

Dutch Corporate Governance Code

This section contains a brief overview of CEB's compliance with the best practice rules of the Dutch Corporate Governance Code (in this section known as the Code). On 8 December 2016 the Corporate Governance Code Monitoring Committee has published the revised Dutch Corporate Governance Code. It should be noted that due to our private ownership structure, the Code's provisions on shareholders/general meeting (rights, meetings, obligations, protective measures – see Chapter IV of the Code) are, to a large extent, not applicable to CEB. As CEB has adopted a two-tier structure, chapter 5 of the Corporate Governance Code (one-tier governance structure) does not apply. In 2020 CEB reports on its compliance with the Corporate Governance Code as follows:

Long-Term Value Creation

The bank's focus on long-term value creation (as opposed to achieving short-term gains) is inherent to its private ownership structure. The (long-term value creation) business strategy of the bank for the period until 2023 is included in a strategy document (for more details on the contents of the Strategy Document reference is made to section D of the Corporate Governance chapter included in the bank's annual report). This document has been prepared by the Managing Board and is extensively discussed with and approved by the Supervisory Board.

Long term sustainability is given a prominent role in determining the bank's strategy and in the decision-making process. All stakeholders' interests are carefully considered in this process. On an annual basis the strategy is being reviewed and where necessary updated (as a result of the most recent strategic discussions, the bank will particularly focus on trade finance activities, digital banking and cultural transformation). Inter alia through the regular updates that are given on the implementation of the bank's strategy, the Supervisory Board monitors the implementation thereof. It is of great importance for the bank to be continuously informed about the latest (technology) developments in this rapidly changing society. In order to adequately anticipate to this, internal trainings are being organized and external seminars/courses are attended.

CEB has established an Internal Audit department in accordance with the principles and best practice provisions of the Corporate Governance Code. CEB's risk management framework is comprehensive and managed by an independent risk management function under direct responsibility of the Chief Risk Officer. Risk management plays a central role in the bank's decision making process. More information on CEB's Risk Management can be found in note 37 of the Consolidated Financial Statements. The Supervisory Board –inter alia– oversees the effectiveness of the design and the operation of the internal risk management and control systems.

Within the Supervisory Board an Audit & Risk Committee ("ARC") has been established. Ernst & Young Accountants LLP has been appointed by the bank's general meeting of shareholders (at the nomination of the Supervisory Board) as the bank's external auditor¹. At least annually the ARC discusses the bank's audit plan and any findings of the external auditor. Exchange of information between the Managing Board/Supervisory Board and the external auditor

¹ Ernst & Young Accountants LLP acted as CEB's external auditor for the last four years. With effect from 1 January 2021, KPMG Accountants N.V. has been appointed as external auditor for the financial year 2021.

takes places in meetings of the ARC, in meetings between the Managing Board and the external auditor, but also outside these meetings there is regular contact with the bank's external auditor to share information and discuss specific topics in more detail.

Effective Management and Supervision

The current composition of the Supervisory Board and Managing Board is very well balanced inter alia taking into account the specific knowledge and experience of each of the members. Currently, the Supervisory Board has six members and the Managing Board has four members. Considering the size and nature of the bank such number is deemed sufficient to properly perform their tasks. The independence of the Supervisory Board is not fully compliant with best practice provision 2.1.7 as half of the members is independent. However, the current composition of the Supervisory Board is in line with DNB's requirements in respect of independence. At this moment, except for one female Supervisory Board member, all members of the Supervisory Board and Managing Board are male. The Supervisory Board is aiming to appoint another female board member before 2022. Upon appointment of this board member, one of third of the Supervisory Board will consist of female board members.

The bank has adopted a diversity and inclusion policy. The main goal of the policy is to promote diversity and inclusion in the workplace as drivers for innovation, growth and better balanced decisions. The policy covers amongst others diversity/inclusion in the following areas: educational and professional background, gender composition, nationality composition and geographical provenance and age and seniority. The policy is being implemented through the bank's recruitment policy, education of the bank's staff and keeping board members (and staff) informed on diversity and inclusion trends, practices and achievements. The main item for improvement reflected in the bank's diversity and inclusion policy remains having a more balanced gender split amongst CEB's staff. At consolidated level of the banking group the male-female ratio is very well-balanced. However, at entity level in the different countries there is some room for further improvement. This is an agenda item for the management and discussions are ongoing.

The composition of the bank's Supervisory Board and Managing Board can be improved in terms of male/female ratio. In the past years the bank maintained, as much as possible, the current composition of its Supervisory Board and Managing Board in order to keep up with the rapidly changing environment and the subsequent effect thereof on the bank's business plans. In order to be, by January 2022, more in line with the statutory targets for male and female members in the Managing Board and Supervisory Board, the aim is to appoint female candidates in case of new appointments to these boards and/or in case of replacements of current members. In addition, the bank adopted a diversity policy to have a more balanced gender split amongst CEB's staff and its boards. As mentioned hereinabove, the Supervisory Board aims to appoint another female board member before 2022, which will bring the male/female ratio to two third vs one third, respectively. In the past years, no new appointments were made to the Managing Board (on the contrary, the number of Managing Board members was reduced from 6 (in 2018) to 4 (in 2019/2020)). In line with the statements made hereinabove, in case of new appointments to or replacements of current members of the Managing Board it is the intention to appoint a female candidate.

The rules to be observed and procedures to be followed in case of appointment and reappointment of Supervisory Board and Managing Board members are set out in the bank's internal policies/charters (such as the 'Recruitment and Selection policy for the Supervisory Board and Managing Board'). A succession planning document for the bank's senior management has been prepared. This document has taken the rationale of the diversity policy into account. Annually the functioning of the Managing Board and Supervisory Board and its individual members is being evaluated. For the organization of the Supervisory Board reference is made to relevant paragraphs of the Supervisory Board Report as included in the bank's annual report. The diverse composition of the Supervisory Board and Managing Board in terms of age, background and expertise enables balanced decision-making by these bodies corporate. The high level of transparency between the Supervisory Board and Managing Board also contributes to effective and balanced decision-making. The Supervisory Board's sub-committees also support the balanced decision-making. The respective interests of the bank's main stakeholders (being CEB's customers, employees and business partners, the shareholders, regulators as well as society) are taken into consideration in the decision-making process. The Supervisory Board and Managing Board members annually discuss other (board) positions held by the board members. In order to promote and create the desired culture aimed at long term value creation, upon employment the bank's employees participate in an induction program during which they are trained on the bank's core values, its main policies/regulations (including the bank's code of conduct and the staff handbook) and the bank's culture.

For all employees CEB organizes regular thematic awareness trainings and during quarterly staff events the (desired) culture within the bank is highlighted and discussed. In 2017 the bank's senior management attended a training program on culture and core values. As part of the training program new core values have been developed (these are dynamism, diversity and expertise). The initial roll-out of the new core values has taken place in 2018 and in 2019 the core values have been further embedded in the bank's organization.

Another way to promote a culture aimed at long term value creation is the bank's remuneration policy (see herein below and section F of the Corporate Governance chapter included in the bank's annual report). To enable the bank's employees to report and to deal with reporting of misconduct or actual or suspected irregularities within the bank an internal alert system (whistle blower policy) has been established. This policy describes amongst others the purpose of the internal alert system, usage of the internal alert system, anonymous reporting, confidentiality and external whistleblowing procedures. In case of (material) misconduct or irregularities the Supervisory Board is informed. Through the Compliance Oversight Committee, the Supervisory Board monitors the operation of the internal alert system, how is dealt with signs of misconduct or irregularities and in case of misconduct or irregularities how adequate follow-up of any recommendations for remedial actions is performed. The bank has established different policies and procedures to manage and prevent conflicts of interests (these include a Conflicts of Interests Handling policy and a Related Party Transactions policy). For more information on the handling of potential conflicts of interests reference is made to section E of the Corporate Governance chapter included in the bank's annual report.

Remuneration

CEB's Group Remuneration Policy is in line with national and international regulations. The policy applies to CEB and its subsidiaries. It also covers the remuneration of Managing Board members of CEB and its subsidiaries. Through its conservative remuneration policy, CEB promotes a sound remuneration culture with a long term focus. The Group Remuneration Policy is reviewed and approved by amongst others the Supervisory Board. The Supervisory Board monitors the proper implementation of the policy by the Managing Board. Annually the compliance to the rules and procedures under the policy is reviewed in line with the Control Functions Remuneration Monitoring Procedure. The HR & Remuneration Committee meets at least each quarter and prepares the decision-making process for the Supervisory Board, taking into account the long-term interests of all stakeholders of CEB. The Supervisory Board determines the level of remuneration for the members of the Managing Board in line with the principles of the Group Remuneration Policy. The remuneration received by the members of the Supervisory Board is not dependent on the (financial) results of the bank. Each Supervisory Board member receives an appropriate amount of compensation taking into account the total number of hours spent for the tasks and the compensation paid to Supervisory Board members of companies of comparable size and business.

The bank's Remuneration Report is included in section F of the Corporate Governance chapter included in the bank's annual report and is also made available on the bank's website. The main elements of the agreement of a Managing Board member with the bank are not published on the bank's website as CEB holds the view that sufficient information is disclosed in the bank's Remuneration Report.

Conflict of Interest Policy

Credit Europe Bank has adopted a group of procedures suitable for managing potential conflicts of interests. Such arrangements have to be complied with for professional integrity – and transparency reasons. The generic arrangements aim at setting criteria and controls that identify and govern potential conflicts of interest arising from, amongst others private investment transactions by employees, senior management or members of the Managing and Supervisory Board. A special category of potentially conflicting situations forms the bank entering into a transaction with a related party. Parties related to Credit Europe Bank include all Fiba and Fina Group associated companies, any member of the Supervisory- or Managing Board as well as their close family members and any entities owned and/or controlled by them. Related party transactions are settled in the normal course of business and on an arm's length basis, i.e. under the same commercial and market terms that apply to non-related parties. The kind of transactions that fall under related party transactions are various: loans, deposits or foreign exchange transactions. The bank has specific arrangements in place to ensure a proper management of potential conflicts of interests in related party transactions. These arrangements include procedures to identify, authorize and report related party transactions to the Managing Board and the Audit & Risk Committee. In every Audit & Risk Committee meeting, an overview with the exposures outstanding to related parties and information on whether the bank acted in conformity with its established procedures is presented. On an annual basis, the bank's Internal Audit department carries out audit procedures to provide reasonable assurance that the bank's policies and procedures for related party transactions are properly and effectively executed.