

Combined independent auditor's report on the 2019 financial statements and sustainability information

To: the shareholders and supervisory board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

We have summarized the main conclusions and main features of our audit and review of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO or the Company) below. The full text of the independent auditor's report, which includes the assurance report on sustainability information, has been included in the following pages.

Summary

Financial statements

Unqualified opinion on financial statements

Materiality

- Materiality of EUR 31 million
- 1% of shareholders' equity

Key audit matters

- IFRS 9 impairment of loans to the private sector
- Valuation of equity investments at fair value
- Reliability and continuity of the information technology and systems

Sustainability information

Unqualified opinion on green investments (% of total volume) and the materiality matrix

Unqualified conclusion on sustainability information

Materiality

- Professional judgment for qualitative information
- Specific materiality levels for each quantitative element of the sustainability information in scope

Key assurance matter

- Green investments (% of total volume)

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To: the shareholders and supervisory board of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.

Our conclusions

We have audited the financial statements 2019 of Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO or the Company) based in The Hague, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of FMO as at 31 December 2019 and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of FMO as at 31 December 2019 and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code

We have reviewed the sustainability information for the year 2019 of FMO. A review is aimed at obtaining a limited level of assurance. Furthermore, we have audited the green investments (% of total volume) and the materiality matrix for the year 2019. The scope of our engagements is described in the section Our Scope.

Based on our procedures performed, nothing has come to our attention that causes us to believe that the accompanying sustainability information does not present, in all material respects, a reliable and adequate view of the policy and business operations with regard to corporate social responsibility and the thereto related events and achievements for the year 2019, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), core option, and the applied supplemental reporting criteria as disclosed in the chapter 'How we report' of the annual report.

In our opinion, the green investments (% of total volume) and the materiality matrix 2019 have been prepared, in all material respects, in accordance with the applied supplemental reporting criteria as disclosed in the chapter 'How we report' of the annual report.

Based on the procedures performed required by Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

Basis for our conclusions

We performed our assurance engagements in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3810N, Assurance engagements relating to sustainability reports, which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information".

Our responsibilities under those standards are further described in the section Our responsibilities in this report.

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Our independence

We are independent of FMO in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the “Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence)” and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagements. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics)”.

Our scope

Our engagements scope

The annual report consists of the financial statements and other information, including Reports by the Executive Committee and Supervisory Board, that provides altogether an overview of the policy, activities, events and performances related to both the financial position and the sustainable development of FMO during reporting year 2019. The following information in the annual report has been in scope for our assurance engagements:

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2019
- The following statements for 2019: the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2019
- The company profit and loss account for 2019
- The notes comprising a summary of the accounting policies and other explanatory information

The sustainability information comprise:

- Reasonable assurance – green investments (% of total volume) as disclosed on page 15 and the materiality matrix as presented on page 12 of the annual report;
- Limited assurance - The sustainability information in 'At a glance', 'About this report', 'External environment', 'Our value creation model', 'Our investment process', 'Our strategy', 'Our performance', 'Our commitments' and 'How we report'.

The other information comprise:

- At a glance
- Report of the Executive Committee
- Report of the Supervisory Board
- Corporate Governance
- How we report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720 concerning our obligation to report about the Report of the Executive Committee and other information.

Reporting criteria

The financial statements and the sustainability information need to be read and understood together with the reporting criteria. FMO is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

The reporting criteria used for the preparation of the financial statements and the sustainability information are presented below.

Consolidated financial statements	International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code
Company financial statements, report by the board of management and report of the supervisory board	Part 9 of Book 2 of the Dutch Civil Code
Sustainability information	Sustainability Reporting Standards of the Global Reporting Initiative (GRI), core option, and the applied supplemental reporting criteria as disclosed in the chapter 'How we report' of the annual report

Materiality

General

The scope of our assurance procedures is influenced by the application of materiality. Our assurance engagements aim to provide assurance about whether the financial statements and the sustainability information are free from material misstatement. Misstatements may arise due to fraud or errors. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the (economic) decisions of users taken on the basis of the financial statements and the sustainability information. The materiality affects the nature, timing and extent of our assurance procedures and the evaluation of the effect of identified misstatements on our conclusions.

Financial statements

For the audit of the financial statements our considerations regarding the materiality are as follows:

Materiality	€31 million (2018: €29 million)
Benchmark used	1% of shareholders' equity (2018: 1% of shareholders' equity)
Additional explanation	FMO's shareholders' equity and solvency, and the ability to invest in and provide financing to companies in developing countries, are key indicators for the users of its financial statements. We applied, consistent with 2018, 1% of shareholders' equity for the audit of the 2019 financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €750,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Sustainability information

Based on our professional judgment we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the organization.

We agreed with the supervisory board that misstatements which are identified during the review and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, compliance and risk management) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and

corruption in close co-operation with our forensic and legal specialists. In our risk assessment we considered the risk of bribery and corruption as FMO is providing loans to clients in multiple jurisdictions.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 5, 6, 7, 8, 9, 18 and 30 to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyer's letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our focus on going concern

In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Scope of the group audit

FMO is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of FMO. FMO is structured based on the sectors: Financial Institutions, Energy, Agribusiness, Food & Water, Private Equity, Partnership for impact and Other. FMO operates in the following four geographical markets: Africa, Asia, Europe & Central Asia, Latin America & the Caribbean. As FMO obtains its revenues from customers in developing countries, no revenues are derived from FMO's country of domicile, the Netherlands. Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities based on size and risk. Our group audit focused on the stand-alone financial information of FMO. This resulted in a coverage of 98.3% of profit before taxation and 99.7% of total assets. By performing these procedures we have been able to obtain sufficient and appropriate audit evidence about FMO's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit team at group level included the appropriate skills and competences which is needed for the audit of a listed client in the banking industry. We included specialists in the areas of IT audit, forensics and income tax and have made use of our own experts in the areas of valuations of ECL provisions, direct equity investments, fair value loans, derivatives, hedge accounting and pensions.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit and assurance matters

Key audit and assurance matters are those matters that, in our professional judgment, were of most significance in our assurance procedures for the financial statements and the sustainability information. We have communicated the key audit and assurance matters to the supervisory board. The key audit and assurance matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our assurance procedures for the financial statements and to conclude thereon, and we do not provide a separate conclusion on these matters.

The key audit matter IFRS 9 adoption which was included in our last year's auditor's report, is not considered a key audit matter for this year as it related to a one off event. We adjusted the key assurance matter on impact measurement to the green investments (% of total volume) due to the increased level of assurance we are providing for these green investments.

Impairment of loans to the private sector	
Risk or matter	<p>At 31 December 2019, FMO reported loans to the private sector measured at amortized cost of €4.3 billion including a provision of €240 million for expected credit losses. The timing and measurement of expected credit losses require significant estimates and management's judgment in setting assumptions in respect of:</p> <ul style="list-style-type: none"> • Allocation of loans to stages 1, 2 or 3 • Accounting interpretations and modelling assumptions used to build the model to calculate the expected credit loss (ECL) • Completeness and accuracy of data used to calculate the ECL • Inputs and assumptions used to estimate the impact of multiple macro-economic scenarios to calculate the ECL for stages 1 and 2 • Measurement of individually assessed provisions for stage 3, including the assessment of multiple recovery scenarios • Accuracy and adequacy of financial statement disclosures <p>Due to the significance of the loans to the private sector and the related estimation uncertainty of expected credit losses, we consider the measurement of the provision for expected credit losses a key audit matter. Reference is made to the "Significant estimates, assumptions and judgements" section, note 6 "Loans to the private sector", note 7 "ECL allowances - assessment" and "Credit risk" section under Risk Management Chapter to the financial statements.</p>
How our audit addressed the matter	<p>We tested the design and where applicable the operating effectiveness of key controls across the processes relevant to the ECL calculation prepared by FMO. This included the allocation of loans into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, individual provisions, journal entries and disclosures.</p> <p>We performed an overall assessment of the ECL provision levels by stage to determine if they are reasonable considering FMO's portfolio, risk profile, credit risk management practices and macroeconomic environment. We considered trends in the economy and industries to which FMO is exposed.</p> <p>We challenged the criteria used to allocate loans to stage 1, 2 or 3 in accordance with FMO's policy. We tested loans in stage 1, 2 and 3 and verified whether they were allocated to the appropriate stage.</p> <p>With the support of our modelling specialists, we tested assumptions, inputs and formulas used in the ECL model. This included the appropriateness of model design and formulas used and recalculating the Probability of Default, Loss Given Default and Exposure at Default in this model. Further, we assessed the selected macro-economic scenarios used.</p>

How our audit addressed the matter (continued)	<p>We examined a selection of loans to assess the expected credit loss provision for stage 3 loans. We applied professional judgment in selecting those exposures for our detailed inspection, placing an emphasis on portfolios that are potentially more sensitive to developing economic and political trends. For selected loan exposures we recalculated individually assessed provisions and challenged the recovery scenarios and probability weightings assigned.</p> <p>We assessed the completeness and accuracy of the disclosures for compliance with EU-IFRS.</p>
Key observations	<p>We are satisfied that expected credit loss provisions are reasonable and in compliance with IFRS 9 and concur with the related disclosures in the financial statements.</p>

Valuation of equity investments at fair value

Risk or matter	<p>Equity investments amount to €1.9 billion as at 31 December 2019. These equity investments are measured at fair value with the corresponding fair value change recognized through profit and loss except for 3 strategic equity investments through other comprehensive income. The valuation of investments is inherently subjective - most predominantly for the level three equity investments since these are valued using inputs other than quoted prices in an active market. Key inputs used in the valuation of individual level 3 equity investments are, amongst others, net asset values for the fund investments and comparable recent transaction prices, comparable book and earnings multiples and discounted cash flows for the direct investments. Certain aspects of the accounting for fair values on equity investments require significant judgment, such as the assessment of the reliability of recent available information, determining the appropriate peer group for establishing multipliers, and the income based models where the value is significantly affected by input data that cannot be verified by external market data.</p> <p>Due to the significance of equity investments at fair value and the related estimation uncertainty, we consider the valuation of these equity investments a key audit matter. Reference is made to section “Equity investments” in the Significant accounting policies, note 8 “Equity investments” and related disclosures of “Equity risk” within section Financial risk management and “Fair value of financial assets and liabilities” in the notes to the financial statements.</p>
How our audit addressed the matter	<p>Our audit approach included testing both the effectiveness of internal controls where applicable around FMO’s valuation process for equity investments as well as substantive audit procedures.</p> <p>Our substantive audit procedures comprised, amongst others, of an assessment of the methodology and the appropriateness of the valuation models and inputs used to value fund and direct investments.</p>

Valuation of equity investments at fair value	
How our audit addressed the matter (continued)	<p>We involved internal valuation specialists to assess market related information for the valuation of a sample of direct investments (level 3), and to assess whether the valuations were within a pre-defined range. We assessed the accuracy of key inputs and assumptions driving the valuation. This included the assessment of the appropriateness of comparable market multiples, adjusted for comparability differences such as size and liquidity, and the assessment of the reasonability of the expected cashflows, risk free rates and credit spreads.</p> <p>We examined a selection of the fund investments to assess the appropriate application of net asset value statements received from these fund managers.</p> <p>We assessed the clerical accuracy of the fair value calculations.</p> <p>For listed equity investments (level 1) we agreed the year-end valuation to external data sources.</p> <p>We assessed whether all new information available between balance sheet date and the date of the financial statements relevant for the 2019 fair value was properly included in the valuations.</p> <p>We assessed the completeness and accuracy of the disclosures for compliance with EU-IFRS.</p>
Key observations	We are satisfied that the fair value of the equity investments is within the pre-defined range and concur with the related disclosures in the financial statements.

Reliability and continuity of the information technology and systems	
Risk or matter	<p>FMO is dependent on the IT infrastructure for the continuity and reliability of its business processes and financial reporting. FMO continues to invest to further improve the IT environment and IT systems. Furthermore, the role of financial disclosures is important to stakeholders and increasing data granularity in financial reporting and regulatory reporting requirements urge for high quality data and an adequate IT environment.</p> <p>We therefore consider this a key audit matter. Reference is made to “(Information) Security” section under Risk Management Chapter to the financial statements.</p>
How our audit addressed the matter	As part of our audit procedures we have assessed the changes in the IT systems and IT infrastructure. We tested the reliability and continuity of electronic data processing within the scope of the audit of the 2019 financial statements. For that purpose, we have included IT auditors in our team. Our procedures included testing of controls with regards to IT systems and processes relevant for financial reporting. Amongst others, we tested the IT general controls related to logical access and change management and application controls embedded in FMO’s key processes.
Key observations	The tests of controls performed provided sufficient appropriate evidence for the purposes of our audit.

For the assurance procedures concerning the sustainability information in scope, we identified the following key assurance matter:

Green investments (% of total volume)	
Risk or matter	<p>The green investments as percentage of total volume was 34% as at 31 December 2019. FMO developed their own criteria based on existing frameworks to determine if an investment is considered green. The suitability of these criteria, the consistent application of these criteria, and transparent disclosure in the annual report are of significant importance.</p> <p>Due to the significance of the green investments as percentage of total volume and the level of judgment in the development of own criteria, we consider the measurement of the green investment (% of total volume) a key assurance matter. Reference is made to the “Key Figures table” and “Our performance” chapter section SDG 13 – Climate action” and “How we Report” chapter in the annual report.</p>
How our assurance engagement addressed the matter	<p>We assessed the suitability of the applied criteria through inspecting the reporting criteria and evaluating FMO’s criteria benchmark analysis with external frameworks.</p> <p>We assessed consistent application of the criteria by testing the appropriateness of green labelling and performed testing procedures on accurate amounts of green investments (% of total volume).</p> <p>We assessed the disclosure of the green investments in the report, including its reporting criteria and methodology.</p>
Key observations	<p>The green investments (% of total volume) including its reporting criteria and the methodology are disclosed sufficiently transparent in the “Key Figures”, ‘our performance’ and ‘how we report’ chapters of the annual report.</p>

Unaudited corresponding information

No audit has been performed on the green investments (% of total volume) for the periods before 2019. The green investments (% of total volume) was part of the review of the sustainability information for the periods before 2019.

Limitations to the scope of our review of the sustainability information

The sustainability information includes prospective information, such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Calculations to determine the impact and footprint data as included in the annual report are mostly based on external sources. The sources used are explained in the document ‘FMO Impact Model Methodology version March 2019’ on www.fmo.nl/development-impact. We have not performed procedures on the content of these external sources, other than evaluating the suitability and plausibility of these external sources used. The references to other external sources or websites in the sustainability information, with the exception of the methodology for green investments (% of total volume) and the impact model, both available at <https://www.fmo.nl/impact/how-we-measure-impact>, are not part of the sustainability information as assured by us. We therefore do not provide assurance on this information.

Report on other legal and regulatory requirements

Engagement

We were engaged as auditor during the Annual General Meeting of Shareholders of FMO on 4 December 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided the following services:

- Regulatory reporting: We issued auditor's reports and reports of factual findings following the audit of the prudential statements prepared by management for the Dutch Central Bank, consisting of Financial Reporting (FinRep), Common Reporting (CoRep) and Interest rate risk reporting.
- Capital market transactions: We issued comfort letters and/or consent letters in relation to (updated) programs and/or transactions.
- State funds: We issued opinions on the reporting sets of the State Funds prepared in accordance with the specific requirements as set out by the Dutch State.

Responsibilities of the Management Board and the Supervisory Board

The Management Board (hereafter: management) is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and for the preparation of the other information, including the Report by the Management Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Management is also responsible for the preparation of reliable and adequate sustainability information in accordance with the Sustainability Reporting Standards of the GRI and the applied supplemental reporting criteria, including the identification of the stakeholders and the determination of material issues. The choices made by management with respect to the scope of the sustainability information are included in chapter 'How we report' of the annual report.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the sustainability information that are free from material misstatement, whether due to fraud or errors.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the reporting process of FMO.

Our responsibilities

Our responsibility is to plan and perform the assurance engagements in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusions.

Our assurance procedures aimed at obtaining reasonable assurance have been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. The procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit.

We apply the “Nadere voorschriften kwaliteitssystemen” (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

A further description of our responsibilities is included in the annex to the combined independent auditor’s report.

Amsterdam, 16 March 2020

Ernst & Young Accountants LLP

signed by W.J. Smit

Annex to the combined independent auditor's report

Work performed

We have exercised professional judgment and have maintained professional skepticism throughout the assurance engagements, in accordance with the Dutch Standards on Auditing and the Dutch assurance standards, ethical requirements and independence requirements.

Our audit to obtain reasonable assurance about the financial statements (consolidated and company) included amongst others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or errors, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Our review to obtain limited assurance about the sustainability information included amongst others:
- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues and the characteristics of the entity
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates by management
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These further review procedures consisted amongst others of:
 - Interviewing management and relevant staff at corporate and local level responsible for the sustainability strategy, policies and results
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information
 - Obtaining assurance information that the sustainability information reconciles with underlying records of the company
 - Reviewing, on a limited test basis, relevant internal and external documentation
 - Performing an analytical review of the data and trends

Work performed

However, future events or conditions may cause the company to cease to continue as a going concern

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

- Reconciling the relevant financial information with the financial statements
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review
- Evaluating the overall presentation, structure and content of the sustainability information
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used

In addition to the procedures mentioned above, for the green investments (% of total volume) and the materiality matrix, we designed and performed further audit procedures responsive to the risks identified, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the green investments (% of total volume) and materiality matrix 2019 are misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. These further audit procedures included the following procedures:

- Obtaining a more detailed understanding of systems and reporting processes, including obtaining an understanding of internal control relevant to our assurance engagement but not for the purpose of expressing an opinion on the effectiveness of FMO's internal control
- Evaluating the design and implementation of the relevant internal controls during the reporting year.
- Conducting more in-depth analytical procedures and substantive testing procedures on the relevant data.
- Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the green investments (% of total volume) and the materiality matrix.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch

Work performed

Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the assurance procedures and significant findings, including any significant findings in internal control that we identify during our assurance engagements. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements and the review of the sustainability information of the current period and are therefore the key audit and review matters. We describe these matters in our combined independent auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.