FMO
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AGM 26 April 2023

Minutes

Of the 53rd **Annual General Meeting of Shareholders** of the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. ("FMO") held on **Wednesday 26 April 2023** at FMO, Anna van Saksenlaan 71, 2593 HW The Hague at **11.00 hours**.

1. OPENING

Mr. D.J. van den Berg, Chairman, opens the 53rd Annual General Meeting of FMO. He notes that the meeting was being held in one of the places specified in the Articles of Association and that it was convened in accordance with all other legal and statutory requirements. Shareholders received their documents by registered mail and, if their e-mail address was known, also by e-mail. He states that the Secretary will come back to the numbers of those present at the meeting. He warmly welcomes the shareholders and other attendees.
In particular he welcomes the representatives of the Ministry of Finance, Mrs. B. Solleveld, Mr. A. van Andel, Mr. G. Verschuer and Mr. M. de Niet on behalf of the state as holders of the A shares. He also welcomes Mr. S. Wijsman as representative of the department of sustainable economic development of the Ministry of Foreign Affairs, as well as the representatives of the external auditor Ernst & Young Accountants LLP, Mr. J. Kolsters and Mr. K.J. Schoppink.

The Chairman remarks that, first of all, he is very pleased to see all of them in person after several online meetings. This way they can discuss the outcomes of FMO in a much more convenient manner.

The Chairman starts with a few household notices. He remarks that the meeting will be held in English and, if necessary, he will summarize questions and translate those into Dutch. If shareholders have any questions during the meeting, he requests them to use one of the microphones on the side and to state their name for the minutes. If someone finds it difficult to reach a microphone, an assistant will bring one to that person. It is highly preferred that shareholders state their questions or comments in English. The Chairman draws the shareholders' attention to the audio recording of the meeting. This recording will be used to prepare the minutes, therefore all speakers should use a microphone. **The Chairman** remarks that no break is scheduled in the program. He informs the shareholders, last but not least, that there will be no digital voting anymore, which means that according to the Articles of Association, votes will be cast orally.
The Chairman then welcomes and introduces some of the other participants. He first introduces the Supervisory Board members: Mr. J.V. Timmermans, Vice-Chairman of the Supervisory Board and Chairman of the Audit and Risk Committee, Mr. D.K. Agble, member of the Audit and Risk Committee, Mrs. R.P.F. van Haeringen, Chair of the Selection, Appointment and Remuneration Committee and member of the Impact Committee and Mrs. M. Demmers, Chair of the Impact Committee and member of the Selection Appointment and Remuneration Committee.

The Chairman subsequently welcomes the members of the Management Board and two of them in particular, as shareholders might not have met them in person: Mr. M.A.S. Jongeneel, Chief Executive Officer, Mrs. F. Bouaré, Chief Finance & Operations Officer, Mrs. F.P.C.G. Vossen, Chief Risk Officer, who started on 1 September 2022, Mr. P.P. Maila, Co-Chief Investment Officer, who started on 1 December 2022, and Mr. H. de Ruijter, Co-Chief Investment Officer.

The Chairman states that at agenda item 3 shareholders could ask Mr. Kolsters and Mr. Schoppink questions about EY's audit procedures and their statement on the Financial Statements. He requests shareholders to address any questions for them to him, as Chairman of the meeting. The **Chairman** appoints Mrs. C.E.M. Oosterbaan, Corporate Secretary of FMO, as Secretary of this meeting.

Mrs. Oosterbaan announces that 15 shareholders are present or represented, jointly entitled to cast 371,828 votes, representing 92.96% of the total number of shares.

The Chairman states that 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 these draft minutes. The minutes will then be adopted by the Chairman and the Secretary of this meeting. He mentions also shareholders could request for the minutes to be sent to them.

2. PRESENTATION OF THE MANAGEMENT BOARD REGARDING THE FINANCIAL YEAR 2022

The Chairman informs shareholders, before continuing with the presentation of the Management Board, that last Friday an update of the Agreement between the Dutch state and FMO was finalized. The Agreement is, in part, a keep well Agreement where the State commits to providing FMO with the necessary financial resources to meet its financial obligations, if necessary. It is the foundation for FMO’s access to the capital markets at agreeable terms and thus a cornerstone of its business model. Information was published the same day on FMO’s website. The Agreement will become effective as of the 1st of July 2023. He remarks that they will come back to this at the end of the meeting. **The Chairman** then invites the Management Board to give its presentation about the 2022 financial year.

Mr. Jongeneel takes the floor to start the presentation. Just like last year the Management Board will discuss five topics with the shareholders: the world around FMO, FMO’s customers and markets, the FMO team, FMO’s performance and the outlook for 2023.

Mr. Jongeneel starts with the world around FMO. A broad subject, however, he would like to flag a couple of things which should not be new for shareholders - referencing The Economist’s frontpages. These show the war in Ukraine, the food catastrophe, the whole idea of whether it is still possible to get to 1.5 degrees and the question what the interest rates will do. These are important for FMO and its markets, however, it is not all. Shareholders could see Sri Lanka in the background picture, where there was a lot of turbulence, however, he also would like to mention for instance Pakistan, where heavy monsoon rains had a huge impact. Many of FMO's markets, unfortunately, were hit by these kinds of developments. He invites Mr. De Ruijter to elaborate.

Mr. De Ruijter states that in this turbulent environment FMO's clients continue to show perseverance. FMO was grateful to enable them to continue to increase inclusive and sustainable prosperity. As shareholders know, FMO's focus is mostly on SDG 8, SDG 10 and SDG 13. He kicks off with SDG 8, decent work and economic growth. He remarks that Mrs. Bouaré will at a later time share more on the numbers. FMO's total committed portfolio has increased to € 13.2 billion. As an example of FMO's work in terms of SDG 8, decent work and economic growth, he highlights the Horizon Capital Growth Fund IV in Ukraine, to which FMO committed USD 20 million. Following the disruption of the Ukrainian economy, IT exports became a key source for foreign currency flows and this fund will provide growth capital and support to SMEs in that context, in Ukraine and the surrounding regions.

Mr. De Ruijter then moves on to SDG 10, reduced inequalities. Compared to last year, FMO's RI-labelled portfolio increased by 11% to € 4.5 billion. FMO invested € 810 million specifically in this field. That compares to € 740 million in 2021 and represents around a third of FMO's total investment volume. One example that he wants to share with shareholders is a local currency equity investment that FMO made in India in Sahyadri Farms, a leading fruits and vegetable exports processing company which reaches over 18,000 farmers across India. It provides a digital platform that enhances farm productivity and increases farmer income, for instance also by addressing food waste, which is a major issue in India.

Mr. De Ruijter moves on to SDG 13 climate action. He remarks that Mr. Jongeneel already referred to the 1.5 degrees in the climate crisis. And in this context particularly, FMO was pleased to realize € 1 billion in green projects last year, compared to € 544 million in 2021. It represents 41% of FMO's total new investments and the green portfolio increased by 7% to € 4.4 billion. FMO concluded a USD 40 million investment in Alcazar Energy Partners, the second fund, for example, which focuses on wind, solar and storage, particularly also in the ECA and the MENA region. To give shareholders an idea of the impact, he states that this investment will save about 3.2 million tonnes of greenhouse gas emissions, power one million households and enable the construction of more than two gigawatts of clean energy infrastructure.
Mr. De Ruijter highlights that for more than ten years now, FMO has been supporting companies that provide electricity solutions to people living in remote areas, off the grid. They had an external evaluation that concluded that FMO played a significant role in the development of this market by tailoring its support and providing around 40 million people with access to electricity.

As part of FMO's obligations under the Dutch financial sector climate commitment, FMO published its Climate Action Plan, highlighting also FMO's commitment to bold climate action, essentially focusing on three areas, aligning FMO's portfolio and investments with the Paris Agreement goals, increasing climate investments and supporting FMO's customers towards increased Paris alignment, as well as actively managing FMO's climate action both at a strategic level however also, for instance, from a climate risk perspective. As a concrete metric, FMO also shared that it aims to reduce its emissions in power generation in the portfolio by 50% in 2030. **Mr. De Ruijter** then hands over to Mr. Maila to talk about the activities across FMO's focus sectors.

Mr. Maila states that once travel restrictions were lifted, FMO engaged with potential customers, which led to opportunities in several areas. The investment climate, however, was affected by uncertainties caused by the war in Ukraine and surging inflation, especially with respect to energy and food prices. In general, FMO continued to see demand for financing, although the risk-return profile was under pressure. In agriculture, last year the price of agricultural commodities skyrocketed. For example, the price of wheat and maize in FMO's markets increased by over 25%. Due to the limited availability of staple products in combination with high prices, more than 200 million people faced acute food insecurity, highlighting FMO's additionality now more than ever. The nutrition in Yemen has deteriorated from an already precarious situation because of the invasion of Ukraine. FMO provided an additional USD 20 million loan facility led by FMO's partner IFC to H.S.A. of Yemen. FMO's funding was used to procure basic food commodities and cope with soaring prices. On the energy portfolio, Russia's invasion of Ukraine caused turbulence in the energy markets and a reorientation of the global energy trade. As a result, the number of people without access to modern energy has risen. 75 million people might lose access to energy and the use of coal rose due to higher prices for oil and gas. When compared with 2021, FMO's energy portfolio grew, which comprises of a mix of small and large transactions. FMO rebuilt its activities in Latin America and the Caribbean, which accounted for 26% of new investments in 2022. In addition, FMO saw an uptake of small but impactful transactions, for example, in the commercial and industrial sector where FMO financed green energy solutions such as the installation of rooftop solar panels. However, with the rising interest rates, FMO is also observing a turning point in the renewable energy market. Shifting away from particularly low margins and long tenors for these projects. In FMO's financial institutions sector, FMO is experiencing more demand from markets surrounding Ukraine, such as Georgia, Armenia and Moldova. As bond markets provided limited liquidity to these markets, organizations were looking to FMO for alternative sources of funding. Rising interest rates led to borrowers of financial intermediaries and agribusinesses postponing making large capital investments. Through FMO's NASIRA program enabled by the EU Fund for Sustainable Development and MASSIF, a € 15 million guarantee was signed to support I&M Bank of Kenya, which expanded its micro-SME strategy. In Kenya, one third of the GDP is contributed by micro-SME. Unfortunately, they receive little financing from the normal commercial banks. Lastly, on the private equity portfolio, FMO supported various high impact funds and initiatives through FMO's Ventures program. For example, FMO provided USD 10 million to Algebra Ventures Fund II in Egypt, one of the country's most experienced VC investors supporting innovation and job creation. FMO also announced its commitment to Farmerline to strengthen the Ghanaian supply chain and further empower smallholders within agribusinesses. Mr. Maila then hands over to Mr. Jongeneel.

Mr. Jongeneel moves on to the FMO organization. Unfortunately, the video on the renewed strategy that was launched last year cannot be shown due to a technical issue. **Mr. Jongeneel** shows a page which represents the renewed Strategy 2030 Pioneer - Develop - Scale, which is in the heart of FMO's business; where FMO wants to move clients, from pioneering using government funding, through FMO's own balance sheet and on to bringing in commercial investors to further scale the clients' business. In order to finance all SDGs by 2030, FMO will need to attract more commercial investors. He next shows the ambitions for 2030, focussing especially on the three SDGs, also mentioned by Mr. De Ruijter, SDG 8 on decent work, SDG 10 on reducing inequality and SDG 13 on climate action.
On point four, shareholders can see FMO's strategy around Pioneer - Develop - Scale. **Mr. Jongeneel** cuts this topic short as there is little time, however, he tells shareholders he will be more than happy to answer questions after the meeting.

Luckily, because Corona restrictions were lifted, FMO could hold its biannual meeting on the Future of Energy. This year FMO will hold the Future of Finance conference in October.

Mr. Jongeneel next shows shareholders a picture of the opening of the Costa Rica office. Mr. Maila and Mrs. Vossen were already introduced.
Mr. Jongeneel mentions a few items that were not shown on the slides. One important development is the Joint Impact Model Foundation, that FMO launched, which aims to create transparency on key impact indicators, and it is great to see that already 150 financial institutions worldwide are making use of this Joint Impact Model, something FMO will really build out further.

Mr. Jongeneel states that of course not everything is rosy. FMO also has a number of complex, challenging projects that had to be managed. The experiences from these projects will improve the practices going forward. Shareholders might have picked up some news about this. It requires continuous attention from FMO.
Lastly, on the future of work, like many organisations, FMO of course tries to find a balance between in office work, working from home, but also working remotely abroad because FMO has over 60 nationalities in its organisation here in The Hague. Therefore, FMO also tries to cater for people who want to have an extended family visit back home, especially after Corona, but still would like to keep working. As stated in FMO's Annual Report as well, the Management Board is thankful to the staff for enduring so many changes, because they are really trying to move ahead on many of these other topics, whether it is KYC, ESG, increasing FMO's investments further or efficiency and digitalisation. Quite a few of developments are going on. The Management Board is thankful that while all these developments are going on, more and more impact is being created across the world, as shareholders can conclude from the growing impact numbers that Mr. De Ruijter and Mr. Maila mentioned. **Mr. Jongeneel** then hands over to Mrs. Bouaré for the results.

Mr. Bouaré presents the impact and the financial results. She starts with the performance in terms of impact. FMO looks at this through FMO's three core SDGs, as mentioned by Mr. De Ruijter. When looking at this globally, FMO had quite ambitious targets for 2022 and at the end had mixed results. On decent work and economic growth, SDG 8, FMO's total committed portfolio amounted to € 13.2 billion. The target was € 13 billion, whereas in 2021 it was € 12.5 billion. On FMO's own balance sheet, the total committed portfolio increased by 7%, exceeding FMO's target of € 8.8 billion. This was mainly driven by two factors. FMO increased the volume of new investments, however, also benefitted from the US dollar appreciation. With respect to reduced inequality, SDG 10, FMO's overall reduced inequality-labelled total committed portfolio amounted to roughly € 4.5 billion, which was above the target of € 4.3 billion. It represented a 34% share of FMO's total committed portfolio. In 2021 it was 32%. And the growth there also came from the increase of the reduced inequality new investments and the US dollar appreciation. On climate action, SDG 13, FMO's green label total committed portfolio increased by 7%, reaching € 4.4 billion, which is above FMO's target of € 4.3 billion, and represented 33% of the total committed portfolio. It was the same percentage in 2021.

In 2022, FMO had quite an ambitious target for total new investments. Overall, FMO targeted € 2.8 billion new investments, however, FMO ended the year at € 2.4 billion, whereas in 2021 it was € 1.9 billion. Looking at the breakdown, € 1.8 billion was invested from FMO's own balance sheet. In 2021 it was € 1.2 billion.

€ 153 million of investments were made by means of the public funds. In 2021 it was € 233 million. € 457 million came from the mobilized funds, in 2021 it was € 521 million.

On SDG 10, FMO achieved € 810 million in reduced inequality-labelled new investments. In 2021, it was € 740 million. This represented 33% of FMO's total new investment volume. In 2021 it was 37%. So, FMO fell a little bit short, given that FMO's target was € 1.1 billion. This was attributed to different factors. There has been a lot of political unrest in a number of the least developed countries, which affected FMO's results. It also takes more time to go through a project and contract it post-COVID. In 2022, FMO invested € 237 million in the least developed countries, especially Tanzania, Cambodia, and Yemen. FMO invested € 617 million in inclusive business, mostly in microfinance and microfinance services, women-owned or women-led SMEs and young-owned or young-led SMEs. The number of micro-SMEs loans represents the number of loans FMO's customers have provided to their SME customers. Looking at the 2022 number, FMO's customers provided € 33 million microloans, whereas in 2021 it was € 30 million. In total, there were € 2.3 million SME loans, whereas in 2021 it was € 2.8 million.

On SDG 13, FMO invested € 1 billion in green projects in 2022, whereas in 2021 it was € 444 million, meaning that FMO almost doubled the new investments with green labels. This represents 41% of the total new investments. In 2021 it was 28%. Most of FMO's green label new investments are in renewable energy projects, in wind, solar or hydro, in agriculture and green credit lines. This is a good achievement and almost in line with FMO's target of € 1.1 billion.

Other indicators that FMO follows are job creation and GHG emissions. In terms of job creation, FMO estimates to have created 750,000 jobs, whereas in 2021 it was 644,000. Out of those, 43,000 are direct jobs and the remainder indirect jobs. 87% is attributed to investments made through FMO's own balance sheet and the rest through the public funds.

In terms of the climate, in 2022 FMO's current portfolio resulted in an estimated 1,439 kiloton CO_2-emissions avoided. In 2021, it was 1,329 kiloton CO_2-emissions. There was a slight improvement compared to 2021. 79% is coming from Energy, 21% from PE and the remainder from the Agri sector. And the majority of the avoided emissions are coming from debt and equity and on grid renewable projects.

Mrs. Bouaré then discusses FMO's financial performance. FMO ended the year with a profit of € 1 million, compared to € 491 million in 2021, which reflected the rebound after COVID-19. 2022 was a turbulent year in terms of macroeconomic developments, with very difficult and different conditions which affected FMO financially. There is the war in Ukraine, however, also political unrest and/or crises in other countries, e.g. Sri Lanka, Myanmar and Ghana. The increase of interest rates has had a positive impact on FMO's floating rate. On loans with fixed rates, the impact was less favourable because FMO could not immediately change the interest rates. The NPL-ratio increased from 9.5% in 2021 to 11.9% in 2022, which was the result of the political unrest and the war in Ukraine. However, overall, the CET1-ratio is strong and FMO was well above the minimum requirement and above what FMO aims to have as a risk appetite.

Mrs. Bouaré next looks more closely into where the € 1 million profit is coming from. The valuation of the PE portfolio negatively affected the result. FMO registered a loss of € 92 million versus € 129 million initially

budgeted. € 50 million loss is coming from the Ukraine portfolio. The same goes for the loan portfolio, where FMO had to record more impairments. Normally on average FMO would register a € 65 million impairments, however, this year FMO registered a € 175 million impairments. € 82 million came from Ukraine, however, there were also impairments in Myanmar, Sri Lanka and Ghana. On the positive side, FMO sees that although the fair value of the PE portfolio decreased, the equity value of the PE portfolio increased because of the favourable EUR/USD rate. There was also a positive result from FMO's derivative portfolio.
FMO had a stable income of € 307 million versus € 152 million in operating expenses. So, the balance was quite good. On the stable income, FMO registered more dividends. That helped to boost the numbers. Operating costs were reduced because of a lower fte number. The year ended with a € 1 million profit. Mrs. Bouaré hands back to Mr. Jongeneel to talk about the outlook for 2023.

Mr. Jongeneel states that 2022 started with the humanitarian disaster in Ukraine, and this year started with the humanitarian disaster in Turkey. FMO was of course very troubled by the situation and also the colleagues that were involved, last year Ukrainian colleagues and now Turkish colleagues. However, the business impact is completely different. FMO's business in Ukraine has been hit hard by the situation and FMO's business in Turkey, which is quite substantial, has not. That is a minor positive point in something which is a big disaster. Unfortunately, the situation in Ukraine is not stabilising yet and the outlook is not very positive at the moment. FMO sees a diverging economic outlook. The expectation is that inflation will be cooling down a bit, however, it varies a lot worldwide. Ghana for example is hit harder than others, which also has, for instance, to do with the debt levels in the country and there are of course many implications. In that uncertain situation, FMO will continue its business. Where some other peers are considering a pause, and putting their investments somewhat on hold, FMO is of the opinion it needs to step forward. Commercial banks are backing off. Even some of FMO's peer DFIs are cautious about increasing investment levels. It is FMO's role as development bank to step forward. Therefore, FMO will move forward and in line with FMO's Strategy, the plan for this year is derived from the 2030 plan to maintain consistency. On the strategy, several themes were laid out until 2030. A number of these themes were selected to step up in this year. Last year the strategy was around building back business. Especially the reduced inequality investments were behind target. Therefore, this year is focused on growing impactful business specifically meaning reduced-inequality and continuing FMO's green investments. Another big theme for this year is reinforcing climate action, where Mr. De Ruijter already mentioned the Climate Action Plan. There are still a lot of developments in that topic, and FMO will take that forward, as well as advance Market Creation where FMO will slowly but surely make sure that it prepares itself, because this is a long-term strategic topic. FMO also highly appreciate the cooperation with the Ministry of Foreign Affairs, specifically on this topic, and also with other partners.

A next topic is improving FMO's capabilities. It is important that FMO enhances efficiencies. Attracting people and developing people, is high on the agenda, however, also improving the impact management and monitoring system, as a lot of developments around ESG and around impact can be seen. Further, it should be ensured that FMO's foundation is solid on regulatory compliance, financial sustainability and, of course, sound risk management, as FMO steps forward where others might shy away. That is also, as he said before, in the strategy an important focus. FMO is not onboarding new themes like health care, and is focusing on doing even better what FMO can do well.

Mr. Jongeneel concludes, firstly, that last year was a year of critical times, and FMO is making ambitious choices. FMO is taking that forward. Secondly, both customers and employees continue to persevere in a turbulent world. Thirdly, overall financial performance was significantly impacted specifically by the war in Ukraine and its side effects, however, FMO was still able to step up its game. And FMO will continue to do so because FMO's 2023 Strategy is aiming to invest over € 3 billion in 2023 and it will not be easy. It is a stretch in ambition for this organization, however, the Management Board is confident that FMO can make it with the help of the employees and FMO's partners across the globe.

The Chairman thanks the members of the Management Board for their comprehensive presentation of the annual results 2022. He then invites the shareholders to raise questions or make comments. He repeats that shareholders should make use of the microphone and should state their name for the minutes so that the meeting will be well-recorded. He gives the floor to Mrs. Solleveld of the Ministry of Finance.

Mrs. Solleveld thanks the Chairman. Before asking a few questions, she would like to thank the Management Board members for the presentation. On behalf of the Dutch State, she would like to share her appreciation for the efforts during the last year. 2022 has been a rough year, and FMO was impacted by crises in Ukraine and a few other countries. Developing new projects after recovery from the COVID-pandemic sometimes proved to be challenging. FMO also made much effort in further improving its KYC-process and capabilities. Despite these challenges, the State is of the opinion that FMO has done a good job in weathering the storm, and although the financial results were far below budget, the Ministry understands that these setbacks are part of FMO's line of work and are closely linked to the risk FMO must take to make impact for its clients. And despite the context, **Mrs. Solleveld** says she is glad to note that FMO has made progress in supporting its existing customers, creating new partnerships, and mobilising investments. At the same time, FMO needs to focus on keeping its cost level sustainable in the long term.
In the conversations in the year ahead, this will be a focus point for the Ministry of Finance as well as FMO's stable income and profitability. If these issues are adequately addressed, FMO will have the financial strength to remain a beacon for its clients in challenging economic times. The Ministry also expects that FMO will incorporate these priorities in the implementation of its Strategy 2030, starting with the annual business plan for the next year and Mrs. Solleveld says she is confident that the Management Board will make the right choices in the period ahead and that FMO will continue to make a difference in 2023. The Chairman already mentioned that last Friday the Council of Ministers approved the proposal for the modernised State guarantee of FMO, which is the most important part of the existing Agreement between the State and FMO. The Ministry is very pleased with that. The new Agreement will replace the current 1998 Agreement from the 1st of July 2023 onwards, as the Chairman already mentioned. **Mrs. Solleveld** is confident that the modernised Agreement enables FMO to successfully carry out its mandate and its strategic goals in the long term.

Mrs. Solleveld has a few questions. FMO indicated that a reliable, stable income is necessary to carry increased costs that follow from the anticipated growth objectives. How does FMO reflect on the objective to increase stable income in times of interest rate hikes, which might result in a lower transaction volume because of higher borrowing costs and broader economic challenges? Furthermore, in the Annual Report it is stated that recessionary environments may lead to greater additionality for Development Finance Institutions, given the fact that FMO's additionality may increase. How does this affect FMO's strategic plans to pioneer and invest resources in market creation? In other words, if more investment opportunities arise, will the necessity to invest in market creation decrease and how will FMO respond to those developments? Her last question relates to the new strategy that FMO implemented last year. What are the biggest challenges for the internal organisation in implementing the new strategy?

The Chairman thanks Mrs. Solleveld for her supporting and encouraging comments at the beginning of her speech. That is much appreciated and FMO values the close cooperation it has at a high level with both ministries. That is important. And FMO takes great courage from what Mrs. Solleveld just said to FMO in terms of supporting its work. Regarding the questions, he turns to the Management Board.

Mr. De Ruijter replies that the Management Board sees the increasing rates have an impact on FMO's clients and on the projects coming available in the markets, to which Mr. Maila alluded already in the context of the energy sector where for instance the higher interest rates make it harder for renewable energy projects to become financially viable. In terms of FMO's business, the Management Board sometimes sees a bit of a shift to other subsectors. In this case, for instance, doing more commercial and industrial kind of business, however, it is noticed in this context, that FMO's additionality is indeed increasing. FMO also does get a few returning clients, which had over time progressed beyond FMO. Therefore, FMO still sees significant opportunities to continue to grow the underlying portfolio. Even though some projects may be on hold waiting for lower interest rates, there are enough other projects which do go ahead in that higher interest rate environment, and given there is less supply of financing, clients come to FMO a bit more.
In terms of additionality, the question was whether there is still a need for market creation. Fundamentally, FMO sees the macroeconomic times change over time. One of the good things about FMO's way of working is that it is there consistently for its clients and that it takes a longer-term perspective. FMO feels that that need for market creation and creating more bankable projects continues to be there, also, if FMO looks at it from the impact lens. If it is looked at what is needed in terms of financing to realise the SDG agenda, then a lot is needed, not just on the climate agenda, but beyond as well. So, the Management Board continues to see the need to create more projects where over time, also when macroeconomic times get a bit better, private capital can flow and the Management Board wants to continue to focus on that.

Mr. Jongeneel thanks Mrs. Solleveld for the confidence she voiced. Mrs. Solleveld's third question is not an easy question. Of course, the Management Board thought about it hard and looking at the risk assessment, which was done in the Strategy 2030, in the end getting the right people is the highest remaining risk. On the one hand, there is a huge increase in FMO's stakeholders' expectations of FMO, for instance from the regulatory side on KYC elements and ESG elements. However, FMO also wants to step up efficiency.
A lot of changes will be made to increase FMO's impact. But also, to absorb rising costs, for instance due to regulations, automation and so on, it will be necessary to expand the organisation. As for many organisations, making sure to manage change while also in this quite tight labour market, finding new staff is a substantial challenge. Measures are being taken. For instance, the recruiting team was strengthened in the first half of last year, which is now bearing fruit. FMO is also looking at improving the interaction within FMO and with the partners.

Mr. Bakker asks his questions in Dutch.

The Chairman suggests to group Mr. Bakker's questions into logical headings and that the Management Board will repeat and translate those questions into English when replying to Mr. Bakker's questions.

Mr. Jongeneel asks Mr. De Ruijter to answer the first set of questions.

Mr. De Ruijter states that Mr. Bakker first asked about the financial side of building back business. Mr. De Ruijter explains that FMO also keeps a close eye on the financial return. FMO looks at RAROC, Risk Adjusted Return On Capital for transactions at the outset. From the ESG perspective, Mr. Bakker asked about biodiversity, one of the upcoming themes. Mr. De Ruijter explains that this is an integral part of the IFC Performance Standards. Performance Standard 6 is seeing towards biodiversity. That has the Management Board's attention. As part of the Strategy 2030, FMO wants to do more biodiversity positive investments.

Mr. De Ruijter notes that Mr. Bakker asked about gender equality in Sahyadri Farms. Mr. De Ruijter states that FMO keeps a sharp eye on gender equality in its activities. That is not to say that all of FMO's investments already have a gender balanced leadership from the start, however, it is one of the factors that is looked at and worked on. And there are several other ways that gender equality is promoted in the way that FMO does business, for instance to the 2X challenge where FMO specifically targets investments with female leadership or serving female customers.

Mr. De Ruijter notes that Mr. Bakker asked about the relationship with PUM (Programma Uitzending Managers). Mr. De Ruijter explains that FMO indeed has a dialogue with the PUM every now and then and, if there are opportunities to use expertise that the PUM can bring to FMO's clients, FMO is always open to that. So far, FMO has not seen so many of those opportunities yet.

Mr. De Ruijter states that Mr. Bakker asked about emissions and refurbishing power plants which use oil. **Mr. De Ruijter** replies that FMO has its Fossil Fuel Position Statement which does not allow FMO to finance those activities anymore. There is still a transition period for some gas-fired electricity generation, however oil is out of bounds. Mr. De Ruijter hands the floor to Mrs. Bouaré to answer Mr. Bakker's question about FMO's own emissions.

Mr. Bouaré explains that when FMO refurbished its building, sustainability was taken into account. FMO uses LED, for instance, and is connected to the district heating system. FMO also tries to reuse as much materials as possible in order to reduce waste. FMO's restaurant also focuses on reusing food waste. FMO is committed to reducing waste, increasing circularity, and making the building more sustainable. Travel is still an issue though. Travel is part of FMO's activities as staff needs to travel to meet customers and search for new transactions and deals. However, FMO is aware of the CO_2 link to traveling. When it is possible, for shorter distances, employees travel economy. When employees travel within Europe, they in principle use the train or a car. The remainder which cannot be compensated, is offset for CO_2-emissions through their travel.

Mrs. Bouaré notes that Mr. Bakker's referred to the financial results and that FMO's expected 2022 profit declined from € 100 million in FMO's half-year report to € 1 million at the end of 2022. She explains that this was the result of events happening in the world that affected FMO's portfolio, which was especially the case

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in the fourth quarter. The EUR/USD rate moved from 1.04 at the end of June to 0.99 in September and 1.07 at the end of the year, which had a huge impact on the profit. Another element was the loan impairment because in addition to the impact of the war in Ukraine, FMO had to take additional impairments in Sri Lanka, Ghana and Myanmar. This also affected the result. The last element was the revaluation of the PE portfolio in the 4th quarter, where FMO recorded a loss.

Mrs. Bouaré next addresses the questions of Mr. Bakker on the status of the Sustainable Finance Disclosure Regulations and whether FMO does the work internally or outsources it. Mr. Bakker also asked what the reports will look like. **Mrs. Bouaré** explains that the Sustainable Finance Disclosure Regulations are coming into force in 2023. FMO is working on this and does this on its own, without outsourcing to third parties. FMO does not have to report: the funds must report and FMO needs to provide them with the information they need to be able to report. FMO provided this information to them in April and the due date for them to report is in June 2023.

Mrs. Vossen addresses the questions of Mr. Bakker on KYC. Mr. Bakker's first question was what the KYC file remediation is about. She explains that it is a program that took place between 2019 and 2021 in which FMO made sure that its policies, processes, procedures were fully in line with the latest regulations, however that FMO also incorporated industry standards and best practices in the market. Thereafter, FMO reviewed all its customer files, which were approximately a thousand files to see whether they were in line with FMO's new policies, procedures, and processes. For example, this concerns information about directors and shareholders of the customers, the business activities of the customers and the countries in which they operate and their transaction profile. Based on this review, FMO reassessed the risk profile of certain customers. This was done, not only to comply with the Dutch law on prevention of money laundering and terrorist financing, Wwft, but above all because FMO considers integrity and integrity risk management as a foundation of FMO's license to operate.

Mrs. Vossen states that the next question for Mr. Bakker was whether the KYC remediation cost FMO money. She replies that it of course did, as FMO also involved external experts to help FMO review the processes, and also to do the reviews of the files. This also had an impact on the number of people FMO had working on that. As part of the remediation program, FMO was requested by the Dutch Central Bank (DNB) to have an external party to assess the quality of FMO's policy as well as the client files afterwards.

Mrs. Vossen states that another question of Mr. Bakker was on the limited number of incidents in 2021 and at the beginning of 2022, that it was reported on several occasions and whether FMO can expect sanctions. Mrs. Vossen replies that FMO reported on several occasions to DNB about the late reporting of a potential unusual transactions. As stated in the Annual Report, FMO expects DNB to impose enforcement measures in response to these late reports. FMO finds it important to be transparent about that towards its stakeholders. FMO is not yet in a position to make any announcements about the nature of measures that might be imposed.

Mrs. Vossen remarks that Mr. Bakker asked what an unusual transaction is. She replies that it is a transaction, activity or conduct or an intended transaction, activity or conduct where FMO has reason to believe that it is related to money laundering or terrorist financing. In those cases, FMO must report it to the

Dutch Financial Intelligence Unit. These are unusual transactions, so it is not necessary that FMO actually has been able to establish that there is money laundering or terrorist financing. That is not the role of FMO, it is up to the Financial Intelligence Unit to determine whether that is indeed the case and whether it wants to investigate further. She gives as an example that FMO could become aware that there is a client of which the director has been involved in fraudulent activities, and it cannot be excluded that the funds made available by FMO to the customer have been part of these activities.

Mrs. Vossen notes that Mr. Bakker asked whether everything is in good order now and whether there are any open files. She replies that in the period 2019 to 2021 all files have been revised and the project is closed. However, that does not mean that FMO stops, because customer due diligence is an ongoing process which FMO does not only do with new customers. FMO also does periodic reviews of existing customers or whenever signals come up. As part of this ongoing due diligence, FMO continuously monitors whether for example there are negative mentions about the customer in the press. And of course, FMO monitors all its transactions. Within the organization, FMO has appointed experts who facilitate the timely reporting of unusual transactions or activities to the Financial Intelligence Unit.

Mrs. Vossen states that Mr. Bakker asked whether the number of people on the KYC file remediation is declining. Mrs. Vossen replies that the number of people working on this has increased over the past couple of years and FMO does not foresee that this will decline in the coming year. There are a couple of reasons for this. Of course, FMO's processes get smarter and FMO digitizes more. At the same time, FMO's portfolio is growing, legislation is increasing and FMO is present in high-risk countries. FMO cannot afford to lose its license to operate. So, it will not decrease, however, FMO will do it in the smartest and risk-based manner possible.

Mr. Jongeneel states that the last question of Mr. Bakker was about working remotely abroad, where Mr. Bakker pointed out a couple of risks that FMO is very much aware of, and which are considered in the policy. It is also not unlimited. There is a maximum of three months. However, part of the policy is also that employees need to establish their right to work in a certain country, given the fact that FMO needs to consider the tax risks that Mr. Bakker mentioned. Mr. Jongeneel mentions that FMO's tax specialists are in the room and that if Mr. Bakker wants more details, they would be more than happy to discuss those over lunch. However, it is part of the policy to make sure that the risks are covered and not increase some liability for FMO, or for the employee for that matter.

The Chairman wants to supplement the responses to Mr. Bakker's questions with respect to Mr. Bakker's question whether the Supervisory Board was sufficiently informed about the developments in the second half of the year. **The Chairman** states more in a general way that the Supervisory Board has a very pragmatic way of cooperating with the Management Board, in the sense that the Supervisory Board has of course about five regular meetings per year. However, the Supervisory Board does not necessarily wait until those meetings take place. When a development occurs, the Supervisory Board has a dynamic and direct contact with the Management Board on whatever issue and an ad hoc meeting will be organized. The Management Board is also very responsive: whenever a situation occurs, they will contact the Supervisory Board to discuss this. So, there is a dynamic interactive way of working, which the Chairman believes they all appreciate. It is also effective, which means that the Supervisory Board was kept abreast regarding these developments. He invites Mr. Timmermans as Chair of the Audit and Risk Committee to supplement on this.

Mr. Timmermans states that on one occasion, which was that between the 2nd and the 11th of November, the US dollar weakened by seven cents. That more than explains why the profit, which was at the end of Q3 around € 105 million, declined in a matter of one week by so much. As for the question when in practice the Supervisory Board was informed, that must then have been after the 11th of November, because that is when this big move happened.

The Chairman asks whether any other shareholders would like to ask questions.

Mr. Stavenuiter says he noticed in the presentation that the number of investments made with government funds sharply declined and he wonders why. These government funds always enabled FMO to make high-impact investments at the lower end of the progression model that Mr. De Ruijter referred to. He wonders whether that reflects by any chance the reduction of the availability of this type of funding. He asks more generally what the prospects are of maintaining access to this type of funding and hopefully increasing it.

The Chairman invites the Management Board to respond to this question.

Mr. De Ruijter replies that it does not reflect less availability of the state funds. Actually, FMO is very grateful for the available public funding, which is increasing also with the European Fund for Sustainable Development and the European Commission making more of these funds available. Last year, two things could be noticed. One is that it takes more time to get these projects developed and they are often with newer clients. Here COVID and the lack of travel have a longer effect than with some of the repeat client transactions where FMO knows the client already well and FMO can move a bit faster. So, the timing is one element. The other element which was alluded to already a bit earlier in the presentation, is also, particularly in the least developed countries where FMO deploys these funds, there was quite some political unrest. So, some of the countries where traditionally FMO did quite a lot with public funds, Myanmar, to name one example, were not conducive to make investments last year.

The Chairman notes there were no other questions on the Annual Report and Annual Accounts and moves to agenda item 3, the presentation of the external auditor, Ernst & Young Accountants LLP.

3. PRESENTATION AND Q&A AUDITOR

The Chairman states that the Annual Accounts were prepared by the Management Board and audited by Ernst and Young Accountants LLP. Shareholders could find the extensive Auditor's Report at the back of the Annual Report on the reporting site of FMO's website. As he said at the opening of the meeting, **Mr. Kolsters** and **Mr. Schoppink** of EY are present. Before giving the floor to Mr. Kolsters he notes, firstly, that FMO has cancelled the obligation of EY to observe confidentiality for the purpose of the AGM. Secondly, the auditor has the obligation to correct any material incorrect statements and/or announcements in relation to the Financial Statements or the Independent Auditor's report. EY would ask to correct any material misstatement during this Annual General Meeting and/or before the minutes of the meeting are distributed. Thirdly, EY will further discuss the audit process and procedures in relation to the Financial Statements. The Chairman then provides the floor to Mr. Kolsters.

Mr. Kolsters thanks the Chairman for the opportunity to discuss the audit Ernst & Young Accountants LLP has performed over the year 2022. Mr. Kolsters mentions that he is a partner at EY and that this is the fourth year that he has been responsible for the external audit of FMO. First, he would like to discuss the audit approach and the item about going concern, fraud and non-compliance with laws and regulations and the key audit matters. These are the core of the Auditor's Report they issued on the 16th of March. He would like to briefly talk about the outcomes, the communication and interaction with the Supervisory Board, the Management Board and management and lastly, as a brief outlook, what EY is planning to do next year.

Mr. Kolsters states that the core of the audit is the audit of the statutory and consolidated Financial Statements, meaning whether the consolidated Financial Statements comply with IFRS as adopted in the European Union and whether the statutory Financial Statements are compliant with the Dutch requirements in that respect. In addition to the audit of the Financial Statements, other audit procedures are performed, meaning that Ernst & Young Accountants LLP also issues an Auditor's Report on the regulatory reporting, the reporting towards DNB. Also a number of other assurance engagements are performed, those specifically relate to the state funds. In addition to looking at the Financial Statements itself, EY also looks at the front end of the report, meaning the Directors' report, and in that respect the level of work EY performs is slightly different, however, there EY at least establishes that the Directors' report meets the requirements under Dutch law and does not contain any material differences. Lastly, and that is a separate audit engagement, EY performs additional audit procedures on the ESG disclosures which are included in the Directors' report.

Mr. Kolsters remarks that on the audit strategy, the key question is what the responsibilities of the auditor are. It is EY's role to plan and perform the audit in such a way that it obtains sufficient and appropriate audit evidence. At the end of the day, EY will provide a high level of assurance, however, not absolute assurance, meaning the auditor only performs a number of audit procedures and there is always a risk that something might be missing. EY performs the audit in accordance with Dutch auditing standards, meaning that EY must apply a professional judgement and maintain sceptical throughout the audit. And that the auditor complies with certain rules, for example, in respect of independence. Key is the communication throughout the audit. The audit of a bank is a process that takes most of the year to complete. EY is involved with the company throughout the year and is in constant contact with management, also in case of issues that come up throughout the year.

Mr. Kolsters mentions that EY involves quite a large team in the audit of the bank. They involve specialists, for example, in respect of tax or valuations, however, they also involve specialists in respect of compliance etcetera. A key concept of the audit is materiality, where EY takes certain thresholds into account to what it considers acceptable, and that amount is € 34 million, exactly the same as in 2021, which EY deems appropriate for a bank of the size of FMO. With respect to the execution of the audit, EY performs a risk-based audit. EY focuses on those areas where it considers the likelihood of errors to be highest. The risk assessment itself is of course performed by the audit team, however, also discussed with the Audit and

Risk Committee to ensure that everybody is aligned. A couple of topics are very relevant, and these are discussed in the Auditor's Report, which are the going-concern assumption, fraud and compliance with laws and regulations. At the end in the Auditor's Report, a number of key audit matters are discussed. Those are the items that are considered to be most relevant in the audit and also, of course, for the shareholders to take note of.

Mr. Kolsters states that a number of topics get a lot of attention in the market and also in the press. Those relate to the going-concern assumption. It is a key assumption in preparing the Financial Statements and it assumes that the company will continue to do business as it is currently doing. Shareholders heard Mrs. Bouaré speak about the level of capital available. The company is well capitalised. This means that going concern is not necessarily a significant concern in the FMO audit. Fraud and non-compliance with laws and regulations get a lot of attention and are of course important elements in EY's audit, meaning that EY performs specific procedures in this respect. Certainly, there is a lot of inquiry with management, however, EY also performs detailed procedures, for example in respect of using the software that EY applies in journal entry testing. So, EY performs selections on specific transactions which it then audits in greater detail. EY comments on the findings in this respect also in its long form Auditor's Report. EY also discusses that report with the Supervisory Board and the Audit and Risk Committee.

Mr. Kolsters continues with the elements that EY considers most important to the audit, the key audit matters. Those are the impairment of loans to the private sector and the valuation of equity investments. 2022 was a very special year with several geopolitical developments, the war in Ukraine, and also the developments in Myanmar and Sri Lanka. Those items have significantly impacted the financials of 2022. And given the accounting policies applied, a lot of that volatility that is created runs through the profit and loss, meaning that the results compared to 2021 decreased significantly, however, that is simply a matter of the application of the accounting policies under IFRS. The conclusion at the end of the day is that EY concurs with the way that the company has accounted for these transactions. IT is of course key in the audit of a bank or in running a bank. EY has performed procedures to at least ensure that the information processed is indeed reliable.

Mr. Kolsters states that the outcome of the audit work is that a clean Auditor's Report was issued. It is an unqualified Auditor's Report, meaning that Ernst & Young Accountants LLP believes that the Financial Statements give a true and fair view of the position of the company. On the Directors' report, EY did not identify any discrepancies between the front end of the report and the Financial Statements itself, and the information included there meets the requirements under Dutch law. Lastly, on the separate audit engagement in respect of the ESG information in the report, EY has provided reasonable assurance on the green-labelled new investment volume, the materiality metrics, and the diversity KPIs. EY performed a lower level of assurance on the other information and the other KPIs included in the Board report. Throughout the audit there were sometimes discussions, however, EY is in frequent contact with management on the audit, on the audit progress and at the end of the day, it is also discussed with the Audit and Risk Committee and the Supervisory Board.

Mr. Kolsters remarks that he included an overview of the formal letters on the report. EY starts the process with issuing an audit plan. Late in the autumn a management letter is issued. The audit results report they issue in March and contains EY's view on the accounting policies applied, the key estimates that management has made and any differences that EY believes should be brought to the attention of those charged with governance. EY performed a review on the half-year report that was issued in August. And lastly, they confirmed EY's independence to the Supervisory Board. That is a formal letter, however it is legally required.

Mr. Kolsters next looks ahead to the audit plan of 2023. EY will clearly monitor what the company is doing, the developments, the increase in activities is something they will take clear note of. With respect to the standard audit work, EY expects that the audit scope and materiality will be in line with what EY has done in 2022. Also from a risk assessment perspective, EY does not expect material changes. Looking at the balance sheet of FMO, any impairments of loans need to be looked at, the fair value of the investments and IT continues to be relevant as well. **Mr. Kolsters** mentioned the other key items in the audit. EY will continue to look at going concern, any fraud issues and any actions that management takes to prevent fraud, and also the follow up of, if any, non-compliance with laws and regulations. Another item they will spend additional time on is the preparation for the CSRD implementation, the Sustainable Finance Regulations that are being rolled out that the company is preparing for.

The Chairman thanks Mr. Kolsters for the presentation and opens the floor for questions from the shareholders.

Mr. Bakker asks his question in Dutch. He asks to what extent EY concurs with the valuations of FMO. Mr. Bakker's second question is whether the auditor also audited whether investments are indeed green. He read in the press that many companies claim to be 'green' while in fact they are not or only partly.

Mr. Kolsters replies that, as shareholders can see in the Auditor's Report, EY believes that the valuations are reasonable, which means overall valuations. There are always discussions between the auditor and the company in respect of individual valuations. However, at the end of the day the valuation included in the Financial Statements is from EY's perspective reasonable. On the green labelling of investments, EY performed additional audit procedures. Of course, that is done as a separate assurance engagement. EY also provided a reasonable assurance in that respect. So, there were no significant concerns from EY's end in that respect.

The Chairman notes that there were no further questions or comments and thanks Mr. Kolsters. He moves to agenda item 4, the adoption of the audited Annual Accounts 2022.

4. ADOPTION OF THE AUDITED ANNUAL ACCOUNTS 2022

The Chairman states that the Supervisory Board discussed the Annual Accounts in detail on the 16th of March. All members of the Management Board and all members of the Supervisory Board signed the Annual Accounts. The Supervisory Board recommends that shareholders adopt the Annual Accounts.

The Chairman asks the shareholders whether they can agree with the proposal to adopt the 2022 Annual Accounts. The Chairman observes nodding by the shareholders and concludes that the meeting adopted the Annual Accounts. He thanks the shareholders. The Chairman then moves to agenda item 5, the dividend policy and profit appropriation.

5. DIVIDEND POLICY / PROFIT APPROPRIATION

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 and is summarized in the annotated agenda sent to the shareholders. **The Chairman** explains that the current pattern could 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 2022. **The Chairman** then turns to questions about the dividend policy. He notes that there are no questions and continues with agenda item 5.b.

5.b. Determination of the profit appropriation and dividend 2022

The Chairman states that in 2022 a net profit of a little over € 1 million, to be precise € 1.035 million, has been realized. Based on the allocation method, as described in article 6.2 of the Agreement between FMO and the Dutch State dated 1998, it has been established that € 0.999 million is to be added to the Contractual Reserve. As a result, the distributable part of the net result amounts to € 36,000. Given that the calculated amount available for distribution is only € 36,000, and for efficiency purposes, it is proposed not to pay out the distributable part of the net result to shareholders as a dividend. In order to respect the distinction between the Contractual Reserve and the distributable reserves set out in the Agreement between FMO and the Dutch State dated 1998, it is proposed that the distributable amount of € 36,000 will be allocated to the Other Reserves. Furthermore, this allocation is consistent with the allocation adopted in previous years when FMO did not pay out the full amount of distributable profit as dividends.

The Chairman asks the shareholders whether they could agree to the proposal to attribute the amount that is distributable of € 36,000 to the Other Reserves. **The Chairman** observes again nodding representing a majority of shareholders. He concludes that the proposal was adopted. **The Chairman** then asks whether the shareholders can agree with the proposal to add € 0.999 million of the net result to the Contractual Reserve. He observes sufficient nodding by the shareholders and concludes that that proposal was adopted too.

The Chairman then turns to item 6 of the agenda.

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 2022 for the performance of his or her duties during 2022. He asks whether there were any questions or comments. He notes there are no questions or comments. He asks whether shareholders can agree to discharge the members of the Management Board as proposed. He observes that the shareholders agree with this proposal.

The Chairman then moves to agenda item 7.

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 2022 for the performance of his or her duties during 2022. **The Chairman** again observes sufficient nodding and concluded that the shareholders agreed to discharge the members of the Supervisory Board as proposed.

The Chairman then moves to agenda item 8.

8. REMUNERATION POLICY FMO MANAGEMENT BOARD

The Chairman states that the current Remuneration Policy FMO Management Board was adopted by the AGM on 24 May 2019. The policy requires various adjustments to keep it up-to-date and aligned with respective regulations and government policies, relevant market practices and, where applicable, emoluments and benefits applicable to other FMO staff as well. Conducting a periodical review, including remuneration benchmarking, is part of the policy. In practice, this is done every three to four years.

The financial remuneration of the Management Board members will be adjusted in line with salary developments in the Collective Labour Agreement for Banks, CLA Banks. This has not changed compared to the current policy. The most important changes are mentioned in the cover note to the policy which the shareholders have received.

The Chairman would like to mention two of the changes in particular. Under section 6, a paragraph about indemnity for former, current and future Management Board members has been added. This is done to follow market practice, as other banks have similar arrangements. The main rule that can be derived from the Dutch Civil Code is that the entity itself is liable for legal acts of the entity, which acts are performed by the Management Board members. However, in some cases Management Board members could be directly liable, which might not always be appropriately covered. Furthermore, we live in an ever-changing world with increased complexity and scrutiny.

Under section 8, the appointment period of members of the Management Board has been adjusted. According to the current arrangement Management Board members could serve three terms of four years in the same position. The proposed arrangement is more aligned with the Memorandum State Participations which was published in 2022. The idea is that Management Board members can serve two terms of four years and thereafter, two reappointments of two years are possible. However, that would be the exception and needs good substantiation. As such, this could hinder internal growth to the position of CEO. Therefore, the latter situation has specifically been arranged.

The Chairman mentions that these are the two important elements and that shareholders have seen the other changes to the remuneration policy as well. He opens the floor for questions on the remuneration policy. **The Chairman** observes that there were no questions. He asks whether shareholders could agree with this proposal. He observes sufficient nodding and concludes that the Remuneration Policy FMO Management Board was adopted.

The Chairman then moves to agenda item 9.

9. ANY OTHER BUSINESS

The Chairman states that, as already discussed at the beginning of this meeting and also mentioned by Mrs. Solleveld, he would come back to the update of the Agreement between the Dutch State and FMO. Shareholders might have noticed the update under the 'latest news' item on FMO's website. The Agreement has been modernized in line with the Dutch State's guarantee framework, FMO's regulatory environment as a bank and capital markets standards since the last update in 2009. The Agreement was approved by the Dutch Council of Ministers on Friday, the 21st of April and will become effective per 1 July 2023. The key principles of the Agreement between the State and FMO remain the same, which includes the commitment of the State to provide financial support in a timely manner to maintain FMO's continuity and its ability to meet its financial obligations, if necessary. Based on this, FMO's AAA rating will remain unchanged and therefore continue to mirror the ratings of the Dutch State. This is important because this ensures FMO's continuous ability to fulfil its development mandate.

The additions to the Agreement include a debt ceiling set at USD 16 billion, far above FMO's current outstanding funding of approximately USD 6 billion. It also includes an annual premium paid by FMO to the State to compensate the State for the risks under the maintenance obligation and the financial security obligation. The premium will have a minimal impact on FMO's financials. A Dutch and an English version of the new Agreement and a FAQs sheet have been published on the website. The Ministry of Finance has stated that the modernization of the Agreement is an affirmation of the importance of FMO's role in development cooperation on behalf of the Dutch State and shows the State's intention to consistently support FMO, maintain its continuity and ensure FMO's access to capital markets. FMO is very thankful for the ongoing trust the Dutch State places in FMO.

The Chairman states that he would like to mention something else. As shareholders most likely know, the Supervisory Board has been searching for a new Supervisory Board member. Progress has been made and the aim is to organize an Extraordinary General Meeting of Shareholders later this year, at which meeting the candidate will be proposed and presented to the shareholders.

The Chairman asks whether there were any other questions.

Mr. Bakker asks how FMO is doing in the first few months of 2023. He also wonders how the new Strategy 2030 landed with the employees. He heard nothing about the employees in the foundation that was discussed earlier on in the meeting. He asks whether there are any ongoing lawsuits against FMO. He hopes that 2023 will become a very successful year and that everyone will be happy to continue working at FMO, and that the future will be bright for FMO.

The Chairman thanks Mr. Bakker for his questions and his kind words. He provides the floor to Mr. Jongeneel to reply to the questions.

Mr. Jongeneel thanks Mr. Bakker for his questions. He states that how FMO is doing this year, is a very broad question. He asks Mr. De Ruijter to first comment on how the business is doing.

Mr. De Ruijter states that in terms of business FMO is off to a good start. FMO sees a continued demand as well as opportunities to make new investments. It is better than in previous years.

Mr. Jongeneel asks Mrs. Bouaré if she wants to add something about the financials so far in 2023.

Mrs. Bouaré states that in the first quarter of 2023 FMO is doing better than in last year's first quarter. Looking at FMO's stable income and expenses, the expenses are lower than budgeted. FMO's stable income is a little bit lower, however, still in line with the budget.

Mr. Jongeneel asks Mrs. Vossen if she wants to add something on the risk side.

Mrs. Vossen replies that she has nothing to add to this.

Mr. Jongeneel states that Mr. Bakker's second question was on how the new Strategy 2030 landed with employees. He remarks that it is always difficult to speak for everybody. In general, the Management Board received positive comments, which emphasized a number of things that were already there, building on the strength of the current FMO, however, also painting a picture of the road where FMO wants to go, for instance with more clarity on the emphasis on reducing inequalities and climate action, however also the notion that is added on the market creation, as shareholders could see in the overall picture. There is the notion of a serious ambition, however, also that it is a substantial task to take on.

Mr. Jongeneel states that Mr. Bakker asked whether employees were involved in the process. He replies that the Management Board tried to apply quite a broad stakeholder engagement, with both external and internal stakeholders. In the process of creation, the Management Board made sure that the departments were engaged and there were several input and discussion sessions. An implementation plan was created specifically for the Strategy 2030. Employees worked on it in several departments, and so-called walk-in sessions were organized on several themes. Employees could attend these sessions if they wanted to know more. Engagement can always be more, but the Management Board tried to strike a right balance with efficiency. There are various views, however, the Management Board mostly get positive remarks on the involvement of employees in the process.

Mr. Jongeneel then refers to Mr. Bakker's last question, whether there are any lawsuits running at the moment. He replies that if there were any that were material, this would have been shared as a subsequent event in the Annual Report.

The Chairman adds that in the discussions within the Supervisory Board there is a focus on the involvement of the FMO staff regarding how things are going within FMO. The Supervisory Board applauds the efforts of the Management Board to really integrate the discussions with staff on the future course of the organization. A lot of effort and energy has been spent in setting up this dialogue, the different formats, the different avenues to explore the dialogue. A lot of energy and time has been put into that, and it is rewarding because the FMO staff is very motivated to do a good job. They all want to feel part of the organization, doing this work. For the Supervisory Board, it is a continuing point of attention. The Supervisory Board wants to keep up the good work and give whatever opportunity there is to staff to be involved in the important choices and decisions the organization has to make. He then gives the floor to Mr. Jongeneel for an additional remark.

Mr. Jongeneel states that after the meeting is closed, they will try to play the video once more, which would last about two and a half minutes.

The Chairman asks whether there were any other remarks, questions, or observations.

Mr. Bakker asks to have the Annual Report on paper.

The Chairman states that he of course understands Mr. Bakker's request, however, that that also impacts the sustainability of the organization. They will however try do their best for Mr. Bakker.

10. CLOSING

The Chairman thanks everyone for attending the meeting. He invites the shareholders for lunch, where an informal exchange can take place and can get a response to any further questions or issues shareholders might want to mention. **The Chairman** closes the meeting.

[The video was shown]

Mr. Jongeneel remarks that the video is available on FMO’s website as well.

Mr. D.J. van den Berg, Chairman	Mrs. Catharina E.M. Oosterbaan, Secretary