lower due to COVID-19 and travel bans. But both were offset by the provision taken to support the KYC-project. Mrs. Bouaré asks Mrs. Broekhuizen to give the outlook for 2021.

**Mrs. Broekhuizen** states that unfortunately the outlook for 2021 is mixed and still comes with challenges. UNCTAD expects any increases in global foreign direct investment flows in 2021 to come not from new investments in productive assets, but from cross-border mergers and acquisitions, especially in technology and healthcare to industries affected differently by the pandemic. According to UNCTAD, the prospects for 2021 are a major concern for developing economies which have far more limited capacities to roll out economic support packages to stimulate highly needed investments in social and economic infrastructure and to support a sustainable recovery. Most populations in developing economies will not be vaccinated in 2021. With rich countries, 16% of the world population, having pre-purchased 50% of COVID-19 vaccines, a continuing health crisis will force developing economies to continue lockdowns, damaging the economy and public and private finances. Asia is going through a stronger recovery than expected after lockdowns were eased in some countries. However, continuing high numbers of COVID-19 cases in some large countries limit growth prospects in the coming two years. Latin America is facing a mild and multispeed recovery. Large exporters are seeing higher than expected growth. However, the low vaccine purchases of most countries darken outlooks. Tourism-dependent Caribbean countries face a worse outlook. And Sub-Saharan Africa saw the largest contraction ever for the region of minus 1.9% in 2020. Growth will remain much lower than

anticipated pre-COVID-19. Again, tourism dependent economies remain most affected. The big risk is that the expected recovery in advanced economies will create surprise inflation, pushing up real interest rates and prompting an outflow of capital from developing economies. Many of those countries are in a vulnerable financial position with high debt ratios and high financing needs. Outflows could threaten refinancing and increase debt burdens as local currencies depreciate. Interestingly, the pandemic has given FMO a nudge in the right direction to stay under the 1.5-degree temperature rise. Current trends compared to pre-COVID-19 ones show that CO<sub>2</sub>-emissions have dropped somewhat, but to really benefit from the small reset window that has been given, firm decisions need to be taken at COP26 later this year, to create the environment needed to stay below the 1.5-degree temperature rise. Work is to be done and FMO is ready to do it. The need for impact investing, for increased collaboration to work towards a shared purpose has never been greater and FMO is keen to use its knowledge and networks to build back better together with FMO's partners. Internally, FMO will focus on continuing its support to its customers and help them withstand the impact of the pandemic where FMO can. FMO will finalize its alignment work with best practices laid out in the Financial Economic Crime and Know Your Customer regulatory framework and FMO will continue to work on stabilizing its organization after a turbulent 2020. The year has taken a toll on the wellbeing of FMO's employees because of the internal developments and speed needed to refocus the day-to-day work and because of the new way of working all find themselves in today. To prepare for the increased economic and operational uncertainty in the coming years, FMO has developed several scenarios to assess the potential COVID-19 effects on FMO's balance sheet, new commitments, costs, and capitalization. The losses incurred in 2020, the internal focus on regulatory compliance and the lingering effects of the COVID-19 pandemic will limit FMO's capacity and growth in 2021. FMO will focus on supporting current customers through the crisis and following recovery period. FMO's financial projections for this financial year are relatively positive and the Management Board believes that part of the valuation losses will be recovered in 2021. Lastly, FMO will work on its strategy towards 2030 and together with a new extended Management Board refine what FMO can do to accelerate the challenge of the decade, achieving the SDGs and make this the achievement of the century. Mrs. Broekhuizen thanks shareholders for their attention also on behalf of Mrs. Bouaré and Mr. De Ruijter.

**The Chairman** thanks Mrs. Broekhuizen, Mrs. Bouaré and Mr. De Ruijter for their presentations and invites the shareholders to ask questions or make comments about the Annual Report. He asks shareholders to keep any questions about the Annual Accounts or the Financial Statements themselves until agenda item number 4. Shareholders can use the "raise your hand"-feature after which they will receive permission to unmute. He asks the shareholders to mention their name for the minutes.

**Mr. Kooloos** remarks that FMO provides detailed insight in its impact through its impact reporting using the Joint Impact Model. In the financial markets, there is increased interest in impact reporting, but also increased standardization, partly pushed by regulation and supervision. He asks whether FMO sees a role for itself to contribute to the spreading and standardization of impact reporting, by either joining existing impact reporting initiatives, like for example those of the impact institute in Harvard, or further investing in dissemination of FMO's own approach towards impact reporting.

**The Chairman** asks the Management Board to answer this question.

**Mrs. Broekhuizen** replies that FMO does see a role to work on highly needed standardization of impact reporting. FMO does align where it can with existing initiatives and the Joint Impact Model is a first step where FMO brought together several development finance institutions to really start working on joint indicators and joint definitions, to be able to benchmark as well based on these similar definitions. FMO will continue to invest in that, because it is also to the benefit of the joint clients of development institutions, which will also help them to effectively report on the same standards. FMO is also working with other initiatives like GIIN, the Global Impact Investing Network. Mrs. Broekhuizen asks Mrs. Bouaré to add a bit more from that perspective.

**Mrs. Bouaré** remarks that wherever possible FMO tries to join a force. FMO is a member of the GIIN and FMO also contributes a lot in building up the Joint Impact Model FMO is using. There is a lot of traction on that. FMO receives a lot of requests from other institutions that also want to join. This is part of the harmonization agenda that FMO is working on together with EDFI, as much as possible taking different topics to harmonize to make transparency and comparison between the different institutes easier.

**The Chairman** invites Mr. Bakker to ask questions.

**Mr. Bakker** refers to page 5 of the Annual Report and asks how much of the challenge in FMO is still present five months later and whether there is a long-term effect. Mr. Bakker asks the Chairman if he should also ask his other questions.

**The Chairman** prefers Mr. Bakker to ask all his questions in one set, but also asks Mr. Bakker as one of the main providers of a huge list of questions, to focus on the questions which are also important for the other participants in the meeting. He adds that it is of course up to Mr. Bakker and that he will of course get a reply to all his questions, either through this meeting or in writing.

**Mr. Bakker** asks whether the shareholders were also asked for feedback mentioned on page 13 of the Annual Report. If others are asked for feedback, why not also ask the shareholders? Also on page 13, Mr. Bakker notes that a lot went on at FMO during last summer. Is one of the Board members taking the lead and what is the response of the employees? Are there periodic engagement scans and how is this going? What is employees' satisfaction? Do other stakeholders like clients or other stakeholders know something about it? Will this be embedded in the organization, or will it be completely changed in case of a new Chairman who has other ideas? Shareholders read in the newspapers that ABN AMRO needs to pay a lot of money, because they were not correct with their FEC. Could FMO also get a fine? How many people are working on this? Are there connections with other parties to work together? Mr. Bakker would like to know more about it. What will happen in case of malversations by a government and companies when FMO is working on a financing matter for one of the companies. What is the process? Referring to page 16 and 17 of the Annual Report, Mr. Bakker notes that the new investments for the Dutch business were zero last year. At the same time, Dutch companies say there was no drop in sales, and it is going well. Not too much is written about this in the Annual Report. And how is the relationship with Invest International? Are things improving? On page 18 it is stated that the green label is largely aligned, but what is meant by largely. That is not 100%. What needs to be done to get it to 100%? Next, what are the onboarding costs if a company in for example Singapore borrows USD 2 million. With respect to Basel IV, will the balance and profit and loss account in 2030 be completely different or similar? What would be the changes and what will FMO do to get this as good as



possible for shareholders B? On page 21, TheHaat, an agri-platform in India, it is mentioned that support is delivered by FMO. What sort of support is delivered? There was an investment round at the beginning of this year where € 20 million was raised by different investors. Was FMO there as well? It looks like a profitable business. What will happen if it goes very well, because this is a start-up, and it is running for 8 or 9 years and already 250,000 farmers are linked to this organisation? If FMO says it is too big and no longer for FMO, will FMO sell it or what will happen? On climate actions. FMO has an office in The Hague. It is already climate neutral? So, is all the energy used, generated by solar cells, windfarms? What is FMO doing for this? The challenges were already mentioned. Mr. Bakker hopes that all FMO people will work to also reduce their own CO2. IT systems are already mentioned a few years in the Annual Report, but what is the end goal? He read on page 28 that FMO is creating its own systems and that some systems do not work and FMO discontinued these. He would like to know more about it. On page 23 it is mentioned that almost 20% of FMO is external. In what domain are they working? Are there departments where more than 50% of the people are external? Why are people leaving FMO? Are they not satisfied? Mr. Bakker read on page 27 in the Annual Report and elsewhere that end of 2021 FMO will be completely compliant with the rules, which includes more than 1,000 clients. How is this process going and what is mostly not well with that client group? Mr. Bakker concludes that these were most of his questions and he hoped to see answers on his other questions in another way.

**The Chairman** thanks Mr. Bakker for his extensive list of questions and asks the Management Board to go through them swiftly. He invites Mrs. Broekhuizen to start answering these questions.

**Mrs. Broekhuizen** thanks Mr. Bakker. FMO initiated the transformation process within the organisation to ensure a crucial transition, largely driven by the growth of the organisation and the increased complexity which FMO experienced over the past years. This requires that FMO continues to invest in its leadership team and people in its policies, processes and systems. It is acknowledged that FMO is under the scrutiny of a variety of stakeholders with different expectations, also in scope and timelines for implementation of the transition. FMO's capacity to change needs the utmost attention. Together with the leadership team in the second half of 2020 the organisation and culture development program was developed, which focuses on the quality of direction and interaction and was discussed with the leadership team, the Works Council and the Supervisory Board. So, it is embedded in the organization. It is a living document which will be upgraded over time and combines short-term needs with the long-term perspective of the kind of organization FMO wants to be in the future. On the quality of direction, the Management Board worked on clear focus in the 2021 business plan and a 2030 strategy update. On the quality of interaction, the Management Board continues with a more frequent engagement with the leadership team, the Works Council and with all staff through a regular frequency of contact moments, open dialogues, full surveys and the engagement schedule. The Management Board started wider culture conversations in the organisation, focussing on workplace behaviour, unconscious bias, diversity, inclusion and feedback and last but not least, the grievance and complaints mechanisms and speak-up policy were updated, and the rules of Confidentiality Counsellors were clarified. Employee satisfaction is measured within FMO on a yearly basis and increasingly with pulse surveys. For last year, employee engagement, commitment, satisfaction and employership were measured and all scores were above seven with an average score of 7.3, which is in line with the benchmark of the financial services sector in the Netherlands of 7.4, and below the 2019 score of 7.5. Mrs. Broekhuizen proposes to answer some of the other questions.

**The Chairman** asks Mrs. Broekhuizen to go ahead.

**Mrs. Broekhuizen** remarks that FMO really welcomes shareholders to provide feedback on FMO's position statements. The draft position statement was published on FMO's website and is open for consultation and feedback of all stakeholders including shareholders. Subsequently, the draft statement and the technical implications were discussed in meetings with stakeholders, groups that also expressed a specific interest. Shareholders are welcome to join these meetings as well.

**The Chairman** interrupts Mrs. Broekhuizen to make a formal remark. There is a clear division in the roles of the Management Board, Supervisory Board, and shareholders. Principally, the whole feedback process is part of the operational execution of FMO's mission by the Management Board. Therefore, it plays a role in how the Management Board organizes the business and how it does its work. It is the role of the shareholders to have more of a macro-opinion on whether the Management Board is doing a good job. That is why this meeting is held and why hopefully during this meeting all the documentation will be approved that has been presented. So, the opinions of shareholders are welcome, but they do play a somewhat different role compared to the feedback necessary to organize FMO's operational process. The Chairman asks Mrs. Broekhuizen to continue.

**Mrs. Broekhuizen** replies with respect to the question on Know Your Customer and the progress being made that FMO had like every other bank in the Netherlands an on-site of the Dutch Central Bank regarding FMO's customer integrity and several shortcomings in relation to the level of client due diligence were identified. This resulted in a thorough review and upgrade of FMO's Financial Economic Crime framework through which FMO wants to assure mitigating risks as much as possible. Furthermore, FMO accelerated the pace of aligning FMO's investment and customer files with the Know Your Customer and Financial Economic Crime regulations. And FMO hired, onboarded and trained a significant number of people to complement the KYC and compliance teams in 2020. This resulted in an increase to 129 fte's involved per the end of the first quarter of 2021 and this is approximately one fifth of FMO's total staff base. The effort from the full FMO team is significant and the Management Board is incredibly grateful for the resilience of FMO's staff under already challenging circumstances. A quarterly planning was made to remediate more than 1,000 customer files and until now good progress was made and fourth quarter 2020 and first quarter 2021 targets were achieved. However, it will remain to be a challenging process in the current environment to timely collect and process all relevant information. At the same time the Management Board currently does not have a reason to believe that FMO was involved in large scale laundering similar to what has allegedly taken place at ABN AMRO and ING. Mrs. Broekhuizen gives the floor to Mr. De Ruijter to answer the questions on NL business and Invest International.

**Mr. De Ruijter** states that in terms of Dutch business FMO has not done much in terms of investing last year. Typically, FMO sees long lead times for the projects and last year some of those projects were delayed, also because local governments were involved, and they have other priorities in the COVID-19 crisis. Management looked at alternative ways to support Dutch business, particularly also to leverage the expertise of Dutch business in the COVID-19 context, which was also a bit that he referred to in the presentation, the carve-out that FMO made from the development accelerator where FMO worked with a number of Dutch partners to provide solutions towards health and water issues in FMO's markets. Next to that, FMO looked

again into supporting, investing and interesting new initiatives through the venture solutions programme where FMO looks at new entrepreneurs that can bring Dutch solutions also for global challenges. DeHaat is part of FMO's ventures program. FMO indeed made a venture capital investment. Those investments are to support further scaling up of these models. India has a very large number of farmers. So, there is a significant need to scale up these kinds of initiatives in the context of India. Beyond financing, FMO also provided other support in the form of an emergency grant which was also referred to in the present presentation, in this case to provide also protective equipment for farmers and employees. At the same time FMO looks to bring its knowledge and network to them, for instance in how FMO can support them develop a farmer finance solution.

**Mrs. Broekhuizen** asks Mrs. Bouaré to answer the questions on EU taxonomy, the onboarding costs of Basel IV and the ICT systems.

**Mrs. Bouaré** mentions on the EU taxonomy that just the day before the Annual Meeting FMO received the delegation for the climate mitigation and climate adaptation. This document still must be looked into what it exactly means and to provide a gap analysis, because there might be a difference of definition between the EU and FMO. In general, the taxonomy is a composition of different elements. There is a specific technical specification, but they are very much linked to the EU regulations which are not always applicable in the markets where FMO operates and in general FMO follows IFC performance standards. So, first FMO will provide this gap analysis and see how or if FMO wants to adjust the definition going forward. FMO has not provided the onboarding costs for new customers in detail, but the overall assessment is that the cost of regulation is fixed and is more on a general level. So, a large impact on FMO's margin is not foreseen. The Basel IV regulation will not have a direct impact on FMO's balance sheet or on the profit and loss, because the reform is related to capital requirements. It will impact the amount of capital required for FMO to do investments and particularly for the PE investments. The Basel IV regulation has not been finalized yet. FMO has also performed some analysis of what the implication for FMO could potentially be, but FMO has a strong capital ratio. In 2023, when Basel IV will be applicable, FMO might have a decline of the capital ratio but will still be well above the minimum requirements. On the IT system there is continuous work of automating and improving FMO's processes and having a view on end-to-end processes. FMO's IT systems are stable enough to support FMO's development, but work needs to be done on some manual data entries. On data management side quite a lot of progress was made. There was a project launched three years ago, where FMO had to step up in terms of data management and quality of the data. FMO has been able to adjust the way it is processing data. Governance of data has been developed. The process has been standardized. The data warehouse issue has been solved. A new data warehouse is used to produce FMO's internal reports but also for regulatory reports. It is a continuous improvement and for the second half of the year FMO is working on a new digitalization roadmap for the years to come.

**The Chairman** mentions that there was a still an open question on human capital and on where FMO stands with the 1,050 files.

**Mrs. Broekhuizen** replies that FMO is on track with the files for the two planned quarters. On human capital on average 7.9% left FMO in 2020 which includes retirements and temporary contracts that are not renewed. This number is lower than the average attrition in 2019 when it was 9.2% as well as 2018 when it was 11.6%.

There is a downward trend in people leaving FMO. In a few departments FMO does have quite a lot of externals and more than half. That is in ICT, KYC and Compliance. FMO took a strategic decision in ICT to outsource a number of activities, also because of technical knowledge needed. For KYC and Compliance, FMO has temporary staff working on the remediation project. Those are expected to go down once the project is implemented and FMO will stabilize that at a lower level. On the question regarding the footprint of FMO, Mrs. Broekhuizen gives as an example, the 1.5-degree challenge that the young FMO staff organized. The 1.5-degree challenge was focused on the private lives of staff participating and it was an invitation for staff to join. There were 50 participants, and some people really took that on board and improved the reduction of their footprint. As an organization, FMO has an external party calculate its annual footprint and offset this via carbon credits. That is also shared in the Annual Report. And FMO continues to introduce initiatives to reduce FMO's footprint, such as using green energy, invested in windmill shares in the Netherlands, city heating and FMO's office building has an energy A label. FMO has monitoring systems. FMO wants to reduce its waste, which is separated and FMO wants to continue to reduce that over time. FMO is continuing to raise the bar in this aspect as well.

**The Chairman** thanks the Management Board. He notes there were no further questions on the presentation regarding the financial year 2020 and moves to the next agenda item.

### 3. PRESENTATION AND Q&A EXTERNAL AUDITOR

**The Chairman** states that the Annual Accounts have been prepared by the Management Board and were audited by Ernst & Young accountants. Shareholders can find the extensive auditor's report at the back of the Annual Report on the reporting side of FMO's website. Mr. Kolsters and Mr. Groen from EY are present. The Chairman invites Mr. Kolsters, partner of EY, to briefly provide an explanation.

**Mr. Kolsters** introduces himself and mentions that this is the second year he acts as external auditor of FMO. He would like to talk about the audit scope and approach that was applied in this year's audit, talk briefly about materiality and areas of audit focus, comment on topics discussed with the Audit Committee and Supervisory Board, briefly touch upon fraud and non-compliance with laws and regulations, the director's report and close with the conclusion EY has drawn.

As for the scope of the audit, EY has audited the consolidated and company only Financial Statements. EY has verified that the director's report is in line with the Financial Statements and does not contain any material misstatements and complies with the legal requirements. Further, EY has been engaged to provide a review opinion on the interim Financial Statements as of 30 June 2020. EY has performed specific procedures on the sustainability information. EY is also in the process of auditing prudential reporting, which is the reporting to the Dutch Central Bank and EY has been engaged by the Management Board to perform certain other assurance engagements.

This is the fourth year that EY has audited FMO. EY started the audit process in 2016. Several items to be brought to the attention of the shareholders are like what happened in previous years, but the focus will also be on several changes compared to the 2019 audit. 2020, as the Management Board already commented extensively on, has been quite an eventful year. EY as auditor has focused on understanding the business

and especially on what has changed compared to previous years. It goes without saying that COVID-19 had a very important impact on the financial year and of course there have been a number of internal changes. The Management Board commented on that too. Those elements have been considered in the 2020 audit.

Like last year, EY performed a top-down risk-based audit, meaning that EY started with the final deliverable, the approval of the 2020 Financial Statements. EY then drilled down in specific areas and focused on those areas where EY believed the risk of material misstatements to be highest. Like last year, EY focused on the control environment and specifically on the internal controls put in place by management to ensure that the reporting process goes well. And to the extent that it is necessary for the audit, EY specifically focused on the design of internal controls, that they operated during the year and in certain instances EY also tested the effectiveness of internal controls. In addition to that, EY performed certain substantive procedures. EY performed more work on those areas where it perceived the risk to be the highest. The audit team consists of auditors with sector knowledge specifically relating to banking, but also several specialists. For example, IT colleagues, tax colleagues, but also valuation specialists and actuaries were involved.

What has changed? In 2020 the focus has been on COVID-19 which of course had an impact on how EY performed the audit. The audit was performed remotely. The entire team worked from home or from the EY office. That had quite an impact, especially on the communication. Communication is important in any audit, but has even become more important. Therefore, EY has stayed in close and frequent contact with FMO. EY specifically paid attention to the impact of COVID-19 on internal controls to ensure that the controls considered to be important for the audit also were effective during the year. Of course, COVID-19 has had a significant financial impact.

Materiality has changed, but it was more of an organic change compared to the previous year. A minor scope change in the audit is that EY focused on a number of specific programs that FMO is executing on behalf of the EU and the Dutch government. Materiality is a very important concept in the audit, because that is at the end of the day what EY uses to evaluate whether the overall Financial Statements comply with the IFRS-requirements and the requirements in Dutch law. EY applied a threshold of € 29 million and although it is not the same as last year, it is very much in line with the financial developments during the year and EY used 1% of shareholders equity to determine materiality. During the audit, EY collected and reported any audit differences exceeding € 750,000 which is a relatively low threshold, but it enables those charged with governance to evaluate any findings of EY.

The majority of areas in the audit focus are similar to previous years, however, of course taking into account the effects of COVID-19. EY paid specific attention to the impairment of loans and the valuation of private equity investments, which are recorded at fair value. EY specifically looked at the reliability and continuity of the IT systems. And specifically in respect of the sustainability information, EY assessed the implementation of the Joint Impact Model. The areas of audit focus are the key audit matters that EY has reported in its auditor's report. For details, Mr. Kolsters refers to that report. On the impairment of loans, given the developments in the world, EY paid specific attention to the way that management has estimated the expected credit losses and evaluated that management's assessments have been reasonable. The same goes with the valuation of equity investments. EY paid specific attention to the increased valuation uncertainty, because of the volatility in the markets and concluded that the fair value has been determined



appropriately and that the disclosures in the Financial Statements comply with the requirements of IFRS. On the reliability and continuity of IT, one of the areas that EY paid specific attention to is cyber and cybercrime and to the extent relevant for the audit of the Financial Statements, EY does not have any specific observations to report. The Joint Impact Model is a new development, which has already been explained by the Management Board, but that specifically relates to indirect jobs created and the financed absolute greenhouse gas emissions.

Mr. Kolsters next touches upon the topics discussed in the Audit Committee, where it is important to note that an audit is not a one-off exercise. EY is closely working with management during the year. One of the first items discussed with the Audit Committee in August 2020 was the audit plan. Any of the reports that shareholders have seen presented on this page shared with FMO, have been discussed in draft with those responsible, not only the Audit Committee and the Supervisory Board, but of course with responsible management and also the Management Board. In the audit plan EY set out the plans for the year and that contained both materiality, but also the specific areas of audit focus. At the end of the year EY reported the management letter, which contains findings or observations of EY in respect of the internal control environment and contains a number of recommendations for potential improvement. At the end of the audit, which was in this case March, EY presented the audit results report that comments on the Financial Statements itself, so on the accounting policies applied and whether EY considered the accounting estimates made by management appropriate. And it also contains any audit differences that EY gathered during the audit process.

EY issued an interim review report in August 2020 that contained EY comments on the interim Financial Statements. Lastly, which is also required by law, EY provided the company with a letter confirming EY's independence. On fraud and non-compliance there was already a question asked. Fraud and non-compliance with laws and regulations is of course a very important topic in the current society. It gets lots of press attention and is a very important area for the auditors itself. Not only EY takes that role very seriously, but of course EY is part of a wider framework, where also of course management and the Supervisory Board have a role to play, and where supervisors, and in this case for example DNB, has an overall role to play. What are the procedures that EY has performed in respect of fraud risks and in consideration of laws and regulations? EY has involved specialists who looked at the design and implementation of internal controls and evaluated key accounting estimates to ensure those are reasonable within understanding the business and do not contain any management bias. In respect of compliance with laws and regulations, it is important to note that there are two elements to that. Some of the rules and regulations have a direct impact on the Financial Statements, for example the tax laws or the IFRS accounting rules that need to be applied. And some of the rules have a more indirect impact on the Financial Statements, such as the AML Wwft requirements that FMO is currently working on to further improve their processes and controls. Those elements have been considered in EY's audit procedures. If EY had any findings, EY would have reported those.

Lastly, the director's report contains the normal financial information in addition to normal procedures EY performs, which is verifying whether they comply with the laws and regulations as put in place and do not contain any material misstatements. EY has performed an additional assurance engagement, where reasonable assurance was provided on the green-labelled investment volume, on the materiality matrix and

the diversity KPIs and EY has performed review procedures on the other sustainability information throughout the director's report.

As a conclusion, EY has issued an unqualified auditor's report, which is actually a combined auditor's report because it contains both EY's findings in respect of the financial audit, but also on the audit assurance procedures performed on the sustainability information. EY has issued an unqualified report meaning that the Financial Statements meet the requirements that apply to either aspect. EY has issued an unqualified interim review report in August and an unqualified report on the prudential reporting for 2019. The current audit process in respect of 2020 is ongoing. EY has also issued certain additional assurance opinions on other elements that FMO reports on, but all those have been unqualified.

**The Chairman** thanks Mr. Kolsters for his elaborate and comprehensive presentation. He invites the shareholders to ask questions via the "raise your hand" feature.

**Mr. Bakker** reads on page 5 of the audit report that misstatements exceeding € 750,000 will be reported. Has this been reported to the Supervisory Board? Secondly, Mr. Bakker asks what proposals EY made to the Management Board and the Supervisory Board, as far as there were any? Did EY also look at whether the GDPR roles were compliant?

**The Chairman** gives the floor to Mr. Kolsters.

**Mr. Kolsters** needs some more information on the last question which he could not hear quite well. On the audit differences in excess of € 750,000, it is quite normal to find, in a closing process, certain deviations between what EY believes what the answer should be and what has been recorded in the Financial Statements. He would always call that normal housekeeping. EY did report certain items to the Audit Committee, but those are considered to be not material and EY concurs with that conclusion. Mr. Kolsters asks whether he understood correctly that the second question related to whether EY has made any recommendations in respect of internal controls.

**Mr. Bakker** confirms that this is correct.

**Mr. Kolsters** remarks that EY has provided its management letter at the end of 2020 to the Management and Supervisory Board, where EY provided certain observations on internal control, that could be on the design or on the effectiveness of internal controls, which is also part of the normal role of an external auditor, and it could be in respect of the loans process or the equity process or in respect of IT. The last question Mr. Kolsters found slightly difficult to hear.

**Mr. Bakker** replies that he put the question in the chat.

**Mr. Kolsters** notes that the question is on the GDPR, in Dutch the AVG, and explained that as part of its process EY looks at compliance with laws and regulations which he put specifically on the slide. Normally EY assesses if it concurs with the finding or the conclusion, in case a company reports an incident. There is a split between items that have a direct impact on the Financial Statements and more an indirect aspect.

Therefore, EY takes this into consideration, but it is not a specific audit topic in itself, because EY's focus is on the consolidated and parent-only Financial Statements.

**The Chairman** thanks Mr. Kolsters. As there are no other questions, this concludes the agenda point. He proposed to have a five-minute break.

#### 4. ADOPTION OF THE AUDITED ANNUAL ACCOUNTS 2020

**The Chairman** resumes the meeting and states that the Supervisory Board discussed the Annual Accounts in detail on the 18 March and all members of the Management Board and Supervisory Board signed the Annual Accounts with the help of a courier. The Supervisory Board recommends that the shareholders adopt the Annual Accounts. The Chairman invites the shareholders to raise any questions by using the "raise your hand" function. The Chairman provides the floor to Mr. Bakker and asks him to focus on the most important questions of his long list of questions.

**Mr. Bakker** asks if the cash mentioned on page 144 of the Annual Report is held at the ECB or somewhere else. He wonders what interest rate FMO receives. He also asks what the borrowing rate, the lending rate and the margin are for FMO. Referring to page 152, he asks what the value of FMO is in ARISE and its holdings and what the result is. Mr. Bakker notices on page 154 regarding impairments related to software that almost € 8 million is written off, which is quite a lot of money. How many people in and outside of FMO are developing software? He notices on page 156 that the service costs of the pension fund are quite high with € 18,670,000. What is included in this amount he cannot see in the report. How many active and inactive participants does the pension fund have? On page 169 a net loss of FMO for 2021 is stated. He did not know that FMO is already making a net loss for 2021 and he asks for an explanation. He thanks the Management Board for the discount in their salary. Page 225 mentions that there is no impact on shareholder equity, however, Mr. Bakker thinks that there is an impact, because there are actually two different shareholders and it impacted the shareholders B. He asks to explain this.

**The Chairman** asks the Management Board to answer Mr. Bakker's questions.

**Mrs. Broekhuizen** asks Mrs. Bouaré to answer the Treasury questions to the extent that this information on software and pension fund is available at hand. The Management Board might have to get back to some questions by email.

**The Chairman** asks Mrs. Bouaré to answer the questions.

**Mrs. Bouaré** answers that most of FMO's money is in a bank account like at HSBC and Rabobank, and that the interest is zero.

**The Chairman** asks Mrs. Bouaré to answer the question on the impairment on software.

**Mrs. Bouaré** replies that on software FMO has a project going on, because there is still a lot of uncertainty. FMO built a project with a team that is working internally on that with the support of an external advisor to

follow the development and start to be ready based on the timeline that has been defined. This is an ongoing project that FMO is following up very closely.

**The Chairman** recalls that there was another question on service costs related to the pension fund.

**Mrs. Bouaré** replies that she does not know the exact answer. The costs of the pension fund are high, and she does not know the exact number of active and inactive participants. This detail will be provided offline. The net loss in 2021 is a typo. The amount is referring to 2020 and this needs to be corrected.

**The Chairman** is relieved to hear this and thanks Mr. Bakker for the close reading. Next, he asks to answer the questions related to page 225 referring to the shareholders' position.

**Mrs. Bouaré** states that there is no different implication for shareholders B. There are two elements. First the agreement with the Dutch state, which explains how to allocate the result and what part of the profit or loss can be distributed. Management also looks at the Dutch GAAP that FMO must apply. Based thereon, FMO has two options. One of the options would have been to book the revaluation against Other Reserves, which would have resulted in a negative balance of the Other Reserves. The other option was to put it against the Contractual Reserve. Management chose the second option, to be fairer to all the shareholders and to make sure that FMO was in compliance with Dutch GAAP. Also, there was a change in Dutch GAAP law in 2019 related to the actual result of pensions. There is no longer a separate reporting line. It has been merged with other results.

**The Chairman** thanks Mrs. Bouaré and notes that there were no further questions or comments.

**Mrs. Broekhuizen** interrupts the Chairman and points out that there was one further question on ARISE.

**The Chairman** acknowledges that there was indeed still an open question on ARISE referring to page 152.

**Mr. De Ruijter** explains that the report mentions the amount for ARISE which as platform invests in African Financial Institutions. ARISE has been affected like other equity investments and showed a decrease in value over 2020.

**The Chairman** notes that there were no further questions or comments and asks the shareholders whether they could agree with the proposal to adopt the 2020 Annual Accounts. Shareholders have given a proxy to vote on their behalf, according to their instructions. Having heard the discussions, shareholders have twenty seconds to change their voting instructions, if for some reason they deem this necessary. Thereafter the voting process will be closed and the results will be calculated. Shareholders can use the chat function and select "panellists only" and it would be helpful to add their name to the chat. Shareholders that would like to keep their answer the same do not need to do anything. The Chairman starts the process. After the voting was closed, he turns to the Secretary for the outcome.

**The Secretary** concludes on the outcome that 100% of the votes cast are in favour of the proposal.

**The Chairman** notes that shareholders agreed with this proposal and that therefore the Annual Accounts 2020 have been adopted.

## 5. DIVIDEND POLICY / LOSS ALLOCATION

### 5.a. Reservation and dividend policy

**The Chairman** states that the reservation and dividend policy is on the agenda for discussion, to implement article 18 paragraph 4 sub b of the Articles of Association. The current policy was adopted at the General Meeting of Shareholders on 8 May 2013 as summarized in the annotated agenda. The Chairman explains that the current pattern can be summarized as follows. In accordance with the 1998 Agreement with the State, FMO reserves part of the annual profit and adds it to the Contractual Reserve. The profit remaining after this reservation is distributable. It has been decided in 2013 that 100% of the distributable profit will be used as the pay-out ratio. It has been noted in the policy that it may be proposed in the future not to pay a dividend, if this cannot reasonably be expected, for example if this does not fit the circumstances within FMO's capital management policy. The Chairman notes that this policy applies to the year 2020. Furthermore, the European Central Bank and the Dutch Central Bank urged banks to consider not distributing any dividends until September 2021. Obviously, the motto is still to exercise caution. FMO mentioned the recommendations on the agenda for the sake of completeness. The Chairman invites the shareholders to ask questions. He notes that there are no questions and turns to item 5.b. on the agenda.

### 5.b. Loss allocation 2020

**The Chairman** states that FMO has recorded a net profit since 1991. However, over the year 2020 FMO recorded a net loss of € 205 million. It is proposed to allocate the net loss to all shareholders by applying a similar methodology as noted in article 6.2 of the 1998 Agreement with the State which results in the following proposed allocation. 97% of the net loss is to be allocated to the Contractual Reserve and 3% of the net loss is to be allocated to the Other Reserves as was further elaborated on in the memo which the shareholders received. The Chairman invites the shareholders to ask questions.

**Mr. Bakker** remarks that it is mentioned that it is like last year and asks why no overview was given of how it was in the last four or five years, so that shareholders can see that it is a similar line. Now he must check all reports of the last four years to check whether it is correct or not.

**The Chairman** replies that they can be of service to Mr. Bakker and provide this information, but that basically it is not a question on the proposal that is on the table.

**Mr. Bakker** remarks that more information could be added to make it clearer.

**The Chairman** replies that Mr. Bakker's remark will be taken into account. He notices that there are no further questions or comments and asks the shareholders whether they could agree with the proposed allocation. Shareholders have given a proxy to vote on their behalf, according to their instructions. Having



heard the discussions, shareholders have twenty seconds to change their voting instructions, if for some reason they deem this necessary. Thereafter the voting process will be closed and the results will be calculated. Shareholders can use the chat function and select “panellists only” and it would be helpful to add their name to the chat. Shareholders that would like to keep their answer the same do not need to do anything. The Chairman starts the process. After the voting was closed, he turns to the Secretary for the outcome.

**The Secretary** states that 100% of the votes cast are in favour of the proposal.

**The Chairman** notes that the shareholders agreed with this proposal and thanks them.

## 5.c. Allocation of dividend 2019

**The Chairman** explains that a second proposal relates to the allocation of the dividend or rather a distributable part of the profit over 2019, which was a rounded amount of € 2.7 million. In the Extraordinary General Meeting of Shareholders of 10 December 2020, a proposal was adopted to cancel the payment of the 2019 dividend completely and to allocate the distributable part of the profit over 2019 to the Contractual Reserve. Based on the analysis performed related to the first proposal, it was concluded that an allocation to the Other Reserves is more appropriate, because this is consistent with the past. Before 2013, when the pay-out ratio was less than 100% of the distributable part of the profit, the part of the distributable profit that was not paid out, was added to the Other Reserves. The Chairman invites the shareholders to ask questions on this. He notes that there were no further questions or comments and asks the shareholders whether they could agree with the proposal. Shareholders have given a proxy to vote on their behalf, according to their instructions. Having heard the discussions, shareholders have twenty seconds to change their voting instructions, if for some reason they deem this necessary. Thereafter the voting process will be closed and the results will be calculated. Shareholders can use the chat function and select “panellists only” and it would be helpful to add their name to the chat. Shareholders that would like to keep their answer the same do not need to do anything. The Chairman starts the process. After the voting was closed, he turns to the Secretary for the outcome.

**The Secretary** states that 99.99% of the votes cast are in favour of the proposal.

**The Chairman** notes that the shareholders agreed with this proposal and thanks them.

## 6. DISCHARGE MANAGEMENT BOARD

**The Chairman** states that it is proposed to discharge each member of the Management Board in office during the financial year 2020 for the performance of his or her duties during 2020. He asks whether there were any questions or comments to be made and gives the floor to Mr. Vossers of the Ministry of Finance.

**Mr. Vossers** remarks that he would like to say something on behalf of the Ministry of Finance about the discharge of the Management Board and Supervisory Board, which is the next item on the agenda. Last year was a very difficult year for FMO due to the COVID-19 crisis and also due to the decision of Mr. Van Mierlo to

step down as CEO of FMO. The Management Board and Supervisory Board were faced with a very difficult situation, and he would like to thank them very much for all their effort to get FMO through this crisis with great success until now. All that was done last year is very much appreciated. The Ministry of Finance really has seen what they have done. It is something that one cannot foresee, but if it happens a lot is asked of the Supervisory Board and the Management Board. The Ministry of Finance would like to discharge both the Management Board and Supervisory Board.

**The Chairman** thanks Mr. Vossers for his very kind and supporting words. He notes that there were no further questions or comments and asks the shareholders whether they could agree to this proposal. Shareholders have given a proxy to vote on their behalf, according to their instructions. Having heard the discussions, shareholders have twenty seconds to change their voting instructions, if for some reason they deem this necessary. Thereafter the voting process will be closed and the results will be calculated. Shareholders can use the chat function and select “panellists only” and it would be helpful to add their name to the chat. Shareholders that would like to keep their answer the same do not need to do anything. The Chairman starts the process. After the voting was closed, he turns to the Secretary for the outcome.

**The Secretary** concludes on the outcome that 100% of the votes cast were in favour of the proposal.

**The Chairman** notes that the shareholders agreed with this proposal and thanks them.

## 7. DISCHARGE SUPERVISORY BOARD

**The Chairman** states that it is proposed to discharge each member of the Supervisory Board in office during the financial year 2020 for the performance of his or her duties during 2020. He asks whether there were any questions or comments and gives the floor to Mr. Bakker.

**Mr. Bakker** remarks that it is stated on page 94 of the Annual Report that the Supervisory Board requested and received more information on Non-Performing Loans. What would the answer be, if this were asked now and what progress has been made? Should the time period mentioned on page 97 for Mrs. Menssen not be 2020-2024. Mr. Bakker also thought she no longer works for BAM Holding as mentioned on the website. How did the Supervisory Board members experience last year, also the new members, what stayed with them and what did they really contribute to the development of FMO or FMO’s employees? Are there any things they would have done differently in hindsight?

**The Chairman** thanks Mr. Bakker for his questions. It will be investigated whether the dates and the information on other functions reported regarding Mrs. Menssen are correct. He asks the Chair of the Audit and Risk Committee to comment on the Non-Performing Loans.

**Mr. Timmermans** remarks with respect to the Non-Performing Loans that the development over the last year was rather stable. Partially that is because there has been new inflow which normally increases the Non-Performing Loans. At the same time, some loans were written off. By and large, last year was a very turbulent year with economies stopping. At the same time, the amount of NPLs has not gone up so much. Thinking

about the future is of course difficult. At the same time, a cautious approach in the future, also with regard to the prudence on the financial side, is important for the Supervisory Board.

**The Chairman** thanks Mr. Timmermans. As to the question how last year was experienced, having three new members was in a way very much an advantage, as three new people had a fresh perspective on the organisation. The combination with three experienced people worked very well. In the past year, the Supervisory Board very much engaged with the organisation and to discuss with the FMO-staff issues of culture and climate and see how to improve that. The Supervisory Board has in addition to the Management Board enabled FMO staff to express themselves on the situation, guided them to solutions to improve the functioning of the organisation. This process is of course still underway. An extensive program to improve the work culture within FMO was put in place. The Supervisory Board is very pleased to have been able to contribute to that. The lesson learnt is that it is extremely important as a Supervisory Board to stay well connected with the members of FMO staff and to really have an open door when it comes to making remarks or to share general observations on the organization and of course the Supervisory Board does that in a close and very productive cooperation with the Management Board. By doing that, the Supervisory Board hopes to prepare a welcoming environment for the new CEO. He notes that there were no further questions or comments and asks the shareholders whether they could agree to this proposal. Shareholders have given a proxy to vote on their behalf, according to their instructions. Having heard the discussions, shareholders have twenty seconds to change their voting instructions, if for some reason they deem this necessary. Thereafter the voting process will be closed and the results will be calculated. Shareholders can use the chat function and select “panellists only” and it would be helpful to add their name to the chat. Shareholders that would like to keep their answer the same do not need to do anything. The Chairman starts the process. After the voting was closed, he turns to the Secretary for the outcome.

**The Secretary** concludes on the outcome that 100% of the votes cast were in favour of the proposal.

**The Chairman** notes that the shareholders agreed with the proposal and thanks them.

## 8. APPOINTMENTS AND REAPPOINTMENTS

**The Chairman** recalls that he informed the shareholders in December last year on the interim appointments in the Management Board. Mrs. Linda Broekhuizen is currently CEO ad interim. Mrs. Fatoumata Bouaré is the Chief Risk & Finance Officer and Mr. Huib-Jan de Ruijter is Chief Investment Officer ad interim. The Supervisory Board is very pleased with the way they have performed and that this team could be put together to ensure that FMO is well led in these rather challenging times. The Chairman gives a brief update on the search for a new permanent CEO, which started in December last year. The Supervisory Board devoted quite a bit of time on drafting a new role specification and was pleased to see a lot of interest in the position. Many applications were received. Several long and shortlists were made, and several rounds of interviews were conducted. He is happy to inform the shareholders that the Supervisory Board has reached a conclusion on a preferred candidate. Currently the appropriate approval processes are being followed which will take some time. FMO hopes to invite the shareholders for an Extraordinary General Meeting of Shareholders, most likely at the end of June or the beginning of July. Shareholders will receive the invitation and documents about a

month in advance when all approvals are in place. This is the current state of affairs with hopefully a very good outcome in the very near future. The Chairman notes that there were no questions.

## 9. ANY OTHER BUSINESS

**The Chairman** asks if there is any other business and gives the floor to Mr. Bakker.

**Mr. Bakker** saw that the appointment of one of the members of the Board ended this year. He hopes she would continue with FMO? 2020 was a very exciting year for everyone, but that the work still goes on. Everybody performed well even though the way of working has been adjusted. He compliments everyone, because notwithstanding the loss, the results are still good and the farmers in for instance India still get food and some support from FMO.

**The Chairman** thanks Mr. Bakker for his very kind and supporting words. It is right that people have to work in different circumstances, but nevertheless the commitment and motivation to do a good job is still very much there of which FMO profits. Hopefully in the second half of the year it will be possible for people to be more at the office and meet with colleagues again, because it is very important to exchange views and experiences to have an even better FMO product. On the continuation of the sitting Management Board members, it is the Supervisory Board's intention to put forward a complete overview for the Extraordinary Meeting. The Supervisory Board must go through a due and precise process. At this stage this is being started up and the Supervisory Board will make sure that the shareholders are informed in time on the outcome. With a new CEO hopefully joining somewhere at the end of the summer, it is important that the Management Board will be composed of people that will reflect a good mix of new fresh insights coming from outside of the organisation, as well as the continuation of experience and institutional knowledge from within the organisation. Shareholders can be assured that the Supervisory Board will come back to them with a balanced proposal.

## 10. CLOSING

**The Chairman** thanks all for attending and closes the 51<sup>st</sup> Annual General Meeting of shareholders of FMO.

w.s. D.J. van den Berg

w.s. C.E.M. Oosterbaan

---

Mr. D.J. van den Berg, Chairman

---

Mrs. Catharina E.M. Oosterbaan, Secretary