



LETTER TO SHARE- AND DEPOSITARY RECEIPT HOLDERS ABN AMRO BANK N.V.

Relating to the proposed Executive Board remuneration policy and Supervisory Board remuneration policy ABN AMRO Bank N.V.

11 March 2020

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Dear share- and depositary receipt holders,

The Annual General Meeting (**AGM**) of ABN AMRO Bank N.V. (**ABN AMRO Bank**) will be held on 22 April 2020.

At our AGM one of the topics on our agenda will be the proposal of the Supervisory Board, upon recommendation by the Remuneration Committee, to adopt a remuneration policy for the Executive Board and a remuneration policy for the Supervisory Board, that is compliant with the new Shareholders Rights Directive.

Our new remuneration policies will be presented for adoption at the AGM and, if adopted, will apply with retroactive effect as of 1 January 2020 and will replace the existing remuneration policy and principles for the Executive- and Supervisory Board. It is intended that the new remuneration policies will apply for 4 years. The Supervisory Board, on a proposal of the Remuneration Committee, may ask the general meeting to adopt an amendment at an earlier stage if this is considered appropriate.

Stakeholder engagements

We invited stakeholders to consultation meetings to enable the chair of our Remuneration Committee to hear feedback and explore ways of implementing our new remuneration policy to address areas of concern. This is in line with our continued commitment to good governance.

We define our stakeholders as: *any group or individual we affect through our activities or our products and services or who, in turn, affects our ability to achieve our goals as a business*. Using this definition, we've defined four main stakeholder groups: clients, employees, society and investors.

Valuable views of internal and external stakeholders were received during constructive engagements held with, amongst others, our Employees Council, a representative number of customers, a representative number of share- and depositary receipt holders, the NLF, Eumedion, VEB and proxy advisor ISS. Our re-assessment of the remuneration policies is with due observance of those valuable views received, mindful of (amongst more) the highly regulatory environment within which ABN AMRO Bank operates. Balancing the views and interests of the various stakeholder groups, public support, and the Supervisory Board's responsibility with regard to this topic, is of great importance for us.

We have observed that stakeholder interests do not always run parallel. The most frequently asked questions relate to whether we are able to maintain our talent, and whether we are able to attract and motivate the best people. In addition, emphasis has been placed on the alignment of performance criteria with the longer term and the maintenance of a certain ratio between fixed and variable remuneration. Also our ability to deviate from the remuneration policy was addressed.

The Supervisory Board endeavours to balance the needs of our internal and external stakeholders and our commitment to making a sustainable contribution to society. The implementation of ABN AMRO's remuneration policy fundamentally differs from the implementation by other listed companies due to its highly regulated environment. ABN AMRO has little room to manoeuvre. In those cases where the Supervisory Board perceives regulatory restrictions, or some interests to be too incompatible with others, prudent choices have been made in our remuneration policy.

Any deviation of the remuneration policy is only possible if necessary to serve the long-term interest and the sustainability of ABN AMRO Bank as a whole or to assure its viability. Any and all deviations will be carefully considered, in alignment with the objectives and key remuneration principles set out in the remuneration policy. Regulatory restrictions as applicable to financial institutions limit the scope for deviation as well.

Our current remuneration policy and principles

Our remuneration policy for the Executive Board was adopted on 7 January 2010 by the general meeting (by our sole shareholder, the Dutch State). Since 2010, several changes in financial supervision laws and regulations have caused ABN AMRO Bank to adjust the remuneration policy. In view of these changes, the remuneration policy has been further aligned with changes in the applicable legislation and adopted in 2015. The remuneration principles for the Supervisory Board were set by the general meeting as well and have not changed since 2010.

Main remuneration principles

Our main remuneration principles are focussed on:

- Ensuring our policy complies with rules and regulations
- Ensuring our policy is clear, transparent and comprehensive
- Having a policy that serves our identity, mission and long term interests and public support and function
- Having a policy that is clearly linked to strategy, long term interests and sustainability
- Having a policy that serves to attract, motivate and retain qualified individuals to serve on our boards and to develop and maintain a dynamic and engaged talent pool
- Weighing our performance indicators towards strategy, long term interests and sustainability
- Constructively engage with our internal and external stakeholders, to take into account their interests and feedback received, which is how ABN AMRO Bank takes into account the public opinion.

Starting points for the new remuneration policies

To determine competitive remuneration levels we compare our remuneration with that of other, similar companies, every 4 years. We have selected a group of companies as our 'peer group'. As a Dutch financial institution and listed company, we primarily focussed on two-tier AEX peer group companies, and European financial services, comparable either in market, size or profile.

The companies in our peer group were:

Two-tier AEX		European financial services	
Aalbert Industries	Koninklijke Ahold Delhaize	BBVA	Nordea Bank
Adyen	Koninklijke DSM	Aegon	Leaseplan Corporation
Aegon	Koninklijke KPN	Lloyds Banking Group	Baloise Holding
Akzo Nobel	Koninklijke Philips	Achmea	RSA Insurance Group
ASML Holding	Koninklijke Vopak	ING Groep	KBC Groep
ASR Nederland	NN Group	Royal Bank of Scotland Group	Banco de Sabadell
Heineken	Randstad Holding	NN Group	SEB
IMCD	Takeaway	Ageas	Swedbank
ING Groep	Wolters Kluwer	Standard Chartered	Sampo
		Rabobank	ASR Nederland
		Legal & General Group	

ABN AMRO's fee levels have been unchanged since 2010, whereas market levels significantly increased since 2010. Market assessments position ABN AMRO Bank below the 25th percentile annual fee market levels against peer groups. Overall, market levels are expected to further increase in 2020, as many companies will bring their (renewed) remuneration policies to vote as a result of the introduction of the new Shareholders Rights Directive.

The stronger increase in market levels of Dutch companies is mainly due to the fact that Supervisory Board fee levels are historically below fee levels in other European countries. However, the time commitment and responsibilities for board members of Dutch companies (and more in particular financial institutions) have significantly increased over the past years.

Fundamentally, we continue our existing policy and principles as last adopted in 2015, updated as required to align with the new Shareholders Rights Directive, Dutch law, stakeholder's views and market assessments to the extent possible.

Supervisory Board remuneration policy

With respect to the Supervisory Board remuneration policy, we continue our remuneration principles as adopted in 2010.

CLA increase for Supervisory Board members

In the period 01/2015 – 01/2020, ABN AMRO Bank applied an annual indexation in accordance with the annual Collective Labour Agreement adjustments for the banking industry (CAO Banken) (CLA)

for the Executive Board members of 8.5%. No indexation of fixed fee of Supervisory Board members took place.

It is proposed to introduce an increase in accordance with the annual CLA for the Supervisory Board as well. For the first time from 1 January 2020. The CLA increase for the year 2020 is 2.5%.

Furthermore it is proposed to increase the fixed fee of Supervisory Board members and committee memberships over the next 4 years with 1.5% each year, for the first time in 2020. The result of this proposal is that the Supervisory Board will catch up the CLA increase in the period 01/2015 – 01/2020 within the next 4 years.

Alignment of fees for a membership of a Supervisory Board committee.

Applying the same fees for each committee of the Supervisory Board justifies the time commitment needed per Supervisory Board committee. Supervisory Board committees play an important and proactive role. Requirements and regulations on these responsibilities for each of these committees have increased and justify alignment of fees.

Executive Board remuneration policy

With respect to the Executive Board remuneration policy, we continue our remuneration policy as last adopted in 2015 and updated to comply with new legislation. Variable remuneration remains part of the remuneration package, as already is the case. Additional information on variable remuneration is included in the remuneration policy since required by the new Shareholder Rights Directive. Although, variable and share based remuneration cannot be executed by ABN AMRO Bank as long as the NLF1 holds a share in ABN AMRO Bank.

Pursuant to the Act on Bonus Prohibition for state-supported financial enterprises (*Wet aansprakelijkheidsbeperking DNB en AFM en het bonusverbod staatsgesteunde ondernemingen*, the **Bonus Prohibition Act**), ABN AMRO Bank may not (i) award or pay any form of variable remuneration to the members of the Executive Board or (ii) increase the fixed remuneration of the members of the Executive Board (except for increases in accordance with adjustments pursuant to collective salary adjustments), as long as the NLF1 holds a share in ABN AMRO Bank, within the meaning of the Bonus Prohibition Act.

Comparisons current and proposed

Supervisory Board	Current	Proposed
Fixed fee in 2020	EUR 50,000 EUR 65,000 for the chairman	EUR 52,000* EUR 67,600* for the chairman *applying an increase of 2,5% (indexation for 2020 according to the annual Collective Labour Agreement) and 1.5% (increase in fixed fee)
Increase fixed fee in 2021, 2022 and 2023 over and above the annual indexation	N/A	2021: 1.5% 2022: 1.5% 2023: 1.5%

Reimbursement committee membership	EUR 12,500 for a membership of the Audit Committee and Risk & Capital Committee (EUR 15,000 for the chairman) EUR 10,000 for a membership of the Remuneration, Selection and Nomination Committee (EUR 12,500 for the chairman)	EUR 13,000* for each membership EUR 15,600* for each chairmanship * alignment reimbursement committees * applying an increase of 2,5% (indexation for 2020 according to the annual Collective Labour Agreement)) and 1.5% (increase in fixed fee)).
Increase fixed fee Supervisory Board committee membership and chairmanship in 2021, 2022 and 2023, over and above the annual indexation	N/A	2021: 1.5% 2022: 1.5% 2023: 1.5%
Annual indexation	N/A	Annual indexation of the fixed fee of a Supervisory Board membership and committee membership in accordance with the annual Collective Labour Agreement as per 1 January 2020
Reimbursement membership committee maximized up to	2 memberships	No change
Variable pay	N/A	N/A
KPI	N/A	N/A
Pay ratio	N/A	N/A
Benchmark	N/A	ABN AMRO obtained a remuneration benchmark for the Supervisory Board. The results of the benchmark indicate that with respect to the annual fee ABN AMRO is positioned below or at the 25th percentile against the chosen peer groups

Executive Board	Current	Proposed
Fixed fee	CEO: EUR 759,978 Other Executive Board members: EUR 645,163	No change
Annual indexation	Indexation according to the CLA	No change
Variable fee	Variable remuneration forms part of our current remuneration policy for the Executive Board. However, as long as the NLFH holds shares in ABN AMRO Bank, no variable remuneration can be awarded to the members of the Executive Board, in accordance with the Bonus Prohibition Act (as included in the Wbfo). Terms and conditions for variable remuneration (cash and depositary receipts) are included in the remuneration policy.	No change Additional information on variable remuneration is provided for in the remuneration policy, i.e. linking to the strategy, sustainability, long term interests and KPI's, as required by the new Shareholder's Right Directive
Pensions and other benefits	<ul style="list-style-type: none"> ▪ Members of the Executive Board participate in the pension schemes applicable to all ABN AMRO Bank employees in the Netherlands as far as they are Dutch tax residents. Mr Clifford Abrahams is not a Dutch tax resident. ▪ Access to a company car 	No change

	<ul style="list-style-type: none"> ▪ Compensation for housing and additional travel costs if a member of the Executive Board has primary residence outside the Netherlands ▪ Tax advice if a member of the Executive Board is subject to income taxation outside the Netherlands. ▪ Collective insurance ▪ Reimbursement for actual business related expenses 	
Severance	One gross annual fixed fee at maximum	No change
KPI	More than 50% of the targets are non-financial. 30% of the targets are individual non-financial	No change. KPI as last adopted in 2020
Pay ratio	ABN AMRO's pay ratio is 9.6.	No change
Benchmark report	No benchmark reports previous years.	New: benchmark performed

The annual KPI and remuneration framework is last adopted in the beginning of 2020. The performance of the Executive Board members against the KPI's is continuously monitored by the Supervisory Board. The Supervisory Board assesses, in good consultation with all relevant departments within ABN AMRO Bank, the Executive Board members' performance against the KPI's based on a set of financial and non-financial performance indicators as well as individual leadership.

Given the relevance of strategic KPIs for ABN AMRO Bank's business, ambition, and long-term viability, both financial and non-financial targets are directly linked or derived from long term goals and overall strategy. These targets are set as part of the annual KPI and remuneration framework and disclosed in the remuneration report, unless they are commercially or share price sensitive.

The AGM is an important opportunity for all share- and depositary holders to express their views by asking questions. If you would like to be assured of the fullest possible response to a question asked in the AGM, it would be helpful if you could give us prior notice of your question by e-mail to investorrelations@nl.abnamro.com. Of course, you are also invited to write to us at any time should you wish.

Yours sincerely,

Arjen Dorland

Chairman of the Remuneration Committee of the Supervisory Board