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NL financial investments

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**Management Report 2023**

## 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 an organisation 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.

In 2023, NLFI managed State holdings in the companies ABN AMRO Bank N.V. and de Volksbank N.V.

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## 2. NLFI activities in 2023

### 2.1. General

The object of NLFI is stated in Article 3 of NLFI's articles of association. The first two paragraphs of this provision read 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 her 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 monitor 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 engagement with the holdings can be described as similar to that of an involved shareholder that respects the roles of the Executive and Supervisory Boards as defined in the articles of association. As a shareholder of a number of financial institutions, NLFI wishes to promote sustainable and accountable

business practices. For this reason, NLFI devotes appropriate attention to sustainability and ensuring that corporate governance (ESG) at these institutions functions properly. To supplement the NLFI articles of association, NLFI 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 NLFI in 2023 are briefly discussed below.

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## 2.2. ABN AMRO Bank N.V.

### 2.2.1 Shares

On 31 December 2023, NLFI had trusteeship of approximately 48.7% equity interest in ABN AMRO Bank N.V., of which approximately 46.6% was held directly in the form of ordinary shares and approximately 2.1% was held indirectly in the form of depositary receipts for shares. In turn, NLFI has issued shares and depositary receipts for the same respective nominal values to the State.

On 8 February 2023, ABN AMRO announced a share buyback programme for a total amount of EUR 500 million. NLFI participated pro rata in the purchase programme. The pro rata participation of NLFI in the purchase programme meant that the impact of the purchase programme on NLFI's percentage interest was neutralised, meaning that this did not increase as a result of the purchase programme. The total gross income for NLFI amounted to over EUR 281 million.

On 10 February 2023, NLFI announced a trading plan to sell depositary receipts for ABN AMRO shares on the stock exchange on a daily basis. This trade plan was completed on 9 October 2023. A total of 58,472,409 certificates were sold under the trading plan, reducing NLFI's interest to 49.5%. The trade plan resulted in a total return of approximately EUR 842.3.

On 17 May 2023, NLFI received a final dividend for 2022 from ABN AMRO of over EUR 267 million (after withholding of dividend tax). An interim dividend for 2023 of more than EUR 234 million (after withholding of dividend tax) was received on 5 September.

NLFI launched a new trade plan that will reduce NLFI's total interest to approximately 40% on 30 November 2023. This trade plan will be completed in 2024. All amounts received were transferred immediately to the Ministry of Finance.

### 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 2023. Topics of discussion included:

- the financial and non-financial results of the bank;
- the composition and remuneration policy of the Executive Board and Supervisory Board.
- the bank's strategy and financial objectives as well as its risk profile.
- The targets and results in relation to ESG.

These meetings enable the conduct of a meaningful dialogue between the 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 these consultations, including strategy, risk management, compliance (including the gatekeeper function, including compliance with mandatory measures to prevent money laundering), potential NLFI sales transactions and governance. Contact was also maintained with ABN AMRO to ensure that neither ABN AMRO nor NLFI should surprise the other and should promptly and accurately inform each other about relevant issues.

Furthermore, during the course of 2023, the NLFI Board met with the Chair of the Supervisory Board to discuss the functioning of the Executive Board and the Supervisory Board.

### *2.2.3 Shareholder meetings and shareholder resolutions*

NLFI attended the annual general meeting of shareholders (AGM) of ABN AMRO Bank N.V. on 19 April 2023. 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 2022;
- Adoption of audited financial statements for 2022;
- Dividend proposal;
- Granting of discharge to the individual members of the Executive Board in office during the financial year 2022 for the performance of their executive duties in 2022;
- Granting of discharge of the individual members of the Supervisory Board in office during the financial year 2022 for the performance of their supervisory duties in 2022;
- Reappointment of Mr Michiel Lap as a member of the Supervisory Board;
- Appointment of Wouter Devriendt as member of the Supervisory Board;
- Cross-border merger of ABN AMRO Bank N.V. and Banque Neuflyze OBC;
- Authorisation to:
- issue shares and/or grant rights to subscribe for shares;
- restrict or exclude preferential rights;
- purchase treasury shares or depositary receipts for treasury shares of ABN AMRO Bank N.V.; and
- Cancellation of shares or depositary receipts for shares in the issued share capital of ABN AMRO Bank N.V.

NLFI cast its vote at the extraordinary general meeting of shareholders of ABN AMRO Bank N.V. on 29 June 2023. At this meeting, NLFI voted in favour of the following motions by issuing voting instructions to the proxy (via the e-voting system):

- Appointment of Femke de Vries as member of the Supervisory Board.

## *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 exchange, NLFI has issued depositary receipts to the State 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 Executive Board in 2023.

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 enable the conduct of a meaningful dialogue between the shareholder and the company. Talks were furthermore held with members of the Executive Board, Supervisory Board and management of de Volksbank. 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 to ensure that de Volksbank and NLFI inform each other correctly and in good time about relevant matters and avoid any surprises in this regard.

Furthermore, NLFI's Board met with the Chair of the Supervisory Board in the course of 2023 to discuss its performance.

### *2.3.3 Shareholder meetings and shareholder resolutions*

NLFI attended the general meeting of shareholders of de Volksbank N.V. on 13 April 2023. The following resolutions were adopted at this meeting:

- NLFI advised in favour of the Remuneration Report for 2022;
- Adoption by NLFI of financial statements for 2022 of de Volksbank N.V.;
- Distribution of dividend for FY 2022;
- Discharge from liability:
  - a. Granting of discharge from liability by NLFI to the current members of the Executive Board under the articles of association of de Volksbank N.V. who were in office in the financial year 2022 for the performance of their executive duties in the financial year 2022, as reflected in the annual report, the financial statements and the announcements at the AGM.
  - b. Granting of discharge from liability to the members of the Supervisory Board of de Volksbank N.V. from liability for the performance of their duties in the financial year 2022, as reflected in the annual report, the financial statements and the announcements at the AGM.

NLFI adopted the following resolutions without meeting on 6 July 2023

- Adoption of the remuneration policy proposed by the Supervisory Board of de Volksbank N.V. with retroactive effect from 1 January 2023; and
- Allocation of the changed remuneration for the Supervisory Board as included in the revised remuneration policy.

*2.4 RFS Holdings B.V.*

At the request of and on behalf of the Dutch State, NLFI monitors the tax settlement relating to the assets sold in Saudi Arabia in 2019. NLFI is awaiting the final ruling of the Saudi tax authorities on this matter.

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### 3. Governance of NLFI

#### 3.1 Board and directors

In 2023, the board of NLFI consisted of Dr. W.M. van den Goorbergh, Mr. D.C.C. van Everdingen and Dr. B. ter Haar (board member from 26 January 2023).

##### **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.

##### **Bernard ter Haar**

Bernard ter Haar is a physicist and economist. He worked for more than thirty years at the Central Government, including as Director of Financial Markets at the Ministry of Finance and DG Social Security and Integration at the Ministry of SZW (Social Affairs and Employment). He still carries out temporary assignments for the government and holds various administrative positions.

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 2023.

##### **Rens Bröcheler**

Rens Bröcheler worked at Generale Bank and ABN AMRO before moving to the Ministry of Finance in 1999. 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

13 Board meetings were held in 2023. In addition, there were frequent consultations among Board members and with the team, and their resulting conclusions and decisions were recorded in the Board meeting reports. These consultations were generally conducted in telephone conferences in weeks in which no Board meeting took place. Important topics that were discussed include:

- AGMs;
- shareholder resolutions adopted without 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, social and geopolitical developments;
- consultations with the Ministry of Finance;
- internal matters, including staffing of the team, filling of vacancies, compliance, and
- adoption of the budget and the 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. The financial statements are audited by an external auditor. Ernst & Young has been appointed as the auditor of the financial statements for 2024. 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 (ACM).

The measures approved by ACM include the appointment of an observer designated by the State and NLFI but functioning on ACM's behalf to monitor compliance with the measures by the Ministry of Finance and NLFI. The observer reports retrospectively every half year to ACM on the compliance with the implemented measures. The observer also reported in 2023.

### *Integrity risks*

NLFI established a code of conduct in 2023 which aims to safeguard and maintain confidence in NLFI by stakeholders as well as the prevention of integrity risks. The 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.

NLFI also has an external integrity counsellor.

Compliance was included as a standing item on the Board meeting agenda in 2023. As usual, the compliance officer issued quarterly reports throughout 2023.

### *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).

### *Lifelong 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. In 2023, the team and the board participated jointly in knowledge sessions with external experts, including in the field of AI and the Benelux banking sector.

### *Employees*

NLFI had eight employees (five full-time, three part-time) working under private employment contracts during 2023.

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

The Senior Public and Semi-Public Official Income (Standardisation) Act [Wet normering bezoldiging toefunctionarissen 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 €233,000 in 2023. NLFI had no employees in 2023 whose total remuneration paid by NLFI exceeded the stipulated maximum remuneration (or a time-related portion thereof) and to whom the WNT would then apply.

No payments were made to senior officials due to the severance of any employment position in 2023.

There were no other officers in employment who received a salary above the individual WNT maximum in 2023. No severance payments were made to other officers in 2023.

### *3.4. External suppliers and premises*

NLFI procured goods and services from various external service providers and suppliers in 2023, mostly involving legal, financial, administrative, accounting and ICT services. NLFI had ongoing contracts with various service providers at the end of 2023 for services to be provided.

### *3.5 Risk paragraph*

NLFI uses an in-control statement (ICS). Its purpose is to increase the 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 administrative organisation provides for segregation of duties between ownership, payment and execution. Where necessary, work is performed under double supervision (four eyes principle). The risk areas mentioned in the ICS were reviewed in 2023. They include leadership, liability, staffing, process control, outsourcing, stakeholder relations and relations with 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 listed on a 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 from the Minister of Finance for substantial and fundamental decisions.

NLFI is not directly comparable with the companies for which the Dutch Corporate Governance Code and the Stewardship Code were drafted. As in previous years, the NLFI Board applied these Codes by analogy throughout 2023, if and to the extent applicable.

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## 5. Financial details of NLFI

### 5.1. *Financial details for 2023*

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

NLFI holds the holdings for the State and has issued depositary receipts to the State. NLFI thus has no 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 financial data below relates therefore to the financial data of NLFI as an independent legal entity.

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## 5.2. Budget 2024

The budget for 2024 submitted to the Ministry of Finance is as follows:

### **NLFI budget 2024**

<b>Costs</b>		<b>Budget 2024</b>	<b>Budget 2023</b>
I	<b>Board</b>	156,000	141,000
II	<b>Employees</b>	1,281,600	1,213,840
III	<b>Premises</b>	201,850	196,000
IV	<b>Office</b>	137,500	137,500
V	<b>General</b>	183,500	179,000
	Sub-total	<b>1,960,450</b>	<b>1,867,340</b>
VI	<b>Consultancy Directly attributable holdings fees</b>		
VI.1	Consultations on ABN 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>4,260,450</b>	<b>4,167,340</b>
	<b>Income</b>		
	Ministry of Finance	<b>4,260,450</b>	<b>4,167,340</b>
<b>Total</b>	<b>Income</b>	<b>4,260,450</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 21 December 2023.