



NIBC Bank Covered Bond Presentation

November 2018

DISCLAIMER

This presentation, the information and opinions presented therein (**Information**) is confidential and is not to be circulated to any person or entity without the prior written consent of NIBC Bank N.V. References to NIBC Bank N.V. should be interpreted to include any of its affiliates or subsidiaries.

The Information has been obtained or derived from sources believed by NIBC Bank N.V. to be reliable at the date of publication of this presentation. However, no representations are made as to its accuracy or completeness. The Information may be subject to change, and NIBC Bank N.V. assumes no undertaking to revise or amend the Information provided, or to provide any update on any change related thereto. NIBC Bank N.V. accepts no liability for loss arising from the use of the Information. The Information is (i) for discussion purposes only; (ii) not to be regarded as (investment) advice and (iii) not to be relied upon in substitution for the exercise of independent and sound judgement.

Executive Summary

NIBC Bank¹

- Focused mid-market corporate and retail franchise with differentiated approach
- Return on Equity improved to 11% in the first half of 2018 (NIBC Bank)
- Net interest income increased by 28% to EUR 215 million in HI 2018 (NIBC Bank)
- Credit loss expenses 34% lower at EUR 21 million (NIBC Bank)
- Cost-to-income ratio improved to 43% in HI 2018 (NIBC Bank)
- Strong solvency ratios, with fully-loaded CET I ratio of 19.2% as of 30 June 2018 (NIBC Bank)

Covered Bond Programme

- AAA/AAA (S&P/Fitch) rated Conditional Pass-Through Covered Bonds
- Law-based programme, registered with the Dutch Central Bank
- Favorable regulatory treatment
- Documented minimum overcollateralisation of 15%
- Cover pool of prime Dutch residential mortgage loans

Mortgage Business

- Total residential mortgage book of EUR 8.6 billion²
- On the back of the strong performing Dutch housing market, NPLs are low with almost nil credit loss expense in the first half of 2018
- Origination via business partners, underwriting criteria fully controlled by NIBC
- In-house arrears and foreclosure management

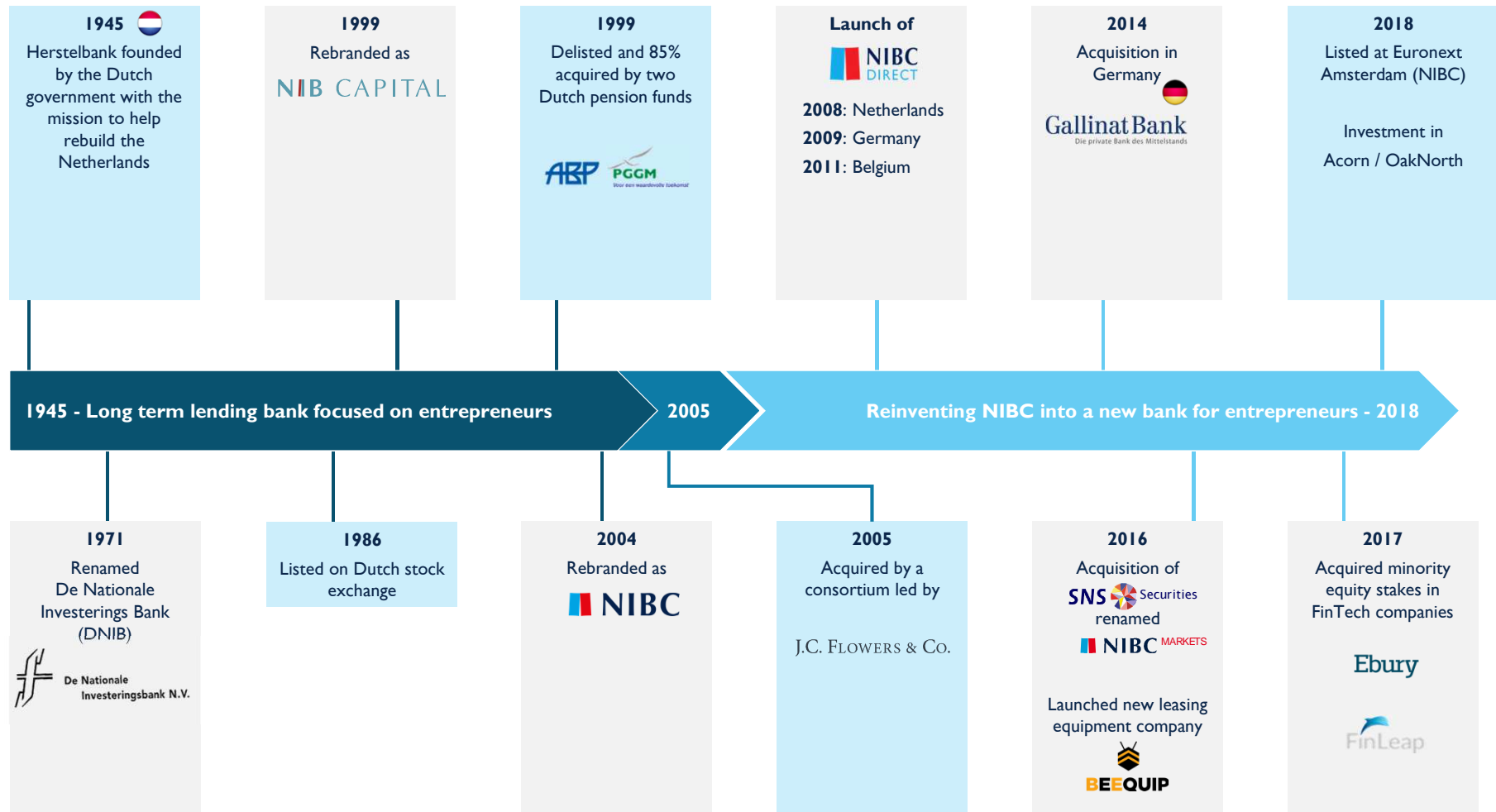
Table of Contents

1.	NIBC: Moving Ahead	5
2.	Dutch Mortgage Market	19
3.	Retail Client Offering and Asset Quality	22
4.	Conditional Pass-Through Covered Bond Programme	26
Appendix I	Mortgage Business at NIBC Bank	31
Appendix II	Main Underwriting Criteria	34
Appendix III	Asset Cover Test	37
Appendix IV	Conditional Pass-Through Scenarios	39
Appendix V	Investor Reporting and Legal Framework	41
Appendix VI	Financial Results and Key Figures NIBC Bank	44
Appendix VII	Key Figures and Balance Sheet NIBC Holding	47

NIBC: Moving Ahead

Where do we come from

Building upon an entrepreneurial DNA



Focused mid-market corporate and retail franchise with differentiated approach

Our business model

Corporate client offering	Retail client offering
<ul style="list-style-type: none"> Focus on mid-market corporate clients Focus on specific products across broad spectrum from advising, structuring, and financing to co-investing across debt and equity 	<ul style="list-style-type: none"> Mortgages ranging from owner-occupied to buy-to-let Focus on entrepreneurs and small businesses Online savings
€10.0bn client exposure	€9.2bn client exposure
Typical ticket size: €10-50m	Typical ticket size: €100k-2.5m

Key indicators

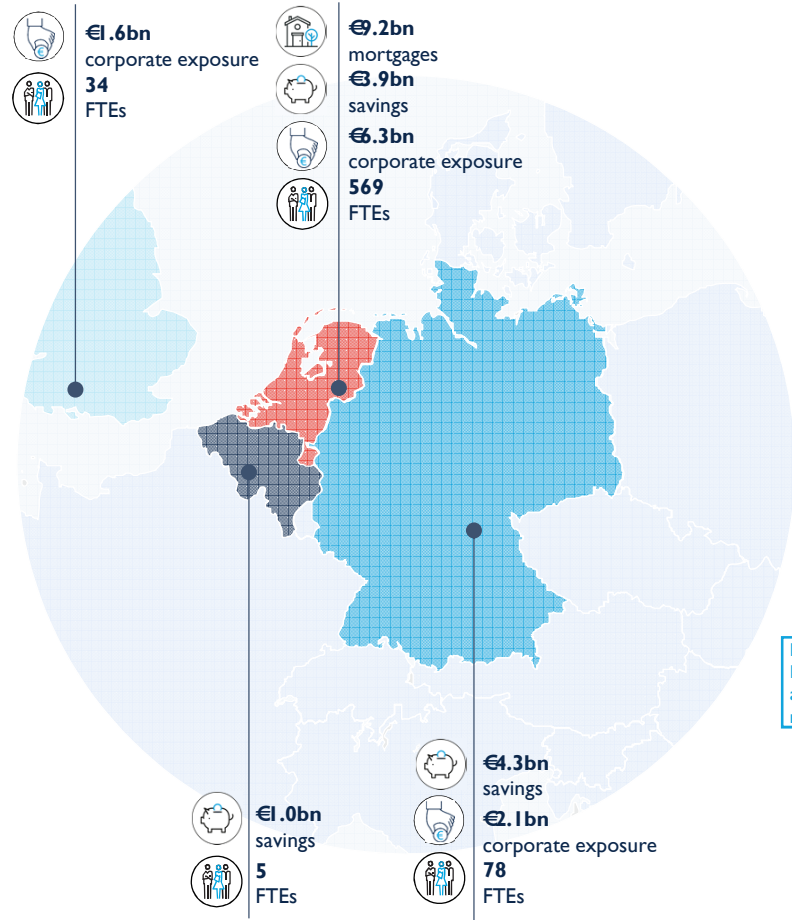


Our differentiated approach

- Client oriented franchise present at clients' decisive moments
- No flow business
- No current accounts offered and no branch network
- Focus on profitable products in client-led (sub)sectors
- Corporate portfolio size and limited number of clients allow complete insight and overview
- Efficient, entrepreneurial and agile culture, driven by THINK YES approach

Dutch bank operating in solid Northwestern European markets

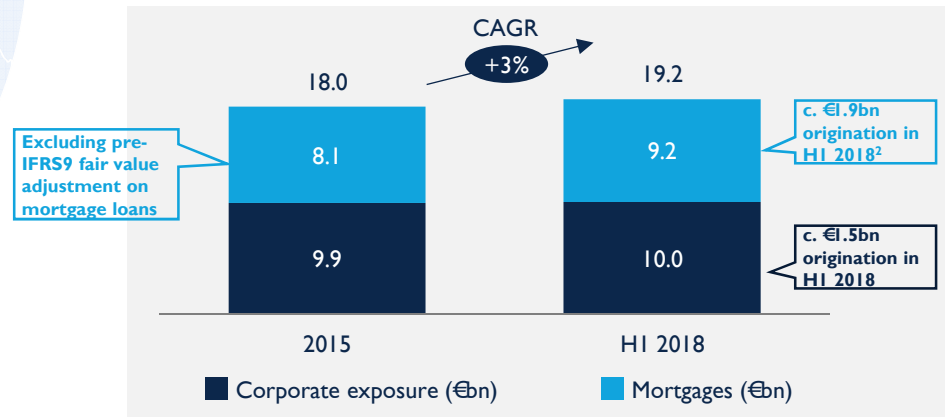
Focus on Northwestern Europe¹



Increasingly diverse client franchise...

	2015	HI2018
Corporate clients	~600	~700
Leasing clients	0	~450
Investor clients	0	~800
Mortgage clients	81,000	93,000
Savings clients	331,000	324,000

...resulting in growing and transforming client exposures



Agile and entrepreneurial culture – Continuous evolution of client franchise, expertise and propositions

Our purpose

**Making a difference
at decisive moments**

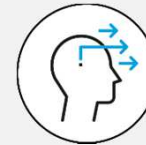
THINK YES

Our values



Professional

- In-depth sector knowledge
- Expert financial solutions
- Tailored risk and portfolio management



Entrepreneurial

- Sound, enterprising bank
- Decisive moments in clients' business and life
- Agile execution



Inventive

- Bespoke solutions
- Think creatively to meet clients' financial needs
- Structuring DNA

General corporate sectors

€4.0bn

- Comprises of FAR&H, I&M, TMT&S
- Broad balance sheet product suite of Corporate Lending, Leveraged Finance, Receivables Finance and Mezzanine & Equity solutions

Commercial Real Estate

€1.3bn

- Focus on value added non-standard solutions in Dutch market with smaller ticket sizes
- Successful run-off and sale of legacy files

Infrastructure & Renewables

€1.4bn

- Transition to shorter term financing of digital infrastructure assets and renewable projects

Shipping & Intermodal

€1.4bn

- Moderate portfolio size allows for close monitoring of e.g. dry bulk exposure
- New focus on short sea shipping

Offshore Energy

€0.9bn

- Focus on smaller, collateralised deals with shorter term underlying cash flows
- Shifting focus to broader energy mix

Mortgages (incl. buy-to-let)

€9.2bn

- Shift from bias to main stream NHG (State guaranteed) backed mortgages to non-NHG mortgages and niches such as buy-to-let

New origination: more granular and shorter tenor allowing intimate portfolio monitoring

Note: Financials for NIBC Holding as of H1 2018.

Our six strategic priorities

Continuous evolution of client franchise, expertise and propositions

- 2% growth in Corporate client assets
- 5% growth in Retail client assets, excluding OTM

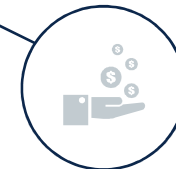
1



2



3



4



6



5



Further optimisation of capital structure and diversification of funding

- Sustainably lowering funding costs
- Further RWA reduction
- CETI ratio 16.4%, well above mid-term objective

Ongoing investment in people, culture and innovation

- IMD program for senior staff
- IMD follow-up review of global trends

Focus on growth of asset portfolio in core markets

- Beequip
- Receivable finance offering

Diversification of income

- Increased OTM mandate to EUR 3.3bn
- Successfully closed EUR 450m North Westerly V CLO

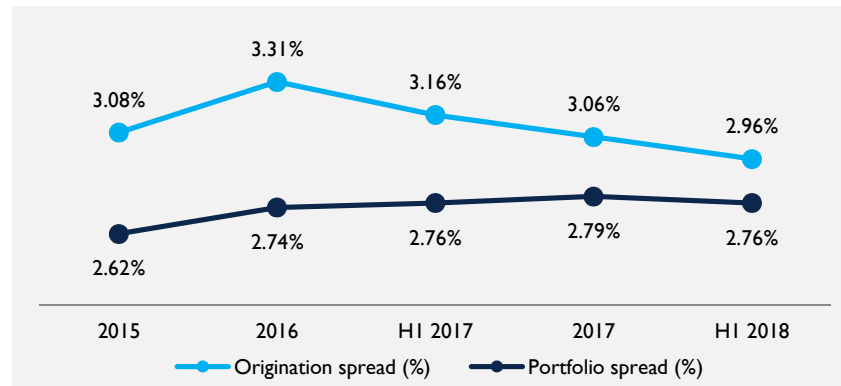
Building on existing agile and effective organisation

- Strategic partnerships with fintechs

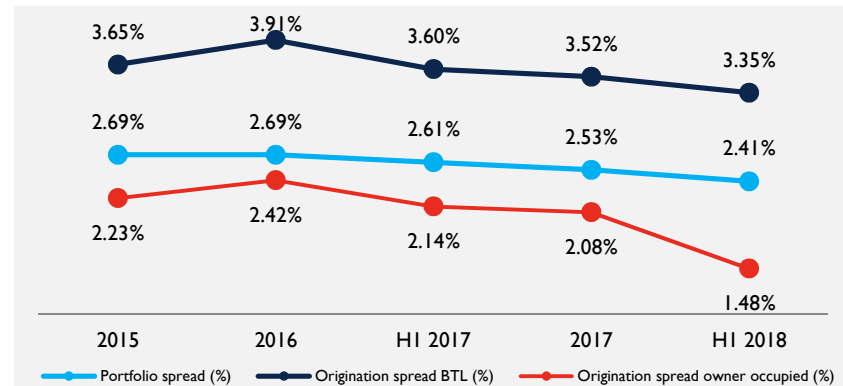
Portfolio and funding spreads

Continued tightening of spreads for both assets and funding in HI 2018

Corporate loan portfolio spreads



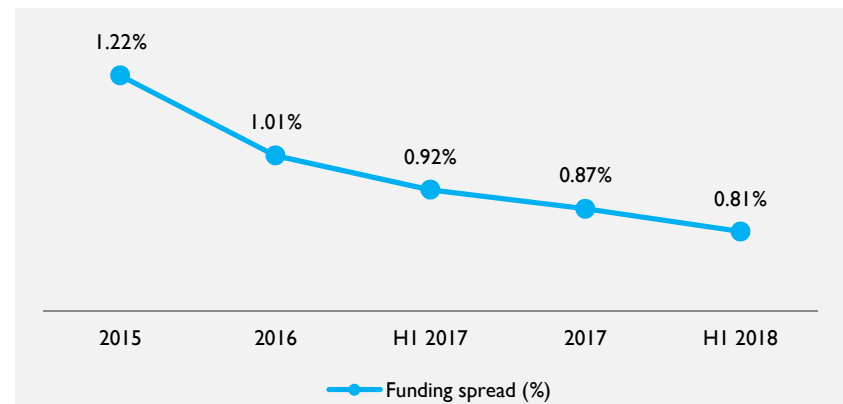
Retail assets spreads



Comments

- Spreads on corporate loans and especially in the mortgage market are under pressure, displaying origination spreads in HI 2018 at lower levels than in 2017
- Markets are therefore more challenging, with - in our view - certain risks not always being correctly priced into the current yield curves
- We continued to decrease the average funding rate in HI 2018, driving a further increase of net interest income and margin
- We also benefited from favorable market circumstances to further increase the average maturity in our wholesale funding

Funding spread



Note: Financials for NIBC Holding; 2017 NIBC Holding figures exclude Vijlma. Spreads reflect spreads above the 3 month euribor base rate

Cost of Risk

Improved average credit quality leading to a further decrease of cost of risk in HI 2018

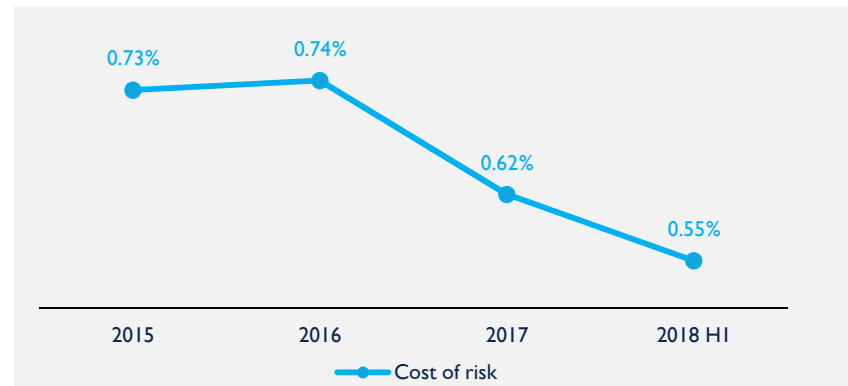
Comments

- Credit losses of EUR 24 million in HI 2018 decreased by 27% compared to EUR 33 million in HI 2017:
 - The overall development in the corporate loan portfolio displays an improved average credit quality, although the total credit loss expense is still elevated
 - Origination of corporate loans in HI 2018 was at a lower expected loss (EL) than the average EL at 30 June 2018 of the portfolio
 - The mortgage loan portfolio displays a solid performance with almost nil credit loss expense
 - Origination of mortgage loans in HI 2018 was at a lower EL and PD than the average EL and PD at 30 June 2018 of the portfolio
- In HI 2018 the cost of risk decreased to 0.55% compared to the full year 2017 level of 0.62% (mainly reflecting NIBC's active steering of RWAs)

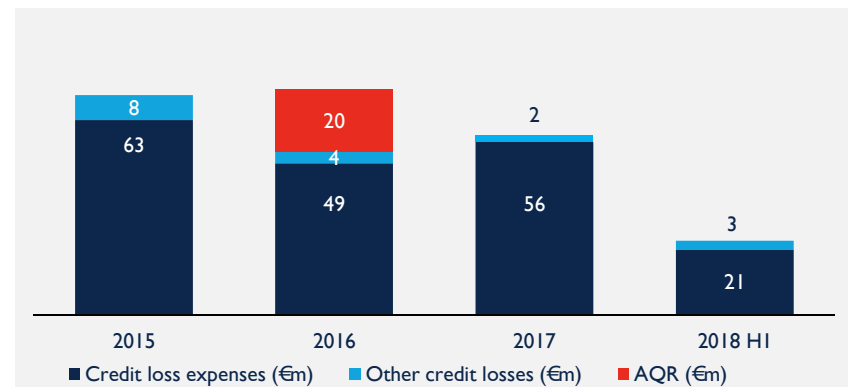
Impact IFRS 9 on credit impairments

Following the implementation of IFRS 9 on 1 January 2018, the methodology for impairments of financial assets changed from an 'incurred loss' to an 'expected credit loss (ECL)' impairment model. The impact on 1 January 2018 was a EUR 22 million higher level of loan loss provisions, resulting in a negative transition impact of 0.2%-points on NIBC's CET 1 ratio

Cost-of-risk

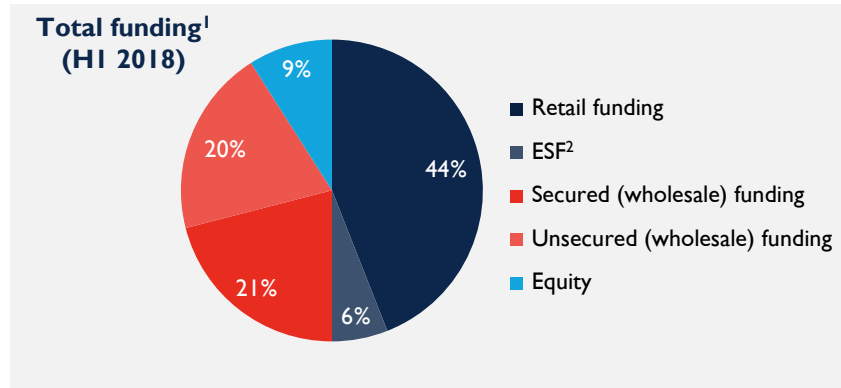


Credit losses¹

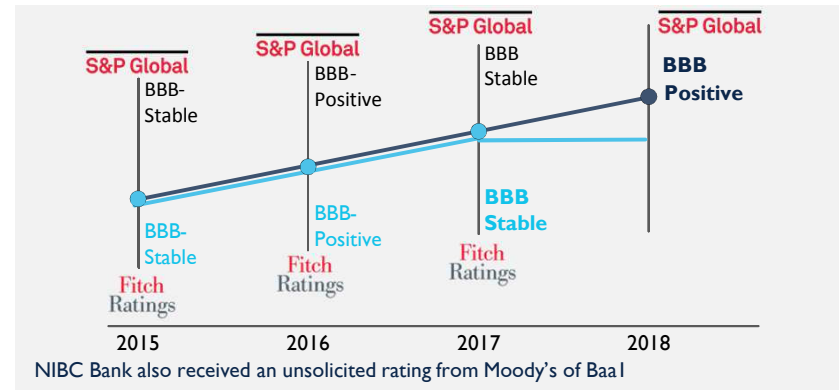


Simple balance sheet and diversified funding

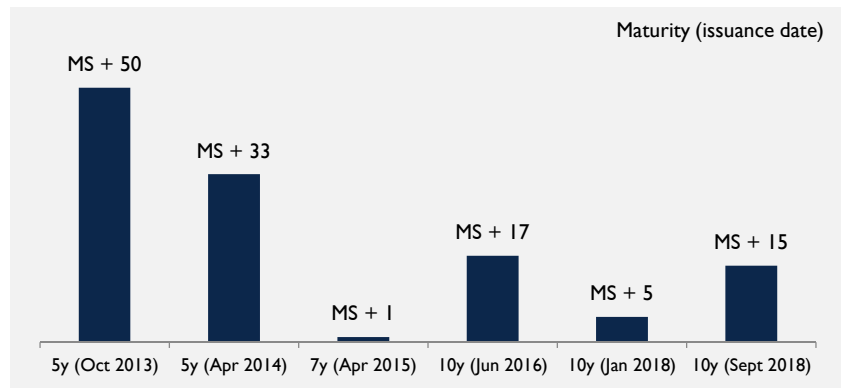
Solid and diversified funding base



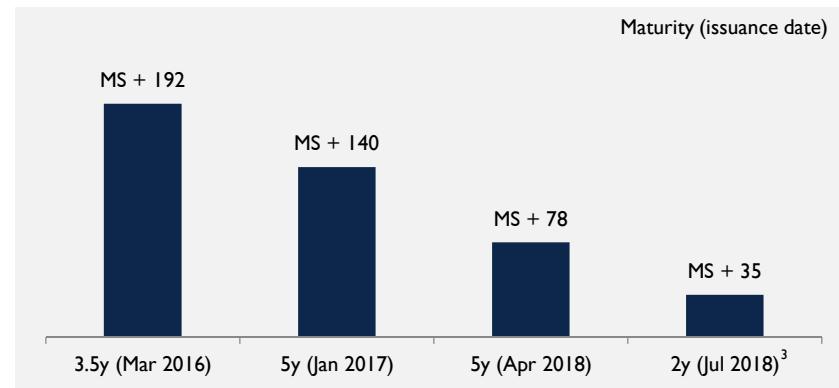
Positive rating developments (NIBC Bank)



New issue spread development covered bond



New issue spread development senior unsecured (EUR)



Capital markets activity

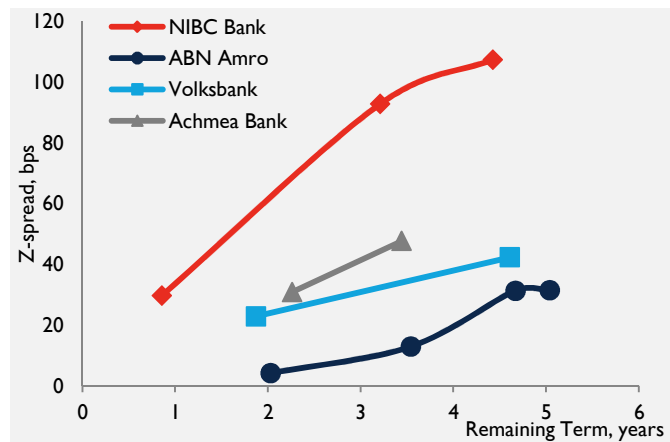
Building public funding curves in all segments of the capital markets¹

Regular issuer

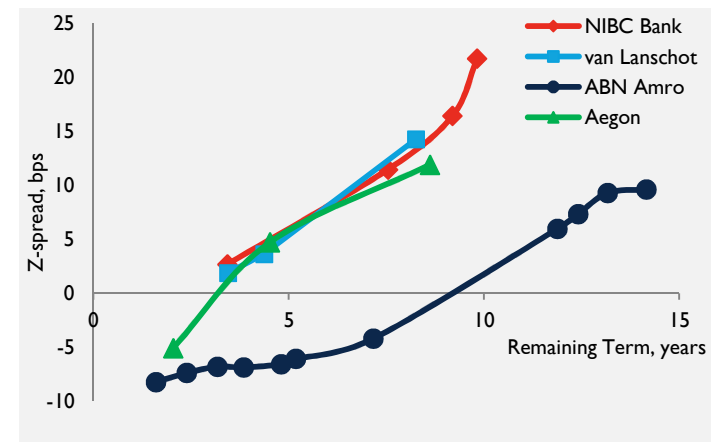
NIBC aims to be a regular issuer in the capital markets, with at least one senior unsecured and one covered benchmark per year

Type	Size (m)	Original maturity	Spread (coupon)	Maturity date
ATI	EUR 200	PERP (NC 7yrs)	m/s+5.56% (6.00%)	PERP (NC 7yrs)
Senior unsecured	GBP 250	5yrs	UKT+2.05% (3.125%)	15-11-2023
Senior unsecured	EUR 500	5yrs	m/s+0.78% (1.125%)	19-04-2023
Senior unsecured	EUR 500	5yrs	m/s+1.40% (1.50%)	31-01-2022
Senior unsecured	EUR 500	3.5yrs	m/s+2.35% (2.25%)	24-09-2019
Covered bond	EUR 500	10yrs	m/s+0.15% (1.00%)	11-09-2028
Covered bond	EUR 500	10yrs	m/s+0.05% (1.00%)	24-01-2028
Covered bond	EUR 500	10yrs	m/s+0.17% (0.625%)	01-06-2026
Covered bond	EUR 500	7yrs	m/s+0.01% (0.25%)	22-04-2022
Covered bond	EUR 500	5yrs	m/s+0.33% (1.25%)	08-04-2019

NIBC EUR senior unsecured curve²



NIBC covered bond curve²



1: All bonds listed in the table above are issued by NIBC Bank N.V.

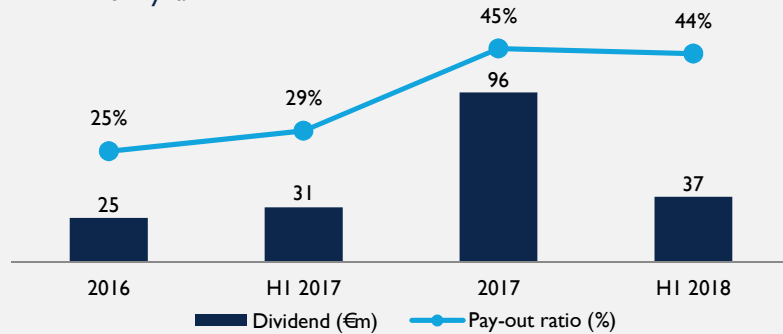
2: Source: Bloomberg, as per 16-11-2018. Displayed data points are transactions with a remaining term longer than 9 months

Capital and dividend

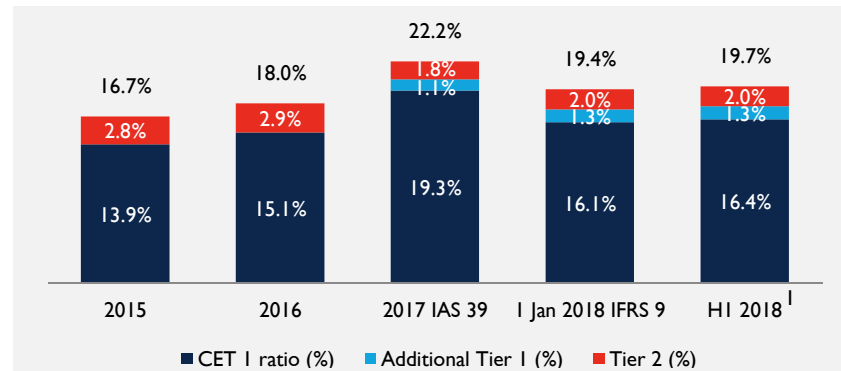
Solvency ratios provide strong base to pay dividends

Comments

- The solvency ratios at 30 June 2018 are comfortably above the required SREP-levels set by DNB for NIBC in July 2018
- The CET1 ratio of 16.4% is well above the medium term objective of 14%, enabling:
 - the pay-out of solid dividends
 - future growth of our business
 - NIBC to be well prepared for Basel IV
- The proposed interim dividend pay-out of EUR 0.25 per share:
 - reflects a pay-out of EUR 37 million or 44%
 - reflects an increase of 19% compared to EUR 0.21 interim dividend per share at HI 2017
 - is well on track to reach at least 50% dividend pay-out by the end of the year



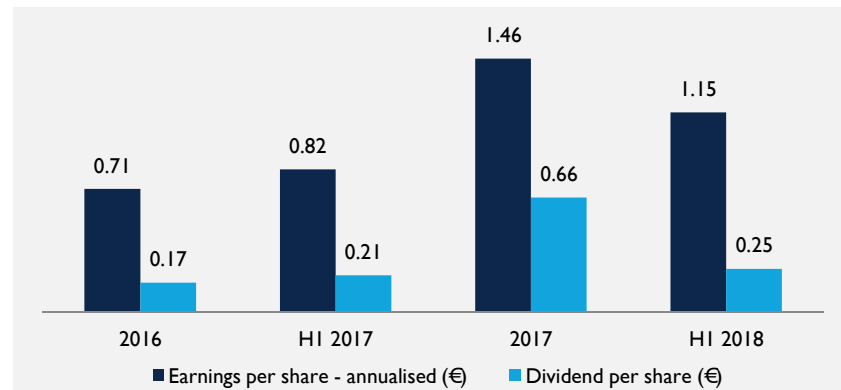
Solvency ratios (fully loaded)



Impact IFRS 9 on solvency

The reduction of capital following the transition to IFRS 9 on 1 January 2018 led to a reduction of NIBC's fully loaded solvency ratios by 3.2%-points

Earnings per share and dividend per share²



Note: Financials for NIBC Holding, unless stated otherwise

1: As NIBC's commitment to acquire a stake of 5% for an amount of EUR 56 million in HSH Nordbank is irrevocable, the committed amount is included in the calculation of the RWAs and therefore of the CET 1 ratio at 30 June 2018. The impact on the CET 1 ratio is -0.4%.

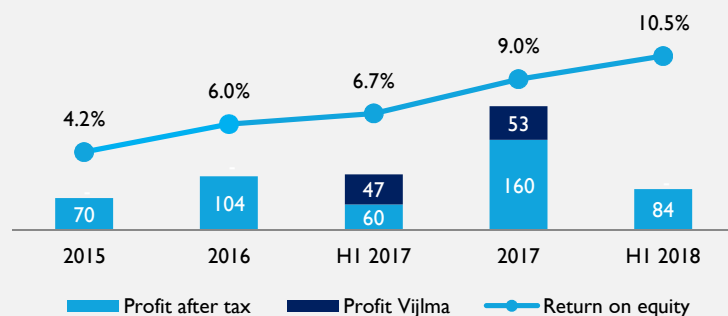
2: HI 2018 figures based on Interim dividend pay-out proposal.

Income statement

Continued improvement of profitability in HI 2018

Comments

- Profitability improved further in HI 2018 (excluding the result on Vijlma in 2017) compared to HI 2017:
 - profit after tax attributable to the shareholders of the company increased by 40% to EUR 84 million
 - return on equity (ROE) increased by 57% to 10.5% compared to 6.7% in HI 2017
 - the ROE of HI 2017 was based on the pre-IFRS 9 equity base, which was substantially higher
- The profitability improvement in HI 2018 follows the substantial improvement made in 2017
- The development of net profit in HI 2018 is mainly driven by an increase of net interest income and improved cost of risk, whilst managing operating expenses
- Operating expenses include EUR 8 million IPO costs

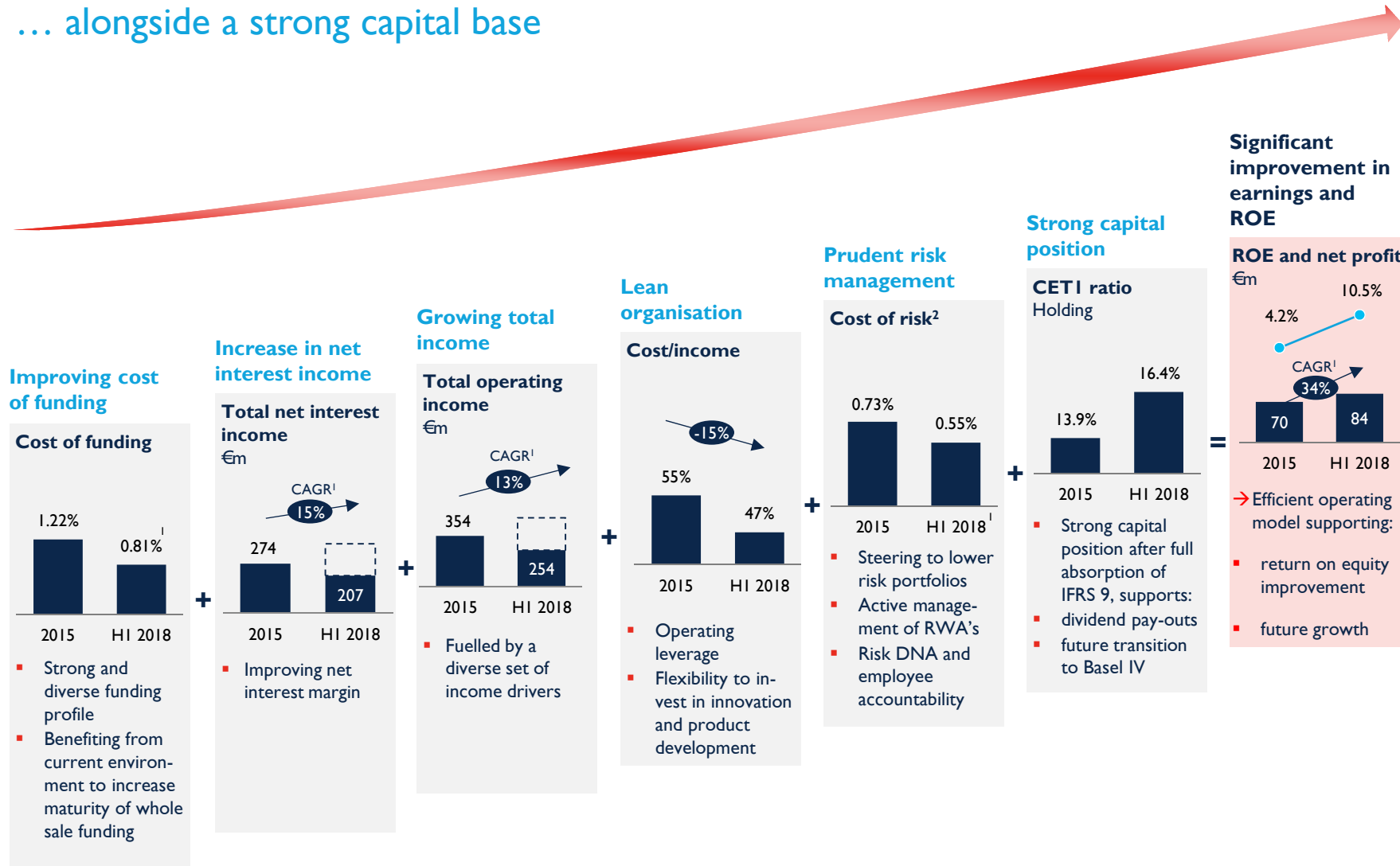


	IFRS 9 HI 2018	IAS 39 HI 2017	IAS 39 HI 2017 ex. Vijlma	HI 2018 vs. HI 2017 ex. Vijlma (%)
Net interest income	207	167	169	22%
Net fee and commission income	21	20	20	5%
Investment income	21	27	27	-22%
Other income	5	68	-	
Operating income	254	282	216	18%
Personnel expenses	53	55	55	-4%
Other operating expenses	55	41	39	41%
Depreciation and amortisation	3	3	3	0%
Regulatory charges	9	9	9	0%
Operating expenses	120	108	106	13%
Net operating income	134	174	110	22%
Credit loss expense / (recovery)	21	33	32	-34%
Tax	23	34	18	28%
Profit after tax	90	107	60	50%
Profit attributable to non-controlling shareholders	6	-	-	
Profit after tax attributable to shareholders of the company¹	84	107	60	40%

Note: Financials for NIBC Holding, 2017 figures exclude Vijlma

1: The difference between 'Profit after tax attributable to shareholders of the company' and 'Profit after tax' concerns the portion of profit after tax attributable to investors in our AT1 transaction

Continued improvement of earnings and ROE... ... alongside a strong capital base



Medium-term objectives

First half of 2018: delivering as promised

Metrics		Medium-term objectives ¹	HI 2018
Return on Equity <i>(Holding)</i>	▶	10 - 12%	10.5%
Cost-to-income <i>(Holding)</i>	▶	<45%	47%
CETI <i>(Holding)</i>	▶	>14%	16.4%
Dividend pay-out <i>(Holding)</i>	▶	>50%	44%
Rating <i>(Bank)</i>	▶	BBB+	BBB

Note: Financials for NIBC Holding as of HI 2018, unless otherwise stated. All comparison figures of HI 2017 exclude the results from Vijlma in HI 2017.

¹: Medium-term objectives as announced on 8 February 2018 at the publication of FY2017 results, except for cost-to-income ratio (Bank)

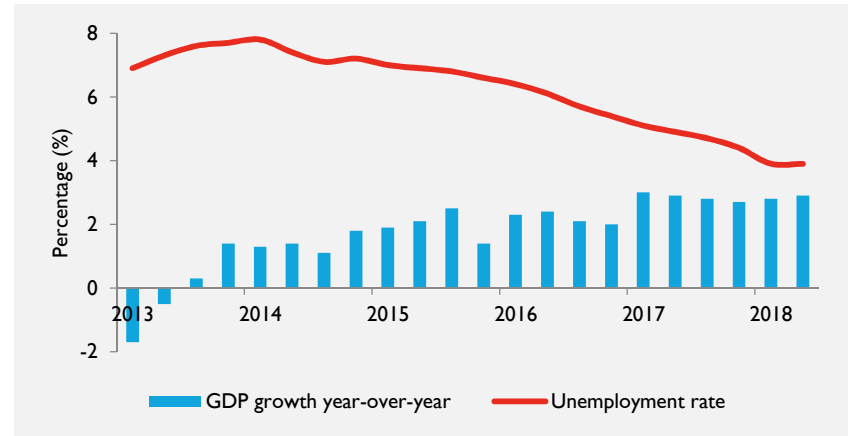
Dutch Mortgage Market

Mortgage Market

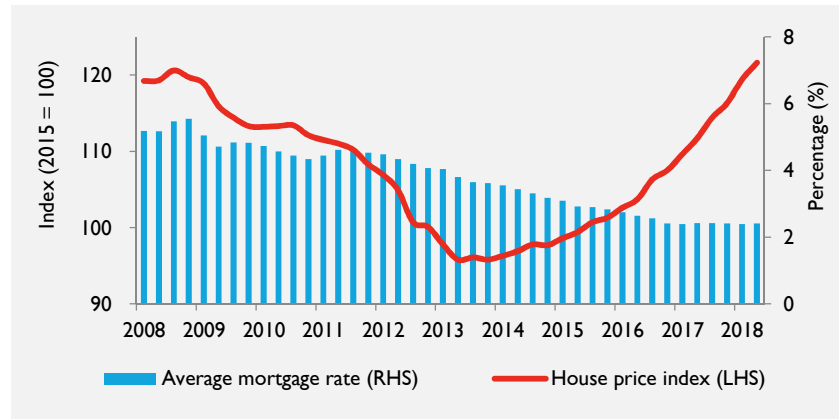
Dutch Households and Mortgage Market

- The Netherlands contains 7.7 million dwellings
 - 4.3 millions dwellings are owner occupied
- Confidence in the housing market is at a level of 104 in June 2018, from 51 in March 2013¹
- Household debt offset by high pensions and savings
 - Household gross mortgage debt: 94% of GDP
 - Pension funds assets: 205% of GDP
 - Household savings: 48% of GDP
- Despite the rising prices, current low interest rates keep housing costs for homeowners at relatively low levels

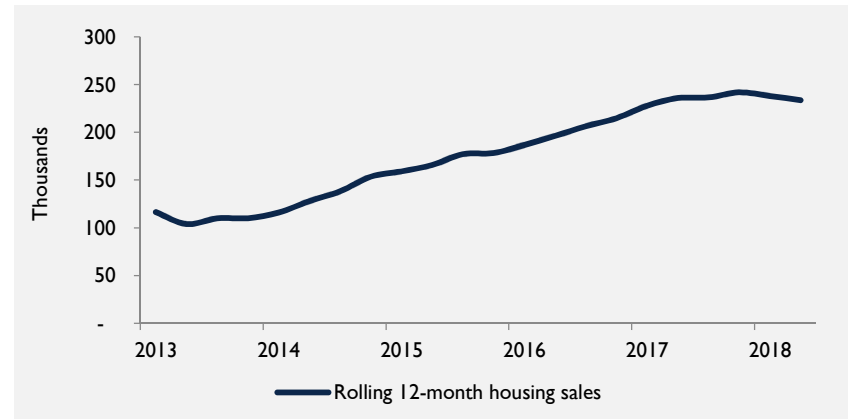
Economic growth and unemployment in the Netherlands²



Average mortgage rate³ and house price index⁴

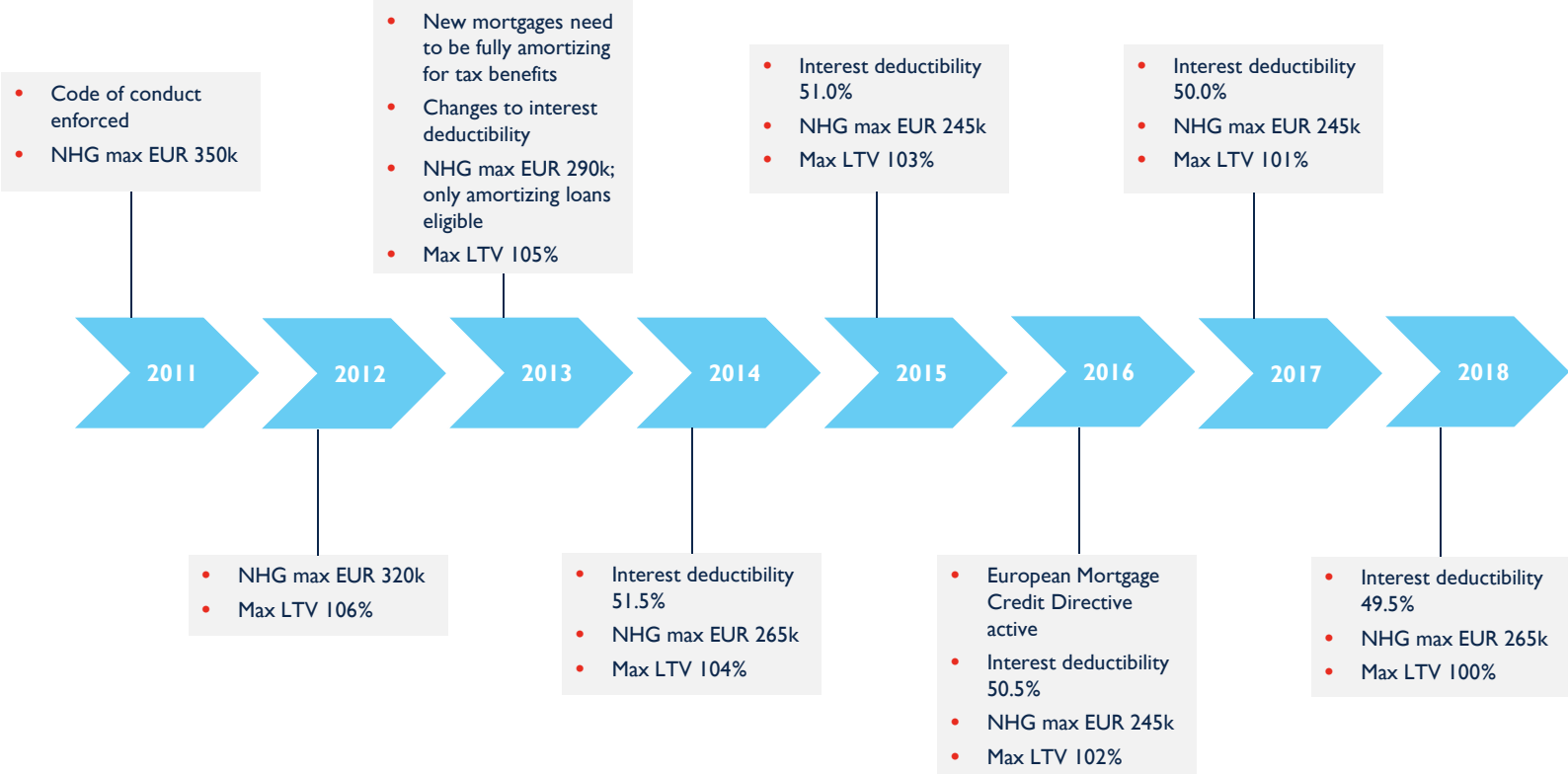


House Sales Development⁴



1: Source: Vereniging Eigen Huis. Monthly measurement of the Dutch homeowners association for the consumer confidence related to the housing market
 2: Source: Statistics Netherlands (CBS), seasonally corrected figures
 3: Source: Dutch Central Bank . Total weighted average interest rate of new residential mortgage contracts.
 4: Source: The Netherlands' Cadastre, Land registry and Mapping Agency

Evolution of Dutch mortgage lending standards



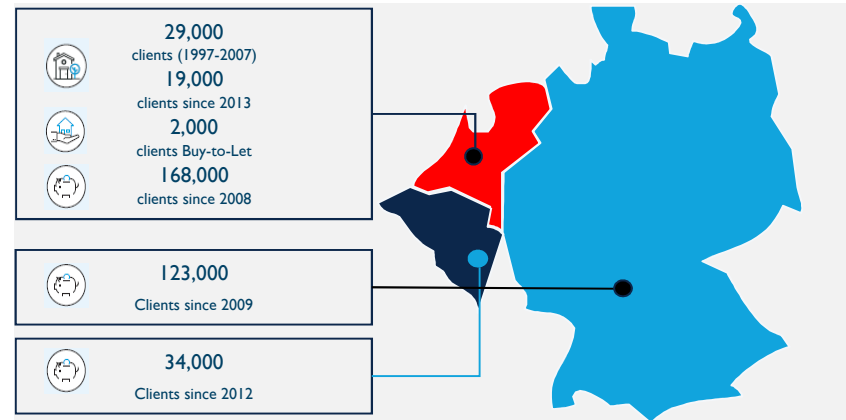
Retail Client Offering and Asset Quality

Retail client offering

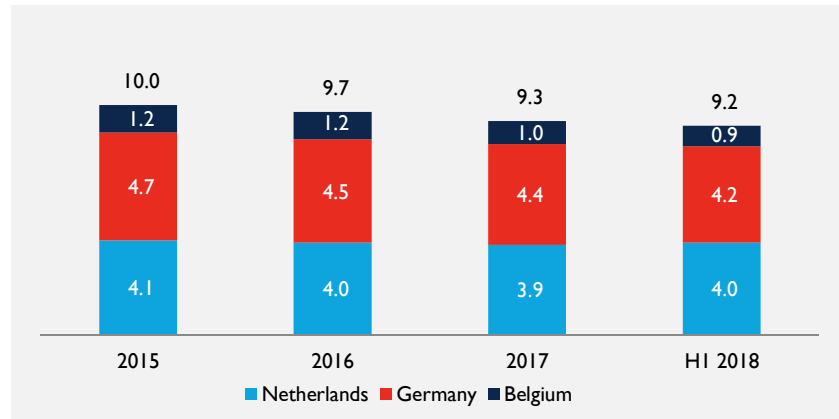
Introduction

- NIBC offers mortgages from its own balance sheet and it partners with institutional investors using Originate-to-Manage mandates
- This dual-track strategy enables us to offer a full product range, from short to long maturities, NHG and non-NHG as well as target underserved segments such as Buy-to-Let
- NIBC does not maintain a retail branch network
- Retail savings platform is fully internet based
- Mortgages are sold through partnerships with intermediaries, where NIBC sets all underwriting criteria

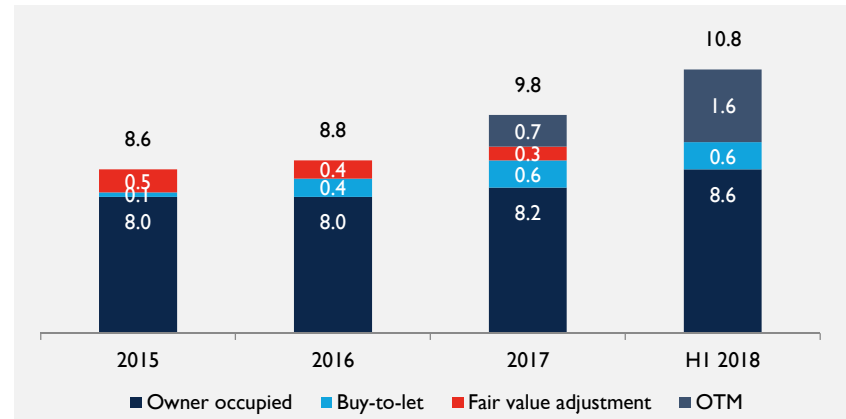
Geographies¹



Savings balance NIBC Direct (EUR bln)



Retail client offering assets (EUR bln)



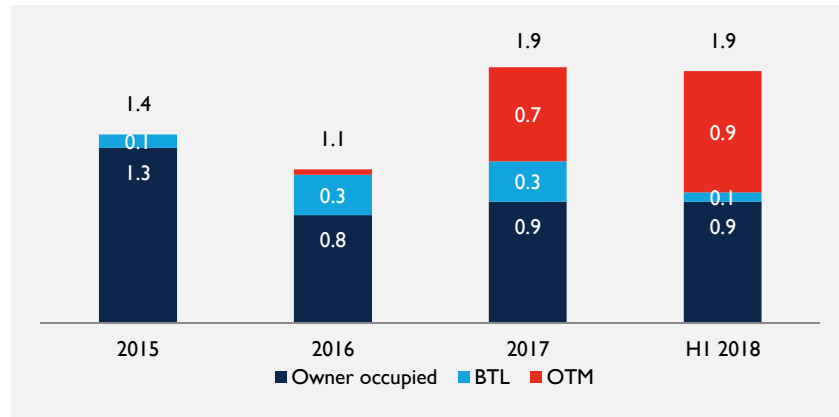
Retail client offering

Origination of mortgages almost doubled in HI 2018

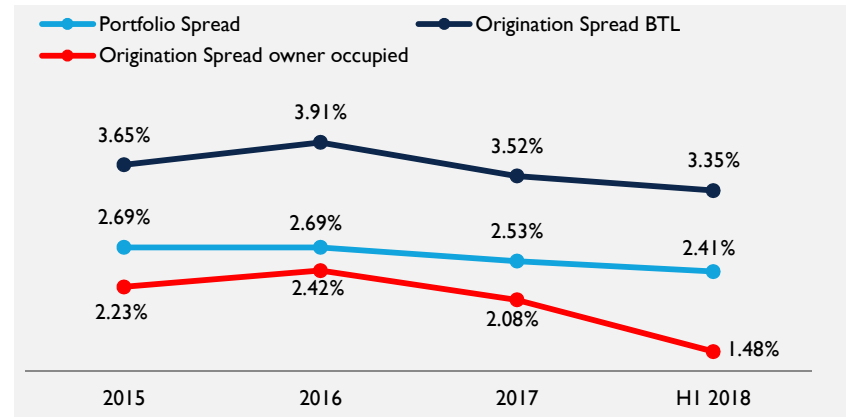
Mortgage Loans

- Total mortgage origination nearly doubled reaching EUR 1.9bn in HI 2018 of which EUR 1.0bn for own book and EUR 0.9bn for Originate-to-Manage (OTM) mandate
- Origination of Buy-to-Let loans slowed as competition increased
- Portfolio of on-balance mortgages grew with 5% to EUR 8.6bn in the first half of 2018
- OTM Mandate increased to EUR 3.3bn, of which EUR 1.6bn already executed
 - fee generating initiative leading to income diversification
 - flexibility to switch between on-balance sheet origination and OTM depending on market pricing
 - strengthens client franchise with 7,500 customers (+14%)
- The mortgage loan portfolio displays a solid performance with almost nil credit loss expense in the first half of 2018
- Competition in the Dutch mortgage market is putting additional pressure on spreads for mainstream mortgage loans

Origination (EUR bln)

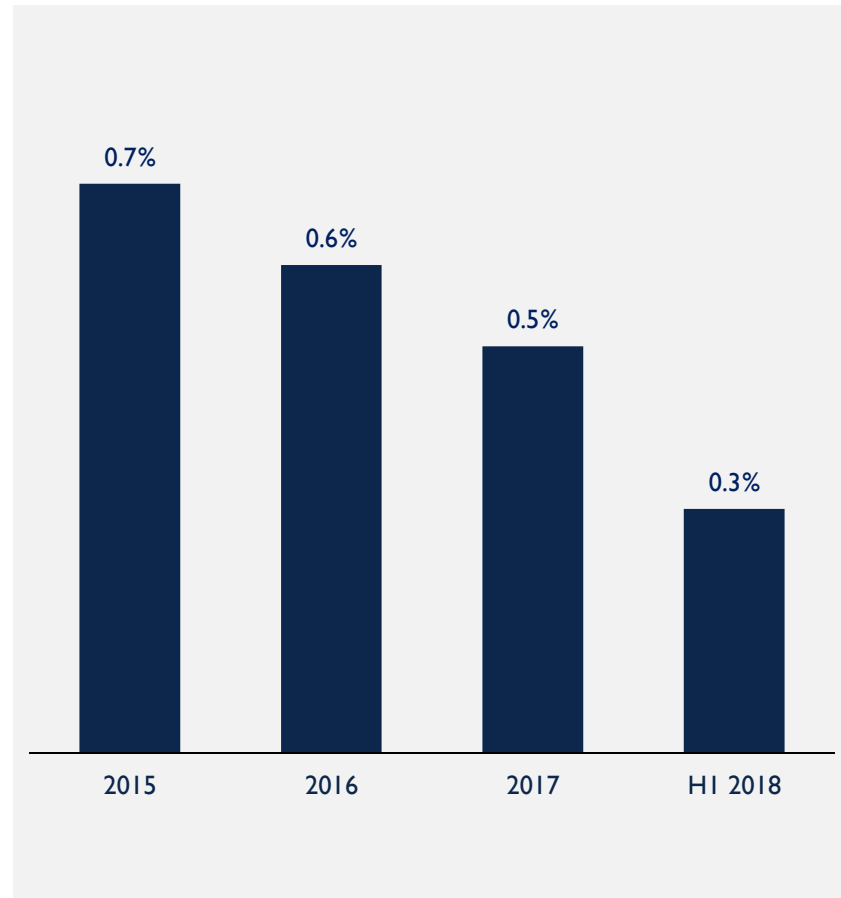


Retail Asset Spreads

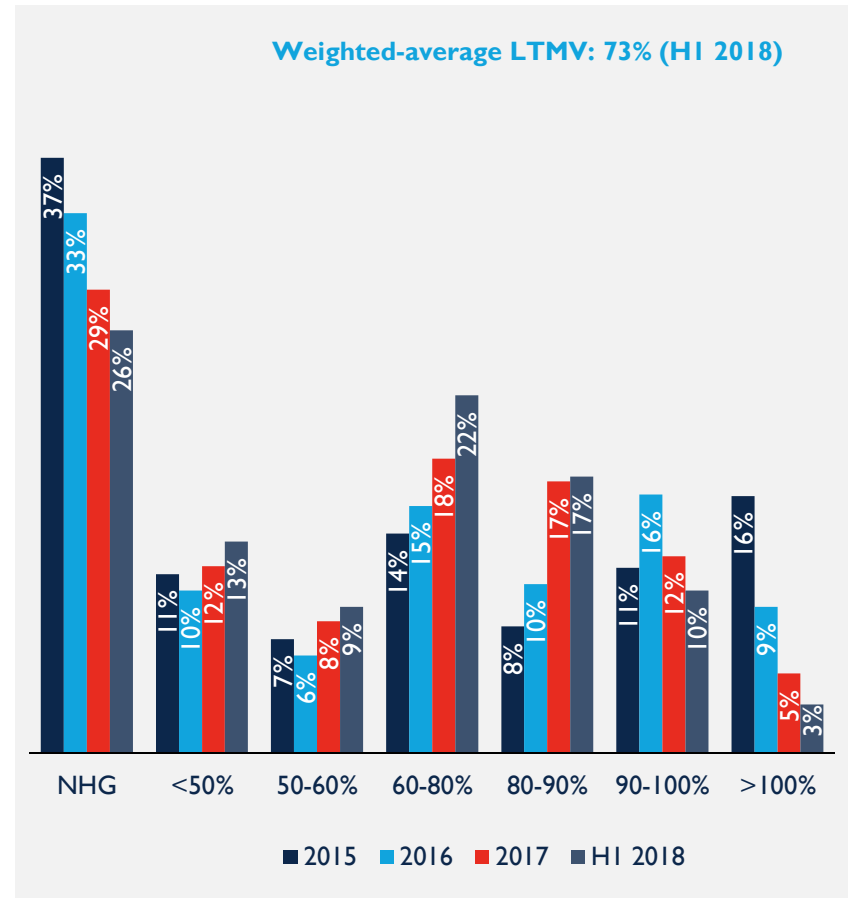


Dutch mortgage loans

Arrears >90days¹



Indexed Loan-to-Market Value¹



Conditional Pass-Through Covered Bond Programme

Covered Bond Programme



Robust Structure

NIBC set up a robust Covered Bond Programme, benefitting from a conditional pass-through structure

Summary of the Covered Bond Programme

Issuer:	NIBC Bank N.V.
Guarantor:	Bankruptcy remote Covered Bond Company (CBC)
Ratings:	AAA/AAA (S&P/Fitch)
Collateral:	Prime Dutch residential mortgage loans ¹
Documented minimum OC:	15%
Derivatives:	None
Asset monitor:	EY

Regulatory

Format:	Law based, registered with the Dutch Central Bank
Regulated status:	UCITS and CRD compliant
Label:	ECBC Covered Bond Label

Key Benefits

Double recourse:	<ul style="list-style-type: none"> ✓ Hard obligation for NIBC to redeem the bond at expected maturity (no optionality) ✓ Recourse on CBC in case of NIBC default
Regulatory:	<ul style="list-style-type: none"> ✓ LCR eligible (bucket: LI) and favourable regulatory treatment
Stable Ratings:	<ul style="list-style-type: none"> ✓ De-linkage from issuer rating: a downgrade of the issuer rating does not directly affect the covered bond ratings
Index:	<ul style="list-style-type: none"> ✓ iBoxx eligible
Robust Structure:	<ul style="list-style-type: none"> ✓ No swap counterparties ✓ Back-up administrator ✓ External account banks ✓ External sub-services ✓ Live cash flows

Covered Bond Programme: Conditional Pass-Through Structure

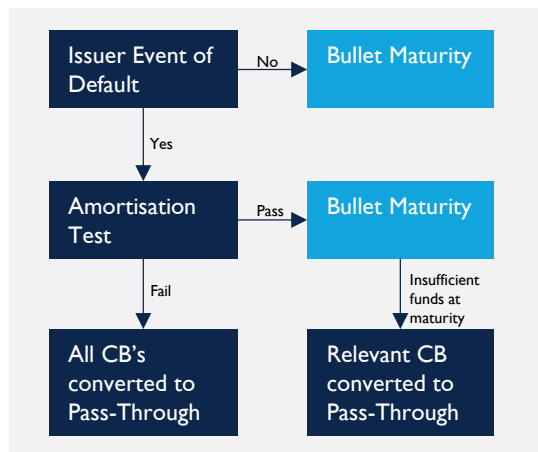
Transaction structure

- NIBC as issuer has a **hard obligation** (no option) to repay the covered bonds at scheduled maturity date
- Conditional pass-through structure addresses refinancing risk and ensures an **orderly wind-down** of the Cover Pool in case of **issuer default**, avoiding the risk of a fire sale
- If the pass-through mechanism is triggered, the respective series become pass-through covered bonds

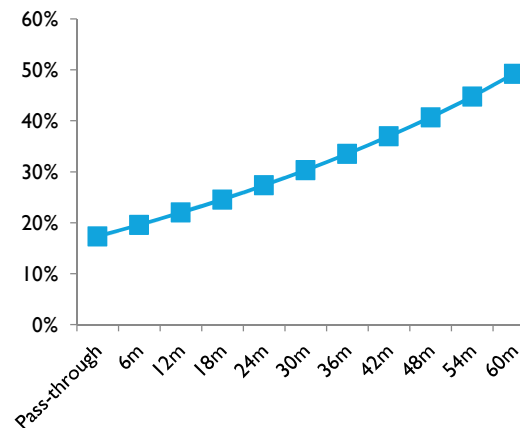
What happens when the conditional pass-through mechanism is triggered?

- Cash-flows received by the CBC are used to pay down the relevant outstanding covered bonds
- The CBC attempts to sell a randomly selected part of the cover pool every 6 months. The sale is only carried out when the proceeds are sufficient to redeem the relevant bonds at par
- The Amortisation Test is not allowed to deteriorate

Conditional Pass-Through Mechanics



Expected increase of OC in pass-through scenario (per 6 months)¹



Comparison Covered Bond Structures

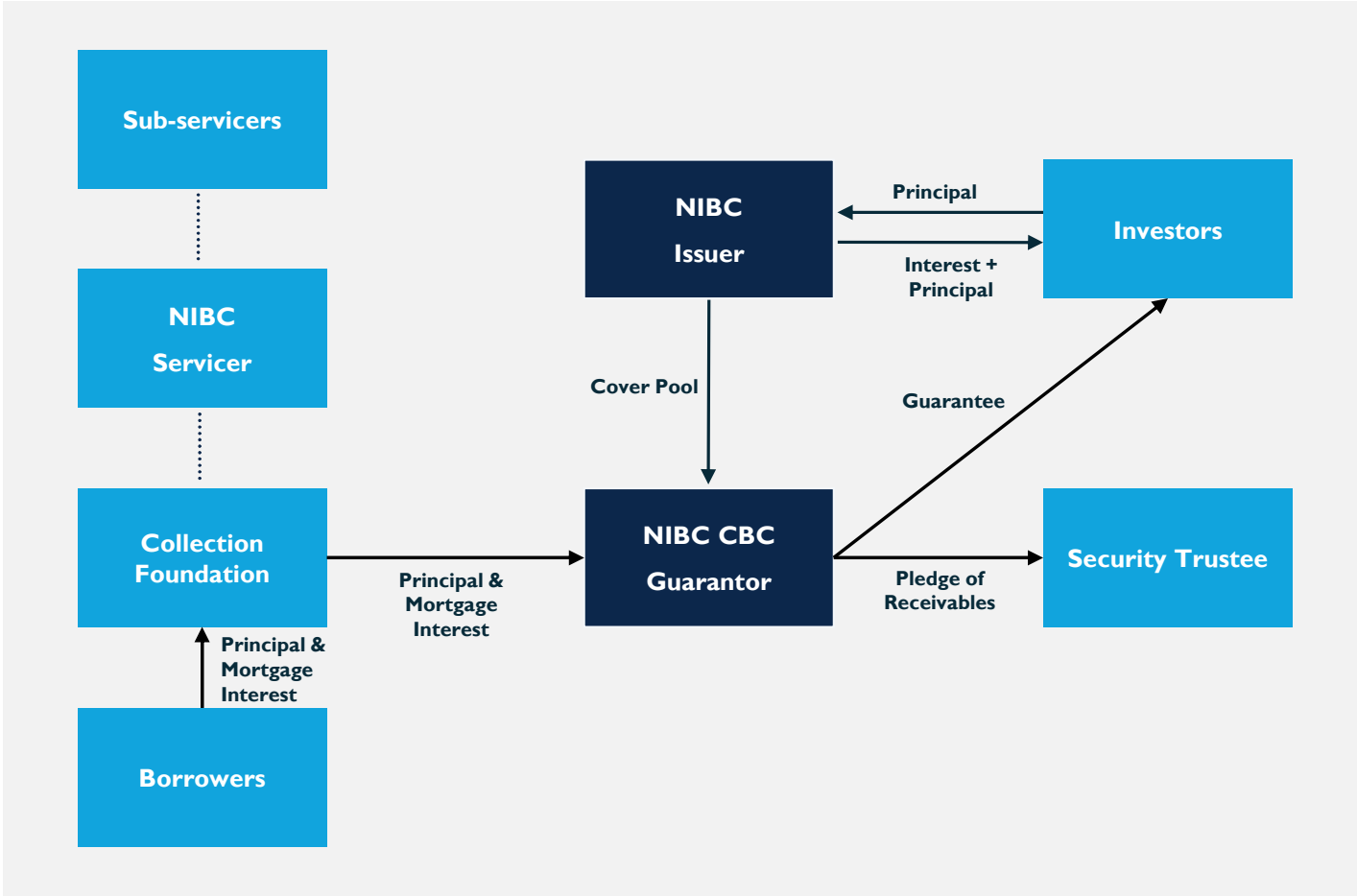


Covered Bond Programme: Transaction Structure

NIBC transaction structure

In a covered bond structure payments to investors on the bonds are guaranteed by the CBC. For this guarantee a pool of Dutch prime residential mortgages is segregated in the CBC

Monthly cash flows from the borrowers are transferred to the CBC without first touching NIBC's balance sheet

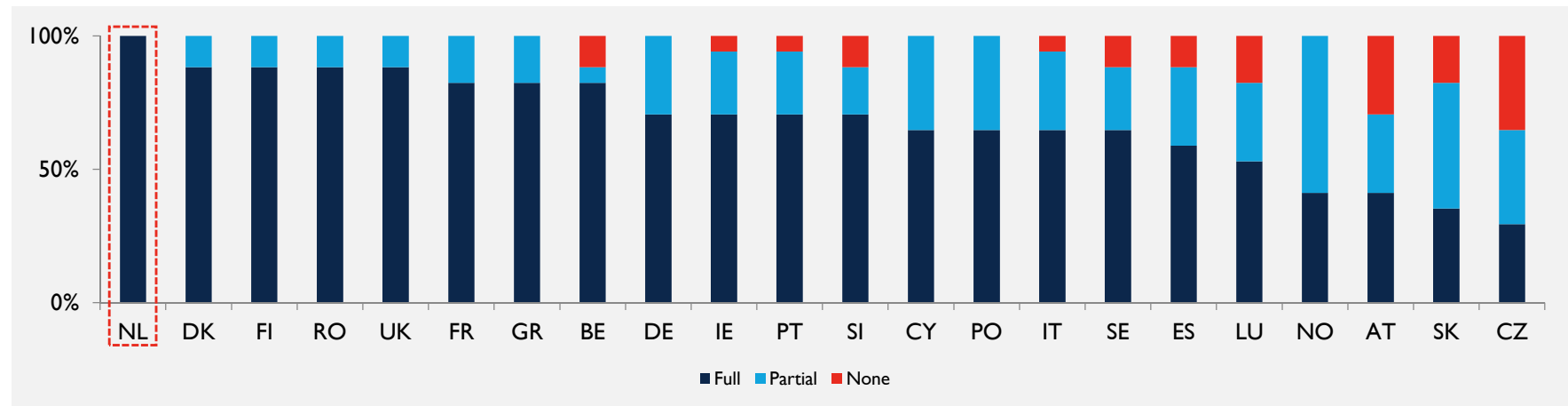


Netherlands shows full compliance with EBA's best practices

EBA report on EU covered bonds frameworks (2016)

- In December 2016 the European Banking Authority (EBA) published a comprehensive analysis of regulatory developments in covered bond frameworks in EU Member States, with a particular focus on the level of alignment with the EBA's 'best practices' as formulated in 2014 to cover areas not reflected in common EU legislation
- The Dutch framework was amended after publication of the 2014 'best practices'. Changes made include (amongst others):
 - Required regulatory overcollateralization of 5%
 - Liquidity buffer
 - Requirement of appointing an external auditor
 - Regular reporting requirements
- According to the analysis, the Netherlands shows full compliance with the best practices

EBA's best practices



Source: EBA, Recommendations on harmonisation of covered bond frameworks in the EU, 20 December 2016

Appendix I

Mortgage Business at NIBC Bank

Mortgage Business at NIBC Bank

NIBC Bank's mortgage business

- NIBC has outsourced its origination to business partners and its standard servicing activities to Stater and Quion. This has created a highly standardised and efficient business model
- Special servicing is performed in-house to ensure tailor-made solutions to optimise recoveries
- NIBC Bank has a dedicated team to manage the relationship with the servicers and to monitor the quality of their servicing. A major emphasis is put on quality control and on ensuring that all processes remain ISAE 3402 compliant

In-house performance of core activities

- Origination:
 - NIBC Bank sets the underwriting criteria
 - Deviations from underwriting criteria can only be made when accepted by NIBC Bank
- Servicing:
 - The arrears management is performed in-house to ensure tailor-made solutions to optimize recoveries

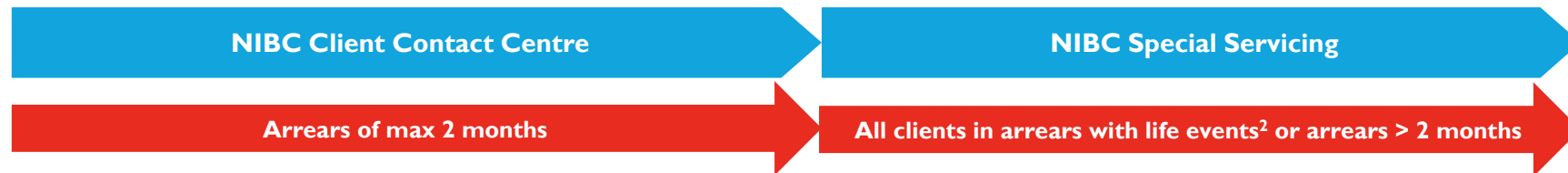
Outsourcing of standardised activities

- Origination is done via dedicated business partners
 - The underwriting criteria are highly standardized and hard coded in the systems
 - Business partners can only originate mortgages that meet the underwriting criteria
- Standard servicing activities are outsourced to specialized mortgage servicers STATER and Quion:
 - Payments
 - Administration
 - First contact point for clients

Mortgage Business at NIBC Bank

Basic principles Arrears Management

- In 2006 NIBC Bank decided to take the arrears and foreclosure management in-house¹⁾ since NIBC Bank was confident that it could decrease arrears and losses via a result based approach
- Employees have no insight into whether a loan has been securitized or transferred to the CBC or not
- NIBC Bank uses the worldwide known Salesforce CRM system in which the focus is on the client situation and performance is closely monitored through reporting and dashboards on a daily basis.
- Our Client Contact Center (CCC) tries to get in contact with the borrower to make a payment arrangement and indicates the financial situation. Special Servicing Mortgages (SSM) will follow up or step in depending on the situation.



Client Contact Centre

- During the 1st month arrears clients receive (if necessary) up to 4 letters and 5 calls
- Outbound calls within 6 days after first arrear is determined
- Mandate is maximum of two payment arrangements
- Over 90% of new arrears recover within the first 2 months.
- Track and trace to get in contact with the client through multiple channels (e.g. Chamber of Commerce, social media).
- Determine nature of problems
- When arrear is indicated as incidental by CCC the client can do a payment at once or a simple arrangement is setup with the client.
- When client faces (temporary) financial hardship the client is allocated to the SSM team

Special Servicing

- Two multidisciplinary teams + 1 account manager with extensive experience in (mortgage) credit management. Educated in restructuring mortgage loans
- Goal is to find the best structural solution; assess the situation and determine whether the problems are temporary or structural.
- Client retention: preventing credit losses and meeting our duty of care.
- Termination of the loan: limiting losses by maximizing foreclosure proceeds.
- Maximizing post-foreclosure proceeds

Appendix II

Main Underwriting Criteria

Main Underwriting Criteria

Underwriting criteria 1/2

- Code of Conduct
 - NIBC fully complies with the WFT “Wet op het Financieel Toezicht”
 - NIBC has signed the Code of Conduct (“Gedragscode”) of the Dutch Bankers Association. The Code of Conduct regulations concerns e.g., minimum information requirements to the borrower, the maximum amount a borrower can borrow and how to cope with arrears. Since 1 January 2013 the Code of Conduct is regulated by law.
 - NIBC fully complies with the Temporary Rule Mortgages for 2018 (“Tijdelijke regeling hypothecair krediet 2018”) which was introduced by the government for the income criteria and the maximum LTV on 1 January 2018.
- Affordability
 - Income is derived from the salary slip and proof of employment and, in case of self-employed borrowers, the annual reports of the last 3 years, the tax declaration and, for a director-owner, an income statement by the accountant
 - In terms of affordability, the Temporary Rule has a predetermined test, but allows for deviation if well-justified by the lender (‘comply or explain’). In NIBC Direct origination we do not have any “explain loans”
 - Comply: actual interest rate is taken into account unless the term is under 10 years, in which case a Code pre-determined interest is used (for example for Q2 2018 this is 5%)
 - Explain: affordability is tested using a higher income than the current income via the pre-determined test in accordance with the comply formula, only for borrowers with proven income growth, the debtors declare by signing the offer that they are aware of the explain approach
- LTI
 - The maximum LTI is in line with the Code of Conduct and the Temporary Rule Mortgages
- DTI
 - The maximum DTI is determined according to the Code of Conduct and the Temporary Rule Mortgages

Main Underwriting Criteria

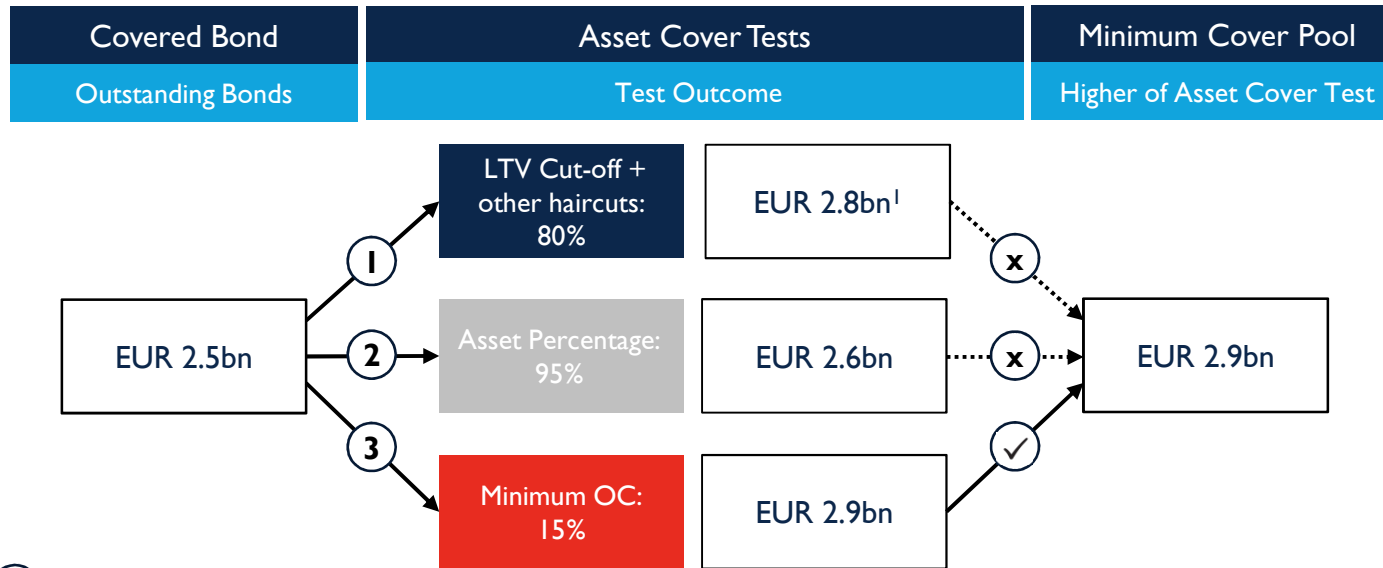
Underwriting criteria 2/2

- BKR and Fraud Check
 - Credit history is checked at BKR ('Bureau for Credit Registration'), no 'negative' BKR-registrations which are allowed by NHG can be done without overrules. All the other 'negative' BKR-registrations must be handed to overrules. The registration must be cured. Specific criteria and surcharges are used by the overrule desk
 - Fraud is checked at SFH ('Stichting Fraudebestrijding Hypotheken') which is located at the BKR office and coordinated by the Dutch Banking Association
 - A check is performed to verify the borrower's identity
 - Additionally, a Kadaster (National Property Register) check is performed to prevent illegitimate use of property
 - NIBC has dedicated fraud officers, handling fraud cases and prevention
- Loan
 - Maximum loan amount is €1,000,000; loans above €750,000 are treated as an overrule
 - Maximum loan is 100% of Market Value, in case of energy saving facilities (EBV) up to a maximum of 106% and in case of remaining debt up to a maximum of 115%.
 - The loan part above 80% of the Market Value has to be covered by mortality insurance that is pledged to NIBC
- Collateral
 - The mortgage loan is secured by a first ranking mortgage right or a first and sequentially lower ranking mortgage right(s) over real estate, an apartment right or a long lease ("erfpacht") situated in the Netherlands
 - The property value is determined by a recent valuation report (<6 months old) from a certified appraiser. On top of that every valuation report is automatically validated by checking comparable transactions by an independent organisation (NWWI, TVI (Taxatie Validatie Instituut) or Taxateurs Unie)

Appendix III

Asset Cover Test

Asset Cover Test



- 1** To meet the CRD requirements the **LTV cut-off** is included: For each mortgage receivable any amount exceeding 80% of the indexed market value of the underlying collateral is not taken into account. Other haircuts are also included.
- 2** Following their analysis the rating agencies communicate a minimum **asset percentage**. The amount of bonds relative to the amount of assets cannot exceed this percentage.
- 3** An additional feature not present in most other Dutch programmes is the **15% minimum OC**, which is a hard commitment irrespective of changing environment or rating agency opinions. By Dutch law the minimum nominal OC is set at 5%.

¹: This amount differs every month based on the characteristics of the mortgages in the portfolio. In July 2018 the cover ratio was 111.41%.

Appendix IV

Conditional Pass-Through Scenarios

Conditional Pass-Through Scenarios

Conventional covered bonds: A combination of three events: ● bank default, ● sale of the pool not possible and ● breach Amortisation test results in the following four scenarios:

<p>1: The bank redeems the bond at scheduled maturity</p>	<p>2: The bonds are redeemed at maturity with cash and sale of part of the pool. Principal test holds to protect later maturing bonds</p>	<p>3: If part of the cover pool cannot be sold to redeem the bonds at par, all bonds accelerate and the pool has to be sold, which may result in a loss on the bonds</p>	<p>4: If in addition, the pool deteriorates and the Amortisation test is breached, all bonds accelerate and the pool has to be sold, which may result in a loss on the bonds</p>
---	---	--	--

Conditional Pass-Through Covered bonds: A combination of three events: ● bank default, ● sale of the pool not possible and ● breach Amortisation test results in the following four scenarios:

<p>1: The bank redeems the bond at scheduled maturity</p>	<p>2: The bonds are redeemed at maturity with cash and sale of part of the pool. Amortisation test holds to protect later maturing bonds</p>	<p>3: Pass-through is triggered at maturity if proceeds from sale of part of the pool are not sufficient to redeem the bond in full</p>	<p>4: If in addition, the pool deteriorates and the Amortisation test is breached, all bonds become pass-through bonds</p>
---	--	---	--

Appendix V

Investor Reporting and Legal Framework

Covered Bond Programme: Investor Reporting

Investor reporting for covered bonds

- Best in class reporting of NIBC originated and/or NIBC serviced transactions via www.assetbacked.nl
- Following a European Covered Bond Council (ECBC) initiative, the Covered Bond Label was introduced in 2012
- NIBC covered bonds carry the Covered Bond Label and reporting is done according to the (Dutch) National Transparency Template and the (worldwide) Harmonised Transparency Template
- Free registration (details treated confidentially) and optional subscription to automated e-mail service (new uploads are automatically sent to recipients inbox)
- Investor queries via website and investor.services@nibc.com
- Investor reports always timely available, including full performance information, portfolio split and bond information

The screenshot displays the ASSETBACKED.nl website. At the top, there is a navigation bar with links for Home, News, Disclaimer, Contact, Your privacy, and Sitemap. Below this, the main header includes 'INVESTOR SERVICES' and a secondary navigation bar with links for About investor services, Client services, Transactions, and Valuations. The page features two large images of cityscapes. A 'Welcome' section follows, containing a login area with a 'Log off' button and links for 'My subscriptions' and 'Change password'. A 'Subscription Mailinglist' section offers a 'sign up' button and a 'Read more' link. A 'Latest News' section contains three news items: a February 2013 update on Dutch MBS XVIII, an 11 November 2012 update on Sound I implementation, and an 8 November 2012 update on Sound I results. The footer includes a copyright notice for 2012-2013 and a 'Cookie policy' link.

Dutch Legal Framework and DACB

Dutch legal framework for covered bonds

- The Dutch Covered Bond Decree is in place since 1 July 2008. As per 1 January 2015 the legislation has been upgraded and engrained at all three levels of legislation including the highest Law on Financial Supervision
- The main aim of the new legislation is to increase transparency and protection for investors. It is less principle based and more rule based. Amongst other, the following is included:
 - Obligation to be UCITS as well as CRR compliant. No ABS as eligible assets allowed.
 - Specific definition of Covered Bonds as a product and description of the structure
 - Role of the Dutch Central Bank (DNB) more described, including enhanced supervisory powers
 - Minimum OC of 105% nominal and 100% according to Article 129 CRR
 - 6 month liquidity reserve required
 - Post issuer default plan must be in place
 - Minimum reporting requirements towards investors
- NIBC, ING, ABN AMRO, Rabobank, De Volksbank, Van Lanschot, Achmea, Aegon and Nationale Nederlanden have their Covered Bond programmes registered with the Dutch Central Bank

Dutch association of covered bond issuers

- As a result of the strong growth of the Dutch covered bond market, in January 2011 the Dutch issuers decided to establish the Dutch Association of Covered Bond issuers (DACB)
- Aim of the DACB is to strengthen the market and product offering of Dutch covered bonds through e.g. improving transparency, standardisation and general promotion
- The DACB was consulted in the making of the new regulations. More information can be found on www.dacb.nl

Appendix VI

Financial Results and Key Figures NIBC Bank

Income statement NIBC Bank

	IFRS 9 HI 2018	IAS 39 HI 2017	IAS 39 HI 2017 ex. Vijlma	HI 2018 vs. HI 2017 ex. Vijlma (%)
Net interest income	215	177	168	28%
Net fee and commission income	21	20	20	5%
Investment income	21	27	27	-22%
Other income	1	2	1	0%
Operating income	258	226	215	20%
Personnel expenses	51	54	54	-6%
Other operating expenses	47	39	39	21%
Depreciation and amortisation	3	3	3	0%
Regulatory charges	9	9	9	0%
Operating expenses	110	105	105	5%
Net operating income	148	122	111	33%
Credit loss expense / (recovery)	21	12	32	-34%
Tax	26	22	14	86%
Profit after tax	101	87	64	58%
Profit attributable to non-controlling shareholders	6	-	-	
Profit after tax attributable to shareholders of the company	95	87	64	48%

Key figures NIBC Bank

€m	IAS 39 FY 2015	IAS 39 FY 2016	IAS 39 FY 2017	IFRS 9 HI 2018
Earnings				
Net interest margin	1.37%	1.44%	1.69%	1.93%
Cost/income ratio	56%	51%	44%	43%
Return on equity	3.9%	5.4%	10.8%	11.0%
Asset quality				
Risk-weighted assets	10,162	10,109	8,546	8,622
Cost of risk	0.71%	0.61%	0.38%	0.55%
Impairment ratio	0.52%	0.62%	0.30%	0.25%
Impairment coverage ratio	33%	30%	40%	35%
NPL ratio	3.9%	4.0%	2.8%	3.5%
Solvency				
Equity attributable to shareholder of the company	1,886	1,969	2,059	1,825
ATI and Subordinated liabilities	400	398	482	488
Balance sheet total	23,229	23,580	22,209	21,928
Common Equity Tier I ratio	15.6%	16.8%	21.4%	19.2%
Tier I ratio	15.6%	16.8%	23.7%	21.6%
Total Capital ratio	20.0%	21.3%	27.2%	25.1%
Leverage ratio	7.2%	7.3%	8.8%	8.1%
Funding & liquidity				
Loan-to-deposit ratio	143%	148%	150%	154%
S&P rating and outlook	BBB - / Stable	BBB - / Positive	BBB / Stable	BBB / Stable
Fitch rating and outlook	BBB - / Stable	BBB - / Positive	BBB / Stable	BBB / Stable

Appendix VII

Key Figures and Balance Sheet NIBC Holding

Key figures NIBC Holding

Earnings

€m	IAS 39 2015	IAS 39 2016	IAS 39 2017	IFRS 9 HI 2018
Earnings				
Operating income	354	398	559	254
Operating expenses	193	197	233	120
Profit after tax	70	104	216	90
Profit after tax attributable to shareholders	70	104	213	84
Net interest margin ¹	1.34%	1.47%	1.60%	1.90%
Cost/income ratio	55%	49%	42%	47%
Return on equity	4.2%	6.0%	11.9%	10.5%
Return on assets	0.30%	0.45%	0.91%	0.76%
Earnings per share basic – annualised	0.48	0.71	1.46	1.15
Earnings per share diluted – annualised	0.48	0.71	1.46	1.15
Dividend pay-out ratio ²	0%	25%	45%	44%
Dividend per share ²		0.17	0.66	0.25
Price/earnings ratio				6.16
Price/book ratio				0.70

Assets

€m	IAS 39 2015	IAS 39 2016	IAS 39 2017	IFRS 9 HI 2018
Corporate & retail client offering				
Corporate client assets (drawn & undrawn):				
Commercial Real Estate (CRE)	1,022	1,095	1,310	1,328
Food, Agri, Retail & Health (FAR&H)	896	1,149	1,216	1,281
Industries & Manufacturing (I&M)	1,266	1,364	1,430	1,508
Infrastructure & Renewables (I&R)	1,990	1,618	1,595	1,435
Offshore Energy (OE)	1,282	1,233	934	949
Shipping & Intermodal (S&I)	1,537	1,512	1,297	1,357
Telecom, Media, Technology & Services (TMT&S)	968	1,257	1,198	1,213
Total corporate loans (drawn & undrawn)	8,961	9,227	8,980	9,071
Lease receivables	221	236	282	345
Investment loans	161	246	220	218
Equity investments	300	262	343	398
Investment property	251	271	0	0
Total corporate client assets (drawn & undrawn)	9,894	10,243	9,825	10,032
Corporate client assets (drawn & undrawn) per region				
Netherlands	3,304	3,856	4,312	4,555
Germany	2,208	2,324	2,075	2,095
United Kingdom	1,700	1,678	1,737	1,619
Other	2,681	2,384	1,702	1,763
Total corporate client assets (drawn & undrawn)	9,894	10,243	9,825	10,032
Retail client assets				
Owner occupied mortgage loans – Netherlands	8,345	8,376	8,476	8,522
Buy-to-Let mortgage loans	118	371	617	639
Owner occupied mortgage loans – Germany (closed book)	117	84	53	38
Total retail client assets	8,580	8,831	9,146	9,199
Originate to manage assets				
Corporate client assets	437	443	463	466
Retail client assets	0	15	729	1,622
Total originate to manage assets	437	458	1,192	2,088
Retail client savings				
Netherlands	4,129	3,950	3,871	4,003
Germany	4,687	4,542	4,407	4,250
Belgium	1,200	1,229	1,029	952
Total retail client savings	10,016	9,721	9,307	9,205

Key figures NIBC Holding (continued)

Asset quality, Solvency and Funding & Liquidity

€m	IAS 39 2015	IAS 39 2016	IAS 39 2017	IFRS 9 H1 2018
Asset quality				
Risk-weighted assets	9,848	9,930	8,584	8,676
Cost of risk	0.73%	0.74%	0.62%	0.55%
Impairment ratio	0.53%	0.76%	0.50%	0.25%
Impairment coverage ratio	41%	37%	40%	35%
NPL ratio	3.0%	3.0%	2.8%	3.6%
Top-20 exposure / Common Equity Tier I	89%	78%	66%	76%
Exposure corporate arrears > 90 days	0.7%	2.1%	1.7%	2.7%
Exposure residential mortgage loans arrears > 90 days	0.7%	0.6%	0.5%	0.3%
Loan to value Dutch residential mortgage loans	80%	78%	75%	73%
Loan to value BTL mortgage loans	61%	59%	57%	54%
Solvency information				
Equity attributable to shareholders of the company	1,735	1,819	1,918	1,669
AT1 and Subordinated liabilities	400	398	483	488
Group capital base	2,135	2,217	2,401	2,156
Balance sheet total	23,153	23,495	22,148	21,774
Common Equity Tier I ratio	13.9%	15.1%	19.3%	16.4%
Tier I ratio	13.9%	15.1%	20.4%	17.7%
Total Capital ratio	16.7%	18.0%	22.2%	19.7%
Leverage ratio	6.1%	6.5%	7.7%	6.8%
Funding & liquidity				
LCR	201%	124%	196%	160%
NSFR	113%	112%	117%	115%
Loan-to-deposit ratio	140%	145%	148%	152%
Asset encumbrance ratio	29%	29%	26%	26%
Retail savings / total funding	48%	46%	44%	44%
Secured funding / total funding	24%	23%	20%	21%
ESF / total funding	6%	6%	6%	6%

Non-financial

€m	IAS 39 2015	IAS 39 2016	IAS 39 2017	IFRS 9 H1 2018
Non-financial key figures				
Client & product responsibility	+40%	+37%	+64%	+72%
NPS score Corporate Lending clients	7.7	7.6	7.9	-
NIBC Direct customer survey score	100%	100%	100%	100%
% of new corporate loans screened against sustainability policy	14	28	23	11
Number of new corporate clients with increased sustainability risk assessment	1	0	1	1
Fines or sanctions for non-compliance with laws and regulations				
Employees				
Total number of FTEs end of financial period	644	716	689	686
Male / female ratio	70%/30%	73%/27%	70%/30%	69%/31%
Male / female ratio top management	90%/10%	91%/9%	88%/12%	87%/13%
Training expenses per employee (EUR)	2,540	2,041	2,318	1,717
Absenteeism (trend total)	2.2%	2.4%	2.2%	2.1%
Employee turnover (employees started)	15.2%	25.2%	16.5%	9.9%
Employee turnover (employees left)	15.2%	15.0%	20.5%	10.3%

Balance Sheet NIBC Holding

Assets

€m	2015	2016	2017	HI 2018
Cash and banks	2,512	2,386	2,569	2,430
Loans	7,397	7,818	7,398	7,382
Lease receivables	212	236	256	315
Mortgage loans	8,767	9,020	9,332	9,381
Debt investments	1,377	1,375	913	828
Equity investments	277	252	330	340
Derivatives	2,141	1,811	1,021	828
All other assets	470	597	329	269
Total assets	23,153	23,495	22,148	21,774

Liabilities

€m	2015	2016	2017	HI 2018
Retail funding	10,016	9,721	9,307	9,205
Funding from securitised mortgage loans	2,062	1,337	267	0
Covered bonds	1,513	2,028	2,008	2,515
ESF	1,127	1,230	1,350	1,214
All other senior funding	3,786	4,673	5,725	5,781
Tier I and subordinated funding	400	398	283	288
Derivatives	2,356	2,006	863	761
All other liabilities	158	281	225	139
Total liabilities	21,418	21,675	20,027	19,903
Equity attributable to shareholders of the company	1,735	1,817	1,915	1,669
Capital securities (non-controlling interest)			203	200
Equity attributable to non-controlling interests		3	3	2
Total liabilities and shareholders equity	23,153	23,495	22,148	21,774