



NL financial investments

## **Management Report 2022**

## 1. Introduction

NLFI is a foundation under the law of the Netherlands (stichting) operating as a trust with its registered office in the Municipality of The Hague. The full registered name is the Trust Office Foundation for the Management of Financial Institutions (stichting administratiekantoor beheer financiële instellingen). NLFI is a foundation with a statutory mandate, established to safeguard a transparent separation of interests, a credible exit strategy and commercial non-political governance of the holdings of the State of the Netherlands in a number of financial institutions.

Throughout 2022, NLFI managed State holdings in the companies ABN AMRO Bank N.V. and de Volksbank N.V.

## 2. NLFI activities in 2022

### 2.1. General

The object of NLFI is stated in Article 3 of NLFI's articles of association. This provision begins as follows:

#### 3.1. *The objects of the foundation are:*

(a)

*(i) to issue convertible depositary receipts for shares in exchange for acquiring and holding in trust in its own name shares in the companies which until then have been held by the State of the Netherlands;*

*(ii) to manage shares in the companies held in trust;*

*(iii) to exercise all rights attached to the shares, including voting rights;*

(b)

*(i) to advise the Minister on the strategy for the sale of shares by the State;*

*(ii) to execute on behalf of the State the strategy referred to in part 'b' under (i) and, to the extent authorized, to perform activities with a view to managing assets related to the shares and with a view to selling the shares;*

(c)

*(i) to assist the Minister in contacts with the European Commission or national regulators concerning the management and sale of the shares;*

*(ii) to perform all actions relating to, arising out of, or conducive to the object set out in this article.*

*3.2. In exercising the rights attached to the shares, the foundation will be guided primarily by the financial and economic interests of the holder of the depositary receipts for shares issued by the foundation, taking into account the interests of the company, the entities affiliated with it and all the employees concerned. This entails, inter alia, that the foundation will ensure that the companies pursue a responsible corporate strategy in line with sound commercial business operations and the applicable rules of good corporate governance.*

*The foundation exercises the rights attached to the shares in such a way that companies decide their own commercial strategy and exercise the day-to-day running of the companies independently so that there is no question of coordinating the commercial policy of the companies and that between the companies no competition-sensitive information is exchanged.*

NLFI's procedure with regard to the holdings can be described as the practices of an involved shareholder that respects the roles of the Management and Supervisory Boards defined in the Articles of Association. As a shareholder of a number of financial institutions, NLFI wishes to promote sustainable

and responsible business practices. For this reason, NLF I pays the necessary attention to the proper functioning of the corporate governance of these institutions. To supplement the NLF I articles of association, NLF I has concluded further agreements with the various invested companies concerning the manner in which the stipulations contained in the articles shall be implemented.

The most important activities for NLF I in 2022 are briefly discussed below.

## 2.2. ABN AMRO Bank NV

### 2.2.1 Shares

NLFI has trusteeship of a 56.3% equity interest in ABN AMRO Bank N.V., of which approximately 49.9% is held directly in the form of ordinary shares and approximately 6.4% is held indirectly in the form of depositary receipts for shares. In turn, NLFI has provided the State with depositary receipts for the same nominal value.

On 9 February 2022, ABN AMRO announced a share buyback programme totalling €500m. NLFI maintained its interest in ABN AMRO at the same level by selling shares and depositary receipts in its own capital under the share buyback programme to ABN AMRO pro rata to ABN AMRO's daily purchase of depositary receipts in its own capital during the term of the share buyback programme.

### 2.2.2 Performance of duties and policy pursued

NLFI held regular formal and informal meetings with the ABN AMRO Supervisory and Executive Boards and/or their Chairpersons throughout 2022. Topics of discussion included:

- financial and non-financial results of the bank;
- composition of the Executive and Supervisory Boards;
- bank strategy and financial objectives as well as its risk profile.
- ambitions and results in the area of ESG.

Such meetings constitute the means of implementing a meaningful dialogue between shareholder and the company. Talks were also held with members of the Supervisory Board, Executive Board and management of ABN AMRO. A regular component was the discussion of quarterly figures within a few weeks following their publication by ABN AMRO (so-called road shows).

Many topics were discussed during the consultations, including strategy, risk management, compliance (including the gatekeeper function, e.g. compliance with mandatory measures to prevent money laundering), possible NLFI sales transactions and governance. Contact was also maintained with ABN AMRO in view of the principle that neither ABN AMRO nor NLFI shall surprise the other, and they will promptly and accurately inform each other about relevant issues.

Furthermore, the NLFI Board discussed performance with the Chair of the Supervisory Board in the course of 2022.

### 2.2.3 Shareholder meetings and shareholder resolutions

NLFI attended the annual general meeting of shareholders (AGM) of ABN AMRO Bank N.V. on 20 April 2022. At this meeting, NLFI voted in favour of the following motions by issuing voting instructions to the proxy (via the e-voting system):

- Remuneration Report for 2021;

- adoption of the audited financial statements for 2021;
- Dividend proposal;
- Granting of discharge to the individual members of the Executive Board who were in office during the financial year 2021 for the performance of their executive duties in 2021;
- Granting of discharge of the individual members of the Supervisory Board who were in office during the financial year 2021 for the performance of their supervisory duties in 2021;
- Reappointment of Tom de Swaan as a member of the Supervisory Board;
- Appointment of Sarah Russell as a member of the Supervisory Board;
- Authorisation to issue shares and/or grant rights to subscribe for shares;
- Authorisation to restrict or exclude preferential rights;
- Authorisation to purchase treasury shares or depositary receipts for treasury shares of ABN AMRO Bank N.V.;
- Cancellation of shares or depositary receipt for shares in the issued share capital of ABN AMRO Bank N.V.

### 2.3 *Volksbank N.V.*

#### 2.3.1 *Shares*

NLFI has trusteeship of all the shares in the capital of de Volksbank N.V. In turn, NLFI has provided the State with depositary receipts for the same nominal value.

#### 2.3.2 *Performance of duties and policy pursued*

NLFI held regular formal and informal meetings with the Chairpersons of de Volksbank Supervisory Board and Board of Directors throughout 2022.

Topics of discussion included:

- the financial results of the bank;
- the composition of the Executive and Supervisory Boards;
- the strategy, financial targets, risk profile and ESG policy.

These meetings constitute the means of implementing a meaningful dialogue between shareholder and the company. Talks were furthermore held with members of de Volksbank Board of Directors, Supervisory Board and management. A regular component was the discussion of quarterly figures within a few weeks following their publication by de Volksbank (so-called road shows). Many topics were discussed during these consultations, including strategy, risk management, compliance (including the gatekeeper function), governance and sustainability. In addition, contact is maintained with de Volksbank in order that de Volksbank and NLFI inform each other promptly and correctly about relevant matters and avoid surprises in this respect.

Furthermore, the NLFI Board discussed performance with the Chair of the Supervisory Board in the course of 2022.

### *2.3.3 Shareholder meetings and shareholder resolutions*

NLFI attended the annual general meeting of shareholders (AGM) of de Volksbank N.V. on 21 April 2022. At this meeting, the following resolutions were adopted:

- Positive opinion on the 2021 Remuneration Report;
- Adoption by NLFI of the 2021 financial statements of de Volksbank N.V.;
- Adoption of the new reserves and dividend policy of de Volksbank N.V.;
- Motion to distribute dividend for FY 2021;
- Discharge from liability.

a. Granting of discharge from liability by NLFI to the current members of the Board of Directors under the articles of association of de Volksbank N.V. who were in office in the financial year 2021 for the performance of their executive duties in the financial year 2021, as reflected in the annual report, the financial statements and the announcements at the AGM.

b. Granting of discharge from liability by NLFI to Mr J.C. (John) Reichardt who served as an interim member of the Board of Directors under the articles of association from 15 April 2021 through 31 December 2021 for the performance of his executive duties in the financial year 2021, as reflected in the annual report, the financial statements and the announcements at the AGM.

c. Granting of discharge from liability by NLFI to the current members of the Supervisory Board of de Volksbank N.V. who were in office in the financial year 2021 for the performance of their supervisory duties in the financial year 2021, as reflected in the annual report, the financial statements and the announcements at the AGM.

d. Granting of discharge from liability by NLFI of Ms S. (Sonja) Barendregt-Roojers who served as a member of the Supervisory Board of de Volksbank N.V. until 21 April 2021 for the performance of her supervisory duties in the financial year 2021, as reflected in the annual report, the financial statements and the announcements at the AGM.

e. Granting of discharge from liability by NLFI of Ms M.R. (Monika) Milz who served as a member of the Supervisory Board of de Volksbank N.V. until 21 April 2021 for the performance of her supervisory duties in the financial year 2021, as reflected in the annual report, the financial statements and the announcements at the AGM.

f. Granting of discharge from liability by NLFI of Mr J.C.M. (Jan) van Rutte who served as the chair of the Supervisory Board of de Volksbank N.V. until 13 August 2021 for the performance of his supervisory

duties in the financial year 2021, as reflected in the annual report, the financial statements and the announcements at the AGM.

- Reappointment of two current members of the Supervisory Board of de Volksbank N.V. and one current member of the Board of Directors under the articles of association of de Volksbank N.V.:
  - a. Reappointment by NLFI of Mr A.H.P. (Aloys) Kregting as a member of the Supervisory Board of de Volksbank N.V.
  - b. Reappointment by NLFI of Mr J.H.P.M. (Jos) van Lange as a member of the Supervisory Board of de Volksbank N.V.
  - c. Reappointment by NLFI of Ms M.L. (Marinka) van der Meer as a member of the Board of Directors under the articles of association of de Volksbank N.V.
- Awarding of engagement to audit the financial statements for 2022 and 2023 of de Volksbank N.V. (under Section 393, Book 2 of the Dutch Civil Code and Article 28(1) of the articles of association of de Volksbank N.V.)

On 22 June 2022, NLFI adopted the following resolution via a shareholder resolution outside a meeting:

- Appointment of Mr André Haag as a member of the Board of Directors under the articles of association of de Volksbank, in the role of CFO, with effect from 1 August 2022.

An explanation of these shareholder resolutions can be found on the NLFI website.

#### *2.4 RFS Holdings B.V.*

At the request and for the account of the Dutch State, NLFI is monitoring the tax settlement in relation to the assets sold in Saudi Arabia in 2019.



### 3. Governance of NLFI

#### *3.1 Board and directors*

In 2022, the NLFI Board was entirely composed of W.M. van den Goorbergh and D.C.C. van Everdingen.

##### **Wim van den Goorbergh**

Wim van den Goorbergh is an economist and was CFO and Chairman of the Rabobank Board until 2002. He has subsequently held various executive and supervisory positions, including supervisory directorships at BNG Bank and NIBC Bank.

##### **Diana van Everdingen**

Diana van Everdingen was a lawyer at Stibbe for 22 years, including 15 years as a partner, specialising in M&A and ECM transactions. She then served as vice-chairman of the AFM supervisory board for eight years. She also holds some executive and supervisory positions in the cultural sector and postgraduate education.

The Board members appointed by the Minister of Finance receive remuneration based on a contract for services that is concluded with them (Board Member Agreement).

Drs. Rens Bröcheler was the Executive Managing Director of NLFI throughout 2022.

##### **Rens Bröcheler**

Bröcheler worked at Generale Bank and ABN AMRO before moving to the Ministry of Finance in 1999. As a result, he has extensive management experience as the head of Cash Management, head of Investments and project director for Financial Institutions. He has been Managing Director since the establishment of NLFI in 2011.

### 3.2. Board meetings and consultations

Fourteen Board meetings were held in 2022. In addition, there were frequent consultations among Board members and with the team, and their resulting conclusions and decisions were recorded in the reports of the Board meetings. These consultations were regularly held by telephone conference in weeks in which no Board meeting took place. Important topics that were discussed include:

- AGMs;
- shareholder resolutions without a meeting;
- consultations with other companies and their bodies;
- ABN AMRO's strategy;
- composition of ABN AMRO's Executive and Supervisory Boards;
- de Volksbank's strategy;
- composition of de Volksbank's Board of Directors and Supervisory Board;
- resolutions on the selection and appointment of NLFI advisers;
- strategic developments;
- consultations with the Ministry of Finance;
- internal matters, including team composition, vacancy filling, compliance and adoption of the budget and annual financial statements.

The Board obtained external advice with regard to a number of legal, strategic and financial issues.

### 3.3. Internal governance

NLFI has taken measures to ensure controlled and sound business operations. Consequently, the description of the accounting organisation and internal control has been updated. The financial statements are audited by an external auditor. Ernst & Young has been engaged to perform the task of auditing the financial statements for 2022. NLFI has taken out directors' liability insurance for each individual director, the premiums for which are paid by NLFI.

#### *Observer*

As the Competition Act applies to NLFI's holdings, NLFI and the Ministry of Finance have taken action with the approval of the Authority for Consumer & Market (the ACM).

The measures approved by the ACM include the appointment of an observer designated by the State and NLFI but functioning on the ACM's behalf to monitor compliance with the measures by the Ministry of Finance and NLFI. The observer reports retrospectively every half year to the ACM on the compliance with the implemented measures. The observer also reported in 2022.

### *Integrity risks*

NLFI has adopted a code of conduct designed to ensure and maintain stakeholder confidence in NLFI and to prevent integrity risks. For this purpose, this code of conduct includes rules and guidelines for insiders:

- a. to prevent conflicts of interest of NLFI and the private interests of insiders;
- b. to avoid use or disclosure of inside knowledge or other confidential market information and/or the misuse and unauthorised use of confidential information available to NLFI;
- c. to prevent stock price manipulation as well as other misleading practices;
- d. to protect the reputation of NLFI and the individuals involved with it.

NLFI has an external compliance officer, who monitors compliance with the code of conduct.

There is also an external confidential advisor on integrity.

Compliance was included as a standing item on the Board meeting agenda in 2022. As usual, the compliance officer issued quarterly reports throughout 2022.

### *Legality, efficiency*

Within NLFI, several measures have been taken to promote the legality and efficiency of the foundation's actions.

### *"In control statement"*

As in previous years, an in-control statement was drawn up for internal use. The Executive Managing Director reported to the Board on this matter, which subsequently adopted it. See the section on risk (Section 3.5).

### *Continuous learning*

NLFI is a knowledge-intensive organisation. The Board and the team are therefore working on education and training. Sufficient budget is available for individual training. During 2022, the team and Board jointly participated in knowledge sessions with external experts in the fields of risk and ICT security awareness.

### *Employees*

NLFI had eight employees (five full-time, three part-time) working under private employment contracts during 2022.

### *Remuneration of senior executives (WNT)*

The Senior Public and Semi-Public Official Income (Standardisation) Act [Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector (WNT)] came into force on 1 January 2013. The financial statements contain separate accounting information on this subject. The maximum general remuneration was €216,000 in 2022. NLFI did not have any employees in 2022 whose total remuneration paid by NLFI exceeded (a time-related portion of) the stipulated maximum remuneration and to whom the WNT would then apply.

In 2022, no payments were made to senior officials due to the severance of any employment position.

There were no other officials in employment who received a salary above the individual WNT maximum in 2022. No severance payments were made to other officials in 2022.

### *3.4. External suppliers and premises*

NLFI procured goods and services from various external service providers and suppliers in 2022. They mostly involved legal, financial, administrative, accounting and IT services. NLFI had ongoing contracts with various service providers at the end of 2022 for services to be provided in 2022.

### *3.5 Risk section*

NLFI uses a system involving an in-control statement (ICS). Its purpose is to increase transparency and consensus about risk assessment, management and monitoring. In addition to achieving objectives, this statement can also serve to prevent or control the risks that the organisation runs. The NLFI team has become substantially smaller since 2018. The administrative organisation was adjusted accordingly while maintaining the separation of functions between possession, payment and execution. Where necessary, work was performed under double supervision (four eyes principle). The risk areas mentioned in the ICS were reviewed in 2022. They include leadership, liability, staffing, process control, outsourcing, stakeholder relations and supervision of holdings. NLFI adopts a risk-averse approach.

Financial buffers are maintained to absorb any financial setbacks that may occur.

#### 4. Corporate governance

NLFI endorses the importance of the Dutch Corporate Governance Code and the Stewardship Code drafted by Eumedion. These codes apply to large companies with registered offices in the Netherlands whose shares or depositary receipts for shares are admitted to the stock exchange.

As described above in Section 1, NLFI is a foundation under the law of the Netherlands (stichting) with a task defined by law. The exercise of this task is subject to special rules, such as the prior approval of substantial and fundamental decisions by the Minister of Finance.

NLFI is not easily comparable with the companies for which the Dutch Corporate Governance Code and the Stewardship Code have been drafted. As in previous years, the NLFI Board applied these Codes by analogy throughout 2022, if and to the extent applicable.

## 5. Financial details of NLFI

### 5.1. *Financial details for 2022*

NLFI is a non-profit foundation under Dutch law (stichting). The NLFI Act states that the Minister of Finance shall cover the costs that NLFI incurs for its legal tasks and objectives, as defined in the articles of association and the trust conditions. This guarantees the financial continuity of NLFI.

Future differences between realised profits and realised losses from the activities of NLFI may be credited to or debited from the equalisation reserve. In accordance with the articles of association, the NLFI equalisation reserve shall not, in principle, exceed five million euros.

NLFI holds the investments for the State and has issued depositary receipts to the State. NLFI does not therefore have any financial or economic interest in the holdings. In view of the regulations in the articles of association of the holdings and the legal authorities of the Minister of Finance regarding substantial and fundamental decisions, NLFI does not possess any preponderant control over the held companies that might be construed as consolidation. The below-stated financial data relates therefore to the financial data of NLFI as an independent legal entity.

## 5.2. Budget 2023

The budget for 2023 submitted to the Ministry of Finance is as follows:

### NLFI budget 2023

Costs		Budget 2022	Budget 2023
I	<b>Board</b>	148,000	141,000
II	<b>Employees</b>	1,194,500	1,213,840
III	<b>Premises</b>	176,000	196,000
IV	<b>Office</b>	139,500	137,500
V	<b>General</b>	164,000	179,000
	Sub-total	<b>1,822,000</b>	<b>1,867,340</b>
VI	<b>Consultancy fees</b>		
	<b>Directly attributable holdings</b>		
VI.1	Consultation on AMRO N.V.	1,400,000	1,400,000
VI.3	Consultations on RFS & MinFin direct	60,000	60,000
VI.5	Consultation on Volksbank N.V.	700,000	700,000
VI.6	Other consultations	140,000	140,000
		<b>2,300,000</b>	<b>2,300,000</b>
<b>Total</b>	<b>Expenses</b>	<b>4,122,000</b>	<b>4,167,340</b>
	<b>Income</b>		
	Ministry of Finance	<b>4,122,000</b>	<b>4,167,340</b>
<b>Total</b>	<b>Income</b>	<b>4,122,000</b>	<b>4,167,340</b>
<b>Result</b>		<b>0</b>	<b>0</b>

This budget was approved by the Minister of Finance on 20 April 2023.