

2010 Remuneration Identified Staff

28 December 2011

VERSION 1.0

In line with Article 25 of the Regulation on Controlled Remuneration as issued by the Dutch Central Bank, remuneration information regarding employees whose professional activities have a material impact on NIBC's risk profile, otherwise indicated as "Identified Staff", is shown here.

As of 1 January 2011, the NIBC group Identified Staff for 2011 is composed of 41 persons, including the Managing Board. Each of these persons has been informed in writing about their status. Information on their remuneration as disclosed here relates to the financial year 2010, i.e. encompassing the period 1 January 2010 until 31 December 2010.

Please note that the remuneration information that was disclosed earlier in the 2010 Annual Report, is incorporated in the information provided below where appropriate. For the sake of completeness we also refer to the 2010 Annual Report.

Remuneration and Nomination Committee

Members

Mr. J.H.M. Lindenberg (Chairman until 17 May 2010)

Mr. D.R. Morgan (as of 23 August 2010 as full member and Chairman from 18 May 2010 until March 9 2011)

Mr. N.W. Hoek

Mrs. S.A. Rucker

Mr. W.M. Van den Goorbergh

Mr. A.H.A. Veenhof (Chairman as of 9 March 2011)

Meetings

The Remuneration and Nominating Committee met four times in 2010.

Responsibilities

The Remuneration and Nominating Committee ('RNC') advises the Supervisory Board on the remuneration of the members of the Supervisory Board, the Managing Board and certain other senior managers, provides the Supervisory Board with proposals for appointments and reappointments to the Supervisory Board, its committees and the Managing Board, evaluates the performance of the other Supervisory Board committees, and assesses the performance of the members of the Managing Board and the Supervisory Board. In addition, it monitors the NIBC remuneration policy applicable to all staff, which entails discussing the total available pool for variable compensation and defining the collective and individual performance targets that form the basis for the variable compensation of individual members of the Managing Board. In 2010, the RNC discussed the 2010 remuneration policy for the Managing Board, the Supervisory Board and other staff, individual compensation arrangements for the members of the Managing Board, the overall available funding for variable compensation arrangements, and the performance of the Managing Board. Input thereto was provided by the Human Resource Function and independent advice was sought from Towers Perrin (now: Towers Watson).

In 2010, the RNC focused primarily on the implementation of NIBC's remuneration policy which was agreed at the end of 2009 following extensive discussions. The new policy resulted in a significantly more moderate and sustainable approach to compensation.

Total compensation funding

Each year, based on a proposal made by the Managing Board, the Supervisory Board decides, in its discretion, on the total amount of money available for total compensation, the amount of variable compensation and the specific forms in which variable compensation may be awarded. The 2010 compensation ratio (total compensation costs as percent of operating income) is 29%.

Remuneration Policy

Towards the end of 2010, the Supervisory Board reviewed its remuneration policies and practices, both for the Managing Board, the Supervisory Board and other staff and agreed a new remuneration policy for 2011 and beyond, taking into account relevant regulations, most notably (i) the Dutch Corporate Governance Code of 10 December 2008, (ii) the Dutch Banking Code of 9 September 2009 and (iii) Guidelines on Remuneration Policies and Practices of the Committee of European Banking Supervisors (CEBS) of 10 December 2010 (iii) the DNB Principles for Controlled Remuneration Policies Wft 2011 of 16 December 2010.

The Rules of the 2008 Credit Guarantee Scheme of the State of the Netherlands were also fully taken into consideration. Also, relevant remuneration decisions were taken consistent with the new remuneration policy and the improved governance.

Where applicable, a distinction between the Managing Board and other Identified Staff will be made in each section below; in such cases the information regarding the Managing Board will be described first.

Amendments to the Remuneration Policy

At the end of 2010, new compensation regulations were published as part of the new European *Capital Requirements Directive (CRD III)*. These led to the *Committee of European Banking Supervisors (CEBS)* publishing extensive new guidelines on remuneration policies and practices on 10 December. This publication was quickly followed by the *Dutch Central Bank (DNB)* publishing its Regulation on Controlled Remuneration Policies (*Besluit en Regeling Beheerst Beloningsbeleid Wft 2011*) on 16 December 2010. Both sets of guidelines, replaced earlier versions, have come into effect as of 1 January 2011 and need to be viewed in tandem.

Correspondingly, the RNC did recommend to the Supervisory Board that the new rules with regard to the prescribed pay mix, deferral, vesting and retention periods are introduced for Identified Staff (including the Managing Board), with effect from 1 January 2011. These new rules require banks to pay their Identified Staff a minimum of 50% of their variable compensation in equity or equity-linked instruments and the remaining 50% (or less) in cash. Another requirement for banks is that 40 - 60% of variable compensation is deferred, equally across the equity and cash component, with 60% applying to those that have the highest impact on the risk profile, and the responsibilities and tasks performed, and depending on the amount of their variable remuneration. Also, a minimum deferral period of between 3 - 5 years is required.

However, in light of the fact that our medium term business plans and planning cycle span a period of three years, with corresponding three-year goals being used as performance conditions for the *long-term incentive plan (LTI)* (as has been the case for the 2009 and 2010 LTI), the RNC recommended to the Supervisory Board that the three-year deferral period for the LTI remains in place as it is subject to cliff vesting. Consequently, the deferral period for the deferred cash component also remains three years, however, with pro-rated vesting. Finally, a minimum retention period, which can be no shorter than the vesting period, needs to be applied. This coincides with the requirement that was already incorporated in our previous remuneration policy (stemming from the Dutch Banking Code) that equity instruments must be held for five years as measured from the date of grant.

The new regulations introduce the concept of an equity or equity-linked payout, which immediately vests but is subject to retention rules. In order to allow for this, the RNC recommended to the Supervisory Board to introduce a new component to the pay mix for

Identified Staff in the form of *Phantom Share Units (PSUs)*. These PSUs have similar characteristics as the *Conditional Restricted Depositary Receipts (CRDRs)* used for the delivery of the LTI such as eligibility for dividend and a value which is tied to variations in the net asset value of NIBC. In addition to these characteristics, the PSU allows the holder thereof to convert the PSU to cash immediately upon vesting or following the end of the retention period and, thus, obtain liquidity prior to a formal liquidity event taking place. This seems a logical alternative given that this element of the pay mix is, essentially, part of the cash portion. These PSUs can be used to deliver both vested equity as well as unvested equity. In case of PSUs being used to deliver unvested equity, these will be subject to the same three-year deferral period with pro-rated vesting and a five-year retention period for Identified Staff.

The Supervisory Board adopted these proposals made by the RNC and inserted these as amendments to the remuneration policy.

Remuneration principles

The remuneration policy identifies the key principles that underpin the remuneration practices applying to all NIBC employees, including Identified Staff. These key principles have not changed and require that remuneration is:

1. Aligned with business strategy and risk appetite;
2. Appropriately balanced between short term and long term;
3. Differentiated and discretionary;
4. Externally competitive and internally fair; and
5. Managed in an integrated total compensation way.

The policy further aims to achieve alignment between the Managing Board, on the one hand, and senior management and other staff on the other hand.

Peer group composition

The peer group for the Managing Board consists of all AEX and AMX (Euronext) listed companies. This peer group can easily be sustained over a longer period of time and is relevant both in terms of the relative size and complexity of NIBC's business and the markets from which NIBC attracts or to which it stands to lose executive and other talent. More importantly, the composition of this peer group is objective and totally outside of NIBC's control. For other Identified Staff, the peer group used for compensation benchmarking purposes consists mainly of other financial institutions.

Market positioning

Through the cycle, total compensation for the Chairman and the members of the Managing Board is targeted just below the median of their peers in the aforementioned peer group, based on benchmark data provided by external independent compensation consultants. This is inline with the requirements of the Dutch Banking Code.

Pay Mix

The consequence of the amendments made to the remuneration policy is that variable compensation will be delivered in four or maybe even five different components, some of which have been newly developed:

- (i) Cash;
- (ii) Deferred Cash;
- (iii) Phantom Share Units (PSUs);
- (iv) Restricted Phantom Share Units (RPSUs), and
- (v) Conditional Restricted Depositary Receipts (CRDRs) (for the purpose of the LTI).

Please see below for a further description of each component.

Identified Staff other than the Managing Board and selected senior managers and with an actual variable compensation of more than EURO 40,000, but less than EURO 100,000 are eligible for cash, deferred cash, and RPSUs. Identified Staff other than the Managing Board and selected senior managers and with an actual variable compensation of more than EURO 100,000, are eligible for cash, deferred cash, PSUs and RPSUs.

Selected senior managers with an actual variable compensation of more than EURO 40,000 but less than EURO 100,000, are eligible for cash, deferred cash, and CRDRs. Managing Board members and selected senior managers with an actual variable compensation of more than EURO 100,000, are eligible for cash, deferred cash, PSUs and CRDRs.

Variable compensation

All employees are eligible to receive short term (STI) incentive compensation, but whether or not they actually receive it is wholly discretionary and depends on the overall performance of the bank and their respective business unit as well as on their own personal performance. Each employee will have a pre-agreed set of financial and non-financial performance targets. The performance assessment takes into account the realisation of pre-agreed targets as well as the way the employee has behaved according to the NIBC 7, the Business Principles of NIBC.

The 100% cap introduced by the Dutch Banking Code for the Chairman and members of the Managing Board will serve as a guideline for other employees too, although a limited number of exceptions can be made annually, subject to specific prior approval by the RNC and the Supervisory Board (2010: no exceptions; 2009: 10 exceptions). STI compensation will be a combination of cash and equity, both vested and unvested. The Managing Board shall determine the precise split between cash and equity or equity-linked components, the proportion of unvested deferred compensation and the form in which this is distributed (e.g. deferred cash or unvested equity), whether a threshold applies for the deferred component and, if so, how high that threshold is.

In addition to STI compensation and subject to Managing Board discretion, senior management may qualify for long term (LTI) incentive compensation in the same way and subject to the same criteria and performance conditions as those that apply to the Managing Board.

Cash Bonus

The cash bonus part of the STI vests immediately upon grant and is subsequently paid out without a need for further deferral or retention.

Deferred Cash Bonus

The deferred cash bonus part of the STI is subject to three-year pro-rated vesting and is eligible for interest equal to the one-year NIBC Direct deposit rate, payable after vesting.

Phantom Share Units and Restricted Phantom Share Units

In 2010, a new equity-linked reward instrument was introduced as part of the Short-Term Incentive (STI) plan for the Statutory Board members and selected senior management. The short-term compensation in share related awards consists of Phantom Share Units (PSUs) and/or Restricted Phantom Share Units (RPSUs). RPSU awards are subject to a three-year pro-rated vesting. All PSUs, whether vested or restricted are subject to a five-year retention period as measured from the date of grant. The (R)PSU has similar characteristics as the CRDR used for the LTI, such as eligibility for dividend (payable after vesting only) and a value which is tied to variations in the net asset value of NIBC Holding. This short-term compensation can be converted into cash immediately after the retention period and is therefore recognised as cash-settled.

Conditional Restricted Depositary Receipts

Executive compensation needs to consist of larger deferrals and more long-term components these days. Therefore, with effect from 2009, a new LTI was introduced. This LTI aims to stimulate long-term thinking and behaviour and rewards Identified Staff for achieving bank-wide long-term performance conditions. Its main aim is to provide an incentive to Identified Staff to achieve a balanced mix of pre-agreed long-term financial (average three-year Return on Equity) and non-financial (average three-year employee engagement) performance conditions. The LTI is conditional and subject to three-year cliff vesting, conditional upon the achievement of the performance conditions and is therefore delivered in the form of CRDRs. It is also subject to an additional lock-up or retention period of two years following vesting

On every vesting date, the applicable tranche of CRDRs converts automatically into CCDRs if the vesting conditions are met.

Carried interest

Additionally, with respect to some key investment professionals within Merchant Banking, separate performance-related reward arrangements ('carried interest') are agreed upon.

These reward arrangements are partly related to the employment of the investment professionals and partly related to their own investments in the specific funds. All related expenses are recognised under personnel expenses in the income statement. The actual payment of carried interest, if any, to the investment professionals is subject to specific conditions.

Identified Staff Remuneration

Base salaries

Base salaries for the Chairman and the members of the Managing Board remained unchanged in 2010 at EUR 700,000 and EUR 400,000 gross per annum respectively.

Base salaries for the Chairman and most of the other members of the Managing Board were determined at the beginning of 2007 and have not changed since. In light of market developments within the chosen peer group since 2007, the RNC recommended to the Supervisory Board to increase the base salary for the Chairman to EUR 750,000 and for the members of the Managing Board to EUR 450,000 as of 1 March 2011, which recommendation was adopted by the Supervisory Board.

Base salaries for other Identified Staff are determined by taking into account median market developments as well as internal alignment. They do not exceed the base salary levels of the individual Managing Board member they (ultimately) report to.

Short-term incentive compensation

Short-term incentive compensation is delivered in the form of cash, deferred cash, PSUs and RPSUs.

A maximum of 75% (for CEO and members of the Managing Board responsible for commercial divisions) and 55% (for CRO and CFO) is available for the annual *short-term incentive (STI)*. For on-target performance the percentages are 50% and 35% respectively. Performance is measured by looking at the achievement against short-term (annual) performance targets. These targets contain an appropriate and balanced mix of financial and non-financial targets for the Chairman and the members of the Managing Board responsible for the commercial divisions such as (i) net profit to shareholders, (ii) cost to income ratio, (iii) revenue growth, and (iv) personal development. However, the targets for the CRO and the CFO are solely non-financial, such as (i) rating, (ii) funding and (iii) personal development.

All performance targets are aligned with the approved long-term strategy and budget of the bank and any payout is wholly discretionary.

Maximum STI levels for other Identified Staff are not set, although the maximum levels for the Managing Board is applied as a guideline.

Targets for Identified Staff are derived from their respective (S)BU strategy and annual business plans. As of 1 January 2011, these targets are also risk-adjusted. STI remuneration of staff in Control Functions (Risk, Compliance, Audit as well as Identified Staff in Human Resources and Finance) does not depend on the financial performance of the Bank but, rather, on their functional performance.

Based on an objective assessment of the Managing Board's performance, the RNC believed that short-term variable compensation for the performance year 2010 would have been warranted. However, in light of the developments in society about executive remuneration in financial services firms, the RNC recommended to the Supervisory Board that no short-term variable compensation be awarded for the performance year 2010 for any of the Managing Board members, for the third year running. The Supervisory Board accepted the recommendations made by the RNC and decided accordingly.

Long-term incentive compensation

Long-term incentive compensation is delivered in the form of CRDRs.

For the Managing Board, the LTI will have a value equal to 25% of their respective base salary at grant.

LTI grant levels for other Identified Staff, i.e. selected senior managers only, may vary,

Pension

In line with all other employees, Identified Staff are members of the NIBC pension plan (version 2007) consisting of (i) a defined benefit pension arrangement up to a pensionable salary of EUR 58,075 (for 2010 and 2011) which is annually adjusted for general wage increases in line with the Collective Labour Agreement for Banks in the Netherlands, plus (ii) an additional contribution under a defined contribution arrangement up to a maximum pensionable salary equal to their respective base salaries.

The pensionable age for Identified Staff is 65 at present. There are no contractual early retirement provisions. A standard flat-rate contribution equal to 17.1% (from 2009) of pensionable salary for each member is paid by NIBC into the pension fund. Identified Staff are required to make a personal contribution of 3.3% for 2010 (3.1% for 2011) of their pensionable salary towards their pension.

Certain transition measures apply to Identified Staff who were members of the NIBC pension plan prior to 1 January 2007.

Other key benefits

Identified Staff are entitled to a company (lease) car up to a certain limit or, if they choose, the equivalent value of the (lease) car limit as a cash allowance. The Chairman

of the Managing Board is entitled to the use of a permanent chauffeur from the chauffeurs pool, while the other members of the Managing Board are entitled to the use of a chauffeur from the pool for business purposes only, unless specifically otherwise agreed by the Supervisory Board. In line with other employees, Identified Staff are entitled to a contribution towards their medical insurance, disability insurance, accident insurance and permanent travel insurance, a monthly expense allowance net of tax, and a subsidy on mortgage interest paid. On a maximum mortgage equal to four times their base salary and, finally, up to 30 holiday days per year.

Special situations

Only in exceptional cases will the Managing Board offer sign-on or guaranteed minimum bonuses to new employees and retention bonuses to existing employees. In the unforeseen circumstance that these amount to more than 100% of the base salary of the individual employee concerned, prior approval will be obtained from the RNC and Supervisory Board.

Any severance payment made in the case of termination of employment by NIBC without cause, is subject to the new business court formula (kantonrechterformule) and, in the case of reorganisation, the bank's Social Protocol.

Special compensation plans for specific groups of employees such as carried interest arrangements are subject to prior approval by the Managing Board, which will annually inform the RNC and Supervisory Board about these arrangements.

Remuneration governance

In line with the various recommendations and guidelines issued by regulators, the governance surrounding the annual remuneration process has been strengthened and key roles have been agreed for the Human Resource, Risk Management, Compliance, Audit and Finance functions. This process was formalised at the end of 2010 by establishing a Remuneration Governance Work Group consisting of representatives of the functions mentioned. At least once a year, the Chairman of the RPC will attend the meeting of the RNC where remuneration decisions as mentioned above are prepared so as to assess whether or not the suggested compensation has led to or results from unnecessary risk-taking. The Supervisory Board has discussed employees with the highest proposed variable compensation for 2010 as well as any proposal to award variable compensation in excess of 100%, if any. Scenario analyses have been conducted to assess the possible outcomes of the variable remuneration components on an individual and collective basis.

Any vested amounts of STI, LTI or one-off variable remuneration are subject to claw back by the Supervisory Board in the event they have been based on inaccurate financial or other data, fraud or when the employee in question is dismissed 'for cause'. Moreover, in exceptional circumstances, the Supervisory Board has the discretion to adjust any or all variable remuneration if, in its opinion, this remuneration would have unfair or unintended

effects. In assessing performance against pre-agreed performance criteria, financial performance shall be adjusted to allow for estimated risks and capital costs.

In addition to claw backs and as a result of the new DNB/CEBS Guidelines, the concept of malus is introduced in the remuneration policy. This is an arrangement that permits NIBC to prevent vesting of all or part of the amount of deferred compensation in relation to risk outcomes of performance. Malus is a form of ex-post risk adjustment, one of the key requirements, in addition to ex-ante risk adjustments, under the new guidelines.

In case of voluntary resignation, any unvested amounts of compensation will be forfeited.

Aggregate Quantitative information on remuneration, broken down by business unit

| | Number of Identified Staff | Total Compensation | | |
|---------------------|----------------------------|--------------------|---------------------|----------------------------|
| | | Annual salary 2010 | Total variable 2010 | Total compensation on 2010 |
| Specialised Finance | 14 | 2.102.000 | 1.383.000 | 3.485.000 |
| Merchant Banking | 12 | 2.348.178 | 1.323.505 | 3.671.683 |
| Corporate Center | 12 | 3.540.000 | 1.190.000 | 4.730.000 |
| Risk Management | 3 | 500.000 | 420.000 | 920.000 |
| | 41 | 8.490.178 | 4.316.505 | 12.806.683 |

| Total Variable Compensation (Instruments) | | | | |
|---|---------------------|---------|---------|-----------|
| Cash Bonus | Deferred cash bonus | PSUs | RPSUs | CRDRs |
| 618.800 | 260.600 | 243.000 | 68.600 | 192.000 |
| 474.552 | 259.701 | 329.552 | 28.775 | 230.926 |
| 314.000 | 105.500 | 90.000 | 7.500 | 673.000 |
| 126.000 | 84.000 | 126.000 | 0 | 84.000 |
| 1.533.352 | 709.801 | 788.552 | 104.875 | 1.179.926 |

| Total Variable Compensation (look through) | | | |
|--|-----------|-----------|-------------|
| Cash based 1) | Equity 2) | Vested 3) | Unvested 4) |
| 879.400 | 503.600 | 861.800 | 521.200 |
| 734.253 | 589.253 | 804.103 | 519.402 |
| 419.500 | 770.500 | 404.000 | 786.000 |
| 210.000 | 210.000 | 252.000 | 168.000 |
| 2.243.153 | 2.073.353 | 2.321.903 | 1.994.602 |

- 1) Cash based instruments: Cash Bonus and Deferred cash bonus
- 2) Equity based: PSUs, RPSUs, CRDRs
- 3) Vested: Cash Bonus, PSUs
- 4) Unvested: Deferred cash, RPSUs, CRDRs

Aggregate Quantitative information on remuneration, broken down by category of Identified Staff

| | Number of Identified Staff | Total Compensation | | |
|------------------|----------------------------|--------------------|---------------------|----------------------------|
| | | Annual salary 2010 | Total variable 2010 | Total compensation on 2010 |
| Executive Board | 5 | 2.300.000 | 575.000 | 2.875.000 |
| Sr Management | 22 | 4.124.915 | 2.459.630 | 6.584.545 |
| Controlfunction | 7 | 1.155.000 | 815.000 | 1.970.000 |
| Other Risktakers | 7 | 910.263 | 466.875 | 1.377.138 |
| | 41 | 8.490.178 | 4.316.505 | 12.806.683 |

| Total Variable Compensation (Instruments) | | | | |
|---|---------------------|---------|---------|-----------|
| Cash Bonus | Deferred cash bonus | PSUs | RPSUs | CRDRs |
| 0 | 0 | 0 | 0 | 575.000 |
| 968.389 | 480.926 | 529.389 | 20.000 | 460.926 |
| 296.000 | 151.500 | 216.000 | 7.500 | 144.000 |
| 268.963 | 77.375 | 43.163 | 77.375 | 0 |
| 1.533.352 | 709.801 | 788.552 | 104.875 | 1.179.926 |

| Total Variable Compensation (look through) | | | |
|--|-----------|-----------|-------------|
| Cash based 1) | Equity 2) | Vested 3) | Unvested 4) |
| 0 | 575.000 | 0 | 575.000 |
| 1.449.315 | 1.010.315 | 1.497.778 | 961.852 |
| 447.500 | 367.500 | 512.000 | 303.000 |
| 346.338 | 120.538 | 312.125 | 154.750 |
| 2.243.153 | 2.073.353 | 2.321.903 | 1.994.602 |

- 1) Cash based instruments: Cash Bonus and Deferred cash bonus
- 2) Equity based: PSUs, RPSUs, CRDRs
- 3) Vested: Cash Bonus, PSUs
- 4) Unvested: Deferred cash, RPSUs, CRDRs