

# PRESS RELEASE

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## MEDIA CONTACT:

Investor Relations &  
Corporate Communications  
Telephone +31 (0)70 342 56 25  
E-mail info@nibc.com  
Internet www.nibc.com

## NIBC Bank profit after tax from continuing operations in the first nine months of 2007 13% higher at EUR 204 million

- Profit after tax from continuing operations in the first nine months of 2007 13% higher at EUR 204 million.
- NIBC sold its US sub prime related portfolio in Q3.
- Net profit attributable to parent shareholders for the first nine months of 2007 totals EUR 65 million.
- Kaupthing Bank hf. and the consortium of shareholders of NIBC Holding NV have entered into an agreement to purchase the entire share capital of NIBC Holding NV. The excellent strategic fit between Kaupthing and NIBC will further enhance NIBC's ability to provide integrated financial solutions to its clients.
- Tier-1 ratio of NIBC Bank N.V. remains stable at a strong level of 10.6%.

*Michael Enthoven, Chairman of the Managing Board of NIBC*

"Instability in the credit markets has resulted in a turbulent year for the banking industry. Despite our non-recurring loss in the first half of 2007, our continuing business showed healthy underlying growth and we maintain a Tier-1 ratio at a strong level of above 10%. Our sound strategy and diversified business model will guide us through the challenging market conditions and as a result we continue to close successful transactions. We look forward to becoming part of the Kaupthing Group as this offers many new opportunities to our clients and employees. The combined group will benefit from the strong complementary fit between Kaupthing and NIBC in terms of strategy, product offerings and business culture. Together NIBC and Kaupthing will be stronger."

### NIBC Bank key figures <sup>a</sup>

In EUR millions	Nine months			Q3 2007	Q2 2007	Q3 2006		
	2007	2006	+/-				+/-	+/-
Profit after tax from continuing operations	204	182	13%	73 <sup>b</sup>	68	35	109%	
Net profit attributable to parent shareholders	65	194	-66%	69	-39	43	60%	
Efficiency ratio <sup>c</sup>	44%	38%		48%	39%	52%		
Return on net asset value (after tax) <sup>c</sup>	19%	17%		20%	19%	10%		

<sup>a</sup> All figures relate to NIBC Bank N.V. Until 30 June 2007, the reporting company was NIBC Holding N.V.

<sup>b</sup> This number includes fair value gains of EUR 29 million that relate to the first half of 2007. See page 2 under financial results for more information.

<sup>c</sup> Based on profit after tax from continuing operations

Note: small differences are possible in the tables due to rounding

## Recent developments

### *Kaupthing acquisition*

Kaupthing Bank hf. and the consortium of shareholders of NIBC Holding NV have entered into an agreement to purchase the entire share capital of NIBC Holding NV.

As part of the transaction with Kaupthing, NIBC's US sub prime related portfolio was sold on 24 August 2007 to a company controlled by the selling shareholders of NIBC Holding N.V. for USD 528 million. The acquisition by that company was funded by a contribution of USD 248 million from NIBC Holding NV in exchange for preference shares in the company which were distributed to the selling shareholders and a loan from Kaupthing in the amount of approximately USD 280 million.

NIBC Bank is the main operating entity of NIBC. It will retain a separate rating and will remain responsible for its own funding after the acquisition by Kaupthing. To optimally provide NIBC Bank's debt investors and other stakeholders with the relevant financial information, NIBC has decided to report as of September 2007 on NIBC Bank level. For comparison purposes, NIBC Holding made a net profit attributable to parent shareholders in the first nine months of 2007 of EUR 73 million.

### *Successful business activities in Q3*

In the current difficult market circumstances, NIBC continues to be able to close successful transactions. In the third quarter of 2007, NIBC acted as sole mandated lead arranger and bookrunner for the project finance facility of Seajacks International Ltd.

In the residential mortgages segment, NIBC closed SOUND II, a EUR 750 million Residential Mortgage Backed Securities Transaction (RMBS) backed by Dutch mortgages that benefit from an NHG guarantee. It is the second RMBS under this SOUND programme.

NIBC's position in the commercial real estate market was strengthened by the closing of MESDAG (Delta), a EUR 638 million Dutch Commercial Mortgage Backed Securities (CMBS) transaction for one client. NIBC has now arranged six CMBS transactions, of which four are under its MESDAG programme.

## Financial results for the first nine months of 2007

The profit after tax from continuing operations came to EUR 204 million, which is 13% above the comparable figure for the first nine months of 2006. Net profit attributable to parent shareholders for the first nine months of 2007 amounted to EUR 65 million, compared to EUR 194 million in the same period of 2006. The difference between the two periods was largely due to a non-recurring loss on the US ABS investment book in 2007.

In order to bring the accounting policies of NIBC's Principal Investments activities more into line with industry practice, NIBC determined that with effect from 1 January 2007 all new investments in associates shall be designated as "fair value through profit or loss". In the first half of 2007, NIBC incorrectly reported gains of EUR 29 million on such investments as a credit to equity; these gains should have been reported in the income statement. In the third quarter of 2007 NIBC corrected this. The profit after tax from continuing operations in the third quarter of 2007 of EUR 73 million therefore includes fair value gains of EUR 29 million that relate to the first half of 2007.

The continuing business performed well in the first nine months of 2007. Operating income totalled EUR 394 million, 10% above the same period last year. Net interest income on the corporate and commercial real estate loan portfolios increased, due to an increase in the average size of these portfolios. This was partly offset by lower net interest income from residential mortgages, mezzanine loans and the bond portfolio, due to a lower average portfolio size. Furthermore lower revenues were made on NIBC's interest rate mismatch positions. Net fee and commission income

increased by 7%, in line with NIBC's strategy of diversifying income sources and growing fee income. EUR 33 million of the total dividend income in the first nine months of 2007 concerns 'accrued' (monthly) dividend on structured investments in Financial Markets.

### NIBC Bank profit and loss

In EUR millions	Nine months			Q3 2007	Q2 2007	+/-	Q3 2006	+/-
	2007	2006	+/-					
Net interest income	187	186	3%	77	57	37%	63	22%
Net fee and commission income	44	41	7%	4	23	-84%	13	-69%
Dividend income	64	21		18	22	-18%	9	100%
Net trading income	1	59	-99%	-37	12		-4	
Gains less losses from equity investments	93	24		73	17		-3	
Share in profit of associates	1	14	-93%	1	-1		-1	
Other operating income	5	12	-57%	3	1	128%	11	-73%
<b>Operating income</b>	<b>394</b>	<b>356</b>	<b>10%</b>	<b>139</b>	<b>131</b>	<b>6%</b>	<b>89</b>	<b>56%</b>
Personnel expenses	-113	-89	27%	-43	-35	23%	-30	43%
Other operating expenses	-44	-38	14%	-15	-13	14%	-13	15%
Depreciation	-15	-9	75%	-9	-3		-3	
<b>Operating expenses</b>	<b>-172</b>	<b>-136</b>	<b>26%</b>	<b>-67</b>	<b>-51</b>	<b>31%</b>	<b>-46</b>	<b>46%</b>
Impairment of financial assets	3	16	-83%	2	-2		1	100%
<b>Total expenses</b>	<b>-169</b>	<b>-120</b>	<b>41%</b>	<b>-65</b>	<b>-53</b>	<b>22%</b>	<b>-46</b>	<b>41%</b>
<b>Operating profit</b>	<b>225</b>	<b>237</b>	<b>-5%</b>	<b>74</b>	<b>78</b>	<b>-5%</b>	<b>44</b>	<b>68%</b>
Tax	-20	-55	-63%	-1	-10	-91%	-9	-89%
<b>Profit after tax from continuing operations</b>	<b>204</b>	<b>182</b>	<b>13%</b>	<b>73</b>	<b>68</b>	<b>7%</b>	<b>35</b>	<b>109%</b>
Non-recurring result <sup>a</sup>	-139	12		-3	-107	-97%	7	
<b>Net profit</b>	<b>66</b>	<b>194</b>	<b>-66%</b>	<b>70</b>	<b>-39</b>		<b>43</b>	<b>63%</b>
Result attributable to minority interest	1	0		1	0		0	
<b>Net profit attributable to parent shareholders</b>	<b>65</b>	<b>194</b>	<b>-66%</b>	<b>69</b>	<b>-39</b>		<b>43</b>	<b>60%</b>

<sup>a</sup> NIBC reports the results of its US ABS investment book at this moment as 'non-recurring results'. NIBC has adopted the non-recurring presentation in order to provide a transparent disclosure of the impact of the result from the US ABS investment book on the performance of these nine months. NIBC is presently evaluating if it meets the specific requirements of IFRS to treat this result as discontinued operations.

### First nine months 2007 income and expenses compared with first nine months 2006

- *Operating income* increased 10% compared to the same period in 2006. The income mix is more diversified with a focus on increasing fee income and dividend income. Trading income decreased mainly due to negative fair value results on the residential and commercial real estate mortgages books and lower results on the trading books in Financial Markets, partly offset by a positive fair value result on structured funding.
- *Operating expenses* increased 26%. The acquisition by Kaupthing triggered one-off expenses related to the accelerated vesting of options and restricted depositary receipts. Accelerated depreciation of certain IT-related projects led to higher costs in 2007 as well. Excluding exceptional items, operating expenses increased by 11%, primarily as a result of a higher average number of FTEs.
- There were still releases of *impairments of financial assets* (EUR 3 million), but at a lower level than in 2006.
- Releases of tax provisions. The high level of tax-exempt income and a decrease in the corporate tax rate in the Netherlands led to a reduced effective tax rate for the first nine months of 2007.
- *Non-recurring result* contains the results on our US ABS investment book in the first nine months of 2007 and the comparable figure for 2006.

### NIBC Bank other key figures

	30 Sep 2007	31 Dec 2006
Tier-1 ratio	10.6%	12.3%
BIS-ratio	12.2%	13.3%
Shareholders' equity (in EUR million)	1,504	1,716
Number of FTEs (end of period)	704	693
Risk weighted assets (in EUR billion)	16.7	14.7

### Shareholders' equity, dividend and capital ratios

Shareholders' equity decreased from EUR 1,716 million at the end of 2006 to EUR 1,504 million as per September 30, 2007, mainly due to dividend payments in March and July and a decrease in both the revaluation reserve for corporate loans and the hedging reserve, partly compensated by the net profit in the first nine months. An increase in risk weighted assets from EUR 14.7 billion at year-end 2006 to EUR 16.7 billion at the end of September 2007, due among other things to growth in the loan portfolio, led to a lower Tier-1 ratio of 10.6%. The return on net asset value for the first nine months amounted to 19%. This return is defined as the annualised profit after tax from continuing operations divided by total net asset value at the beginning of the period.

### Outlook

- NIBC will continue to seek to diversify its income sources and grow fee income while maintaining the net interest income level together with 'accrued' dividend income of Financial Markets above operating expenses. NIBC targets an efficiency ratio below 40% and a return on net asset value above 15% over the cycle. NIBC will seek to maintain the Tier-1 ratio in excess of 10%.
- While we are convinced that NIBC has a sound strategy and our diversified business model will guide us through the challenging market conditions, it is difficult to forecast how the current market circumstances will impact our activities.

## Strategy

NIBC's strategy is based on asset classes and geographies it knows well, thereby building on its core skill of credit risk assessment. The strategy is built around a multi-asset class investment banking and capital markets business model. This model is built around four pillars:

1. Multi-product client franchises: focus on providing lending, credit fixed income and other financial products and services to mid-cap company clients in specific industry segments, and investment products to institutional investors in the global capital markets.
2. Product/market combinations: the range of products offered is based on NIBC's core skill of assessing and managing credit fixed income risk and products, focusing on certain geographic markets and industry segments for each of the products. As such, NIBC offers innovative corporate finance, risk management and investment solutions based on a combination of strategic advice and capital structuring expertise.
3. Asset portfolio management: NIBC has built a core skill of assessing and managing credit fixed income risk. Through its investment management franchise, NIBC offers its institutional investor clients the opportunity to benefit from this expertise. NIBC is expanding its investment management activities by developing investment funds for private equity/mezzanine, infrastructure and real estate investments.
4. Collateralised funding & distribution: NIBC has the ability to structure its assets using a variety of funding and/or distribution alternatives, including funds, syndication, securitisation and secondary loan trading.

## Profit after tax from continuing operations per Strategic Business Unit (SBU) <sup>a</sup>

In EUR millions	Nine months			Q3			Q3		
	2007	2006	+/-	2007	2007	+/-	2006	+/-	
Corporate Finance	70	61	14%	20	26	-23%	23	-13%	
Real Estate Markets	27	41	-33%	7	10	-35%	8	-13%	
Financial Markets	19	36	-46%	-7	8		2		
Principal Investments	97	37		58	22		1		
Investment Management	14	0		11	3		0		
Corporate Center	-23	6		-16	-1		2		
<b>NIBC Total</b>	<b>204</b>	<b>182</b>	<b>13%</b>	<b>73</b>	<b>68</b>	<b>7%</b>	<b>35</b>	<b>109%</b>	

<sup>a</sup> This represents a management view. Please refer to the footnote on page 3 underneath the NIBC Bank profit and loss overview.

## Corporate Finance

Corporate Finance provides M&A advisory, capital markets financing and risk management solutions to clients, focusing on origination, structuring and execution. It consists of seven client coverage teams and three product groups who work in tandem to offer integrated banking solutions. The specialised client coverage teams cover the following sectors: General Industries, Food & Retail, Financial Sponsors, Financial Institutions, Commercial Real Estate, Infrastructure, and Transport & Energy. The client coverage teams play a key role in developing and maintaining client relationships, as well as in identifying product opportunities bank-wide.

In EUR millions	Nine months			Q3 2007	Q2 2007	+/-	Q3 2006	+/-
	2007	2006	+/-					
Net interest income	103	88	17%	36	36		28	29%
Net fee and commission income	35	28	25%	7	15	-56%	9	-22%
Dividend income	2	5	-56%	0	2	-75%	2	
Net trading income	2	5	-48%	-3	4		1	
Share in profit of associates	1	2	-54%	1	-1		-1	
Other operating income	3	11	-74%	3	0		11	-73%
<b>Operating income</b>	<b>146</b>	<b>138</b>	<b>6%</b>	<b>44</b>	<b>56</b>	<b>-21%</b>	<b>51</b>	<b>-14%</b>
Operating expenses	-55	-56	-1%	-19	-18	3%	-19	
Impairment of financial assets <sup>a</sup>	3	5	-50%	2	-3		1	100%
<b>Profit before tax from continuing operations</b>	<b>94</b>	<b>87</b>	<b>8%</b>	<b>27</b>	<b>35</b>	<b>-22%</b>	<b>33</b>	<b>-18%</b>
Tax	-24	-26	-7%	-7	-9	-21%	-10	-30%
<b>Profit after tax from continuing operations</b>	<b>70</b>	<b>61</b>	<b>14%</b>	<b>20</b>	<b>26</b>	<b>-23%</b>	<b>23</b>	<b>-13%</b>
Number of FTEs (end of period)	264	252						
Risk weighted assets (in EUR billion)	8.4	7.3						

<sup>a</sup> A positive number indicates a release of impairments of financial assets. This note is applicable for all SBUs.

- **Financial results**

Operating income grew by 6% in the first nine months of 2007 compared to the same period last year. Net interest income increased 17%, mainly due to the higher loan portfolio. The net fee and commission income also increased substantially (25%). Operating expenses remained at roughly the same level as the same period last year and there were again releases of impairments. Together, this led to an increase in profit after tax from continuing operations of 14% compared to the first nine months of 2006.

- **Focus**

Corporate Finance has evolved from focusing on traditional lending activities towards a broader product offering. In addition, NIBC's focus has shifted from servicing the needs of a large number of smaller Dutch clients to providing solutions to a more select number of larger mid-cap clients throughout North-Western Europe.

- **Landmark transactions**

NIBC's ambition to be more meaningful to its clients and to arrange important deals is illustrated by recent transactions. NIBC acted as financial advisor to Santander in the Consortium's bid for ABN AMRO. NIBC acted as sole mandate lead arranger and bookrunner for the financing of Seajacks International Ltd. These transactions show that NIBC is able to close important transactions in the current challenging market circumstances.

## Real Estate Markets

Real Estate Markets originates residential and commercial real estate financing with the objective of distributing a large part of these assets to other market participants, through means including securitisation, syndications and portfolio sales. It focuses on residential and commercial real estate financing in the Netherlands and Germany. It also serves as the centre of securitisation competence within NIBC and structures securitisations of non-real estate assets for other SBUs.

In EUR millions	Nine months			Q3 2007	Q2 2007	+/-	Q3 2006	+/-
	2007	2006	+/-					
Net interest income	47	46	2%	13	17	-21%	17	-24%
Net fee and commission income	5	2		0	3	-91%	1	
Net trading income	3	22	-85%	2	0		-3	
<b>Operating income</b>	<b>55</b>	<b>70</b>	<b>-21%</b>	<b>15</b>	<b>20</b>	<b>-22%</b>	<b>15</b>	
Operating expenses	-19	-15	24%	-6	-6	5%	-5	20%
<b>Profit before tax from continuing operations</b>	<b>36</b>	<b>55</b>	<b>-34%</b>	<b>9</b>	<b>13</b>	<b>-35%</b>	<b>9</b>	
Tax	-9	-14	-34%	-2	-3	-33%	-2	
<b>Profit after tax from continuing operations</b>	<b>27</b>	<b>41</b>	<b>-33%</b>	<b>7</b>	<b>10</b>	<b>-35%</b>	<b>8</b>	<b>-13%</b>
Number of FTEs (end of period)	88	60						
Risk weighted assets (in EUR billion)	3.4	2.0						

- *Financial results*

Operating income decreased 21% in the first nine months of 2007 compared to the same period of 2006. This reflects the trading result on the sale of a substantial portfolio in 2006 and unrealised fair value losses in 2007 due to credit spread widening, partly offset by a positive fair value result on structured funding in 2007.

Operating expenses increased 24%, reflecting the expansion of real estate activities at the end of last year. This resulted in a decrease in profit after tax of 33% in the first nine months of 2007 compared to the first nine months of 2006. The increase in FTEs is mainly due to the inclusion of dedicated staff within Real Estate Markets and the expansion in Germany.

- *Focus*

Real Estate Markets originates residential mortgages and commercial real estate financing in the Netherlands and Germany.

- *Landmark transactions*

In the Residential Mortgages segment, NIBC closed SOUND II, a EUR 750 million RMBS backed by Dutch mortgages that benefit from an NHG guarantee. The success of strengthening NIBC's position in the commercial real estate market is supported by the closing of two CMBS transactions in 2007. MESDAG Charlie is a EUR 494 million multi-borrower CMBS and MESDAG Delta is a EUR 638 million Dutch CMBS with one client. NIBC has now arranged six CMBS transactions, four of them under its MESDAG programme. The acquisitions of two performing German residential mortgage portfolios, totalling EUR 756 million, are good examples of NIBC's strategic focus on developing its German real estate activities.

## Financial Markets

Financial Markets is responsible for the distribution and market making of the bank's securitised debt and derivative products. It also serves as NIBC's corporate treasury centre and performs trading activities in credit and interest rate products, manages the bank's liquidity, and provides funding facilities and seed capital to Investment Management.

In EUR millions	Nine months			Q3 2007	Q2 2007	+/-	Q3 2006	+/-
	2007	2006	+/-					
Net interest income	13	5		21	-5		3	
Net fee and commission income	-8	-1		-4	-2		0	
Dividend income	33	11		13	12	7%	4	
Net trading income	-6	33	-114%	-37	8		-2	
Share in profit of associates	0	13	-101%	0	0		0	
Other operating income	0	-1	-100%	-1	0		0	
<b>Operating income</b>	<b>33</b>	<b>59</b>	<b>-44%</b>	<b>-8</b>	<b>13</b>		<b>4</b>	
Operating expenses	-21	-19	10%	-7	-7	-3%	-6	17%
<b>Profit before tax from continuing operations</b>	<b>13</b>	<b>40</b>	<b>-69%</b>	<b>-14</b>	<b>6</b>		<b>-2</b>	
Tax	7	-4		7	2		4	75%
<b>Profit after tax from continuing operations</b>	<b>19</b>	<b>36</b>	<b>-46%</b>	<b>-7</b>	<b>8</b>		<b>2</b>	
Number of FTEs (end of period)	103	100						
Risk weighted assets (in EUR billion)	3.9	3.8						

- *Financial results*

Operating income decreased 44% to EUR 33 million compared to the same period last year. 'Accrued' dividend income from structured investments significantly increased due to growth in the portfolio. Net trading income declined due to difficult market circumstances, partly compensated by a positive fair value result on structured funding. The share in profit of associates declined due to a one-off result on a structured investment exit last year. This led to a profit after tax that was 46% lower than last year.

As previously mentioned, NIBC sold its US ABS sub prime related investment book on 24 August 2007.

- *Focus*

Financial Markets is the distributor and market maker of securitised debt products for NIBC's investor base. The securitised debt products include CMBS, RMBS and Collateralised Loan Obligations (CLO). All transactions that NIBC issues or lead-manages are supported in the after market by secondary market trading activities.

Financial Markets also provides interest-rate derivatives and other hedging instruments to NIBC's client base. It maintains a trading book in these derivatives to facilitate clients' deal flow.

The corporate treasury activities include the funding and liquidity management of the bank as well as money market trading and market making in NIBC's bonds. The investment portfolios, including structured investments, are also managed by Financial Markets.

## Principal Investments

*Principal Investments is responsible for the bank's private equity and mezzanine investments. It manages limited partnership interests in a number of funds, as well as certain direct mezzanine and private equity investments in operating companies.*

In EUR millions	Nine months			Q3			Q2			Q3		
	2007	2006	+/-	2007	2007	+/-	2007	2007	+/-	2006	+/-	
Net interest income	11	16	-34%	3	4	-18%				5	-40%	
Net fee and commission income	-24	-1		-17	-5					-1		
Dividend income	29	6		5	9	-42%				4	25%	
Gains less losses from equity investments	92	24		73	18					-3		
Other operating income	1	0		0	1	-77%				0		
<b>Operating income</b>	<b>110</b>	<b>44</b>		<b>64</b>	<b>25</b>					<b>5</b>		
Operating expenses	-9	-10	-10%	-3	-3					-3		
Impairment of financial assets	0	11	-99%	0	0					0		
<b>Profit before tax from continuing operations</b>	<b>101</b>	<b>46</b>	<b>121%</b>	<b>61</b>	<b>23</b>					<b>2</b>		
Tax	-4	-8	-48%	-4	0					-1		
<b>Profit after tax from continuing operations</b>	<b>97</b>	<b>37</b>		<b>58</b>	<b>22</b>					<b>1</b>		
Number of FTEs (end of period)	13	28										
Risk weighted assets (in EUR billion)	0.9	0.4										
Fair Value Adjustment reserve (in EUR million) <sup>a</sup>	70	71										

<sup>a</sup> The fair value adjustment reserve (=Revaluation reserve equity investments) shows the developments in the fair market value of the portfolio designated as available for sale. These results are taken into account in shareholders' equity and not through the profit & loss account.

- **Financial results**

Operating income increased by EUR 66 million in the first nine months of 2007. The third quarter 2007 results were mainly affected by fair value gains on associates, partly offset by a decline in net fee and commission income. The profit after tax from continuing operations increased by EUR 60 million in the first nine months of this year compared to the same period last year. EUR 29 million of this profit in Q3 2007 concerns a correction of the figures of the first half year of 2007. The Fair Value Adjustment reserve for the portfolio stayed at roughly the same level.

- **Focus**

The current activities of Principal Investments consist of fund investments in the NIBC Merchant Banking Funds (providing growth capital for mid-cap companies), the NIBC European Infrastructure Fund (investments in infrastructure projects in Western Europe) and the NIBC European Real Estate Fund (investments in commercial real estate). In addition, Principal Investments holds limited partnership interests in funds managed by third parties. Going forward, Principal Investments will focus on growing its portfolio by making fund investments in funds managed by NIBC and third parties. The direct investments will focus on the financial services sector in North-Western Europe.

## Investment Management

Investment Management is responsible for developing asset management activities for NIBC's Collateralised Debt Obligations (CDO) platforms and funds for both credit fixed income and private equity investments. It also manages NIBC's minority interests in general partners of a number of third-party managed private equity funds. Investment Management was created to separate the asset management activities from the bank's other activities.

In EUR millions	Nine months			Q3			Q2			Q3		
	2007	2006	+/-	2007	2007	+/-	2007	2007	+/-	2006	+/-	
Net interest income	1	0		0	1	-21%				0		
Net fee and commission income	36	12		19	12	51%				4		
Net trading income	1	0		1	0					0		
<b>Operating income</b>	<b>38</b>	<b>13</b>		<b>20</b>	<b>13</b>	<b>54%</b>				<b>4</b>		
Operating expenses	-22	-13	68%	-8	-9	-13%				-5	60%	
<b>Profit before tax from continuing operations</b>	<b>16</b>	<b>0</b>		<b>12</b>	<b>4</b>					<b>-1</b>		
Tax	-2	0		-1	-1	-4%				0		
<b>Profit after tax from continuing operations</b>	<b>14</b>	<b>0</b>		<b>11</b>	<b>3</b>					<b>0</b>		
Number of FTEs (end of period)	67	45										
Risk weighted assets (in EUR billion)	0.0	0.0										
Assets under management (in EUR billion) <sup>a</sup>	4.3	3.3										
Assets under administration (in EUR billion)	14.8	14.6										

<sup>a</sup> Reflect third party assets

- *Financial results*

Operating income increased to EUR 38 million, mainly as a result of higher net fee and commission income, mainly due to new fund initiatives. Operating expenses increased primarily due to these new initiatives. Together these factors led to an increase in profit after tax to EUR 14 million.

- *Focus*

Investment Management is responsible for developing NIBC's asset management activities based on its existing core competencies in credit fixed income and private equity. NIBC Credit Management manages a portfolio of credit fixed income investments in a variety of asset classes, such as global corporate credits and selected European securitised debt products.

Investment Management also manages NIBC's equity funds: the NIBC Merchant Banking Funds (providing growth capital for mid-cap companies), the NIBC European Infrastructure Fund (investments in infrastructure projects in Western Europe) and the NIBC European Real Estate Fund (investments in commercial real estate).

In addition, Investment Management manages NIBC's minority interests in general partners of private equity funds managed by third parties. Investment Management remains in a development phase, and intends to develop a number of private equity/mezzanine, infrastructure and real estate funds.

- *Landmark transaction*

NIBC's first third-party equity fund, NIBC European Infrastructure Fund I, recently raised EUR 330 million. NIBC also purchased the real estate portfolio of Oranje-Nassau Groep together with a consortium of investors. This purchase is part of the cooperation between the NIBC European Real Estate Fund and White Estate Investments with the aim of building an office portfolio within the Netherlands. These initiatives underscore NIBC's strategy to develop its alternative investment management activities further and make its knowledge in this area available to its institutional investor clients.

## Corporate Center

Corporate Center groups all the bank's support services, such as Human Resources, Group Finance & Tax, Group Technology & Operations, Investor Relations & Corporate Communications, Group Compliance and Internal Audit.

In EUR millions	Nine months			Q3			Q2			Q3		
	2007	2006	+/-	2007	2007	+/-	2007	2007	+/-	2006	+/-	
Net interest income	12	31	-62%	4	5	-19%				10	-60%	
Other operating income	1	2	-52%	0	0	-69%				0		
<b>Operating income</b>	<b>12</b>	<b>33</b>	<b>-63%</b>	<b>4</b>	<b>5</b>	<b>-33%</b>				<b>11</b>	<b>-64%</b>	
Operating expenses	-47	-24	98%	-24	-8					-8		
<b>Profit before tax from continuing operations</b>	<b>-35</b>	<b>9</b>		<b>-21</b>	<b>-3</b>					<b>2</b>		
Tax	13	-3		5	1					-1		
<b>Profit after tax from continuing operations</b>	<b>-23</b>	<b>6</b>		<b>-16</b>	<b>-1</b>					<b>2</b>		
Number of FTEs (end of period)	169	162										
Risk weighted assets (in EUR billion)	0.1	0.0										

- Financial results*

The operating income of Corporate Center is the result of interest income on interest rate mismatch positions and interest expenses on hybrid Tier-1 capital. The decline compared to 2006 is explained by the inclusion in 2006 of income on unallocated capital, which in 2007 is accounted for within Financial Markets, and the inclusion in 2007 of expenses of subordinated funding, which in 2006 were accounted for within Financial Markets. Operating expenses increased mainly due to one-off expenses related to the accelerated vesting of options and restricted depositary receipts, triggered by the acquisition by Kaupthing. The tax line was positively affected by the release of a tax provision. Operating expenses are allocated to the other SBUs except for general staff functions and certain one-off non-attributable expenses.

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**Profile of NIBC**

NIBC is a leading merchant bank focused on the mid-cap company segment in North-Western Europe. NIBC offers innovative corporate finance, risk management and investment solutions to corporate clients, financial institutions, institutional investors, financial sponsors and family offices. NIBC has offices in The Hague, London, Brussels, Frankfurt, New York and Singapore.

For more information, please contact Investor Relations & Corporate Communications.

Phone: +31 (0)70 342 56 25

Email: [info@nibc.com](mailto:info@nibc.com)

Web: [www.nibc.com](http://www.nibc.com)

**Forward-looking Statements**

The forward-looking statements included in this press release with respect to the business, results of operation and financial condition of NIBC are subject to a number of risks and uncertainties that could cause actual results to differ materially from forecasts, estimates or other statements set forth in this release, including but not limited to the following: changes in economic conditions in North-Western Europe, changes in credit spreads or interest rates, the results of our strategy and investment policies and objectives. NIBC undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this release.

The financial information in this press release is not a full set of financial statements, and is unaudited. All figures relate to NIBC Bank N.V. Until 30 June 2007, the reporting company was NIBC Holding N.V.

**Enclosures**

- Financial Report for the nine months ended 30 September 2007, NIBC Bank N.V.



INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS  
ended 30 September 2007

NIBC Bank N.V.  
16 November 2007

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**Consolidated income statement**  
**For the period ended 30 September**

In EUR millions	notes	30-Sep-07	30-Sep-06
NET INTEREST INCOME		187	186
NET FEE AND COMMISSION INCOME		44	41
DIVIDEND INCOME		64	21
NET TRADING INCOME	2	1	59
GAINS LESS LOSSES FROM EQUITY INVESTMENTS	3	93	24
SHARE IN PROFIT OF ASSOCIATES		1	14
OTHER OPERATING INCOME		5	12
<b>OPERATING INCOME</b>		<b>394</b>	<b>356</b>
PERSONNEL EXPENSES	4	113	89
OTHER OPERATING EXPENSES		44	38
DEPRECIATION	5	15	9
<b>OPERATING EXPENSES</b>		<b>172</b>	<b>136</b>
IMPAIRMENT OF GOODWILL		-	-
IMPAIRMENT OF FINANCIAL ASSETS		(3)	(16)
<b>TOTAL EXPENSES</b>		<b>169</b>	<b>120</b>
<b>OPERATING PROFIT</b>		<b>225</b>	<b>237</b>
RESULT ON DISPOSAL OF SUBSIDIARIES		-	-
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>225</b>	<b>237</b>
TAX	6	20	55
<b>PROFIT AFTER TAX FROM CONTINUING OPERATIONS</b>		<b>204</b>	<b>182</b>
NON-RECURRING RESULT	12	(139)	12
<b>NET PROFIT</b>		<b>66</b>	<b>194</b>
RESULT ATTRIBUTABLE TO MINORITY INTEREST		1	-
<b>NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDERS</b>		<b>65</b>	<b>194</b>

## Consolidated Balance Sheet

In EUR millions	30-Sep-07	31-Dec-06
<b>ASSETS</b>		
<b>FINANCIAL ASSETS AT AMORTISED COST</b>		
- CASH AND BALANCES WITH CENTRAL BANKS	295	239
- DUE FROM OTHER BANKS	3,217	1,762
- LOANS AND RECEIVABLES	2,059	-
<b>FINANCIAL ASSETS AT AVAILABLE FOR SALE</b>		
- LOANS AND RECEIVABLES	6,068	7,067
- EQUITY INVESTMENTS	156	185
- DEBT SECURITIES	263	-
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>		
- LOANS AND RECEIVABLES	1,687	952
- RESIDENTIAL MORTGAGES OWN BOOK	3,290	3,484
- SECURITISED RESIDENTIAL MORTGAGES	8,561	7,942
- DEBT SECURITIES	3,782	7,202
- STRUCTURED INVESTMENTS	1,431	914
- EQUITY INVESTMENTS	98	-
- DERIVATIVE FINANCIAL ASSETS HELD FOR TRADING	2,357	1,937
- DERIVATIVE FINANCIAL ASSETS USED FOR HEDGING	427	300
INVESTMENTS IN ASSOCIATES	61	23
INTANGIBLE ASSETS	-	-
PROPERTY AND OTHER FIXED ASSETS (FOR OWN USE)	73	81
INVESTMENT PROPERTY	9	8
CURRENT TAX ASSETS	64	40
DEFERRED TAX ASSETS	13	3
OTHER ASSETS	217	311
<b>TOTAL ASSETS</b>	<b>34,128</b>	<b>32,450</b>

## Consolidated Balance Sheet

In EUR millions	notes	30-Sep-07	31-Dec-06
<b>LIABILITIES</b>			
DUE TO OTHER BANKS		3,764	3,401
OTHER DEPOSITS		2,593	2,789
OTHER BORROWINGS		4	13
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>			
- DEBT SECURITIES IN ISSUE STRUCTURED	7	5,809	4,553
- OWN DEBT SECURITIES IN ISSUE	8	217	-
- DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING		2,309	2,011
- DERIVATIVE FINANCIAL LIABILITIES USED FOR HEDGING		132	133
<b>DEBT SECURITIES IN ISSUE</b>			
- OWN DEBT SECURITIES IN ISSUE	9	9,302	9,335
- DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES	10	7,500	7,246
OTHER LIABILITIES		208	488
DEFERRED TAX LIABILITIES		25	60
EMPLOYEE BENEFIT OBLIGATIONS		18	17
SUBORDINATED LIABILITIES		743	688
<b>TOTAL LIABILITIES</b>		<b>32,624</b>	<b>30,734</b>
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL		80	80
OTHER RESERVES		339	470
RETAINED EARNINGS		1,019	923
NET RESULT ALLOCATED TO PARENT SHAREHOLDERS		65	243
<b>TOTAL PARENT SHAREHOLDERS' EQUITY</b>		<b>1,503</b>	<b>1,716</b>
<b>MINORITY INTEREST</b>		<b>1</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,504</b>	<b>1,716</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>34,128</b>	<b>32,450</b>

## Consolidated statement of changes in shareholders' equity

In EUR millions	ATTRIBUTABLE TO EQUITY HOLDERS					TOTAL
	SHARE CAPITAL	OTHER RESERVES (1)	RETAINED EARNINGS	NET RESULT	MINORITY INTEREST	
<b>BALANCE AT 1 JANUARY 2006</b>	80	433	1,057	158	0	1,728
NET RESULT ON CASH FLOW HEDGING INSTRUMENTS		(5)				(5)
REVALUATION LOANS AND ADVANCES TO CUSTOMERS		1				1
REVALUATION EQUITY INVESTMENTS		18				18
REVALUATION PROPERTY IN OWN USE		1				1
<b>TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY</b>	-	15		-	-	15
NET RESULT FOR THE PERIOD				194		194
TRANSFER NET RESULT TO RETAINED EARNINGS			158	(158)		-
DIVIDEND			(140)			(140)
RELEASE LIABILITY NIBC CHOICE						-
OTHER MOVEMENTS			1			1
<b>BALANCE AT 30 SEPTEMBER 2006</b>	80	448	1,076	194	0	1,798
<b>BALANCE AT 1 JANUARY 2007</b>	80	471	922	243	0	1,716
NET RESULT ON CASH FLOW HEDGING INSTRUMENTS		(19)				(19)
REVALUATION LOANS AND ADVANCES TO CUSTOMERS		(102)				(102)
REVALUATION EQUITY INVESTMENTS		(9)				(9)
REVALUATION PROPERTY IN OWN USE		1				1
REVALUATION DEBT SECURITIES		(3)				(3)
<b>TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY</b>	-	(132)	-	-	-	(132)
NET RESULT FOR THE PERIOD				65	1	66
TRANSFER NET RESULT TO RETAINED EARNINGS			243	(243)		-
DIVIDEND			(146)			(146)
OTHER MOVEMENTS						-
<b>BALANCE AT 30 SEPTEMBER 2007</b>	80	339	1,019	65	1	1,504

(1) Other reserves include Share premium, Hedging reserve and Revaluation reserve

**Condensed consolidated cash flow statement**  
**For the nine months ended 30 September**

In EUR millions	30-Sep-07	30-Sep-06
<b>OPERATING ACTIVITIES</b>		
CASH FLOWS FROM OPERATING ACTIVITIES CONTINUED OPERATIONS	874	2,055
CASH FLOWS FROM NON- RECURRING RESULT	(947)	-
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(73)</b>	<b>2,055</b>
<b>INVESTING ACTIVITIES</b>		
CASH FLOWS FROM INVESTING ACTIVITIES CONTINUED OPERATIONS	(32)	15
CASH FLOWS FROM NON- RECURRING RESULT	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(32)</b>	<b>15</b>
<b>FINANCING ACTIVITIES</b>		
CASH FLOWS FROM FINANCING ACTIVITIES CONTINUED OPERATIONS	463	(1,390)
CASH FLOWS FROM NON- RECURRING RESULT	947	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1,410</b>	<b>(1,390)</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS CONTINUED OPERATIONS	1,305	680
NET INCREASE IN CASH AND CASH EQUIVALENTS NON- RECURRING RESULT	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,305</b>	<b>680</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>1,752</b>	<b>1,921</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS CONTINUED OPERATIONS	1,305	680
NET INCREASE IN CASH AND CASH EQUIVALENTS NON- RECURRING RESULT	-	-
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>3,057</b>	<b>2,601</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS:</b>		
- CASH AND BALANCES WITH CENTRAL BANKS	295	233
- DUE FROM OTHER BANKS (MATURITY 3 MONTHS OR LESS)	2,762	2,368
	3,057	2,601

## **General information**

NIBC Bank N.V. ("NIBC") is a leading merchant bank focused on the mid-cap company segment in North-Western Europe. NIBC offers innovative corporate finance, risk management and investment solutions to corporates clients, financial institutions, institutional investors, financial sponsors and family offices. NIBC has offices in The Hague, London, Brussels, Frankfurt, New York and Singapore.

NIBC Bank N.V. is domiciled in The Netherlands, and is a 100% subsidiary of NIBC Holding N.V.

On 14 August 2007, Kaupthing bank hf. (Kaupthing) and the consortium of shareholders of NIBC Holding N.V. entered into an agreement for Kaupthing to purchase the entire share capital of NIBC Holding N.V. The purchase price will be paid in cash amounting to EUR 1,625 million and 110 million newly issued Kaupthing shares.

## **Basis of preparation**

The interim condensed financial report should be read in conjunction with NIBC's annual financial statements for the year ended 31 December 2006.

The current interim period (and the financial year to date) is the nine month period ended 30 September 2007.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006.

## **New classification choices**

### *Loans and receivables*

Loans and receivables originated before 1 July 2007 are accounted for at fair value through profit or loss (commercial real estate loans and leveraged loan warehouses, secondary loan trading and distressed assets trading) or available for sale (all other corporate loans). Loans originated after 1 July 2007 are classified as loans and receivables at amortised cost. These loans are initially measured at fair value plus directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

### *Debt securities*

As of 1 July 2007, newly originated assets in the EU structured credits books are accounted for as available for sale (assets acquired before 1 July 2007 were designated at fair value through profit or loss).

### *Equity investments in associates*

As of 1 January 2007, all newly acquired investments in associates held by principal investments are designated at fair value through profit or loss. Previously acquired investments in associates, where material, were accounted for using the equity method.

### *Own debt securities in issue*

As of 1 January 2007, upon initial recognition NIBC designates certain own debt securities in issue as at fair value through profit or loss, because this eliminates an accounting mismatch.

## **New standards, amendments to standards and interpretations**

### *Standards and interpretations effective 1 January 2007*

The following standards and interpretations were effective on 1 January 2007:

- Amendments to IAS 1 – Capital disclosures (effective 1 January 2007) and IFRS 7, Financial Instruments: Disclosure IFRS 7 has a significant impact on disclosures. NIBC has implemented this standard in the 2006 Annual Financial Statements.
- IFRIC 7, Applying the Restatement Approach under IAS 29 (effective 1 March 2006): this is not relevant to NIBC's operating activities and therefore has no material effect.
- IFRIC 8, Scope of IFRS 2: this is not relevant to NIBC's operating activities and therefore has no material effect.
- IFRIC 9, Reassessment of embedded derivative (effective 1 June 2006): An entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. NIBC has implemented this interpretation; no reassessments were required.
- IFRS 4, Insurance contracts: this is not relevant to NIBC's operating activities and therefore has no material effect.

### *Standards, amendments and interpretations issued but not yet effective*

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment to the standard is still subject to endorsement by the European Union. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. NIBC will apply IAS 23 (Amended) from 1 January 2009 but it is currently not applicable to NIBC as NIBC has no qualifying assets.
- IFRS 8, 'Operating segments' (effective from 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. NIBC will apply IFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. Any changes may also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment of the goodwill balance.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective from 1 January 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. NIBC will apply IFRIC 14 from 1 January 2008, but it is not expected to have a material impact on NIBC's financial position.
- IFRIC 12, 'Service concession arrangements' (effective from 1 January 2008). IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. IFRIC 12 is not relevant to NIBC's operations because NIBC does not provide public sector services.

- IFRIC 13, 'Customer loyalty programmes' (effective from 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to NIBC's operations because NIBC does not operate any loyalty programmes.

On 1 June 2007 the European Union endorsed the two following IFRICs:

- IFRIC 10, Interim Financial Reporting and Impairment. This interpretation prohibits any impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The accounting policies of NIBC were already in line with this interpretation.

- IFRIC 11, IFRS 2: Group and Treasury Share Transactions, applicable as from the financial year 2008. This interpretation provides further guidance on the implementation of IFRS 2, Share-based Payment. NIBC is evaluating the effect of this interpretation for implementation in 2008.

## 1. SEGMENT REPORT

BUSINESS SEGMENTS	CONTINUED OPERATIONS													
	CORPORATE FINANCE		REAL ESTATE MARKETS		FINANCIAL MARKETS		PRINCIPAL INVESTMENTS		INVESTMENT MANAGEMENT		CORPORATE CENTER		TOTAL	
	for the nine months ended 30/9		for the nine months ended 30/9		for the nine months ended 30/9		for the nine months ended 30/9		for the nine months ended 30/9		for the nine months ended 30/9		for the nine months ended 30/9	
In EUR millions	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
NET INTEREST INCOME	103	88	47	46	13	5	11	16	1	-	12	31	187	186
NET FEE AND COMMISSION INCOME	35	28	5	2	(8)	(1)	(24)	(1)	36	12	-	-	44	41
DIVIDEND INCOME	2	5	-	-	33	11	29	6	-	-	-	-	64	21
NET TRADING INCOME	2	5	3	22	(6)	33	-	-	1	-	-	-	1	59
GAINS LESS LOSSES FROM EQUITY INVESTMENTS	0	-	-	-	-	-	92	24	-	-	-	-	93	24
SHARE IN PROFIT OF ASSOCIATES AND JOINT VENTURES	1	2	-	-	-	13	-	-	-	-	-	-	1	14
OTHER OPERATING INCOME	3	11	-	-	-	(1)	1	-	-	-	1	2	5	12
<b>OPERATING INCOME</b>	<b>146</b>	<b>138</b>	<b>55</b>	<b>70</b>	<b>33</b>	<b>59</b>	<b>110</b>	<b>44</b>	<b>38</b>	<b>13</b>	<b>12</b>	<b>33</b>	<b>394</b>	<b>356</b>
<b>OPERATING EXPENSES</b>	<b>55</b>	<b>56</b>	<b>19</b>	<b>15</b>	<b>21</b>	<b>19</b>	<b>9</b>	<b>10</b>	<b>22</b>	<b>13</b>	<b>47</b>	<b>24</b>	<b>172</b>	<b>136</b>
IMPAIRMENT OF FINANCIAL ASSETS	(3)	(5)	-	-	-	-	-	(11)	-	-	-	-	(3)	(16)
<b>TOTAL EXPENSES</b>	<b>52</b>	<b>51</b>	<b>19</b>	<b>15</b>	<b>20</b>	<b>19</b>	<b>8</b>	<b>(1)</b>	<b>22</b>	<b>13</b>	<b>47</b>	<b>24</b>	<b>169</b>	<b>120</b>
<b>OPERATING PROFIT</b>	<b>94</b>	<b>87</b>	<b>36</b>	<b>55</b>	<b>13</b>	<b>40</b>	<b>101</b>	<b>46</b>	<b>16</b>	<b>-</b>	<b>(35)</b>	<b>9</b>	<b>225</b>	<b>237</b>
RESULTS ON DISPOSAL OF SUBSIDIARIES	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>94</b>	<b>87</b>	<b>36</b>	<b>55</b>	<b>13</b>	<b>40</b>	<b>101</b>	<b>46</b>	<b>16</b>	<b>-</b>	<b>(35)</b>	<b>9</b>	<b>225</b>	<b>237</b>
TAX	24	26	9	14	(7)	4	4	8	2	-	(13)	3	20	55
<b>PROFIT AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>70</b>	<b>61</b>	<b>27</b>	<b>41</b>	<b>19</b>	<b>36</b>	<b>97</b>	<b>37</b>	<b>14</b>	<b>-</b>	<b>(23)</b>	<b>6</b>	<b>204</b>	<b>182</b>
AVERAGE ALLOCATED ECONOMIC CAPITAL	577	468	211	130	289	171	228	133	50	4	-	-	1,355	906
AVERAGE UNALLOCATED ECONOMIC CAPITAL	-	-	-	-	6	-	-	-	-	-	-	559	-6	559
INTERSEGMENT OPERATING INCOME	-	-	-	-	(5)	(4)	-	-	5	4	-	-	-	-
<b>SEGMENT ASSETS</b> (as at 30 september 2007 and 31 December 2006)	<b>9,646</b>	<b>7,827</b>	<b>11,726</b>	<b>12,698</b>	<b>12,114</b>	<b>11,426</b>	<b>483</b>	<b>367</b>	<b>-</b>	<b>-</b>	<b>159</b>	<b>132</b>	<b>34,128</b>	<b>32,450</b>
<b>SEGMENT LIABILITIES</b> (as at 30 september 2007 and 31 December 2006)	<b>9,221</b>	<b>7,413</b>	<b>11,209</b>	<b>12,027</b>	<b>11,580</b>	<b>10,822</b>	<b>462</b>	<b>348</b>	<b>-</b>	<b>-</b>	<b>152</b>	<b>124</b>	<b>32,624</b>	<b>30,734</b>

## Explanatory remarks to Segment Report

Changes have been made to the basis of presentation of the business segments compared with the basis applied in the annual financial statements for the year ended 31 December 2006. These changes have not been adjusted in the 2006 comparatives. These changes are:

- 1 In 2006, the average unallocated capital was allocated to the Corporate Center. With effect from 1 January 2007, the average unallocated capital was allocated to Financial Markets. Furthermore, economic capital allocations to business units were revised in 2007 to reflect changing business usage. As a result of this revised allocation of economic capital, the remaining unallocated average economic capital is not significant. The net interest income in Corporate Center on unallocated average economic capital in the nine months ended 30 September 2006 amounted to EUR 14 million. Due to these changes, this benefit is close to nil in Financial Markets in 2007.
- 2 In 2007, the return on average economic capital and unallocated capital was increased from 2.8% in 2006 to 3.75% in the nine months ended 30 September 2007.
- 3 In 2007, an amount of 1% on average economic capital is charged by Financial Markets to the other SBUs as additional expense for funding the SBU businesses. In 2006, this was not the case. The net interest income benefit in Financial Markets in the nine months ended 30 September 2007 is EUR 8 million (2006: nil)
- 4 In the nine months ended 30 September, income of EUR 2 million (2006: EUR 2 million) on certain mismatch positions and interest expenses of EUR 4 million (2006: EUR 3 million) on hybrid Tier- I and subordinated loans were attributed to Corporate Center in 2007, and to Financial Markets in 2006.

## 2. NET TRADING INCOME

### Estimates and judgements

As described in the 2006 Annual Financial Statements, NIBC makes estimates and judgements that affect the reported amounts of assets and liabilities.

At 30 September 2007, market conditions were characterised by the near absence of liquidity and a significant widening of credit spreads. In these market conditions, the estimation of the fair value of NIBC's remaining portfolio of US Structured Credits (CMBS and CRE CDOs) and the portfolio of structured debt securities in issue (financial liabilities) is highly judgmental and necessarily subjective, given the absence of market transactions and other observable market data. Consequently, the ranges within which NIBC has estimated the fair value of these portfolios has widened significantly.

#### *US Structured Credits*

The valuation of this portfolio is sensitive to a range of factors, in particular default probabilities, losses given default, default correlations, and the credit spread used to discount future expected cash flows. Relatively small changes in these factors can have a significant impact on the resulting valuation. For example, a 50 basis point change in the weighted average credit spread used to discount future expected cash flows would increase or decrease profit after tax from continuing operations by EUR 19 million.

At 30 September 2007, the fair value of this portfolio was estimated to be EUR 897 million: this portfolio was designated as Fair Value through Profit and Loss.

As described in note 13, NIBC sold its portfolio of subprime related ABS securities to its shareholders on 24 August 2007, and hedged its exposure to the US commercial real estate markets on 24 August 2007.

#### *Structured debt securities in issue (financial liabilities)*

The valuation of this portfolio is sensitive to the estimated credit spread used to discount future expected cash flows. A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would increase or decrease profit after tax from continuing operations by EUR 14 million.

At 30 September 2007, the fair value of this portfolio was estimated to be EUR 5,809 million: this portfolio was designated as Fair Value through Profit and Loss.

#### *Real Estate Markets*

At 30 September 2007, NIBC changed certain estimates used in the determination of the fair value of mortgage assets. These changes resulted in a one-off, after tax credit to the income statement of EUR 20 million.

### Assessment

Net trading income decreased by EUR 58 million to EUR 1 million for the nine months ended 30 September 2007 compared to EUR 59 million for the nine months ended 30 September 2006. The decrease is a result of losses on NIBC's credit and interest rate trading books within Financial Markets and, mainly due to credit spread widening, fair value losses on the residential mortgage own book and the commercial real estate mortgage warehouse within Real Estate Markets, partially offset by higher fair value gains on NIBC's structured funding within both Financial Markets and Real Estate Markets.

### **3. GAINS LESS LOSSES FROM EQUITY INVESTMENTS**

Gains less losses from equity investments increased by EUR 69 million for the nine months ended 30 September 2007 compared to EUR 24 million for the nine months ended 30 September 2006. The increase was nearly fully a result of a fair value gains on associates in 2007.

### **4. PERSONNEL EXPENSES**

Personnel expenses increased by EUR 24 million to EUR 113 million for the nine months ended 30 September 2007 compared to EUR 89 million for the nine months ended 30 September 2006. Variable compensation in 2007 included one-off expenses of EUR 9 million related to the accelerated vesting of options and restricted depositary receipts, triggered by the acquisition of NIBC Holding N.V. by Kaupthing. Furthermore, personnel expenses in 2006 include a credit arising from the release of a healthcare provision of EUR 6 million, due to change in legislation. Excluding these items payroll expenses increased by 9%, primarily as a result of a higher average number of FTEs. The average number of FTEs increased by 13% to 699 for the nine months ended 30 September 2007 compared to 620 for the nine months ended 30 September 2006.

### **5. DEPRECIATION**

Depreciation increased by EUR 6 million to EUR 15 million for the nine months ended 30 September 2007 compared to EUR 9 million for the nine months ended 30 September 2006. The increase is fully explained by the accelerated depreciation in the third quarter of 2007 of certain ICT-related projects.

## 6. TAX

### For the nine months ended 30 September

In EUR millions	30-Sep-07	30-Sep-06
The tax (credit) / expense can be analysed as follows		
Profit before tax from continuing operations	225	237
Tax calculated at the nominal Dutch corporate tax rate of 25.5% (2006: 29.6%)	57	70
Effect of different tax rates in other countries	1	(1)
Impact of expenses not subject to tax	(1)	2
Impact of income not subject to tax	(35)	(16)
Adjustments of prior year tax accruals	(2)	-
	<b>20</b>	<b>55</b>
Effective tax rate	9%	24%

## 7. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)

### Debt securities in issue structured

In EUR millions	30-Sep-07	30-Sep-06
Bonds and notes issued as at 30 September	<b>5,809</b>	<b>4,608</b>
The movement of debt securities in issue structured may be summarised as follows:		
<b>Opening balance 1 January</b>	4,553	5,298
Additions	2,039	535
Disposals	(657)	(1,147)
Changes in fair value	(16)	57
Exchange differences	(110)	(135)
<b>Closing balance 30 September</b>	<b>5,809</b>	<b>4,608</b>

**8. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS  
(INCLUDING TRADING)**

**Own debt securities in issue**

In EUR millions	30-Sep-07	30-Sep-06
Bonds and notes issued as at 30 September	217	-
The movement of own debt securities in issue may be summarised as follows:		
<b>Opening balance 1 January</b>	-	-
Additions	219	-
Changes in fair value	(2)	-
<b>Closing balance 30 September</b>	<b>217</b>	<b>-</b>

**9. DEBT SECURITIES IN ISSUE**

**Own debt securities in issue**

In EUR millions	30-Sep-07	30-Sep-06
Bonds and notes issued	9,339	8,659
Fair value hedge adjustment	(37)	(42)
<b>Closing balance 30 September</b>	<b>9,302</b>	<b>8,617</b>
The movement of own debt securities in issue may be summarised as follows:		
<b>Opening balance 1 January</b>	9,335	9,234
Additions	1,963	1,880
Disposals	(1,872)	(2,310)
Other movements and exchange differences	(124)	(187)
<b>Closing balance 30 September</b>	<b>9,302</b>	<b>8,617</b>

**10. DEBT SECURITIES IN ISSUE**

**Debt securities in issue related to securitised mortgages**

In EUR millions	30-Sep-07	30-Sep-06
Bonds and notes issued	7,507	7,538
Fair value hedge adjustment	(7)	(3)
<b>Closing balance 30 September</b>	<b>7,500</b>	<b>7,535</b>
The movement of debt securities in issue related to securitised mortgages may be summarised as follows:		
<b>Opening balance 1 January</b>	7,246	8,408
Additions	2,822	1,075
Disposals	(2,573)	(1,948)
Other movements and exchange differences	5	-
<b>Closing balance 30 September</b>	<b>7,500</b>	<b>7,535</b>

## 11. CAPITAL AND SHARES

	30-Sep-07	30-Sep-06
<b>The number of authorised shares:</b>		
Number of authorised shares	218,937,500	218,937,500
Number of shares issued and fully paid	62,586,794	62,586,794
Par value per share	1.28	1.28
<b>Reconciliation of number of shares outstanding:</b>		
Opening balance 1 January	62,586,794	62,586,794
Additional shares issued	-	-
Closing balance 30 September	<b>62,586,794</b>	<b>62,586,794</b>

## 12. NON-RECURRING RESULT

In the third quarter of 2007, NIBC Bank sold its exposure to the US sub prime residential mortgage markets and hedged its exposure to the US commercial real estate markets. The income statement below reflects the results of these operations in the first nine months of 2007 and the first nine months of 2006.

In EUR millions	30-Sep-07	30-Sep-06
NET INTEREST INCOME	11	10
NET TRADING INCOME	(197)	7
<b>OPERATING INCOME</b>	<b>(186)</b>	<b>17</b>
<b>OPERATING PROFIT</b>	<b>(186)</b>	<b>17</b>
<b>PROFIT BEFORE TAX</b>	<b>(186)</b>	<b>17</b>
TAX	(47)	5
<b>PROFIT AFTER TAX</b>	<b>(139)</b>	<b>12</b>

### 13. RELATED PARTY TRANSACTIONS

#### Transactions related to associates

As at 30 September 2007, NIBC had EUR 181 million of loans outstanding to its associates (31 December 2006: EUR 263 million). Besides interest on these loans NIBC earned EUR 2.3 million in fees from these associates in the first nine months of 2007 (first nine months of 2006: EUR 2.3 million). Furthermore NIBC Bank had advanced EUR 432 million to its related parent and sister affiliates (31 December 2006: EUR 172 million).

In June 2007, NIBC launched the NIBC European Infrastructure Fund I and raised EUR 330 million of which NIBC provided EUR 100 million. The fund invests in infrastructure projects in Western Europe. NIBC sold all of its assets related to this activity to the fund, and realised a gain in 2007 in operating income of EUR 9 million. In NIBC's financial statements this fund is reported as an associate.

#### Transactions involving NIBC's shareholders and Kaupthing

In addition to the related party transactions disclosed in the annual financial statements, significant for the year ended 31 December 2006, significant related party transactions executed in 2007 concern the following:

- As part of the transaction with Kaupthing, NIBC's US sub prime related portfolio was sold on 24 August 2007 to a company controlled by the selling shareholders of NIBC Holding N.V. for USD 528 million. The acquisition by that company was funded by a contribution of USD 248 million from NIBC Holding N.V. in exchange for preference shares in the company, which were subsequently distributed to the selling shareholders and a loan from Kaupthing in the amount of approximately USD 280 million. During the 9 months ended 30 September 2007, NIBC recognised a trading loss of euro 124 million on this portfolio (nine months ended 30 September 2006: nil).
- On 24 August 2007 NIBC hedged its exposure to the US commercial mortgage real estate markets with NIBC Venture Capital N.V., a public limited liability company incorporated under the laws of the Netherlands (Veca). Veca is indirectly a 100% subsidiary of NIBC Holding N.V. The hedge was executed through a total return swap between NIBC and Veca, on which Veca prepaid the equivalent of EUR 948 million to NIBC. Veca financed itself through EUR 300 million of equity provided by NIBC Holding N.V., EUR 198 million of subordinated financing provided by NIBC and EUR 450 million of senior debt provided by Kaupthing. Under the terms of the total returnswap between NIBC and Veca, fair value movements on the US commercial real estate portfolio are offset by compensating fair value movements on the total returnswap.

- In the nine months ended 30 September 2007 fees were paid to NIBC Holding of EUR 2.2 million (in the nine months ended 30 September 2006: EUR 2.1 million) related to asset management activities. Furthermore in the nine months ended 30 September 2007 a fee of EUR 3 million (in the nine months ended 30 September 2006: nil) was received from NIBC Holding N.V., relating to NIBC's role in the sale of an associate.
- As at 30 September 2007, NIBC or its group companies have deposits and loans (liabilities) advanced by Kaupthing of EUR 72 million (30 September 2006: nil) and deposits and loans (assets) advanced to Kaupthing of EUR 521 million (30 September 2006: EUR 46 million). Interest received and paid in both the nine months ended 30 September 2007 and 30 September 2006 was not material.
- NIBC supported the bid of JC Flowers together with JP Morgan and Bank of America to acquire SLM Corp (Sallie Mae), the US student loan company. NIBC has committed USD 75 million to the Sallie Mae acquisition, of which about half is syndicated. Through the SBU Principal Investments, NIBC subscribed to a further USD 20 million co-investment with JC Flowers. NIBC has a commitment of USD 100 million in the JC Flowers II LP of which at 30 September 2007 USD 25 million has been drawn. Currently JC Flowers has invoked the "material adverse effect" clause and Sallie Mae has started legal proceedings.

#### 14. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

At any time NIBC has outstanding commitments to extend credit. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one to three months. Commitments extended to customers related to mortgages at fixed interest rates or fixed spreads are hedged with interest rate swaps recorded at fair value. These mortgage-related commitments are designated upon initial recognition as Fair Value through profit or loss.

NIBC provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. Expirations are not concentrated in any period.

The contractual amounts of commitments (excluding mortgage commitments that are measured at Fair Value through Profit or Loss) and contingent liabilities are set out in the following table by category. In the table it is assumed that amounts are fully advanced.

The amounts for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

In EUR millions	30-Sep-07	31-Dec-06
<i>Contract amount</i>		
Committed facilities with respect to corporate loan financing	2,291	2,750
Guarantees granted	925	1,479
Irrevocable letters of credit	31	63
	<b>3,247</b>	<b>4,292</b>

These commitments and contingent liabilities have off balance-sheet credit risk because only commitment/ origination fees and accruals for probable losses are recognised in the balance sheet until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows. NIBC does not expect any significant losses on these commitments and contingent liabilities.

#### 15. SUBSEQUENT EVENTS

There have been no material post balance sheet events which would require disclosures or adjustments to the 30 September 2007 Interim Financial Statements. On 15 November 2007 the Board of Directors approved the Interim Financial Statements and authorised them for publication.