DRAFT MINUTES

ANNUAL GENERAL MEETING OF NIBC HOLDING N.V. HELD ON 26 April 2019

(These minutes reflect the business-related content of the meeting)

Location

NIBC, Carnegieplein 4, 2517 KJ, The Hague, the Netherlands

Date

Friday 26 April 2019, 10.00 – 12.30 hours CET

Attendants

Supervisory Board members

Mr Wim van den Goorbergh, Mr Dick Sluimers, Mr Richard Carrión, Mr Michael Christner, Mr Chris Flowers, Mrs Angelien Kemna and Mrs Susi Zijderveld

Managing Board members

Mr Paulus de Wilt, Mr Herman Dijkhuizen and Mr Reinout van Riel

The meeting's Secretary

Mrs Judith Jansen

1. OPENING REMARKS AND ANNOUNCEMENTS

The Chairman, Mr van den Goorbergh, opened the meeting at 10.00 hours and welcomed all attendees to the first Annual General Meeting of NIBC Holding N.V. after the IPO in March last year. The Chairmen and the Vice-Chairmen of the Supervisory Board and Managing Board are present at the table. All other members of the Supervisory Board and the Managing Board, as well as the non-statutory members of the Executive Committee are present in the hall. Mrs Jansen was appointed as the meeting's Secretary.

The Chairman established that the shareholders have been invited to the meeting in accordance with the law and the Articles of Association. At the record date, the issued capital of NIBC Holding N.V. consisted of 147,513,369 ordinary shares. For this meeting 126,167,752 ordinary shares have been registered, representing 86% of the total capital. The vast majority of the ordinary shares are represented by the independent civil law notary Allen & Overy via proxy votes.

The Chairman noted that the meeting was held in Dutch, but an English translation was made available during the meeting and that an audio record would be made of the entire meeting to be published online after the meeting. In accordance with the Articles of Association, the minutes will be adopted and signed by the Chairman of the Supervisory Board and the Secretary.

The Chairman explained the voting process and asked everyone to complete the voting forms and hand them in to Mrs Jansen after the meeting to calculate the exact number of votes per agenda item.

The Chairman concluded that there are no further comments and moved to agenda item 2.

2. ANNUAL REPORT 2018

2.a Report of the Managing Board

Mr De Wilt (CEO NIBC) stated that NIBC Holding NV doesn't publish Quarterly results and thus today looks back at 2018. In addition he stated NIBC cannot make any forward looking statements. NIBC had a record year. Stakeholders received a second interim dividend because of exits of equity investments in the UK. NIBC is dependent on what happens in the world around us (slide 11). The Netherlands is doing well economically, but there are some challenges. The first challenge are the long-term low interest rates. A small difference between the short-term and the long-term interest rate is not ideal for a bank to make money and it seems that the low for longer environment continues even longer.

Another challenge is the turn of the cycle: Where is the economy heading for? Is it an upward trend or will it level off and can we expect a recession? A bank that responds too early is losing out on opportunities and a bank that is too late will end up in problems. Therefore, NIBC tries to actively manage its business and profit and tries to create a stable picture where the pros and cons of being active in different sectors can be set off against one another.

Regulatory control is a topic high on any bank's priority list. Banks need to know their customers, their structure and where clients get their money from. NIBC's business model has no payment transactions or flows from A to B, so the anti-money laundering debate is less prominent in its business.

At the corporate side (slide 12) 2018 was a record year with EUR 3.7 billion in transactions (new transactions and refinancing of current customers). NIBC's balance, drawn and undrawn, is EUR 10 billion. Also, NIBC has a high Net Promoter Score: customer satisfaction is at 63%. This is important since customers will need to return to NIBC, even without payment transactions, within two or three years and a happy customer is more likely to come back. For sustainability NIBC scores a C+, which is more or less the highest given currently in the market. There is or course always room for progress. Also the Sustainalytics score of 72 out of 100 is a comfortable grade.

Next, Mr De Wilt moved on to retail client offering (slide 13), being savings and mortgages. Savings rates have decreased to a very low level due to the low for longer interest rate environment. Looking at mortgages, 2018 was a record year again: EUR 3.4 billion of origination of new mortgages and extension of existing mortgages. NIBC was in time by seeing that the preference of customers shifted. Ten years ago, people wanted a mortgage with a fixed interest term of 10 years and now that is 20 or 30 years, due to the low interest rates. In contradiction to banks, insurance and pension companies are happy with a fixed interest rate period of 30 years due to their long horizon on the liabilities side. NIBC found AXA to take out the majority of the 20-years and all of the 30-years mortgage loans. NIBC is the lender of record, the service provider and the mortgage lender in the Netherlands, but the funding is provided by AXA. This development in originate to manage shows our flexibility to continue to service our clients also in changing environments. In November, NIBC communicated an ambition for this year of EUR 5 billion for the AXA mandate. For the mortgages that are basically passed on to AXA, NIBC gets a fee, which is guaranteed for the next 20 or 30 years and creates a stable income flow for the bank, making NIBC less dependent on volatile interest rates. The Managing Board is also talking to other parties to see if there is any room for expansion in this activity. The client satisfaction score for retail is at 7.7, so the Managing Board is confident that even more customers will turn to NIBC for their mortgage.

With reference to the anti-money laundering debate, the regulations in respect of Know Your Client are also relevant for retail clients, although in a different form than within Corporate Banking. Mr De Wilt refers to the campaign ‘Aflossingsblij’ (“happy about repaying’) that was meant to warn customers about the risks of interest-only loans. Those campaign activities are in general not very visible, but are placing demands on NIBC’s capacity.

Mr De Wilt ended his presentation with some reflections on NIBC’s strategic priorities (slide 14). NIBC strives for continuous evolution of its client franchise, expertise and propositions, so it can help its customers grow. NIBC looks at its core markets (being Germany, England, the Netherlands) and the Nordics. On diversification of income Mr De Wilt referred to the developments in the mortgage activities with AXA where fee income is being generated in order to have a stable income flow in the next 20 to 30 years. To come up with customer solutions quickly while meeting the requirements of legislation (including all administration that goes with it), NIBC must remain an agile and effective organisation. It will keep investing in people, culture and innovation: NIBC wants to make sure that its staff is future proof and supports the professional development of its employees. Meanwhile, NIBC’s capital position is very strong. Mr De Wilt expressed his hope that the shareholders will value NIBC for paying them a very good dividend over 2018, including EUR 0.36 after today.

Mr Dijkhuizen (CFO NIBC) addressed the share price development (slide 16) and explained that NIBC is not managed based on the short term shareholder value but has a long term sustainable focus. The share price development seen since the IPO, including a final dividend of 36 cents, is nice, but it is also important to look at the steps that were taken in the meantime. On 5 March, the majority shareholder decided to sell a second tranche of shares to the market thereby increasing liquidity of the NIBC shares which is important.

Mr Dijkhuizen showed that last year was the second year in a row with a result of over EUR 200 million (slide 17 and 18). NIBC is pleased with that, but also critically looked at things that can be improved. NIBC saw that recurring items were doing very well and added up to just above EUR 170 million, which is still an excellent result leading to more than 10% return on equity.

Then Mr Dijkhuizen addressed the special items for 2018. First, Mr Dijkhuizen looked at the operating income (slide 18). NIBC had some tailwind because of the economy, and made some conscious decisions that resulted in successful divestments. NIBC achieved EUR 37 million results in its investment portfolio and offered a special dividend of 25 cents in relation to this. Mr Dijkhuizen stated that the top line of the bank looks good with steady interest income (also supported by IFRS effects). Also fee income developed well. This is supported by activities like giving M&A advice t0 J.C. Flowers with the transaction with HSH Bank and the strategy Originate to Manage.

A second special item are the IPO costs of around EUR 9 million which are one-off costs, a non-recurring item. He also said that the fees for the banks were paid by the majority shareholder and are therefore not included in the EUR 9 million.

Last but not least, Mr Dijkhuizen referred to NIBC's tax position and mentioned NIBC is able to include deferred tax assets in the P&L statement, being EUR 17 million. Taking all the special items out leads to a profit of EUR 173 million, reflecting 10.8% return on equity, in line with medium term objectives.

Slide 18 depicts the positive IFRS9 effect in the field of the NIM (net interest margin). The NIM shows the difference between the level NIBC at which lends to its customers and the funding level on the other side, which developed positively in the past years. When excluding the effect of IFRS9, the NIM grew from 164 basis points to 184 basis points, partly due to the fact that NIBC has been able to reduce funding costs in 2018. In 2019, NIBC issued a long-term covered bond, which is a loan backed by a package of mortgages. Also last year, some long-term transactions were issued, mainly with 10-years maturity, making sure that funding costs were locked in for a longer term.

About the cost/income ratio, Mr Dijkhuizen remarked that NIBC focuses on three core values, being professional, entrepreneurial and inventive. The bank has to be as lean and mean as possible, also referred to as agile. One wants to have as little bureaucracy as possible, which is reflected in the cost/income ratio. NIBC continuously invests in the things it needs to do, but at the same time keeps an eye on the cost/income ratio.

The next slide is on capital and funding (slide 19). The LCR, which reflects the cash position, is above 200, which is high compared to many other players. That was a conscious decision. NIBC saw a lot of unease in the market and values its autonomy. Therefore, it always wants to have more cash than any other bank to make sure that one gets a good night's sleep, also in times of crisis. The slide shows that CET1 is 18.5%, which reflects a very strong capitalisation, but Mr Dijkhuizen stated that this is not over-capitalisation. The current level gives him a very comfortable feeling, also when looking at upcoming regulatory requirements such as Basel 4. It also gives NIBC flexibility to continue to pay out dividend, as shown in the dividend curve. At the IPO the bank promised to pay out at least 50% as ambition. In 2018, 25 cents extra was distributed to the shareholders on the special profit realised. Of the remaining profit 50% dividend was paid out, being the medium-term objective, which was therefore already reached in 2018.

NIBC faced challenges as well which were also disclosed in the annual report. First of all, IT. The outsourcing process which started in 2016 did not lead to the desired outcome. So, NIBC took back the infrastructure, which led to extra costs and extra pressure on the organisation. Finally, a new party was contracted, Cegeka. Everything is on track now for outsourcing the IT infrastructure to them and the process will be finalised in the second half of 2019.

Another challenge is the implementation of IFRS9 – the accountant will also address this issue. IFRS9 requires a bank to look in a different way to the valuation of its assets and related provisions and to implement a lot of regulatory rules. In 2018, a lot of time and effort was put into the implementation of IFRS9.

A third challenge is KYC and AML. The Dutch Central Bank held an onsite on this topic at NIBC in relation to the Corporate Banking activities of NIBC. In a world in which rules and demands are becoming more and more strict everyday there is always room for improvement. What really helps is that NIBC does not have any payment traffic. On this matter, NIBC is in control and right on track to deliver as promised. The bank takes the topic very seriously.

Mr Dijkhuizen ended his presentation with a summary of NIBC's performance (slide 20). The bank delivered what it promised in the IPO. Return on equity at 10.8% underlying and 13.6% overall is good. Cost/income below 45% and at a sustainable level. CET1 of at least 14%, and we are at 18.5%. Dividend was 58%; the shareholders should however not expect that this will be the new starting point for the future; that will still be 50%. Mr Dijkhuizen was very confident that under normal circumstances the bank intends to pay out 25 cents as interim dividend. The slide shows one 'maybe' in amber, being the rating. NIBC has issued a senior non-preferred, an instrument issued between equity and preferred senior loans. As a consequence rating agencies now look at NIBC in a different way and Fitch has upgraded the funding instrument ranked directly after this senior non-preferred to BBB+. S&P rated NIBC at BBB flat with positive outlook, but S&P would come back to NIBC on the short term and possibly review this rating.

The Chairman gave the General Meeting the opportunity to ask questions.

<u>First round</u>

Mr Rienks (private investor) asked what will happen if the interest suddenly and unexpectedly goes from 0% to 3% or 4%. He is pretty sure this will happen, but no-one knows when. How is NIBC prepared to handle that? What consequences would this have for the bank if interest levels all of a sudden go back to the normal level? Mr Rienks stated that 3% or 4% is common and 0% is uncommon.

With his second question, Mr Rienks addressed the way NIBC deals with regulators. Everyone knows what happened with ING. NIBC has not had money laundering issues yet, but has to incur costs to prevent things from happening and staff to focus on that. The CEO of ING said that worldwide he had to employ 2,500 people to focus on those rules and regulations.

Next, Mr Rienks asked how the bank intends to attract savings money when the interest is 0% and NIBC cannot stand out by giving extra interest, since this will cost money. And are these savings not a risk because it generally is short-term money? So then, savings become a burden especially when the interest rate goes up relating to the first question he already conveyed.

Mr Rienks' final question concerned the trend that big banks like ING and ABN AMRO are going into fintech companies and focus on artificial intelligence. He considered this scary. A customer would not have any chance for recovery, as to when computers start deciding what can be granted as a loan. ABN AMRO and ING say that they do not see that risk. Does NIBC?

Mr Jorna (VEB) calculated that interest income increased with 21%, including the IFRS effect. Does NIBC accept a higher risk than other banks, which may then be reflected negatively when an economic downturn starts?

Then Mr Jorna asked about the offshore portfolio. NIBC is divesting the offshore energy portfolio, while SBM, Boskalis, Van Oort and the wind energy are stating the lowest point in the cycle was reached. Also oil price is increasing. NIBC said it needed to divest at a high, but isn't NIBC not divesting at a low now?

Mr Jorna also asked if NIBC found the jewels amongst the fintech start-ups or if there are too many to be able to find the jewels? In Mr Jorna's opinion, one of them would be Trymax. It is a minority share of NIBC but why not a majority share? Did Trymax not allow this? Also, it is a supplier to the chip market; whom do they supply to? Another service NIBC provides is financing claims that fintech companies have. Factoring, financing receivables: is it something that NIBC is going to develop or is NIBC providing it as a service for its clients?

Finally, Mr Jorna asked if the Dutch Central Bank made any remarks on HSH Nordbank. NIBC was an advisor and received EUR 4 million for that. Also NIBC has invested EUR 100 million in one of the JCF funds (which is

NIBC's majority shareholder) which funded the take-over of HSH Nordbank. So, NIBC is working as an advisor, but at the same time helped to fund the acquisition. Isn't that a conflict of interest?

The Chairman decided to answer the questions raised first and mentioned there would be a second round to ask questions.

Mr Dijkhuizen (CFO NIBC) addressed the issue about the interest level and said that the financial impact of 100 base points parallel shift is the only thing that NIBC discloses, which will have an impact of EUR 13 million. When looking at the equity or P&L position of NIBC, this impact is limited. He mentions to Mr Rienks that NIBC has no large mismatch positions. NIBC's business activities do not have a vision on interest rate, which means that the business is % hedged from an interest perspective. This is a conscious decision.

Concerning Mr Rienks' comment on preventing money laundering, Mr Dijkhuizen stated that NIBC definitely does not employ 2,500 people to check things. The topic was raised in the annual report and during this meeting because it is a relevant topic. It is a priority to shareholders and also to the Managing Board. NIBC consciously decided to let the business handle things themselves, which they do not always like, but that way, NIBC ensures that this topic is managed at the front of the client relation. NIBC believes this way it can comply with all requirements in the timeframe set for it.

Then he addressed the issue about savings and competition with the major banks. Rating agencies always say that NIBC has too much wholesale funding. NIBC made a conscious choice to enter the capital market only for the long term, with transactions of longer maturity. That was not possible a couple of years ago. During the observations Mr Dijkhuizen talked about long-term assets, but he explained those assets (on NIBC's book) are mortgages with mainly a maturity of 10 years and NIBC has only limited appetite for maturities of 20 years for its own book. Anything exceeding that period will be for the account of AXA. So, for the longer term mortgages NIBC has its OtM partners. Recently, NIBC indeed had some campaigns around attracting savings. It was a pilot, to try out if it works or not. Inflow was realised as a result of the campaign, which is interesting to notice. He also stated that savings money is relatively expensive at this moment (compared to Euribor levels).

Mr De Wilt (CEO NIBC) explained that in the past NIBC was more invested in funds, which is now being reduced and shifted towards direct equity investments in our clients. NIBC tries to help fast-growing companies by creating a momentum. NIBC can provide a loan, a subordinated loan or actually invest in their equity. NIBC makes conscious choices, helping its customers grow into the next step. That is how NIBC, as a corporate bank, looks at customer franchises.

NIBC is not creating a mere fintech portfolio, but it develops a partnerships with companies that are at the beginning of their potential growth. Funding fintech companies that need money because they need to finance their debtors, gives NIBC some insights: thus it can assess the quality of that company better. In addition NIBC can also learn from start-up companies. When the company is growing and NIBC knows the quality, then of course it is also interesting to fund their equity as well. There are two effects to this: (1) on top of the loan there is an additional yield if things go well; (2) a bank talks to the business owners themselves, the guy that runs the business, so the bank develops a partnership with the customer which is important to NIBC, also looking at the learning perspective.

Next, Mr De Wilt moved to the issue of artificial intelligence (AI). People have concerns about AI, but Mr De Wilt stated that currently all processes are supported by models without any person being behind it. Scalability, the speed with which customers demand an answer, requires the processes to be automated. NIBC is also looking into this. To make sure that models give the output required, models are actively reviewed. NIBC works together with Fintechs, but also with DNB and AFM in this area.

Mr Dijkhuizen (CFO NIBC) answered the question about the risk profile and the level of impairments. As opposed to the major banks, NIBC does not finance A-rated companies. NIBC is more involved in non-rated, small and medium-sized companies which have a different risk profile and different pricing.

Mr Jorna (VEB) said he read a wonderful example of NIBC providing a mortgage to a medical trainee, at the risk that he may never become a licensed doctor. What kind of risk does NIBC accept?

Mr De Wilt (CEO NIBC) pointed out that a bank's business is about risks. It is regularly being reviewed what risks the bank is prepared to take. In 2018, NIBC predicted that the leveraged finance market would become overheated and started decreasing this portfolio, whereas some other banks were growing at that time. In other sectors, such as mortgages, NIBC is growing substantially because NIBC believes the risks are fairly priced. This is an ongoing debate about risks and returns that is closely being followed by NIBC.

About NIBC's exposure in offshore energy, Mr De Wilt confirmed that NIBC is involved in various parts of the value chain. The oil price recovered, but not all NIBC activities in this sector are directly related to the price of a barrel of oil. In total NIBC will reduce its exposure to Offshore Energy and Shipping as was shared in the November update. Internally NIBC's senior staff constantly debates whether the sector is at the end of the curve or not and what levels of risk is NIBC prepared to accept in certain sectors.

Mr Dijkhuizen (CFO NIBC) addressed the HSH transaction. The bank played several roles in that transaction and those roles were strictly separated. The potential investment in HSH went through all the controls and checks that it is supposed to go through (including Related Party Transaction Committee). The Managing Board believed it is a good investment, also when taking into account that NIBC reduced its fund investments considerably last year (such as NEIF and Avedon) and NIBC wanted to maintain a
certain volume in its investment portfolio. NIBC's commitment to HSH is EUR 30 million (mainly drawn, partially undrawn) and not EUR 100 million. NIBC has invested some smaller amounts in some other smaller JCF funds, for which the return on investment is fair.

Mr Jorna (VEB) asked if the newest acquisition, Trymax, is a fintech or a supplier for the chip industry.

Mr De Wilt (CEO NIBC) could not answer that question but promised to do so before the end of the meeting.

Mr Jorna (VEB) showed his concern. NIBC invests in a company, it takes a minority participation, but the CFO doesn't know exactly what the company is doing.

Mr De Wilt (CEO NIBC) pointed out that he is in fact the CEO, not the CFO. He does not see transactions at a detailed level, that is not his role, but he believes senior management is well aware of what NIBC invested in.

<u>Second round</u>

Mr Klein (private shareholder) asked about NIBC's geographical ambitions. Is it true that NIBC's activities outside the Netherlands are specifically driven by a focus on certain sectors? And what are the possible consequences of Brexit for NIBC?

Mr Jorna (VEB) asked if the Managing Board wants to achieve a certain scale to compensate or reinforce any ancillary effects or to improve cost/income ratio. Mr Jorna also read the comments of the auditor on the IT process. How worried should the General Meeting be? He wondered whether the Board is in control of the IT landscape.

Ms De Bakker (VBDO) asked how NIBC supports the Paris climate agreement. Is NIBC going to participate in some of the ongoing initiatives? Is the Managing Board prepared to actually set a target for the reduction of

NIBC's CO_2 emission? How does NIBC's portfolio contribute positively or negatively to meet the SDGs? Can the Board commit to investigating this and set some specific conditions on maybe providing lending and funding to companies?

Mr De Wilt (CEO NIBC) proceeded to the geographical ambitions of the bank and the effects of Brexit. NIBC has organized and structured itself according to geography and industries. NIBC always said that it would stick to the north-western part of Europe. It has no ambition to look towards the south of Europe, because its culture is quite different, which makes it more difficult to assist the customers. The bank looks at opportunities in the markets it focuses on and tries to grab these opportunities whenever they occur. There is no specific growth ambition per country NIBC is active in. With regard to Brexit, NIBC already applied for the different license a bank needs in case of Brexit. Preparations have been done. NIBC has relatively few local businesses in the UK that are sensitive to a short-term Brexit. The bank does have an office with staff in the UK, so it has plan A, B, and C ready, just in case, and keeps all options on the table.

Next, Mr De Wilt addressed the question on economies of scale. NIBC always tries to be a little bit different compared to the big banks, because becoming a small big bank would be the worst strategy. This means that NIBC has to make sure that it is in that part of the market where it has added value. NIBC has no volume goals. It wants to be very close to its customers and service them best, get good fees for our service and be sustainably profitable. So, margin has priority over volume. And because of its scale, NIBC does not have to defend its market share because it does not think in market share. So the cost/income ratio is not reached because of NIBC's scale. NIBC tries to compensate its scale by having less bureaucracy and being lean. If it has more happy customers and more business, the bank will grow, but that is a consequence and not a goal in itself.

Concerning IT, **the Chairman** repeated that NIBC has been working on a modernisation of its IT systems together with an external party, but that in the course of time the Managing Board had to unfortunately conclude that they were not delivering what NIBC had expected. Therefore, NIBC moved on to a new partner. It was of course very important that during that process the existing system was kept maintained and nothing was thrown away.

Mr De Wilt (CEO NIBC) answered Ms De Bakker's questions. NIBC supports the climate agreement of Paris and other initiatives in the European territory like TCFD. The financial industry is increasingly involved in initiatives like this and Mr De Wilt expects that more and more generic standards will be developed to calculate the carbon footprint based on actuals instead of a forecast. NIBC wants to be future-proof also in this area. NIBC compensates all CO2 it produces to the extent that it cannot reduce it. Looking at risks, it is also important to know whether customers are serious about their own future. That does not only relate to CO2 but to a wider field of risks.

Ms De Bakker's second question was about the sustainable development goals. There are a lot of sustainable development goals encompassing almost everything relevant to life: poverty, hunger, water supply, education, gender neutrality, peace, freedom. NIBC chose a number of those and also supported initiatives amongst its staff, such as supporting the foodbanks around Christmas and getting Christmas gifts to children in poverty. Next week the Managing Board will publish NIBC's 2018 sustainability report which will be very transparent and elaborate on these topics. An example mentioned on the client side is responsible ship recycling standards to prevent that ships are torn apart at the coast of Bangladesh without any responsibility. Customers have to sign this, otherwise NIBC does not do the transaction.

The Chairman concluded that the General Meeting has well-used the opportunity to ask questions based on the report of the Managing Board.

2.b Report of the Supervisory Board

This chapter can be found on pages 94 to 104 of the Annual Report.

The Chairman stated that the Supervisory Board is satisfied with the results and developments in the past year. Since March 2018, the company has had a different structure of ownership: IPO. The tasks within the Supervisory Board were subdivided in a number of committees that address different subjects and advise the Supervisory Board in the decision-making process. The Chairman showed an overview of the composition of the Supervisory Board (slide 23). Mr Veenhof and Mr De Jong have left and Mrs Kemna and Mrs Zijderveld have joined the Supervisory Board. The nomination and re-appointment of Mr Christner will be discussed in agenda item 6.

There were no questions or comments on the report of the Supervisory Board.

2.c Corporate Governance

This chapter can be found on pages 105 to 109 of the Annual Report.

The Chairman stressed that the Board has a two-tier system (slide 25). The Supervisory Board supervises and advises whereas the Managing Board and the Executive Committee are responsible for managing the business. The Executive Committee has six members: three statutory and three non-statutory directors. This system has been introduced a while ago and it works out fine, actually reflecting the diversity goals as well. It is very good that positions that relate to management – CFO and CEO – work together with those responsible for the business lines and together are responsible for day-to-day management of the company.

There were no questions or comments on the report of the Supervisory Board.

2.d Implementation of the remuneration policy in 2018

The Chairman explained that the 2018 report announces a new system for changing the fixed remuneration of the Managing Board in 2019. The Managing Board will have a system with an annual increase that is in line with the 3 year average salary increase of the rest of the staff. This is considered much more appealing than comparing a remuneration policy, benchmarking and finding discrepancies every three to four years and then giving a large exposés to substantiate the (larger) change. The consequences of that policy for the Managing Board is then translated to a policy for the Supervisory Board; this is a separate item on the agenda because it is a decision of the General Meeting (agenda item 5).

The Chairman gave the General Meeting the opportunity to ask questions.

Mr Jorna (VEB) stated that it is a noble goal to stay in line with the rest of the staff when it comes to fixed salary, because it means that everyone is being treated fairly. Did NIBC consider, like A.S.R., to only pay fixed salary and get rid of all the incentives? If the members of the Board would have shares, they would be really involved: their profit is our profit, our loss is their loss. Is that something that was considered. Finally, Mr Jorna remarked that any retention payment is inappropriate.

Ms De Bakker (VBDO) said that in view of the most recent financial crisis and recent money laundering scandals, people do not trust the financial industry. NIBC's management are among the big earners this year and looking at the size of the company, Ms De Bakker finds the 2018 salaries of NIBC inappropriate and completely out of line with what society expects and with the rest of the financial sector. She is wondering whether it is time for boards to have a remuneration policy that is within the expectations of all stakeholders.

The Chairman would not react to Mr Jorna's remark on retention payment since it was not a question but a remark. In response to the question about the remuneration system of A.S.R., he confirmed that NIBC considered this. It has been discussed, but a decision was postponed due to two reasons. First, with NIBC, the alignment between members of the board and shareholders was always in place, also before the IPO. Management has always had a significant skin in the game. So, the Supervisory Board does not feel that it is necessary to formalize that in another system. Also, management has been buying shares from time to time, without obligation. Second, last year, as a result of the discussions around remuneration within ING, the Dutch Association of Banks issued a position paper. Last week, there was a discussion in parliament about this specific subject. NIBC will wait with any decisions until the political view is clear. The Chairman added that the system at NIBC of incentives and targets is an instrument of a very mature dialogue between supervisors and managers as to what goals should be realized (with a focus on the mid-term goals).

To Ms De Bakker the Chairman said that it is very common that when there is an IPO for any company – not only a bank – there is a certain value attached to the fact that there is continuity of management. That is achieved by having such a retention package. Regarding the other remarks, the Chairman said that in his own experience remuneration should not be measured against the number of staff. After being at NIBC for several years, he believes that the remuneration of the Executive Committee and the Managing Board fits their tasks and responsibilities.

3. ANNUAL ACCOUNTS 2018

3.a Proposal to adopt the 2018 financial statements

Mr Van Loo (Ernst & Young Accountants) gave a brief presentation on his activities as the external auditor of the financial statements. For this AGM he has been exempted from his duty to remain confidential. EY audited the company and the consolidated financial statements. EY also investigated whether the annual report complies with the legal requirements and whether it is in line with EY's knowledge about the company. During the year, the company provided the auditor with additional auditing assignments.

Mr Van Loo works together with an expert team with knowledge of the industry in the Netherlands and Germany, with professionals on IT and taxes and specialists in topics like valuation of financial instruments and provision for credit losses – particularly relevant this year because of the introduction of IFRS9.

The audit is designed to provide a high degree of confidence that the annual accounts give a true and fair view, which means that the financial statements have been prepared following the applicable standards and contain no material errors. Materiality is the indication for the limit of deviations in the figures that auditors find acceptable. Not all items on the balance have the same materiality. For example, when it comes to remuneration of the board, only small margins are acceptable. The materiality applied in the audit of 2018 was EUR 13 million, and according to EY deviations above that amount could influence the view of stakeholders of the annual accounts. All audit differences above EUR 600,000 have been addressed to the Audit Committee and the entire Supervisory Board.

Based on his findings, Mr Van Loo was able to provide an unqualified opinion, which was included in the annual report. It means that the consolidated financial statements, in compliance with IFRS and Title 9 of book 2 of the Dutch Civil Code, give a true and fair view. Also, the company financial statements are in line with the standards required by law and give a true and fair view. There are no material inaccuracies between the management report and the knowledge and understanding the auditors have gained based on their audit.
Management of NIBC drafted the financial statements based on going-concern. The auditors assessed this assumption by reviewing the solvency and liquidity position as disclosed in the annual accounts. They did not identify material uncertainties resulting in reasonable doubt on applying the going-concern assumption.

Mr Van Loo reported on two key audit matters. First, the application of IFRS9. Under IFRS9 credit losses are based on expected credit losses instead of incurred credit losses. The first year of application of this standard resulted in additional work for both NIBC and EY. The second matter relates to the continuity and reliability of the automated data processing, the IT systems. During 2018, NIBC was confronted with several challenges there, as Mr Dijkhuizen explained earlier. Despite these two matters, the auditors have been able to provide an unqualified opinion.

Mr Van Loo explained that the detailed findings of the external audit can be found in the audit report. This report meets the requirements of Dutch law. Mr Van Loo experienced that everyone at NIBC is very much involved and interested in EY's findings. Throughout the year EY meets not only the Supervisory Board or Managing Board, but also various departments within NIBC. He characterizes EY's relationship with the company as transparent and critical and that the various departments aim to operate at a high quality level and have a professional attitude. Mr Van Loo ended his presentation by saying that both boards take EY's findings very seriously and that there is adequate follow-up.

The Chairman gave the General Meeting the opportunity to ask questions to the auditor or the CFO about the financial statements.

Mr Jorna (VEB) complimented EY, on referring to a comment made by the auditor in a management letter. Up till now, these comments were confidential and not shared with the shareholders. The auditor actually says that in his management letter he included a comment about tighter controls and governance for the outsourcing of IT processes. Does the auditor refer to being in control for NIBC itself or does he refer to the fact that the outsourcing company should be more in control? The auditor also recommends management to use a set of credit impairment triggers and use review and back testing to apply those criteria. Where is NIBC within that process?

In the financial statements Mr Jorna has read that the owner mortgage loans in the Netherlands amount to EUR 8.6 billion compared to only EUR 29 million in Germany. What creates the difference? Has the EUR 4 billion of savings raised in Germany also been spent in Germany? Mr Jorna's last question concerned CET1. What is the reason for the reduction from 19.3% to 18.5%?

The Chairman answered the question about mortgages. NIBC grants mortgage loans in the Netherlands. It had a small portfolio in Germany once, but it is phasing out that activity. The Chairman acknowledged that NIBC has savings in Germany. He invited Mr Dijkhuizen to say more about it later on.

Mr Van Loo (Ernst & Young Accountants) declared that he cannot disclose anything further about the management letter. He is not allowed to do that. He can only say that he reported on IT, because it is prescribed by law. Any additional questions on the management letter should be addressed to management. The idea of key audit matters is to draw the attention to items that stand out. Mr Van Loo said that the key audit matters required additional work on his part. Fortunately, EY's IT specialists supported him in the conclusion of an unqualified audit opinion.

Mr Jorna (VEB) said that his question has not been answered.

The Chairman asked Mr Dijkhuizen to comment on the issue.

Mr Dijkhuizen (CFO NIBC) explained that the Managing Board made a conscious choice to write down any issues covered by the management letter, which is also reflected in the report of the Supervisory Board. The Board is in control and will not shy away from these topics. Of course, there is always room for improvement. Some improvements must be made and the management actively acts on this. Outsourcing is becoming increasingly important to NIBC. To keep the IT infrastructure of a medium sized bank as NIBC at the desired level, it needs to be outsourced to a professional party. DNB is becoming stricter when it comes to outsourcing and that is why NIBC has to stay on top of this and there is further room for improvement. The comments by EY are taken seriously. The Audit Committee and Supervisory Board discussed this in extenso.

Mr Jorna (VEB) asked if the party that the IT infrastructure is outsourced to is licensed by DNB.

Mr Dijkhuizen (CFO NIBC) answered that Cegeka is a reputable firm that deals with various banks. There have been background checks. Regarding credit review back testing, Mr Dijkhuizen said in his introduction that IFRS9 would be fine-tuned in 2019. A transition into something that is such a fundamental change does not happen overnight. NIBC could not achieve everything it wanted to achieve in 2018, it takes more than one year.

Mr Dijkhuizen affirmed that there are savings in Germany. NIBC has a German AG with ESF funding. That is German money that can only be used for German activities. The funds the German branch raises can be used for the bank as a whole. So, the EUR 4 billion is available for the bank, the NV.

For the question about the 19.3% to 18.5% decrease Mr Dijkhuizen referred to the overview of the CET1 ratio on page 42 of the report of the Managing Board. The impact of IFRS9 is different for NIBC than for other banks. The majority of NIBC's old mortgage portfolio was valued at fair value through P&L and NIBC wanted to get rid of that bottle neck. So, in 2018 NIBC changed that portfolio to amortized cost. In regular language: if a bank holds on to a mortgage to the very end and the customer fully repays that loan, the mortgage would be valued at 100% and the bank receives its yearly interest income of that loan. This change to amortised cost had a huge effect on NIBC's balance sheet because NIBC took out those mortgage loans at 4-4,5% interest and they were valued above par. The equity impact of this change was around 3.4%. Mr Dijkhuizen compared 1 January 2018 IFRS9 to 31 December 2018 IFRS9 and then an increase is seen. This increase is the difference between the old accounting system and the new one and the reduction of RWAs.

There were no further questions or comments on this proposal.

The Chairman put the proposal to adopt the 2018 financial statement to the vote and confirmed that the resolution has been adopted by the majority of votes cast.

3.b Proposal to distribute a total dividend of EUR 0.86 per ordinary share, resulting in a final dividend of EUR 0.36 per ordinary share

The Chairman moved to the proposal to pay a total dividend of EUR 0.86 per ordinary share.

There were no questions or comments on this proposal.

The Chairman put the proposal to the vote and confirmed that the resolution has been adopted by the required majority of votes cast.

4. DISCHARGE

4.a Proposal to discharge the Managing Board

The Chairman raised the matter of discharging the Managing Board. The Supervisory Board recommends discharging them for their management over the year 2018.

There were no questions or comments on this proposal.

The Chairman put the proposal to the vote and confirmed that the resolution has been adopted by the required majority of votes cast.

4.b Proposal to discharge the Supervisory Board

The Chairman moved on to the proposal to discharge the Supervisory Board.

There were no questions or comments on this proposal.

The Chairman put the proposal to the vote and confirmed that the resolution has been adopted by the required majority of votes cast. He thanked the General Meeting for their support to both the Managing Board and the Supervisory Board.

5. PROPOSAL TO AMEND THE REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

The Chairman pointed out that NIBC implemented a system of annual adjustment of the fixed salaries of the Managing Board and asked the shareholders to approve such a system for the Supervisory Board too. If that is the case, NIBC will apply this annually and inform the shareholders of the annual calculations.

There were no questions or comments on this proposal.

The Chairman put the proposal to the vote and confirmed that the resolution has been adopted by the required majority of votes cast.

6. COMPOSTION OF THE SUPERVISORY BOARD: APPOINTMENT OF SUPERVISORY BOARD MEMBER

The Chairman announced that Mr Christner has reached the end of his term. NIBC would like to nominate him for re-appointment, but first, the shareholders have the right to put forward a proposal.

6.a Opportunity to make recommendations for the appointment of a member of the Supervisory Board

Mr Jorna (VEB) raised the matter of Mr Van den Goorbergh stepping down as Chairman of the Supervisory Board. Mr Jorna hoped that the Supervisory Board would propose a new member during this meeting. Is it that difficult to find a candidate or did the Supervisory Board only recently started with the search for a replacement?

Next, Mr Jorna observed that the chairman's successor, Mr Sluimers, is already very active at AKZO, NIBC, Atradius, Euronext and two English companies. Does this succession comply with all legislation? At ABN AMRO, Mr Jorna heard that a member of the Supervisory Board should spend between 65 and 120 days on his board duties. Looking at all of Mr Sluimers' other duties: is it not too much for one person?

6.b Proposal to reappoint Mr Michael Christner as member of the Supervisory Board

The Chairman pointed out that there is a proposal to re-appoint Mr Christner for another period of two years.

The Chairman put the proposal to the vote and confirmed that the resolution has been adopted by the required majority of votes cast. He congratulated Michael Christner and said to be very happy that Michael Christner can make his valuable contribution to the Supervisory Board for another two years.

Next, the Chairman answered Mr Jorna's additional questions. The Supervisory Board is searching for a successor, not necessarily to become chair but to become chair of the Audit Committee, and member of the Supervisory Board. At the same time, there are some thoughts at the level of the legislators on how many days a person has available to fulfil all those duties. It depends on the person first and foremost: do they believe they can handle all these activities? The Board started these proceedings quite a while ago and talked to various persons, precisely about the tasks and how much time they would need to fulfil those. The Board expects it can nominate a person on the short term and will probably convene an extraordinary meeting of shareholders to have this person appointed. As Mr Sluimers is concerned, yes, he does do a lot, just like the Chairman did, but these activities and duties have a lot of added value. The contribution of a person who is active in society at various levels is worth more, so the Board is looking for people with a broad experience, not just in their past but also in their current situation. And that applies to Mr Sluimers as well. After internal discussions on this activities, Mr Sluimers arrived at the conclusion that he had to drop another board membership to have time enough for NIBC. Then DNB assessed compliance of Mr Sluimers' appointment with Dutch laws and legislations. Mr Sluimers appointment as the chair of the Supervisory Board is consented by DNB.

7. ISSUANCE AND REPURCHASE OF SHARES

The Chairman observed that item 7 of the agenda has three proposals, a, b and c. It is common for any company to have that extra flexibility for the Managing Board, subject to the approval of the Supervisory Board.

7.a Proposal to authorize the Managing Board to issue shares

There were no questions or comments on this proposal.

The Chairman put the proposal to authorize the Managing Board to issue shares to the vote and concluded that it has been adopted with the required majority of votes cast.

7.b Proposal to authorize the Managing Board to restrict or exclude pre-emptive rights

There were no questions or comments on this proposal.

The Chairman put the proposal to authorize the Managing Board to restrict or exclude pre-emptive rights to the vote and concluded that it has been adopted with the required majority of votes cast.

7.c Proposal to authorize the Managing Board to repurchase shares

There were no questions or comments on this proposal.

The Chairman put the proposal to authorize the Managing Board to repurchase shares to the vote and concluded that it has been adopted with the required majority of votes cast.

8. PROPOSAL TO REAPPOINT ERNST & YOUNG AS AUDITOR FOR THE FINANCIAL YEAR 2019

The Chairman gave the General Meeting the opportunity to ask questions.

Mr Abrahamse (private investor) asked if it would not make sense to immediately appoint Ernst & Young until 2020.

The Chairman explained that ever since EY were attracted as an external auditor a few years ago, they were appointed on an annual basis, so this appointment is just a continuation of existing policy. He does not think there is much use to deviate from that. The Board is very comfortable with the current system of a yearly reappointment.

The Chairman put the proposal to the vote and concluded that the proposal to reappoint Ernst & Young as auditor for the financial year 2019 has been adopted by the required majority of votes cast.

9. ANY OTHER BUSINESS

The Chairman gave the General Meeting the opportunity to raise any other issues.

Mr Tse (private investor) asked if NIBC, like the big banks in the Netherlands, is working on the implementation of instant payments. And is it correct that the interim dividend upcoming will remain on EUR 25 cents? With other companies this is often expressed in a percentage of the profit or a percentage of the previous dividend.

Mr De Wilt (CEO NIBC) answered that NIBC is fully involved in instant payments.

Regarding the dividend matter **Mr Dijkhuizen (CFO NIBC)** responded it is NIBC’s intention, under normal circumstances, to pay out EUR 25 cents as interim dividend. It is a conscious decision to report that as cents per share and not as percentage.

Mr De Wilt (CEO NIBC) took the floor to answer the question on Trymax. This company is a supplier for the chip industry and focuses on cleaning chips and wafers, to ensure that the lifespan of the equipment can be extended.

Mr Sluimers (vice-chair Supervisory Board) took the floor to say goodbye to Mr Van den Goorbergh after being member of the Supervisory Board for 16 years and being chair of the Supervisory Board for 9 years. Mr Van den Goorbergh started as chair in 2010, a difficult time for the bank and it is typical for him to have taken on that responsibility at that time. Mr Sluimers would like to say to Mr Van den Goorbergh that he is very sorry to see him leaving. The Board is going to miss his expertise and his wisdom and, of course, his great sense of humour. As a token of gratitude Mr Sluimers gave Mr Van den Goorbergh a lovely bunch of flowers.

The Chairman thanked Mr Sluimers for the flowers and his kind words. He finds it quite remarkable to be able to say goodbye to the company in the presence of the shareholders. He was very much impressed with the involvement and the quality of the questions of the private investors. It is important to both boards to stay in touch with what goes on in the markets.

10. CLOSING

The Chairman thanked all persons present for their contributions to the discussions and asked them to hand in their voting forms with Mrs Jansen. He closed the AGM at 12.30 hours.