

Statement of the Chairman of the Supervisory Board in relation to the adjusted Remuneration Policy for the Managing Board of NIBC Holding N.V. and NIBC Bank N.V.

I. Introduction

The Supervisory Board (SB) would like to outline the context for the adjusted Remuneration Policy for the Managing Board (MB) which will be voted on in the Annual General Meeting of Shareholders of 17 April 2020. If approved, the Remuneration Policy will take effect as of 1 January 2020. It is our belief and conviction that the SB has followed due process in all aspects.

II. Choices and rationale for the review of the Remuneration Policy

Considering the structure of the 2019 remuneration of the Managing Board, consisting of Base Salary plus Variable Bonus (15% on target / 20% max), the SB has made the following observations:

- The Formal peer group of NIBC is a hybrid benchmark peer group consisting of all AEX and all AMX companies (Euronext) listed companies. However, in practice the applicability of this peer group is difficult as median salaries are modest compared to Dutch banks, but the median variable components are far above levels that are used and/or allowed by Dutch banks. Additionally, given the specific circumstances and legislation for (Dutch) financial institutions, more specifically for banks, the Supervisory Board decided to also use the remuneration of Dutch banks and other financial institutions as a guidance. The composition of these different peer groups reflects the labour market in which NIBC competes for talent.
- The Supervisory Board has explored a gradual/ annual approach rather than significant hikes every few years, also given what has become custom in the relevant peer groups.
- Although Variable Remuneration and goals do have a valuable role in the interaction between SB and MB, they are often more time-bound than focused on the mid term objectives. Moreover the process is substantial whilst the outcome varies only very limited. A "Base Salary only"-approach has also become market practice in our relevant peer groups.

III. Proposals

The following main changes to the Remuneration Policy (the Remuneration Proposal) are proposed:

1. Introduction of an increase methodology for the base salary of the Managing Board

Based on the observations of the SB it is proposed that:

- o For increases in Base Salary a gradual/ annual approach will be followed rather than significant hikes every few years, also given what has become custom in the relevant peer groups where the CLA¹ increase is also used for the MB.
- o As NIBC does not have a CLA the '3 year average merit increase of base salary of the total population' will be used as proxy for the general increase within NIBC and as a consequence the increase per 1 January 2020 will be 2.83%.
- o Annually, Human Resources will perform a check on changes in Remuneration of Managing Boards of Dutch Banks (as far as publicly available). In case of no significant movements the following policy will be applied: every 3 to 4 years (or if the Human Resources check has shown significant movements) a formal benchmark will be performed by an external party. If additional adjustments in the remuneration seem to be required these will be proposed to the Annual

¹ Collective Labour Agreement, Collectieve Arbeidsovereenkomst (CAO)

General Meeting.

2. Discontinuation of variable remuneration and conversion of the variable remuneration into base salary

Based on the observations of the SB it is proposed:

- To discontinue the variable remuneration for the MB
- To convert 68% of the average variable remuneration into Base Salary
- That the conversion will be based on the following parameters:
 - using the 3 year average variable remuneration award as a percentage of Base Salary. Rationale is that the 3 year period average period is commonly used for this purposes; and
 - using the variable remuneration percentage of base salary is in line with the award methodology as applied up until now for the MB.

The exact proposed remuneration for the members of the MB as per 1 January 2020 is listed under VI. Outcome Proposals.

IV. Risk Analysis/ Considerations

In developing the Remuneration proposals the SB has considered that it is important in order to determine the percentage increase in the remuneration of the MB, a proxy should be chosen that is not directly influenced by the MB. This proxy should also reflect the developments in this area within the organisation. Therefore, the SB has opted for a 3 year average merit increase of base salary of the total population.

With regard to the discontinuation of Variable Remuneration and conversion of Variable Remuneration into Base Salary the Supervisory Board considered that Variable Remuneration and especially goals do have a valuable role in the interaction between SB and MB. The goals and goalsetting will remain in place and will be an important factor in the performance appraisal of the members of the MB. This allows for a less time-bound approach and for focus on the mid term objectives.

Whilst the outcome of the Variable Remuneration process varies only very limited and as a "Base Salary only"-approach has also become market practice in our relevant peer group, the SB is of the opinion that discontinuation of the Variable Remuneration (with a conversion into base salary) is preferable. As the Managing Board also holds a substantial investment in shares of NIBC Holding the alignment with the (financial) developments of NIBC is sufficiently secured.

In past years several other major Dutch banks have already discontinued variable income and converted this remuneration element into base salary. The conversion factor in these cases varied based on the specific circumstances. As of 2020 variable income has also been discontinued for the vast majority of employees in the Netherlands. Together with the Works Council a conversion factor of 68% was agreed. For the MB the conversion factor is set at the same level as for other employees within NIBC.

V. Stakeholder views

In line with the Dutch Corporate Governance Code, the Dutch Banking Code and the new Share Holders Rights Directive and considering developments in the public and political domain regarding remuneration in the Dutch Financial Services industry, the SB has taken into account the views of several stakeholders.

In addition to the majority shareholder and the members of the MB themselves, the SB has presented its proposals to the Works Council and, for the purpose of an assessment of the external public opinion, to the Dutch Association of Banks (NVB). The opinions of the Works Council and of the Members of the MB are attached as an appendix.

The Ministry of Finance and DNB have been informed about the proposals.

From the consultation of stakeholders we learned that the discontinuation of the Variable Compensation is perceived as a logical step given the developments in the field of remuneration in the financial sector.

Understanding was also shown for the choice to align the conversion with what applies to the majority of Dutch employees.

There was also a favorable or consensual reaction to the proposal to increase the Annual Salary of the MB with the 3 year average increase for all employees.

VI. Outcome proposals

	Annual Base Salary 2019	Variable Income 2019	Annual Base Salary & Variable Income 2019	3 yr Average Variable Income (as a percentage - 20%)	Conversion Factor	Conversion Amount
CEO	845.708	169.141	1.014.849	169.142	0,68	115.016
Member	615.060	123.012	738.072	123.012	0,68	83.648

	Annual Base Salary 2019	Conversion Variable Income	Annual Base Salary 2019 (converted)	Adjustment 1/1/2020	Annual Base Salary (incl Converted Variable Income) 2020
CEO	845.708	115.016	960.724	2,83%	987.912
Member	615.060	83.648	698.708	2,83%	718.482

VII. Conclusion

The SB strongly believes that, in making this proposal, it has complied with all elements of the Dutch Corporate Governance Code, the Dutch Banking Code, the Share Holders Rights Directive and all applicable legislation and regulations and has taken into account developments in the public domain regarding the remuneration in the (Dutch) financial sector.

Appendix 1: Opinion of The managing Board

The Managing Board is in favour of the proposal by the Supervisory Board for a methodology for annual adjustments of the base salary.

The amendment of the remuneration policy with this methodology confirms the approach of last years' adjustments. This methodology is based on the three year average merit increase of all employees within NIBC, and is in line with developments in the relevant peer group and fits the current set-up and circumstances.

The Managing Board is in favour of the proposal by the Supervisory Board to amend the structure of the remuneration of Managing Board and is of the opinion that the approach chosen for conversion of a part of the variable remuneration into the base salary is fair.

The discontinuation of the variable income component is in line with peers in the banking industry and an proactive approach towards the increasing regulatory and social pressure on variable income.

Also for the majority of employees of NIBC in the Netherlands this new remuneration composition (without variable income components) has been introduced per 1/1/2020. For the Managing Board the same approach for conversion is used as for employees and was agreed with the Works Council: variable income is converted into base salary based on the three year average bonus (2017-2019) and a conversion factor of 68%.

Managing Board of NIBC Holding N.V. and NIBC Bank N.V.,
Attn. Mr P. de Wilt and Mr. M. Groot Wesseldijk
Carnegieplein 4
2517 KJ The Hague

OUR REFERENCE
07-OR/2020
SUBJECT
Proposal remuneration MB

DATE
3 March 2020
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Dear Mr De Wilt, Dear Mr Groot Wesseldijk,

We refer to your letter dated 25 February 2020 concerning the proposal to discontinue the variable remuneration for the Managing Board.

The Works Council is of the opinion that this is line with the vast majority of employees in Netherlands. The Chair of the Works Council refrains from exercising its right to further explain the opinion to the AGM.

Yours sincerely,

On behalf of the Works Council

Peter Groen



Mirja Ciere

