This Offer expires at 19 October 2020 at 17:40 CEST unless extended

OFFER MEMORANDUM

dated 7 August 2020

RECOMMENDED CASH OFFER

BY

FLORA ACQUISITION B.V.

(a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands)

FOR ALL THE ISSUED AND OUTSTANDING ORDINARY SHARES IN THE CAPITAL OF

NIBC Holding N.V.

(a public limited liability company (*naamloze vennootschap*)

incorporated under the laws of the Netherlands, with its corporate seat in The Hague, the Netherlands)

This offer memorandum (the "**Offer Memorandum**") contains the details of, and the terms and conditions and restrictions to, the recommended public offer by Flora Acquisition B.V. (the "**Offeror**") to all holders of issued and outstanding ordinary shares in the capital of NIBC Holding N.V. ("**NIBC Holding**" or the "**Company**") with a nominal value of €0.02 each (the "**Shares**"; holders of such Shares being referred to as "**Shareholders**"), to purchase for cash their Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum (the "**Offer**"). The Offer, together with the irrevocable agreements entered into between the Offeror and each of J.C. Flowers & Co ("**JCF**") and Reggeborgh Invest B.V. ("**Reggeborgh**") pursuant to which JCF and Reggeborgh have irrevocably undertaken to accept the Offer and to tender all Shares held by them in the Offer (the "**Irrevocable Agreements**"), shall be referred to as the "**Transaction**". Capitalised terms used in this Offer Memorandum have the meaning as set out in Section 2 (*Definitions*). As at the date of this Offer Memorandum, 146,487,535 Shares are issued and outstanding and subject to the Offer.

Shareholders tendering their Shares under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration for each Share validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) and delivered (*geleverd*) to the Offeror, a cash amount of €7.00 per Share (cum dividend) (the "**Offer Price**") without interest and subject to any required withholding of taxes. The Company has agreed to ensure that between the date of the Merger Protocol and the Settlement Date, no dividend or other distribution is declared on the Shares (other than the Final Dividend). The Offer Price is 'cum dividend', but for the purpose of this Offer Memorandum, any reference to 'cum dividend' excludes the Company's Final Dividend, unless where explicitly stated otherwise. If, on or after the date hereof but on or prior to the Settlement Date (as defined below), any cash or share dividend or other distribution is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Share equivalent to the value or impact of any such dividend or other distribution per Share, but in each case other than in respect of the Company's Final Dividend.

The managing board (*raad van bestuur*) of the Company (the "**Managing Board**") and the supervisory board (*raad van commissarissen*) of the Company (the "**Supervisory Board**", and together with the Managing Board the "**Boards**") unanimously and fully support the Transaction and recommend the Offer for acceptance to the Shareholders. Reference is made to Section 4.13 (*Decision-making and Recommendation by the Boards*) and the Position Statement.

JCF, Reggeborgh, all the members of the Managing Board and one (dependent) member of the Supervisory Board who holds Shares have each irrevocably undertaken to accept the Offer and to tender all Shares they can freely tender as per the Acceptance Closing Time (as defined below) and to vote in favour of the Resolutions (as defined below). Reference is made to Section 4.16.6 (*Irrevocable*

undertakings). JCF and Reggeborgh hold approximately 60.57% and 14.69% of the Shares respectively and 75.25% of the Shares in aggregate (excluding Treasury Shares (as defined below)). Together with the Shares held by the members of the Boards referred to above 75.72% of the Shares in aggregate (excluding Treasury Shares), have been committed to the Transaction.

The acceptance period under the Offer (the "**Acceptance Period**") commences at 17:45 hours CEST, on 10 August 2020 and, unless extended, expires at 17:40 hours CEST, on 19 October 2020 (such time, as may be extended in accordance with article 15 of the Decree on public offers Wft (*Besluit openbare biedingen Wft*, the "**Takeover Decree**") being referred to as the "**Acceptance Closing Time**", as may be extended in accordance with article 15 of the Takeover Decree, being referred to as the "**Postponed Acceptance Closing Time**"). Acceptance under the Offer must be made in the manner specified in this Offer Memorandum.

Shares tendered on or prior to the Acceptance Closing Time may not be withdrawn, subject to the right of withdrawal of any tender of Shares during the Acceptance Period in accordance with the provisions of article 5b, paragraph 5, article 15, paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree. See Section 3.5 (*Withdrawal rights*).

The Offer is subject to the fulfilment of the Offer Conditions (as defined below), including, but not limited to, the number of Shares having been tendered for acceptance under the Offer on the Acceptance Closing Time, or the Postponed Acceptance Closing Time, as the case may be, which together with (i) the Shares directly or indirectly held by the Offeror or its Affiliates, (ii) any Shares irrevocably committed to the Offeror or any of its Affiliates in writing, subject only to the Offer being declared unconditional, and (iii) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*) (including, as a result of the Offer being declared unconditional, under the Irrevocable Agreements with JCF and Reggeborgh), in each case at the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be, represents either:

(i) no less than ninety five per cent. (95%) of the Company's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) (excluding Treasury Shares) as at the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be; or

(ii) no less than eighty five per cent. (85%) of the Company's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) (excluding Treasury Shares) as at the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be, if all Asset Sale and Liquidation Conditions set forth in Section 4.17.2 (except for condition (ii)) have been satisfied or waived.

such Offer Condition being referred to as the "**Minimum Acceptance Condition**".

In addition, as set out in further detail in Section 4.14 (*Offer Conditions*), the Offer is *inter alia* subject to the condition that all required Regulatory Clearances shall have been obtained by the Offeror. Please see Section 4.10 (*Regulatory Clearances*) for further detail with respect to such Regulatory Clearances Condition.

The Offeror and the Company each reserve the right to waive the Minimum Acceptance Condition and certain other Offer Conditions to the extent permitted by law and subject to the terms and conditions of the Merger Protocol (as defined below). See Section 4.14 (*Offer Conditions*) and Section 4.15 (*Waiver*) and Section 4.17 (*Post-Closing Restructuring Measures*).

The Offeror reserves the right to extend the Offer past the Acceptance Closing Time. If the Offer is extended past the Acceptance Closing Time, the Offeror will make an announcement to that effect in accordance with the Takeover Decree. See Section 3 (*Invitation to Shareholders*).

The Offeror will, in accordance with article 16, paragraph 1 of the Takeover Decree, announce on a day within three (3) Business Days following the Acceptance Closing Time if it declares the Offer unconditional (*gestand wordt gedaan*) (the "**Unconditional Date**"). In such announcement, the Offeror will, in accordance with article 16, paragraph 2 of the Takeover Decree, also confirm the aggregate value, the number and the corresponding percentage of Shares tendered to the Offeror prior to the Acceptance Closing Time, as well as the total number and corresponding percentage of Shares the Offeror will hold after the Acceptance Closing Time.

Announcements stating that the Offeror declares the Offer unconditional (*gestand wordt gedaan*) and announcements concerning an extension of the Offer past the Acceptance Closing Time will be made by

press release, a copy of which will be made available on the Company's website at www.nibc.com and made available on Blackstone's website at www.blackstone.com.

In the event that the Offeror declares the Offer unconditional (*gestand wordt gedaan*), the Shareholders who have validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) and transferred (*geleverd*) their Shares for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time (each of these Shares, a "**Tendered Shares**") will receive promptly, but in any event within 3 (three) Business Days following the Unconditional Date (the "**Settlement Date**"), the Offer Price in respect of each Tendered Share.

The information required by article 18, paragraph 2 of the Takeover Decree in connection with the Offer is included in the position statement of the Boards (the "**Position Statement**"). The Position Statement, including all appendices thereto, does not form part of this Offer Memorandum and has not been reviewed or approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten* or "**AFM**") prior to publication.

On 7 October 2020 at 15:00 hours CEST, the Company will hold an EGM (as defined below) to discuss the Offer in accordance with article 18, paragraph 1 of the Takeover Decree. Certain resolutions will be proposed to the EGM in connection with the Offer. Reference is made to Section 4.11 (*Extraordinary general meeting of NIBC Holding*) and the Position Statement.

This Offer Memorandum has been prepared in accordance with article 5:76 of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*) ("Wft") in conjunction with the provisions of article 8, paragraph 1, of the Takeover Decree and has been approved by the AFM in accordance with the provision of article 8 of the Takeover Decree.

THIS OFFER MEMORANDUM CONTAINS DETAILED INFORMATION CONCERNING THE OFFER FOR SHARES AND THE PROPOSED TRANSACTIONS AS THEY RELATE TO THE OFFEROR. THE OFFEROR RECOMMENDS THAT YOU READ THIS OFFER MEMORANDUM CAREFULLY.

Distribution of this Offer Memorandum may, in certain jurisdictions, be subject to specific regulations or restrictions. Persons in possession of this Offer Memorandum are urged to inform themselves of any such restrictions which may apply to them and to observe them. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. The Offeror and NIBC Holding disclaim all responsibility for any violation of such restrictions by any person. Reference is made to Section 1 (*Restrictions and Important Information*).

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1. RESTRICTIONS AND IMPORTANT INFORMATION

1.1 Restrictions

The Offer is being made in and from The Netherlands with due observance of the statements, conditions and restrictions included in this Offer Memorandum. Further background into the Offeror is set out in Section 6 (*Information on the Offeror*). The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if such a tender has not been made in the manner set out in this Offer Memorandum.

The distribution of this Offer Memorandum and/or the making of the Offer in jurisdictions other than The Netherlands may be restricted and/or prohibited by law. The Offer is not being made, and the Shares will not be accepted for purchase from or on behalf of any Shareholder, in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities or other laws or regulations of such jurisdiction or would require any registration, approval or filing with any regulatory authority not expressly contemplated by the terms of this Offer Memorandum. However, acceptances of the Offer by Shareholders not residing in The Netherlands will be accepted by the Offeror if such acceptances comply with (i) the acceptance procedure set out in this Offer Memorandum and (ii) the applicable laws and regulations in the jurisdiction from which such acceptances have been made. Persons obtaining the Offer Memorandum are required to take due note and observe all such restrictions and obtain any necessary authorisations, approvals or consents (to the extent applicable). Outside of The Netherlands, no actions have been taken (nor will actions be taken) to make the Offer possible in any jurisdiction where such actions would be required. In addition, this Offer Memorandum has not been filed with or recognised by the authorities of any jurisdiction other than The Netherlands. Any person (including, without limitation, custodians, nominees and trustees) who forwards or intends to forward this Offer Memorandum or any related document to any jurisdiction outside The Netherlands should carefully review this Section 1 (*Restrictions and Important Information*) before taking any action. The release, publication or distribution of this Offer Memorandum and any documentation regarding the Offer or the making of the Offer in jurisdictions other than The Netherlands may be restricted by law and therefore persons into whose possession this Offer Memorandum comes should inform themselves about and observe such restrictions. Any failure to comply with any such restriction may constitute a violation of the law of any such jurisdiction.

1.2 Japan

The Offer and any solicitation in respect thereof is not being made, directly or indirectly, in or into Japan, or by use of the mails, or by any means or instrumentality of interstate or foreign commerce, or any facilities of a national Shares securities exchange, of Japan. This includes, but is not limited to, post, facsimile transmission, telex or any other electronic form of transmission and telephone. Accordingly, copies of this Offer Memorandum and any related press announcements, acceptance forms and other documents are not being sent and must not be mailed or otherwise distributed or sent in, into or from Japan or, in their capacities as such, to custodians, nominees or trustees holding Shares for persons residing in Japan. Persons receiving this Offer Memorandum and/or such other documents must not distribute or send them in, into or from Japan, or use such mails or any such means, instrumentality or facilities for any purpose in connection with the Offer; so doing will invalidate any purported acceptance of the Offer. The Offeror will not accept any tender by any such use, means, instrumentality or facility from within Japan.

Tender and transfer of Shares constitute a representation and warranty that the person tendering the Shares (a) has not received or sent copies of this Offer Memorandum or any related documents in, into or from Japan and (b) has not otherwise utilised in connection with the Offer, directly or indirectly, the mails or any means or instrumentality including, without limitation, facsimile transmission, telex and telephone of interstate or foreign commerce, or any facility of a national Shares securities exchange of, Japan. The Offeror reserves the right to refuse to accept any purported acceptance that does not comply with the foregoing restrictions, and any such purported acceptance will be null, void and without effect.

1.3 Important Information

1.3.1 *United States of America*

The Offer is being made for the Shares of NIBC Holding, a public limited liability company incorporated under Dutch law, and is subject to Dutch disclosure and procedural requirements, which differ from those of the United States. The financial information of NIBC Holding included or referred to herein has been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Commission and Part 9 of Book 2 of the Dutch Civil Code for use in the European Union and, accordingly, may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States in compliance with Regulation 14E under the U.S. Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder, including any available exemptions therefrom, and otherwise in accordance with the applicable regulatory requirements in the Netherlands. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under U.S. domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable U.S. state and local laws, as well as foreign and other tax laws. Each holder of Shares is urged to consult his or her independent professional adviser immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for U.S. holders of Shares to enforce their rights and any claim arising out of the U.S. federal securities laws, since the Offeror and NIBC Holding are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, it may be difficult to compel a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

Neither the U.S. Securities and Exchange Commission nor any U.S. state securities commission or other regulatory authority has approved or disapproved the Offer, passed upon the fairness or merits of the Offer or provided an opinion as to the accuracy or completeness of this Offer Memorandum or any other documents regarding the Offer. Any declaration to the contrary constitutes a criminal offence in the United States.

1.3.2 *Important information in the Offer Memorandum*

This Offer Memorandum contains important information that should be read carefully before any decision is made to tender Shares in connection with the Offer. Shareholders are advised to seek independent advice where necessary. In addition, Shareholders are urged to consult their tax advisers regarding the tax consequences of tendering their Shares in the Offer.

Any tender, purchase and delivery of the Shares means acceptance of the terms and conditions contained in this Offer Memorandum as further set out in Section 1 (*Restrictions and Important Information*), Section 3 (*Invitation to Shareholders*) and Section 4 (*Explanation of the Offer*).

1.3.3 *Responsibility*

The information included on the cover page, page ii, page iii and in Sections 1.1 (*Restrictions*) through Section 1.3.1 (*United States of America*), Section 2 (*Definitions*), Section 3 (*Invitation to Shareholders*), except for Section 3.14 (*Indicative Timetable*), Section 4.1 (*Introduction*) through Section 4.6 (*Employees and Social Aspects*), Section

4.9 (*Post-Closing Covenants*), Section 4.10 (*Clearances*), Section 4.11 (*Extraordinary general meeting of NIBC Holding*), Section 4.12 (*Financing of the Offer*), Section 4.14 (*Offer Conditions*) through Section 4.18 (*Consequences of the Offer*), Section 6 (*Information on the Offeror*), Sections 7.1(ii), 7.1(iii) and 7.1(v) (*Further Declarations pursuant to the Takeover Decree*), Section 8 (*Dutch Tax Aspects of the Offer*), Section 9 (*US Federal Income Tax Aspects of the Offer*), Section 10 (*Dutch language summary*), Section 12.6 (*Press release Blackstone dated 28 April 2020*), Section 12.8 (*Press release Blackstone dated 18 May 2020*), Section 14 (*Articles of Association*) and Section 15 (*Post-Closing Covenants*) have been solely provided by the Offeror.

The information included in Section 4.13 (*Decision-making and Recommendation by the Boards*), Section 5 (*Information regarding NIBC Holding*), Sections 7.1(iv) and 7.1(vi), (*Further Declarations pursuant to the Takeover Decree*), Section 12.1 (*Press release NIBC dated 14 February 2020*), Section 12.3 (*Press release NIBC dated 17 March 2020*), Section 12.5 (*Press release NIBC dated 31 March 2020*), Section 12.7 (*Press release NIBC dated 18 May 2020*) and Section 13 (*Financial Information on NIBC Holding*) has been solely provided by NIBC Holding.

The information included in Section 1.3.2 (*Important Information in the Offer Memorandum*) through Section 1.3.10 (*Financial Advisers*), Section 3.14 (*Indicative Timetable*), Section 4.7 (*Future governance*), Section 4.8 (*Amendments to the constitutional documents*), Section 7.1 (*Further Declarations pursuant to the Takeover Decree***)** introductory paragraph, Section 7.1(i) (*Further Declarations pursuant to the Takeover Decree***)**, Section 11 (*Advisers*), 12.2 (*Joint press release dated 25 February 2020),* Section 12.4 (*Joint press release dated 24 March 2020*), Section 12.9 (*Joint press release dated 8 June 2020*) and Section 12.10 (*Joint press release dated 13 July 2020*) have been provided by the Offeror and NIBC Holding jointly.

The Offeror and the Company are exclusively responsible for the accuracy and completeness of the information provided in this Offer Memorandum, each severally with respect to the information it has provided, and jointly with respect to the information they have provided jointly.

The Offeror and the Company confirm, each severally with respect to the information it has provided and jointly with respect to the information they have provided jointly, that to the best of their knowledge, the information contained in this Offer Memorandum is in accordance with the facts and contains no omission likely to affect its import.

The information included in Section 13 (*Financial Information on NIBC Holding*) has been sourced by the Company from the consolidated financial statements for the year ended on 31 December 2017, the year ended on 31 December 2018 and the year ended on 31 December 2019, as published in the annual reports of the Company for the years ended on 31 December 2017, 31 December 2018 and 31 December 2019, respectively. The independent auditor's report to the financial statements 2019 and the independent auditor's report for the selected financials included in Section 13 (*Financial Information on NIBC Holding*) has been sourced by the Company from Ernst & Young Accountants LLP.

Without prejudice to NIBC Holding's responsibility for Section 13 (*Financial Information on NIBC Holding*) as set out above, NIBC Holding confirms that, to the best of its knowledge, the selected consolidated financial information included in Section 13 (*Financial Information on NIBC Holding*) has been accurately reproduced from its relevant consolidated financial statements and no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain numerical figures set out in this Offer Memorandum, including financial data presented in millions or thousands, have been subject to rounding adjustments and, as a result, should therefore not be regarded as exact. In addition, the rounding also means that the totals of the data in this Offer Memorandum may vary slightly from the actual arithmetic totals of such information.

The information included in this Offer Memorandum reflects the situation as at the date of this Offer Memorandum unless specified otherwise. Neither the issue nor the distribution of this Offer Memorandum shall under any circumstances imply that the information contained herein is accurate and complete as of any time subsequent to this date or that there has been no change in the information set out in this Offer Memorandum or in the affairs of the Company and/or its subsidiaries and/or its Affiliates since the date of this Offer Memorandum. The foregoing does not affect the obligation of the Offeror and NIBC Holding, each insofar as it concerns them, to make a public announcement of any information pursuant to, respectively, article 4, paragraph 3 of the Takeover Decree and the European Market Abuse Regulation (596/2014), if applicable.

No persons other than the Offeror and NIBC Holding, and without prejudice to the independent auditor's reports issued by Ernst & Young Accountants LLP included in the Offer Memorandum and the Financial Adviser Opinions issued by BofA Securities and Lazard to be included in the Position Statement, are authorised in connection with the Offer to provide any information or to make any statements on behalf of the Offeror or NIBC Holding in connection with this Offer or any information contained in this Offer Memorandum. If any such information or statement is provided or made by parties other than the Offeror or NIBC Holding, such information or statements should not be relied upon as having been provided by or made by or on behalf of the Offeror or NIBC Holding. Any information or representation not contained in this Offer Memorandum or press releases by the offeror and/or NIBC Holding must not be relied upon as having been provided by or made by or on behalf of the offeror or NIBC Holding.

The auditor's reports and the Financial Adviser Opinions are third party information and have been sourced in this Offer Memorandum. Where third-party information has been sourced in this Offer Memorandum, the source of such information has been identified. Although the Offeror believes these sources are reliable, the Offeror does not have access to the underlying analysis, methodology and other bases for such information and has not independently verified the information. Such information has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Offeror is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. This paragraph is without prejudice to the responsibility statements by the Offeror and the Company for their relevant Sections as set out at the beginning of this Section 1.3.3 (*Responsibility*).

1.3.4 ***Governing law***

This Offer Memorandum and the agreements entered into between the Offeror and the Shareholders pursuant to the Offer are, and any tender, purchase or delivery of Shares will be, governed by and construed in accordance with the laws of The Netherlands. The District Court of Amsterdam (*Rechtbank Amsterdam*) shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Offer Memorandum, the agreements entered into between the Offeror and the Shareholders pursuant to the Offer and/or any tender, purchase or delivery of Shares. Accordingly, any legal action or proceedings arising out of or in connection with the Offer Memorandum, the Offer and/or any tender, purchase or delivery of Shares shall be brought exclusively in such courts.

1.3.5 ***Language***

This Offer Memorandum is published in the English language and a Dutch language summary is included as Section 10 (*Dutch language summary*). In the event of any differences, whether or not in interpretation, between the English language text of the Offer Memorandum and the Dutch language summary of this Offer Memorandum, the English language text of the Offer Memorandum shall prevail over the text of the Dutch language summary of this Offer Memorandum.

1.3.6 ***Settlement Agent***

ING Bank N.V. has been appointed as Settlement Agent (as defined below) in the context of the Offer.

1.3.7 ***Addresses***

The Settlement Agent

ING Bank N.V.
Bijlmerdreef 106
1102 CT Amsterdam
The Netherlands

The Offeror

Flora Acquisition B.V.
Prins Bernhardplein 200
1097JB Amsterdam
The Netherlands

The Company

NIBC Holding N.V.
Carnegieplein 4
2517KJ The Hague
The Netherlands

1.3.8 ***Availability of information and documents incorporated by reference***

Digital copies of this Offer Memorandum are available on the websites of the Company (at www.nibc.com). This website does not constitute a part of, and is not incorporated by reference into, this Offer Memorandum. Copies of this Offer Memorandum are furthermore available free of charge at the office of the Company at the address mentioned above.

Documents incorporated by reference

The current Articles of Association, which are incorporated by reference in this Offer Memorandum, are available on the website of the Company (www.nibc.com).

Copies of the Company's annual reports for the financial years ended on 31 December 2017, 2018 and 2019, all of which are incorporated by reference in this Offer Memorandum are available on the Company's website at www.nibc.com.

The other information included in NIBC Holding's annual report for 2019 is not included in the financial statements set out in Section 13 (*Financial Information on NIBC Holding)*. Such other information consists of:

(a) report of the Managing Board;

(b) report of the Supervisory Board;

(c) other information as required by Part 9 Book 2 of the Dutch Civil Code; and

(d) other information included in the annual report.

The other information is incorporated by reference in this Offer Memorandum and available on the website of NIBC (https://www.nibc.com/about-nibc/newsroom/annual-reports/).

Documents attached to this Offer Memorandum

Certain amendments to the Articles of Association and the articles of association of NIBC Bank N.V. will be proposed for adoption in accordance with the drafts of the amended articles of association included in Section 14 (*Articles of Association*), as described in Sections 4.8 (*Amendments to the constitutional documents*) and 4.11 (*Extraordinary general meeting of NIBC Holding*). The draft amendments to the Articles of Association and articles of association of NIBC Bank N.V. are attached to this Offer Memorandum in Section 14 (*Articles of Association*).

Each of the press releases in Section 12 (*Press releases*) are attached to this Offer Memorandum.

1.3.9 ***Forward looking statements***

This Offer Memorandum includes certain forward looking statements, including statements about the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risks and uncertainties because they relate to events and depend on circumstances that all occur in the future. Generally, words such as may, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward looking statements. Although the Offeror and the Company, each with respect to the statements it has provided, believe that the expectations reflected in such forward looking statements are based on reasonable assumptions and are, to the best of their knowledge, true and accurate on the date of this Offer Memorandum, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of the forward looking statements. Any such forward looking statement must be considered together with the fact that actual events or results may vary materially from such forward looking statements due to, among other things, political, economic or legal changes in the markets and environments in which the Offeror, Blackstone and its Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members do business, to competitive developments or risks inherent to their respective business plans and to uncertainties, risk and volatility in financial markets and other factors affecting them.

The forward-looking statements involve unknown risks, uncertainties and other factors, many of which are outside the control of the Offeror, Blackstone and its Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members, and are difficult to predict. These forward-looking statements are not guarantees of future performance. Potential risks and uncertainties include, but are not limited to, (i) the risk that required regulatory approvals may delay the Offer or result in the imposition of conditions that could have a material adverse effect on the integration of the Company into Offeror's Group or cause the Offeror to abandon the Offer, (ii) the risk that the Offer Conditions may not be satisfied, (iii) risks relating to the Offeror's ability to successfully operate the Company without disruption to its other business activities, which may result in the Company not operating as effectively and efficiently as expected, (iv) the possibility that the Offer may involve unexpected costs, unexpected liabilities or unexpected delays, (v) the risk that the businesses of the Offeror, Blackstone and its Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members may suffer as a result of uncertainty surrounding the Offer, (vi) the effects of competition (in particular the response to the Offer in the marketplace) and competitive developments or risks inherent to the Offeror's or the Company's business plans, (vii) the risk that disruptions from the Offer will harm relationships with customers, employees and suppliers, (viii) political, economic or legal changes in the markets and environments in which the Offeror, Blackstone and its

Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members do business, (ix) economic conditions in the global markets in which the Offeror, Blackstone and the Company and, where applicable, their respective Affiliates operate, in particular the impact of COVID-19 and the current macro-economic developments, (x) uncertainties, risk and volatility in financial markets affecting the Offeror, Blackstone and its Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members, and (xi) other factors that can be found in Blackstone and the Offeror and its subsidiaries' and the Company's press releases and public filings. Neither Blackstone and the Offeror nor the Company, nor any or the Offeror, Blackstone and its Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members, accepts any responsibility for any financial information contained in this Offer Memorandum relating to the business, results of operations or financial condition of the other or their respective groups. Each of the Offeror and the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based except as required by Applicable Rules or by any competent regulatory authority.

The Offeror, Blackstone and its Affiliates and/or any of the Blackstone Funds and other funds managed or advised by entities controlled by Blackstone and the Company and, where applicable, their respective Affiliates, shareholders, officers, directors, employees, advisers, agents, representatives and members undertake no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations or by any appropriate regulatory authority.

1.3.10 ***Financial advisers***

(a) *Financial adviser to NIBC Holding*

BofA Securities, a subsidiary of Bank of America Corporation, is acting as financial adviser exclusively to NIBC Holding in connection with the Offer and to no one else and will not be responsible to anyone other than NIBC Holding for providing the protections afforded to its clients or for providing advice in relation to the Offer.

BofA Securities has given and has not withdrawn its written consent to the references to its name in the form and context in which these appear in this Offer Memorandum.

(b) *Financial adviser to the Supervisory Board*

Lazard is acting as financial adviser exclusively to the Supervisory Board and to no one else in connection with the Offer and will not regard any other person (whether or not a recipient of this Offer Memorandum) as a client in relation to the Offer or any other matter referred to in this Offer Memorandum and will not be responsible to anyone other than the Supervisory Board for providing the protections afforded to the clients of Lazard or for providing advice in relation to the Offer or any other matter referred to in this Offer Memorandum.

Lazard has given and has not withdrawn its written consent to the references to its name in the form and context in which these appear in this Offer Memorandum.

(c) *Financial adviser to the Offeror*

Morgan Stanley & Co. International plc ("**Morgan Stanley**") is acting as financial adviser exclusively to the Offeror and to no one else in connection with the Offer. Morgan Stanley, its affiliates and its and their respective directors, officers, employees and agents will not regard any other person as its client, nor will it be responsible to anyone (whether or not recipient of this Offer Memorandum) other than the Offeror for providing the protections afforded to the clients of Morgan Stanley or for providing advice in relation to the Offer or any other matter referred to herein. Morgan Stanley has given and has not withdrawn its written consent to the references to its name in the form and context in which it appears in this Offer Memorandum.

2. DEFINITIONS

Any reference in this Offer Memorandum to defined terms in plural form shall constitute a reference to such defined terms in singular form, and *vice versa*. All grammatical and other changes required by the use of a definition in singular form shall be deemed to have been made herein and the provisions hereof shall be applied as if such changes have been made. A reference to "**including**" means "**including without limitation**".

Defined terms used in this Offer Memorandum shall have the following meaning:

"**2019 P/TBV**"	has the meaning ascribed thereto in Section 4.3.1 (*Offer Price*)
"**2021 P/E**"	has the meaning ascribed thereto in Section 4.3.1 (*Offer Price*)
"**Acceptance Closing Time**"	has the meaning ascribed thereto on page ii of this Offer Memorandum
"**Acceptance Period**"	has the meaning ascribed thereto on page ii of this Offer Memorandum
"**Admitted Institutions**"	those institutions admitted to Euronext Amsterdam
"**Affiliates**"	means, with respect to the Offeror and/or the Company and/or Blackstone, an entity or person (i) owned or controlled by the Offeror or the Company, (ii) owning or controlling the Offeror or the Company, or (iii) under common ownership or control with the Offeror or the Company. Ownership shall mean direct or indirect ownership of more than fifty per cent. (50%) of (i) the shares or (ii) voting rights in such entity or person. **provided that**, with respect to an investment fund, Affiliate shall include its general partners and fund groups managed and/or advised by such general partners, but not include any such investment fund's portfolio companies other than, if applicable following Settlement, the Group Companies
"**AFM**"	has the meaning ascribed thereto on page iii of this Offer Memorandum
"**Aggregate Minority Cash Amount**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Alternative Proposal**"	has the meaning ascribed thereto in Section 4.16.1 (*Exclusivity*)
"**Alternative Transaction Structure**"	means an alternative transaction structure having the same or similar effect as the Asset Sale and Liquidation, which is subject to approval from the Boards and the board of the Offeror
"**Announcement**"	has the meaning ascribed thereto in Section 4.1 (*Introduction*)
"**Articles of Association**"	the articles of association (*statuten*) of the Company, as most recently amended on 29 May 2018
"**Applicable Rules**"	means all applicable laws and regulations, including without limitation, the applicable provisions of the Wft, the European Market Abuse Regulation (596/2014), the Takeover Decree, any rules and regulations promulgated

	pursuant to the Wft and the Takeover Decree, the policy guidelines and instructions of the AFM, the Dutch Works Council Act (*Wet op de ondernemingsraden*), the Dutch Merger Code (*SER Fusiegedrags-regels 2015*), the rules and regulations of Euronext Amsterdam, the Dutch Civil Code, the relevant Shares and employee consultation rules and regulations in other applicable jurisdictions and any relevant antitrust laws
"**Asset Sale Agreement**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Asset Sale and Liquidation**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Asset Sale and Liquidation Conditions**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Authorisation(s)**"	means any authorisation, order, grant, recognition, confirmation, consent, licence, clearance, certificate, permission, exemption or approval, other than in relation to The Association of German Banks (*Bundesverband deutscher Banken e.V.*) (BdB) and the *Einlagensicherungsfonds* (ESF);
"**BaFin**"	has the meaning ascribed thereto in Section 4.10 (*Clearances*)
"**Blackstone**"	means The Blackstone Group Inc.
"**Blackstone Funds**"	means Blackstone Capital Partners (Cayman) VII NQ L.P., Blackstone Capital Partners (Cayman) VII.2 NQ L.P., Blackstone Family Investment Partnership VII-ESC NQ L.P., BTAS NQ Holdings L.L.C. and Blackstone Tactical Opportunities Fund III (Cayman) – NQ L.P.
"**Board Irrevocables**"	has the meaning ascribed thereto in Section 4.16.6 (*Irrevocable Undertaking*)
"**Boards**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Boards' Financial Adviser Opinion**"	has the meaning ascribed thereto in Section 4.13 (*Decision-making and Recommendation by the Boards)*
"**BofA Securities**"	means Bank of America Merrill Lynch International Designated Activity Company, Amsterdam branch
"**Business**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Business Day**"	means a day other than a Saturday or Sunday on which banks in The Netherlands and Euronext are generally open for normal business
"**Business Plan**"	means the business plan of the Group in the form agreed between the Offeror and the Company as at 10 July 2020
"**Call Option** "	has the meaning ascribed thereto in Section 5.12 (*Stichting Continuïteit NIBC Holding*)

"**CDRs**"	means Conditional Depositary Receipts
"**CEO**"	Paulus de Wilt, the Company's chief executive officer and one of the managing directors (*statutair bestuurders*)
"**CEST**"	Central European Summer Time
"**CET**"	Central European Time
"**CFO**"	Herman Dijkhuizen, the Company's chief financial officer and one of the managing directors (*statutair bestuurders*)
"**CRO**"	Reinout van Riel, the Company's chief risk officer and one of the managing directors (*statutair bestuurders*)
"**Combined Group**"	means the Group and the Offeror and its Affiliates together
"**Commencement Condition**"	has the meaning ascribed thereto in the Merger Protocol;
"**Company**" or "**NIBC Holding**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Completion**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Corporate Governance Code**"	means the Dutch corporate governance code, as amended from time to time and as established under article 2:391 sub 5 of the Dutch Civil Code
"**Delisting**"	means the time of delisting of the Shares on Euronext Amsterdam
"**Designated Investor Non-Executives**"	has the meaning ascribed thereto in Section 4.7.2 (*Composition Supervisory Board*)
"**Designated Independent Non-Executives**"	has the meaning ascribed thereto in Section 4.7.2 (*Composition Supervisory Board*)
"**Dividend Waiver Letter Agreement**"	means the letter agreement between the Company, JCF and Reggeborgh with respect to the Final Dividend dated 14 May 2020, as amended and restated on 18 May 2020, and as further amended and restated on 10 July 2020 and signed by the Offeror for acceptance, the latest amendment of which is attached to the Asset Sale Agreement
"**DRPP**"	has the meaning ascribed thereto in Section 5.9.3 (*Depositary Receipt Purchase Plan*)
"**DNB**"	the Dutch Central Bank (*De Nederlandsche Bank*)
"**DNO**"	means declaration of no objection (*verklaring van geen bezwaar*)
"**Dutch Civil Code**" **or** "**DCC**"	the Dutch civil code (*Burgerlijk Wetboek*)
"**EC**"	means the European Commission
"**ECB**"	means the European Central Bank
"**EGM**"	has the meaning ascribed thereto in Section 4.11 (*Extraordinary general meeting of NIBC Holding*)

"**€**", "**Euro**" or "**EUR**"	Euro, the legal currency of the European Monetary Union
"**Euronext Amsterdam**"	Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V.
"**Excess Cash**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Excluded Conditions**"	means the Offer Conditions in Sections 4.14.1(d) (*Offer*), 4.14.5 (*MAC and MAC-related events*), 4.14.7(ii) (*No Superior Offer*) 4.14.8 (*Listing*), 4.14.9 (*Board Irrevocables and Irrevocable Agreements*), 4.14.10(i) and 4.14.10(ii) (*Other*)
"**Exclusivity Period**"	The period commencing on 25 February 2020 and ending on the earlier of (i) the Settlement Date and (ii) the date of termination of the Merger Protocol in accordance with Section 4.16.1(h) (*Exclusivity*).
"**Final Dividend**"	the final dividend of EUR 0.53 per Share for the financial year 2019 that has been declared at the Company's annual general meeting of shareholders held on 17 April 2020
"**Financial Adviser Opinions**"	means the Boards' Financial Adviser Opinion and the Supervisory Board's Financial Adviser Opinion
"**Foundation Option Agreement**"	has the meaning ascribed thereto in Section 5.12 (*Stichting Continuïteit NIBC Holding*)
"**Governmental Entity**"	means a multinational, national, state, provincial or local authority, quasi-governmental authority, court, government, commission, tribunal, or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing in The Netherlands, the European Union or any other country
"**Group**"	at the relevant time, the Company and its subsidiaries as meant in article 2:24a of the DCC, and the entities in which the Company directly or indirectly has a minority stake
"**Group Company**" or "**Group Companies**"	means any company or multiple companies in the Group
"**Investment and Retention Plans**"	means (i) the outstanding depositary receipt entitlements under the Company's share based investment and retention plans and (ii) cash settled share-linked instruments under the Company's incentive plans
"**IPO Settlement Date**"	has the meaning ascribed thereto in Section 5.9.2(a) (*Retention bonus package Managing Board (and executive committee) in relation to the initial public offering*)
"**Irrevocable Agreements**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**JCF**"	means J.C. Flowers & Co
"**Lazard**"	means Lazard B.V.
"**Liquidated Damages Payments**"	has the meaning ascribed thereto in Section 4.16.5 (*Liquidated Damages Payments*)

"**Liquidation Distribution**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Managing Board**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Managing Board Members**"	Mr Paulus de Wilt as CEO, Mr Herman Dijkhuizen as CFO and Mr Reinout van Riel as CRO
"**Matching Offer**"	has the meaning ascribed thereto in Section 4.16.2 (*Superior Offer*)
"**Material Adverse Change**"	means any change, event, circumstance or effect (any of such items a "**Change**"), individually or when taken together with all other Changes that have occurred between the date of the Merger Protocol and the Acceptance Closing Time or, if applicable, the Postponed Acceptance Closing Time, as the case may be, that is, or will sustainably materially adverse to the business, the assets or the financial position of the Group taken as a whole, such that the Offeror cannot reasonably be expected to declare the Offer unconditional, **provided, however, that** for the purpose of determining whether there has been, or will be, a Material Adverse Change, the following Changes will not be taken into account: (a) any changes in economies in general, or in parts of economies, such as the financial or securities markets, which, directly or indirectly, affect the business of the Group; (b) any changes in the banking sector which, directly or indirectly, affect the business of the Group; (c) any natural disaster, pandemic, the outbreak or escalation of war, sabotage, military action, act of god, armed hostilities, or acts of terrorism, or any escalation or worsening thereof; (d) any development in economic, political or market conditions (including volatility in interest rates) including any adverse development regarding the European Union, its member states (including member states leaving any part of such union) and the Euro zone (including one or more member states leaving or forced to leave such zone or defaulting on its loans); (e) any matter which is, or should reasonably be known to the Offeror or its advisers at the date of execution of the Merger Protocol, as a result of the fair disclosure through the due diligence exercise performed by the Offeror and its respective advisers into certain aspects of the Group and its business or through information in the public domain at the date of execution of the Merger Protocol, including information filed any member of the Group as a matter of public record or made public by the Group pursuant to applicable laws or regulations; (f) any failure, in and of itself, by the Company or the

Group to meet any internal or published projections, including solvency projections, forecasts or revenue or earnings predictions (**provided, however, that**, in the case of this subparagraph the underlying cause for such failure may be considered in determining whether there may be a Material Adverse Change);

(g) the credit, financial strength or other ratings (**provided, however, that**, in the case of this subparagraph, the underlying cause for such change, event, circumstance or effect relating to credit, financial strength or other ratings may be considered in determining whether there may be a Material Adverse Change) of the Company or the Group;

(h) any Change resulting from (A) the entry into, execution or performance (including the taking of any action required hereby or the failure to take any action prohibited hereby) of the Merger Protocol or the Irrevocable Agreements, or (B) the announcement, making or implementation of the Transaction, including any Change resulting from applying for and obtaining the Regulatory Clearances;

(i) any changes or prospective changes in laws or regulations, reporting standards, generally accepted accounting principles, or the interpretation or enforcement thereof, including any changes proposed or adopted by any financial regulator, such as the DNB and the ECB;

(j) any Change resulting from any act or omission of the Offeror, whether before or after the date of execution of the Merger Protocol, including any action taken by the Company or any member of the Group, JCF or Reggeborgh with the Offeror's written consent or at the Offeror's written direction (or not taken where such consent has been requested in writing and unreasonably withheld) or compliance by the Company, JCF or Reggeborgh with their obligations under the Merger Protocol or the Irrevocable Agreements (as the case may be).

(k) a breach of the Merger Protocol or applicable law by the Offeror; or

(l) any litigation having been commenced by Shareholders in relation to the Offer or any Post-Closing Restructuring Measures;

and **provided, however, that** the impact of any adverse Change described in subparagraphs (a), (b), (c) and (d) shall be included for purposes of determining whether a Material Adverse Change has occurred or would reasonably be expected to occur if such Change has or would reasonably be expected to have a materially disproportionate adverse effect on the Group, taken as a whole, as compared to similarly situated companies in the industries in which the

	Group operates.
"**Material Breach**"	has the meaning ascribed thereto in Section 4.16.1(h) (*Termination*)
"**Merger Protocol**"	the Merger Protocol agreed and signed by the Offeror and the Company on 25 February 2020, as amended by a first amendment letter dated 18 May 2020 between the Company and the Offeror, as amended by a second amendment agreement dated 10 July 2020, as published on https://www.nibc.com/about-nibc/newsroom/newsroom/publication-amended-merger-protocol-public-offer-by-flora-acquisition-bv/ and as further amended from time to time.
"**Merger Rules**"	all applicable laws and regulations relating to the Offer, including without limitation the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and/or the Takeover Decree and regulations of Euronext Amsterdam, the Dutch Civil Code and any other applicable securities or competition regulatory laws
"**Minimum Acceptance Condition**"	has the meaning ascribed thereto on page ii of this Offer Memorandum
"**Minority Shareholders**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Net Cash Amount**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**NFC Period**"	has the meaning ascribed thereto in Section 4.5.2 (*Duration*)
"**NIBC**"	means the Group or the relevant Group Company (as the context may require)
"**NIBC Holding**"	means NIBC Holding N.V.
"**Non-Financial Covenants**"	has the meaning ascribed thereto in Section 4.5 (*Non-Financial Covenants*)
"**Note**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**NPSUs**"	means new phantom share units
"**NRPSUs**"	means new restricted phantom share units
"**Offer**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Offer Conditions**"	means the conditions to the Offer described in Section 4.14 (*Offer Conditions*)
"**Offer Memorandum**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**offeror**"	means offeror (*bieder*) as defined in article 1:1 Wft
"**Offeror**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum

"**Offeror Cash Amount**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Offeror Group**"	means the Offeror and any legal person with whom it is united in one group within the meaning of article 2:24b DCC, excluding for the avoidance of doubt any portfolio companies owned or controlled by any of the Blackstone Funds or Blackstone
"**Offeror's Independent Non-Executives**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Offeror's Non-Competing Affiliates**"	means any Affiliate of the Offeror, other than any entity, investment funds, managed accounts or any other person which qualifies as a competitor of the Company or its business under applicable competition laws. For the avoidance of doubt, (i) The Blackstone Group Inc. together, as the context may require, with any of its Affiliates and/or any Blackstone Fund(s) referred to under (ii) below and any of their respective shareholders, officers, directors, employees, advisers, agents, representatives or members and (ii) investment funds and/or managed accounts and/or any other entities managed and/or controlled and/or advised by Blackstone Tactical Opportunities Advisors L.L.C., Blackstone Management Partners L.L.C. and/or other managers affiliated with Affiliates of The Blackstone Group Inc., will not qualify as competitors for the purpose of this definition;
"**Offer Price**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Ordinary Shares**"	has the meaning ascribed thereto in Section 5.13.1 (*Authorised and issued share capital*) of this Offer Memorandum, and "**Ordinary Share**" means any one of them or the relevant one of them, as the context requires
"**Party**"	either the Company or the Offeror
"**Peer Set**"	has the meaning ascribed thereto in Section 4.3.1 (*Offer Price*)
"**Person**"	means a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other entity or organization
"**Position Statement**"	has the meaning ascribed thereto on page iii of this Offer Memorandum
"**Post Acceptance Period**"	a period after the Acceptance Closing Time during which Shares not tendered under the Offer may be tendered to the Offeror in the same manner and on the same terms as set out in this Offer Memorandum (*na-aanmeldingstermijn*)
"**Post-Closing Covenants**"	has the meaning ascribed thereto in Section 4.9 (*Post-Closing Covenants*)
"**Post-Closing Restructuring Measure**"	the post-closing restructuring measures described in Section 4.17.3 (*Other Post-Closing Restructuring Measures*)
"**Postponed Acceptance Closing**	has the meaning ascribed thereto on page ii of this Offer

Time"	Memorandum
"**Preference Shares**"	means all preference shares issued by the Company
"**Preference Shares Foundation**"	has the meaning ascribed thereto in Section 5.12 (*Stichting Continuïteit NIBC*)
"**PSUs**"	means phantom share units
"**Purchase Price**"	has the meaning ascribed thereto in Section 4.17.2 *(Asset Sale and Liquidation*)
"**Qualifying Holding**"	has the meaning ascribed thereto in Section 4.10 (*Clearances*)
"**Reference Date**"	has the meaning given to it in Section 4.3.1 (*Offer Price*)
"**Recommendation**"	has the meaning ascribed thereto in Section 4.13 (*Decision-making and Recommendation by the Boards*)
"**Reggeborgh**"	means Reggeborgh Invest B.V.
"**Regulatory Clearances**"	means all regulatory clearances as listed in Section 4.14.3 (*Regulatory Clearances*)
"**Regulatory Clearances Condition**"	means the Offer Condition set out in Section 4.14.3 (*Regulatory Clearances*) of this Offer Memorandum
"**Resolutions**"	has the meaning ascribed thereto in Section 4.11 (*Extraordinary meeting of NIBC Holding*)
"**RPSUs**"	means restricted phantom share units
"**Section**"	a section of this Offer Memorandum
"**Settlement**"	the payment of the Offer Price by the Offeror to the Shareholders for each Tendered Share
"**Settlement Agent**"	means ING Bank N.V.
"**Settlement Date**"	has the meaning ascribed thereto on page iii of this Offer Memorandum
"**Share Trust Office**"	has the meaning ascribed thereto on Section 5.11 (*Share Trust Office*)
"**Shareholder Funding**"	has the meaning ascribed thereto in Section 4.12 (*Financing of the Offer*)
"**Shareholders**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Shares**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Superior Offer**"	has the meaning ascribed thereto in Section 4.16.2 (*Superior Offer*)
"**Superior Offer Notice**"	has the meaning ascribed thereto in Section 4.16.2 (*Superior Offer*)
"**Supervisory Board**"	has the meaning ascribed thereto on the cover page of this Offer

	Memorandum
"**Supervisory Board's Financial Adviser Opinion**"	has the meaning ascribed thereto in Section 4.13 (*Decision-making and Recommendation by the Boards*)
"**Takeover Decree**"	has the meaning ascribed thereto on page ii of this Offer Memorandum
"**Takeover Rules**"	the applicable provisions of the Wft, the Takeover Decree, any rules and regulations promulgated pursuant to the Wft and the Takeover Decree, the policy guidelines and instructions of the AFM, the Merger Code (*SER-besluit Fusiegedragsregels 2015*), the Works Councils Act (*Wet op de ondernemingsraden*), the rules and regulations of Euronext, the Dutch Civil Code and applicable competition laws and regulations
"**Tendered Shares**"	has the meaning ascribed thereto on page iii of this Offer Memorandum
"**Terminating Party**"	has the meaning ascribed thereto in Section 4.16.1(h) (*Termination*)
"**Termination Date**"	30 April 2021, save that if at 15 April 2021 (i) the Offer has not lapsed or terminated and (ii) any of the Offer Conditions set out in Section 4.14 (*Offer Conditions*) has not been satisfied, the Offeror may, at its sole discretion, determine that the Termination Date shall be 30 June 2021 and this definition shall be construed accordingly
"**Transaction**"	has the meaning ascribed thereto on the cover page of this Offer Memorandum
"**Transfer**"	means, in relation to any equity securities, assets, liabilities, business or undertaking or any other right or interest, to: (a) assign, transfer, sell or otherwise dispose of it; or (b) direct (by way of renunciation or otherwise) or agree, whether or not subject to any condition precedent or subsequent, to do or for another Person to do any of the foregoing, and "**Transferred**" shall be construed accordingly;
"**Treasury Shares**"	has the meaning ascribed to it in Section 5.13.1 (*Authorised and issued share capital*)
"**Unconditional Date**"	has the meaning ascribed thereto on page ii of this Offer Memorandum
"**Wft**"	has the meaning ascribed thereto on page iii of this Offer Memorandum
"**Works Council**"	means the joint works council (*gemeenschappelijke ondernemingsraad*) of the Group

3. INVITATION TO SHAREHOLDERS

Subject to the terms and conditions of this Offer Memorandum and as required by the Merger Protocol, the Offeror hereby makes a recommended public cash offer to all Shareholders, for all Shares.

Shareholders are advised to review this Offer Memorandum and the related documents included, referred to herein or enclosed herewith thoroughly and completely and to seek independent advice where appropriate in order to reach an informed judgment with respect to the Offer and this Offer Memorandum. Shareholders who consider not tendering their Shares are advised to review Sections 4.17 (*Post-Closing Restructuring Measures*), 4.17.2 (*Asset Sale and Liquidation*), 4.17.3 (*Other Post-Closing Restructuring Measures*) and Section 4.18 (*Consequences of the Offer*). With due reference to all statements, terms, conditions and restrictions included in this Offer Memorandum, Shareholders are hereby invited to tender their Shares under the Offer in the manner and subject to the terms, conditions and restrictions set out in this Offer Memorandum.

3.1 Offer Price

Shareholders tendering their Shares under the Offer will be paid, on the terms and subject to the conditions and restrictions contained in this Offer Memorandum, in consideration of each Share validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) by such Shareholder and delivered (*geleverd*) to the Offeror, the Offer Price, without interest and subject to any required withholding of taxes. The Company has agreed to ensure that between the date of the Merger Protocol and the Settlement Date, no dividend or other distribution is declared on the Shares (other than the Final Dividend). The Offer Price is 'cum dividend', but for the purpose of this Offer Memorandum, any reference to 'cum dividend' excludes the Company's Final Dividend, unless where explicitly stated otherwise. If, on or after the date hereof but on or prior to the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price per Share will be decreased by an amount per Share equivalent to the value or impact of any such dividend or other distribution per Share, but in each case other than in respect of the Company's Final Dividend.

3.2 Acceptance of the Offer and Tender

3.2.1 *Acceptance of the Offer and Tender via an Admitted Institution*

Shareholders who hold their Shares through an Admitted Institution are requested to make their acceptance known via their custodian, bank or stockbroker no later than 17:40 hours CEST on 19 October 2020, unless the Acceptance Period is extended in accordance with Section 4.3.1 (*Offer Price*) or Section 3.6 (*Extension of the Acceptance Period*). Custodians, banks or stockbrokers may set an earlier deadline for Shareholders to communicate acceptances of the Offer in order to permit the custodian, bank or stockbroker to communicate its acceptances to the Settlement Agent in a timely manner.

Admitted Institutions may tender Shares for acceptance only to the Settlement Agent and only in writing. In tendering the acceptance, the Admitted Institutions are required to declare that (i) they have the tendered Shares in their administration, (ii) each Shareholder who accepts the Offer irrevocably represents and warrants that (a) the Shares tendered by him are being tendered in compliance with the restrictions set out in Section 1 (*Restrictions and important information*) and (b) it is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the U.S. government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the US "Sectoral Sanctions Identifications (SSI) List" or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended, and (iii) they undertake to transfer these Shares to the Offeror prior to or ultimately on the Settlement Date.

Subject to article 5b paragraph 5, article 15 paragraphs 3 and 8 and article 15a paragraph 3 of the Takeover Decree, the tendering of Shares in acceptance of the Offer shall constitute irrevocable instructions (i) to block any attempt to transfer the Shares tendered, so that on or prior to the Settlement Date no transfer of such Shares may be effected (other than to the Settlement Agent on or prior to the Settlement Date if the Shares have been accepted for purchase or if withdrawal rights are available) and (ii) to debit the securities account in which such Shares are held on the Settlement Date in respect of all of the Shares tendered, against payment by the Settlement Agent of the Offer Price in respect of those Shares.

3.2.2 ***Validity of the Tendered Shares, waiver of defects, return of Tendered Shares***

The Offeror will determine questions as to the validity, form, eligibility, including time of receipt, and acceptance for purchase of any tender of Shares, in its sole reasonable discretion and the Offeror's reasonable determination will be final and binding. The Offeror reserves the right to reject any and all tenders of Shares that it in all reasonableness determines are not in proper form or the acceptance for purchase of which may be unlawful. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived. The Offeror's interpretation of the terms and conditions of the Offer, including the acceptance forms and instructions thereto, will be final and binding.

There shall be no obligation on the Offeror, the Settlement Agent, or any person acting on its or their behalf to give notice of any defects or irregularities in any acceptance or notice of withdrawal and no liability shall be incurred by any of them for failure to give any such notification. The Offeror reserves the right to accept any tender of Shares pursuant to the Offer, even if such tender has not been made in compliance with the terms and conditions of the Offer, including the procedures set forth in this Section 3.2.

If any Shares tendered in accordance with the instructions set forth in this Offer Memorandum are not accepted for purchase pursuant to the terms and conditions of this Offer, the Offeror will cause the Shares to be returned promptly.

3.3 Undertakings, Representations and Warranties by tendering Shareholders

Each Shareholder tendering Shares pursuant to the Offer, by such tender, irrevocably undertakes, represents and warrants to the Offeror, on the date that such Shares are tendered through to and including the Settlement Date, that:

(a) *Acceptance by the Shareholder*

the tender of any Shares constitutes an acceptance by the Shareholder of the Offer, on and subject to the terms and restrictions of the Offer as contained in this Offer Memorandum;

(b) *Power of Authority*

such Shareholder has full power and authority to tender, sell and deliver (*leveren*), and has not entered into any other agreement to tender, sell or deliver (*leveren*) the Shares stated to have been tendered to any party other than the Offeror (together with all rights attaching thereto) and, when the same are purchased by the Offeror for cash, the Offeror will acquire such Shares, with full title guarantee and free and clear of all third party rights and restrictions of any kind;

(c) *Compliance*

such Shares are being tendered in compliance with the restrictions as set out in Section 1 (*Restrictions and important information*) and the securities and other applicable laws or regulations of the jurisdiction in which such Shareholder is located or of which it is a resident and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with the tendering of such Shares;

(d) *Waiver*

such Shareholder acknowledges and agrees that having tendered its Shares, such Shareholder shall, as from the Settlement Date, be deemed to have waived any and all rights or entitlements that such Shareholder may have in its capacity as shareholder of NIBC Holding or otherwise in connection with its shareholding in NIBC Holding *vis-à-vis* any member of the Group and any member of the Boards; and

(e) *Sanctions*

such Shareholder is not the subject or target, directly or indirectly, of any economic or financial sanctions administered or enforced by any agency of the US government, the European Union, any member state thereof, or the United Nations, other than solely by virtue of its inclusion in, or ownership by a person included in, the U.S. "Sectoral Sanctions Identifications (SSI) List" or Annex III, IV, V or VI of Council Regulation (EU) No. 833/2014 of 31 July 2014, as amended.

3.4 Acceptance Period (*aanmeldingstermijn*)

The Acceptance Period begins on 10 August 2020, at 17:45 hours CEST and ends, subject to extension in accordance with Section 3.6 (*Extension of the Acceptance Period*), on 19 October 2020, at 17:40 hours CEST.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept all Shares that have been validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) and not previously withdrawn pursuant to the terms of the Offer in accordance with the procedures set forth in Section 3.5 (*Withdrawal rights*).

3.5 Withdrawal rights

Shares tendered prior to the Acceptance Closing Time may not be withdrawn and will remain subject to the Offer, subject to the right of withdrawal of any tender:

(a) during any extension of the Acceptance Period in accordance with the provisions of article 15, paragraph 3 and article 15a paragraph 3 of the Takeover Decree, as set out below;

(b) following an announcement of a mandatory public bid in accordance with the provisions of article 5b, paragraph 5 of the Takeover Decree (**provided that** such Shares were already tendered prior to the announcement and withdrawn within seven (7) Business Days following the announcement);

(c) following the filing of a successful request to set a reasonable price for a mandatory public bid in accordance with the provisions of article 15, paragraph 8 of the Takeover Decree **provided that** (A) such request was granted, (B) such Shares were already tendered prior to the filing of such request, and (C) withdrawn within seven (7) Business Days following the date on which the judgment of the Enterprise Chamber (*Ondernemingskamer*) was declared provisionally enforceable or became final and conclusive; or

(d) following an increase of the Offer Price as a result of which the Offer Price does no longer only consist of a cash component and a document in relation thereto is made generally available in accordance with the provisions of article 15a paragraph 3 of the Takeover Decree (**provided that** such Shares were already tendered prior to the request and withdrawn within seven (7) Business Days following such document being made available).

To withdraw previously tendered Shares, holders of Shares held through Admitted Institutions must instruct the Admitted Institution they initially instructed to tender the Shares to arrange for the withdrawal of such Shares by the timely deliverance of a written or facsimile transmission notice of withdrawal to the Settlement Agent.

Any notice of withdrawal for Shares must specify the name of the person having tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder of the Shares to be withdrawn, if different from that of the person who tendered such Shares. The signature(s) on the notice of withdrawal of Shares must be guaranteed by an Admitted Institution, unless such Shares have been tendered for the account of any intermediary.

Shares tendered prior to an extension of the Acceptance Period may be withdrawn during the extended Acceptance Period in accordance with article 15 paragraph 3 and article 15a paragraph 3 of the Takeover Decree. However, during any such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer. If and to the extent the Offeror, during the Acceptance Period, purchases any Shares outside the Offer at a price which is higher than the Offer Price, the Offeror will, upon declaring the Offer unconditional, pay such higher price for all Shares validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) by a Shareholder and delivered (*geleverd*) to the Offeror. In such a scenario, the Offeror will make a public announcement confirming that the Offer Price is increased to match such higher price.

3.6 Extension of the Acceptance Period

Subject to the below, the Offeror may extend the Offer past the Acceptance Closing Time only once, with a minimum of two (2) weeks and a maximum of ten (10) weeks, subject to a possible extension in case of an increase of the Offer Price as described below, in which case all references in this Offer Memorandum to the Acceptance Closing Time shall, unless the context requires otherwise, be moved to the latest date and time to which the Offer has been so extended. In the event a third party has published a Superior Offer prior to the Acceptance Closing Time, the Offeror may extend the Offer past the Acceptance Closing Time to match the acceptance closing time of a Superior Offer, in accordance with article 15, paragraph 5 of the Takeover Decree. However, as noted in Section 3.2 (*Acceptance of the Offer and Tender*), a custodian, bank or broker may set an earlier deadline for Shareholders to communicate acceptances of the Offer in order to permit the custodian, bank or broker to communicate such acceptances to the Settlement Agent in a timely manner.

If one or more of the Offer Conditions is not fulfilled on the initial Acceptance Closing Time, the Offeror may in its sole discretion elect to extend the Acceptance Period, subject to the provisions of section 15 of the Takeover Decree, **provided that** the Offeror must extend the Acceptance Period for a period of up to ten (10) weeks (as may be decided upon by the Offeror in its sole discretion) in the event that the Offer Condition in Section 4.14.3 (*Regulatory clearances*) is not satisfied on the Acceptance Closing Time because the Regulatory Clearances that are necessary in any jurisdiction for or in respect of the Offer have not yet been obtained or the applicable waiting and other time periods (including extensions thereof) have not expired, lapsed or terminated. The foregoing obligation to extend the Acceptance Period shall not apply if it is ascertained by the Offeror that an Offer Condition shall not be, or is incapable of being, satisfied and the relevant Offer Condition is not waived in accordance with Section 4.15 (*Waiver*).

The Offeror has agreed to use its commercially reasonable efforts to apply for an exemption from the AFM to extend the Acceptance Period where necessary to accommodate the time periods as applied by the competent regulatory authorities, and to so extend the Acceptance Period. Under Dutch law, there is no specific definition of 'commercially reasonable efforts'. Whether or not a person has used its 'commercially reasonable efforts' is case-specific and will depend on the circumstances at hand.

If the AFM does not grant an extension as referred to above and such Offer Conditions have not been satisfied before the Postponed Acceptance Closing Time (and if such Offer Conditions have not been waived to the extent legally permitted), the Offer will be terminated as a consequence of such Offer Condition(s) not having been satisfied or waived before the Acceptance Closing Time.

If the Acceptance Period is extended, a public announcement to that effect shall be made in accordance with the Merger Rules. Article 15, paragraph 2 of the Takeover Decree requires that such announcement be made not later than the third (3rd) Business Day following the initial Acceptance Closing Time.

During any such extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer. Any Shares not previously tendered can be tendered during the extension of the Acceptance Period in the same manner as during the Acceptance Period. In accordance with article 15, paragraph 3 of the Takeover Decree, Shares tendered on or prior to the original Acceptance Closing Time may be withdrawn during the Acceptance Period as extended. Furthermore, Shares tendered may be withdrawn within seven (7) Business Days following the announcement of an increase of the Offer Price.

If and to the extent the Offeror, during the Acceptance Period, purchases any Shares outside the Offer at a price which is higher than the Offer Price, the Offeror will, upon declaring the Offer unconditional, pay such higher price for all Shares validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) by a Shareholder and delivered (*geleverd*) to the Offeror. In such a scenario, the Offeror will make a public announcement confirming that the Offer Price is increased to match such higher price.

If the Acceptance Period is extended, so that the obligation pursuant to article 16 of the Takeover Decree to announce whether the Offer is declared unconditional is postponed, a public announcement to that effect will be made ultimately on the third Business Day following the initial Acceptance Closing Time in accordance with the provisions of article 15, paragraph 1 and paragraph 2 of the Takeover Decree. If the Offeror extends the Acceptance Period, the Offer will expire on the latest time and date to which the Offeror extends the Acceptance Period.

During an extension of the Acceptance Period, any Shares previously tendered and not withdrawn will remain subject to the Offer, subject to the right of each Shareholder to withdraw the Shares he or she has already tendered in accordance with Section 3.5 (*Withdrawal rights*).

3.7 Declaring the Offer Unconditional (*gestanddoening*)

The obligation of the Offeror to declare the Offer unconditional (*gestand doen*) is subject to the satisfaction or waiver of the Offer Conditions. See also Section 4.14 (*Offer Conditions*). The Offer Conditions may be waived, to the extent permitted by law or by agreement, as set out in Section 4.15 (*Waiver*). If the Offeror wishes to waive one or more Offer Conditions according to Section 4.15 (*Waiver*), the Offeror will inform the Shareholders as required by the Applicable Rules.

Unless the initial Acceptance Period is extended, the Offeror will no later than on the third (3rd) Business Day following the Acceptance Closing Time determine whether the Offer Conditions have been satisfied or waived as set out in Section 4.14 (*Offer Conditions*) and Section 4.15 (*Waiver*), to the extent permitted by law. In addition, the Offeror will at that time announce whether (i) the Offer is declared unconditional (*gestand wordt gedaan*), (ii) the Acceptance Period will be extended in accordance with article 15 of the Takeover Decree, or (iii) the Offer is terminated as a result of the Offer Conditions not having been satisfied or waived, all in accordance with Section 4.14 (*Offer Conditions*), Section 4.15 (*Waiver*) and article 16 of the Takeover Decree.

If the Offer is declared unconditional (*gestand is gedaan*), the Offeror will accept for payment all Shares validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror).

3.8 Settlement of the Offer

Shareholders who have accepted the Offer and Shareholders who have tendered their Shares for acceptance pursuant to the Offer prior to or on the Acceptance Closing Time if the Offer is declared unconditional (*gestand is gedaan*) will receive on the Settlement Date the Offer Price in respect of each Share validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) and delivered (*geleverd*), at which point dissolution or annulment of Shareholder's tender or delivery (*levering*) shall not be permitted.

Admitted Institutions receiving Shares from Shareholders tendering under this Offer shall receive these Shares as custodian. In turn, Admitted Institutions will submit such Shares by written instruction to the Settlement Agent. By tendering such Shares, the Admitted Institutions declare

that they have the Shares in their custody and that they procure transfer of the Shares to the Offeror prior to or on the Settlement Date.

3.9 Post Acceptance Period

The Offeror shall, in accordance with article 17 of the Takeover Decree, within three (3) Business Days after declaring the Offer unconditional, publicly announce a Post Acceptance Period to enable Shareholders that did not tender their Shares during the Acceptance Period to tender their Shares under the same terms and conditions applicable to the Offer. Any such Post Acceptance Period will commence on the first (1st) Business Day following the announcement of a Post Acceptance Period and will remain open for a period of no less than five (5) Business days and of no longer than two (2) weeks. If the Post Acceptance Period is announced, the Offeror will continue to accept for payment all Shares validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) during such period and will pay for such Shares within three (3) Business Days following the end of the Post Acceptance Period. The procedure for Shareholders to tender their Shares during the Post Acceptance Period is the same as during the Acceptance Period. Shares validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) during the Post Acceptance Period may not be withdrawn. The Offeror will, within three (3) Business Days after the Post Acceptance Period has ended, announce the number and percentages of Shares that have been tendered in the Post Acceptance Period and the total number and percentage of Shares the Offeror owns after the Post Acceptance Period has ended.

3.10 Dividends

Following the Settlement Date, and subject to the terms of the Merger Protocol, this Offer Memorandum and the relevant regulatory rules and requirements, the current dividend policy of the Company will be discontinued. Due to COVID-19, it is currently foreseen that no dividend will be paid out in 2020 and 2021, other than the Final Dividend. NIBC Holding does not envisage to, and the Offeror does not envisage that NIBC Holding will declare any other dividend for as long as there are still Minority Shareholders present in NIBC Holding. Any distribution made in respect of Shares not tendered under the Offer after the Settlement Date will *pro rata* be deducted from the price per share for the purpose of establishing such price in a buy-out, the Asset Sale and Liquidation, any other statutory merger, or any other measure contemplated by Section 4.17 (*Post-Closing Restructuring Measures*).

3.11 Withholding

The Offeror is entitled to deduct and withhold from the Offer Price such amounts as the Offeror is required to deduct and withhold with respect to the making of such payment under any provision of applicable tax or social security law. To the extent that amounts are so withheld by the Offeror, such amounts shall be treated for all purposes as having been paid to the Shareholders on behalf of which such deduction and withholding was made by the Offeror.

3.12 Restrictions

The Offer is being made with due observance of such statements, terms and restrictions as are included in the Offer Memorandum. The Offeror reserves the right to accept any tender under the Offer, which is made by or on behalf of a Shareholder, even if it has not been effectuated in such manner as set out above.

3.13 Announcements

Announcements in relation to the Offer, including announcements in relation to an extension of the Offer past the Acceptance Closing Time will be issued by press release and will be made available on the Company's website at www.nibc.com.

Subject to any applicable requirements of the Merger Rules and without limiting the manner in which the Offeror may choose to make any public announcement, the Offeror will have no obligation to communicate any public announcement other than as described in this Section 3.13 (*Announcements*).

3.14 Indicative Timetable

The times and dates below are indicative only.

Expected date and time	Event
7 August 2020	Publication of the press release announcing the availability of the Offer Memorandum and commencement of the Offer.
17:45 hours CEST, 10 August 2020	Commencement of the Acceptance Period under the Offer in accordance with article 14 of the Takeover Decree.
15:00 hours CEST, 7 October 2020	EGM, at which the Offer, among other matters, will be discussed in accordance with article 18, paragraph 1 of the Takeover Decree. In addition, the Resolutions will be proposed to the EGM in connection with the Offer.
17:40 hours CEST, 19 October 2020	*Acceptance Closing Time* The deadline for Shareholders wishing to tender Shares, unless the Offer is extended in accordance with article 15 of the Takeover Decree or after receiving dispensation from the AFM for a further extension in accordance with article 5:81, paragraph 3 Wft.
Not later than three (3) Business Days following the Acceptance Closing Time	*Unconditional Date* On this date the Offeror shall publicly announce, in accordance with article 16 of the Decree, whether the Offer is declared unconditional (*gestand wordt gedaan*).
Not later than three (3) Business Days following the Unconditional Date	*Settlement Date* The date on which, in accordance with the terms and conditions of the Offer, the Offeror will pay the Offer Price for each tendered Share
Not later than three (3) Business Days following the Unconditional Date	*Commencement of Post Acceptance Period* If the Offer is declared unconditional, the Offeror shall announce a Post Acceptance Period for a period of two weeks, in accordance with Article 17 of the Decree

4. EXPLANATION OF THE OFFER

4.1 Introduction

As from January 2020, Blackstone and its advisers have performed a targeted due diligence exercise in connection with the potential transaction. Over a period of time, Blackstone and its advisers were provided with access to information disclosed in a virtual dataroom. In addition, Blackstone, NIBC Holding and their respective advisers engaged actively in a number of sessions and other meetings, including meetings on the initial business plan, and a meeting between Blackstone and NIBC Holding's Supervisory Board. Meanwhile, discussions between Blackstone and NIBC Holding and their respective advisers on the terms and conditions of a potential transaction were proceeding. In addition, Blackstone engaged in active discussions with NIBC Holding's largest shareholders, JCF and Reggeborgh.

Prior to the announcement made by NIBC Holding on 14 February 2020 as set out below Blackstone reached substantive agreement with each of JCF and Reggeborgh in respect of a private sale of all their Shares to the Offeror (to be incorporated at that time) at agreed fixed prices per Share (cum dividend, including the Final Dividend), resulting in a price of EUR 8.93 per Share for JCF and EUR 9.65 per Share for Reggeborgh. Closing of the private sales with JCF and Reggeborgh would take place immediately after Settlement.

Pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014), NIBC Holding issued a press release on 14 February 2020 announcing that it had received a firm proposal from, and was in advanced discussions with, Blackstone regarding a potential voluntary cash public offer by the Offeror for all Shares in NIBC Holding. In addition, it was announced that the potential transaction was supported by NIBC Holding's two largest shareholders JCF and Reggeborgh, with each of the parties intending to sell their full shareholdings in NIBC Holding in separate private transactions with the Offeror.

Following such announcement, Blackstone and NIBC Holding continued their discussions with respect to the potential Offer. On 25 February 2020, pursuant to the provisions of article 4, paragraphs 1 and 3, article 5, paragraph 1 and article 7 paragraph 4 of the Takeover Decree, the Offeror and the Company jointly announced that they had reached a conditional agreement on a recommended public offer by the Offeror for all Shares against payment of a cash price of €9.85 (cum dividend, including the Final Dividend) per Share (the "**Announcement**"). In addition, it was announced that the Offeror had entered into separate private transactions to acquire the Shares held by JCF and Reggeborgh at the fixed prices per Share mentioned earlier, with each of these separate transactions being subject to the Offer being declared unconditional. The Transaction valued NIBC Holding at approximately EUR 1.36bn, based on a blended acquisition price of EUR 9.26 per Share.

On 31 March 2020, NIBC Holding issued an announcement responding to COVID-19. Following the outbreak of the COVID-19 pandemic, the ECB recommended that credit institutions conserve capital and refrain from making dividend payments and performing share buy-backs until at least 1 October 2020 in order to support the economy in an environment of heightened uncertainty caused by COVID-19. NIBC Holding confirmed in such announcement that the general meeting of shareholders of the Company would be held as scheduled on 17 April 2020 with the same agenda and that, taking into account the recommendation of the ECB, NIBC Holding had decided to maintain the proposal to declare the dividend for the financial year 2019 but to pay out such dividend in the second half of 2020 and only if in the opinion of the Managing Board and the Supervisory Board of NIBC Holding at such time, payment is feasible and appropriate in light of the impact of COVID-19 on the business.

Following the general meeting of shareholders of the Company on 17 April 2020, the Company announced that its general meeting of shareholders had declared a total dividend for 2019 of EUR 0.78 per Share, resulting in the Final Dividend, but that such Final Dividend would only to be paid out in the second half of 2020 **provided that**, in the opinion of the Boards at such time, payment is feasible and appropriate in light of the impact of COVID-19 on the business, in line with NIBC Holding's press release of 31 March 2020.

In an announcement dated 28 April 2020, the Offeror confirmed that:

(a) while the Offeror understood the prudency that led the Company to decide to postpone payment of the final dividend following the recommendation made by financial regulators to refrain from making dividend payments, neither the proposed delayed payment date (second half of 2020) nor the Boards' discretion as to payment of the final dividend had been anticipated in the commitments in the Merger Protocol between the Company and the Offeror;

(b) the Announcement had confirmed that the Transaction valued the Company at approximately EUR 1.36bn (cum dividend, including the Final Dividend) and that the acquisition of the Shares pursuant to the Transaction and the payment of related fees and expenses would be funded by means of the Shareholder Funding of EUR 1.304bn (as described in Section 4.12 (*Financing of the Offer*));

(c) the previously committed distribution by the Company of the Final Dividend reflects the difference between the Company's valuation cum dividend (including the Final Dividend) and the funding required for the acquisition of the Shares pursuant to the Transaction and payment of related fees and expenses;

(d) the Offeror's ability to fund the acquisition of the Shares pursuant to the Transaction was dependent upon the Company either (i) paying the Final Dividend prior to the Settlement Date or (ii) unconditionally committing to the Offeror to pay such dividend prior to the Settlement Date; and

(e) in the absence of this being the case, the Offeror was not able to fund the acquisition of the Shares.

Accordingly, and following discussions with the Company, the Offeror confirmed in its announcement released in accordance with the Dutch Takeover Rules and the Market Abuse Rules on 28 April 2020 that its previous statement in the Announcement that it had obtained the means or taken the measures required to declare the Offer unconditional within the meaning of article 7 paragraph 4 of the Decree had become invalid and was therefore withdrawn.

Following discussions between the Company and JCF and Reggeborgh the Company unconditionally committed to set the record date for the Final Dividend and JCF and Reggeborgh agreed to unilaterally waive their right to collect the payment of the dividend until the earlier of (a) the moment that in the opinion of the Boards of NIBC Holding at such time, payment is feasible and appropriate in light of the impact of COVID-19 on the business and (b) the moment NIBC Holding or NIBC Bank N.V. (or any of their legal successors) pays any other dividend or capital distribution (in cash or kind) to its shareholders or repurchases any of the shares in its capital.

As a result, the Offeror and the Company confirmed that the Offeror's obligation under the Merger Protocol to pay the Offer Price in the public offer was reduced to EUR 9.32 per Share. Furthermore, JCF and Reggeborgh confirmed that the Offeror's obligation to pay the purchase price under the private sale agreements was similarly lowered to EUR 8.40 per Share and EUR 9.12 per Share respectively.

In order to document such confirmations, (i) the Offeror and the Company amended the Merger Protocol by entering into an amendment letter on 18 May 2020 and (ii) the Offeror and JCF and Reggeborgh respectively amended the private sale agreements by entering into separate amendment letters to the private sale agreements.

Pursuant to the amendment letter in respect of the Merger Protocol, the Offeror and the Company agreed to amend the Merger Protocol as follows:

(a) the reference in clause 2.2 of the Merger Protocol to a cash price of EUR 9.85 per Share (originally defined as the 'Offer Price') was replaced with a reference to a cash price of EUR 9.32 per Share, and the definition of 'Offer Price' as used in the Merger Protocol was amended accordingly; and

(b) if the record date of the Final Dividend occurs prior to the Settlement Date, the Offer Price will not be decreased on a cent-for-cent basis with an amount equal to the value or impact of such dividend per Share pursuant to clause 2.3 of the Merger Protocol.

Pursuant to the amendment letters to the private sale agreements the price per Share payable under the private sale agreements was confirmed to be EUR 8.40 in cash for JCF and EUR 9.12 in cash for Reggeborgh, excluding the Final Dividend. The initial price agreed in the private sale agreements with JCF and Reggeborgh of EUR 8.93 and EUR 9.65 respectively was cum dividend (including the Final Dividend). As announced in the press release of the Offeror of 18 May 2020 and as mentioned above, on 18 May 2020 NIBC Holding announced that it had unconditionally committed to set the record date for the Final Dividend at a date prior to Settlement and, as a consequence thereof, the Offer Price was confirmed at EUR 9.32 per Share in cash and the price per Share payable under the private sale agreements was confirmed at EUR 8.40 in cash for JCF and EUR 9.12 in cash for Reggeborgh. These prices were all excluding the Final Dividend but remained cum dividend in the theoretical scenario that another dividend was declared prior to Settlement. In respect of such Final Dividend, JCF and Reggeborgh agreed with the Company to waive their right to collect the Final Dividend payable on their Shares, until such time that in the opinion of the members of the Managing Board and Supervisory Board of the Company, payment is feasible and appropriate in light of the impact of COVID-19 on the business, or when the Company or NIBC Bank N.V. pays another dividend or capital distribution to its shareholders or repurchases any of the shares in its capital, in each case, after the Settlement Date.

Subsequently, on 18 May 2020 the Offeror issued an announcement that:

(a) Pursuant to NIBC Holding's unconditional commitment to set the record date for the Final Dividend, the Shareholder Funding was now sufficient to enable the Offeror to fund the acquisition of Shares pursuant to the Transaction and the payment of related fees and expenses in accordance with article 7, paragraph 4 of the Takeover Decree;

(b) However, the substantial uncertainty in respect of the initial business plan previously agreed between NIBC Holding and the Offeror forming a realistic basis for obtaining Regulatory Clearance for the Transaction remained.

On 8 June 2020, NIBC Holding and the Offeror announced that, with the support of JCF and Reggeborgh, they entered into discussions on the basis of a proposal from the Offeror to amend the current Transaction.

On 10 July 2020, NIBC Holding, the Offeror, JCF and Reggeborgh reached agreement on an amendment of the Transaction. On 13 July 2020, NIBC Holding and the Offeror announced such amendment, which includes the following:

(a) a reduction of the Offer Price to EUR 7.00 per Share and payment by NIBC Holding of the Final Dividend;

(b) each of JCF and Reggeborgh and the Offeror have agreed to amend the private sale agreement into an irrevocable agreement, pursuant to which each of JCF and Reggeborgh has irrevocably undertaken to tender its Shares in the Offer. Each of JCF and Reggeborgh will tender its Shares on the same terms and conditions under the Offer as the other Shareholders;

(c) the Transaction values NIBC Holding at approximately EUR 1.03bn (excluding the Final Dividend). The Offeror shall finance the Transaction by means of equity funding provided by the Blackstone Funds pursuant to a binding equity commitment letter for an aggregate amount of up to approximately EUR 1.05bn, which equity funding is fully committed, subject to customary conditions. Please refer to Section 4.12 (*Financing of the Offer*) for further information;

(d) the Offeror has agreed in the amended Merger Protocol to make the Liquidated Damages Payments of EUR 46 million in aggregate if the Offer is not declared unconditional in certain circumstances, including in certain instances if the Regulatory Clearances are not

obtained and in certain other cases. The Liquidated Damages Payments consist of (i) a payment of EUR 4 million to NIBC Holding and (ii) a payment of EUR 42 million in aggregate to all NIBC Holding shareholders *pro rata* to their respective shareholding in NIBC Holding, payable through NIBC Holding's paying agent. If the Liquidated Damages Payments are payable by the Offeror to the Company and its shareholders, this shall be their sole right of recourse and remedy against the Offeror; please refer to Section 4.16.5 (*Liquidated Damages Payments*) for further information. Besides the Liquidated Damages Payments constituting the sole right of recourse and remedy against the Offeror, it is also designed to enhance deal certainty for the Company and the Shareholders. The rationale for the Liquidated Damages Payments is therefore twofold, (i) increased deal certainty for the Company and the Shareholders and (ii) limitation of the Company's and its Shareholders' right of recourse and remedy against the Offeror; and

(e) NIBC Holding and the Offeror have agreed on the terms of the Asset Sale and Liquidation which may be implemented if the Offeror acquires less than 95% but at least 85% of the Shares, subject to the satisfaction of certain conditions, including among others (i) all required DNB and ECB approvals for the Asset Sale and Liquidation having been obtained, (ii) the relevant resolutions to approve the Asset Sale and Liquidation having been passed by NIBC Holding's general meeting of shareholders and (iii) compliance with the consultation procedures pursuant to the Dutch Works Council Act with respect to the advice of the Works Council. Pending satisfaction of the conditions the minimum acceptance level for the Offer remains at 95% of the Shares, and will only be reduced to 85% following satisfaction of such conditions. Please refer to Section 4.17.2 (*Asset Sale and Liquidation*) for further information.

See also Section 12 (*Press Releases*).

4.2 The Offer

The Offeror is making an offer to purchase from the Shareholders all the Shares on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum.

Shareholders tendering their Shares under the Offer will be paid, on the terms and subject to the conditions and restrictions set forth in this Offer Memorandum, in consideration of each Share validly tendered (or defectively tendered **provided that** such defect has been waived by the Offeror) by such Shareholder and delivered (*geleverd*) to the Offeror, the Offer Price. The Offer Price is 'cum dividend', but for the purpose of this Offer Memorandum, any reference to 'cum dividend' excludes the Company's Final Dividend. If, on or after the date hereof but on or prior to the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Shares and the record date for such cash or share dividend or other distribution occurs on or prior to the Settlement Date, the Offer Price will be decreased by an amount per Share equivalent to the value or impact of such dividend or other distribution per Share but in each case other than in respect of the Company's Final Dividend. If, after the Settlement Date, any cash or share dividend or other distribution is declared in respect of the Shares, the Offer Price to which the remaining Shareholders will be entitled under the Offer, will be decreased by an amount per Share equivalent to the value or impact of such dividend or other distribution per Share.

4.3 Substantiation of the Offer Price

4.3.1 *Offer Price*

In establishing the Offer Price, the Offeror carefully considered the history and prospects of NIBC Holding by analysing historical financial information derived from NIBC Holding's financial statements, information disclosed in a virtual dataroom, information derived from various management and expert sessions, market reports and press releases as well as possible long-term developments in profitability, capital, cash flows and balance sheet. The market reports reviewed consist of equity research reports and credit rating opinion reports on NIBC Holding, as well as its peers, published since the IPO of NIBC Holding in March 2018.

The Offer Price reflects a Business Plan jointly agreed between the Boards and the Offeror, which supports the continuation and acceleration of NIBC Holding's current strategy. In addition, in the jointly agreed Business Plan, the Offeror took into account the impact of the COVID-19 pandemic on the Company and its future prospects.

Furthermore, in establishing the Offer Price, the Offeror took into consideration a trading multiple analysis based on the financial performance and financial position of NIBC Holding and the closing prices of the Shares compared with those of selected publicly-traded companies and their Shares. The companies selected for comparison with NIBC Holding are the listed Benelux banks ING Groep, ABN AMRO, Van Lanschot Kempen and KBC (the "**Peer Set**"). For the purpose of this analysis, two metrics were evaluated: (i) 2019 Price-to-Tangible-Book-Value ("**2019 P/TBV**"), and (ii) 2021 Price-to-Earnings ("**2021 P/E**"). Given the estimated impact of the COVID-19 pandemic on the 2020 financial performance of the companies included in the Peer Set, earnings per share estimates for this analysis were based on the median S&P Capital IQ estimates for the calendar year 2021. As of 5 June 2020, the last trading day before announcement by NIBC Holding and the Offeror referencing ongoing discussions with regards to proposed amendments to the current Transaction, including a reduction of the Offer Price to EUR 7.00 per share (the "**Reference Date**"), the Peer Set traded at a 2019 P/TBV of 0.5x and a 2021 P/E of 9.5x. By comparison, based on the Offer Price of EUR 7.00 per Share in cash, NIBC Holding's 2019 P/TBV was equal to 0.6x and the 2021 P/E was equal to 8.4x[1]. Generally speaking, given the discrepancies between NIBC Holding and the abovementioned peers in terms of size, portfolio of activities and expected profitability, this approach is mainly presented for illustrative purposes.

From 13 February 2020, the last date before announcement of advanced discussions on a possible cash offer by the Offeror, up to the Reference Date (i.e. 5 June 2020), the share prices of the listed Benelux banks included in the Peer Set declined by on average c.32%, largely driven by increased volatility in global equity markets stemming from the COVID-19 pandemic.

The Offer Price of EUR 7.00 per Share in cash represents a premium/(discount) of approximately:

(a) (8%) to the closing price per Share on the Reference Date;

(b) 1% to the volume weighted average closing price for the one month prior to and including the Reference Date;

(c) (0)% to the volume weighted average closing price for the three months prior to and including the Reference Date;

(d) (12%) to the volume weighted average closing price for the six months prior to and including the Reference Date; and

(e) (11%) to the volume weighted average closing price for the twelve months prior to and including the Reference Date.

In addition, the amount of EUR 7.53 per Share in aggregate, reflecting the Offer Price of EUR 7.00 per Share and the payment by NIBC Holding of the Final Dividend of EUR 0.53 per Share, to be received by the Shareholders other than JCF and Reggeborgh, represents a premium/(discount) of approximately:

(a) (1%) to the closing price per Share on the Reference Date;

(b) 9% to the volume weighted average closing price for the one month prior to and including the Reference Date;

[1] **Note:** Based on S&P Capital IQ 2021 earnings per share for NIBC Holding, adjusted for non-recurring IFRS 9 related income.

(c) 7% to the volume weighted average closing price for the three months prior to and including the Reference Date;

(d) (5%) to the volume weighted average closing price for the six months prior to and including the Reference Date; and

(e) (5%) to the volume weighted average closing price for the twelve months prior to and including the Reference Date.

4.4 Rationale of the Offer

The Offeror and the Company believe that the Transaction, including the achievement of the Business Plan, is in the best interest of the Group, taking into account the interest of all its various stakeholders. The Offeror and the Company furthermore believe that, with the Offeror becoming the sole shareholder of the Company, strategic and other benefits will be provided to the Company and the other members of the Group, thereby supporting the strategy, enhancing the sustainable and long-term success of the Company and driving long-term sustainable growth in the interest of all stakeholders. Furthermore, the Offeror and the Company agree on the strategic and business rationale for the transactions as contemplated by the Merger Protocol. The rationale of the Offer for the offeror is that the offeror will benefit in its capacity of direct or indirect shareholder of the Company from an increase in value of the Company through continued investment, growth and profit generation by the Company.

The business model of large banks is increasingly driven towards a standardised model, whereby decision-making is centralised and products are simple and easy to underwrite. As a result, a number of interesting asset niches are available in the broader European financial services market, with some common characteristics:

- Fundamental supply / demand dynamics driving attractive risk-adjusted returns;
- Specialised underwriting skill-sets required;
- Such niches can prove sub-scale or less attractive as a single product platform investment, but appropriate as part of a broader diversified set of such products under a bank funding structure.

The Offeror believes that NIBC Holding is uniquely positioned to take advantage of these dynamics, given its:

- Strong management team with a proven ability to capitalise on market opportunities in attractive smaller niche asset classes;
- Solid financial profile, with sound profitability, excellent access to funding and robust capitalisation, supported by the regulatory environment in which it operates;
- Attractive primary 'anchor' product in Dutch mortgages with strong positions in additional focus asset classes;
- Clear growth opportunities through entering new asset classes, geographic expansion and bolt-on M&A.

Blackstone's extensive global track record of successfully investing in the financial services sector and in supporting international growth means it is well placed to support NIBC Holding in its next phase of development. Furthermore, utilising its extensive expertise in European specialty finance, Blackstone would help identify attractive niches in which the Company can grow and will seek to provide access to its extensive network and relationships across the specialty finance sector.

4.5 Non-Financial Covenants

The Offeror has agreed with the Company to comply from Settlement with certain non-financial covenants set out in this Section 4.5 (*Non-Financial Covenants*) (the "**Non-Financial Covenants**"):

4.5.1 ***Key elements:***

(a) *Strategic rationale*

(i) The Offeror and the Company confirm their agreement in respect of the strategic and business rationale for the Offer.

(ii) After Settlement, the Offeror will keep the Group together (except to the extent requested by a competent competition or financial regulatory authority) and work with the Group to grow the business.

(iii) The Offeror confirms that it (i) will not close or dispose of any business operated by the Group, unless proposed by the Managing Board, and (ii) will continue to apply the names and logos of the brands of the Company and of the majority owned Group Companies in all relevant markets.

(b) *Business Plan*

The Offeror and the Company shall each respect and support the realisation of the Business Plan, other than as mutually agreed otherwise between the Offeror and the management of the Company.

(c) *Funding and capital*

The Offeror and the Company will ensure that after Settlement the Group will remain prudently capitalised and funded to safeguard business continuity also taking into account any dividends paid out, execute the Business Plan and support the success of the business, including but not limited: (i) in respect of the level of debt incurred or to be incurred by the Group, (ii) maintaining at least the CET1 capital ratio in accordance with regulatory requirements, including any binding instructions from the DNB in this respect and (iii) continuing to operate within management's target funding and liquidity ratios.

(d) *Governance*

(i) The Offeror and the Company agree that the Company shall continue to apply the full large company regime (*volledig structuurregime*).

(ii) The Company shall continue to comply with the Dutch Banking Code (*Code Banken*).

(iii) As long as the Company's Shares remain listed on Euronext Amsterdam, the Offeror shall procure that the Company shall continue to comply with the current Dutch Corporate Governance Code, except for (i) current deviations and (ii) deviations from the aforementioned codes that find their basis in the Merger Protocol.

(e) *Organisation*

(i) The head office of the Group will be at the offices of the Company in The Hague, the Netherlands.

(ii) The management and central place of business of the Group will be at the Company's offices in The Hague, the Netherlands.

(iii) The Offeror intends to avoid a substantial number of forced redundancies wherever it can, without prejudice to the Group's current practices in respect of temporary or interim employees.

(f) *Employees*

(i) The existing rights and benefits of the Group's employees shall be respected by the Offeror.

(ii) The social policies and social plans of the Group as disclosed to the Offeror to date shall be respected by the Offeror.

(iii) The existing pension rights of the Group's current and former employees shall be respected by the Offeror.

(iv) The Offeror recognises the existing rights of and arrangements with the relevant works councils and trade unions of the Group under the Dutch Civil Code, the Dutch Works Council Act and the Company's Articles of Association and the covenants with the relevant works councils and the Company, and shall respect these rights.

(g) *Minority Shareholders*

The following resolutions by the Supervisory Board shall require the prior approval of the Supervisory Board with the affirmative vote of at least one of the Designated Independent Non-Executives:

(i) issuing additional shares in the capital of the Company for cash without offering pre-emption rights to minority shareholders in the Company;

(ii) agreeing and entering into a related party transaction between the Offeror on the one hand and any member of the Group on the other hand or any other agreement, in each case, which is not at arm's length; and

(iii) the proposal to the general meeting of shareholders of the Company of any other resolution which disproportionally prejudices the value of, or the rights relating to, the shares held by the minority shareholders in the Company.

(h) *Other*

(i) The Offeror will support the Group in furthering its current commitment to corporate social responsibility.

(ii) The Offeror will ensure it fosters a culture of excellence, where qualified employees are offered attractive training and career progression.

4.5.2 ***Duration***

The Non-Financial Covenants:

(i) set forth in items (d)(i) and (d)(ii) in Section 4.5.1, expire sixty (60) months after the Settlement Date;

(ii) set forth in item (g) in Section 4.5.1 will cease to apply on the earliest of (a) the date on which the Offeror holds 100% of the Company's aggregate issued and outstanding ordinary share capital on a fully diluted basis, (b) the date on which the statutory squeeze-out is initiated, or (c) the date on which the holders of shares have received the proceeds from any Post-Closing Restructuring Measure transaction; and

(iii) other than the Non-Financial Covenants referred to under Section 4.5.2(i) and (ii) above, expire twenty-four (24) months after the Settlement Date,

such period, as applicable, the "**NFC Period**".

4.5.3 ***Deviation***

Any deviations from the Non-Financial Covenants within the applicable timeframes (as set forth under Section 4.5.2) shall only be permitted with the prior approval of the Supervisory Board including an affirmative vote of at least one Designated Independent Non-Executive or an independent successor of a Designated Independent Non-Executive to whom the benefit of the Non-Financial Covenants has been assigned as provided for in the Merger Protocol.

4.5.4 ***Benefit and enforcement***

The Non-Financial Covenants, and the provisions set forth in Clauses 3 (*Rationale of the Offer; Future Strategy*), 4 (*Squeeze out; Post-Closing Restructuring Measures*) and 5 (*Future Governance*) of the Merger Protocol are made to the Company as well as, by way of irrevocable third party undertaking for no consideration (*onherroepelijk derdenbeding om niet*), to the Designated Independent Non-Executives in function from time to time. Any Designated Independent Non-Executive leaving office, must assign, with effect from such person leaving office, the benefit of such undertaking to a new Designated Independent Non-Executive in function. The Offeror has agreed in advance to such assignment. The Offeror will bear all costs and expenses relating to the enforcement by the Designated Independent Non-Executives pursuant to this Section 4.5.4 (*Benefit and enforcement*).

4.6 Employees and Social Aspects

4.6.1 ***Works council***

The Works Council has been informed and requested to render its advice on the Transaction including the Offer, and on relevant related topics such as, amongst others:

(i) the Boards' support for and the recommendation of the Transaction;

(ii) the Irrevocable Agreements between the Offeror and each of JCF and Reggeborgh;

(iii) the proposed changes to the governance structure as set out in Section 4.7 (*Future governance*); and

(iv) the (possible) Asset Sale and Liquidation.

On 30 July 2020 the Works Council has rendered its unconditional positive advice in relation to Transaction, including the Offer and the topics mentioned above.

4.6.2 ***Notification of the Social Economic Council***

The secretariat of the Social Economic Council (*Sociaal Economische Raad*) has been informed in writing of the Offer in accordance with the SER Fusiegedragsregels 2015.

4.6.3 ***Other***

It is not expected that the proposed Transaction would have any direct adverse social, financial or legal consequences on the workforce, employees, working conditions and employment terms and conditions of the Company and its Affiliates.

4.7 Future governance

4.7.1 ***Composition Managing Board***

The Offeror and the Company have acknowledged and agreed the intention that the current Managing Board Members shall upon Settlement continue to serve as members of the Managing Board.

4.7.2 ***Composition Supervisory Board***

The Offeror and the Company have acknowledged and agreed that at the Settlement Date and subject to regulatory approval, the Supervisory Board will initially continue to comprise seven persons: four persons who were at the date of the Merger Protocol a member of the Supervisory Board and who are considered independent from the Offeror within the meaning of the Dutch Corporate Governance Code as of the Settlement Date (the "**Designated Independent Non-Executives**"), and three persons to be designated by the Offeror for nomination by the Supervisory Board to the general meeting of shareholders as members of the Supervisory Board who are non-independent from the Offeror ("**Designated Investor Non-Executives**") and whose appointment is to take effect as of the Settlement Date. The Offeror and the Company acknowledge and agree that the persons to be designated by the Offeror must meet the suitability and integrity standards as set out in articles 3:8 and 3:9 Wft and that the persons the Offeror will initially designate for appointment shall be Q. Abbas, N. El Gabbani and a third nominee to be confirmed at a later stage. Mr J.C. Flowers, Mr. M. Christner and Mr R.L. Carrión will resign as members of the Supervisory Board as of the Settlement Date. The Offeror and the Company currently expect the Designated Independent Non-Executives to remain in function for a period of at least 12 months after the Settlement Date. In the event that a Designated Independent Non-Executive resigns, such Supervisory Board member will be replaced with a new Supervisory Board member who shall be considered independent from the Offeror and who shall for purposes of the Merger Protocol qualify as a Designated Independent Non-Executive. Likewise in case a Designated Investor Non-Executive ceases to be a member of the Supervisory Board, such Supervisory Board member will be replaced with a new Designated Investor Non-Executive.

Furthermore, the Offeror and the Company have acknowledged and agreed that immediately after Settlement, the members of the Supervisory Board, among themselves as well as with the DNB, shall, subject to regulatory approval, procure the increase of the size of the Supervisory Board to nine members with two, currently not yet identified, members who will have specific expertise and experience to complement the Supervisory Board in order to reflect the best possible governance of the Company. The intention would be for all members of the Supervisory Board and Managing Board to work together closely in order to identify and select the most appropriate candidates. After an initial period of functioning as Supervisory Board after Settlement, there will be an evaluation of the appropriate composition of the members of the Supervisory Board, **provided that** at all times the majority of this enlarged Supervisory Board will be independent within the policy of the DNB while respecting the agreement in the Merger Protocol that, as the long as the Supervisory Board comprises 7 individuals, 4 will be independent and 3 will be Designated Investor Non-Executives, and when the Supervisory Board comprises 9 individuals, 5 will be independent and 4 will be Designated Investor Non-Executives.

The Offeror and the Company have acknowledged that for as long as the Company applies the large company regime (*structuurregime*) and the Works Council has a reinforced right to recommend one or more persons for nomination as member of the Supervisory Board, such persons shall at all times be one or more of the Designated Independent Non-Executives, and not any Designated Investor Non-Executive.

The Offeror and the Company have furthermore agreed that they shall use their respective reasonable best efforts, including, as the case may be, through their vote in favour of any agreed (proposal for the) nomination or appointment of any person to the Supervisory Board, their acceptance of any resignation handed in by any member of the Supervisory Board and their vote in favour of any dismissal from the Supervisory Board, to ensure that the Supervisory Board shall be composed as set out in this Section 4.7.2 following Settlement.

The Company shall maintain the personal union (*personele unie*) between the Company and NIBC Bank N.V. and shall procure that at all times (i) the supervisory board of NIBC Bank N.V. shall be composed of the same persons as the Supervisory Board and

that such persons shall have the same role and title on the supervisory board of NIBC Bank N.V. as they have on the Supervisory Board and (ii) the managing board of NIBC Bank N.V. shall be composed of the same persons as the Managing Board and that such persons shall have the same role and title on the managing board of NIBC Bank N.V.

4.7.3 ***Dutch Corporate Governance Code***

As long as the Shares are listed on Euronext Amsterdam, the Company shall continue to comply with the Dutch Corporate Governance Code, unless (i) agreed otherwise in the Merger Protocol, (ii) the Company currently does not comply with the relevant best practice provision of the Dutch Corporate Governance Code, or (iii) agreed otherwise in writing between the Company and the Offeror. Current deviations to the Corporate Governance Code by NIBC Holding are available via https://www.nibc.com/about-nibc/corporate-governance/.

4.7.4 ***Reserved Matters***

After Settlement of the Offer, and subject to regulatory approval as the case may be, the resolutions set out in Schedule 12 (*Reserved Matters*) of the Merger Protocol by the Managing Board shall be subject to the approval of the general meeting of Shareholders, as may be amended from time to time, and the Managing board requires such approval for such matters in respect of the Company and in respect of each Group Company:

(i) a Transfer, merger, sale, divestment, demerger or reorganization of all or substantially all of the business or undertaking of a Group Company where the equity value of such Group Company exceeds EUR 25,000,000, to a Third Party, whether by means of a sale, a legal merger (*juridische fusie*) or otherwise;

(ii) the entry into or termination of any joint venture agreement, partnership or long term cooperation (*duurzame samenwerking*) of a Group Company **provided that** the equity value of such Group Company contributed to the agreement, partnership or cooperation exceeds EUR 25,000,000, including (i) as a fully liable partner in a limited partnership (*commanditaire vennootschap*) (ii) a general or commercial partnership (*vennootschap onder firma*) and (iii) a partnership similar to (i) or (ii) as established under any laws other than the laws of the Netherlands;

(iii) the acquisition by a Group Company (whether in one or a series of transactions) of any interest in the capital of another company or entity, with an aggregate equity value in excess of EUR 50,000,000;

(iv) save where included in the annual budget, entering into, terminating or making material amendments to any other type of contracts than those mentioned in any other paragraph hereof, where the contract results in annual cost or expenses exceeding 5% of the Group's consolidated total annual operating expenses in the most recent financial year;

(v) making a material change in the nature, scope, business or strategy of the enterprise of the Group;

(vi) adopting and/or amending the Business Plan and annual budget (including a capital and funding plan) of the Group;

(vii) filing for bankruptcy (*faillissement*) or moratorium of payments (*surséance van betaling*) of, or liquidate or dissolve, a Group Company;

(viii) commencing or settling of a dispute, legal proceedings and/or arbitration in any jurisdiction which reasonably likely represents a value of more than EUR 20,000,000, other than debt collection activities in the ordinary course of business of the Group;

(ix) issuance of any new shares, creation of new classes of shares, any amendment, reduction, cancellation, repayment or return of capital of a Group Company, except among Group Companies;

(x) cooperation in the issue of depositary receipts for shares of a Group Company;

(xi) the application for admission of shares of a Group Company to listing or trading on any market or exchange, including a regulated market or a multilateral trading facility as referred to in Section 1:1 of the Financial Supervision Act (*Wet op het financieel toezicht*) or a system similar to a regulated market or multilateral trading facility in a state that is not a Member State, or the application for cancellation of such listing or trading;

(xii) the termination of the employment contracts of a number of employees of the Company, a Group Company, to the extent such number of employees represents more than 15% of the total full-time equivalents of the Group, whether simultaneously or within a short period, as part of a programme or series of terminations or otherwise;

(xiii) entering into, materially amending, refinancing or restructuring any financing, debt or borrowing of any Group Company which is (a) not included in the annual budget or (b) in whole or part, is convertible into equity or includes share warrants, pledges or other securities over any shares in a Group Company;

(xiv) the creation, grant, issue, or agreement to create, grant, or issue any third party rights over any Group Company's assets, or guarantees or other form of surety, except in the ordinary course of business or by way of security for financings, debt and/or borrowings permitted by or pursuant to paragraph (xii) above, or as included in the annual budget;

(xv) any material changes with respect to accounting policies or procedures, except (i) as required by applicable law or by changes in applicable generally accepted accounting principles or (ii) as the Company or any Group Company, based upon the advice of its independent auditors after consultation with the Company or the relevant Group company (as the case may be), determines in good faith is advisable to conform to best accounting practices;

(xvi) amending the articles of association of the Company or NIBC Bank N.V.;

(xvii) changing the dividend policy of the Company;

(xviii) any distributions (including returns of capital and/or buybacks), in excess of the dividend policy of the Company;

(xix) changing the remuneration policy of the Managing Board;

(xx) entering into, terminating or amending contracts entered into between a Group Company on the one hand and any member of the Supervisory Board or Managing Board (or one of their connected persons) on the other hand, other than (i) their service contracts, (ii) in respect of products and services in the ordinary course of business of the Group Company, or (iii) in accordance with the Group Company's standard staff or employment policies.

It is understood that where approval has been explicitly given by, or on behalf of, the Designated Investor Non-Executives in writing (which may be by email), or in a Supervisory Board meeting, such approval shall be deemed to constitute approval from the general meeting of Shareholders for the purpose of this provision, except where one or more of such Designated Investor Non-Executives have made explicit that such approval should not be deemed to constitute approval from the general meeting of shareholders.

4.8 Amendments to the constitutional documents

The Offeror and the Company have agreed that the governance framework of the Group shall be consistent with the Merger Protocol. Accordingly, the Offeror and the Company have agreed to procure that the Group's constitutional documents shall be amended as of the Settlement Date to be consistent and make amendments to the constitutional documents of the Company that will be effective as from Settlement and as from delisting of the Shares on Euronext Amsterdam.

The main amendments to the Articles of Association as from Settlement, the amended Articles of Association as from Delisting and the amended articles of association of NIBC Bank N.V. as from Settlement, each as agreed between the Offeror and the Company, include the following:

4.8.1 ***Amendments to the Company's Articles of Association as from Settlement***

(i) **provide that** the Offeror is entitled to convene a general meeting and to include items on the agenda of a general meeting;

(ii) remove any requirements that resolutions can only be adopted by the general meeting following a proposal by the Managing Board and the approval of the Supervisory Board, such as restricting or excluding pre-emptive rights, withdrawal of the authorisation to the Managing Board to issue shares, share capital reduction, distributions from the reserves, amending the articles of association and liquidation;

(iii) **provide that** certain resolutions of the Managing Board which required approval of the Supervisory Board will instead require the approval of the general meeting, such as share issuance by the Managing Board (in case it received authorisation to issue shares) at the expense of the reserves of the Company, the transfer of treasury shares, determining the remuneration policy of the Managing Board, distributions on shares in kind or in shares, determining or amending the Company's policy on reserves and dividend;

(iv) change the authority to adopt certain resolutions to the level of the general meeting instead of the Managing Board, such as interim distributions to the Shareholders and setting a different dividend payment date than four weeks after adoption of the dividend;

(v) include the reserved matters agreed in the Merger Protocol which require the approval of the general meeting, as referred to in Section 4.7.4;

(vi) include the authority of the general meeting to instruct the Managing Board to conduct itself in accordance with the instructions of the general meeting in accordance with Dutch law where these relate to the areas of the financial, social and commercial policies to be pursued by the Company and the Group (specifically in relation to (a) reporting, information provision and communication, (b) reorganization and exit, and (c) compliance), subject to Section 4.9 (*Post-Closing Covenants*); and

(vii) remove all references in the Company's Articles of Association to the protective preference shares and the Preference Shares Foundation;

4.8.2 ***Amendments to the Company's Articles of Association as from delisting of the Shares on Euronext Amsterdam***

(i) delete and amend all references to Euroclear Netherlands and the Statutory Giro System;

(ii) delete references to the registration/record date and amend the convocation period for general meetings to 15 days; and

(iii) delete the requirement to post the profile of the Supervisory Board members on the Company's website;

4.8.3 ***Amendments to NIBC Bank N.V.'s Articles of Association as from Settlement***

(i) remove the authority of NIBC Bank N.V.'s management board to resolve or approve certain resolutions regarding accepting payments in kind, externally earned income by managing board members, managing board remuneration policy, adopting management board regulations and making interim distributions, and allocate this authority to resolve or approve resolutions to NIBC Bank N.V.'s general meeting;

(ii) include the reserved matters agreed in the Merger Protocol which require the approval of the general meeting, as referred to in Section 4.7.4;

(iii) include the authority of the general meeting to instruct NIBC Bank N.V.'s managing board to conduct itself in accordance with the instructions of the general meeting in accordance with Dutch law where these relate to the areas of the financial, social and commercial policies to be pursued by the Company and the Group (specifically in relation to (a) reporting, information provision and communication, (b) reorganization and exit, and (c) compliance);

(iv) remove the authority for NIBC Bank N.V.'s managing board to reserve profits in the company reserve (*statutair reservefonds*) or free reserves and introduce a provision that profits will be at the disposal of the general meeting for reservation into the free reserves or for distribution to the shareholder;

(v) include updates to provisions to reflect that delegation of a certain authority is also possible to another corporate body of the company instead of only to NIBC Bank N.V.'s management board, such as the issuance of (preference) shares, granting of rights to take up shares, restriction or exclusion of pre-emptive rights and conversion of preference shares.

The Company has included a proposal to approve the amendments to the constitutional documents of the Company as set out in this Section 4.8 on the agenda for the EGM.

4.9 Post-Closing Covenants

The Company has undertaken to, as from Settlement, comply with, and procure that each other Group Company complies with, the post-closing covenants as set out in the Merger Protocol and as set out in Section 15 (*Post-Closing Covenants*) (the "**Post-Closing Covenants**"). The Offeror and the Company have agreed that the instruction right as referred to in Section 4.8.1(vi) to be included in the Articles of Association as from Settlement may only be used to underpin the Post-Closing Covenants and the Offeror has undertaken with the Company that following the Settlement Date it will not use such instruction right other than in respect of the Post-Closing Covenants.

4.10 Clearances

Regulatory Clearances

This Section 4.10 (*Clearances*) provides further detail on the Regulatory Clearances required to satisfy the Offer Condition under Section 4.14.3 (*Regulatory Clearances*).

The direct or indirect acquisition of 10% or more of the issued capital or 10% or more of the voting rights, or comparable control, of a bank with its registered office in the Netherlands (*gekwalificeerde deelneming*, "**Qualifying Holding**"), requires prior approval from the European Central Bank ("**ECB**") in the form of a declaration of no objection pursuant to article 3:95(1)(b) of the Wft. A declaration of no objection with regard to a Qualifying Holding in a bank will be granted by the ECB, unless (i) the integrity of the applicant is not beyond doubt, (ii) the persons that, on the basis of the Qualifying Holding, will determine the day-to-day policy of the company in which a Qualifying Holding is required, are considered to be not suitable, (iii) the financial soundness of the applicant, taking into account the activities of the company in which a Qualifying Holding is acquired, is not safeguarded, (iv) the company in which a Qualifying Holding is acquired will not be able to continue to comply with applicable prudential rules and

regulations, (v) there are good reasons to suspect that, in connection with the intended acquisition or increase, money was or is being laundered or terrorism was or is being financed or that an attempt was made or is being made to launder money or finance terrorism within the meaning of the Netherlands Money Laundering and Terrorist Financing (Prevention) Act or that the intended acquisition or increase could increase the risk thereof, and (vi) incomplete or incorrect information has been submitted by the applicant. In assessing an application for a declaration of no objection, the ECB and DNB will take into account the 'Joint guidelines on the prudential assessment of acquisitions and increase of qualifying holdings in the financial sector' (JC/GL/2016/01).

Each party that will acquire a Qualifying Holding in NIBC Bank N.V. must apply for a declaration of no objection pursuant to article 3:95(1)(b) of the Wft. This application must be submitted to DNB. DNB will prepare a draft decision. DNB will then send the application with regard to NIBC Bank N.V. together with its draft decision to the ECB. The ECB must decide upon application with regard to a Qualifying Holding in NIBC Bank N.V. within 60 Business Days as of the date on which DNB has confirmed the proper receipt of the application and confirmed that the application is complete. In relation to application for a Qualifying Holding in NIBC Bank N.V. this decision-making period may be extended by DNB up to 30 Business Days if DNB or the ECB needs further information to consider the applications.

DNB and ECB have confirmed that in respect of the Asset Sale and Liquidation, the Offeror is not required to obtain a separate declaration of no objection pursuant to article 3:95(1)(b) of the Wft from the ECB and that the Asset Sale and Liquidation will be part of the overall DNO process for the Transaction as set out above in this Section 4.10 (*Clearances*).

Furthermore, a financial service provider (*financiëledienstverlener*) with a seat in the Netherlands must notify the AFM in advance of any envisaged changes to its co-policymakers (i.e. the daily policymakers of its shareholders who have a direct or indirect stake of at least 50%). The AFM will assess whether the propriety of such co-policymakers is beyond doubt. Lendex Nederland B.V. is a 100% subsidiary of NIBC Holding N.V. and holds a financial service provider (*financiëledienstverlener*) license from the AFM. As such, Lendex Nederland B.V. will notify the AFM about the Transaction and the envisaged changes in its co-policymakers ultimately on or about the date that DNB confirms that the DNO applications as set out above are complete.

Since the co-policymakers of Lendex Nederland B.V. are also in the process of obtaining a DNO and subject to propriety screening by DNB, it is envisaged that Lendex Nederland B.V. will request the AFM to be guided by the decision of DNB in its assessment of the propriety of these co-policymakers. The AFM will need to render a decision on the propriety of the co-policymakers in Lendex Nederland B.V. within thirteen weeks upon receipt of Lendex Nederland B.V.'s notification.

Regulatory Clearances Condition

As set out in further detail in Section 4.14 (*Offer Conditions*), the Offer is *inter alia* subject to the Regulatory Clearances Condition. If the Regulatory Clearances Condition is not satisfied, the Offeror is not obliged to declare the Offer unconditional nor to complete the Transaction and may terminate the Merger Protocol and the Offer subject to Section 4.16.5 (*Liquidated Damages Payments*).

Subject to clauses 11.4 and 11.9 of the Merger Protocol, and in accordance with clause 11.3 of the Merger Protocol, the Offeror has agreed to use its commercially reasonable efforts to:

(a) prepare and file all relevant applications as soon as possible, and to (i) respond promptly to information reasonably requested by the Competent Regulatory Authorities relating to the Offeror and its Affiliates and (ii) apply for an exemption from the AFM to extend the Acceptance Period where necessary to accommodate the time periods as applied by the Competent Regulatory Authorities, and to so extend the Acceptance Period, and the Company shall express in writing to the AFM its unequivocal support for such an application by the Offeror; and

(b) seek to obtain the Regulatory Clearances (including considering and, to the extent reasonable to do so, accepting any reasonable conditions or undertakings which a Competent Regulatory Authority may seek to impose as part of such Regulatory Clearances).

Under Dutch law, there is no specific definition of 'commercially reasonable efforts'. Whether or not a person has used its 'commercially reasonable efforts' is case-specific and will depend on the circumstances at hand.

In this respect, the Offeror shall not be required to:

(a) file or provide any information (whether written or oral) or documentation unless the contents thereof are consistent with the level and scope of information and documentation previously made available by The Blackstone Group International Partners LLP to ECB and/or other European financial regulators, in each case, in connection with the acquisition of a European bank; or

(b) do, accept or agree to anything that would affect the viability of the Business Plan or would materially prejudice the achievement of the Business Plan; or

(c) provide or seek or obtain from The Blackstone Group Inc. or any of its Affiliates and/or the Blackstone Funds, investment funds and/or managed accounts and/or any other entities managed and/or controlled and/or advised by Blackstone Tactical Opportunities Advisors L.L.C., Blackstone Management Partners L.L.C. and/or other managers affiliated with Affiliates of The Blackstone Group Inc, any guarantees, indemnities, keep-well undertakings or similar forms of commitment or support; or

(d) with respect to Clause 11.3.2 of the Merger Protocol, otherwise do, accept or agree to anything to obtain the Regulatory Clearances.

If the ECB, DNB, or another Competent Regulatory Authority imposes or seeks to impose any conditions or undertakings, the Offeror is not obliged to accept such conditions. If that would result in the Regulatory Clearances Condition not being satisfied or if the Regulatory Clearances Condition would otherwise not be satisfied, the Offeror is not obliged to declare the Offer unconditional nor to complete the Transaction and may terminate the Merger Protocol and the Offer. Such termination would result in the Liquidated Damages Payment becoming payable subject to and in accordance with clause 18.4 of the Merger Protocol, unless any of the circumstances listed in sub-clause 18.4.2 of the Merger Protocol apply, as set out in Section 4.16.5 (*Liquidated Damages Payments*).

As at the date of this Offer Memorandum, the Offeror is in the process of preparing and filing with the ECB and DNB the final drafts of the applications, which are still subject to the ECB and DNB providing further comments and/or requesting further information or revised drafts of the applications. The ECB and DNB have not yet confirmed the completeness of these filings.

Anti-trust clearances

Given that both NIBC Holding and the Offeror generated turnover exceeding EUR 250 million in the EU and combined worldwide turnover of more than EUR 5 billion, the Transaction meets the thresholds for a notification to and requires clearance from the European Commission ("**EC**") under the EU Merger Regulation. On 7 July 2020, the EC provided clearance for the Transaction.

Possible other Regulatory Clearances

The Offeror has identified one possible additional Regulatory Clearance that may be required as set out below.

NIBC Bank N.V. is in the process of preparing a legal merger between NIBC Bank Deutschland AG (as disappearing entity) and NIBC Bank N.V. (as acquiring entity). The merger proposal has been filed on 15 June 2020 and the expected completion date of the merger is 1 September 2020. In that timeline, the legal merger will take place prior to Settlement of the Offer. For the legal merger between NIBC Bank Deutschland AG and NIBC Bank N.V., DNB has granted a

declaration of no objection pursuant to article 3:96(1)(d) of the Wft on 14 May 2020. This means that no separate approval procedures with the ECB or German regulatory authorities will need to be followed in respect of the Transaction. However, should completion of this merger be delayed beyond Settlement of the Offer, the Transaction may also require the Offeror to obtain prior approval by the ECB, which would then constitute an additional Regulatory Clearance. In such case, the Offeror needs to notify the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") and the German Central Bank (*Deutsche Bundesbank*) about its intention to acquire a qualifying holding in NIBC Bank Deutschland AG as soon as it becomes clear that the merger will be delayed beyond Settlement of the Offer (section 2c para.1 sent. 1 KWG). Such notification needs to be made in writing by using the official notification template.

Although the Offeror has not identified additional Regulatory Clearances or other financial regulatory Authorisations than those set out in this Section 4.10 (*Clearances*), it is possible that other Regulatory Clearances or financial regulatory Authorisations will be required, that are unknown or have not been identified by the Company or the Offeror at the date of this Offer Memorandum.

4.11 Extraordinary general meeting of NIBC Holding

NIBC Holding will hold an extraordinary general meeting on 7 October 2020 at 15:00 hours CEST ("**EGM**") at Carnegieplein 4, 2517 KJ The Hague, the Netherlands. This EGM will also serve as general meeting required to be held in accordance with article 18 paragraph 1 of the Takeover Decree to discuss the Offer.

At the EGM, the holders of Shares, will be requested to vote on:

(a) the amendment of the Articles of Association as set out in Section 4.8 (*Amendments to the constitutional documents*);

(b) the appointment of Q. Abbas, N. El Gabbani, and if nominated prior to the convocation of the EGM, the third nominee of the Offeror as members of the Supervisory Board;

(c) all resolutions and approvals necessary for the purpose of implementing the Asset Sale and Liquidation (subject to the relevant regulatory approvals);

(d) the acceptance of the resignation and the granting of full and final discharge and release from any and all liabilities in respect to the supervisory duties of the resigning members of the Supervisory Board;

(e) the granting of full and final discharge from liability to all members of the Managing Board and all non-resigning members of the Supervisory Board for their functioning until the date of the EGM, as per the Settlement Date; and

(f) all corporate resolutions required to give effect to cancellation (*intrekking*) of the Treasury Shares held by NIBC Holding, subject to the Offer being declared unconditional.

The resolutions referred to in this Section 4.11 (*Extraordinary meeting of NIBC Holding*) will be referred to as the "**Resolutions**".

The Resolutions will be conditional upon Settlement taking place and will become effective as of the Settlement Date. Each Resolution shall be adopted if a simple majority of the votes cast is in favour of such Resolution.

There is a voting agreement included in the Irrevocable Agreements between JCF and the Offeror and Reggeborgh and the Offeror respectively. JCF and Reggeborgh have committed in the Irrevocable Agreement to vote in favour of the Resolutions at the EGM. Other than the Irrevocable Agreements, the Offeror is not aware of any voting agreements between the Offeror on the one hand and JCF and/or Reggeborgh on the other hand.

The members of the Boards that entered into a Board Irrevocable have committed in the Board Irrevocables to vote in favour of the Resolutions at the EGM.

4.12 Financing of the Offer

Below is a summary of the financing of the Offer. Please note that this summary does not provide a complete overview of the financing of the Offer and no rights can be derived from the summary. We advise to carefully read the detailed information on the financing of the Offer below the summary.

Summary

The Offeror announced on 25 February 2020 that it would finance the Offer by equity funding of EUR 1.304 billion provided by the Blackstone Funds from which it would be able to fund the acquisition of the Shares pursuant to the Transaction and the payment of related fees and expenses.

Following the general meeting dated 17 April 2020, the Company announced that the Final Dividend would only be paid out in the second half of 2020 and only if and to the extent such was due to the impact of COVID-19.

Considering that the delay in payment of the Final Dividend was not anticipated by the Offeror and the Offeror's ability to fund the Transaction was dependent on the Company's payment of the dividend, the Offeror no longer had certain funds and therefore announced on 28 April 2020 that its previous statement in the Announcement that it had obtained the means or taken the measures required to declare the Offer unconditional within the meaning of article 7 paragraph 4 of the Decree had become invalid and was therefore withdrawn.

After discussions with of JCF and Reggeborgh with whom the Offeror had entered into private transactions in respect of their Shares, the Company unconditionally committed to set the record date for the Final Dividend to a date prior to Settlement and JCF and Reggeborgh agreed to unilaterally waive their right to collect the payment of the dividend until such is feasible light of the impact of COVID-19 or the moment NIBC Holding or NIBC Bank N.V. (or any of their legal successors) makes any other distribution to its shareholders.

Following this, the Offeror and the Company confirmed that the Offer Price was reduced to EUR 9.32 per share. Furthermore, JCF and Reggeborgh confirmed that the Offeror's obligation to pay the purchase price under the Irrevocable Agreements was similarly lowered to EUR 8.40 and EUR 9.12 respectively. The Merger Protocol and the Irrevocable Agreements were amended to reflect this arrangement. Subsequently, on 18 May 2020 the Offeror issued an announcement that pursuant to NIBC's unconditional commitment to set the record date for the Final Dividend, the Shareholder Funding was now sufficient to enable the Offeror to fund the acquisition of Shares pursuant to the Transaction and the payment of related fees and expenses in accordance with article 7, paragraph 4 of the Takeover Decree.

On 10 July 2020, NIBC Holding, the Offeror, JCF and Reggeborgh reached agreement on an amendment of the Transaction. On 13 July 2020, NIBC Holding and the Offeror announced the amendment to the Transaction, which includes, *inter alia*, (i) reduction of the Offer Price to EUR 7.00 per Share and payment by NIBC Holding of the Final Dividend and (ii) a statement that the amended Transaction values NIBC Holding at approximately EUR 1.03bn (excluding the Final Dividend). The Offeror shall finance the Transaction by means of equity funding provided by the Blackstone Funds pursuant to a binding equity commitment letter for an aggregate amount of up to approximately EUR 1.05bn, which equity funding is fully committed, subject to customary conditions.

Detailed information

In the Announcement, the Offeror announced that:

(a) it had sufficient funds available to complete the Offer in accordance with article 7, paragraph 4 of the Takeover Decree;

(b) the Offeror would finance the Offer by means of equity funding provided by the Blackstone Funds;

(c) the Offeror had received a binding equity commitment letter from the Blackstone Funds for an aggregate amount of up to EUR 1.304bn, which is fully committed (subject to customary conditions) (the "**Shareholder Funding**");

(d) the Offeror had no reason to believe that such conditions will not be fulfilled on or prior to the Settlement Date; and

(e) from the Shareholder Funding, the Offeror would be able to fund the acquisition of Shares pursuant to the Transaction and the payment of related fees and expenses.

Following the general meeting of shareholders of the Company of 17 April 2020, the Company announced that its general meeting of shareholders had declared a total dividend for 2019 of EUR 0.78 per Share, resulting in the Final Dividend, but that such Final Dividend would only to be paid out in the second half of 2020 **provided that**, in the opinion of the Boards at such time, payment is feasible and appropriate in light of the impact of COVID-19 on the business.

In an announcement dated 28 April 2020, the Offeror confirmed that:

(a) while the Offeror understood the prudency that led the Company to decide to postpone payment of the final dividend following the recommendation made by financial regulators to refrain from making dividend payments, neither the proposed delayed payment date (second half of 2020) nor the Boards' discretion as to payment of the final dividend had been anticipated in the commitments in the Merger Protocol between the Company and the Offeror;

(b) the Announcement had confirmed that the Transaction valued the Company at approximately EUR 1.36bn (cum dividend, including the Final Dividend) and that the acquisition of the Shares pursuant to the Transaction and the payment of related fees and expenses would be funded by means of the Shareholder Funding of EUR 1.304bn (as described in Section 4.12 (*Financing of the Offer*));

(c) the previously committed distribution by the Company of the Final Dividend reflects the difference between NIBC Holding's valuation cum dividend (including the Final Dividend) and the funding required for the acquisition of the Shares pursuant to the Transaction and payment of related fees and expenses;

(d) the Offeror's ability to fund the acquisition of the Shares pursuant to the Transaction was dependent upon the Company either (i) paying the Final Dividend or (ii) unconditionally committing to the Offeror to pay such dividend prior to the Settlement Date;

(e) In the absence of this being the case, the Offeror was not able to fund the acquisition of the Shares.

Accordingly, and following discussions with NIBC, the Offeror confirmed in its announcement released in accordance with the Dutch Takeover Rules and the Market Abuse Rules on 28 April 2020 that its previous statement in the Announcement that it had obtained the means or taken the measures required to declare the Offer unconditional within the meaning of article 7 paragraph 4 of the Decree had become invalid and was therefore withdrawn.

Following discussions between the Company and JCF and Reggeborgh the Company unconditionally committed to set the record date for the Final Dividend and JCF and Reggeborgh agreed to unilaterally waive their right to collect the payment of the dividend until the earlier of (a) the moment that in the opinion of the Boards of NIBC Holding at such time, payment is feasible and appropriate in light of the impact of COVID-19 on the business and (b) the moment NIBC Holding or NIBC Bank N.V. (or any of their legal successors) pays any other dividend or capital distribution (in cash or kind) to its shareholders or repurchases any of the shares in its capital.

As a result, the Offeror and the Company confirmed that the Offeror's obligation under the Merger Protocol to pay the Offer Price in the public offer was reduced to EUR 9.32 per share. Furthermore, JCF and Reggeborgh confirmed that the Offeror's obligation to pay the purchase price under the private sale agreements was similarly lowered to EUR 8.40 and EUR 9.12 respectively.

In order to document such confirmations, (i) the Offeror and the Company amended the Merger Protocol by entering into an amendment letter on 18 May 2020 and (ii) the Offeror and JCF and Reggeborgh respectively amended the private sale agreements by entering into separate amendment letters to the private sale agreements).

Pursuant to the amendment letter in respect of the Merger Protocol, the Offeror and the Company agreed to amend the Merger Protocol as follows:

(a) the reference in clause 2.2 of the Merger Protocol to a cash price of EUR 9.85 per Share (originally defined as the 'Offer Price') was replaced with a reference to a cash price of EUR 9.32 per Share, and the definition of 'Offer Price' as used in the Merger Protocol was amended accordingly; and

(b) if the record date of the Final Dividend occurs prior to the Settlement Date, the Offer Price will not be decreased on a cent-for-cent basis with an amount equal to the value or impact of such dividend per Share pursuant to Clause 2.3 of the Merger Protocol.

Pursuant to the amendment letters to the Irrevocable Agreements the price per Share payable under the Irrevocable Agreements was confirmed to be EUR 8.40 in cash for JCF and EUR 9.12 in cash for Reggeborgh, excluding the Final Dividend.

Subsequently, on 18 May 2020 the Offeror issued an announcement that:

(i) Pursuant to NIBC Holding's unconditional commitment to set the record date for the Final Dividend, the Shareholder Funding was now sufficient to enable the Offeror to fund the acquisition of Shares pursuant to the Transaction and the payment of related fees and expenses in accordance with article 7, paragraph 4 of the Takeover Decree; and

(ii) However, the substantial uncertainty in respect of the initial business plan previously agreed between NIBC Holding and the Offeror forming a realistic basis for obtaining regulatory clearance for the Transaction remained.

On 8 June 2020, NIBC Holding and the Offeror announced that, with the support of JCF and Reggeborgh, they have entered into discussions on the basis of a proposal from the Offeror to amend the current Transaction. The key proposed amendments consist of:

(a) a reduction of the Offer Price to EUR 7.00 per Share, payable to all Shareholders (including JCF and Reggeborgh). In addition, public shareholders would receive NIBC Holding's Final Dividend, which would be paid unconditionally before Settlement, and would result in public shareholders receiving EUR 7.53 per Share, in aggregate. JCF and Reggeborgh would have the right to collect the Final Dividend, subject to the conditional waiver announced by NIBC Holding on 18 May 2020; and

(b) the introduction of a liquidated damages payment of EUR 46 million in total as the only remedy and recourse against the Offeror in certain circumstances where the Offer is not declared unconditional because regulatory clearances are not obtained and in certain other cases.

On 10 July 2020, NIBC Holding, the Offeror, JCF and Reggeborgh reached agreement on an amendment of the Transaction. On 13 July 2020, NIBC Holding and the Offeror announced the amendment to the Transaction, which includes, *inter alia*, the following:

(a) a reduction of the Offer Price to EUR 7.00 per Share and payment by NIBC Holding of the Final Dividend; and

(b) a statement that the Transaction values NIBC Holding at approximately EUR 1.03bn (excluding the Final Dividend). The Offeror shall finance the Transaction by means of equity funding provided by the Blackstone Funds pursuant to a binding equity commitment letter for an aggregate amount of up to approximately EUR 1.05bn, which equity funding is fully committed, subject to customary conditions.

(c) each of JCF and Reggeborgh and the Offeror have agreed to amend the private sale agreement into an irrevocable agreement, pursuant to which each of JCF and Reggeborgh has irrevocably undertaken to tender its Shares in the Offer. Each of JCF and Reggeborgh will tender its Shares on the same terms and conditions under the Offer as the other Shareholders;

(d) the Offeror has agreed in the amended Merger Protocol to make the Liquidated Damages Payments of EUR 46 million in aggregate if the Offer is not declared unconditional in certain circumstances, including in certain instances if the Regulatory Clearances are not obtained and in certain other cases. The Liquidated Damages Payments consist of (i) a payment of EUR 4 million to NIBC Holding and (ii) a payment of EUR 42 million in aggregate to all NIBC Holding shareholders *pro rata* to their respective shareholding in NIBC Holding, payable through NIBC Holding's paying agent. If the Liquidated Damages Payments are payable by the Offeror to the Company and its shareholders, this shall be their sole right of recourse and remedy against the Offeror; please refer to Section 4.16.5 (*Liquidated Damages Payments*) for further information; and

(e) NIBC Holding and the Offeror have agreed on the terms of the Asset Sale and Liquidation which may be implemented if the Offeror acquires less than 95% but at least 85% of the Shares, subject to the satisfaction of certain conditions, including among others (i) all required DNB and ECB approvals for the Asset Sale and Liquidation having been obtained, (ii) the relevant resolutions to approve the Asset Sale and Liquidation having been passed by NIBC Holding's general meeting of shareholders and (iii) compliance with the consultation procedures pursuant to the Dutch Works Council Act with respect to the advice of the Works Council. Pending satisfaction of the conditions the minimum acceptance level for the Offer remains at 95% of the Shares, and will only be reduced to 85% following satisfaction of such conditions. Please refer to Section 4.17.2 (*Asset Sale and Liquidation*) for further information.

4.13 Decision-making and Recommendation by the Boards

Throughout the process the Boards have given due consideration to potential conflicts of interest. As a result, Mr. J.C. Flowers, Mr. M.J. Christner and Mr. R.L. Carrion, the non-independent Supervisory Board Members, who were nominated for appointment by JCF, received general updates on the Offer process, but have been excluded from the deliberations and/or decision-making in respect of the Offer and related transactions on behalf of NIBC Holding.

The Managing Board and the independent members of the Supervisory Board have met on a frequent basis to discuss the developments, process and preparations in relation to the Offer. The final negotiations on the Merger Protocol and related transaction documentation have been led by and Mr Sluimers (chairman of the Supervisory Board), Mr De Wilt (chairman of the Managing Board and CEO) and Mr Dijkhuizen (member of the Managing Board and CFO) with the assistance of the Company's advisers. During these final negotiations, Mr Sluimers, Mr De Wilt and Mr Dijkhuizen reported to, and discussed the progress and developments of the final negotiations with the other member of the Managing Board and the independent members of the Supervisory Board.

Irrespective of the above, the Supervisory Board (in its full composition) has continued its meetings to discuss and resolve upon the regular agenda items, such as the annual results and the business plan of the Company.

The Boards received an opinion, dated 10 July 2020, of NIBC Holding's financial adviser BofA Securities, as to the fairness, from a financial point of view and as of the date of such opinion, of the aggregate amount of EUR 7.53 per Share, to be paid to holders of Shares (other than JCF, Reggeborgh and their respective affiliates and, if applicable, Blackstone and its affiliates) in

connection with the Offer and, if implemented, the Asset Sale and Liquidation, taken together as an integrated transaction, to such holders, which opinion was based upon and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described in such opinion (such opinion, the "**Boards' Financial Adviser Opinion**"). The Board's Financial Adviser Opinion was provided for the use and benefit of the Boards and does not constitute a recommendation to the holders of Shares as to whether to tender Shares in the Offer or how to vote or act in connection with the Offer, any related transactions (including the Asset Sale and Liquidation or any Post-Closing Restructuring Measures) or any other matter.

On 10 July 2020, the Supervisory Board received the opinion of its financial adviser, Lazard, to the effect that, as of the date of such opinion and based upon and subject to the factors, assumptions, qualifications and other matters set forth in such opinion, including, without limitation, the fact that the Final Dividend will be paid by the Company to the holders of Shares (other than JCF, Reggeborgh or any of their respective affiliates) prior to the Settlement Date, (i) the Offer Price to be paid to holders of Shares pursuant to the Offer is fair, from a financial point of view, to the holders of Shares (other than the Offeror, JCF, Reggeborgh or any of their respective Affiliates) and (ii) the Purchase Price (as defined in the Asset Sale Agreement) is fair, from a financial point of view, to the Company (the "**Supervisory Board's Financial Adviser Opinion**"). The Supervisory Board's Financial Adviser Opinion was provided for the use and benefit of the Supervisory Board and does not constitute a recommendation to the holders of Shares as to whether to tender Shares in the Offer or how to vote or act in connection with the Offer, any related transactions (including the Asset Sale and Liquidation or any Post-Closing Restructuring Measures) or any other matter.

With reference to the above, after having reviewed with the assistance of the Company's legal and financial advisers the terms and conditions of the Offer and other actions contemplated in the Merger Protocol, including the Non-Financial Covenants, and having taken the interests of all of the Company's stakeholders into account, the Boards both unanimously determined that the Offer is in the long-term interests of the Company, the sustainable success of its business and its clients, employees, shareholders and other stakeholders.

The Boards both unanimously support the Transaction and, on the basis of the Merger Protocol and the Merger Rules being complied with, recommend the Offer for acceptance to the shareholders of NIBC Holding (the "**Recommendation**"). Accordingly, the Boards recommend that shareholders of the Company vote in favour of the Resolutions at the upcoming EGM of the Company, to be held during the Acceptance Period.

In accordance with the Takeover Rules, any information shared with these members of the Boards in relation to the Offer has, if not published prior to the date of this Offer Memorandum being made generally available, been included in the Offer Memorandum in respect of the Offer and these members of the Boards will tender their Shares on the same terms and conditions as the other Shareholders subject to the Offer.

The Company shall publish a Position Statement pursuant to article 18 of the Takeover Decree, which sets forth the Recommendation. The full text of the Financial Adviser Opinions, which sets forth the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken in connection with the Financial Adviser Opinions, is included in the Position Statement.

4.14 Offer Conditions

The obligation of the Offeror to declare the Offer unconditional (*gestand te doen*) is subject to the conditions precedent (*opschortende voorwaarden*) set out in this Section 4.14 being satisfied or waived, as the case may be, no later than on the third (3rd) Business Day after the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be:

4.14.1 ***Offer***

(a) Such number of Shares having been tendered for acceptance under the Offer on the Acceptance Closing Time, or the Postponed Acceptance Closing Time, as the case may

be, which together with (i) the Shares directly or indirectly held by the Offeror or its Affiliates, (ii) any Shares irrevocably committed to the Offeror or any of its Affiliates in writing, subject only to the Offer being declared unconditional, and (iii) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*) (including, as a result of the Offer being declared unconditional, under the Irrevocable Agreements with JCF and Reggeborgh), in each case at the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be, represents either:

(i) no less than ninety five per cent. (95%) of the Company's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) (excluding Treasury Shares) as at the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be; or

(ii) no less than eighty five per cent. (85%) of the Company's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) (excluding Treasury Shares) as at the Acceptance Closing Time or the Postponed Acceptance Closing Time, as the case may be, if all Asset Sale and Liquidation Conditions set forth in Section 4.17.2 (except for condition (ii)) have been satisfied or waived.

(b) The Company has not breached the Merger Protocol or, if it has breached the Merger Protocol, such breach (i) does not have, and cannot reasonably be expected to have, a material adverse effect on the Company or the Offer and (ii) has been remedied by the Company within ten (10) Business Days of receipt of a written notice by the Offeror, **provided** (A) **that** the Company shall not be entitled to such remedy period if the breach is not capable of being remedied until that period and (B) that if the period until the Unconditional Date is less than ten (10) Business Days, the remedy period shall expire the day before the Acceptance Closing Time.

(c) The Offeror has not breached the Merger Protocol or, if it has breached the Merger Protocol, such breach (i) does not have, and cannot reasonably be expected to have a material adverse effect on the Company or the Offer and (ii) has been remedied by the Offeror within ten (10) Business Days of receipt of a written notice by the Company, **provided** (A) **that** the Offeror shall not be entitled to such remedy period if the breach is not capable of being remedied until that period and (B) that if the period until the Unconditional Date is less than ten (10) Business Days, the remedy period shall expire the day before the Acceptance Closing Time.

(d) With the exception of any financial regulatory approvals and competition law authorisations, rulings or orders, as described in Section 4.10 (*Clearances*), no order, stay, judgment or decree has been issued by any court, arbitral tribunal, government, Governmental Entity or other regulatory or administrative authority and is in effect, or any statute, rule, regulation, governmental order or injunction shall have been enacted, enforced, any of which prohibits the consummation of the Offer in any material respect.

4.14.2 ***Competition approval***

The EC having issued a decision in respect of the Offer constituting clearance of the proposed concentration or the expiry, lapsing or termination of the applicable waiting and other time periods (including extensions thereof) under any applicable competition legalisation or regulation in lieu of such decision.

4.14.3 ***Regulatory Clearances***

All financial regulatory Authorisations that are required in any jurisdiction for or in respect of the Transaction, its implementation, the proposed direct or indirect acquisition of any shares or other securities in, or control of, the Company or any member of the Group by the Offeror or any of its Affiliates (but excluding the Group) and the operation of the Combined Group in accordance with the Merger Protocol have been obtained, or the applicable waiting and other time periods (including extensions thereof) under any applicable financial regulatory legalisation or regulation have expired, lapsed or

terminated in lieu of such Authorisation. Please refer to Section 4.10 (*Clearances*) for further details on the Regulatory Clearances required to satisfy this Offer Condition.

4.14.4 ***Corporate action***

The Boards shall not have revoked or adversely changed the Recommendations.

4.14.5 ***MAC and MAC-related events***

No Material Adverse Change has occurred since the date of the Merger Protocol.

4.14.6 ***Illegality, litigation and insolvency***

No notification shall have been received from the AFM stating that the preparation of the Offer is in violation of chapter 5.5 of the Wft, and that, pursuant to section 5.80 of the Wft, investment firms (*beleggingsondernemingen*, as defined in the Wft) would not be allowed to co-operate with the implementation of the Offer (including Settlement).

4.14.7 ***No Superior Offer***

(i) No public announcement having been made of an Alternative Proposal or Superior Offer.

(ii) No third party having obtained the right to subscribe, or having agreed with the Company to subscribe for Shares, with the exception of the rights under the Investment and Retention Plans and the Foundation Option Agreement.

4.14.8 ***Listing***

Trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure (*noteringsmaatregel*) taken by Euronext Amsterdam in accordance with Article 6901/2 or any other relevant provision of the Euronext Rulebook I (*Harmonised Rules*).

4.14.9 ***Board Irrevocables and Irrevocable Agreements***

Each Board Irrevocable and each of the Irrevocable Agreements being in full force and effect and not having been breached, terminated or modified, except as approved by the Offeror.

4.14.10 ***Other***

(i) The Preference Shares Foundation not having exercised its Call Option.

(ii) The Preference Shares Foundation irrevocably having agreed to the termination of the Foundation Option Agreement with effect from Settlement.

(iii) The Merger Protocol not having been terminated in accordance with its terms.

Prior to the publication of this Offer Memorandum, the Offer Condition referred to in Section 4.14.2 (*Competition approval*) has been fulfilled.

With respect to Section 4.14.5 (*MAC and MAC-related events*), in the event the Offeror determines that this Offer Condition is not satisfied and NIBC Holding disagrees, either party shall be entitled to submit the dispute in writing to a binding adviser who will, subject to the provisions of the Merger Protocol, settle such disagreement in accordance with a binding advice procedure in accordance with the Merger Protocol. In such binding advice procedure the Offeror and NIBC Holding can only engage on the matters in dispute set out in their respective notice of disagreement and counter-notice of disagreement, as relevant. The binding adviser shall be the President of the Enterprise Chamber (*Ondernemingskamer*) of the Court of Appeals of Amsterdam or, if he is not able to provide the binding advice, another independent lawyer appointed as binding adviser by the President of the District Court of Amsterdam at the request of the Offeror and/or the Company. In making its determination, the binding adviser shall treat

the parties equally, may make any such enquiries as it wishes (including from experts) and shall ensure that either party has a reasonable opportunity to present its arguments, taking into account the timeframe to render the binding advice. The dispute and related proceedings must remain confidential unless otherwise required by law. The binding adviser shall render his binding advice as amiable compositeur. The binding advice shall be final and binding on the parties as regards the fulfilment and/or waiver of the conditions precedent (*opschortende voorwaarden*) set out in this Section 4.13. The Offeror confirms that, at the date of this Offer Memorandum, it is not aware of a Material Adverse Change having occurred that would make the Offer Condition in Section 4.14.5 (*MAC and MAC-related events*) incapable of being satisfied.

With respect to Section 4.14.10(i) and (ii) (*Other*), the Company and the Preference Shares Foundation have entered into a termination agreement in respect of the Foundation Option Agreement on 10 July 2020, which is acknowledged and accepted by the Offeror.

4.15 Waiver

The Offer Conditions in paragraphs 4.14.1(b), 4.14.4 (*Corporate action*), 4.14.5 (*MAC and MAC-related events*), 4.14.7 (*No Superior Offer*), 4.14.9 (*Board Irrevocables and Irrevocable Agreements*), 4.14.10(i) and 4.14.10(ii) (*Other*) are for the benefit of the Offeror and may only be waived by the Offeror (either in whole or in part), to the extent permitted by law only, at any time by written notice to the Company.

The Offer Condition in paragraph 4.14.1(c) is for the benefit of the Company and may only be waived by the Company (either in whole or in part), to the extent permitted by law only, at any time by written notice to the Offeror.

The Offer Conditions in paragraphs 4.14.1(d), 4.14.2 (*Competition approval*), 4.14.3 (*Regulatory clearances*), 4.14.6 (*Illegality, litigation and insolvency*) and 4.14.8 (*Listing*) cannot be waived.

The Offer Conditions in paragraphs 4.14.1(a) and 4.14.10(iii) (*Other*) are for the benefit of both the Offeror and the Company, and may only be waived by the Company and the Offeror together (either in whole or in part), as the case may be, to the extent permitted by law only, at any time by written notice. Each of the Offeror and the Company will notify the other forthwith of any facts or circumstances which may cause them to invoke non-satisfaction of any Offer Condition set forth in the Merger Protocol. None of them may invoke any of the Offer Conditions if the non-satisfaction of such condition(s) is caused by a breach of that person of any of its obligations under the Merger Protocol.

Both the Company and the Offeror have agreed to undertake using its reasonable efforts to procure the satisfaction of the Offer Conditions as soon as reasonably practicable.

4.16 Certain arrangements between the Offeror and NIBC Holding

In the Merger Protocol the Company and the Offeror have made several agreements on certain exclusivity arrangements, including how to deal with potential competing offers.

4.16.1 ***Exclusivity***

(a) For the purposes of this Offer Memorandum, the "**Exclusivity Period**" shall mean the period commencing on the date of the Merger Protocol and ending on the earlier of (i) the date the Merger Protocol is terminated in accordance with its terms and (ii) the Settlement Date.

(b) During the Exclusivity Period, the Company shall not, and shall, taking into account the current governance of the Group, procure that none of the members of its Group, directly or indirectly, nor any of their directors, employees, affiliates, agents or representatives shall, except as permitted pursuant to Section 4.16.1(e), encourage, initiate, or solicit discussions or negotiations with, or provide any confidential information to, or enter into any agreement with, any third party with respect to the making of an offer or a proposal (i) for the making of an offer for some or all of the issued and outstanding Shares, (ii) for the making of an offer for all of the assets of any member of the Group or (iii) involving the potential acquisition of a substantial interest of share capital, undertaking, or business

assets in the Company or any member of the Group, a merger, legal merger, consolidation or de-merger involving the Company, or a material reorganisation or re-capitalisation of the Company (each an "**Alternative Proposal**").

(c) The Company will notify the Offeror promptly (and in any event within 24 hours) if any communication, invitation, approach or enquiry, or any request for information is received by the Company, any member of its Group or any of their directors, officers, employees or affiliates, directly or indirectly, through its agents or representatives from any third party in relation to an Alternative Proposal, it being understood that the Company shall advise the Offeror of the identity of such third party, the proposed consideration, conditionality, financing and any other principal terms of such an Alternative Proposal. The Company shall keep the Offeror informed of any material developments with respect to such Alternative Proposal and any material changes to the principal terms of such Alternative Proposal.

(d) In the event that the Company receives a serious written Alternative Proposal from a *bona fide* third party that, in the sole discretion of the Boards, is reasonably likely to qualify as or lead to (but does not yet constitute) a Superior Offer for the Company such that the Boards are of the view that, in the exercise of their fiduciary duties to the Company and its stakeholders, they should explore such Alternative Proposal to the Company (a "**Potential Superior Offer**"), the Company shall promptly (and in any event within 24 hours of receipt by the Company) give written notice thereof to the Offeror. Such notice to the Offeror will specify (i) the identity of the relevant third party, (ii) the proposed consideration and other key terms of the Potential Superior Offer and (iii) the Company's intention to enter into discussions with such third party.

(e) After having given the notice specified in Section 4.16.1(d) and subject to compliance with this Section 4.16.1 (*Exclusivity*), the Company may engage in discussions or negotiations in relation to the Potential Superior Offer with such third party and disclose confidential information to such third party for a period of no longer than 10 Business Days following the receipt of the written proposal referred to in Section 4.16.1(d) (the "**Potential Superior Offer Period**"), **provided that** (i) during the Potential Superior Offer Period the Company shall continue to co-operate with the Offeror in accordance with the terms of the Merger Protocol and continue to keep the Offeror informed of any material developments with respect to such Potential Superior Offer, and (ii) under no circumstances shall the Company provide to a third party any confidential information that it has not provided to the Offeror unless the Company shall also at the same time provide such confidential information to the Offeror.

(f) Before the end of the Potential Superior Offer Period, the Company must either give written notice to the Offeror that:

(i) by then that Potential Superior Offer has been determined by the Boards to constitute a Superior Offer for the Company in accordance with Section 4.16.2 (*Superior Offer*), in which case the Company shall immediately initiate the steps set out in Section 4.16.2 (*Superior Offer*); or

(ii) such Potential Superior Offer has not been determined by the Boards to constitute a Superior Offer for the Company in accordance with Section 4.16.2 (*Superior Offer*), in which case the Company must immediately confirm to the Offeror that (i) it continues to support the Offer, (ii) its Boards will continue to support the Offer as contemplated herein and (iii) it has discontinued considering and terminated discussions or negotiations regarding that Potential Superior Offer for the Company with such third party, it being understood that these confirmations by the Company shall be made public if the relevant Potential Superior Offer has also been communicated in public.

(g) Before engaging in discussions or negotiations with a third party regarding a Potential Superior Offer or disclosing confidential information to a third party, each as contemplated in Section 4.16.1(e), the Company shall first enter into a confidentiality agreement with such third party on terms that in all material respects are no less

favourable to the Company than the terms of the confidentiality agreement between the Company and the Offeror. Unless the Merger Protocol is terminated, where confidential information regarding the Company and its subsidiaries has been provided to any third party in relation to a Potential Superior Offer that in accordance with 4.16.1(f)(ii) has not been determined to constitute a Superior Offer, the Company shall promptly request the return or destruction of all such confidential information provided to any such persons.

(h) By its acceptance of the terms of the Merger Protocol, the Company agrees that it will not enter into any break fee arrangement, incentive fee, cost compensation or any similar arrangement with any third party in connection with an Alternative Proposal, a Potential Superior Offer or a Superior Offer, except, in respect of a Superior Offer, if such break fee arrangement, incentive fee, cost compensation or any similar arrangement only becomes binding after the Offeror has not matched the Superior Offeror in accordance with Section 4.16.2(b)(ii).

(i) By its acceptance of the terms of the Merger Protocol, the Company confirms that, at signing of the Merger Protocol, (i) it is not, directly or indirectly, in negotiations, activities or discussions with any third party that may lead to an Alternative Proposal or a Superior Offer and (ii) it has terminated all previous negotiations, activities or discussions with any third party that may lead to an Alternative Proposal or a Superior Offer.

4.16.2 ***Superior Offer***

(a) For the purpose of this Section 4.16.2 (*Superior Offer*), a "**Superior Offer**" is a *bona fide* binding proposal in writing from a *bona fide* third party for a business combination or transaction that would involve (an attempt to effect) a change of control of the Company through an offer for all issued and outstanding Shares or all of the assets of the Group that, in either case, in the reasonable opinion of the Boards is – taking into account the identity and track record of the Offeror and that of the third party making such proposal, certainty of execution (including, but not limited to, certainty of funding, financial regulatory- and anti-trust clearances), conditionality, timing, benefits for employees and the interests of the shareholders and other stakeholders of the Company – a more beneficial offer than the Offer as contemplated in the Merger Protocol, **provided that** (i) such Superior Offer is in cash, (ii) the weighted average of the consideration per Share offered in the Superior Offer exceeds that of the weighted average price per Share offered by the Offeror (of EUR 7.00) by at least 8%, whereby the consideration per Share offered to Shareholders exceeds the Offer Price by at least 8%, and (iii) the Superior Offer includes non-financial commitments by such third party that are better from the perspective of the Company than the Non-Financial Covenants, failing which such merger, offer or proposal shall not qualify as a Superior Offer for the purpose of this Section 4.16.2 (*Superior Offer*). The weighted average consideration of any subsequent Superior Offer (which shall include any amended Superior Offer) must exceed the most recent weighted average consideration offered by the Offeror for each of the Shares, including in any Matching Offer (as defined below), by at least 8%. To the extent that the Superior Offer is an offer for all or substantially all of the assets of the Group, the calculation shall be made on the basis of the net proceeds (excluding dividend withholding tax) to be distributed to the Shareholders resulting from such a transaction (to be valued at the first trading day on Euronext Amsterdam following the execution of the Merger Protocol) calculated on a per Share basis.

(b) In the event that a Potential Superior Offer is determined in accordance with Section 4.16.1(f) to be a Superior Offer, then the following steps shall be completed:

(i) The Company shall promptly inform the Offeror thereof (in any event within 12 hours of such determination) in writing (such information in writing hereinafter the "**Superior Offer Notice**") and shall provide to the Offeror all material details known to the Company regarding the Superior Offer (including (i) the identity of the relevant third party, (ii) the proposed consideration and other key terms of the Potential Superior Offer and (iii) the Company's reasons for determining that such offer is a Superior Offer.

(ii) The Offeror shall have 10 Business Days following the date on which it has received the Superior Offer Notice in respect of a Superior Offer to communicate to the Boards a revision of the Offer. If such revised offer is on terms and conditions which, in the opinion of the Boards, are at least equally beneficial to the Company, its business and its stakeholders and materially matches the terms and conditions of the Superior Offer as set out in the Superior Offer Notice, such offer shall qualify as a "**Matching Offer**".

(iii) If the Offeror (i) fails to timely communicate a Matching Offer in accordance with Section 4.16.2(b)(ii), or (ii) has notified the Company in writing that it will not communicate a Matching Offer, the Company shall be entitled to (conditionally) agree to the Superior Offer. If the Company (conditionally) agrees to the Superior Offer each of the Offeror and the Company shall be entitled to terminate the Merger Protocol with immediate effect.

(iv) Subject to Section 4.16.2(b)(iii), if the Offeror has communicated a Matching Offer in accordance with Section 4.16.2(b)(ii) and the Boards have concluded that the Matching Offer made in accordance with Section 4.16.2(b)(ii) does match or exceed the Superior Offer, or, in respect of subsequent Matching Offers, consecutive Superior Offers, the Offeror and the Company shall not terminate the Merger Protocol and shall continue to be bound by their respective rights and obligations of the Merger Protocol, including in relation to any future Superior Offer for the Company, in which case a failure to receive the notice referred to under Section 4.16.2(b)(iii) shall be deemed confirmation by the Company that (i) it supports the Matching Offer, (ii) its Boards support the Matching Offer as contemplated herein and (iii) it will discontinue considering and terminate discussions or negotiations regarding the Alternative Proposal, it being understood that these confirmations by the Company shall be made public if the relevant Alternative Proposal has also been communicated in public. If the Offeror has communicated a Matching Offer in accordance with this Section 4.16.2(b)(iv), then the provisions of the Merger Protocol apply as if that Matching Offer is the Offer.

(c) This Section 4.16.2 (*Superior Offer*) applies *mutatis mutandis* to any consecutive Superior Offer.

4.16.3 ***Termination***

(a) The Merger Protocol is terminated:

(i) if the Company and the Offeror so agree in writing;

(ii) by notice in writing given by either the Offeror or the Company (the "**Terminating Party**") to the other Party if any Offer Condition has not been satisfied or waived in accordance with the Merger Protocol by the Party for whose benefit such Offer Condition is stipulated in the Merger Protocol on or before the Termination Date, or if it has announced in accordance with the Merger Protocol that such Offer Condition cannot be satisfied and shall not be waived by the Terminating Party before such date, provided in each case that the non-satisfaction of the relevant Offer Condition is not due to the Terminating Party breaching any of its obligations under the Merger Protocol;

(iii) by notice in writing given by the Company if all Offer Conditions have been satisfied or waived and Settlement has not taken place on the Settlement Date;

(iv) by notice in writing given by the Terminating Party to the other Party in the event of a material breach of a material provision of the Merger Protocol by the other Party, which breach has or is expected to have a material adverse effect on the Offer or the Company (a "**Material Breach**"), which has not been remedied by the other Party within ten (10) Business Days of receipt of a written notice by the Terminating Party, **provided that** the other Party shall not be entitled to

such remedy period if the breach is not capable of being remedied. For the avoidance of doubt, a Material Breach shall in any event include, without limitation, a breach by the Company of any of its obligations pursuant to Clause 6 of the Merger Protocol (*Recommendation*);

(v) if the Company or the Offeror terminates the Merger Protocol in writing pursuant to Section 4.16.2(b)(iii); or

(vi) if the Offeror terminates the Offer or the Merger Protocol in writing pursuant to Section 4.16.5 (*Liquidated Damages Payments*).

4.16.4 ***Termination Fee***

To induce the Offeror to enter into the Merger Protocol and to pursue and make the Offer, the Company shall, upon termination of the Merger Protocol pursuant to Section 4.16.2(b)(iii), upon a written request thereto pay to the Offeror a termination fee in the amount of EUR 13.6 million in cash (without any deduction or set-off) as compensation for opportunity costs and other costs incurred by the Offeror in connection with the Offer.

4.16.5 ***Liquidated Damages Payments***

This Section 4.16.5 shall apply notwithstanding any other provision of this Offer Memorandum and in the event of any inconsistency or conflict between this Section 4.16.5 and any other provisions of this Offer Memorandum, this Section 4.16.5 shall prevail.

(a) In the event that the Merger Protocol is terminated in case the Offer lapses or is terminated without the Offer being declared unconditional by the Offeror, in each case, for any reason, then the Offeror has agreed with the Company that the Offeror shall, except as set out in Section 4.16.5(b) below, within ten (10) Business Days of such termination (and subject to having received the relevant bank account details referred to in Section 4.16.5(e) below), make a payment to the Company of EUR 4 million in cash and a payment to the Company's paying agent (as referred to in Section 4.16.5(e) below), for the benefit of the holders of Shares on a record date determined and communicated by the Company, of an aggregate amount of EUR 42 million in cash to be allocated amongst such holders *pro rata* to their respective shareholding in the Company, in each case, by way of liquidated damages and not by way of payment or compensation for any services rendered. Such payments shall be made without any deduction or set-off, and shall be referred to as the "**Liquidated Damages Payments**", and the aggregate amount of such payments as the "**Liquidated Damages Amount**").

(b) The Liquidated Damages Payments shall not be payable, and neither the Offeror nor any of its Affiliates, nor its and/or their directors, officers and/or employees, shall have any other obligation or liability *vis-à-vis* the Company (whether on behalf of itself and/or others) and/or the Shareholders, and the Company has waived in the Merger Protocol, each of JCF and Reggeborgh has waived in the Irrevocable Agreements and each Shareholder, by accepting the Offer, waives and shall be deemed to waive any and all other rights to bring such a claim (whether on behalf of itself and/or others), if the Offer has lapsed or been terminated without being declared unconditional and any of the circumstances listed below in this Section 4.16.5(b) apply:

(i) a material breach by the Company of the Merger Protocol, a material breach by JCF of the JCF Irrevocable Agreement or a material breach by Reggeborgh of the Reggeborgh Irrevocable Agreement, unless such breach, if capable of remedy, is remedied in full within ten (10) Business Days after its occurrence;

(ii) the Minimum Acceptance Condition (A) not being satisfied or waived by the Offeror and the Company or (B) has become incapable of being satisfied, other than as a result of the Offer having lapsed or been terminated without being declared unconditional, **provided that**:

(A) in the case of (A) and (B), the Offeror has not prior to then made any public announcement confirming that any of the other Offer Conditions has not been satisfied or is incapable of being satisfied, and (in each case) has not been or will not be waived; and

(B) in the case of (A) only, and **provided that** if and when the Offeror applies for an exemption with the AFM to extend the Offer Period accordingly, the Company and, as relevant, JCF and/or Reggeborgh, shall have unequivocally expressed in writing to the AFM their support for such an application, the Acceptance Period has been extended until at least the earlier of (a) the Termination Date and (b) the Business Day following the date on which the Offeror has made any public announcement confirming that the Regulatory Clearances Condition has been satisfied, has not been satisfied or is incapable of being satisfied;

(iii) any of the Excluded Conditions not being satisfied or waived, or becoming incapable of being satisfied in accordance with the Merger Protocol, or, as a result of any act or omission by the Company, JCF and/or Reggeborgh, any other Offer Condition not being satisfied or waived, or becoming incapable of being satisfied in accordance with the Merger Protocol;

(iv) the Offeror and the Company agreeing in writing to terminate the Merger Protocol in accordance with clause 18.1.1 thereof;

(v) the Offeror or the Company terminating the Merger Protocol in accordance with clause 18.1.6 thereof in connection with a Superior Offer; and/or

(vi) a Regulatory Clearance not being obtained in connection with the Offeror (A) not filing or providing any information or documentation requested by a Competent Regulatory Authority that it is not required to file or provide pursuant to clause 11.4.2 (a) of the Merger Protocol or (B) not complying with a request or requirement from any Competent Regulatory Authority to provide, or to seek or obtain from The Blackstone Group Inc or any of its Affiliates and/or the Blackstone Funds, investment funds and/or managed accounts and/or any other entities managed and/or controlled and/or advised by Blackstone Tactical Opportunities Advisors L.L.C., Blackstone Management Partners L.L.C. and/or other managers affiliated with Affiliates of The Blackstone Group Inc, any guarantees, indemnities, keep-well undertakings or similar forms of commitment or support.

(c) If the Liquidated Damages Payments are payable in accordance with this Section 4.16.5 by the Offeror to the Company and the Company's paying agent on behalf of the Shareholders, this shall be (i) the maximum amount of any damages, claims or cash amount payable by the Offeror, its Affiliates or any of its and/or their directors, officers and/or employees in connection with or arising out of the Offer, the Merger Protocol, the Irrevocable Agreements and/or the Transaction, and therefore also represent the maximum aggregate liability of the Offeror, its Affiliates, and any of its and/or their directors, officers and employees for any such damages, claims or cash amount, and (ii) the sole compensation and sole right of recourse and remedy for, the Company (whether on behalf of itself and/or others) and the Shareholders, including JCF and Reggeborgh. The Company has waived in the Merger Protocol, each of JCF and Reggeborgh has waived in the Irrevocable Agreements and each other Shareholder, by accepting its entitlement to and/or receiving its *pro rata* part of the Liquidated Damages Payments, waives and shall be deemed to waive any and all other rights to bring a claim (whether on its own behalf and/or on behalf of others), in connection with, or arising out of the Merger Protocol, the Irrevocable Agreements, the Offer and/or the Transaction against the Offeror, its Affiliates or any of its and their directors, officers and/or employees, and no other damages, remedy or recourse shall be available to the Company (whether on behalf of itself and/or others) or the Shareholders for any matter in connection with, or arising out of, the Merger Protocol, the Irrevocable Agreements, the Offer and/or the Transaction, if the Liquidated Damages Payments have become payable in accordance

with this Section 4.16.5 by the Offeror to the Company and the Company's paying agent on behalf of the Shareholders, without prejudice to the Company's right to enforce the Offeror's obligations (if any) to pay the Liquidated Damages Payments pursuant to this Section 4.16.5.

(d) This Section 4.16.5 shall apply irrespective of whether the Merger Protocol and/or the Offer terminate or lapse in circumstances where the Offer is not declared unconditional as a result of a breach by the Offeror or not. For the avoidance of doubt, the Offeror shall not have any liability whatsoever for any tax liabilities of the Company (whether on behalf of itself and/or others) and/or the Shareholders, including JCF and Reggeborgh, triggered in respect of any Liquidated Damages Payments.

(e) If the Liquidated Damages Payments are payable in accordance with this Section 4.16.5, they shall become due by the Offeror as from the moment on which the Company has confirmed in writing to the Offeror its own bank account details for payment into of the EUR 4 million amount for the Company and the bank account details of a paying agent the Company shall appoint for payment into of the EUR 42 million amount for the Shareholders. The costs of the paying agent shall be borne by the Company. Payment by the Offeror of the Liquidated Damages Payments in accordance with this Section 4.16.5 to such bank accounts shall satisfy the Offeror's payment obligations under this Section 4.16.5 in full and shall constitute full and final discharge (*finale kwijting*) and the Offeror shall have no responsibility as to the allocation or subsequent payment of such amounts to the Company or the respective Shareholders. The Company shall procure that such paying agent shall, as soon as possible after receipt of the Liquidated Damages Payments of EUR 42 million, pay the relevant amounts to the Shareholders *pro rata* to their respective shareholding in the Company at a record date to be determined and communicated by the Company, but such payment by the paying agent shall not be later than three (3) Business Days after the Offeror has complied with its payment obligations under this Section 4.16.5.

(f) Notwithstanding anything else in this Section 4.16.5, if the Offeror does not declare the Offer unconditional, the Company, JCF and Reggeborgh shall have the right to demand specific performance (*nakoming vorderen*) to declare the Offer unconditional only if all Offer Conditions have been satisfied or waived by the Offeror, but otherwise shall not have the right to demand specific performance (*nakoming vorderen*).

4.16.6 ***Irrevocable undertakings***

One (dependent) member of the Supervisory Board and the members of the Managing Board have executed irrevocable undertakings pursuant to which they have agreed with the Offeror that they will accept the Offer in respect of all Shares that they held at the date of such Board Irrevocable and/or will acquire after the date thereof and that they shall tender such Shares to the Offeror in accordance with the terms and conditions of the Offer and the irrevocable undertakings (the "**Board Irrevocables**"). In accordance with the Takeover Rules, any information shared with these members of the Boards in relation to the Offer have, if not published prior to this Offer Memorandum being made generally available, been included in the Offer Memorandum in respect of the Offer and these members of the Boards will tender their Shares on the same terms and conditions as the other Offer shareholders.

Please see below a table with the Shares held by the respective members of the Boards and the percentage such Shares represent of all Shares in aggregate (excluding Treasury Shares).

(Supervisory) Board Member	**Shares**	**Percentage**
P. de Wilt	302,940	0.21%
H. Dijkhuizen	183,993	0.13%
R. van Riel	182,893	0.12%
M. Christner	20,000	0.01%

Pursuant to the Irrevocable Agreements, JCF and Reggeborgh have each irrevocably undertaken to accept the Offer and to tender all Shares they can freely tender as per the

Acceptance Closing Time (as defined below) and to vote in favour of the Resolutions (as defined below). JCF and Reggeborgh hold approximately 60.57% and 14.69% of the Shares respectively and 75.25% of the Shares in aggregate (excluding Treasury Shares). Together with the Shares held by the members of the Boards referred to above, 75.72% of the Shares in aggregate (excluding Treasury Shares), have been committed to the Transaction.

Please also refer to Section 5.7 (*The Supervisory Board*) and Section 5.8 (*The Managing Board*).

4.17 Post-Closing Restructuring Measures

Shareholders who do not intend to tender their Shares under the Offer should carefully review this Section 4.17 (*Post-Closing Restructuring Measures*), including Section 4.17.3 (*Other Post-Closing Restructuring Measures*) and Section 4.18 (*Consequences of the Offer*), which describe certain risks they will be subject to if they elect not to accept the Offer and certain measures the Offeror may take to achieve its goal of obtaining 100% (one hundred per cent) of the Shares. These risks are in addition to the risks associated with holding Shares issued by the Company generally, such as the exposure to risks related to the business of the Company and its subsidiaries, the markets in which the Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time.

The Offeror seeks to acquire 100% (one hundred per cent) of the Shares and/or the business and operations of the Company, through the Transaction, a subsequent squeeze-out procedure or other subsequent restructuring steps. These steps are likely to have significant consequences for Shareholders who do not tender their Shares under the Offer, including the possibility of a substantial delay in the receipt by them of their proceeds. The Offeror and the Company have agreed to the terms of the Asset Sale and Liquidation (as defined below) and the Boards and the board of the Offeror have approved such Asset Sale and Liquidation as further detailed in Section 4.17.2 (*Asset Sale and Liquidation*). Please refer to Section 4.17.2 (*Asset Sale and Liquidation*) for the relevant conditions to be fulfilled for the approval of the Asset Sale and Liquidation.

The Offeror and the Company have agreed the terms of the Asset Sale and Liquidation and have entered into the agreed form asset sale and liquidation agreement prior to the date of this Offer Memorandum, as approved by the Boards and the board of the Offeror. The Company and the Offeror have agreed to undertake preparing all documentation legally required and to take all steps to implement the Asset Sale and Liquidation, including, for the avoidance of doubt, all necessary regulatory filings, and execute such documentation subject to Asset Sale Conditions.

4.17.1 *Delisting, Squeeze-Out Procedures*

In the event the Offer is declared unconditional (*gestand wordt gedaan*) it is intended that the listing of the Company on Euronext Amsterdam will be terminated as soon as possible. It is the intention of the Offeror to acquire ultimately 100% (one hundred per cent) of the Shares, including through the acquisition of all Shares in the capital of NIBC Holding. If, following the Settlement Date, the Offeror and its Affiliates, alone or together with the Company, hold at least 95% (ninety-five per cent) of the Shares, the Offeror shall, at its discretion commence (i) a statutory buy-out procedure (*uitkoopprocedure*) in accordance with article 2:92a DCC or (ii) the takeover buy-out procedure in accordance with article 2:359c DCC to buy out the holders of Shares that are not yet held by the Offeror and its Affiliates.

4.17.2 *Asset Sale and Liquidation*

Taking account of the strategic rationale for the Transaction as set out in Section 4.4 (*Rationale of the Offer*), the Company acknowledges the importance to the Group and its ability to achieve its goals to have a shareholder that owns one hundred per cent. (100%) of the Shares or the Company's assets and operations. This importance is based, *inter alia*, on (i) the fact that having a single shareholder and operating without a public listing increases the Group's ability to achieve its goals and implement its strategy and (ii) the

ability of the Company and the Offeror to terminate the listing of the Shares from Euronext Amsterdam.

In light of the above, including deal certainty considerations and the fact that the Offeror's willingness to pursue to strategic rationale, to pay the Offer Price and to pursue the Transaction is predicated on the acquisition of 100% of the Shares, and in light of the willingness of the Offeror to reduce the minimum acceptance threshold as set out in Section 4.14.1(a) (*Offer*) from 95% to 85% of the Company's issued and outstanding share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*) if there is an Asset Sale and Liquidation as set out below, the Company and the Boards have approved the Asset Sale and Liquidation.

To implement the Asset Sale and Liquidation, the Offeror and the Company have entered into an asset sale agreement (the "**Asset Sale Agreement**") pursuant to which NIBC Holding's entire business (consisting of all assets and liabilities of NIBC Holding) (the "**Business**") shall be sold and transferred to the Offeror or an Affiliate of the Offeror and subsequently NIBC Holding shall be liquidated (the "**Asset Sale and Liquidation**").

Subject to:

(i) the Asset Sale Agreement having been entered into between the Offeror and the Company, being in full force and effect and not having been amended without the Offeror's prior written consent, the Company not having breached the Asset Sale Agreement or, if the Company has breached the Asset Sale Agreement and such breach was capable of being remedied, it having remedied such breach prior the Acceptance Closing Time, or, if the Offeror has extended the Acceptance Period, the Postponed Acceptance Closing Time;

(ii) the number of Tendered Shares (including those, for the avoidance of doubt, tendered following the Post Acceptance Period), together with (i) the Shares directly or indirectly held by the Offeror or its Affiliates, (ii) any Shares irrevocably committed to the Offeror or any of its Affiliates in writing subject only to the Offer being declared unconditional, and (iii) any Shares to which the Offeror or any of its Affiliates is entitled (*gekocht maar nog niet geleverd*) (including, as a result of the Offer being declared unconditional, under the Irrevocable Agreements), representing less than 95% but at least 85% of the Company's aggregate issued and outstanding ordinary share capital (*geplaatst en uitstaand kapitaal*) (excluding any Treasury Shares);

(iii) the resolutions required for the Asset Sale and Liquidation having been adopted at the EGM;

(iv) the required ECB and DNB approvals in relation to the Asset Sale and Liquidation having been obtained;

(v) the consultation procedures pursuant to the Dutch Works Council Act (*Wet op de ondernemingsraden*) with respect to the advice of the central works council of the Group has been materially complied with, such that:

(A) the central works council of the Group has rendered the requested advice in relation to the Asset Sale and Liquidation (to the extent necessary) on terms and conditions acceptable to the Company and the Offeror, acting reasonably; or

(B) the central works council of the Group has confirmed in writing that (A) it has been duly informed on the Asset Sale and Liquidation, (B) it waives its rights under the Dutch Works Council Act to give advice with respect to any (implementation) decisions following therefrom and/or to appeal to the Enterprise Section (*Ondernemingskamer*) of the Amsterdam Court of Appeal (*Gerechtshof*) in relation to any and all

such decisions and (C) the term of suspension (*opschortingstermijn*) as referred to in clause 25 (6) Dutch Works Council Act shall not apply; or

(C) the Enterprise Section of the Amsterdam Court of Appeal has rejected the appeal, if any, made by the central works council of the Group, or no appeal has been timely instituted.

(vi) the Dividend Waiver Letter Agreement having been duly executed, remaining in full force and effect and not having been amended or terminated without the prior written consent of the Offeror and the conditions subsequent (*ontbindende voorwaarden*) under the Dividend Waiver Letter Agreement have not been met; and

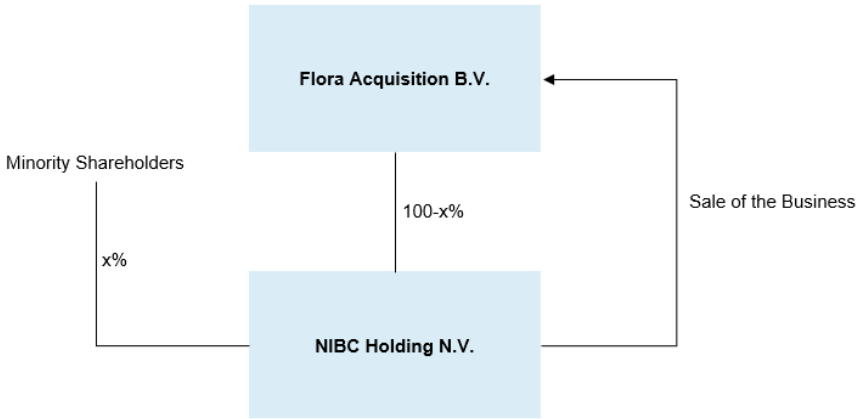
(vii) no order, stay, judgment or decree having been issued by any court, arbitral tribunal, government, governmental authority or other regulatory or administrative authority that remains in force and effect, and no statute, rule, regulation, governmental order or injunction having been enacted, which prohibits the implementation of the Asset Sale and Liquidation,

together the "**Asset Sale and Liquidation Conditions**",

the Offeror shall, subject to satisfaction or waiver of the other Offer Conditions, declare the Offer unconditional, in which event the Offeror may decide, after the Settlement Date, implement the Asset Sale and Liquidation. The Offeror expects to implement the Asset Sale in the event that following the Settlement Date or the settlement of the Shares tendered during the Post Acceptance Period, the Offeror has not acquired 95% or more of the Company's issued and outstanding ordinary share capital (*geplaatst en uitstaand gewoon aandelenkapitaal*).

The Asset Sale and Liquidation shall consist, in summary, of the following main terms:

(i) The Offeror and the Company shall implement the Asset Sale Agreement, pursuant to which the Company sells and transfers and the Offeror or its Affiliates purchases and acquires the Business.



(ii) The aggregate purchase price for the Business (the "**Purchase Price**") would be an amount equal to the Offer Price per Share calculated in accordance with the terms and conditions of this Offer Memorandum, including but not limited to Section 4.18.5 (*Dividend policy*) (for the purposes of this Section 4.17.2 (*Asset Sale and Liquidation*), the 'Offer Price') multiplied by the total number of Shares issued and outstanding immediately prior to the date of transfer of the Business ("**Completion**").

(iii) The Purchase Price would be payable or satisfied on the date of Completion as follows:

An amount equal to the Purchase Price *minus* the Aggregate Minority Cash Amount (such amount, the "**Offeror Cash Amount**"), to be satisfied by the Offeror's execution and delivery of a loan note to the Company at arm's length in an aggregate principal amount equal to the Offeror Cash Amount (the "**Note**"); and

(A) an amount in cash equal to the Offer Price multiplied by the total number of Shares issued immediately prior to Completion and held by Shareholders other than the Offeror or any of its Affiliates (such Shareholders, the "**Minority Shareholders**" and such amount, the "**Aggregate Minority Cash Amount**"), which would be paid or satisfied as follows:

(1) to avoid the Offeror having to pay cash for cash available within the Company to which the Offeror will be entitled as a result of the transfer of the Business, a portion of the Aggregate Minority Cash Amount equal to the amount of available unrestricted cash of the Company as set forth on the Company's balance sheet immediately prior to Completion to the extent it can be freely distributed pursuant to the Liquidation Distribution and subject to applicable laws (the "**Net Cash Amount**"), if any, by way of set-off against the Company's obligation to deliver the Net Cash Amount to the Offeror at Completion as part of the Business; and

(2) the remainder of the Aggregate Minority Cash Amount, if any, in cash by the Offeror or any of its Affiliates.

If and to the extent the Net Cash Amount exceeds the Aggregate Minority Cash Amount (the "**Excess Cash**"), the Company would transfer the Excess Cash to the Offeror as part of the transfer of the Business.

(iv) Subject to Completion, the Offeror and the Company shall and/or shall cause, as the case may be, the relevant members of the managing board and the supervisory board of each of the Offeror and the Company and of the relevant management boards of their relevant Affiliates, to do all such things necessary as reasonably required to assign to the Offeror, all of the present and future rights, benefits and obligations of the Company under the Merger Protocol, such to ensure that all present and future rights, benefits and obligations of the Company that are contemplated to survive Settlement, shall be transferred to, and apply *mutatis mutandis* to the Offeror, as if the Offeror were to be the Company. In this respect Offeror and the Company, in any event shall procure that:

(A) the governance and constitutional documents (including the articles of association and board regulations) of the Offeror shall be mirrored to the governance and constitutional documents of the Company, taking into account the amendments thereto as agreed in the Merger Protocol and described in this Offeror Memorandum;

(B) the composition of the managing board and the supervisory board of the Offeror, shall be mirrored to the composition of the Managing Board and the Supervisory Board of the Company as contemplated by the Merger Protocol and described in this Offer Memorandum, whereby each of the Designated Independent Non-Executives shall act as designated independent non-executive in the supervisory board of the Offeror (the "**Offeror's Designated Independent Non-Executives**");

(C) the benefits and rights of enforcement conferred upon the Designated Independent Non-Executives pursuant to clause 3.7 of the Merger Protocol, shall continue to be enforceable by these persons in their function of Offer's Independent Non-Executives, whereby:

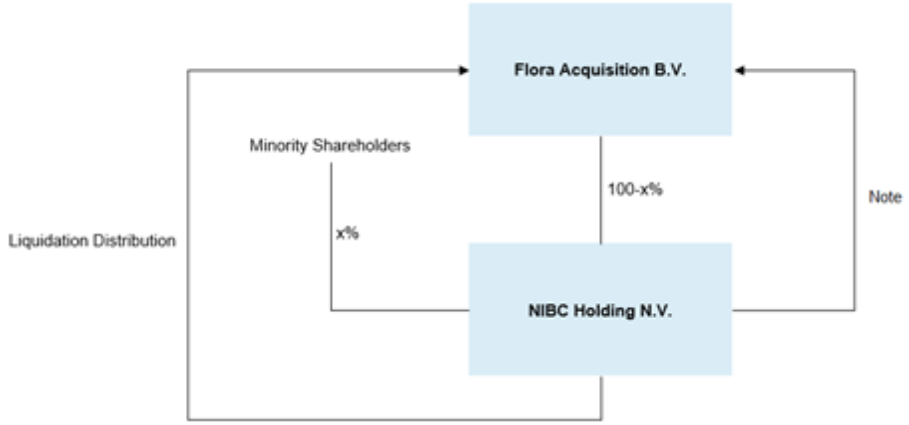
(1) the underlying obligations and commitments of the Offeror in respect of the Company under the Merger Protocol shall be construed as if such obligations and commitments would apply *mutatis mutandis* to the Offeror; and

(2) the provisions of clause 3.7 of the Merger Protocol, with respect to the assignment of the benefits and rights of enforcement to successor Designated Independent Non-Executives shall apply *mutatis mutandis* to successor Offeror's Independent Non-Executives.

(D) the Offeror's Independent Non-Executives will have the right to effect any of the other present or future rights or benefits of the Company set out in the Merger Protocol to the extent those remain relevant and applicable.

(v) The Company and the Offeror shall procure that the Company shall make a Liquidation Distribution and that the Shareholders who did not tender their Shares in the Offer shall, pursuant to such Liquidation Distribution, be entitled to receive a cash amount equal to the Offer Price per Share, without interest and subject to the deduction and withholding of dividend withholding tax or other taxes, if any. If and to the extent an exemption for dividend withholding tax would be available, the Offeror and the Company shall use commercially reasonable efforts to make use of such exemption.

(vi) Subject to Completion, the Company shall procure that the liquidator shall resolve and arrange for making at Completion but in any event ultimately within three business days after Completion an advance liquidation distribution within the meaning of article 2:23b(6) of the DCC, which will result in payment of an amount per Share equal to the Offer Price payable in cash to the Minority Shareholders and resulting in set-off of the obligation of the Offeror under the Note, prior to filing a final distribution plan with the competent court in accordance with article 2:23b(4) of the DCC in the manner contemplated by the liquidator (such advance distribution: the "**Liquidation Distribution**").



(vii) To the extent that the Liquidation Distribution is subject to withholding or similar taxes, the Company shall withhold the required amounts from the Liquidation Distribution and remit such amounts to the Dutch Tax Authorities (*Belastingdienst*) as required by the relevant tax laws. To the extent possible, the Liquidation Distribution shall be imputed to paid-in capital (*nominaal aandelenkapitaal en agioreserve*) recognised for Dutch dividend withholding

tax purposes and not to retained earnings (*winstreserve*), as each such term is used under applicable accounting principles. The Offeror and the Company acknowledge that banks may charge administrative costs to Shareholders in relation to the transfer of the Liquidation Distribution to their accounts.

(viii) Subject to Completion, the liquidator shall also, as promptly as practicable following the Liquidation Distribution and delisting of the Company, with the assistance of the Offeror, wind up the Company's affairs, satisfy all valid claims of creditors and others having claims against the Company and effectuate the Liquidation, all in full compliance with applicable laws.

(ix) The liquidator of the Company is expected to be a foundation (*stichting*) specifically incorporated for the purpose of liquidating the Company to be appointed at the EGM.

(x) Once the liquidation of NIBC Holding is completed, NIBC Holding will cease to exist by operation of law.

The Asset Sale and Liquidation may be combined with (elements of) one or more other Post-Closing Restructuring Measures set out in Section 4.17.3 (*Other Post-Closing Restructuring Measures*) and the Offeror may also decide that the Asset Sale and Liquidation shall not be pursued at all and pursue one or more of such other Post-Closing Restructuring Measures instead, subject to Section 4.17.3(b).

4.17.3 ***Other Post-Closing Restructuring Measures***

(a) Subject to the Offer being declared unconditional, the Offeror may effect, or cause to effect, any other restructuring of the Company and the Group for the purpose of achieving an optimal operational, legal, financial and/or fiscal structure in accordance with the Merger Rules, Dutch corporate law and Dutch law in general, some of which may have the effect of diluting the interest of any remaining holders of Shares (the "**Post-Closing Restructuring Measures**"), including but not limited to:

(i) the issue of Shares by the Company against a contribution of cash and/or assets to the Company, in which circumstances the pre-emptive rights (*voorkeursrechten*), if any, of Shareholders other than the Offeror may be excluded;

(ii) a sale and transfer of assets and liabilities by the Offeror or by a member of the Offeror's group to any member of the Group or a sale and transfer of assets and liabilities by any member of the Group to the Offeror or to any other member of the Offeror's group;

(iii) a statutory cross-border or domestic (bilateral or triangular) legal merger (*juridische* (*driehoeks-) fusie*) in accordance with sections 2:309 *et seq* DCC between the Company, the Group, the Offeror and/or one (1) or more other members of the Offeror's group;

(iv) a statutory legal demerger (*juridische splitsing*) of the Company in accordance with sections 2:334a *et seq* DCC;

(v) conversion of the Company into a private limited company (*besloten vennootschap met beperkte aansprakelijkheid*);

(vi) a subsequent public offer by the Offeror for any Shares not held by the Offeror;

(vii) distribution by the Company of any proceeds, cash and/or assets to the Shareholders of the Company;

(viii) make any changes to the dividend policy of the Company;

(ix) any combination of the foregoing; or

(x) any other transactions, restructurings, share issues, procedures and/or proceedings in relation to the Company and/or one or more members of its Group required to effect the above-mentioned objective.

(b) In the undertaking of any Post-Closing Restructuring Measure, due consideration will be given to requirements of applicable law, including the fiduciary duties of the members of the Boards at that time to consider the interests of all stakeholders of the Company, including minority Shareholders and relevant employee representation bodies' information and/or consultation requirements. Any Post-Closing Restructuring Measure that could reasonably be expected to disproportionally prejudice the value of the Shares of the Shareholders other than the Offeror will require the affirmative vote of at least one of the Designated Independent Non-Executives to ensure due consideration will be given to the interests of minority Shareholders, next to the required approval of the Boards and that of the general meeting of Shareholders (to the extent applicable). For the avoidance of doubt, such affirmative vote is not required in respect of (i) any squeeze-out procedure (*uitkoopprocedure*) or (ii) a rights issue or any issue where such Shareholders have been offered a reasonable opportunity to subscribe *pro rata* to their then existing shareholding.

4.18 Consequences of the Offer

Shareholders who do not tender their Shares under the Offer should carefully review this Section 4.18 (*Consequences of the Offer)* and Section 4.17 (*Post-Closing Restructuring Measures*), which further explain the intentions of the Offeror and describe certain risks they will be subject to if they elect not to accept the Offer, and which describe certain implications to which such Shareholders will be subject if the Offer is declared unconditional and settled. These risks are in addition to the risks associated with holding Shares issued by NIBC Holding generally, such as the exposure to risks related to the business of the Group, the markets in which the Group operates, as well as economic trends affecting such markets generally as such business, markets or trends may change from time to time. The following is a summary of the key additional risks.

4.18.1 *Delisting*

As soon as possible after Settlement, if this occurs, the Offeror and the Company shall seek to procure the delisting of the Shares from Euronext Amsterdam and termination of the listing agreement between the Company and Euronext Amsterdam in relation to the listing of the Shares.

4.18.2 *Reduced governance rights*

In the event that the Company or its successor entity will no longer be listed and its Shares will no longer be publicly traded, the statutory provisions applicable to the governance of public or listed companies will no longer apply and the rights of minority shareholders will be limited to the statutory minimum.

4.18.3 *Controlling Shareholder*

Following the Settlement Date, the Company may be in majority controlled by the Offeror and the Offeror may, subject to Section 4.7 (*Future governance*) appoint and/or procure the appointment of certain members to the Boards.

4.18.4 *Other measures*

Subject to the terms and conditions of the Merger Protocol and this Offer Memorandum, the Offeror reserves the right to submit proposals to the Shareholders in order to change the corporate structure and the capital structure of the Company and/or achieve an optimal financial or other structuring, including amendments to the Company's Articles of Association, a debt push-down (*inter alia* by means of an upstream loan or interim dividends) and changes in the accounting policies applied by the Group, all in accordance with Dutch law, the Company's Articles of Association and the other applicable regulatory rules and relevant regulatory requirements.

4.18.5 ***Dividend policy***

Following the Settlement Date, and subject to the terms of the Merger Protocol, this Offer Memorandum and the relevant regulatory rules and requirements, the current dividend policy of the Company will be discontinued. Due to COVID-19, it is currently foreseen that no dividend will be paid out in 2020 and 2021, other than the Final Dividend.

NIBC Holding does not envisage to, and the Offeror does not envisage that NIBC Holding will, declare dividend with a record date that falls in the period following the Settlement Date in which there are still Minority Shareholders present in NIBC Holding. Any distribution made in respect of Shares not tendered under the Offer after the Settlement Date will *pro rata* be deducted from the price per share for the purpose of establishing such price in a buy-out, the Asset Sale and Liquidation, any other statutory merger, or any other measure contemplated by Section 4.17 (*Post-Closing Restructuring Measures*).

4.18.6 ***Tax treatment of distributions***

The Offeror has no insight into and no responsibility with respect to the tax treatment of Shareholders with respect to any distributions made by the Company or any successor entity to the Company, which may include dividends, repayments of capital and Liquidation Distributions. In the event that there is a sale of all, substantially all, or part of the assets of the Company, followed by a liquidation and a distribution of the sale proceeds, this may raise specific tax issues for Shareholders, including without limitation a liability to Dutch dividend withholding tax. To the extent Dutch dividend withholding tax is not fully creditable against the mainstream tax liability of the Shareholders, the after-tax return may be significantly lower than the return would have been had the Shares been offered to the Offeror. In addition, a sale of all, substantially all, or part of the assets of the Company may raise other specific tax issues for the Company, any member of the Group and/or Shareholders, as a result of which the after-tax return received by Shareholders may be significantly lower than the return would have been, had such Shareholder tendered Shares held by it in the Offer.

4.18.7 ***Tax treatment of other Post-Closing Restructuring Measures***

Other Post-Closing Restructuring Measures could also raise specific tax issues for the Company and/or Shareholders as a result of which the after-tax return may be significantly lower than the return would have been had the Shares been offered to the Offeror.

5. INFORMATION REGARDING NIBC HOLDING

5.1 Introduction

NIBC Holding is a public limited liability company *(naamloze vennootschap*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in The Hague, the Netherlands, and registered with the trade register of the chamber of commerce under number 27282935. NIBC Holding is listed on Euronext Amsterdam.

NIBC Bank N.V., a direct subsidiary of NIBC Holding (together with the other Group Companies where relevant also referred to as "**NIBC**") is a medium-sized enterprising bank, providing banking products and services to corporate and retail customers, with a focus on North Western Europe and offices in the Netherlands, Germany, the United Kingdom and Belgium.

Additionally, investing, financing and cooperating in the fintech space and expanding its *Originate-To-Manage* propositions form an important and increasing part of NIBC's business model.

5.2 History of NIBC

Below is an overview of historical highlights of NIBC:

Year	Highlight
1945	The Maatschappij tot Financiering van het Nationaal Herstel N.V. is founded to finance visionary entrepreneurs who helped rebuild the Netherlands after World War II.
1971	The name of the Maatschappij tot Financiering van Nationaal Herstel is changed to De Nationale Investeringsbank N.V.
1986	Listing and initial public offering of De Nationale Investeringsbank N.V.
1995	Opening of London branch.
1996	Opening of Brussels branch.
1999	Delisting of De Nationale Investeringsbank N.V. following acquisition of 85% of the shares by two Dutch pension funds (ABP and PGGM) via NIB Capital N.V. De Nationale Investeringsbank N.V. is renamed NIB Capital Bank N.V. in 2000. The remaining 15% of the shares are acquired in 2004 from the Dutch government. At that time the company is also rebranded to NIBC.
2005	A consortium led and advised by JCF, acquires 100% of the shares in NIB Capital N.V. NIB Capital N.V. is subsequently merged into the bidco "NIBC Holding N.V." and NIB Capital Bank N.V. is renamed "NIBC Bank N.V."
2005	Opening of Frankfurt branch.
2008	Launch of NIBC Direct in the Netherlands.
2014	NIBC Holding acquires Gallinat-Bank AG which offers financing and leasing products to German medium-sized companies, subsequently renamed NIBC Bank Deutschland AG.
2016	Launch of Beequip.
2016	NIBC Holding acquires SNS Securities N.V. from SNS Bank N.V.
2018	Admission of entire ordinary share capital of NIBC Holding to listing and trading on Euronext Amsterdam concurrently with an initial public

Year	Highlight
	offering of approximately 26.1% of the Shares by JCF.
2019	Secondary offering by JCF, whereby approximately 8% of the Shares are offered. An additional 5% of the Shares are offered to Reggeborgh, resulting in an offering of approximately 13%.

5.3 Business overview

NIBC is a medium-sized enterprising bank, providing banking products and services to corporate and retail customers, with a focus on North Western Europe and offices in the Netherlands, Germany, the United Kingdom and Belgium.

From its offices in The Hague, Amsterdam, Frankfurt, London and Brussels, NIBC serves around 600 mid-market businesses and more than 400,000 retail clients through a portfolio of client-focused products and services with a focus on North Western Europe.

To its corporate clients, NIBC offers advice and debt, mezzanine and equity financing solutions to entrepreneurs across selected sectors and sub-sectors in which it has strong expertise and market positions among mid-sized businesses.

To its retail clients, NIBC offers mortgages, brokerage products and online savings. The mortgage offering includes value added products like buy-to-let and products tailored for self-employed entrepreneurs and small businesses.

Through the BEEQUIP platform, NIBC offers equipment financing and leasing products to small and medium enterprises

NIBC is increasingly seeking cooperation with selected fintech start-ups for innovative solutions for specific financial service products, as demonstrated by, among others, the partnership with OakNorth and the acquisition of Lendex.

5.4 Strategy and objectives

5.4.1 *Strategic priorities*

Faced with the environment outlined in the general development section, composed of growing economic uncertainty and specific challenges in the banking industry, NIBC continuously evaluates how the markets in which it operates develop, and focuses on those initiatives that fit its franchise and risk appetite.

NIBC has identified six strategic priorities that describe its identity and the way it operates:

a) Continuous evolution of client franchise, expertise and proposition;

b) Focus on growth of asset portfolio in core markets;

c) Diversification of income;

d) Further optimisation of capital structure and diversification of funding;

e) Ongoing investment in people, culture and innovation; and

f) Building on existing agile and effective organisation.

NIBC's corporate client offering consists of the full range of products such as financial structuring, collateralised lending, corporate lending, advisory, mezzanine and equity. Since 2019 the corporate client segment is organised along a number of product market combinations, focused on origination, execution and portfolio management of its core products based on specific client needs. NIBC aims to further rebalance activities and

exposure, as it becomes more active in high growth areas acting as a growth enabler for NIBC's clients. NIBC's portfolios revolve around two main themes: *Sustainability & Transformation* and *Growth & Innovation*. These two themes provide NIBC with a strong basis to increase focus and fully utilise its core competence of developing solutions for complex financial questions in specific underserved market segments.

In NIBC's retail offering, NIBC offers mortgages through intermediaries and operates a successful deposit taking platform. The mortgages offering also includes products that serve clients in underserved market segments such as *Buy-to-Let* and mortgages for self-employed clients. NIBC's mortgage products include an *Originate-to-Manage* proposition in which NIBC partners with institutional investors such as AXA Investment Management. Through the various products, NIBC is able to fully utilise its existing agile and effective organisation, which includes making optimal use of third-party service providers who process mortgage loans. The *Originate-to-Manage* proposition within the retail offering also support the diversification of income and expanding NIBC's product offering to institutional investors.

NIBC continuously manages the composition of its funding by making use of a diverse range of funding sources, including retail savings and wholesale funding. One of NIBC's strengths has always been a strong capital position, providing flexibility to support further growth either organically or inorganically, or to support shareholder returns.

NIBC is managed by an experienced team that has the professional, entrepreneurial and inventive mindset that distinguishes NIBC in the financial ecosystem.

5.4.2 *Medium-term objectives*

With the execution of its strategy, NIBC aims to deliver on the following targets:

	Medium-term objectives	**IFRS 9 2019**	**IFRS 9 2018**	**IAS 39 2017**
Return on equity	10-12%	11.4%	13.6%	11.9%
Cost/income ratio[2]	< 45%	44%	43%	42%
CET 1 ratio[3]	≥ 14%	17.1%	18.5%	19.3%
Rating NIBC Bank	BBB+	BBB+	BBB	BBB
Dividend pay out ratio[4]	≥ 50%	59%	58%	45%

During 2019, S&P has upgraded NIBC Bank N.V.'s credit rating to BBB+ with a stable outlook. The upgrade reflected NIBC Bank N.V.'s ability to preserve its robust capitalisation and successful progress to build up its loss absorption capacity. In 2020, as a result of COVID-19, S&P revised its outlook to negative and affirmed the BBB+ credit rating. Fitch has placed NIBC Bank N.V.'s 'BBB' Long-Term IDR and debt ratings on Rating Watch Negative and Moody's revised its outlook from positive to stable while affirming the Baa1 rating.

5.4.3 *The way forward*

As mentioned by NIBC Holding on 17 April 2020, the COVID-19 outbreak is expected to impact 2020 financial performance negatively. In this paragraph certain business propositions, 'growth engines' and certain portfolios are discussed that NIBC aims to grow. NIBC expects that the COVID-19 outbreak may impact the growth of these propositions. At this stage it is too early to quantify the magnitude and duration of such impact, also in combination with the continuously developing response of policy makers. Based on its current knowledge NIBC is however taking the stance that the COVID-19 outbreak is expected to potentially delay the growth of these business propositions,

[2] Note: Cost/ Income ratio including non-recurring items.

[3] Note: Prior year ratios have not been adjusted. Including non-eligible profits, the 2019 ratios would be 17.7% (CET1). 19.0% (Tier I) and 20.5% (Total capital), fully absorbing the IMI-impact.

[4] Note: 2019 ratio is based on full year dividend pay-out proposal.

'growth engines' and certain portfolios but will not materially change its strategy to focus on growth of these areas of business nor will it change NIBC's medium-term objectives.

NIBC's long-term strategy translates into aiming to have the agility to continuously assess its portfolio in order to ensure resilience and sustainable profitability. Especially in the current late-cycle developments and changing banking environment NIBC aims to expand in a limited number of growth engines, while focusing on initiatives that adhere to the following principles: display the potential of gaining a meaningful market share in a specific niche; include the potential of digital and data driven scalability; and be granular to allow for higher spreads and returns. Beequip, which matches those principles, demonstrates how this strategy can be efficient through its past results as well as through the continued growth potential of this granular and well-collateralised portfolio. NIBC is taking further steps in this strategy of data-driven, technology enabled growth initiatives through new partnerships and investments. With the purchase of 100% of the shares of Lendex Holding B.V., NIBC seeks so further strengthen and diversify its retail banking franchise by pursuing a fintech-approach to service customers in the consumer finance market. Additionally, the newly announced small CRE initiative OIMIO in combination with the partnership with OakNorth allows NIBC to provide real value to its clients and help them in smaller lending market. At the same time these initiatives will add to the granularity of NIBC's portfolio, which will enhance its risk profile in line with its risk appetite for smaller exposures. Choosing to expand in a limited number of growth engines, in turn, translates into attrition in some sectors or subsectors. In line with this strategy, NIBC has chosen to discontinue its capital market activities, as announced on 15 January 2020. After a close evaluation of its business, NIBC deemed these activities not to be scalable enough due to rapidly changing regulatory environments and market circumstances.

On the corporate client side the general strategy translates into a focus on increasing granularity in its portfolio, developing new partnerships and expanding its Originate-to-Manage model to new asset classes within the corporate client offering. Thus, in line with the strategy principles to embrace technologically advanced partners within NIBC's ecosystem, NIBC aims at further expanding its collaborations with fintechs. NIBC aims to grow the Beequip leasing portfolio, notwithstanding the recent nitrogen and PFAS market circumstances that negatively influenced demand in the second half of 2019 for their financing products. NIBC believes in and supports the Beequip business model.

In its retail client offering, the Group aims to increase the current Originate-to-Manage mandate and further diversify the proposition. As a first step in 2020 the Group has launched 'Lot' as a new mortgage label which will have its own mandate, starting with an external mandate of EUR 1 billion, increasing its total mandate of EUR 6.5 billion as per publication date of the annual report for the financial year 2019 to EUR 7.5 billion. Additionally the Group aims for further growth of its buy-to-let proposition.

Next to seeking growth of these businesses, NIBC will continue the rebalancing of its exposures in selected cyclical sectors. NIBC's shipping, leveraged finance and energy portfolios have been significantly reduced in the last two years and NIBC is ahead of its guidance given at the Capital Markets Update in November 2018. NIBC aims to continue to rebalance portfolios in the coming years and will adjust for circumstances as they develop, with NIBC agility being core to its long terms strategy.

5.5 Impact of COVID-19 on financial performance

On 17 April 2020, NIBC Holding announced that the COVID-19 outbreak is expected to impact 2020 financial performance negatively, but at this stage it is too early to quantify the magnitude and duration of such impact, also in combination with the continuously developing response of policy makers.

In addition, NIBC has implemented several measures to further operational resilience, including:

a) Safeguarding the wellbeing of its employees with immediate and full remote working for nearly (>95%) all staff.

b) Technology investments made in previous years are paying off with no critical interruptions observed to date.

c) Monitoring of liquidity and unused credit lines, in close contact with clients.

d) Increased frequency of meetings of certain risk committees such as the ALCO and the Transaction Committee

Although NIBC has not issued guidance or targets specifically for 2020, NIBC foresees in the current circumstances that it will not achieve its previously formulated medium term objective of 10-12% for Return on Equity (ROE) over 2020. NIBC's ambitions towards its medium-term objectives remain unchanged once market conditions normalise.

5.6 Recent developments

NIBC Holding makes all price-sensitive information generally available in accordance with applicable laws. Publication of such price-sensitive information is also available in the public register on the website of the AFM. In relation to the Offer, NIBC Holding together with the Offeror has published the press releases included in Section 12 (*Press Releases*) of this Offer Memorandum. In addition, the website of NIBC Holding provides an up to date overview of recent developments, such as trading updates, annual reports and information about the Company's dividend payments.

5.7 The Supervisory Board

Dick M. Sluimers (born 1953), Chairman *(Member of the Audit Committee, member of the Risk Policy & Compliance Committee, member of the Remuneration & Nominating Committee, chair of the Related Party Transactions Committee)*	
Other positions	Member of the supervisory board at Akzo Nobel N.V.; chair of the supervisory board of Euronext Paris; member of the board of directors at FWD Group Limited and member of the advisory board of Spencer Stuart Executive Search.
First appointed	2016
Current term of office expires	2024
Angelien G.Z. Kemna (born 1957), Vice-Chair *(Chair of the Risk Policy & Compliance Committee, member of the Audit Committee, member of the Related Party Transactions Committee)*	
Other positions	Non-executive director and member of the Audit Committee of AXA Group; nonexecutive director of AXA IM; member of the supervisory board of FrieslandCampina.
First appointed	2018
Current term of office expires	2022
Susanne M. Zijderveld (born 1969), Member *(Chair of the Remuneration & Nominating Committee, member of the Related Party Transactions Committee)*	
Other positions	Board member of the National 4 and 5 May Committee and Amsterdam Concert Hall Fund.

First appointed	2018
Current term of office expires	2022
Jeroen J.M. Kremers (born 1958), Member *(Chair of the Audit Committee, member of the Risk Policy & Compliance Committee, member of the Remuneration & Nominating Committee, member of the Related Party Transactions Committee)*	
Other positions	Chair of the supervisory board of Uber Payments BV and member of the supervisory board of Stimuleringsfonds Volkshuisvesting Nederlandse gemeenten.
First appointed	2019
Current term of office expires	2023
Michael J. Christner (born 1972), Member *(Member of the Audit Committee)*	
Other positions	Head of Business Development and Financial Institutions Group at Hamburg Commercial Bank and member of supervisory board of LUNIS Vermögensmanagement AG.
First appointed	2012
Current term of office expires	2021
James C. Flowers (born 1957), Member	
Other positions	Chief executive officer and managing director at J.C. Flowers & Co. and member of the supervisory board of Hamburg Commercial Bank
First appointed	2012
Current term of office expires	2021
Richard L. Carrión (born 1952), Member *(Member of the Risk Policy & Compliance Committee)*	
Other positions	Chairman of the Board of Popular, Inc.; Operating partner at J.C. Flowers & Co; chairman of Vall Banc S.A.U.; member of the board of directors of First Bank; member of the International Olympic Committee and trustee and president of Banco Popular Foundation.
First appointed	2017
Current term of office expires	2022

Shares held by the members of the Supervisory Board

At the date of this Offer Memorandum, Shares are held by the members of the Supervisory Board as shown in the following table.

Name	Shares with voting rights	Category of shares
M. Christner	20,000	Ordinary Shares

Transactions by members of the Supervisory Board

No transactions or agreements in respect of securities issued by NIBC Holding have been effected or have been concluded, and no similar transactions have been effected in respect of securities issued by NIBC Holding during the twelve months preceding the date hereof by any member of the Supervisory Board, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraphs 6 and 7 of the Takeover Decree.

5.8 The Managing Board

Paulus A.M. de Wilt (born 1964), Chief Executive Officer / Chairman

Paulus de Wilt is the Chief Executive Officer and Chairman of the Managing Board, which he has been since 2014. The term of his appointment ends in 2022. Paulus de Wilt also serves as chair of NIBC Holding's executive committee and oversees general corporate matters and all commercial activities, as well as the budget and the year plan.

Prior to joining NIBC Holding, Paulus de Wilt spent 25 years at ABN AMRO Bank N.V. where he held several positions in retail and corporate banking. Paulus de Wilt was the chief executive officer of Newbank, a carve-out of ABN AMRO Bank N.V.'s corporate banking division from 2007 to 2009, and was the General Director of Retail Banking, responsible for retail banking activities of ABN AMRO Bank N.V. and the chairman of the supervisory boards of several subsidiaries of ABN AMRO Bank N.V. from 2009 to 2014. In addition to his experience at ABN AMRO Bank N.V., from 2009 to 2014, Paulus de Wilt was a member of the supervisory board of ABN AMRO Verzekeringen, a joint venture between Delta Lloyd and ABN AMRO Bank N.V. In addition to his role as CEO, Paulus de Wilt is a member of the supervisory board of Hamburg Commercial Bank.

Paulus de Wilt studied Business Economics at Erasmus University in Rotterdam.

Herman H.J. Dijkhuizen (born 1960), Chief Financial Officer / Vice-Chairman

Herman Dijkhuizen is the Chief Financial Officer and Vice-Chairman of the Managing Board, which he has been a member of since 2013. The term of his appointment ends in 2021. Herman Dijkhuizen is chair of the Asset & Liability Committee and Project Committee, and furthermore oversees Financial Reporting and the Finance, Operations/ICT and Treasury departments.

Prior to joining NIBC Holding, Herman Dijkhuizen worked at KPMG in the Netherlands from 1979 until 2013 in various roles including as a partner of KPMG between 1994 and 2013, being a member of KPMG's managing board from 2006 to 2012 and as the chairman of the audit committee institute of KPMG between 2012 and 2013.

During his more than 30 years at KPMG, he served numerous clients, particularly in the financial services sector. Herman Dijkhuizen's international experience at KPMG includes operating as an expatriate partner in Germany and leading a number of large international engagements as an auditor and adviser. In addition to his role as chief financial officer of the Company, Herman Dijkhuizen also serves as the vice-chairman of the supervisory board of Stichting VU, member of the Fund 4 and 5 May, member of the Supervisory Board of WWF Nederland, and member of the supervisory board of the Nederlandse Spoorwegen.

Herman Dijkhuizen studied at NIVRA (*Nederlands Instituut van Registeraccountants*).

Reinout D.J. van Riel (born 1970), Chief Risk Officer

Reinout van Riel is the Chief Risk Officer of the Managing Board, which he has been a member of since 2016. As per 15 August 2020, Mr Van Riel has been reappointed for another period of 4 years ending in 2024. Reinout van Riel is chair of the Risk Management Committee, the Transaction Committee and the Investment Committee, and vice-chair of the Asset and Liability Committee. He oversees NIBC Holding's Risk Management, including Legal and Compliance,

From 1995 to 2013, Reinout van Riel worked for ABN AMRO Bank N.V. and Royal Bank of Scotland plc in several senior positions, based in Amsterdam, Brussels and Frankfurt, in credit portfolio management, global transaction services and as Head of Recoveries & Litigation EMEA at Royal Bank of Scotland plc. Prior to joining NIBC Holding, Reinout van Riel was the chief portfolio officer and member of the managing board of the property management company, Propertize B.V from 2013 to 2016.

Reinout van Riel studied Civil Law at Erasmus University in Rotterdam.

Shares and other instruments held by the members of the Managing Board

At the date of this Offer Memorandum, Shares and other instruments are held by the members of the Managing Board as shown in the following tables.

Instrument	P.A.M. de Wilt	H.H.J. Dijkhuizen	R.D.J. van Riel	Total
PSUs	39,388	27,354	24,524	91,266
RPSUs	8,951	6,457	6,457	21,865

The cash entitlements in respect of the above instruments are gross (before tax) and relate to variable remuneration 2015-2019 granted at the following share price levels: EUR 8.84 (2015), EUR 7.96 (2016), EUR 10.24 (2017) EUR 8.15 (2018) and EUR 6.84 (2019).

Instrument	P.A.M. de Wilt	H.H.J. Dijkhuizen	R.D.J. van Riel	Total
CDRs granted under the one-off retention package	103,932	75,586	75,586	255,104

Above instruments were granted in two parts at a level of EUR 8.75 and EUR 8.01 (excluding fiscal discount for lock-up).

Instrument	P.A.M. de Wilt	H.H.J. Dijkhuizen	R.D.J. van Riel	Total
CDRs acquired via the DRPP	54,498	39,635	N/A	94,133

Above instruments were acquired from own means at a level of EUR 8.75 at IPO date (excluding fiscal discount for lock-up).

Instrument	P.A.M. de Wilt	H.H.J. Dijkhuizen	R.D.J. van Riel	Total
Shares	302,940	183,993	182,893	669,826

Related loans

For the acquisition of certain Shares by the members of the Managing Board, the following loans were provided by JCF:

Managing director	Loan (in EUR)	Own investment (in EUR)	Number of related Shares
P.A.M. de Wilt	1,200,000	300,000	258,140
H.H.J. Dijkhuizen	800,000	200,000	172,093
R.D.J. van Riel	800,000	200,000	172,093
Total	2,800,000	700,000	602,326

a) The loans provided by JCF are bearing interest at 5% including the premium of the put options (as set forth below). The term of the loans is five years.

b) The related Shares have been pledged to JCF.

c) The voting rights of the related Shares have been transferred to JCF.

d) The members of the Managing Board have a put option with an exercise price at 80% of the purchase price, adjusted for the accrued and capitalised interest and an exercise date five years after the purchase date.

e) JCF has a call option with an exercise price at 80% of the purchase price, adjusted for the accrued and capitalised interest and an exercise date five years after the purchase date.

f) The related Shares purchased cannot be sold for five years, except in the situation of a change of control of NIBC Holding. In that case the loans including capitalised and accrued interest must be repaid.

g) The members of the Managing Board have committed themselves towards JCF to fully repay these loans on the Settlement Date and agreed with JCF that the pledge on their Shares will be lifted ultimately on the fifth Business Day prior to expiry of the Acceptance Period. As a result the members of the Managing Board will be able to tender their shares in the Offer free from any encumbrance.

Transactions by the members of the Managing Board

Except as provided below, no transactions or agreements in respect of securities issued by NIBC Holding have been effected or have been concluded, and no similar transactions have been effected in respect of securities issued by NIBC Holding during the twelve months preceding the date hereof by any member of the Managing Board, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraphs 6 and 7 of the Takeover Decree.

The table below provides an overview of the PSUs and RPSUs that have been granted in the year prior to the publication of the Offer Memorandum as part of the regular 2019 variable remuneration.

Instrument	P.A.M. de Wilt	H.H.J. Dijkhuizen	R.D.J. van Riel
PSUs	7,419	5,396	5,396
RPSUs	4,946	3,597	3,597

In addition, the table below provides an overview of RPSUs granted in previous years which have vested into PSUs according to the regular vesting scheme in the year prior to the publication of the Offer Memorandum.

Instrument	P.A.M. de Wilt	H.H.J. Dijkhuizen	R.D.J. van Riel
Increase in PSUs	3,803	2,668	2,932
Decrease in RPSUs	3,803	2,668	2,932

No pay out of PSUs has taken place as a consequence of the five year holding period applicable to PSUs. The cash entitlements in respect of the above instruments are gross (before tax).

5.9 NIBC Holding Remuneration Policy

5.9.1 *Remuneration policy for the Managing Board*

The current remuneration policy for the Managing Board was adopted by the general meeting of shareholders of NIBC Holding on 17 April 2020. According to the Managing Board remuneration policy, remuneration of the Managing Board consists of base salary, pension arrangements and some other arrangements (e.g. a leasing scheme and a chauffeur). Base salaries are inclusive of statutory holiday pay and 13th month pay. NIBC Holding abolished all variable remuneration for the members of the Managing Board as of 1 January 2020 in line with the vast majority of staff employed in the Netherlands. Further to that, it follows from the remuneration policy for the Managing

Board that in case of a sustainable change in the organization, e.g. in case of change of control, the Supervisory Board may, subject to certain conditions in line with article 2:122 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) award a retention bonus.

5.9.2 ***Retention bonus package Managing Board (and executive committee) in relation to the initial public offering***

At the time of the initial public offering, NIBC Holding has granted a retention bonus package of CDRs to the members of the executive committee. For Managing Board members of the executive committee, the monetary value of the retention bonus package was set at 180 per cent of their fixed annual gross salary. The fixed annual gross salary was EUR 825,000 for the chief executive officer and EUR 600,000 for each of the chief financial officer and chief risk officer, therefore the gross monetary value of the retention bonus package was EUR 1,485,000 for the chief executive officer and EUR 1,080,000 for each of the chief financial officer and chief risk officer. For non-statutory members of the executive committee, the monetary value of the retention bonus package was set at 165 per cent of their fixed annual gross salary. The fixed annual gross salary for each of the non-statutory members of the executive committee was EUR 350,000 and therefore the gross monetary value of the retention bonus package for each was EUR 577,500. Under the retention bonus package, CDRs were granted and vest in accordance with the following timeline for all executive committee members:

a) If an executive committee member was employed with NIBC as at the settlement date of the initial public offering (the "**IPO Settlement Date**"), 60 per cent of the total retention bonus package that they were entitled to was granted on the IPO Settlement Date, which vests in four tranches: 40 per cent has vested on the IPO Settlement Date, the second tranche of 20 per cent has vested on the first anniversary of the IPO Settlement Date, the third tranche of 20 per cent will vest on the second anniversary of the IPO Settlement Date and the fourth tranche of 20 per cent will vest on the third anniversary of the IPO Settlement Date.

b) If an executive committee member was employed with NIBC as at the first anniversary of the IPO Settlement Date, the remaining 40 per cent of the total retention bonus package that they were entitled to was granted on the first anniversary of the IPO Settlement Date, which vests in four tranches: 40 per cent has vested on the first anniversary of the IPO Settlement Date, the second tranche of 20 per cent will vest on the second anniversary of the IPO Settlement Date, the third tranche of 20 per cent will vest on the third anniversary of the IPO Settlement Date and the fourth tranche of 20 per cent will vest on the fourth anniversary of the IPO Settlement Date.

The Supervisory Board has ultimate discretion as to whether the retention bonus package will vest at the times specified above. In determining whether the retention bonus package will vest, the Supervisory Board will consider whether the vesting is sustainable in light of the financial situation of NIBC and whether the vesting is justified based on the performance of: (i) NIBC; (ii) the business unit that the executive committee member is responsible for; and (iii) the individual executive committee member.

Once vested, the retention bonus package will be settled in CDRs. For a period of five years from the date of award, being either the IPO Settlement Date or the first anniversary thereof, the members of the executive committee may not dispose of any CDRs received pursuant to the retention bonus package.

5.9.3 ***Depositary Receipt Purchase Plan***

In 2018 and 2019, employees of NIBC have been offered the opportunity to participate in the Depositary Receipt Purchase Plan ("**DRPP**") to purchase CDRs. Pursuant to the DRPP, in 2018, all employees, including executive committee members, were offered the option to contribute a minimum of EUR 500 (or GBP 500 for UK based employees)

and up to a maximum amount equal to 50 per cent of their annual fixed salary to purchase CDRs. In 2019, all employees, excluding executive committee members, were offered the option to contribute a minimum of EUR 500 (or GBP 500 for UK based employees) and up to a maximum amount equal to 50 per cent of their monthly fixed salary in the month March 2019 to purchase CDRs.

The purchase price for the CDRs acquired through the DRPP was set at the offer price in 2018 and the fair market value in 2019, in both cases less a specific fiscal discount. However, in order to comply with necessary tax laws and regulations, an employee would only be entitled to a discounted price on the CDRs if the employee agrees not to dispose of the CDRs for an agreed lock-up period, which will be between one and five years. The discount has been calculated using a fixed discount percentage which corresponds to the length of the lock-up period agreed by the employee (being 5.5 per cent for a one year lock-up and 18.5 per cent for the 5 year lock-up) and will be applied in order to reflect the value reducing effect of the lock-up period for that specific employee. The CDRs subject to the lock-up period will be held by the Share Trust Office.

Employees of NIBC in Belgium, Germany and the United Kingdom that participated in the DRPP were able to purchase CDRs with a similar discount and lock-up as comparable to the DRPP for employees of NIBC in the Netherlands notwithstanding different legal and tax requirements in these countries in respect of the offering of securities under the program.

5.9.4 ***Treatment of Investment and Retention Plans (including CDRs, PSUs and RPSUs)***

Subject to any required approval from DNB, NIBC Holding intends to settle:

a) any outstanding depositary receipt entitlements, whether vested or unvested (including CDRs), under its IPO retention bonus package for all members of the executive committee (representing 376,335 Shares) fully in cash, at the Offer Price per Share, effective as at Settlement of the Offer;

b) any outstanding CDRs under its DRPP (representing 245,702 Shares) fully in cash, at the Offer Price per Share, effective as at Settlement of the Offer; and

c) any outstanding cash settled share-linked instruments (such as PSUs and RPSUs) under its incentive plans against the Offer Price per Share, effective as at Settlement of the Offer.

Subject to any required approval from DNB and the applicable regulatory rules, NIBC Holding will bear the additional tax liability for the relevant depositary receipts holders resulting from not observing the agreed holding period in relation to a) and b) above.

5.9.5 ***New retention package***

It is intended that the members of the Managing Board and certain other key staff will be granted a retention package. For the members of the Managing Board, the monetary value of the retention package will be equal to approximately 183% per cent of their fixed annual gross salary, being EUR 1,806,683 gross for the CEO and EUR 1,325,853 gross for each of the CFO and the CRO. For the other key staff, the monetary value of the retention package will not exceed 100% per cent of their fixed annual gross salary.

In is intended that the retention package will be awarded for 50% in cash and for 50% in instruments, i.e. NPSUs (new phantom share units) and NRPSUs (new restricted phantom share units). NPSUs are the equity instruments used to deliver the vested instrument component of the variable compensation. NPSUs are equity-linked instruments; the value of which can go up or down in line with the valuation of the Company. NPSUs are immediately vested and will be converted into cash after the applicable lock-up period has lapsed based on the relevant value of a Company share at the date of conversion to cash. During the retention period the NPSUs are eligible for a dividend equivalents, payable on the date of conversion to cash. NRPSUs are the equity

instruments used to deliver the deferred instrument component of the variable compensation. NRPSUs are equity-linked instruments; the value of which can go up or down in line with the valuation of the Company. The NRPSUs are subject to 3-year, *pro-rated* vesting. During the vesting period, the NRPSUs are not eligible for dividend or an equivalent. At the vesting date the NRPSUs will be converted into NPSUs which will be converted into cash after the applicable lock-up period has lapsed based on the relevant value of a Company share at the date of conversion to cash.

Under the intended retention package, the retention package will be granted and will vest in accordance with the following timeline:

a) If a participant is employed with the Group as at the Settlement Date, 60 per cent of the total retention package (**Part 1**), i.e. both the part in cash and the part in instruments, will be granted, which vests in four tranches: 40 per cent will vest on the Settlement Date, the second tranche of 20 per cent will vest on the first anniversary of the Settlement Date, the third tranche of 20 per cent will vest on the second anniversary of the Settlement Date and the fourth tranche of 20 per cent will vest on the third anniversary of the Settlement Date; and

b) If a participant is employed with the Group as at the first anniversary of the Settlement Date, the remaining 40 per cent of the total retention package (**Part 2**), i.e. both the part in cash and the part in instruments, will be granted on the first anniversary of the Settlement Date, which vests in four tranches: 40 per cent will vest on the first anniversary of the Settlement Date, the second tranche of 20 per cent will vest on the second anniversary of the Settlement Date, the third tranche of 20 per cent will vest on the third anniversary of the Settlement Date and the fourth tranche of 20 per cent will vest on the fourth anniversary of the Settlement Date.

Any part of the retention package will not be awarded and will not vest to the extent this would threaten NIBC Bank N.V.'s ability to maintain an adequate capital base. In addition, the retention package will only be awarded and will only vest to the extent this is sustainable according to the financial situation of the institution as a whole, and justified on the basis of the performance of the institution, the business unit and the individual concerned. The Supervisory Board will make an assessment prior to award and/or vesting.

As regards the members of the Managing Board, in relation to the part in instruments, from the Settlement Date, a lock-up period of five years will apply for Part 1 and from the date of the first anniversary of the date Settlement, a lock-up period of five years will apply for Part 2 (in both cases, this includes the vesting period). As regards the other key staff, in relation to the part in instruments, from each vesting date, a lock-up period of one year will apply.

The total amount of the intended retention package for the Managing Board and certain other key staff is EUR 8,000,000 gross.

The grant of the retention packages as set out above is subject to approval by DNB in accordance with Article 1:122(1)(d) FMSA.

5.9.6 *Other remuneration and/or investment arrangements*

It is intended that all employees of the Group (except for the members of the Managing Board and certain other selected key staff as set out in Section 5.9.5 (*New retention package*) above) will be granted a one off gross amount of EUR 2,500 which will vest on the Settlement Date if the relevant employee is still employed on the Settlement Date. The Settlement related awards will comply with all requirements on variable remuneration, including amongst, with respect to identified staff, ex post risk alignment, payment in instruments, deferral, retention (lock-up period), malus and claw back. The total amount of the intended Settlement related awards is EUR 1,500,000 gross. In case

of objections by DNB against this Settlement related awards, NIBC may decide not to grant these Settlement related awards.

Next to this, it is intended that a new management participation plan will be implemented after Settlement, as set out in further detail in Section 6.6 (*Management Participation*).

5.10 Major Shareholders

The table below sets out the holders of notifiable interest (*substantiële deelneming*), being a holding of at least 3% in the share capital or voting rights in NIBC Holding, according to the most recent information available to NIBC Holding.

Shareholder	Shares	Capital Interest	Voting interest	Notification date
New NIB Limited (JCF)	88,721,816	60.14%	60.14%	See remark below
Reggeborgh Invest B.V.	21,515,440	14.59%	14.59%	26 August 2019

In line with the AFM shareholder guidelines (Leidraad voor aandeelhouders), the above percentages are calculated on the basis of the total number of issued shares in the capital of NIBC Holding including the Treasury Shares. JCF and Reggeborgh hold approximately 60.57% and 14.69% Shares respectively and 75.25% when calculated on the basis of the total number of Shares excluding Treasury Shares.

The shareholding in respect of JCF is not yet reflected in the AFM register, because the mutations in capital and voting interests did not pass the relevant threshold. Pursuant to the latest notification of JCF on 27 March 2018, the AFM register still shows a capital interest and voting interest of 73.04% for JCF.

Latest filings with the AFM by Shareholders and other investors, including on gross and net short positions, can be found at the website of the AFM: www.afm.nl.

5.11 The Share Trust Office

The Stichting Administratiekantoor NIBC Holding ("**Share Trust Office**") is a foundation (*stichting*) incorporated under the laws of the Netherlands, with its statutory seat (*statutaire zetel*) in The Hague, the Netherlands, and registered with the trade register of the chamber of commerce under number 27283424.

The Share Trust Office administers and manages Ordinary Shares of the issued capital of NIBC Holding and, in exchange, issues exchangeable CDRs, with respect to e.g. DRPP and the retention bonus arrangements applicable to the members of the executive committee of NIBC Holding.

The sole board member of the Share Trust Office is NIBC Holding.

On 10 July 2020, the Share Trust Office entered into an agreement with, and for the benefit of the Offeror, pursuant to which the Shares over which the Share Trust Office has or will acquire full power to dispose, shall be tendered in the Offer on or before the Acceptance Closing Time or the Postponed Acceptance Closing Time (as the case may be), subject to the requisite regulatory approvals having been obtained for such tender and settlement of the cash proceeds thereof.

5.12 Stichting Continuïteit NIBC

Stichting Continuïteit NIBC (the "**Preference Shares Foundation**") is a foundation (*stichting*) incorporated under the laws of the Netherlands, with its statutory seat (statutaire zetel) in The Hague, the Netherlands, and registered with the trade register of the chamber of commerce under number 71071784.

The purpose of the Preference Shares Foundation is to protect the interests of NIBC Holding, the enterprise associated therewith, and all stakeholders. This includes safeguarding against influences which might impair the independence, continuity and/or identity of NIBC Holding and its enterprise.

NIBC Holding and the Preference Shares Foundation have concluded an agreement dated 12 March 2018 (the "**Foundation Option Agreement**"), pursuant to which the Preference Shares Foundation has been granted a call option to acquire (either in portions or at once) Preference Shares in the capital of NIBC Holding. On each exercise of the call option, the Preference Shares Foundation is entitled to acquire Preference Shares from NIBC Holding up to a maximum corresponding with 100% of the issued and outstanding share capital of NIBC Holding (the "**Call Option**"), excluding the Preference Shares, as outstanding immediately prior to the exercise of the Call Option, less one share.

The sole board member of the Preference Shares Foundation is NIBC Holding.

As referenced in Section 4.14 (*Offer Conditions*), on 10 July 2020 the Preference Shares Foundation has irrevocably and unconditionally waived in writing, subject only to the Offer being declared unconditional (*gestand wordt gedaan*), any and all rights under the Foundation Option Agreement and has irrevocably and unconditionally agreed in writing to, subject to the Offer being declared unconditional (*gestand wordt gedaan*), terminate the Foundation Option Agreement.

5.13 Capital and shares of NIBC Holding

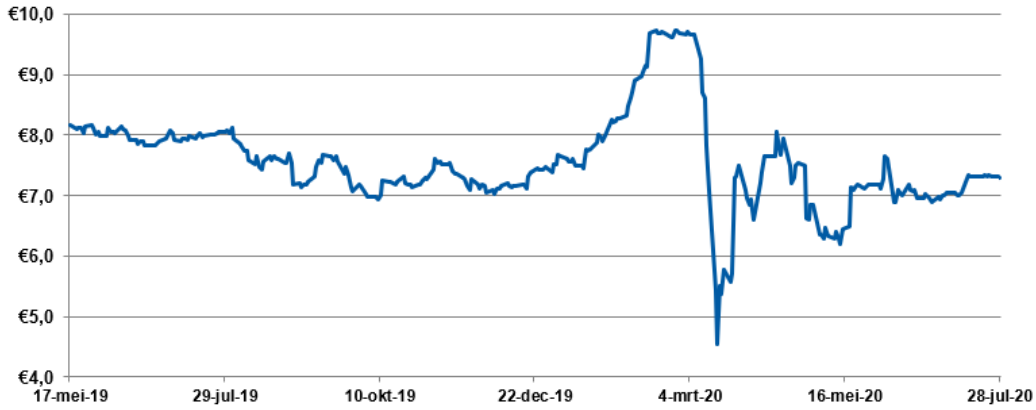
5.13.1 *Authorised and issued share capital*

At the date of this Offer Memorandum, the authorised share capital of NIBC Holding amounts to € 14,000,000 and comprises 350,000,000 ordinary shares (the "**Ordinary Shares**") and 350,000,000 preference shares (the "**Preference Shares**"), all with a nominal value of € 0.02 each. 146,487,535 Ordinary Shares are issued and outstanding and no Preference Shares are issued and outstanding.

The Share Trust Office holds 363,875 Shares and has issued a total number of 363,875 CDRs. NIBC Holding currently holds 1,025,834 Shares in treasury (the "**Treasury Shares**").

5.13.2 *Share Price Development*

The graph below sets out the price development for Shares of NIBC Holding from 17 May 2019 (as 19 May 2019 was a Sunday) to 28 July 2020.



5.14 Transactions by NIBC Holding

No transactions have been effected and no agreements have been concluded by NIBC Holding in relation to the Shares in the year immediately preceding this Offer Memorandum. With reference to paragraph 7.1(iii), no member of the Offeror Group holds shares in the Company. The Company nor any of its Affiliates directly or indirectly holds any shares in the capital of the Offeror.

6. INFORMATION ON THE OFFEROR

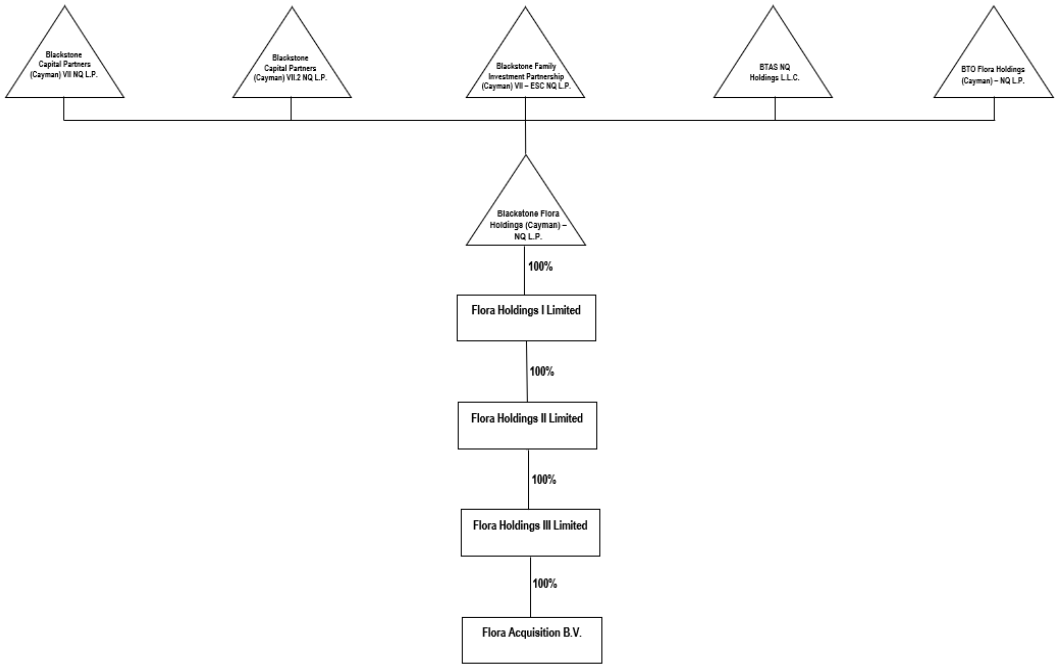
6.1 General

The Offeror is a private company with limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), duly incorporated and validly existing under the laws of the Netherlands having its statutory seat (*statutaire zetel*) in Amsterdam, the Netherlands and its office at Prins Bernhardplein 200, 1097JB Amsterdam, the Netherlands. The Offeror is registered with the Dutch commercial register under number 77434552.

6.2 Ownership structure as per the date of this Offer Memorandum

The Offeror is a special purpose vehicle incorporated to complete the purchase of the Shares under the Transaction. As set out in the structure chart below, the Offeror is indirectly owned by 7 funds, each of which is managed and/or advised by entities owned and controlled by Blackstone.

Blackstone's class C common stock is the only class of common stock that is entitled to vote on any matter that is submitted to a vote of Blackstone's shareholders generally. There is only one share of class C common stock outstanding, which is held by Blackstone Group Management L.L.C. Therefore, only Blackstone Group Management L.L.C. has control of Blackstone. Mr. Schwarzman, Blackstone's founder, chairman and chief executive officer, controls Blackstone Group Management L.L.C.



The shareholdings in the Offeror are as follows:

(a) 100% of the shares in the Offeror are held by Flora Holdings III Limited**,** a company incorporated under the laws of Jersey, having its office address at 44 Esplanade, JE4 9WG St Helier, Jersey, Channel Islands, United Kingdom and registered with the Companies Registry under number 130990;

(b) 100% of the shares in Flora Holdings III Limited are held by Flora Holdings II Limited**,** a company incorporated under the laws of Jersey, having its office address at 44 Esplanade, JE4 9WG St Helier, Jersey, Channel Islands, United Kingdom and registered with the Companies Registry under number 130992;

(c) 100% of the shares in Flora Holdings II Limited are held by Flora Holdings I Limited**,** a company incorporated under the laws of Jersey, having its office address at 44 Esplanade,

JE4 9WG St Helier, Jersey, Channel Islands, United Kingdom and registered with the Companies Registry under number 130991;

(d) 100% of the shares in Flora Holdings I Limited are held by Blackstone Flora Holdings (Cayman) – NQ L.P., a partnership incorporated under the laws of the Cayman Islands, having its office address at 190 Elgin Avenue, Grand Cayman, KY1-9005, Cayman Islands and registered with the Registrar of Companies under 105492;

(e) Blackstone Flora Holdings (Cayman) – NQ L.P. is owned by the following entities:

(i) Blackstone Capital Partners (Cayman) VII NQ L.P., a company incorporated under the laws of the Cayman Islands with its registered office at Intertrust Corporate Services (Cayman) Ltd., 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands and business office at 345 Park Avenue, New York, New York 10154 United States of America, and registered with the Registrar of Companies under number 87849;

(ii) Blackstone Capital Partners (Cayman) VII.2 NQ L.P., a company incorporated under the laws of the Cayman Islands with its registered office at Intertrust Corporate Services (Cayman) Ltd., 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands and business office at 345 Park Avenue, New York, New York 10154 United States of America, and registered with the Registrar of Companies under number 87850**;**

(iii) by Blackstone Family Investment Partnership (Cayman) VII – ESC NQ L.P., a company incorporated under the laws of the State of Delaware with its registered office at c/o Intertrust Corporate Services Delaware Ltd., 200 Bellevue Parkway, Suite 210, Bellevue Park Corporate Center, Wilmington, Delaware 19809 and business office at 345 Park Avenue, New York, New York 10154 United States of America, and registered with the Secretary of State of the State of Delaware under number 5710122;

(iv) by BTAS NQ Holdings L.L.C., a company incorporated under the laws of the State of Delaware with its registered office at c/o Intertrust Corporate Services Delaware Ltd., 200 Bellevue Parkway, Suite 210, Bellevue Park Corporate Center, Wilmington, Delaware 19809 and business office at 345 Park Avenue, New York, New York 10154 United States of America, and registered with the Secretary of State of the State of Delaware under number 5500659; and

(v) by BTO Flora Holdings (Cayman) – NQ L.P.**,** a company incorporated under the laws of the Cayman Islands with its registered office at Intertrust Corporate Services (Cayman) Ltd., 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands and business office at 345 Park Avenue, New York, New York 10154 United States of America, and registered with the Registrar of Companies under number 105489.

Pursuant to article 1:1 of the Wft, each of the Offeror, Blackstone, Blackstone Capital Partners (Cayman) VII NQ L.P., Blackstone Capital Partners (Cayman) VII.2 NQ L.P., Blackstone Family Investment Partnership (Cayman) VII – ESC NQ L.P., BTAS NQ Holdings L.L.C., Blackstone Tactical Opportunities Fund III (Cayman) – NQ L.P., BTO Flora Holdings (Cayman) – NQ L.P., Blackstone Group Management L.L.C. and Mr. Schwarzman qualifies as an offeror in respect of the Offer.

The Offer will not have any impact on the activities and the place of establishment of the offeror.

6.3 Capital and Shares of the Offeror

The Offeror's share capital is set at the sum of EUR 100, divided into 100 shares with a nominal value EUR 1.00 per share.

6.4 Management board of the Offeror

The management board of the Offeror consists of the following persons: Qasim Abbas, Nadim El Gabbani, Hendrik-Jan Witsenburg and Daniel Vijselaar. None of the members of the management board of the Offeror hold any Shares in the capital of the Offeror.

The Offeror does not have a supervisory board.

At the date of this Offer Memorandum, the offeror does not foresee any changes to its governance after the Offer has been declared unconditional.

The Offer will not have any impact on the employment of the management board or the employees of the offeror.

None of the management board members of the offeror will receive an award in relation to the Offer.

6.5 Information on Blackstone

Blackstone is one of the world's leading investment firms. Blackstone seeks to create positive economic impact and long-term value for its investors, the companies it invests in, and the communities in which Blackstone works. Blackstone does this by using extraordinary people and flexible capital to help companies solve problems. Its asset management businesses, with $564 billion in assets under management as at 31 March 2020, include investment vehicles focused on private equity, real estate, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com.

6.6 Management participation

As is customary in buy out transactions involving private equity investors, the Offeror desires key management, including the Managing Board, to participate in the ownership of the business and accordingly will make equity available for investment by key management. The investment by members of key management will reflect their long term commitment to the Company and is intended to incentivise management to contribute to the success and long term financial achievements of the Company going forward.

Certain members of key management will be invited to invest in the business on the basis set out above following the Settlement Date. Any agreement in respect of the investment by key management will not become effective until, and will be subject to completion of the Offer. Discussion are ongoing and definitive documents are yet to be agreed and will be subject to the requisite regulatory requirements and procedures. It is envisaged that management will acquire a relatively small indirect stake in NIBC Holding and as such will acquire no material voting rights as an indirect shareholder of NIBC Holding.

6.7 Activities and establishment offeror

The Offer will not have any impact on the business and the place of establishment of the offeror.

7. FURTHER DECLARATIONS PURSUANT TO THE TAKEOVER DECREE

7.1 In addition to the other statements set out in this Offer Memorandum, the offeror with regard to paragraphs 7.1(ii), 7.1(iii) and 7.1(v) below, NIBC Holding with regard to paragraphs 7.1(iv) and 7.1(vi) below, and the offeror and NIBC Holding jointly with regard to paragraph 7.1(i) below, hereby declare as follows:

(i) There have been consultations between the offeror and the Company regarding the Offer, which have resulted in (conditional) agreement regarding the Offer. Discussions regarding the Offer, including, but not limited to, the Offer Price, the Non-Financial Covenants, the financing of the Offer, the Offer Conditions and the future strategy of the Group after the Settlement Date, took place between the offeror, the Managing Board and the independent members of the Supervisory Board and their respective advisers.

(ii) With due observance of and without prejudice to the restrictions referred to in Section 1 (*Restrictions and Important Information*), the Offer applies on an equal basis to all issued and outstanding Shares and is made to all Shareholders.

(iii) No securities issued by NIBC Holding are held, no transactions or concluded agreements in respect of securities issued by NIBC Holding have been effected or have been concluded, and no similar transactions have been effected in respect of securities issued by NIBC Holding during the twelve months preceding the date hereof, by the offeror or any member of the Offeror Group, any member of the management board of the offeror, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control over (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraphs 5, 6 and 7 of the Takeover Decree, other than the Board Irrevocables and the Irrevocable Agreements.

(iv) No securities issued by NIBC Holding are held, no transactions or concluded agreements in respect of securities issued by NIBC Holding have been effected or have been concluded, and no similar transactions have been effected in respect of securities issued by NIBC Holding during the twelve months preceding the date hereof by any member of the Board, nor by any of their spouses (*echtgenoten*), registered partners (*geregistreerde partners*), minor children (*minderjarige kinderen*) and any entities over which these members or other persons referred to have control (*zeggenschap hebben in*) within the meaning of Annex A, paragraph 2, subparagraphs 5, 6 and 7 of the Takeover Decree, other than in respect of the members of the Boards as described in Section 5.8 (*The Managing Board*) and Section 5.7 (*The Supervisory Board*).

(v) The costs incurred or to be incurred by the offeror directly in connection with the Offer are expected to amount to approximately € 25,000,000 and comprise finance arrangement fees, bank adviser fees, Settlement Agent fees, broker commissions, legal fees, financial and tax due diligence fees, public relations and communications advice and printing. These costs will be borne by the offeror.

(vi) The costs of NIBC Holding's fees of legal advisers, financial advisers, accountants and communications advisers incurred and expected to be incurred in relation to the Offer amount to approximately € 10,000,000. These costs will be borne by NIBC Holding.

8. DUTCH TAX ASPECTS OF THE OFFER

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Offer Memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could have retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to accept the Offer and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Shares, being an individual or a non-resident entity, neither has nor will have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Company.

Generally speaking, an individual has a substantial interest in a company if (a) such individual, either alone or together with his partner, directly or indirectly has, or (b) certain relatives of such individual or his partner, directly or indirectly have, (i) the ownership of, a right to acquire the ownership of, or certain rights over, shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Also, an individual has a substantial interest in a company if his partner has, or if certain relatives of the individual or his partner have, a deemed substantial interest in such company. Generally, an individual, or his partner or relevant relative, has a deemed substantial interest in a company if either (a) such person or his predecessor has disposed of or is deemed to have disposed of all or part of a substantial interest or (b) such person has transferred an enterprise in exchange for shares in such company, on a non-recognition basis.

Generally speaking, a non-resident entity has a substantial interest in a company if such entity, directly or indirectly has (i) the ownership of, a right to acquire the ownership of, or certain rights over shares representing 5% or more of either the total issued and outstanding capital of such company or the issued and outstanding capital of any class of shares of such company, or (ii) the ownership of, or certain rights over, profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of such company. Generally, an entity has a deemed substantial interest in such company if such entity has disposed of or is deemed to have disposed of all or part of a substantial interest on a non-recognition basis.

For the purpose of this summary, the term "**entity**" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

This summary does not address the Dutch corporate and individual income tax consequences for:

(i) investment institutions (*fiscale beleggingsinstellingen*);

(ii) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(iii) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Shares are attributable to such permanent establishment or permanent representative;

(iv) individuals to whom Shares or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

Where this summary refers to a holder of Shares, an individual holding Shares or an entity holding Shares, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Shares or otherwise being regarded as owning Shares for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be

treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "The Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers as to the tax consequences in connection with the Offer.

8.1 Withholding tax

The Offer Price and any payments made by the Offeror in consideration for the Shares under a statutory buy-out procedure (*uitkoopprocedure*) or a takeover buy-out procedure, will be paid without withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Any Liquidation Distributions made by the Company to the Shareholders will generally be subject to 15% Dutch withholding tax to the extent that such distributions are in excess of NIBC Holding's average paid-in capital recognised for Dutch dividend withholding tax purposes.

For a holder of Shares who is or is deemed to be resident in the Netherlands for Dutch corporate tax or Dutch individual income tax purposes, the withholding tax will generally be creditable for Dutch corporate tax or Dutch individual income tax purposes or will otherwise be refundable. Under certain circumstances a holder who is resident of another jurisdiction than the Netherlands may qualify for full or partial relief at source or for a refund in whole or in part of the Dutch dividend withholding tax.

On the basis of section 35 of the Netherlands-US Tax Treaty, qualifying US pension trusts are under certain conditions entitled to a full exemption from Dutch dividend withholding tax. Such qualifying exempt US pension trusts must provide the Company form IB 96 USA, along with a valid certificate, for the application of relief at source from dividend withholding tax. If the Company receives the required documentation prior to the relevant dividend payment date, then the Company may apply such relief at source. If a qualifying exempt US pension trust fails to satisfy these requirements prior to the payment of a dividend, then such qualifying exempt US pension trust may claim a refund of Dutch dividend withholding tax by filing form IB 96 USA with the Dutch tax authorities. On the basis of section 36 of the Netherlands-US Tax Treaty, qualifying exempt US organisations are under certain conditions entitled to a full exemption from Dutch dividend withholding tax. Such qualifying exempt US organisations are not entitled to claim relief at source, and instead must claim a refund of Dutch dividend withholding tax by filing form IB 95 USA with the Dutch tax authorities.

Under the terms of Dutch domestic anti-dividend stripping rules, a recipient of dividends will not be entitled to an exemption from, reduction, refund, dividend tax if the recipient is not the beneficial owner of the dividends, as meant in those rules.

8.2 Taxes on income and capital gains

8.2.1 *Residents*

Resident entities

An entity holding Shares which is or is deemed to be resident in The Netherlands for Dutch corporate tax purposes and which is not tax exempt, will generally be subject to Dutch corporate tax in respect of income or a capital gain derived from the Shares, including as a result of the acceptance of the Offer, a statutory buy-out procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation, at the prevailing statutory rates (up to 25% (twenty-five per cent) in 2020), unless the entity has the benefit of the participation exemption (*deelnemingsvrijstelling*) with respect to the Shares. Generally speaking, an entity holding Shares will have the benefit of the participation exemption if the entity owns at least 5% (five per cent) of the nominal paid-up share capital of the Company.

Resident individuals

An individual holding Shares who is or is deemed to be resident in The Netherlands for Dutch income tax purposes will be subject to Dutch income tax in respect of income or a capital gain derived from the Shares, including as a result of the acceptance of the Offer, a statutory buy-out procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation, at the prevailing statutory rates (up to 49.5% in 2020) if:

(i) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(ii) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor (ii) applies, the individual will generally be subject to Dutch income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Shares. For 2020, the deemed return ranges from 1.789% to 5.28% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Shares). The applicable percentages will be updated annually on the basis of historic market yields. Subject to application of certain allowances, the deemed return will be taxed at the prevailing statutory rate (30% in 2020).

8.2.2 *Non-residents*

A holder of Shares which neither is nor is deemed to be resident in The Netherlands for the relevant tax purposes will not be subject to Dutch corporate tax or Dutch income tax on income or a capital gain derived from the Shares, including as a result of the acceptance of the Offer, a statutory buy-out procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation, unless:

(i) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) taxable in The Netherlands and the holder derives profits from such enterprise (other than by way of the holding of Shares); or

(ii) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands as defined in the Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

8.3 Gift and inheritance taxes

Dutch gift or inheritance tax will not be levied in connection with the acceptance of the Offer, a statutory buy-out procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation.

8.4 Value added tax

There is no Dutch value added tax payable by a holder of Shares in respect of payments in consideration for the acceptance of the Offer, a statutory buy-out procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation.

8.5 Other taxes and duties

There is no Dutch registration tax, stamp duty, or any other similar tax or duty payable in The Netherlands by a holder of Shares in respect of or in connection with the acceptance of the Offer, a statutory buy-out procedure (*uitkoopprocedure*), a takeover buy-out procedure or a Liquidation.

9. U.S. FEDERAL INCOME TAX ASPECTS OF THE OFFER

9.1 General

The following is a summary of certain U.S. federal income tax considerations that are likely to be relevant to U.S. Shareholders (as defined below) whose Shares are properly tendered and accepted for payment pursuant to the Offer.

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "**Code**"), and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular U.S. Shareholder's decision to tender its Shares in the Offer. In particular, this summary is directed only to U.S. Shareholders that hold Shares as capital assets. This discussion does not apply to Shares received pursuant to the exercise of employee stock options or otherwise as compensation. This discussion also does not apply to U.S. Shareholders that exercise any dissent rights that may be available to them under non-U.S. law.

In addition, this discussion does not address tax consequences to U.S. Shareholders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, life insurance companies, tax exempt entities, entities that are treated as partnerships for U.S. federal income tax purposes (or partners therein), holders that own or are treated as owning 5% or more of the Shares by vote or value, persons holding Shares as part of a hedging or conversion transaction or a straddle, or persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address U.S. state or local or non-U.S. taxes, the U.S. federal estate and gift taxes, or the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Shareholders, or alternative minimum tax consequences of tendering Shares.

For purposes of this summary, a "**U.S. Shareholder**" is a beneficial owner of Shares that is (i) an individual citizen of the United States or a resident alien of the United States as determined for U.S. federal income tax purposes; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state of the United States or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have authority to control all substantial decisions of the trust.

U.S. Shareholders should consult their own tax advisers about the consequences of participating in the Offer, including the relevance to their particular situation of the considerations discussed below and any consequences arising under U.S. state or local or non-U.S. tax laws.

9.2 Sale of the Shares

9.2.1 *Sales pursuant to the Offer*

Subject to the discussion below under "Passive Foreign Investment Company Considerations", sales of Shares pursuant to the Offer by U.S. Shareholders generally will be taxable transactions for U.S. federal income tax purposes. A U.S. Shareholder selling Shares pursuant to the Offer generally should recognize gain or loss in an amount equal to the difference between the amount of cash received and the U.S. Shareholder's adjusted tax basis in the Shares sold at the time of sale. For this purpose, a U.S. Shareholder's adjusted tax basis in a Share generally will equal its cost of such Share in U.S. dollars. Any gain or loss so realized by a U.S. Shareholder generally will be treated as a capital gain or loss, generally will be long-term capital gain or loss if such U.S. Shareholder's holding period for the Shares is more than one year at the time of sale and generally will be treated as U.S.-source income for foreign tax credit purposes. In the case of a Share that has been held for one year or less, such capital gains generally will

be subject to tax at ordinary income tax rates. Certain limitations apply to the use of a U.S. Shareholder's capital losses.

If a U.S. Shareholder sells Shares in exchange for currency other than U.S. dollars, the amount realized generally will be the U.S. dollar value of the currency received at the spot rate on the date of sale (or, assuming the shares are traded on an established securities market at that time, in the case of cash basis and electing accrual basis U.S. Shareholders, the settlement date). An accrual basis U.S. Shareholder that does not elect to determine the amount realized using the spot rate on the settlement date will recognize foreign currency gain or loss equal to the difference between the U.S. dollar value of the amount received based on the spot exchange rates in effect on the date of the sale and the settlement date. A U.S. Shareholder will have a tax basis in the currency received equal to the U.S. dollar value of the currency received at the spot rate on the settlement date. Any currency gain or loss realized on the settlement date or the subsequent sale, conversion, or other disposition of the non-U.S. currency received for a different U.S. dollar amount generally will be U.S.-source ordinary income or loss and will not be eligible for the reduced tax rate applicable to long-term capital gains. If an accrual basis U.S. Shareholder makes the election described in the first sentence of this paragraph, it must be applied consistently from year to year and cannot be revoked without the consent of the U.S. Internal Revenue Service (the "**IRS**"). A U.S. Shareholder should consult its own tax advisers regarding the treatment of any foreign currency gain or loss realized with respect to any currency advisers in a sale of the Shares.

9.2.2 *Buy-Out*

The U.S. federal income tax consequences of a statutory buy-out procedure (*uitkoopprocedure*) or takeover buy-out procedure (as discussed in Section 4.17.1 (*Delisting, Squeeze-Out Procedures*) above) will depend on the exact manner in which the transaction is carried out. In general, however, if a U.S. Shareholder receives cash in exchange for transferring its Shares to Flora Acquisition B.V. and/or its Affiliates in a buy-out, the transaction should be taxable in the same manner as described above under Section 9.2.1 (*Sales Pursuant to the Offer*). U.S. Shareholders should consult their own tax advisers for advice with respect to the potential tax consequences of a buy-out.

9.2.3 *Other Post-Closing Restructuring Measures*

The U.S. federal income tax consequences of any other possible Post-Closing Restructuring Measures as described in Section 4.17.3 (*Other Post-Closing Restructuring Measures*) above will depend on the exact manner in which the transaction is carried out, which has not yet been determined. Because the terms of such a transaction are not yet determined, U.S. Shareholders should consult their own tax advisers for advice with respect to the potential tax consequences of any Post-Closing Restructuring Measures.

9.3 Passive Foreign Investment Company Considerations

If NIBC Holding has been a PFIC in any taxable year in which a U.S. Shareholder held any Shares, then NIBC Holding generally would have continued to be a PFIC as to such U.S. Shareholder in all succeeding years, regardless of whether NIBC Holding continued to meet the test to be classified as a PFIC (as described below). In that case, unless the U.S. Shareholder made a proper election to be taxed differently, gain realized on the exchange of Shares for cash pursuant to the Offer would be allocated ratably to each taxable year in such U.S. Shareholder's holding period for such Shares during which NIBC Holding was a PFIC as to such U.S. Shareholder, the amount allocated to each such year would be subject to tax at the highest ordinary income tax rate for each such taxable year, and the U.S. Shareholder would be liable for an additional tax equal to an interest charge on the tax liability for each such prior years as if such liability had actually been due in each such prior year. Shareholders of PFICs are also subject to additional reporting requirements in respect of their Shares.

In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least 75 percent of its gross income is classified as "passive income" or at least 50 percent of its assets

(determined on the basis of quarterly average value), produce, or are held for the production of, passive income. In making this determination, the non-U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it directly or indirectly holds 25 percent or more (by value) of the stock. Passive income generally includes dividends, interest, rents, royalties and certain gains. An exception exists for certain income earned in the active conduct of a banking business by a bank which meets certain conditions. However, the Company may not be eligible for this exception, even though NIBC Bank N.V. is regulated as a bank. NIBC Holding has not undertaken to determine its PFIC status with respect to its taxable years prior to the Offer. The determination of whether NIBC Holding was a PFIC for any tax year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. There can be no assurance that NIBC Holding will not be, or has not been, a PFIC in the current year or any past taxable year. U.S. Shareholders are urged to consult their own tax advisers as to the possible PFIC status of NIBC Holding and the consequences to them in their particular circumstances.

9.4 Backup Withholding and Information Reporting

A U.S. Shareholder that tenders its Shares in the Offer may be subject to backup withholding on the payments that such U.S. Shareholder receives unless such U.S. Shareholder: (i) (a) comes within certain exempt categories and demonstrates this fact if required or (b) provides a correct taxpayer identification number on an IRS Form W-9 (a copy of which is available at www.irs.gov), (ii) certifies as to no loss of exemption from backup withholding and (iii) otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Shareholder will be allowed as a refund or credit against the U.S. Shareholder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

A holder that is a non-U.S. corporation or a non-resident alien individual may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

10. DUTCH LANGUAGE SUMMARY

Dit Hoofdstuk 10 is de Nederlandse samenvatting van het Biedingsbericht dat is uitgegeven ter zake van het aanbevolen openbaar bod in contanten uitgebracht door de Bieder aan alle houders van Aandelen met inachtneming van de verklaringen, voorwaarden en beperkingen zoals beschreven in het Biedingsbericht. De belangrijkste kenmerken van het Bod zijn beschreven in deze samenvatting.

De gedefinieerde termen in Hoofdstuk 10 van het Biedingsbericht hebben de betekenis die daaraan wordt gegeven in Paragraaf 10.2 (*Nederlandse definities*). Deze Nederlandstalige samenvatting maakt deel uit van het Biedingsbericht, maar vervangt het Biedingsbericht niet. Deze Nederlandstalige samenvatting is niet volledig en bevat niet alle informatie die voor Aandeelhouders van belang zou kunnen zijn om een afgewogen oordeel te vormen omtrent het Bod.

Het lezen van deze Nederlandstalige samenvatting mag niet worden beschouwd als een alternatief voor het bestuderen van het volledige Biedingsbericht. Aandeelhouders wordt geadviseerd het volledige Biedingsbericht zorgvuldig te bestuderen en zo nodig onafhankelijk advies in te winnen teneinde zich een afgewogen oordeel te kunnen vormen omtrent het Bod, alsmede omtrent de beschrijving van het Bod in deze samenvatting en in het Biedingsbericht.

In geval van verschillen tussen deze Nederlandstalige samenvatting en de Engelstalige tekst van het Biedingsbericht, prevaleert de Engelstalige tekst.

10.1 Belangrijke informatie

Het Bod wordt gedaan in en vanuit Nederland met inachtneming van de verklaringen, voorwaarden en beperkingen opgenomen in het Biedingsbericht. De Bieder behoudt zich het recht voor in het kader van het Bod iedere aanmelding van Aandelen te accepteren, zelfs indien een aanmelding niet is gedaan in overeenstemming met de bepalingen zoals uiteengezet in het Biedingsbericht.

Het uitbrengen van het Bod, de algemeen verkrijgbaarstelling van het Biedingsbericht, inclusief deze Nederlandse samenvatting, en/of de verspreiding van enige andere informatie met betrekking tot het Bod, kunnen in bepaalde jurisdicties aan restricties onderhevig zijn. Het Bod wordt direct noch indirect gedaan in, en mag niet worden aanvaard door of namens Aandeelhouders vanuit een jurisdictie waarin het uitbrengen van het Bod of het aanvaarden daarvan niet in overeenstemming is met de in die jurisdictie geldende wet- en regelgeving. Het niet in acht nemen van deze restricties kan een overtreding van de effectenwet- en regelgeving van de desbetreffende jurisdictie opleveren. De Bieder, Blackstone en NIBC Holding en hun respectievelijke adviseurs aanvaarden geen enkele aansprakelijkheid ter zake van overtredingen van voornoemde restricties. Aandeelhouders dienen zo nodig onafhankelijk advies in te winnen omtrent hun positie dienaangaande. Het Biedingsbericht bevat belangrijke informatie die men zorgvuldig dient te lezen alvorens een besluit te nemen over het aanmelden van Aandelen onder het Bod. Aandeelhouders wordt aangeraden waar nodig onafhankelijk advies in te winnen. Daarnaast wordt Aandeelhouders aangeraden hun belastingadviseur te raadplegen met betrekking tot de fiscale gevolgen van het aanmelden van Aandelen onder het Bod.

Zie tevens Hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht.

De informatie opgenomen op de voorpagina, pagina (ii) en pagina (iii) en in Paragraaf 1.1 (*Restrictions*) tot en met Paragraaf 1.3.1 (*United States of America*), Hoofdstuk 2 (*Definitions*), Hoofdstuk 3 (*Invitation to Shareholders*), met uitzondering van Paragraaf 3.14 (*Indicative Timetable*), Paragraaf 4.1 (*Introduction*) tot en met Paragraaf 4.6 (*Employees and Social Aspects*), Paragraaf 4.9 (*Post-Closing Covenants*), Paragraaf 4.10 (*Clearances*), Paragraaf 4.11 (*Extraordinary general meeting of NIBC Holding*), Paragraaf 4.12 (*Financing of the Offer*), Paragraaf 4.14 (*Offer Conditions*) tot en met Paragraaf 4.18 (*Consequences of the Offer*), Paragraaf 6 (*Information on the Offeror*), Paragrafen 7.1(ii), 7.1(iii) en 7.1(v) (*Further Declarations pursuant to the Takeover Decree*), Hoofdstuk 8 (*Dutch Tax Aspects of the Offer*), Hoofdstuk 9 (*US Federal Income Tax Aspects of the Offer*), Hoofdstuk 10 (*Dutch language summary*), Hoofdstuk 12.8 (*Press release Blackstone dated 18 May 2020*), Hoofdstuk 14

(*Articles of Association*) en Hoofdstuk 15 (*Post-Closing Covenants*) zijn uitsluitend door de Bieder verstrekt.

De informatie opgenomen in Paragraaf 4.13 (*Decision-making and Recommendation by the Boards*), Hoofdstuk 5 (*Information regarding NIBC Holding*), Paragraaf 7.1(iv) en 7.1(vi), (*Further Declarations pursuant to the Takeover Decree*), Paragraaf 12.1 (*Press release NIBC dated 14 February 2020*), Paragraaf 12.3 (*Press release NIBC dated 17 March 2020*), Paragraaf 12.5 (*Press release NIBC dated 31 March 2020*), Paragraaf 12.7 (*Press release NIBC dated 18 May 2020*) en Hoofdstuk 13 (*Financial Information on NIBC Holding*) zijn uitsluitend door NIBC Holding verstrekt.

De informatie opgenomen in Paragraaf 1.3.2 (*Important Information in the Offer Memorandum*) tot en met Paragraaf 1.3.10 (*Financial Advisers*), Paragraaf 3.14 (*Indicative Timetable*), Paragraaf 4.7 (*Future governance*), Paragraaf 4.8 (*Amendments to the constitutional documents*), Paragraaf 7.1 (*Further Declarations pursuant to the Takeover Decree***)** introductie paragraaf, Paragraaf 7.1(i) (*Further Declarations pursuant to the Takeover Decree***)**, Hoofdstuk 11 (*Advisers*), Paragraaf 12.2 (*Joint press release dated 25 February 2020)*, Paragraaf 12.4 (*Joint press release dated 24 March 2020*), Paragraaf 12.9 (*Joint press release dated 8 June 2020*), Paragraaf 12.10 (*Joint press release dated 13 July 2020*) en Hoofdstuk 12 (*Press Releases*) is door de Bieder en NIBC Holding gezamenlijk verstrekt.

Uitsluitend de Bieder en NIBC Holding zijn verantwoordelijk voor de juistheid en volledigheid van de informatie die in het Biedingsbericht is verstrekt, ieder afzonderlijk voor de informatie die door henzelf is verstrekt, en gezamenlijk voor de informatie die door hen gezamenlijk is verstrekt.

De Bieder en NIBC Holding verklaren ieder afzonderlijk ten aanzien van de informatie die door henzelf in het Biedingsbericht is verstrekt en gezamenlijk ten aanzien van de informatie die door hen gezamenlijk is verstrekt, dat de informatie in het Biedingsbericht, na het treffen van alle redelijke maatregelen om zulks te garanderen en voor zover hen redelijkerwijs bekend kan zijn, in overeenstemming is met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan de vermelding de strekking van het Biedingsbericht zou wijzigen.

De informatie opgenomen in Hoofdstuk 13 (*Financial Information on NIBC Holding*) is ontleend aan de geconsolideerde jaarrekeningen van NIBC Holding over jaren geëindigd op 31 december 2017, 31 december 2018 en 31 december 2019, zoals gepubliceerd in de betreffende jaarverslagen. De onafhankelijke accountantsverklaring opgenomen in Paragraaf 13.7 is door NIBC Holding verkregen van Ernst & Young Accountants LLP. Zonder afbreuk te doen aan NIBC Holding's verantwoordelijkheid zoals hierboven uiteengezet, bevestigt NIBC Holding dat deze informatie accuraat is gereproduceerd uit de betreffende jaarverslagen en dat er geen feiten achterwege zijn gelaten waardoor de geproduceerde of ontleende informatie misleidend is.

Getallen in het Biedingsbericht kunnen naar boven of beneden zijn afgerond en dienen derhalve niet als exact te worden beschouwd.

De informatie in het Biedingsbericht geeft de situatie weer op de datum van het Biedingsbericht tenzij specifiek anders is aangegeven. Onder geen beding houden publicatie en verspreiding van het Biedingsbericht in dat de hierin opgenomen informatie ook na de datum van het Biedingsbericht juist en volledig is of dat er sinds deze datum geen wijziging is opgetreden in de in het Biedingsbericht uiteengezette informatie of in de gang van zaken bij NIBC Holding en/of haar Gelieerde Ondernemingen en/of de ondernemingen waarin NIBC Holding een aandelenbelang houdt. Het voorgaande laat echter onverlet de verplichting van de Bieder en NIBC Holding, voor zover het hen betreft, om ingevolge artikel 4 lid 3 Bob en de Europese Verordening Marktmisbruik (596/2014) een openbare mededeling te doen van enige voorwetenschap, voor zover van toepassing.

10.2 Nederlandse definities

In het Biedingsbericht zal een verwijzing naar gedefinieerde termen in het meervoud gelijk staan aan verwijzingen naar dergelijke gedefinieerde termen in het enkelvoud en *vice versa*. Alle grammaticale en andere veranderingen die nodig zijn bij het gebruiken van een definitie in het

enkelvoud zullen worden beschouwd hierin te zijn gemaakt en zullen worden toegepast alsof zulke veranderingen zijn gemaakt.

De gedefinieerde termen in de Paragraaf 10.2 van deze samenvatting hebben de volgende betekenis in het Biedingsbericht:

"**Aanbeveling**"	heeft de betekenis die daaraan is gegeven in Paragraaf 10.12
"**Aandeelhouder(s)**"	betekent houder(s) van één of meer Aandelen
"**Aandeelhoudersfinanciering**"	heeft de betekenis die daarin is gegeven in Paragraaf 10.8
"**Aandelen**"	betekent de Gewone Aandelen en de Preferente Aandelen
"**Aangemelde Aandelen**"	betekent elk Aandeel dat voorafgaand aan of op de Sluitingstijd op juiste wijze is aangemeld (of op onjuiste wijze indien de Bieder de Aanmelding desalniettemin heeft aanvaard) en dat niet is ingetrokken onder het Bod
"**Aangesloten Instelling**"	betekent de tot Euronext Amsterdam aangesloten instellingen
"**Aanmelding**"	betekent de aanmelding van Aandelen door de Aandeelhouders ter aanvaarding van het Bod
"**Aanmeldingstermijn**"	betekent de periode gedurende welke de Aandeelhouders hun Aandelen kunnen aanmelden bij de Bieder, beginnend om 17:45 uur CEST, op 10 augustus 2020 en eindigend op 19 oktober 2020 om 17:40 uur CEST, op de Sluitingstijd
"**Activa Verkoop en Liquidatie**"	heeft de betekenis die daaraan is gegeven in Paragraaf 10.16
"**AFM**"	betekent Stichting Autoriteit Financiële Markten
"**Alternatief Bod**"	betekent een bod of een voorstel door een derde partij met betrekking tot (i) het doen van een bod op een gedeelte of alle Gewone Aandelen van de Vennootschap, (ii) het doen van een bod op alle activa van een Groepsvennootschap of (iii) een potentiële aankoop van een substantieel aandeel in aandelen, onderneming of activa van de Vennootschap of een Groepsvennootschap, een (juridische) fusie, consolidatie of splitsing waarbij de Vennootschap partij is, of een materiële reorganisatie of herkapitalisatie van de Vennootschap
"**BAVA**"	betekent de buitengewone algemene vergadering van aandeelhouders van NIBC Holding die in overeenstemming met artikel 18 lid 1 van het Bob zal worden gehouden om 15:00 uur CEST op 7 oktober 2020 ten kantore van NIBC Holding
"**Besluiten**"	betekent de besluiten die zullen worden genomen tijdens de BAVA met betrekking tot (a) de statutenwijziging, (b) de benoemingen van Q. Abbas, N. El Gabbani en, indien genomineerd voor de oproeping van de BAVA het derde genomineerde lid van de Raad van Commissarissen, (c) de implementatie van de Activa

	Verkoop en Liquidatie, (d) décharge van de aftredende leden van de Raad van Commissarissen, (e) décharge van de leden van de Raad van Bestuur en de niet-aftredende leden van de Raad van Commissarissen en (f) de intrekking van de Eigen Aandelen
"**Bieder**"	betekent Flora Acquisition B.V.
"**Bieder Groep**"	betekent de Bieder en haar Gelieerde Ondernemingen, met uitzondering van de Groep
"**Biedingsbericht**"	betekent dit biedingsbericht dat de voorwaarden en beperkingen beschrijft die van toepassing zijn op het Bod
"**Biedingsregels**"	betekent de toepasselijke regels van de Wft, het Bob en enige andere regels uitgevaardigd op basis van de Wft of het Bob, de beleidsregels en instructies van AFM, het SER-besluit Fusiegedragsregels 2015, de Wet op de ondernemingsraden, de regels van Euronext, het Burgerlijk Wetboek en toepasselijke mededingingsrechtelijke wetten en regelgeving
"**Biedprijs**"	heeft de betekenis die daaraan is gegeven in Paragraaf 10.5
"**Blackstone**"	betekent The Blackstone Group Inc.
"**Blackstone Fondsen**"	betekent Blackstone Capital Partners (Cayman) VII NQ L.P., Blackstone Capital Partners (Cayman) VII.2 NQ L.P., Blackstone Family Investment Partnership VII-ESC NQ L.P., BTAS NQ Holdings L.L.C. en Blackstone Tactical Opportunities Fund III (Cayman) – NQ L.P.
"**Bob**"	betekent Besluit openbare biedingen Wft
"**Bod**"	betekent het bod zoals in het Biedingsbericht beschreven
"**Business Plan**"	betekent het business plan van de Groep zoals overeengekomen tussen de Bieder en de Vennootschap per de datum van de Fusieovereenkomst, zoals gewijzigd van tijd tot tijd
"**CET**"	betekent Central European Time
"**Dag van Gestanddoening**"	heeft de betekenis die daaraan is gegeven in hoofdstuk 10.10.3
"**Dag van Overdracht**"	heeft de betekenis die daaraan is gegeven in Paragraaf 10.10.5
"**Eigen Aandelen**"	betekent de 1.025.834 Gewone Aandelen gehouden door de Vennootschap
"**€, EUR of Euro**"	de euro, het wettig betaalmiddel in de lidstaten van de Europese Monetaire Unie
"**Euronext Amsterdam**"	betekent de beurs van Euronext Amsterdam, de gereguleerde markt van Euronext Amsterdam N.V.
"**Finale Dividend**"	betekent het finale dividend van EUR 0.53 per Aandeel voor het boekjaar 2019 dat is vastgesteld tijdens de

	jaarlijkse algemene vergadering van de Vennootschap gehouden op 17 April 2020
"**Financieel Adviseur Opinies**"	betekent de opinie van de financieel adviseur van de Raden en de opinie van de financieel adviseur van de Raad van Commissarissen
"**Fusieovereenkomst**"	betekent de fusieovereenkomst tussen de Bieder en NIBC Holding zoals overeengekomen op 25 februari 2020 en zoals gewijzigd op 18 mei 2020 en 10 juli 2020
"**Fusieregelgeving**"	betekent alle relevante wet- en regelgeving met betrekking tot het Bod, inclusief maar niet uitsluitend, de relevante bepalingen van de Wft, het Bob, elke gedelegeerde regelgeving van de Wft en/of het Bob, regelgeving van Euronext Amsterdam, het Burgerlijk Wetboek en andere toepasselijke wet- en regelgeving op het gebied van het effectenrecht en het mededingingsrecht
"**Gecombineerde Groep**"	betekent de Groep en de Bieder Groep samen
"**Gelieerde Onderneming**"	betekent, met betrekking tot de Bieder en/of de Vennootschap een entiteit of persoon (i) in eigendom van of gecontroleerd door de Bieder of de Vennootschap, (ii) die de Bieder of de Vennootschap in eigendom heeft of controleert, (ii) in gemeenschappelijk eigendom of onder gemeenschappelijke controle met de Bieder of de Vennootschap. Eigendom zal betekenen direct of indirect eigendom van meer dan 50% van (i) de aandelen of (ii) de stemrechten in zodanige entiteit of persoon, met dien verstande dat met betrekking tot een investeringsfonds een Gelieerde Onderneming zal omvatten de beherend vennoten en fonds groepen beheerd en/of geadviseerd door zulke beherend vennoten, maar zal niet omvatten enige portfolio ondernemingen van deze investeringsfondsen, anders dan, indien van toepassing ten gevolge van de Overdracht, de Groepsvennootschappen.
"**Gewone Aandelen**"	betekent de geplaatste en uitstaande gewone aandelen in het aandelenkapitaal van NIBC Holding, elk met een nominale waarde van € 0,02
"**Groep**"	op het betreffende tijdstip, de Vennootschap en aan haar dochtervennootschappen zoals bedoeld in artikel 2:24a BW, en de entiteiten waarin de Vennootschap direct of indirect een minderheidsaandeel houdt
"**Groepsvennootschap**"	betekent een vennootschap in de Groep
"**Herstructureringsmaatregelen na de dag van Overdracht**"	betekenen de Herstructureringsmaatregelen na Overdracht genoemd in Paragraaf 10.14 en Paragraaf 10.16
"**Hoofdstuk**"	betekent een hoofdstuk uit dit Biedingsbericht
"**Investerings- en Retentieplannen**"	betekent (i) de uitstaande certificaatrechten onder de op aandelen gebaseerde investerings- en retentieplannen van de Vennootschap en (ii) in contanten afgewikkelde, aan aandelen gekoppelde instrumenten onder de

beloningsregelingen van de Vennootschap

"**Materiële Nadelige Verandering**" betekent elke verandering, evenement, omstandigheid of effect (elk dergelijk item een "**Verandering**"), welke Verandering een wezenlijk nadelig effect heeft, of kan hebben, op de Groep, waardoor van de Bieder in redelijkheid niet verwacht mag worden om het Bod gestand te doen, **met dien verstande dat** de volgende veranderingen niet in acht zullen worden genomen:

(a) elke algemene verandering in de economie, of delen van de economie, zoals de financiële markt of effectenmarkt, die direct of indirect effect heeft op de Groep;

(b) elke verandering in de banken sector die direct of indirect effect heeft op de Groep;

(c) elke natuurramp, pandemie, oorlog, sabotage, militaire actie, door overmacht te beschouwen gebeurtenis, gewapende strijd, terroristische actie, of elke verergering of escalatie daarvan;

(d) elke ontwikkeling in de economie, politiek of markt voorwaarden (inclusief volatiliteit in rente tarieven), inclusief elke nadelige ontwikkeling met betrekking tot de Europese Unie, haar lidstaten (inclusief lidstaten die een gedeelte van zulke unie verlaten) en de Euro zone (inclusief een of meer lidstaten die zulke zone verlaten, verplicht worden te verlaten of hun leningen schenden);

(e) elk onderwerp dat bekend is of redelijkerwijs bekend zal moeten zijn bij de Bieder of haar adviseurs op het moment van ondertekening van de Fusieovereenkomst, als gevolg van het grondig onderzoek gedaan door de Bieder en haar adviseurs over de Groep of informatie die beschikbaar is in het publieke domein ten tijde van ondertekening van de Fusieovereenkomst;

(f) elke tekortkoming van de Vennootschap of de Groep om te voldoen aan elke interne of gepubliceerde projecties, inclusief solvabiliteit projecties, vooruitzichten of opbrengst of winst projecties (**met dien verstande dat** in het geval van deze sub-paragraaf, de onderliggende reden van zulke tekortkoming in acht mag worden genomen bij het kwalificeren van een Materiële Nadelige Verandering);

(g) de kredietwaardigheid, financiële sterkte of andere beoordeling (**met dien verstande dat** in het geval van deze sub-paragraaf, de onderliggende reden van zulke verandering, evenement, omstandigheid of effect met betrekking tot kredietwaardigheid, financiële sterkte of andere beoordeling in acht mag worden genomen bij het kwalificeren van een Materiële Nadelige Verandering) van de

Vennootschap of de Groep;

(h) elke Verandering als gevolg van (A) het aangaan van de Fusieovereenkomst of de Onherroepelijke Overeenkomsten of (B) de aankondiging of implementatie van de Transactie, inclusief elke Verandering als gevolg van de aanvraag en verkrijging van de Toezichtrechtelijke Goedkeuringen;

(i) elke verandering of voorzienbare verandering van de wet of regelgeving, inclusief veranderingen voorgesteld of aangenomen door financiële toezichthouders zoals de DNB en de ECB;

(j) elke Verandering resulterend van het handelen of nalaten van de Bieder;

(k) een schending van de Fusieovereenkomst of het toepasselijk recht door de Bieder; of

(l) elke rechterlijke procedure aangespannen door aandeelhouders met betrekking tot het Bod;

en **met dien verstande dat** de impact van elke verandering omschreven in sub-paragrafen (a), (b), (c) en (d) in acht zal worden genomen bij de kwalificatie van een Materiële Nadelige Verandering indien een dergelijke verandering een materieel disproportioneel nadelig effect heeft, of verwacht wordt te hebben, op de Groep in vergelijking met soortgelijke entiteiten in de industrie waarin de Groep actief is

"**Mededingingsautoriteit**" betekent de Europese Commissie

"**Mededingingsrechtelijke Goedkeuringen**" betekent de goedkeuring van de Mededingingsautoriteit vereist voor de Transactie, welke goedkeuring op 7 juli 2020 is verleend

"**Minderheidsaandeelhouders**" betekent houders van Aandelen die niet zijn aangemeld op grond van het Bod of in de Na-aanmeldingstermijn

"**Na-aanmeldingstermijn**" betekent de periode na afloop van de Aanmeldingstermijn gedurende welke Aandeelhouders die hun Aandelen nog niet hebben aangemeld onder het Bod de kans wordt gegeven dit alsnog te doen, op dezelfde wijze en onder dezelfde voorwaarden als opgenomen in het Biedingsbericht

"**NIBC Holding**" betekent NIBC Holding N.V.

"**Niet-Financiële Convenanten**" heeft de betekenis die daaraan is gegeven in Paragraaf 10.7

"**NFC-Periode**" betekent de relevante periode waarna de Niet-Financiële Convenanten verlopen zoals uiteengezet in Paragraaf 10.7.2

"**Omwissel- en Betaalkantoor**" betekent ING Bank N.V.

"**Onafhankelijke** heeft de betekenis die daaraan is gegeven in Paragraaf

Commissarissen"	10.17.2
"**Ondernemingsraad**"	betekent de gemeenschappelijke ondernemingsraad van de Groep
"**Onherroepelijke Overeenkomsten**"	heeft de betekenis die daarin is gegeven in Paragraaf 10.8
"**Onherroepelijke Toezegging**"	betekent de ondertekende onherroepelijke toezeggingen door een (onafhankelijk) lid van de Raad van Commissarissen en de leden van de Raad van Bestuur om het Bod te accepteren en alle Gewone Aandelen die zij op datum van ondertekenen van de onherroepelijke toezeggingen houden, of na deze datum zullen gaan houden, aan te melden in overeenstemming met de voorwaarden van het Bod
"**Onvoorwaardelijke Datum**"	betekent de datum waarop de Bieder het Bod gestand zal doen, welke datum niet later zal zijn dan drie werkdagen na de Sluitingstijd
"**Opinie van de financieel adviseur van de Raden**"	heeft de betekenis die daarin is gegeven in Paragraaf 10.12
"**Opinie van de financieel adviseur van de Raad van Commissarissen**"	heeft de betekenis die daarin is gegeven in Paragraaf 10.12
"**Overdracht**"	betekent de afwikkeling van het Bod, inhoudende de levering van de Aandelen tegen betaling van de Biedprijs door de Bieder aan de Aandeelhouders die op geldige wijze hun Aandelen hebben aangemeld (of op ongeldige wijze, indien de Bieder zulke Aandelen desalniettemin aanvaardt) en geleverd onder het Bod en niet op een geldige wijze zijn ingetrokken
"**Paragraaf**"	betekent een paragraaf uit dit Biedingsbericht
"**Preferente Aandelen**"	betekent alle preferente aandelen uitgegeven door de Vennootschap
"**Raad van Bestuur**"	betekent de raad van bestuur van NIBC Holding
"**Raad van Commissarissen**"	betekent de raad van commissarissen van NIBC Holding
"**Raden**"	betekent de Raad van Bestuur en de Raad van Commissarissen tezamen
"**Sluitingstijd**"	betekent de tijd waarop het Bod afloopt, zijnde om 17:40 uur CEST, op 19 oktober 2020, tenzij de Aanmeldingstermijn is verlengd in overeenstemming met artikel 15 van het Bob
"**Stichting Optie Overeenkomst**"	betekent de overeenkomst tussen de Vennootschap en Stichting Continuïteit NIBC van 12 maart 2018 op grond waarvan Stichting Continuïteit NIBC een optie heeft om, al dan niet in een keer, Preferente Aandelen te kopen
"**Superieur Bod**"	betekent een schriftelijk bindend voorstel van een derde partij voor een transactie die een wijziging in de controle over de Vennootschap teweegbrengt bij wijze van een bod op alle Gewone Aandelen of alle activa van de

	Groep, met dien verstande dat (i) zulks Superieur Bod in cash is, (ii) de biedprijs van zulks Superieur Bod minstens 8% hoger ligt dan de huidige Biedprijs (van EUR 7.00) en (iii) zulks Superieur Bod niet-financiële toezeggingen bevat die, vanuit het perspectief van de Vennootschap gezien, gunstiger zijn dan de Niet-Financiële Convenanten
"**Toegelaten Instelling**"	betekent een instelling die is toegelaten tot Euronext Amsterdam
"**Toepasselijke Regelgeving**"	betekent alle toepasselijke wet- en regelgeving, inclusief maar niet beperkt tot de toepasselijke bepalingen van en alle nadere regelgeving en beleidsregels die zijn vastgesteld of anderszins gelding hebben krachtens de Wft, de Europese Verordening marktmisbruik (596/2014), het Bob, de beleidsregels en instructies van de AFM, de Wet op de ondernemingsraden, het SER-Besluit Fusiegedragsregels 2015, de regelgeving en beleidsregels van Euronext Amsterdam, en voor zover van toepassing, het Burgerlijk Wetboek, en de relevante effecten- en medezeggenschapsregelgeving in andere relevante jurisdicties en relevante mededingingswetgeving
"**Toezichtrechtelijke Goedkeuringen**"	betekent alle financiële toezichtrechtelijke goedkeuringen vereist in een jurisdictie voor of met betrekking tot de Transactie, de implementatie van de Transactie, de directe of indirecte aankoop van aandelen of andere effecten in, of enige andere controle over, de Vennootschap of een Groepsvennootschap door de Bieder of een van haar Gelieerde Ondernemingen (met uitzondering van de Groep) en de werking van de Gecombineerde Groep in overeenstemming met de Fusieovereenkomst
"**Transactie**"	betekent het Bod, samen met de onderhandse transacties die tussen de Bieder en elk van JCF en Reggeborgh zijn aangegaan met betrekking tot de verwerving van alle Aandelen die door hen worden gehouden
"**Uitkoopprocedure**"	heeft de betekenis die daaraan is gegeven in Paragraaf 10.14
"**Vennootschap**"	betekent NIBC Holding N.V.
"**Verlengde Sluitingstijd**"	betekent de sluitingstijd van de Aanmeldingstermijn zoals verlengd in overeenstemming met artikel 15 van het Bob
"**Voorwaarden**"	betekent de opschortende voorwaarden waarvan de verplichting van de Bieder het Bod gestand te doen afhankelijk is gesteld zoals uiteengezet in Paragraaf 10.9.1
"**Werkdag(en)**"	betekent een dag anders dan een zaterdag of zondag waarop banken in Nederland en Euronext Amsterdam open zijn
"**Wft**"	betekent Wet op het financieel toezicht

10.3 Uitnodiging aan de Aandeelhouders

Onder verwijzing naar de verklaringen, voorwaarden en beperkingen zoals opgenomen in Hoofdstuk 1 (*Restrictions and Important Information*) worden Aandeelhouders uitgenodigd om hun Aandelen aan te bieden op de wijze en onder de voorwaarden zoals in het Biedingsbericht beschreven.

10.4 Het Bod

De Bieder doet een Bod tot koop van alle Aandelen, onder de voorwaarden en conform de bepalingen en beperkingen in het Biedingsbericht.

Op voorwaarde dat het Bod gestand wordt gedaan, zal aan de Aandeelhouders die hun Aandelen onder het Bod op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding daarvan desalniettemin aanvaardt) de Biedprijs in contanten worden betaald.

10.5 Biedprijs

Voor elk aangemeld Aandeel biedt de Bieder een vergoeding van €7,00 (cum dividend) in contanten (de "**Biedprijs**").

Bij het vaststellen van de Biedprijs heeft de Bieder zorgvuldig de geschiedenis en vooruitzichten van NIBC Holding in overweging genomen door een analyse van de financiële historische informatie afgeleid uit de jaarrekeningen van NIBC Holding, information die beschikbaar is gesteld in een virtuele dataroom, informatie die is afgeleid uit verschillende management en expertsessies, het realiseren van het nieuwe business plan zoals overeengekomen tussen de Bieder en de Vennootschap voor 10 juli 2020, marktrapporten en persberichten, evenals mogelijke ontwikkelingen op de lange termijn in winstgevendheid, kapitaal, kasstromen en balans. De Bieder heeft de impact van de COVID-19 pandemie op de Vennootschap in aanmerking genomen. Zie Paragraaf 4.3 (*Substantiation of the Offer Price*).

Indien op of tussen de datum van het Biedingsbericht en de Dag van Overdracht een uitkering in contanten of in aandelen of een andersoortige uitkering plaatsvindt en de registratiedatum voor een dergelijke uitkering op of voorafgaand aan de Dag van Overdracht ligt, dan zal de Biedprijs per Aandeel worden verminderd met het bedrag per Aandeel gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Aandeel. Als na de Dag van Overdracht, een uitkering in contanten of in aandelen of een andersoortige uitkering plaatsvindt op de Aandelen, dan zal de Biedprijs per Aandeel waartoe de overblijvende Aandeelhouders gerechtigd zijn onder het Bod worden verminderd met het bedrag per Aandeel gelijk aan de uitkering in contanten of in aandelen of andersoortige uitkering per Aandeel.

10.6 Rationale van het Bod

De Bieder en NIBC Holding zijn van mening dat de Transactie, inclusief het behalen van het nieuwe business plan zoals overeengekomen tussen de Bieder en de Vennootschap voor 10 juli 2020 in het belang is van de Groep, rekening houdend met het belang van al haar verschillende stakeholders, en dat het feit dat de Bieder de enige aandeelhouder van de Vennootschap wordt, strategische en andere voordelen zal opleveren voor NIBC Holding en de Groep. Bovendien zijn de Bieder en NIBC Holding het eens over de strategische en zakelijke rationale voor de transacties zoals voorzien in de Fusieovereenkomst en voor het nieuwe business plan dat door DNB zal moeten worden goedgekeurd. De rationale van het Bod voor de Bieder is dat de Bieder profijt zal hebben, in haar capaciteit als enig aandeelhouder van de Vennootschap, van een verhoging in de waarde van de Vennootschap en/of van winsten gegenereerd door de Vennootschap door de betaling van dividenden.

Het bedrijfsmodel van de grote banken wordt steeds meer gestuurd in de richting van een gestandaardiseerd model, waarbij de besluitvorming wordt gecentraliseerd en de producten eenvoudig en gemakkelijk te onderschrijven zijn. Als gevolg daarvan zijn er in de bredere Europese markt voor financiële diensten een aantal interessante activaniches beschikbaar, met een aantal gemeenschappelijke kenmerken:

- Fundamentele vraag- en aanboddynamiek die zorgt voor aantrekkelijke, voor risico's gecorrigeerde rendementen;
- Gespecialiseerde underwriting vaardigheden vereist;
- Dergelijke niches kunnen minder aantrekkelijk blijken als belegging op één enkel productplatform, maar zijn geschikt als onderdeel van een breder gediversifieerd pakket van dergelijke producten in het kader van een bancaire financieringsstructuur.

De Bieder is van mening dat NIBC Holding in een unieke positie verkeert om te profiteren van deze dynamiek, vanwege:

- Sterk managementteam met een bewezen vermogen om te profiteren van marktkansen in aantrekkelijke kleinere niche-activaklassen;
- Een solide financieel profiel, met een gezonde winstgevendheid, een uitstekende toegang tot financiering en een robuuste kapitalisatie, ondersteund door de regelgevende omgeving waarin het bedrijf actief is;
- Aantrekkelijk primair 'anker' product in Nederlandse hypotheken met sterke posities in extra gerichte beleggingscategorieën;
- Duidelijke groeimogelijkheden door het betreden van nieuwe beleggingscategorieën, geografische uitbreiding en bolt-on M&A.

Het uitgebreide wereldwijde trackrecord van Blackstone in het ondersteunen van internationale groei betekent dat het bedrijf goed gepositioneerd is om NIBC Holding te ondersteunen in zijn volgende ontwikkelingsfase. De uitgebreide expertise van Blackstone op het gebied van Europese speciale financiering zou helpen bij het identificeren van aantrekkelijke niches waarin de Vennootschap kan groeien.

10.7 Niet-Financiële Convenanten

De Bieder en de Vennootschap zijn bepaalde niet-financiële convenanten overeengekomen als weergegeven in deze Paragraaf 10.7 (de "**Niet-Financiële Convenanten**"):

10.7.1 Kernelementen:

(a) *Strategische rationale*

(i) De Bieder en de Vennootschap bevestigen hun overeenstemming met betrekking tot de strategische en zakelijke rationale van het Bod.

(ii) Na Overdracht zal de Bieder de Groep bij elkaar houden (behalve voor zover vereist door een bevoegde mededingingsautoriteit of financiële toezichthouder) en met de Groep samenwerken om de business te laten groeien.

(iii) De Bieder bevestigt dat hij (i) geen business van de Groep zal sluiten of vervreemden, tenzij voorgesteld door de Raad van Bestuur, en (ii) de namen en logo's van de merken van de Vennootschap en van de Groepsvennootschappen waarin de Vennootschap een meerderheidsbelang houdt zullen worden blijven toegepast in alle relevante markten.

(b) *Business Plan*

De Bieder en de Vennootschap zullen ieder het realiseren van het Business Plan respecteren en ondersteunen, tenzij onderling anders overeengekomen tussen de Bieder en het management van de Vennootschap.

(c) *Financiering en kapitaal*

De Bieder en de Vennootschap zullen ervoor zorgen dat de Groep na de Overdracht over voldoende kapitaaldekking blijft beschikken en gedegen gefinancierd blijft om zo de continuïteit van de onderneming te waarborgen, rekening houdend met uitgekeerde dividenden, het Business Plan uitvoeren en het succes van de onderneming ondersteunen, inclusief maar niet beperkt tot: (i) met betrekking tot het niveau van huidige of toekomstige schulden door de Groep, (ii) het handhaven van ten minste de CET1-kapitaalsverhouding in overeenstemming met de regulatoire vereisten, inclusief eventuele bindende instructies van de DNB in dat verband en (iii) het blijven opereren binnen de door management beoogde kapitaal- en liquiditeitsratio's.

(d) *Governance*

(i) De Bieder en de Vennootschap komen overeen dat de Vennootschap het volledige structuurregime zal blijven toepassen.

(ii) De Vennootschap zal de Nederlandse Code Banken blijven naleven.

(iii) Zolang de Aandelen van de Vennootschap aan Euronext Amsterdam genoteerd zijn, zal de Bieder ervoor zorgdragen dat de Vennootschap de huidige Nederlandse Corporate Governance Code blijft naleven, met uitzondering van (i) huidige afwijkingen en (ii) afwijkingen van bovengenoemde codes die hun basis vinden in de Fusieovereenkomst.

(e) *Organisatie*

(i) Het hoofdkantoor van de Groep zal worden gevestigd op het kantoor van de Vennootschap in Den Haag, Nederland.

(ii) Het bestuur en de centrale vestigingsplaats van de Groep zullen zijn ten kantore van de Vennootschap in Den Haag, Nederland.

(iii) De Bieder is voornemens waar mogelijk een substantieel aantal gedwongen ontslagen te vermijden, onverminderd de huidige praktijken van de Groep met betrekking tot tijdelijke of interim werknemers.

(f) *Werknemers*

(i) De Bieder zal bestaande rechten en aanspraken van de werknemers van de Groep respecteren.

(ii) De Bieder zal het sociale beleid en de sociale plannen van de Groep, zoals aan de Bieder bekendgemaakt, respecteren.

(iii) De bestaande pensioenrechten van de huidige en voormalige werknemers van de Groep zullen door de Bieder worden gerespecteerd.

(iv) De Bieder erkent de bestaande rechten van en afspraken met de relevante ondernemingsraden en vakbonden van de Groep op grond van het Burgerlijk Wetboek, de Wet op de ondernemingsraden en de statuten van de Vennootschap en de convenanten tussen de desbetreffende ondernemingsraden en de Vennootschap, en zal deze rechten respecteren.

(g) *Minderheidsaandeelhouders*

De volgende besluiten van de Raad van Commissarissen behoeven de voorafgaande goedkeuring van de Raad van Commissarissen met de bevestigende stem van ten minste een van de Onafhankelijke Commissarissen;

(i) het uitgeven van nieuwe aandelen in het kapitaal van de Vennootschap tegen betaling van cash zonder het aanbieden van voorkeursrechten aan minderheidsaandeelhouders van de Vennootschap;

(ii) het overeenkomen en aangaan van een transactie met een verbonden partij tussen de Bieder enerzijds en een lid van de Groep anderzijds of enige andere overeenkomst, die, in ieder geval, niet tegen zakelijke voorwaarden is; en

(iii) het voorstel aan de algemene vergadering van aandeelhouders van de Vennootschap van een ander besluit dat de waarde van of de rechten met betrekking tot de aandelen van de minderheidsaandeelhouders in de Vennootschap onevenredig schaadt.

(h) *Overig*

(i) De Bieder zal de Groep ondersteunen bij het bevorderen van haar huidige inzet ten aanzien van maatschappelijk verantwoord ondernemen.

(ii) De Bieder zal ervoor zorgen dat een cultuur van excellentie wordt bevorderd, waar gekwalificeerde werknemers een aantrekkelijke opleiding en loopbaanontwikkeling aangeboden zullen krijgen.

10.7.2 Duur

De Niet-Financiële Convenanten:

(i) uiteengezet onder (d)(i) en (d)(ii) in Paragraaf 10.7.1 (de **Governance Niet-Financiële Convenanten),** vervallen 60 maanden na de Sluitingstijd;

(ii) uiteengezet onder (g) in Paragraaf 10.7.1 komen te vervallen op de eerdere datum van (a) de datum waarop de Bieder 100% van het totale uitgegeven en uitstaande gewone aandelenkapitaal van de Vennootschap op volledig verwaterde basis houdt, (b) de datum waarop de uitkoopprocedure wordt gestart, of (c) de datum waarop de aandeelhouders de opbrengsten van enige Herstructureringsmaatregelen na de dag van Overdracht hebben ontvangen; en

(iii) andere dan de Niet-Financiële Convenanten waarnaar in Paragraaf 10.7.2(i) en 10.7.2(ii) hierboven wordt verwezen, verlopen 24 maanden na de Sluitingstijd,

een dergelijke periode, voor zover van toepassing, de "**NFC Periode**".

10.7.3 Afwijking

Een afwijking van de Niet-Financiële Convenanten binnen de toepasselijke termijnen (uiteengezet onder Paragraaf 10.7.2) is alleen toegestaan na de voorafgaande goedkeuring van de Raad van Commissarissen, inclusief een bevestigende stem van ten minste een van de Onafhankelijke Commissarissen of een onafhankelijke opvolger van een Onafhankelijke Commissaris aan wie een dergelijke aanspraak op de Niet-Financiële Convenanten is toegewezen zoals bepaald in de Fusieovereenkomst.

10.7.4 Aanspraken en naleving

De Niet-Financiële Convenanten en bepaalde andere overeenkomsten tussen de Bieder en de Vennootschap in de Fusieovereenkomst die worden beschreven in artikelen 3 (*Rationale of the Offer; Future Strategy*), 4 (*Squeeze out; Post-Closing Restructuring Measures*) en 5 (*Future Governance*) van de Fusieovereenkomst, zijn aangegaan ten

gunste van de Vennootschap en, door middel van een onherroepelijk derdenbeding om niet, jegens de Onafhankelijke Commissarissen aangesteld van tijd tot tijd. Elke Onafhankelijke Commissaris die zijn functie verlaat, moet met ingang van zijn aftreden de aanspraken van een dergelijk derdenbeding om niet overdragen aan een nieuwe Onafhankelijke Commissaris. De Bieder heeft bij voorbaat ingestemd met een dergelijke overdracht. De Bieder zal alle kosten dragen, gemaakt in verband met de uitoefening door een Onafhankelijke Commissaris van de rechten onder deze Paragraaf 10.7.4.

10.8 Financiering van het Bod

In het persbericht van 25 februari 2020 heeft de Bieder aangekondigd dat:

(a) hij over voldoende middelen beschikte om het Bod af te ronden in overeenstemming met artikel 7 lid 4 Bob;

(b) de Bieder het Bod zou financieren door middel van eigen vermogen verschaft door de Blackstone Fondsen;

(c) de Bieder van de Blackstone Fondsen een bindende equity commitment letter had ontvangen voor een totaalbedrag van maximaal EUR 1,304 miljard, die volledig is toegezegd (onder de gebruikelijke voorwaarden) (de "**Aandeelhoudersfinanciering**");

(d) de Bieder geen reden had om aan te nemen dat aan de betreffende voorwaarden niet zal worden voldaan op of vóór de Dag van Overdracht; en

(e) uit de Aandeelhoudersfinanciering de Bieder de aankoop van Aandelen in het kader van de Transactie en de betaling van de bijbehorende fees en kosten zou kunnen financieren.

Na de algemene vergadering van de Vennootschap op 17 april 2020 heeft de Vennootschap aangekondigd dat de algemene vergadering een totaal dividend voor 2019 heeft vastgesteld op EUR 0,78 per Aandeel, en derhalve het Finale Dividend, maar dat dit dividend slechts wordt uitgekeerd in de tweede helft van 2020, voor zover de Raad van Bestuur en de Raad van Commissarissen van mening zijn dat uitkering mogelijk en passend is in het licht van de effecten van COVID-19 op de business.

In het persbericht van 28 april 2020 heeft de Bieder bevestigd dat:

(a) terwijl de Bieder de zorgvuldigheid die leidde tot de beslissing van de Vennootschap om het dividend later uit te keren naar aanleiding van de aanbevelingen van de financiële autoriteiten om zich te onthouden van dividenduitkeringen begrijpt, de voorgestelde verlate uitkeringsdatum (tweede helft van 2020) noch het oordeel van de Raad van Bestuur om het dividend uit te keren geanticipeerd was in de toezeggingen in de Fusieovereenkomst tussen de Bieder en de Vennootschap;

(b) het persbericht van 25 februari 2020 bevestigde dat de Transactie de Vennootschap waardeerde op ongeveer EUR 1,36 miljard (cum dividend, inclusief het Finale Dividend) en dat het verkrijgen van de Aandelen via de Transactie en daaraan gerelateerde fees en kosten gefinancierd zouden worden door middel van Aandeelhoudersfinanciering van 1,304 miljard (zoals hierboven aangegeven);

(c) de eerdere toegezegde uitkering door de Vennootschap van het Finale Dividend het verschil tussen de waardering van de Vennootschap cum dividend (inclusief het Finale Dividend) en de vereiste financiering voor de aankoop van de Aandelen in het kader van de Transactie en de betaling van de bijbehorende fees en kosten reflecteert;

(d) de mogelijkheid van de Bieder om het verkrijgen van de Aandelen te financieren afhangt van het feit of de Vennootschap (i) het Finale Dividend uitkeert of (ii) zich onvoorwaardelijk verbindt jegens de Bieder om het Finale Dividend voor Overdracht uit te keren; en

(e) in de afwezigheid van voorgenoemde gevallen, de Bieder niet in staat was om de aankoop van de Aandelen te financieren.

Dientengevolge en naar aanleiding van gesprekken met de Vennootschap, heeft de Bieder in het persbericht van 28 april 2020, dat in lijn met de Biedingsregels en de MAR is gepubliceerd, bevestigd dat de eerdere mededeling dat het beschikte over de middelen die nodig zijn om het Bod gestand te doen (art. 7 lid 4 Bob) niet langer geldig en daarom is ingetrokken.

Naar aanleiding van gesprekken met de Vennootschap, JCF en Reggeborgh heeft de Vennootschap onvoorwaardelijk toegezegd om het Finale Dividend vóór de Dag van Overdracht uit te keren en zijn JCF en Reggeborgh overeengekomen om af te zien van hun deel tot het moment dat (a) de Raad van Bestuur en de Raad van Commissarissen van mening zijn dat uitkering mogelijk en passend is in het licht van de effecten van COVID-19 op de business en (b) NIBC Holding of NIBC Bank N.V. (of een van hun rechtsopvolgers) enig ander dividend of kapitaal uitkering (in geld of in natura) uitkeert aan de Aandeelhouders of aandelen terugkoopt.

Dientengevolge hebben de Bieder en de Vennootschap bevestigd dat de verplichting van de Bieder onder de Fusieovereenkomst om de Biedprijs te betalen is verlaagd tot EUR 9,32 per Aandeel. Daarnaast hebben JCF en Reggeborgh bevestigd dat de verplichting van de Bieder om de Biedprijs te betalen onder de onderhandse koopovereenkomsten eveneens is verlaagd tot EUR 8,40 per Aandeel en EUR 9,12 per Aandeel respectievelijk.

Teneinde deze bevestigingen te documenteren, (i) hebben de Bieder en de Vennootschap de Fusieovereenkomst gewijzigd door op 18 mei 2020 een wijzigingsovereenkomst te tekenen en (ii) hebben de Bieder en JCF en Reggeborgh respectievelijk de onderhandse koopovereenkomsten gewijzigd door op 18 mei 2020 separate wijzigingsovereenkomsten te tekenen.

In overeenstemming met de wijzigingsovereenkomst van de Fusieovereenkomst, zijn de Bieder en de Vennootschap overeengekomen om de Fusieovereenkomst als volgt te wijzigen:

(a) de verwijzing in artikel 2.2 van de Fusieovereenkomst naar een prijs van EUR 9,85 per Aandeel (initieel gedefinieerd als de 'Biedprijs') is vervangen met een verwijzing naar een prijs van EUR 9.32 per Aandeel en de definitie van 'Biedprijs' zoals gebruikt in de Fusieovereenkomst is overeenkomstig aangepast; en

(b) indien het Finale Dividend vóór de Dag van Overdracht wordt uitgekeerd, wordt de Biedprijs niet verlaagd op een cent-voor-cent basis met een bedrag gelijk aan de waardering of impact van zulk dividend per Aandeel in overeenstemming met artikel 2.3 van de Fusieovereenkomst.

In overeenstemming met de wijzigingsovereenkomsten van de onderhandse koopovereenkomsten is bevestigd dat de te betalen prijs per Aandeel onder de onderhandse koopovereenkomsten EUR 8,40 in contanten voor JCF en EUR 9,12 in contanten voor Reggeborgh is, exclusief het Finale Dividend.

Vervolgens, op 18 mei 2020, heeft de Bieder aangekondigd dat:

(a) in overeenstemming met de onvoorwaardelijke toezegging van de Vennootschap om het Finale Dividend voor Overdracht uit te keren, de Aandeelhoudersfinanciering nu voldoende was om de Bieder de mogelijkheid te bieden de Aankoop van de Aandelen in het kader van de Transactie en de bijbehorende fees en kosten te financieren, in overeenstemming met artikel 7 lid 4 Bob; en

(b) de substantiële onzekerheid of het eerdere overeengekomen Business Plan tussen de Vennootschap en de Bieder een realistische basis vormt voor het verkrijgen van de Toezichtrechtelijke Goedkeuring voor de Transactie echter bleef bestaan.

In het persbericht van 8 juni 2020 heeft de Bieder aangekondigd in heronderhandelingen te treden met de Vennootschap, met ondersteuning van JCF en Reggeborgh.

Op 10 juli 2020 hebben de Bieder, de Vennootschap, JCF en Reggeborgh overeenstemming bereikt over de wijziging van de Fusieovereenkomst. Op 13 juli 2020 heeft de Bieder de bereikte overeenstemming aangekondigd. waarbij ook is aangekondigd:

(a) de verlaging van de Biedprijs tot EUR 7.00 per Aandeel en betaling van het Finale Dividend vóór de Dag van Overdracht;

(b) dat de Bieder en JCF en Reggeborgh respectievelijk de onderhandse koopovereenkomsten wijzigen in onherroepelijke overeenkomsten (de "**Onherroepelijke Overeenkomsten**"); en

(c) dat de Transactie de Vennootschap waardeert op ongeveer EUR 1.03 miljard (exclusief het Finale Dividend).

10.9 Voorwaarden en afstand

10.9.1 Voorwaarden

De Bieder zal het Bod gestand doen indien aan volgende Voorwaarden wordt voldaan of wanneer hiervan afstand wordt gedaan niet later dan drie werkdagen na de Sluitingstijd of, voor zover het geval, de Verlengde Sluitingstijd:

(a) Een zodanig aantal Aandelen is voor aanvaarding aangemeld in het kader van het Bod op de Sluitingstijd of, voor zover het geval, de Verlengde Sluitingstijd, die samen met (i) de Aandelen die direct of indirect door de Bieder of een van zijn Gelieerde Ondernemingen worden gehouden, (ii) de Aandelen die onherroepelijk en schriftelijk aan de Bieder of aan een van zijn Gelieerde Ondernemingen zijn toegezegd, met als enige voorwaarde gestanddoening van het Bod en (iii) alle Aandelen waartoe de Bieder of een van zijn Gelieerde Ondernemingen gerechtigd is (gekocht maar nog niet geleverd) (inclusief, als gevolg van het gestand doen van het Bod, onder de Onherroepelijke Overeenkomsten met JCF en Reggeborgh), in elk geval vertegenwoordigen op de Sluitingstijd of de Verlengde Sluitingstijd:

(i) niet minder dan vijfennegentig procent (95%) van het geplaatst en uitstaand gewoon aandelenkapitaal van de Vennootschap (exclusief Eigen Aandelen) op de Sluitingstijd of de Verlengde Sluitingstijd; of

(ii) ten minste vijfentachtig procent (85%) van het geplaatst en uitstaand gewoon aandelenkapitaal van de Vennootschap (exclusief Eigen Aandelen) vertegenwoordigen op de Sluitingstijd of, voor zover het geval, de Uitgestelde Sluitingstijd, indien aan alle voorwaarden van de Activa Verkoop en Liquidatie zoals uiteengezet in Paragraaf 4.17.2 (*Asset Sale and Liquidation*) (behalve voorwaarde (ii)) is voldaan dan wel aftand van is gedaan.

(b) De Vennootschap heeft de Fusieovereenkomst niet geschonden of, indien zij de Fusieovereenkomst heeft geschonden, (i) heeft een dergelijke schending geen wezenlijk nadelig effect op de Vennootschap of het Bod en kan redelijkerwijs niet worden verwacht een dergelijk effect te hebben en (ii) wordt de schending hersteld door de Vennootschap binnen tien (10) Werkdagen na ontvangst van een schriftelijke kennisgeving door de Bieder, met dien verstande dat (A) de Vennootschap geen recht heeft op een dergelijke herstelperiode indien het niet mogelijk is dat de schending in die periode wordt verholpen en (B) dat indien de periode tot de Onvoorwaardelijke Datum minder dan tien (10) Werkdagen bedraagt, de herstelperiode afloopt op de dag vóór de Sluitingstijd.

(c) De Bieder heeft de Fusieovereenkomst niet geschonden of, indien hij de Fusieovereenkomst wel heeft geschonden, (i) heeft een dergelijke schending geen wezenlijk nadelig effect op de Vennootschap of het Bod en kan redelijkerwijs niet worden verwacht een dergelijk effect te hebben en (ii) wordt de schending hersteld door de Bieder binnen tien (10) Werkdagen na ontvangst van een schriftelijke kennisgeving door de Vennootschap, met dien verstande dat (A) de Bieder geen recht heeft op een dergelijke herstelperiode indien het niet mogelijk is dat de schending in die periode

wordt verholpen en (B) dat indien de periode tot de Onvoorwaardelijke Datum minder dan tien (10) Werkdagen bedraagt, de herstelperiode afloopt op de dag vóór de Sluitingstijd.

(d) Met uitzondering van goedkeuringen van financiële toezichtrechtelijke aard onder het mededingingsrecht is er geen bevel, opschorting, vonnis of verordening uitgevaardigd door een rechtbank, scheidsgerecht, regering, overheidsinstantie of andere regelgevende of administratieve autoriteit en van kracht, en zijn er geen wetten, regels, voorschriften, bevelen of verboden uitgevaardigd of ten uitvoer gelegd, die het afronden van het Bod in enig materieel opzicht verbieden.

(e) De mededingingsautoriteiten hebben een besluit tot goedkeuring van de voorgenomen concentratie uitgevaardigd of de toepasselijke wachttijden en andere termijnen (met inbegrip van verlengingen daarvan) op grond van een toepasselijke mededingingswet- of -regelgeving zijn verstreken, vervallen of geëindigd, voor zover dat in de plaats komt van een dergelijke goedkeuring (de "**Mededingingsrechtelijke Goedkeuringen**").

(f) Alle financiële toezichtrechtelijke goedkeuringen die in enige jurisdictie vereist zijn voor of met betrekking tot de Transactie, de uitvoering daarvan, de voorgestelde directe of indirecte verwerving van aandelen of andere effecten in of zeggenschap over de Vennootschap of enig lid van de Groep door de Bieder of enig lid van de Bieder Groep en de werking van de Gecombineerde Groep in overeenstemming met de Fusieovereenkomst zijn verkregen, of de toepasselijke wachttijden en andere termijnen (met inbegrip van verlengingen daarvan) onder enige toepasselijke financiële toezichtrechtelijke wet- of regelgeving zijn verstreken, vervallen of geëindigd, voor zover dat in de plaats komt een dergelijke goedkeuring (de "**Toezichtrechtelijke Goedkeuringen**").

(g) Geen van de Raden hebben de Aanbevelingen ingetrokken of nadelig gewijzigd.

(h) Sinds de datum van de Fusieovereenkomst heeft zich geen Materiële Nadelige Verandering voorgedaan.

(i) Er is geen melding ontvangen van de AFM is dat het voorbereiden van het Bod in strijd is met hoofdstuk 5.5 van de Wft en dat beleggingsondernemingen (zoals gedefinieerd in de Wft) op grond van artikel 5.80 van de Wft niet zouden mogen meewerken aan de uitvoering van het Bod (inclusief de Overdracht).

(j) Er is geen publieke aankondiging gedaan van een Alternatief Bod of Superieur Bod en geen derde partij heeft het recht verkregen om in te schrijven, of is met de Vennootschap overeengekomen om in te schrijven op Aandelen, met uitzondering van de rechten onder de Investerings- en Retentieplannen en de Stichting Optie Overeenkomst.

(k) De handel in de Aandelen op Euronext Amsterdam is niet geschorst of beëindigd als gevolg van een noteringsmaatregel die Euronext Amsterdam heeft genomen in overeenstemming met artikel 6901/2 of enige andere relevante bepaling van Euronext Rulebook I (*Geharmoniseerde Regels*).

(l) Elke Onherroepelijke Toezegging en elk van de Onherroepelijke Overeenkomsten is volledig van kracht en is niet geschonden, beëindigd of gewijzigd, behalve zoals goedgekeurd door de Bieder.

Overig

(m) De Stichting heeft haar calloptie niet uitgeoefend.

(n) De Stichting heeft onherroepelijk ingestemd met de beëindiging van de Stichting Optie Overeenkomst met ingang van de Overdracht.

(o) De Fusieovereenkomst is niet beëindigd overeenkomstig het bepaalde in de Fusieovereenkomst.

Voorafgaand aan de publicatie van dit Biedingsbericht is reeds voldaan aan de in Paragraaf 10.9.1(e) genoemde Voorwaarden.

Met betrekking tot Paragraaf 10.9.1(h) zal, indien de Bieder vaststelt dat niet aan deze Voorwaarde is voldaan en NIBC Holding het daar niet mee eens is, de Bieder of NIBC Holding, met inachtneming van de bepalingen van de Fusieovereenkomst, gerechtigd zijn om een dergelijk geschil te beslechten in overeenstemming met een bindende adviesprocedure overeenkomstig het bepaalde in de Fusieovereenkomst. In een dergelijke bindende adviesprocedure kunnen partijen enkel geschillen beslechten ten aanzien van onderwerpen die zijn uiteengezet in de relevante mededelingen van partijen waarin staat over welk onderwerp de relevante partij het niet eens is. De bindende adviseur zal zijn de president van de Ondernemingskamer van de Rechtbank Amsterdam, of, indien deze niet beschikbaar is, een andere onafhankelijke advocaat die is aangewezen als bindend adviseur door de president van de Ondernemingskamer van de Rechtbank Amsterdam. De Bieder bevestigt dat hij op de datum van dit Biedingsbericht niet op de hoogte is van een Materiële Nadelige Verandering die ervoor zou zorgen dat de Voorwaarde in Paragraaf 10.9.1(h) niet vervuld zal kunnen worden.

Ten aanzien van Paragrafen 10.9.1(m) en 10.9.1(n) zijn de Vennootschap en de Stichting een beëindigingsovereenkomst aangegaan op 10 juli 2020 met betrekking tot de Stichting Optie Overeenkomst, welke beëindigingsovereenkomst is bevestigd en geaccepteerd door de Bieder.

10.9.2 *Afstand*

De Voorwaarden in Paragrafen 10.9.1(b), 10.9.1(g), 10.9.1(h), 10.9.1(j), 10.9.1(l), 10.9.1(m) en 10.9.1(n) zijn opgenomen ten behoeve van de Bieder en hiervan mag de Bieder (geheel of gedeeltelijk) afstand van doen voor zover de wet dit toestaat, door middel van een schriftelijke kennisgeving aan de Vennootschap.

De Voorwaarde uiteengezet in Paragraaf 10.9.1(c) is opgenomen ten behoeve van de Vennootschap en hiervan mag door de Vennootschap te allen tijde (geheel of gedeeltelijk) afstand worden gedaan voor zover de wet dit toestaat mogelijk door middel van een schriftelijke kennisgeving van de Vennootschap aan de Bieder.

Van de Voorwaarden in Paragrafen 10.9.1(d), 10.9.1(e), 10.9.1(f), 10.9.1(i) en 10.9.1(k) kan geen afstand worden gedaan.

De Voorwaarden in Paragrafen 10.9.1(a) en 10.9.1(o) zijn opgenomen ten behoeve van zowel de Bieder als de Vennootschap en kunnen door de Vennootschap en/of de Bieder (geheel of gedeeltelijk), al naar gelang het geval, voor zover de wet dit toestaat, te allen tijde schriftelijk worden opgezegd. Elk van de Bieder en de Vennootschap zal de ander onmiddellijk op de hoogte brengen van alle feiten of omstandigheden die hen ertoe kunnen aanzetten om zich te beroepen op het niet voldoen aan een van de in de Fusieovereenkomst opgenomen voorwaarden van het Bod. Geen van hen mag zich beroepen op enige van de voorwaarden van het aanbod indien het niet voldoen aan deze voorwaarde(n) wordt veroorzaakt door een schending van een van de verplichtingen van die persoon in het kader van de Fusieovereenkomst.

Zowel de Bieder als de Vennootschap hebben afgesproken zich redelijkerwijs in te spannen om te zorgen dat de Voorwaarden zo snel als redelijkerwijs mogelijk worden voldaan.

10.10 Aanmelding

10.10.1 *Aanmeldingstermijn*

De Aanmeldingstermijn vangt aan om 17:45 uur CEST op 10 augustus 2020 en eindigt om 17:40 uur CEST, op 19 oktober 2020, tenzij de Aanmeldingstermijn wordt verlengd in overeenstemming met Paragraaf 10.10.4 (*Verlenging*).

Indien de Bieder het Bod gestand doet, zal de Bieder alle Aandelen aanvaarden die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin aanvaardt) en die niet eerder zijn teruggetrokken in overeenstemming met

de voorwaarden van het Bod met inachtneming van de procedures zoals uiteengezet in Paragraaf 10.10.2 (*Recht tot intrekking*).

10.10.2 *Recht tot intrekking*

Aandelen aangemeld voorafgaand aan de Sluitingstijd mogen niet worden ingetrokken, behoudens het recht om een aanmelding in te trekken:

(a) gedurende een verlenging van de Aanmeldingstermijn in overeenstemming met artikel 15 lid 3 van het Bob;

(b) na de aankondiging van een verplicht bod in overeenstemming met artikel 5b lid 5 van het Bob, voor zover dergelijke Aandelen al aangemeld waren voorafgaand aan het moment van de aankondiging en ingetrokken zijn binnen zeven (7) Werkdagen na een dergelijke aankondiging;

(c) na de indiening van een succesvol verzoek tot vaststelling van een billijke prijs voor een verplicht bod overeenkomstig artikel 15 lid 8 van het Bob, mits (A) het verzoek is toegewezen, (B) dergelijke Aandelen al aangemeld waren voorafgaand aan het verzoek en (C) werden ingetrokken binnen zeven (7) Werkdagen na de datum waarop de beslissing van de Ondernemingskamer van het gerechtshof te Amsterdam uitvoerbaar bij voorraad of onherroepelijk is geworden; of

(d) na een verhoging van de Biedprijs als gevolg waarvan de Biedprijs niet langer enkel bestaat uit een onderdeel in contanten en documentatie hieromtrent algemeen beschikbaar is gesteld in overeenstemming met artikel 15a lid 3 van het Bob (voor zover dergelijke Aandelen aangemeld waren voorafgaand aan een dergelijk verzoek en ingetrokken zijn binnen zeven (7) Werkdagen nadat een dergelijk document algemeen beschikbaar is gemaakt).

10.10.3 *Gestanddoening*

Het Bod wordt gedaan onder voorbehoud van vervulling of afstand van de voorwaarden zoals uiteengezet in Paragraaf 10.9.1 (*Voorwaarden*). Van de Voorwaarden kan afstand worden gedaan, voor zover toegestaan bij wet of overeenkomst, zoals uiteengezet in Paragraaf 10.9.2 (*Afstand*). Indien de Bieder, verlangt om afstand te doen van een of meer Voorwaarden overeenkomstig het bepaalde in Paragraaf 10.9.2 (*Afstand*), dan zal de Bieder daarvan kennis geven aan de Aandeelhouders zoals voorgeschreven door de Toepasselijke Regelgeving.

Tenzij de initiële Aanmeldingstermijn is verlengd, zal de Bieder niet later dan op de derde (3e) Werkdag na de Sluitingstijd, zijnde de Dag van Gestanddoening (de "**Dag van Gestanddoening**"), vaststellen of aan de Voorwaarden is voldaan dan wel aftand is gedaan zoals uiteengezet in Paragraaf 10.9.1 (*Voorwaarden*) en Paragraaf 10.9.2 (*Afstand*), voor zover wettelijke toegestaan. Hiernaast zal de Bieder op de Dag van Gestanddoening een mededeling doen inhoudende dat ofwel (i) het Bod gestand wordt gedaan, ofwel (ii) de Aanmeldingstermijn zal worden verlengd in overeenstemming met artikel 15 van het Bob, ofwel (iii) het Bod wordt beëindigd omdat niet is voldaan aan de Voorwaarden en daarvan geen afstand is gedaan, alles in overeenstemming met Paragraaf 10.9.1 (*Voorwaarden*), Paragraaf 10.9.2 (*Afstand*) en artikel 16 van het Bob.

Indien het Bod gestand is gedaan, zal de Bieder alle Aangemelde Aandelen (of gebrekkig aangemeld op voorwaarde dat de Bieder een dergelijk gebrek heeft geaccepteerd).

10.10.4 *Verlenging*

De Bieder mag het Bod overeenkomstig artikel 15 van het Bob slechts eenmalig tot na de Sluitingstijd verlengen voor een minimale periode van twee (2) weken en maximaal tien (10) weken, onderwerpen aan een mogelijke verlenging in het geval van een verhoging van de Biedprijs. In dat geval zullen alle verwijzingen in het Biedingsbericht naar de Sluitingstijd worden verschoven naar de uiterste datum en tijd waarnaar het Bod

is verlengd, tenzij uit de context anders blijkt. In het geval een derde partij een Superieur Bod heeft gepubliceerd voorafgaand aan de Sluitingstijd mag de Bieder, overeenkomstig artikel 15, paragraaf 5 van het Bob, de Aanmeldingstermijn verlengen tot na de Sluitingstijd om in overeenstemming te zijn met de aanmeldingstermijn van het Overtreffende Bod. Echter, zoals toegelicht in Paragraaf 3.2 (*Acceptance of the Offer and Tender*), kan een bewaarnemer, bank of effectenmakelaar een eerdere uiterste Aanmeldingstermijn voor Aandeelhouders vaststellen teneinde de bewaarnemer, bank of effectenmakelaar in staat te stellen hun acceptaties tijdig aan het Omwissel- en Betaalkantoor te communiceren.

Indien aan één of meer van de Voorwaarden niet is voldaan op de initiële Sluitingstijd, kan de Bieder naar eigen goeddunken besluiten de Aanmeldingstermijn te verlengen, met inachtneming van het bepaalde in artikel 15 Bob, met dien verstande dat de Bieder de Aanmeldingstermijn moet verlengen voor een periode van maximaal tien (10) weken (naar eigen goeddunken te bepalen door de Bieder) indien de Voorwaarde in Paragraaf 10.9.1(f) niet is voldaan op de Sluitingstijd van het Bod omdat de Toezichtrechtelijke Goedkeuring die in een jurisdictie nodig is voor of met betrekking tot het Bod nog niet is verkregen of omdat de toepasselijke wachttijden en andere termijnen (inclusief verlengingen daarvan) nog niet zijn verstreken of beëindigd. De voorgaande verplichting tot verlenging van de Aanmeldingsperiode is niet van toepassing indien door de Bieder wordt vastgesteld dat een Voorwaarde niet zal of kan worden voldaan en er geen afstand wordt gedaan van de desbetreffende Voorwaarde in overeenstemming met Paragraaf 10.9.2 (*Afstand*).

De Bieder heeft ermee ingestemd om commercieel redelijke inspanningen te verrichten om een ontheffing van de AFM aan te vragen om de Aanmeldingstermijn te verlengen waar dat nodig is om tegemoet te komen aan de door de bevoegde toezichthoudende autoriteiten gehanteerde termijnen, en om zo de Aanmeldingstermijn te verlengen.

Indien de AFM geen vrijstelling verleent terwijl niet alle Voorwaarden zijn vervuld voor het eind van de Verlengde Sluitingstijd (en indien van (een) dergelijke Voorwaarde(n) geen afstand is gedaan voor zover dit wettelijk is toegestaan), zal het Bod beëindigd worden als gevolg van het feit dat (een) dergelijke Voorwaarde(n) niet is of zijn vervuld of daarvan geen afstand is gedaan voorafgaand aan de Dag van Gestanddoening.

Indien de Aanmeldingstermijn wordt verlengd, zal dit openbaar worden medegedeeld met inachtneming van de Toepasselijk Regelgeving. Artikel 15 lid 2 van het Bob vereist dat een dergelijke mededeling uiterlijk op de derde (3e) Werkdag na de initiële Sluitingstijd wordt gedaan. Gedurende een dergelijke verlenging van de Aanmeldingstermijn, zullen de Aandelen die reeds zijn aangemeld en niet zijn ingetrokken aan het Bod onderworpen blijven. In overeenstemming met artikel 15 lid 3 Bob mogen Aandelen die op of voor de initiële Sluitingstijd aangeboden zijn gedurende de verlengde Aanmeldingstermijn worden ingetrokken. Daarnaast kunnen de Aandelen die aangeboden zijn binnen zeven (7) Werkdagen na de melding van het verhogen van de Biedprijs, worden ingetrokken.

Indien en voor zover de Bieder tijdens de Aanmeldingstermijn Aandelen buiten het Bod koopt tegen een hogere prijs dan de Biedprijs, zal de Bieder, bij de gestanddoening van het Bod, een prijs betalen voor alle Aandelen die geldig zijn aangemeld (of gebrekkig aangemeld op voorwaarde dat de Bieder afziet van een dergelijk gebrek) en geleverd zijn door een Aandeelhouder. In een dergelijk geval zal de Bieder openbaar melding maken van het feit dat de Biedprijs verhoogd is, om deze hogere prijs te evenaren.

Indien het Bod wordt verlengd, waardoor de verplichting op grond van artikel 16 van het Bob om openbaar mede te delen of gestanddoening van het Bod wordt uitgesteld, zal een openbare mededeling in die zin uiterlijk dienen te worden gedaan op de derde Werkdag na de Sluitingstijd, in overeenstemming met de bepalingen van artikel 15 leden 1 en 2 van het Bob. Indien de Bieder de Aanmeldingstermijn verlengt, zal het Bod aflopen op de uiterste datum en tijd waarop de Bieder de Aanmeldingstermijn verlengt.

Gedurende een verlenging van de Aanmeldingstermijn blijft elk Aandeel dat is aangemeld en niet is ingetrokken onderworpen aan het Bod, behoudens het recht van elke Aandeelhouder om de Aandelen die hij of zij reeds heeft aangemeld in te trekken, in overeenstemming met Paragraaf 10.10.2 (*Recht tot intrekking*).

10.10.5 *Overdacht*

Aandeelhouders die het Bod hebben aanvaard en Aandeelhouders die hun Aandelen hebben geleverd voor aanvaarding op grond van het Bod, zullen op of voorafgaand aan de Sluitingstijd, wanneer het Bod gestand is gedaan, op de Dag van Overdracht de biedprijs ontvangen voor elk Aandeel dat op geldige wijze is aangemeld en geleverd (of gebrekkig aangemeld op voorwaarde dat de Bieder afziet van een dergelijk gebrek), vanaf welk moment ontbinding of vernietiging van een aanmelding of levering niet zal zijn toegestaan.

Financiële instellingen die Aandelen ontvangen van Aandeelhouders die zich hebben ingeschreven onder dit Bod, ontvangen deze Aandelen als bewaarder. Op zijn beurt dienen de financiële instellingen de Aandelen in bij het Omwissel- en Betaalkantoor. Door inschrijving van dergelijke Aandelen, verklaren de financiële instellingen dat zij de Aandelen bewaren en dat zij de overdracht van de Aandelen overdragen aan de bieder voorafgaand aan de Dag van Overdracht.

10.10.6 *Na-aanmeldingstermijn*

Indien de Bieder overeenkomstig artikel 17 Bob openbaar mededeelt het Bod gestand te doen, zal de Bieder, binnen drie (3) Werkdagen na de Dag van Gestanddoening een Na-aanmeldingstermijn aankondigen van maximaal twee weken, beginnend op de eerste (1ste) Werkdag na de aankondiging van een Na-aanmeldingstermijn, gedurende welke termijn Aandeelhouders die hun Aandelen niet tijdens de Aanmeldingstermijn hebben aangemeld alsnog hun Aandelen onder dezelfde voorwaarden als het bod kunnen aanmelden. Wanneer de Na-aanmeldingstermijn is aangekondigd, zal de Bieder alle betalingen van Aandelen die op geldige wijze zijn aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) blijven aanvaarden en zal de Bieder binnen drie (3) Werkdagen na het einde van de Na-aanmeldingstermijn uitbetalen. Gedurende de Na-aanmeldingstermijn hebben Aandeelhouders die hun Aandelen gedurende de Aanmeldingstermijn of gedurende de Na-aanmeldingstermijn op geldige wijze hebben aangemeld (of op ongeldige wijze, indien de Bieder de aanmelding desalniettemin heeft aanvaard) niet het recht om hun Aandelen in te trekken. De Bieder zal uiterlijk drie (3) Werkdagen na het einde van de Na-aanmeldingstermijn het aantal en het percentage Aandelen wat is aangemeld tijdens de Na-aanmeldingstermijn en het totale aantal en percentage van de thans door haar gehouden Aandelen openbaar mededelen.

10.11 Aanvaarding door de Aandeelhouders via Aangesloten Instellingen

Aandeelhouders die Aandelen houden via een Toegelaten Instelling dienen hun aanvaarding via hun commissionair, bank of effectenmakelaar uiterlijk op 19 oktober 2020 om 17:40 uur CEST bekend te maken, tenzij de Aanmeldingstermijn is verlengd overeenkomstig Paragraaf 4.3.1 (*Offer Price*) of Paragraaf 10.10.4 (*Verlenging*). Een bewaarnemer, bank of commissionair kan een eerdere uiterste datum vaststellen voor de communicatie door Aandeelhouders zodat de bewaarnemer, bank of commissionair voldoende tijd heeft om de Aanmelding door te geven aan het Omwissel- en Betaalkantoor.

Aangesloten Instellingen mogen de Aanmeldingen slechts indienen bij het Omwissel- en Betaalkantoor en alleen in schriftelijke vorm. Bij het indienen van de Aanmeldingen dienen Aangesloten Instelling te verklaren dat: (i) zij de aangemelde Aandelen in hun administratie hebben opgenomen, (ii) iedere betrokken Aandeelhouder onherroepelijk garandeert dat (a) hij/zij zal voldoen aan alle restricties die worden genoemd in Hoofdstuk 1 (*Restrictions and Important Information*) van het Biedingsbericht, en (b) zij niet (direct of indirect) zijn onderworpen aan of getroffen door enige economische of financiële sancties uitgevoerd of afgedwongen door enig orgaan van de Amerikaanse overheid, de Europese Unie of een van haar lidstaten of de

Verenigde Naties, anders dan enkel uit hoofde van zijn opname in, of eigendom door een persoon opgenomen in de Amerikaanse "Sectoral Sanctions Identifications (SSI) List" of Annex III, IV, V of VI van Verordening (EU) No. 833/2014 van 31 juli 2014 en (iii) zij zich verplicht om de Aangemelde Aandelen tegen ontvangst van de Biedprijs te leveren aan de Bieder voor of uiterlijk op de Dag van Overdracht.

Met inachtneming van artikel 5b lid 5, artikel 15 leden 3 en 8 en artikel 15a lid 3 van het Bob, zal het aanmelden van Aandelen als aanvaarding van het Bod leiden tot onherroepelijke instructies om (i) de levering van de Aangemelde Aandelen tegen te houden, zodat op of voorafgaand aan de Dag van Overdracht geen van de leveringen van de Aandelen uitgevoerd kan worden (anders dan aan het Omwissel- en Betaalkantoor op of voorafgaand aan de Dag van Overdracht indien het Bod gestand wordt gedaan en de Aandelen aanvaard zijn voor aankoop of rechtens zijn ingetrokken) en om (ii) de effectenrekening waarop dergelijke Aandelen worden gehouden op de Dag van Overdracht te debiteren ten aanzien van de Aangemelde Aandelen, tegen betaling bij het Omwissel- en Betaalkantoor van de Biedprijs per Aandeel.

10.12 Besluitvorming en aanbeveling van de Raad van Bestuur en de Raad van Commissarissen

Gedurende het proces hebben de Raden overwogen of er sprake is van potentiële belangenverstrengelingen. Op grond van deze analyse hebben de heer J.C. Flowers, de heer M. Christner en de heer R.L. Carrion, de niet-onafhankelijke leden van de Raad van Commissarissen, die zijn voorgedragen voor benoeming door JCF, niet deelgenomen aan de beraadslaging en de besluitvorming met betrekking tot het Bod en de andere daarmee samenhangende transacties. Zij hebben wel algemene inlichtingen ontvangen.

De Raad van Bestuur, alsmede de Onafhankelijke Commissarissen zijn regelmatig bijeengekomen om de ontwikkelingen, het proces en de voorbereidingen met betrekking tot het Bod te bespreken. De finale onderhandelingen ten aanzien van de Fusieovereenkomst en de daarmee samenhangende transacties hebben plaatsgevonden onder leiding van de heer Sluimers (voorzitter van de Raad van Commissarissen), de heer De Wilt (voorzitter van de Raad van Bestuur en CEO) en de heer Dijkhuizen (lid van de Raad van Bestuur en CFO) met de assistentie van de adviseurs van de Vennootschap. Gedurende deze finale onderhandelingen hebben de heer Sluimers, de heer De Wilt en de heer Dijkhuizen de progressie en de ontwikkelingen van de finale onderhandelingen regelmatig besproken met het andere lid van de Raad van Bestuur en de overige Onafhankelijke Commissarissen en hen daar regelmatig van op de hoogte gehouden.

Ongeacht het bovenstaande, heeft de Raad van Commissarissen (in haar geheel) vergaderingen omtrent reguliere agendapunten, zoals jaarcijfers en het business plan van de Vennootschap, voortgezet.

De Raden hebben een opinie, gedateerd 10 juli 2020, van NIBC Holding's adviseur BofA Securities ontvangen dat, op de datum van die opinie en op basis van en onder voorbehoud van de factoren, veronderstellingen, kwalificaties en andere zaken die in die opinie zijn uiteengezet, het totale bedrag van EUR 7,53 per Aandeel, bestaande uit (i) het Finale Dividend en (ii) EUR 7.00 per Aandeel, te betalen aan de houders van Aandelen (met uitzondering van JCF, Reggeborgh en hun respectievelijke Gelieerde Ondernemingen en, indien van toepassing, Blackstone en haar Gelieerde Ondernemingen) in verband met het Bod en, in het geval dat het wordt uitgevoerd, de Activa Verkoop en Liquidatie, samen beschouwd als een geïntegreerde transactie, vanuit financieel oogpunt billijk is voor deze houders (de "**Opinie van de financieel adviseur van de Raden**"). De Opinie van de financieel adviseur van de Raden is gegeven enkel voor gebruik en ten behoeve van de Raden en is geen aanbeveling aan de houders van Aandelen om hun aandelen voor het Bod aan te melden, of om op bepaalde wijze te stemmen of te acteren in relatie tot het Bod, de daarmee samenhangende transacties (inclusief de Activa Verkoop en Liquidatie) of ieder ander onderwerp.

Op 10 juli 2020, ontving de Raad van Commissarissen het advies van zijn financieel adviseur, Lazard, dat, op de datum van dit advies en op basis van en onder voorbehoud van de factoren, veronderstellingen, kwalificaties en andere zaken die in dit advies zijn uiteengezet, met inbegrip van, maar niet beperkt tot, het feit dat het Finale Dividend door de Vennootschap aan de houders van Aandelen (met uitzondering van JCF, Reggeborgh of een van hun respectieve verbonden ondernemingen) zal worden betaald vóór de Sluitingstijd, (i) de Biedprijs die krachtens het Bod

aan de houders van Aandelen moet worden betaald, vanuit financieel oogpunt billijk is, aan de houders van Aandelen (anders dan de Bieder, JCF, Reggeborgh of een van hun respectieve Gelieerde Ondernemingen) en (ii) de Koopprijs (zoals gedefinieerd in de overeenkomst met betrekking tot de Activa Verkoop en Liquidatie) vanuit financieel oogpunt billijk is voor de Vennootschap (de "**Opinie van de financiële adviseur van de Raad van Commissarissen**"). De Opinie van de financieel adviseur van de Raad van Commissarissen is gegeven enkel voor gebruik en ten behoeve van de Raad van Commissarissen en is geen aanbeveling aan de houders van Aandelen om hun aandelen voor het Bod aan te melden, of om bepaalde wijze te stemmen of te acteren in relatie tot het Bod, de daarmee samenhangende transacties (inclusief de Activa Verkoop en Liquidatie) of ieder ander onderwerp.

Met verwijzing naar het bovenstaande, na met de steun van hun juridische en financiële adviseurs de voorwaarden van het Bod en alle andere door de Fusieovereenkomst beoogde handelingen overwogen te hebben, met inbegrip van de Niet-Financiële Convenanten, en rekeninghoudend met de belangen van alle belanghebbenden van de Vennootschap, hebben de Raden unaniem vastgesteld dat het Bod in het belang is van de Vennootschap op de lange termijn, het duurzame succes van haar onderneming en haar klanten, werknemers, aandeelhouders en andere belanghebbenden.

De Raden steunen de Transactie en - ervan uitgaande dat de Fusieovereenkomst en de Fusieregelgeving worden nageleefd - bevelen zij unaniem de aandeelhouders van NIBC Holding aan het Bod te aanvaarden (de "**Aanbeveling**"). In overeenstemming daarmee, bevelen de Raden de aandeelhouders van NIBC Holding aan om voor de Besluiten met betrekking tot het Bod te stemmen op de komende BAVA van NIBC Holding, die tijdens de Aanmeldingstermijn zal worden gehouden.

Alle informatie met betrekking tot het Bod die met de leden van de Raden is gedeeld, is opgenomen in het Biedingsbericht, voor zover deze informatie niet is gepubliceerd vóór de datum waarop dit Biedingsbericht algemeen verkrijgbaar wordt gesteld, en de desbetreffende leden van de Raden zullen hun Aandelen aanbieden onder dezelfde voorwaarden als de andere Aandeelhouders die onderworpen zijn aan het Bod, een en ander in overeenstemming met de Biedingsregels.

De Vennootschap heeft in overeenstemming met artikel 18 Bob een standpuntbepaling (*Position Statement*) gepubliceerd waarin de Aanbeveling is uiteengezet. De volledige tekst van de Financieel Adviseur Opinies (*Financial Adviser Opinions*), waarin de gemaakte veronderstellingen, gevolgde procedures, overwogen kwesties en beperkingen van de Financieel Adviseur Opinies worden beschreven, is opgenomen in de standpuntbepaling (*Position Statement*).

10.13 De gevolgen van het bod met betrekking tot liquiditeit en beëindiging beursnotering

Aandeelhouders die hun Aandelen niet aanbieden in het kader van het Bod dienen deze Paragraaf 10.13, Paragraaf 10.15 (*Herstructureringsmaatregelen na de Dag van Overdracht*), Paragraaf 10.14 (*Uitkoopprocedure*) en Paragraaf 10.16 (*Activa Verkoop en Liquidatie*) en met name Paragraaf 4.17 (*Post-Closing Restructuring Measures*) zorgvuldig te bestuderen. Deze paragrafen lichten de bedoelingen van de Bieder nader toe en beschrijven bepaalde risico's waaraan zij onderworpen zullen zijn indien zij ervoor kiezen om het Bod niet te aanvaarden, en beschrijven bepaalde maatregelen die de Bieder kan nemen om zijn doel om 100% van de Aandelen te verkrijgen te bereiken. Deze risico's komen bovenop de risico's die verbonden zijn aan het houden van door NIBC Holding uitgegeven Aandelen in het algemeen, zoals de blootstelling aan risico's die verband houden met de activiteiten van de NIBC Holding en haar dochtermaatschappijen, de markten waarop de NIBC Holding groep actief is, alsmede economische trends die van tijd tot tijd van invloed zijn op dergelijke markten, aangezien dergelijke activiteiten, markten of trends van tijd tot tijd kunnen veranderen. Hieronder volgt een overzicht van de belangrijkste aanvullende risico's.

De Bieder beoogt 100% (honderd procent) van de Aandelen en/of de business en activiteiten van de Vennootschap te verkrijgen, door middel van de Transactie en daaropvolgende uitkoopprocedure of andere herstructureringsmaatregelen. Deze maatregelen hebben waarschijnlijk significante gevolgen voor de Aandeelhouders die hun Aandelen niet aanbieden

onder het Bod, inclusief de mogelijkheid van ernstige vertraging van de ontvangst van hun opbrengsten.

10.14 Beëindiging notering, Uitkoopprocedure

In het geval dat de Bieder het Bod gestand doet zal de notering van de Vennootschap aan Euronext Amsterdam zo snel mogelijk worden beëindigd. Het is de intentie van de Bieder om uiteindelijk 100% (*honderd procent*) van de Aandelen te verwerven. Indien, na de Dag van Overdracht, de Bieder en de aan haar Gelieerde Ondernemingen, alleen of samen met de Vennootschap, ten minste 95% (*vijfennegentig procent*) van de Aandelen houden, zal de Bieder naar eigen discretie (i) een wettelijke uitkoopprocedure beginnen overeenkomstig artikel 2:92a van het Burgerlijk Wetboek of artikel 2:201a van het Burgerlijk Wetboek of (ii) een wettelijke uitkoopprocedure overeenkomstig artikel 2:359c van het Burgerlijk Wetboek, om houders van Aandelen uit te kopen die nog niet worden gehouden door de Bieder of de aan haar Gelieerde Ondernemingen.

10.15 Herstructureringsmaatregelen na de Dag van Overdracht

Na de Dag van Overdracht kan de Bieder ervoor kiezen om bepaalde herstructureringsmaatregelen te (laten) implementeren, waaronder de Herstructureringsmaatregelen na Overdracht genoemd in Hoofdstukken 10.14 (*Uitkoopprocedure*) en 10.16 (*Activa Verkoop en Liquidatie*).

10.16 Activa Verkoop en Liquidatie

Met inachtneming van de strategische rationale voor de Transactie zoals uiteengezet in Paragraaf 10.6, bevestigt de Vennootschap het belang voor de Groep en de mogelijkheden om haar doelen te bereiken om een aandeelhouder te hebben die 100% (honderd procent) van de Aandelen houdt of de activa en passiva van de Vennootschap. Dit belang is onder meer gebaseerd op (i) het feit dat het hebben van een aandeelhouder en opereren zonder notering de mogelijkheden vergroot voor de Vennootschap om haar doelen te bereiken en haar strategie uit te voeren en (ii) de mogelijkheid voor de Vennootschap en de Bieder om de notering van de Aandelen aan Euronext Amsterdam te beëindigen.

Met inachtneming van het bovenstaande, inclusief overwegingen van dealzekerheid en het feit dat de bereidheid van de Bieder om de strategische rationale na te streven, de Biedprijs te betalen en de Transactie na te streven afhankelijk is van de verkrijging van 100% (honderd procent) van de Aandelen, en in het licht van de bereidheid van de Bieder om de minimum acceptatiedrempel zoals uiteengezet in Paragraaf 10.9.1(a) te verlagen van 95% naar 85% van het geplaatst en uitstaand gewoon aandelenkapitaal van de Vennootschap indien er een Activa Verkoop en Liquidatie zal zijn zoals hieronder omschreven, hebben NIBC Holding en de Raden de Activa Verkoop en Liquidatie goedgekeurd.

Om de Activa Verkoop en Liquidatie te implementeren, zijn de Bieder en de Vennootschap een activa verkoop overeenkomst aangegaan op basis waarvan de gehele business bestaande uit alle rechten en verplichtingen van NIBC Holding en zullen worden verkocht en geleverd aan de Bieder of een aan de Bieder Gelieerde Onderneming en vervolgens NIBC Holding zal worden geliquideerd (de "**Activa Verkoop en Liquidatie**").

Onder voorbehoud van de volgende voorwaarden:

(i) dat het aantal aangemelde Aandelen in relatie tot het Bod (inclusief, voor alle duidelijkheid, de Aandelen aangemeld na de Na-aanmeldingstermijn), samen met (i) de Aandelen die direct of indirect worden gehouden door de Bieder of de aan haar Gelieerde Ondernemingen, (ii) enige Aandelen die onherroepelijk en schriftelijk zijn toegezegd aan de Bieder of enige Gelieerde Onderneming van de Bieder met als enige voorwaarde dat het Bod gestand wordt gedaan, en (iii) alle Aandelen waartoe de Bieder of een van zijn Gelieerde Ondernemingen gerechtigd is (gekocht maar nog niet geleverd) (inclusief, als gevolg van het gestand doen van het Bod, onder de onderhandse koopovereenkomsten), minder dan 95% maar ten minste 85% van het totale geplaatste

en uitstaande gewone aandelenkapitaal van de Vennootschap vertegenwoordigen (exclusief Eigen Aandelen);

(ii) dat de besluiten vereist voor de Activa Verkoop en Liquidatie door de BAVA zijn aangenomen;

(iii) dat de relevante goedkeuringen van de ECB en de DNB met betrekking tot de Activa Verkoop en Liquidatie zijn ontvangen;

(iv) dat de consultatieprocedures met betrekking tot de ondernemingsraad wat betreft de Activa Verkoop en Liquidatie zijn nageleefd; en

(v) dat geen bevel of verbod is gegeven door een gerechtelijke instantie, arbitragetribunaal, overheid, overheidsinstantie of ander toezichtrechtelijke of bestuurlijke autoriteit dat nog steeds van kracht is, en geen wet, regel, verordening, bestuurlijk voorschrift, bevel of verbod is ingesteld, die de implementatie van de Activa Verkoop en Liquidatie verbiedt,

zal de Bieder het bod gestand doen onder voorbehoud van het vervullen of afstand doen van de andere Voorwaarden, in welk geval de Bieder na de Dag van Overdracht kan beslissen om de Activa Verkoop en Liquidatie te implementeren. De Bieder verwacht de verkoop van activa te implementeren in het geval dat de Bieder na de Dag van Overdracht of de overdracht van de Aandelen aangemeld tijdens de Na-aanmeldingstermijn geen 95% of meer van het geplaatste en uitstaande gewone aandelenkapitaal van de Vennootschap heeft verworven.

De Activa Verkoop en Liquidatie vereist de goedkeuring van de algemene vergadering van NIBC Holding.

Een samenvattend overzicht van de stappen voor de Activa Verkoop en Liquidatie is opgenomen in Paragraaf 4.17.2 (*Asset Sale and Liquidation*).

10.17 Samenstelling van de Raad van Bestuur en Raad van Commissarissen

10.17.1 *Samenstelling Raad van Bestuur*

De Bieder en de Vennootschap hebben het voornemen bevestigd en zijn de intentie overeengekomen dat de huidige leden van de Raad van Bestuur na de Dag van Overdracht zullen blijven fungeren als leden van de Raad van Bestuur.

10.17.2 *Samenstelling Raad van Commissarissen*

De Bieder en de Vennootschap hebben bevestigd en zijn overeengekomen dat onder voorbehoud van toezichtrechtelijke goedkeuring de Raad van Commissarissen per de Dag van Overdracht initieel zal blijven bestaan uit zeven leden: vier personen die op het moment van de Fusieovereenkomst reeds lid waren van de Raad van Commissarissen en worden beschouwd als onafhankelijk van de Bieder in de zin van de Corporate Governance Code per de Dag van Overdracht (de "**Onafhankelijke Commissarissen**"), en drie personen door de Bieder aan te wijzen ter voordracht door de Raad van Commissarissen aan de algemene vergadering als leden van de Raad van Commissarissen die niet onafhankelijk zijn van de Bieder, zijnde Q. Abbas, N. El Gabbani en een derde genomineerde die in een later stadium wordt bevestigd (de "**Investeerder Commissarissen**"), en waarvan de benoeming ingaat op de Dag van Overdracht, op voorwaarde dat die leden voldoen aan de geschiktheid- en integriteitsnormen als uiteengezet in artikelen 3:8 en 3:9 Wft. De heren J.C. Flowers, M. Christner en R.L. Carrión zullen aftreden als lid van de Raad van Commissarissen per de Dag van Overdracht.

De Bieder en de Vennootschap hebben erkend dat zolang de Vennootschap het structuurregime toepast en de Ondernemingsraad een versterkt recht heeft om één of meer personen voor te dragen voor benoeming tot lid van de Raad van Commissarissen, deze personen te allen tijde één of meer van de Onafhankelijke Commissarissen zullen zijn, en niet een Investeerder Commissaris.

10.17.3 *Onafhankelijke Commissarissen*

De Bieder en de Vennootschap verwachten momenteel dat de Onafhankelijke Commissarissen in functie blijven voor een periode van ten minste 12 maanden na de Dag van Overdracht. In het geval dat een Onafhankelijke Commissaris ontslag neemt, zal een dergelijk lid van de Raad van Commissarissen worden vervangen door een nieuw lid van de Raad van Commissarissen dat als onafhankelijk van de Bieder zal worden beschouwd en dat voor de toepassing van de Fusieovereenkomst zal kwalificeren als een Onafhankelijke Commissaris. Evenzo zal, indien een Investeerder Commissaris niet langer deel uitmaakt van de Raad van Commissarissen, deze worden vervangen door een nieuwe Investeerder Commissaris.

10.18 Governance Bieder

10.19 De raad van bestuur van de Bieder bestaat uit: Qasim Abbas, Nadim El Gabbani, Hendrik Jan Witsenburg en Daniël Vijselaar. Geen van hen houdt aandelen in de Vennootschap.

De Bieder heeft geen raad van commissarissen.

10.20 Aankondigingen

Aankondigingen met betrekking tot het Bod, inclusief aankondigingen met betrekking tot een verlenging van het Bod na afloop van de Sluitingstijd van het Bod, zullen worden gepubliceerd door middel van een persbericht en zullen beschikbaar worden gesteld op de website van de Vennootschap op www.nibc.com. Met inachtneming van de toepasselijke regelgeving van de Fusieovereenkomst en zonder beperking van de wijze waarop de Bieder kan kiezen voor een openbare aankondiging, is de Bieder niet verplicht om een andere openbare aankondiging te doen dan zoals beschreven in Hoofdstuk 12 (*Press Releases*).

11. ADVISERS

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12. PRESS RELEASES

12.1 Press release NIBC dated 14 February 2020

[*Attached separately*]

PRESS RELEASE

The Hague, 14 February 2020

NIBC in advanced discussions on possible cash offer

NIBC Holding N.V. ("NIBC") announces that it has received a firm proposal from The Blackstone Group International Partners LLP (together with its affiliates, as the context requires, "Blackstone") regarding a potential voluntary public offer by a newly incorporated company owned by investment funds advised by Blackstone for all the issued and outstanding shares of NIBC, not owned by J.C. Flowers & Co ("JCF") and Reggeborgh Invest B.V. ("Reggeborgh"), at an offer price of EUR 9.85 (cum dividend) per share, to be paid fully in cash on completion (the "Potential Transaction").

The Potential Transaction is supported by NIBC's two largest shareholders, JCF and Reggeborgh, representing 60.6% and 14.6% of the shares respectively. Each intend to sell their full shareholding in NIBC in separate conditional private transactions with Blackstone, at agreed fixed prices per share (cum dividend), being EUR 8.93 per share for JCF and EUR 9.65 per share, a 2% illiquidity discount to the potential offer, for Reggeborgh.

Discussions between NIBC and Blackstone are at an advanced stage. The NIBC Management Board and Supervisory Board are exploring the feasibility and merits of the potential transaction and in light of their fiduciary duty will take the interests of all stakeholders, including the minority shareholders, into full consideration. For the avoidance of doubt, there can be no assurance that any transaction will materialise from these discussions and negotiations. Further announcements will be made if and when required.

This is a public announcement by NIBC pursuant to section 17 paragraph 1 of the European Market Abuse Regulation (596/2014). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in NIBC. This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

For more information, please refer to our website www.nibc.com or contact:

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About NIBC

NIBC is best suited to help entrepreneurs at their decisive moments. Now and in the future. As a bank for entrepreneurs, we are committed to cultivating our 'THINK YES' mentality by being flexible and agile and by matching our clients' can-do attitude. We support our corporate clients in building their businesses. For our retail clients in the Netherlands, Germany and Belgium we offer mortgages, online savings and brokerage products that are accessible, easy to understand and fairly priced. Operating in the Netherlands (The Hague and Amsterdam), Germany and UK, our corporate clients business (mainly mid-market) offers advice and debt, mezzanine and equity financing solutions to entrepreneurs across select sectors and sub-sectors in which we have strong expertise and market positions. The mid-market is dynamic by nature and requires a bank that can respond quickly and in a highly flexible way. Our aim is to meet the market's requirements at decisive moments such as mergers and acquisitions, management buy-outs, investments and strategic financings and re-financings.
You can read more about NIBC on www.nibc.com.

12.2 Joint press release dated 25 February 2020

[*Attached separately*]

*This is a joint press release by NIBC Holding N.V. ("**NIBC**") and Flora Acquisition B.V. (the "**Offeror**"), an entity incorporated under Dutch law, owned by certain funds (the "**Blackstone Funds**") managed and/or advised by Blackstone's Tactical Opportunities and Private Equity businesses and other managers affiliated with The Blackstone Group Inc. (each or together, as the context requires, "**Blackstone**"), pursuant to the provisions of Section 4 Paragraphs 1 and 3, Section 5 Paragraph 1 and Section 7 Paragraph 4 of the Decree on Public Takeover Bids (Besluit openbare biedingen Wft) (the Decree) in connection with the intended recommended public offer (the "**Offer**") by the Offeror for all the issued and outstanding ordinary shares in the capital of NIBC (the "**Shares**"). The Offer together with the private transactions entered into between the Offeror and each of J.C. Flowers & Co ("**JCF**") and Reggeborgh Invest B.V. ("**Reggeborgh**") in respect of the conditional acquisition by the Offeror of all Shares held by them, shall be referred to as the "**Transaction**". This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.*

NIBC and Blackstone agree on recommended all-cash public offer for all NIBC shares

The Hague, the Netherlands / London, UK – 25 February 2020

Transaction highlights

- NIBC and the Offeror, an entity owned by the Blackstone Funds, have reached a conditional agreement on a recommended all-cash public offer for all issued and outstanding shares in the capital of NIBC at an offer price of EUR 9.85 (cum dividend) per Share in cash (the "**Offer Price**").
- The Offer Price represents a premium of 8% to NIBC's closing price on 13 February 2020 of EUR 9.13 per Share, and a premium of 17%, 23% and 26% respectively over the average volume weighted price per Share over the last one, three and six calendar months and approximately 6% to NIBC's all-time high closing price of EUR 9.29 per Share.
- The Offer is supported by NIBC's two largest shareholders, JCF and Reggeborgh, representing 60.6% and 14.7% of the Shares respectively and 75.3% in aggregate. Each has irrevocably agreed to sell their full shareholdings in NIBC in separate private transactions with the Offeror at fixed prices per Share (cum dividend) of EUR 8.93 per Share for JCF and EUR 9.65 per Share for Reggeborgh.
- The Transaction values NIBC at approximately EUR 1.36bn and is conditional upon the Offer being declared unconditional. All prices are expressed cum dividend, including the final dividend for the 2019 financial year.
- The NIBC Managing Board and Supervisory Board unanimously and fully support the Transaction and recommend the Offer for acceptance to the shareholders of NIBC.
- The Offeror is committed to supporting and accelerating NIBC's existing strategy and to ensuring the long-term interests of all NIBC's stakeholders, including its employees and clients.
- The Offer will be financed with equity funding provided by the Blackstone Funds.
- The Transaction is subject to obtaining the required competition and regulatory clearances.
- The works council of NIBC will be consulted in connection with the Transaction.
- It is anticipated that the Transaction will close in the second half of 2020.

Strategic rationale

NIBC has established itself as a nimble and entrepreneurial bank with capabilities across a range of asset classes and a diversified funding base. NIBC's dynamic and agile approach allow it to successfully capitalize on evolving market opportunities across its corporate franchise where it focuses on niche, underserved or granular markets as well as in its retail franchise where it has a strong foothold in the Dutch mortgage market. NIBC continuously seeks to innovate through new avenues of growth, including its recent partnerships with a number of Fintech companies and its evolving Originate-to-Manage product. Blackstone intends to work together with NIBC to accelerate this strategy, and support the company through its next phase of development.

Paulus de Wilt, CEO and Chairman of the Managing Board of NIBC: "NIBC continues to strengthen its position as a leading niche banking player through its entrepreneurial culture, delivering strong performance in recent years. With Blackstone, NIBC will be equipped to improve on this success, building on its strategy focused on providing an attractive retail offering, growing its originate-to-manage platform and transforming and growing its corporate lending in niche segments of the market. Blackstone's support will also enable further investment into new ventures and Fintech driven initiatives, as well as enhancing career development opportunities for NIBC employees."

Qasim Abbas, Senior Managing Director, Blackstone: "We look forward to working with the highly talented management team, led by Paulus de Wilt, to provide support for NIBC's strategy and drive long-term sustainable growth in the interest of all stakeholders. NIBC is a high-quality business with very talented and motivated people and, together with Blackstone's proven track record of successfully investing in the financial services sector, this marks an exciting next step in the company's development."

Dick Sluimers, Chairman of the Supervisory Board of NIBC: "Our discussions with Blackstone support the Supervisory Board's belief that this deal is in the interest of all of NIBC's stakeholders. The Supervisory Board has thoroughly reviewed and assessed the Offer and in light of its fiduciary duties, considered the interests of all stakeholders. Blackstone will provide further support for NIBC's strategy, strengthen its offering to clients and improve career opportunities to NIBC employees. The offer provides minority shareholders with a compelling cash price at a premium to NIBC's all-time high trading price, while at the same time facilitating an exit for JCF. NIBC is appreciative of the support and stewardship it has received from its controlling shareholder JCF for over 15 years, including by facilitating this transaction, and the collaborative effort of JCF and its representatives to grow NIBC into the business it is today."

Full and unanimous support and recommendation by the NIBC Managing Board and the NIBC Supervisory Board

Consistent with their fiduciary responsibilities the NIBC Managing Board and NIBC Supervisory Board (together the "**NIBC Boards**") have discussed and carefully reviewed the Transaction, with the assistance of their financial and legal advisors. Having taken the interests of all stakeholders into account, the NIBC Boards have concluded that the Offer is in the long-term interests of NIBC, the sustainable success of its business and clients, employees, shareholders and other stakeholders.

The NIBC Boards both unanimously support the Transaction and recommend the Offer for acceptance to the shareholders of NIBC. The NIBC Boards recommend that shareholders of NIBC vote in favour of the resolutions relating to the Offer at the upcoming extraordinary general meeting of NIBC, to be held during the Offer period (the "**EGM**"). Furthermore, all members of the NIBC Managing Board and one (independent) member of the NIBC Supervisory Board who hold Shares for their own account have executed undertakings to tender all those Shares in the Offer, subject to the Offer being made and certain other customary conditions (the "**Board Irrevocables**").

In accordance with the applicable public offer rules, any information shared with these members of the NIBC Boards in relation to the Offer shall, if not published prior to the offer memorandum being made generally available, be included in the offer memorandum in respect of the Offer (if and when issued) and these members of the NIBC Boards will tender their Shares on the same terms and conditions as the other Offer shareholders.

NIBC has agreed to use reasonable efforts to ensure that Stichting Continuiteit NIBC (the "**Foundation**") shall terminate the call option agreement prior to commencement of the Offer, subject to the Offer being declared unconditional.

Financial Advisor Opinion

The NIBC Boards received an opinion, dated February 25, 2020, of NIBC's financial advisor, Bank of America Merrill Lynch International DAC, Amsterdam Branch ("**BofA Securities**"), to the effect that, as of the date of such opinion, the Offer Price to be paid to holders of Shares (other than JCF and Reggeborgh and their respective affiliates and, if applicable, Blackstone and its affiliates) pursuant to the Offer was fair, from a financial point of view, to such holders, which opinion was based upon and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described in such opinion. The opinion of BofA Securities was provided for the use and benefit of the NIBC Boards and does not constitute a recommendation to the holders of Shares as to whether to tender Shares in the Offer (if and when made) or how to vote or act in connection with the Offer, any related transactions (including any Post-Settlement Restructuring Measure (as defined below)) or any other matter.

Acquisition of 100%

The Offeror and NIBC believe the sustainable and long-term success of NIBC will be enhanced under private ownership and acknowledge the importance of acquiring 100% of the Shares and achieving a delisting in order to execute on NIBC's long term strategy.

If the Offeror acquires at least 95% of the Shares, the Offeror and NIBC intend to terminate the listing of the Shares on Euronext Amsterdam as soon as possible. In these circumstances, the Offeror will commence statutory squeeze-out proceedings to obtain 100% of the Shares.

NIBC and the Offeror will use their commercially reasonable best efforts to seek to agree in good faith on the terms of an asset sale and liquidation or other type of post-settlement restructuring measure (the "**Post-Settlement Restructuring Measures**") which may be implemented if the Offeror acquires less than 95% but at least 85% of the Shares. Pursuant to such Post-Settlement Restructuring Measures, NIBC could, among other things, sell and transfer all of its assets and liabilities to the Offeror and NIBC subsequently would be dissolved and liquidated (subject to the requisite regulatory, board and shareholder approvals). The holders of Shares who do not tender their Shares in the Offer would receive a cash amount equal to the Offer Price per Share, net of tax. Once such Post-Settlement Restructuring Measures are implemented, the listing of the Shares on Euronext Amsterdam will be terminated.

In addition to such measures, the Offeror may also utilize all other available legal measures in order to acquire full ownership of the Shares.

Currently, the Offeror does not hold any Shares nor have any Shares been acquired on the Offeror's behalf.

Financing of the Offer

The Transaction values NIBC at approximately EUR 1.36bn cum dividend.

The Offeror shall finance the Offer by means of equity funding provided by the Blackstone Funds. The Offeror has received a binding equity commitment letter from the Blackstone Funds for an aggregate amount of up to EUR 1.304bn, which is fully committed (subject to customary conditions). (the "**Shareholder Funding**"). The Offeror has no reason to believe that such conditions will not be fulfilled on or prior to the settlement date under the Offer.

From the Shareholder Funding the Offeror will be able to fund the acquisition of Shares pursuant to the Transaction and the payment of related fees and expenses.

JCF

Certain existing JCF investors may reinvest indirectly in the Offeror at a price of EUR 9.26 per Share (equivalent to the overall blended price per Share to be paid by the Offeror), alongside the Blackstone Funds. This reinvestment would, in aggregate, represent an indirect investment in the ordinary share capital in the Offeror of up to 20%, depending on the amount JCF investors reinvest. Further details in respect thereof will be included in the offer memorandum.

Corporate governance and management

NIBC and the Offeror have agreed that upon settlement of the Offer, the NIBC Supervisory Board will initially continue to consist of seven people. Four of them will be current members of the Supervisory Board, considered independent from the Offeror within the meaning of the Dutch Corporate Governance Code. The other three members will be nominated by the Offeror to be appointed as non-independent members of the Offeror.

It is envisaged that subsequently the number of NIBC Supervisory Board members will be increased to nine, whereby the Offeror will be entitled to nominate four members and the remaining five will be independent from the Offeror consistent with the Dutch Corporate Governance Code.

There will be no changes to the NIBC Managing Board upon settlement of the Offer.

The Offeror is focused on retaining NIBC's key management who they view as integral to the long term success of the business. Accordingly, the Offeror intends to offer them the opportunity to indirectly participate in the Offeror.

Non-Financial Covenants

NIBC and the Offeror have agreed to certain covenants in respect of, amongst others, governance, organisation, employees and other non-financial matters summarised below. These non-financial covenants (the "**Non-Financial Covenants**") are committed for a period of 24 months after the settlement of the Offer, except for the Non-Financial Covenants relating to the application of the large company regime and the Dutch Banking Code which are committed for a period of at least 60 months after settlement of the Offer.

The Non-Financial Covenants shall be set out in full in the offer memorandum and deal with matters, including:

Strategic Rationale, Business Plan, Funding and Capital

- The Offeror will keep NIBC together (except to the extent requested by a competent competition or financial regulatory authority) and work with NIBC to grow the business. The head office and key corporate functions of NIBC will remain in The Hague, the Netherlands;
- The Offeror and NIBC will each respect and support the realisation of NIBC's business plan, other than as mutually agreed with the NIBC Managing Board;
- The Offeror will not close or dispose of any business operated by NIBC, unless proposed by the Managing Board, and will continue to apply the names and logos of the brands of NIBC; and
- NIBC will remain prudently capitalised and funded to safeguard business continuity, maintaining at least a CET1 capital ratio in accordance with regulatory requirements, and continue to operate within management's target funding and liquidity ratios, with the current credit rating as an important anchor point.

Employees

- Current rights and benefits of NIBC's employees, existing pension rights of NIBC's current and former employees and existing social policies and social plans will be respected by the Offeror; and
- The Offeror will also recognise existing rights and arrangements with the works council and employment applicable legislation.

Governance

- The Company will continue to apply the full large company regime (*volledig structuurregime*) and to comply with the Dutch Banking Code; and
- As long as the Shares remain listed on Euronext Amsterdam, the Offeror will procure that NIBC shall continue to comply with the current Dutch Corporate Governance Code.

Other

- The Offeror will support NIBC in furthering its current commitment to corporate social responsibility and ensure it fosters a culture of excellence, where qualified employees are offered attractive training and career progression.

Commencement conditions and Offer conditions

The commencement of the Offer is subject to the satisfaction or waiver of the following commencement conditions:

- no material breach of the Merger Protocol
- no regulatory order prohibiting the Transaction
- issuance of the required approval by the Netherlands Authority Financial Markets (*Stichting Autoriteit Financiële Markten*, "**AFM**")for the offer memorandum
- compliance with the consultation procedures pursuant to the Dutch Works Council Act with respect to the advice of the NIBC works council
- the NIBC Boards not having revoked or adversely changed their recommendation
- no Material Adverse Change ("**MAC**") having occurred since the date of the Merger Protocol
- no Superior Offer (as defined below) having been made and no third party having obtained the right to subscribe or having agreed with NIBC to subscribe for Shares (except for the current management investment plan or the call-option agreement entered into with the Foundation)
- no notification having been received from the AFM stating that the preparation of the Offer is in violation of chapter 5.5 of the WFT, and that, pursuant to section 5.80 of the WFT, investment firms (*beleggingsondernemingen*, as defined in the WFT) would not be allowed to co-operate with the settlement
- trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure *(noteringsmaatregel*) taken by Euronext Amsterdam
- each Board Irrevocable and each of the Private Sale Agreements being in full force and effect and not having been breached, terminated or modified, except as approved by the Offeror
- no Offer Condition becoming incapable of being satisfied
- the Foundation not having exercised its call option, and agreed termination of the call option agreement
- the Merger Protocol not having been terminated

If and when made, the Offer will be subject to the satisfaction or waiver of the following Offer Conditions, customary for a transaction of this kind:

- minimum acceptance level of at least 95% of the Shares, which will be reduced to 85% if (i) the Post-Settlement Restructuring Measures are agreed between NIBC and the Offeror, (ii) all regulatory authorisations for the execution and implementation of the Post Settlement Restructuring Measures have been obtained and (iii) the shareholders have adopted the Post-Settlement Restructuring Measures at NIBC's general meeting of shareholders
- no material breach of the Merger Protocol
- no regulatory order prohibiting the Transaction
- all Regulatory Clearances and Competition Approvals (each as defined below) having been obtained
- the NIBC Boards not having revoked or adversely changed their recommendation
- no MAC having occurred since the date of the Merger Protocol

- no notification having been received from the AFM stating that the preparation of the Offer is in violation of chapter 5.5 of the WFT, and that, pursuant to section 5.80 of the WFT, investment firms (*beleggingsondernemingen*, as defined in the WFT) would not be allowed to co-operate with the settlement
- no Superior Offer (as defined below) having been made and no third party having obtained the right to subscribe or having agreed with NIBC to subscribe for Shares
- trading in the Shares on Euronext Amsterdam not having been suspended or ended as a result of a listing measure (*noteringsmaatregel*) taken by Euronext Amsterdam
- each Board Irrevocable and each of the Private Sale Agreements being in full force and effect and not having been breached, terminated or modified, except as approved by the Offeror
- the Foundation not having exercised its call option, and having agreed to the termination of the call option agreement
- the Merger Protocol not having been terminated

Competition Approvals

The Offeror will procure the preparation and filing with the European Commission to obtain the required competition clearances in respect of the Offer (the "**Competition Approvals**") as soon as practicable after the signing of the Merger Protocol and in any event within 30 business days thereof. The Offeror and NIBC shall closely co-operate in respect of any necessary contact with and notifications to the European Commission.

Regulatory Clearances

The Offeror shall, with the cooperation of NIBC, seek to obtain the required regulatory clearances ("**Regulatory Clearances**") as soon as practicable and prepare and file with the regulatory authorities the relevant applications and provide the regulatory authorities with any additional information and documentation that may be reasonably requested in connection with these applications.

Following settlement of the Offer, NIBC will continue to be regulated by the Dutch Central Bank (*De Nederlandsche Bank N.V.*), based on the size of the current balance sheet of NIBC.

Indicative timetable

NIBC and the Offeror will seek to obtain all necessary Regulatory Clearances expeditiously. Both parties are confident that the Offeror will secure all Regulatory Clearances within the timetable applicable to the Offer.

The required advice of NIBC's works council will be requested as soon as possible.

The Offeror expects to publish the offer memorandum shortly after approval thereof by the AFM and the Offer is expected to commence in June or July 2020, in accordance with the applicable regulatory timeline.

NIBC will hold the EGM at least six business days prior to the closing of the tender offer period in accordance with Section 18 Paragraph 1 of the Decree to inform NIBC's shareholders about the Offer and to adopt certain resolutions that are conditions to the consummation of the Offer. Based on the required steps and subject to the necessary approvals, NIBC and the Offeror anticipate that the Offer will close in the second half of 2020.

Exclusivity and Superior Offer

As part of the Merger Protocol, NIBC has entered into customary exclusivity undertakings in connection with the Offer. Such exclusivity undertakings bind NIBC under the Merger Protocol, other than in circumstances where NIBC (conditionally) agrees to a superior binding offer from a bona fide third party, being a binding offer which, in the reasonable opinion of the NIBC Boards, (i) is more beneficial than the Offer, (ii) is fully in cash, (iii) is at a weighted average price per Share which exceeds the weighted average price per Share offered by the Offeror under the Transaction (of EUR 9.26) by at least 8%, and offers Shareholders (other than JCF and Reggeborgh) a price per Share which exceeds the Offer Price by at least 8%, and (iv) includes non-financial covenants that are better from the perspective of NIBC than the Non-Financial Covenants agreed with the Offeror (a "**Superior Offer**"). In the event of a Superior Offer, the Offeror will be given the opportunity to match such Superior Offer.

If it does so, then the Merger Protocol may not be terminated by NIBC and will continue in force. However, if a Superior Offer is made which is not matched by the Offeror, then each of the Offeror and NIBC may terminate the Merger Protocol, in which case NIBC shall be obliged to pay a termination fee of EUR 13.6 million to the Offeror.

Transaction advisors

In connection with the transaction, BofA Securities is acting as NIBC's financial advisor and Allen & Overy is acting as NIBC's legal counsel. On behalf of the Offeror, Morgan Stanley is acting as sole financial advisor and Clifford Chance is acting as legal counsel.

Other

To the extent permissible under applicable law or regulation, Blackstone and its affiliates may from time to time after the date hereof, and other than pursuant to the intended offer, directly or indirectly purchase, or arrange to purchase, ordinary shares in the capital of NIBC, that are the subject of the Offer. To the extent information about such purchases or arrangements to purchase is required to be made public in the Netherlands, such information will be disclosed by means of a press release to inform Shareholders of such information. In addition, financial advisors to Blackstone and its affiliates may also engage in ordinary course trading activities in securities of NIBC, which may include purchases or arrangements to purchase such securities.

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Investor call

At 26 February 2020 14.00 CET, NIBC will host a conference call for analysts and investors. Paulus de Wilt, CEO of NIBC, and Herman Dijkhuizen, CFO of NIBC, will give a presentation to discuss the FY 2019 results (for details thereof, please refer NIBC's website (www.nibc.com) and the Offer). The investor presentation, as published on NIBC's website (www.nibc.com) in the morning, will be used during the call. To participate in the conference call

please pre-register for the call using the link below. After pre-registering you will receive a confirmation email containing an access code and personal identification code, as well as dial-in numbers. Please use this information to dial into the conference:

https://www.kpneventcall.nl/EventRegistration/9797c100-1e67-486d-9373-dd8e741b9439

In addition, the conference call will be streamed over the internet through a webcast. Please note it will not be possible to take part in the Q&A session through the webcast. The webcast will commence when the conference call starts. To view the webcast see:

https://www.nibc.com/about-nibc/investor-relations/financial-releases/fy-2019/

About NIBC

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For more information, please refer to the NIBC website www.nibc.com.

About Blackstone

Blackstone is one of the world's leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with $571 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter @Blackstone.

Disclaimer

Restrictions

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, NIBC, the Offeror and Blackstone disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither NIBC, nor the Offeror nor Blackstone, nor any of their advisors, assumes any responsibility for any violation of any of these restrictions. Any NIBC shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

The information in the press release is not intended to be complete. This announcement is for information purposes only and does not constitute an offer or an invitation to acquire or dispose of any securities or investment advice or an inducement to enter into investment activity. This announcement does not constitute an offer to sell or the solicitation of an offer to buy or acquire the securities of NIBC in any jurisdiction.

Forward Looking Statements

Certain statements in this press release may be considered "forward-looking statements," such as statements relating to the impact of this Transaction on NIBC, the Offeror and Blackstone and the targeted timeline for the Transaction. Forward-looking statements include those preceded by, followed by or that include the words "anticipated," "expected" or similar expressions. These forward-looking statements speak only as of the date of this release. Although NIBC, the Offeror and Blackstone believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these forward-looking statements will prove to be correct. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, receipt of regulatory approvals without unexpected delays or conditions, the Offeror's ability to successfully operate NIBC without disruption to its other business activities, the Offeror's ability to achieve the anticipated results from the acquisition of NIBC, the effects of competition, economic conditions in the global markets in which NIBC operate, and other factors that can be found in NIBC's, the Offeror's and/or Blackstone's press releases and public filings.

Neither NIBC, nor the Offeror nor Blackstone, nor any of their advisors, accepts any responsibility for any financial information contained in this press release relating to the business, results of operations or financial condition of the other or their respective groups. Each of NIBC, the Offeror and Blackstone expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

12.3 Press release NIBC dated 17 March 2020

[*Attached separately*]

PRESS RELEASE

Den Haag, 17 March 2020

Update on offer preparations

Today, 17 March 2020, NIBC updates the market on the preparations of the offer by Flora Acquisition B.V. ('the Offeror') as announced on 25 February 2020.

Since the announcement, NIBC has:

- started the works council advice proceedings;
- assisted the Offeror in the preparation of the regulatory approval process with DNB, and together with the Offeror formally engaged in discussions with DNB;
- made progress on the preparation of the asset sale and liquidation agreement and/or other types of post-settlement restructuring measures as referred to in the announcement of 25 February 2020; and
- started the preparations for the position statement of the NIBC Managing and Supervisory Boards in relation to the offer.

All in addition to other ongoing actions and preparations.

In response to questions from investors and recent reports in Dutch media, NIBC wishes to clarify that in the event that the merger protocol executed on 25 February 2020 with the Offeror is terminated, or termination is sought by either party, such event would qualify as "inside information" as defined in the EU Market Abuse Regulation (MAR), necessitating the issuance of a press release without delay.

In the absence of any such interim release, the next update on the offer preparations is scheduled for 24 March 2020.

About NIBC

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12.4 Joint press release dated 24 March 2020

[*Attached separately*]

*This is a joint press release by NIBC Holding N.V. ("**NIBC**") and Flora Acquisition B.V. (the "**Offeror**"), an entity incorporated under Dutch law, owned by certain funds (the "**Blackstone Funds**") managed and/or advised by Blackstone's Tactical Opportunities and Private Equity businesses and other managers affiliated with The Blackstone Group Inc. (each or together, as the context requires, "**Blackstone**"), pursuant to the provisions of Section 7 paragraph 1 sub a of the Decree on Public Takeover Bids (Besluit openbare biedingen Wft) (the "**Decree**") in connection with the announced proposed recommended public offer (the "**Offer**") by the Offeror for all the issued and outstanding ordinary shares in the capital of NIBC (the "**Shares**"). The Offer together with the private transactions entered into between the Offeror and each of J.C. Flowers & Co ("**JCF**") and Reggeborgh Invest B.V. ("**Reggeborgh**") in respect of the acquisition by the Offeror of all Shares held by them, shall be referred to as the "**Transaction**". This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. With reference to the joint press release by NIBC and the Offeror dated 25 February 2020, (i) commencement of the offer is subject to the satisfaction or waiver of the commencement conditions and (ii) if and when made, the offer is subject to the satisfaction or waiver of the offer conditions, all in accordance with the terms of the merger protocol between NIBC and the Offeror. This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.*

Update on intended all-cash public offer by Flora Acquisition B.V. for all NIBC shares

The Hague/Amsterdam, the Netherlands - 24 March 2020

Reference is made to the joint press release by NIBC and the Offeror dated 25 February 2020 in respect of the conditional agreement on a recommended all-cash public offer (the "**Offer**") for all issued and outstanding shares in the capital of NIBC at an offer price of EUR 9.85 (cum dividend), which will be EUR 9.32 following payment of the recommended final dividend for the 2019 financial year of EUR 0.53 per share.

NIBC and the Offeror hereby provide a joint update of the Offer in accordance with the provisions of Section 7, paragraph 1 sub a of the Decree which require a public announcement including a status update regarding an intended public offer within four weeks following its announcement.

NIBC and the Offeror are continuing preparations for the Offer. The Offeror expects to submit a request for review and approval of the offer memorandum in relation to the Offer with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) by no later than 19 May 2020, which is the statutory deadline for this submission.

In addition, the process to obtain the required competition clearances and regulatory clearances is ongoing. As communicated in the joint press release dated 25 February 2020, NIBC and the Offeror anticipate that any closing of the Offer would be in the second half of 2020.

With reference to the joint press release by NIBC and the Offeror dated 25 February 2020, certain JCF investors had been offered the right to reinvest Offer proceeds indirectly in the Offeror (alongside the Blackstone Funds) at a price of EUR 9.26 per Share (equivalent to the overall blended price per Share that would be paid by the Offeror). JCF has now informed the Offeror that they will not reinvest.

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For more information, please refer to the NIBC website www.nibc.com.

About Blackstone

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To the fullest extent permitted by applicable law, NIBC, the Offeror and Blackstone disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither NIBC, nor the Offeror nor Blackstone, nor any of their advisors, assumes any responsibility for any violation of any of these restrictions. Any NIBC shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

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***

12.5 Press release NIBC dated 31 March 2020

[*Attached separately*]

NEWS RELEASE

The Hague, 31 March 2020

NIBC provides update on dividend following ECB recommendation related to COVID-19 pandemic

NIBC has taken notice of the recommendation of the European Central Bank (ECB) to credit institutions under ECB supervision to conserve capital and refrain from making dividend payments and perform share buy-backs until at least 1 October 2020 in order to support the economy in an environment of heightened uncertainty caused by COVID-19.

NIBC's annual general meeting will be held as scheduled on 17 April 2020, with the same agenda. However, taking into account the recommendation of the ECB, NIBC has decided to maintain the proposal to declare the dividend for the financial year 2019 but to pay out such dividend in the second half of 2020 and only if in the opinion of the Management and Supervisory Boards of NIBC at such time, payment is feasible and appropriate in light of the impact of COVID-19 on the business.

NIBC has a strong capital position (CET1 ratio of 17.1% at year-end 2019 and 17.7% after inclusion of the retained earnings of the second half of 2019) and a significant buffer above its minimum capital requirements. Given our strong capital and liquidity position and our role in the Dutch economy, NIBC has several measures in place to support clients affected by the COVID-19 virus. Mortgage clients affected by the COVID-19 virus can obtain a three month deferral of interest and principal payments, and for corporate clients that are affected we look on a case by case basis how we can support them through these challenging times.

For more information, please refer to our website www.nibc.com or contact:

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About NIBC

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You can read more about NIBC on www.NIBC.com.

12.6 Press release Blackstone dated 28 April 2020

[*Attached separately*]

Blackstone

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Update on public offer for all NIBC shares

Amsterdam, the Netherlands – 28 April 2020

No certain funds

Following the general meeting of shareholders of NIBC of 17 April 2020, NIBC announced that its general meeting of shareholders had declared a total dividend for 2019 of EUR 0.78 per ordinary share, resulting in a final dividend of EUR 0.53 per ordinary share, but that such final dividend was only to be paid out in the second half of 2020 provided that, in the opinion of the Management and Supervisory Boards of NIBC at such time, payment was feasible and appropriate in light of the impact of COVID-19 on the business. The Offeror understands the prudency that led NIBC to decide to postpone payment of the final dividend following the recommendation made by financial regulators to refrain from making dividend payments. However, neither the proposed delayed payment date (second half of 2020) nor the NIBC Boards' discretion as to payment of the dividend had been anticipated in the commitments in the merger protocol between NIBC and the Offeror.

Reference is also made to the announcement made by the Offeror and NIBC on 25 February 2020, which confirmed that the Transaction valued NIBC at approximately EUR 1.36bn (cum dividend) and that the acquisition of the Shares pursuant to the Transaction and the payment of related fees and expenses would be funded by means of equity funding provided by the Offeror's shareholders on customary conditions for an aggregate amount of up to EUR 1.304bn. The previously committed distribution by the Company of the final dividend of EUR 0.53 per ordinary share reflects the difference between NIBC's valuation cum dividend and the funding required for the acquisition of the Shares pursuant to the Transaction and payment of related fees and expenses.

The equity funding commitment provided by the Offeror's shareholders referenced above continues to be valid and enforceable on settlement of the Offer. However, the Offeror's ability to fund the acquisition of the Shares pursuant to the Transaction is dependent upon the Company either (i) paying the final dividend of EUR 0.53 per ordinary share or (ii) unconditionally committing to the Offeror to pay such dividend prior to the settlement date of the Offer. In the absence of this being the case, the Offeror is not able to fund the acquisition of the Shares. Accordingly, and following discussions with NIBC, the Offeror confirms that its previous statement that it had obtained the means or taken the measures required to declare the Offer unconditional within the meaning of article 7 paragraph 4 of the Decree has become invalid and must therefore be withdrawn.

The Offeror will continue to discuss with NIBC potential solutions which may enable the Offeror to provide a certain funds statement on or before 19 May 2020, the statutory deadline for submission of the offer memorandum for approval to the Netherlands Authority for the Financial Markets, and will update the market if and when required.

Transaction-related business plan and regulatory condition precedent

With reference to the joint press release by NIBC and the Offeror dated 25 February 2020, the Offer, if and when made, will be subject to certain offer conditions, including the condition that all required regulatory clearances shall have been obtained by the Offeror.

As part of the merger protocol, it was agreed that the regulatory clearance filings would be based on a specific, detailed Transaction-related business plan that was agreed between the Offeror and NIBC prior to 25 February 2020. This Transaction-related business plan does not take into account the emerging widespread impact of Covid-19 and macro-economic developments.

NIBC and the Offeror agreed in the merger protocol that the Offeror shall use its commercially reasonable efforts to seek to obtain all required regulatory clearances, but that this obligation shall not require the Offeror to do, accept or agree to anything that would affect the viability of the agreed Transaction-related business plan or that would materially prejudice the achievement of that business plan.

In light of the emerging widespread impact of Covid-19 and macro-economic developments, the Offeror believes there is substantial uncertainty concerning the Transaction-related business plan and it continuing to be a realistic basis for obtaining regulatory clearance for the Transaction.

The relevant regulators have not yet given any indication of their views in this respect. Full clarity can only be provided as part of the regulatory process and will ultimately depend on the views of the relevant regulators, who will only look at the merits of the Transaction-related business plan once the Offeror has made its formal filings.

The full text of the merger protocol is made available on www.nibc.com/about-nibc/newsroom/. Clauses 11 and 18 of the merger protocol govern the regulatory condition, NIBC's and the Offeror's obligations and limitations in respect thereof and corresponding termination rights.

The above statements relate solely to the specific Transaction-related business plan which forms the basis of the Offeror's regulatory filings, and do not relate in any way to the current NIBC business plan.

The Offeror will discuss with NIBC the implications of the above-mentioned regulatory developments and will continue to use its commercially reasonable efforts to seek to obtain regulatory clearance for the Transaction. The Offeror will update the market if and when required.

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Forward Looking Statements

Certain statements in this press release may be considered "forward-looking statements," such as statements relating to the impact of this Transaction on NIBC, the Offeror and Blackstone and the targeted timeline for the Transaction. Forward-looking statements include those preceded by, followed by or that include the words "anticipated," "expected" or similar expressions. These forward-looking statements speak only as of the date of this release. Although the Offeror and Blackstone believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these forward-looking statements will prove to be correct. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, receipt of regulatory approvals without unexpected delays or conditions, the Offeror's ability to successfully operate NIBC without disruption to its other business activities, the Offeror's ability to achieve the anticipated results from the acquisition of NIBC, the effects of competition, economic conditions in the markets in which NIBC operates, and other factors that can be found in NIBC's, the Offeror's and/or Blackstone's press releases and public filings.

Neither the Offeror nor Blackstone, nor any of their advisors, accepts any responsibility for any financial information contained in this press release relating to the business, results of operations or financial condition of the other or their respective groups. Each of the Offeror and Blackstone expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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12.7 Press release NIBC dated 18 May 2020

[*Attached separately]*

PRESS RELEASE

The Hague, 18 May 2020

This is a press release by NIBC Holding N.V. ("**NIBC**") in connection with the announced proposed recommended public offer (the "**Offer**") by Flora Acquisition B.V. (the "**Offeror**"), an entity incorporated under Dutch law, owned by certain funds (the "**Blackstone Funds**") managed and/or advised by Blackstone's Tactical Opportunities and Private Equity businesses and other managers affiliated with The Blackstone Group Inc. (each or together, as the context requires, "**Blackstone**"), for all the issued and outstanding ordinary shares in the capital of NIBC (the "**Shares**"). The Offer together with the private transactions entered into between the Offeror and each of J.C. Flowers & Co ("**JCF**") and Reggeborgh Invest B.V. ("**Reggeborgh**") in respect of the acquisition by the Offeror of all Shares held by them, shall be referred to as the "Transaction". This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.

Update on dividend in relation to the intended all-cash public offer by Flora Acquisition B.V. for all NIBC shares

On 28 April 2020 the Offeror announced that it lacked certain funds to pay for the Offer after NIBC had delayed the payment of the 2019 final dividend of EUR 0.53 per share.

After further discussions NIBC has now committed to the Offeror to pay the dividend before settlement of the Offer, in order to enable the Offeror to pay for the Offer at EUR 9.32 per share. As a result, NIBC shareholders will receive the dividend of EUR 0.53 sometime after the Offer is made and before payment of the Offer Price, not subject to any conditions. This removes the impediment for the Offeror to declare certain funds to pay for the Offer.

NIBC's major shareholders J.C. Flowers & Co and Reggeborgh Invest have agreed to waive the right to collect the dividend payable on their shares, until such time that in the opinion of the management and supervisory boards of NIBC, payment is feasible and appropriate in light of the impact of COVID-19 on the business, or when NIBC or NIBC Bank pays another dividend or capital distribution to its shareholders, or repurchases any of the shares in its capital.

NIBC is continuing its preparations for the Offer. The Offeror is expected to submit a request for review and approval of the offer memorandum in relation to the Offer with the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) by no later than 19 May 2020, which is the statutory deadline for this submission.

For more information, please refer to our website www.nibc.com or contact:

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About NIBC

NIBC is best suited to help entrepreneurs at their decisive moments. Now and in the future. As a bank for entrepreneurs, we are committed to cultivating our 'THINK YES' mentality by being flexible and agile and by matching our clients' can-do attitude. We support our corporate clients in building their businesses. For our retail clients in the Netherlands, Germany and Belgium we offer mortgages, online savings and brokerage

products that are accessible, easy to understand and fairly priced. Operating in the Netherlands (The Hague and Amsterdam), Germany and UK, our corporate clients business (mainly mid-market) offers advice and debt, mezzanine and equity financing solutions to entrepreneurs across select sectors and sub-sectors in which we have strong expertise and market positions. The midmarket is dynamic by nature and requires a bank that can respond quickly and in a highly flexible way. Our aim is to meet the market's requirements at decisive moments such as mergers and acquisitions, management buy-outs, investments and strategic financings and re-financings.

About Blackstone

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12.8 Press release Blackstone dated 18 May 2020

[*Attached separately*]

Blackstone

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Further update on public offer for all NIBC shares

Amsterdam, the Netherlands – 18 May 2020

Highlights:

- Pursuant to NIBC's unconditional commitment to set the record date for the 2019 final dividend of EUR 0.53 per Share at a date prior to settlement of the Offer, the Offeror again has certain funds to pay for the acquisition of the Shares under the Transaction
- However, the substantial uncertainty in respect of the business plan previously agreed between NIBC and the Offeror forming a realistic basis for obtaining regulatory clearance for the Transaction remains

Certain funds financing of the Offer

Earlier today NIBC announced that it has unconditionally committed to set the record date for the EUR 0.53 per Share 2019 final dividend (the "**2019 Final Dividend**") at a date prior to settlement of the Offer.

As a consequence thereof, the Offer price is now confirmed at EUR 9.32 per Share in cash and the price per Share payable under the Private Sale Agreements is now confirmed at EUR 8.40 in cash for JCF and EUR 9.12 in cash for Reggeborgh. Therefore, the Transaction values NIBC at approximately EUR 1.279bn (excluding the 2019 Final Dividend).

The Offeror shall finance the Transaction by means of equity funding provided by the Blackstone Funds pursuant to a binding equity commitment letter for an aggregate amount of up to approximately EUR 1.304bn, which equity funding is fully committed, subject to customary conditions (the "**Equity Funding**"). If the Offer is declared unconditional by the Offeror, the Offeror has no reason to believe that such conditions to the Equity Funding will not be satisfied.

The Equity Funding is now sufficient to enable the Offeror to fund the acquisition of Shares pursuant to the Transaction and the payment of related fees and expenses.

On this basis the Offeror intends to submit the offer memorandum for approval to the Netherlands Authority for the Financial Markets (AFM) ultimately by 19 May 2020.

Transaction-related business plan and regulatory condition precedent

The Offeror announced on 28 April 2020 that it believes that there is substantial uncertainty concerning the Transaction-related business plan agreed between NIBC and the Offeror prior to the joint press release of NIBC and the Offeror on 25 February 2020 (the "**Transaction Business Plan**") and the Transaction Business Plan continuing to be a realistic basis for obtaining regulatory clearance for the Transaction.

This substantial uncertainty remains and the Offeror therefore continues to believe there is substantial uncertainty whether regulatory clearance will be obtained for the Transaction on the basis of the Transaction Business Plan.

The relevant financial regulators have not yet given any indication of their views in this respect. Full clarity can only be provided as part of the regulatory process and will ultimately depend on the views of the relevant financial regulators.

The above statements relate solely to the specific Transaction Business Plan which forms the basis of the Offeror's regulatory filings, and do not relate in any way to the current NIBC business plan.

The Offeror will continue to discuss the implications of the above-mentioned regulatory developments with NIBC and will continue to use its commercially reasonable efforts to seek to obtain regulatory clearance for the Transaction. The Offeror will update the market if and when required.

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12.9 Joint press release dated 8 June 2020

[*Attached separately*]

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Further update on public offer for all NIBC shares

The Hague, the Netherlands / London, UK – 8 June 2020

NIBC and the Offeror announce that, with the support of J.C. Flowers & Co ("**JCF**") and Reggeborgh Invest B.V. ("**Reggeborgh**"), they have entered into discussions on the basis of a proposal from the Offeror to amend the current Transaction. The key proposed amendments consist of a reduction of the offer price and the introduction of a liquidated damages payment.

Pursuant to the proposed amendments, the offer price payable to all shareholders, including JCF and Reggeborgh, would be reduced to EUR 7.00 per Share. In addition, as announced by NIBC on 18 May 2020, public shareholders would receive NIBC's final dividend of EUR 0.53 per Share for the financial year 2019, which would be paid unconditionally before settlement of the Offer, and would result in public shareholders receiving EUR 7.53 per Share, in aggregate. JCF and Reggeborgh would have the right to collect the final dividend of EUR 0.53 per Share, subject to the conditional waiver announced by NIBC on 18 May 2020.

The other proposed amendment would be an obligation on the Offeror to pay liquidated damages of EUR 46 million in total as the only remedy and recourse against the Offeror in certain circumstances where the Offer is not declared unconditional because regulatory clearances are not obtained and in certain other cases.

At this stage there is no certainty whether agreement among NIBC, the Offeror, JCF and Reggeborgh will be reached on an amendment of the Transaction.

Further announcements will be made if and when required in accordance with applicable laws and regulations.

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About NIBC

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For more information, please refer to the NIBC website www.nibc.com.

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Forward Looking Statements

Certain statements in this press release may be considered "forward-looking statements," such as statements relating to the impact of this Transaction on NIBC, the Offeror and Blackstone and the targeted timeline for the Transaction. Forward-looking statements include those preceded by, followed by or that include the words "anticipated," "expected" or similar expressions. These forward-looking statements speak only as of the date of this release. Although NIBC, the Offeror and Blackstone believe that the assumptions upon which their respective financial information and their respective forward-looking statements are based are reasonable, they can give no assurance that these forward-looking statements will prove to be correct. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from historical experience or from future results expressed or implied by such forward-looking statements. Potential risks and uncertainties include, but are not limited to, receipt of regulatory approvals without unexpected delays or conditions, the Offeror's ability to successfully operate NIBC without disruption to its other business activities, the Offeror's ability to achieve the anticipated results from the acquisition of NIBC, the effects of competition, economic conditions in the markets in which NIBC operates, and other factors that can be found in NIBC's, the Offeror's and/or Blackstone's press releases and public filings.

Neither NIBC, nor the Offeror nor Blackstone, nor any of their advisors, accepts any responsibility for any financial information contained in this press release relating to the business, results of operations or financial condition of the other or their respective groups. Each of NIBC the Offeror and Blackstone expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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12.10 Joint press release dated 13 July 2020

[*Attached separately*]

*This is a joint press release by NIBC Holding N.V. ("**NIBC**" or the "**Company**") and Flora Acquisition B.V. (the "**Offeror**"), an entity incorporated under Dutch law, owned by certain funds (the "**Blackstone Funds**") managed and/or advised by Blackstone's Tactical Opportunities and Private Equity businesses and other managers affiliated with The Blackstone Group Inc. (each or together, as the context requires, "**Blackstone**"), pursuant to the provisions of Section 17 sub 1 of Regulation No 596/2014 on market abuse (MAR) and Section 4 sub 1 and sub 3 and Section 6 sub 1 (in respect of the amendment of the Offer price set-out in today's announcement) of the Decree on Public Takeover Bids (Besluit openbare biedingen Wft) (the "**Decree**") in connection with the announced proposed recommended public offer (the "**Offer**" and together with the transactions contemplated thereby the "**Transaction**") by the Offeror for all the issued and outstanding ordinary shares in the capital of NIBC (the "**Shares**"). This announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities. Any offer will be made only by means of an offer memorandum. With reference to the joint press release by NIBC and the Offeror dated 25 February 2020 (i) commencement of the Offer is subject to the satisfaction or waiver of the commencement conditions and (ii) if and when made, the Offer is subject to the satisfaction or waiver of the Offer conditions, all in accordance with the terms of the merger protocol between NIBC and the Offeror as amended on 10 July 2020. The Offer price of EUR 7.00 per Share (the "Offer Price") set-out in today's announcement is "cum dividend", with the exception of the final dividend of EUR 0.53 per Share for the financial year 2019, which has already been declared (the "2019 Final Dividend"). This announcement is not for release, publication or distribution, in whole or in part, in or into, directly or indirectly, the United States, Canada or Japan or in any other jurisdiction in which such release, publication or distribution would be unlawful.*

NIBC and Blackstone agree on an amended recommended all-cash public offer for all NIBC shares

The Hague, the Netherlands / London, UK – 13 July 2020

Highlights:

- NIBC and the Offeror have reached conditional agreement on an amended recommended all-cash public offer for all issued and outstanding shares in the capital of NIBC that would result in the public shareholders receiving EUR 7.53 per Share in aggregate, consisting of (i) an all-cash public offer for all issued and outstanding shares in the capital of NIBC by the Offeror for an Offer Price of EUR 7.00 per Share and (ii) payment by NIBC of the final dividend of EUR 0.53 per Share for the financial year 2019 prior to settlement of the Offer to public shareholders.
- The NIBC Managing Board and NIBC Supervisory Board fully and unanimously support and recommend the amended Offer.
- The amended Offer is also supported by NIBC's two largest shareholders, J.C. Flowers & Co ("**JCF**") and Reggeborgh Invest B.V. ("**Reggeborgh**"), representing 60.6% and 14.7% of the Shares respectively and 75.3% in aggregate. Each has irrevocably undertaken to tender its Shares in the Offer at the Offer Price of EUR 7.00 per Share. Each has a conditional right to the final dividend of EUR 0.53 per Share, as further described below.
- NIBC and the Offeror have obtained the unconditional approval of the European Commission in connection with the Offer. As a result all competition clearances required to close the Offer have been obtained.

The Amended Offer

Under the terms of the amended merger protocol the Offeror intends to make a recommended all-cash public offer for all issued and outstanding shares in the capital of NIBC at the Offer Price of EUR 7.00 per Share

Public shareholders, other than JCF and Reggeborgh will receive NIBC's final dividend of EUR 0.53 per Share for the financial year 2019, which will be paid unconditionally before settlement of the Offer, and will result in public shareholders receiving EUR 7.53 per Share, in aggregate.

JCF and Reggeborgh have the right to collect the final dividend of EUR 0.53 per Share, at such time that in the opinion of the NIBC Managing Board and NIBC Supervisory Board (together the "**NIBC Boards**"), payment is feasible and appropriate in light of the impact of COVID-19 on the business, or when NIBC or NIBC Bank pays another dividend or capital distribution to its shareholders, or repurchases any of the shares in its capital.

Each of JCF and Reggeborgh has irrevocably undertaken to tender its Shares in the Offer. In accordance with the applicable public offer rules, any information shared with JCF and Reggeborgh in relation to the Offer shall, if not published prior to the offer memorandum being made generally available, be included in the offer memorandum in respect of the Offer (if and when issued). Each of JCF and Reggeborgh will tender its Shares on the same terms and conditions under the Offer as the other NIBC shareholders.

At the Offer Price of EUR 7.00 per Share, the Transaction values NIBC at approximately EUR 1.03 billion (excluding the 2019 Final Dividend). The Offeror shall finance the Transaction by means of equity funding provided by the Blackstone Funds pursuant to a binding equity commitment letter for an aggregate amount of up to approximately EUR 1.05 billion, which equity funding is fully committed, subject to customary conditions (the "**Equity Funding**").

Other than set out in this joint announcement, the terms of the amended conditional agreement and agreements with JCF and Reggeborgh are as announced by NIBC and the Offeror on 25 February 2020.

Liquidated damages

The Offeror has agreed in the amended merger protocol to pay liquidated damages of EUR 46 million if the Offer is not made or not declared unconditional in certain circumstances, including if the required regulatory clearances are not obtained in certain instances.

The liquidated damages payments consist of (i) a payment of EUR 4 million to NIBC and (ii) a payment of EUR 42 million to all NIBC shareholders pro rata to their respective shareholding in NIBC, payable through NIBC's paying agent.

If the liquidated damages payments are payable by the Offeror to the Company and its shareholders, this shall be their sole right of recourse and remedy against the Offeror.

The full text of the amended merger protocol is made available on www.nibc.com/about-nibc/newsroom/. Clause 18 of the amended merger protocol governs NIBC's and the Offeror's obligations and limitations in respect of such liquidated damages payment and corresponding termination rights.

Full and unanimous support and recommendation by the NIBC Managing Board and the NIBC Supervisory Board

Consistent with their fiduciary responsibilities the NIBC Boards have discussed and carefully reviewed the Transaction, with the assistance of their financial and legal advisors. Having considered the challenging economic environment, the current and expected implications of the Covid-19 pandemic outbreak on the global economy at large, including on the markets in which NIBC operates, the volatile debt and equity capital markets environment and as a result NIBC's medium term financial prospects, the NIBC Boards have concluded that the Offer is in the long-term interests of NIBC, the sustainable success of its business and clients, employees, shareholders and other stakeholders. In their review the NIBC Boards have taken the interests of all stakeholders into account, in particular with the aim of safeguarding the stability of NIBC and maximising deal certainty for its shareholders against an unprecedented economic and market backdrop.

The NIBC Boards both unanimously support the Transaction and recommend the Offer for acceptance to the shareholders of NIBC. The NIBC Boards recommend that shareholders of NIBC vote in favour of the resolutions relating to the Offer at the upcoming extraordinary general meeting of NIBC, to be held during the Offer period (the "**EGM**"). Furthermore, all members of the NIBC Managing Board and one non-independent member of the NIBC Supervisory Board who hold Shares for their own account have executed irrevocable undertakings to tender all their Shares in the Offer, subject to the Offer being made and certain other customary conditions (the "**Board Irrevocables**").

In accordance with the applicable public offer rules, any information shared with these members of the NIBC Boards in relation to the Offer shall, if not published prior to the offer memorandum being made generally available, be included in the offer memorandum in respect of the Offer (if and when issued). These members of the NIBC Boards will tender their Shares on the same terms and conditions as the other NIBC shareholders.

Acquisition of 100%

The Offeror and NIBC believe the sustainable and long-term success of NIBC will be enhanced under private ownership and acknowledge the importance of acquiring 100% of the Shares and achieving a delisting in order to execute on NIBC's long term strategy.

If the Offeror acquires at least 95% of the Shares, the Offeror and NIBC intend to terminate the listing of the Shares on Euronext Amsterdam as soon as possible. In these circumstances, the Offeror will commence statutory squeeze-out proceedings to obtain 100% of the Shares.

NIBC and the Offeror have agreed on the terms of an asset sale and liquidation (the "**Asset Sale & Liquidation**") which may be implemented if the Offeror acquires less than 95% but at least 85% of the Shares, subject to the satisfaction of certain conditions, including a.o. (i) all required regulatory authorisations for the execution and implementation of the Asset Sale & Liquidation having been obtained, (ii) the relevant resolutions to approve the Asset Sale & Liquidation having been passed by NIBC's general meeting of shareholders and (iii) compliance with the consultation procedures pursuant to the Dutch Works Council Act with respect to the advice of the NIBC works council. Pending satisfaction of the conditions the minimum acceptance level for the Offer remains at 95% of the Shares, and will only be reduced to 85% following satisfaction of such conditions.

Pursuant to the Asset Sale & Liquidation, NIBC will, among other things, sell and transfer all of its assets and liabilities to the Offeror and NIBC will subsequently be dissolved and liquidated (subject to the requisite regulatory, board and shareholder approvals). The holders of Shares who do not tender their Shares in the Offer will be entitled to receive a cash amount equal to the Offer Price per Share, net of any applicable dividend withholding tax, pursuant to the Asset Sale & Liquidation. The Asset Sale & Liquidation will not trigger the right of JCF and Reggeborgh to collect the 2019 Final Dividend. The obligation to pay the 2019 Final Dividend to JCF and Reggeborgh will transfer from the Company to the Offeror as a result of the Asset Sale & Liquidation and remain subject to the same terms and conditions (as described above). Once the Asset Sale & Liquidation is implemented, the listing of the Shares on Euronext Amsterdam will be terminated.

In addition to such measures, the Offeror may also utilize all other available legal measures in order to acquire full ownership of the Shares.

Financial Advisor Opinions

The NIBC Boards received an opinion, dated 10 July 2020, of NIBC's financial advisor, Bank of America Merrill Lynch International DAC, Amsterdam Branch ("**BofA Securities**"), to the effect that, as of the date of such opinion, the aggregate amount of EUR 7.53 per Share to be paid to holders of Shares (other than JCF, Reggeborgh and their respective affiliates and, if applicable, Blackstone and its affiliates) in connection with the Offer and, if implemented, the Asset Sale & Liquidation, taken together as an integrated transaction, was fair, from a financial point of view, to such holders, which opinion was based upon and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described in such opinion. The opinion of BofA Securities was provided for the use and benefit of the NIBC Boards and does not constitute a recommendation to the holders of Shares as to whether to tender Shares in the Offer

(if and when made) or how to vote or act in connection with the Offer, any related transactions (including any Asset Sale & Liquidation) or any other matter.

The Supervisory Board has received the opinion, dated 10 July 2020, of its financial advisor, Lazard B.V., to the effect that, as of the date of such opinion and based upon and subject to the factors, assumptions, qualifications and other matters set forth in such opinion including without limitation to the fact that the 2019 Final Dividend will be paid by NIBC to the holders of Shares (other than JCF, Reggeborgh or any of their respective affiliates) prior to settlement of the Offer, (i) the Offer Price to be paid to holders of Shares pursuant to the Offer is fair, from a financial point of view, to the holders of Shares (other than the Offeror, JCF, Reggeborgh or any of their respective affiliates) and (ii) the purchase price under the Asset Sale & Liquidation is fair, from a financial point of view, to NIBC.

Indicative timetable

NIBC and the Offeror have obtained the unconditional approval of the European Commission in connection with the Offer and are in the process of finalising the other regulatory clearance applications.

The process for obtaining the required advice from NIBC's works council is in progress and will be concluded as soon as possible.

The Offeror expects to launch the Offer and publish the Offer memorandum after approval thereof by the AFM and the required advice from NIBC's works council having been obtained.

NIBC will hold the EGM at least six business days prior to the closing of the tender offer period in accordance with Section 18 sub 1 of the Decree to inform NIBC's shareholders about the Offer and to adopt certain resolutions that are conditions to the consummation of the Offer.

Based on the required steps and subject to the necessary approvals being obtained and the necessary conditions being satisfied or waived, NIBC and the Offeror anticipate that the Offer period will commence early August and that settlement of the Offer will take place still within 2020.

Other

To the extent permissible under applicable law or regulation, Blackstone and its affiliates may from time to time after the date hereof, and other than pursuant to the intended Offer, directly or indirectly purchase, or arrange to purchase, ordinary shares in the capital of NIBC, that are the subject of the Offer. To the extent information about such purchases or arrangements to purchase is required to be made public in the Netherlands, such information will be disclosed by means of a press release to inform Shareholders of such information. In addition, financial advisors to Blackstone and its affiliates may also engage in ordinary course trading activities in securities of NIBC, which may include purchases or arrangements to purchase such securities.

Currently, the Offeror does not hold any Shares nor have any Shares been acquired on the Offeror's behalf.

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About NIBC

NIBC is best suited to help entrepreneurs at their decisive moments. Now and in the future. As a bank for entrepreneurs, we are committed to cultivating our 'THINK YES' mentality by being flexible and agile and by matching our clients' can-do attitude. We support our corporate clients in building their businesses. For our retail clients in the Netherlands, Germany and Belgium we offer mortgages, online savings and brokerage products that are accessible, easy to understand and fairly priced. Operating in the Netherlands (The Hague and Amsterdam), Germany and UK, our corporate clients business (mainly mid-market) offers advice and debt, mezzanine and equity financing solutions to entrepreneurs across select sectors and sub-sectors in which we have strong expertise and market positions. The mid-market is dynamic by nature and requires a bank that can respond quickly and in a highly flexible way. Our aim is to meet the market's requirements at decisive moments such as mergers and acquisitions, management buy-outs, investments and strategic financings and re-financings.

For more information, please refer to the NIBC website www.nibc.com.

About Blackstone

Blackstone is one of the world's leading investment firms. We seek to create positive economic impact and long-term value for our investors, the companies we invest in, and the communities in which we work. We do this by using extraordinary people and flexible capital to help companies solve problems. Our asset management businesses, with $538 billion in assets under management, include investment vehicles focused on private equity, real estate, public debt and equity, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at www.blackstone.com. Follow Blackstone on Twitter @Blackstone.

Disclaimer

Restrictions

The distribution of this press release may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this document should inform themselves of and observe these restrictions. To the fullest extent permitted by applicable law, NIBC, the Offeror and Blackstone disclaim any responsibility or liability for the violation of any such restrictions by any person. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. Neither NIBC, nor the Offeror nor Blackstone, nor any of their advisors, assumes any responsibility for any violation of any of these restrictions. Any NIBC

shareholder who is in any doubt as to his or her position should consult an appropriate professional advisor without delay. This announcement is not to be published or distributed in or to the United States, Canada or Japan.

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13. FINANCIAL INFORMATION ON NIBC HOLDING

13.1 Basis for preparation

In accordance with the Takeover Decree, selected consolidated financial information of NIBC Holding has been prepared and included in this Section (*Financial Information on NIBC Holding*), comprises summaries of the consolidated balance sheets, consolidated income statements and the consolidated statements of cash flows for the financial years 2019, 2018 and 2017, excluding related notes disclosures and the description of significant accounting policies.

The selected consolidated financial information has been derived from:

(a) the consolidated financial statements for the year ended 31 December 2019 as audited by Ernst & Young Accountants LLP, which issued an independent auditor's report thereon without qualification on 25 February 2020;

(b) the consolidated financial statements for the year ended 31 December 2018 as audited by Ernst & Young Accountants LLP, which issued an independent auditor's report thereon without qualification on 26 February 2019;

(c) the consolidated financial statements for the year ended 31 December 2017 as audited by Ernst & Young Accountants LLP, which issued an independent auditor's report thereon without qualification on 26 February 2018.

Reading the selected consolidated financial information is not a substitute for reading the audited annual reports of NIBC Holding for the financial years 2019, 2018 and 2017.

The annual reports from which the selected consolidated financial information has been derived were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union ("**IFRS EU**"), and with Title 9 of Book 2 of the Dutch Civil Code.

The selected consolidated financial information set out below contains summaries of the consolidated balance sheets, the consolidated income statements, and the consolidated statements of cash flows, excluding related note disclosures and a description of significant accounting policies. For a better understanding of NIBC Holding's financial position, income and cash flows, the selected **consolidated** financial information should be read in conjunction with the unabbreviated audited consolidated financial statements for the years ended 31 December 2017, 2018 and 2019, including the related note disclosures and the descriptions of significant accounting policies that were applied for each of these years. The unabbreviated audited consolidated financial statements are available on the website of NIBC Holding.

The most important changes in the accounting policies that were implemented by NIBC Holding N.V. over the years 2019, 2018 and 2017 are as follows:

Financial year 2019

In 2019 NIBC Holding adopted IFRS 16 Leasing using the modified retrospective approach with the negligible cumulative effect of EUR 1 million recognized in retained earnings on 1 January 2019. At the date of initial application, NIBC Holding applied the practical expedient to apply the standard to contracts that were previously identified as leases applying IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a lease'. NIBC Holding also applied the practical expedients for short-term leases and low value assets. Lease payments for assets falling under these practical expedients are recognized directly in operating expenses.

On 1 January 2019 NIBC Holding reclassified part of its land and buildings from Property and equipment to Investment property based on the actual change in its use (i.e. a transfer of a significant part to available for rental status). Just before this reclassification land and buildings were revalued as of 1 January 2019 based on independent external appraisal. The difference with the carrying amount arising from revaluation of land and buildings to an amount of EUR 6 million net of tax was credited to other reserves in shareholders equity.

Financial year 2018

Effective 1 January 2018, NIBC Holding applied IFRS 9 Financial Instruments ("**IFRS 9**") which replaced IAS 39 Financial Instruments: Recognition and Measurement **("IAS 39**") and substantially changed accounting and financial reporting in three areas: classification and measurement of financial assets, impairment and hedge accounting. NIBC has retained hedge accounting under IAS 39 as permitted and early applied the own credit requirements of IFRS 9 as from 1 January 2016 and onwards. As permitted by the transitional provisions of IFRS 9, NIBC Holding elected not to restate comparative figures. Any effect on the carrying amounts of financial assets and financial liabilities at the date of the transition to IFRS 9 was recognized as an adjustment to retained earnings and/or the revaluation reserve of financial assets.

For NIBC Holding, the most significant changes on transition to IFRS 9 are as follows:

(d) the reclassification of the mortgage loans at fair value through profit or loss ("**FVtPL**") to amortised cost ("**AC**") as all mortgage loans are already managed under a business model that complies with the conditions for AC. Furthermore the mortgage loans give rise to specific cash flows that are solely payment of principal and interest. The reclassification effect is equal to the fair value adjustment after initial recognition of the relevant mortgage loans designated at FVtPL as per 31 December 2017.

(e) The transition from incurred credit losses to expected credit losses ("**ECL**"). ECL represents the difference between contractual cash flows and the actual cash flows NIBC Holding expects to receive, discounted at the effective interest rate.

The effect of the adoption of IFRS 9 that was recognized as a negative adjustment to retained earnings amounts to EUR 256 million at 1 January 2018.

Effective from 1 January 2018, NIBC Holding, applied IFRS 15 'Revenue from contracts with customers' ("**IFRS 15**"), which replaces IAS 18 'Revenue' and establishes principles for revenue recognition that apply to all contracts with customers except those relating to financial instruments and insurance or lease contracts and requires an entity to recognise revenue as performance obligations are satisfied. NIBC Holding applied the modified retrospective approach. The cumulative impact of initial application of IFRS 15 is nil.

Financial year 2017

The changes in IFRS EU applicable as from 1 January 2017 have not led to changes in NIBC Holding's accounting policies.

13.2 2020 H1 financials

The Company intends to publish its condensed interim report for the period ending 30 June 2020, including an accompanying review report by the Company's auditor Ernst & Young Accountants LLP on 13 August 2020.

13.3 Comparative overview of the consolidated balance sheets over the financial years 2019, 2018 and 2017 ended 31 December.

As at 31 December in EUR millions	2019 IFRS 9	2018 IFRS 9	2017 IAS 39
ASSETS			
Cash and balances with central banks	1.965	2.056	1.604
Due from other banks	706	575	965
Financial assets at fair value through profit or loss (including trading)			
Debt investments	91	77	31
Equity investments (including investments in associates)	253	187	287
Loans	142	148	181
Mortgage loans	-	-	4.581
Securitised mortgage loans	-	-	338
Derivative financial instruments	482	579	1.021
Financial assets available-for-sale			
Debt investments	-	-	823
Equity investments	-	-	36
Financial assets at fair value through other comprehensive income			
Debt investments	954	788	-
Financial assets at amortised cost			
Debt investments	10	-	59
Loans	7.012	7.062	7.192
Lease receivables	498	400	281
Mortgage loans	9.637	8.990	4.412
Securitised mortgage loans	407	461	-
Other			
Investment property	23	-	-
Assets of disposal group classified as held for sale	-	13	161
Investments in associates and joint ventures (equity method)	21	12	10
Property and equipment (including right-of-use assets)	75	65	62
Intangible assets	6	2	3
Current tax assets	5	2	1
Deferred tax assets	67	106	38
Other assets	21	27	62
Total assets	**22.375**	**21.550**	**22.148**
LIABILITIES			
Due to other banks	1.403	1.511	1.834
Deposits from customers	11.352	11.233	11.510
Financial liabilities at fair value through profit or loss (including trading)			
Own debt securities in issue	39	39	38
Debt securities in issue structured	184	282	616
Derivative financial instruments	225	210	863
Liabilities of disposal group classified as held for sale	-	13	104
Current tax liabilities	3	1	1
Deferred tax liabilities	12	7	4
Provisions	15	5	3
Accruals, deferred income and other liabilities	113	115	113
Debt securities in issue at amortised cost			
Own debt securities in issue	6.305	5.451	4.392
Debt securities in issue related to securitised mortgages	392	447	267
Subordinated liabilities			
Fair value through profit or loss	167	162	167
Amortised cost	117	116	115
Total liabilities	**20.327**	**19.592**	**20.027**
EQUITY			
Share capital	3	3	148
Share premium	1.287	1.286	1.138
Revaluation reserves	120	122	93
Retained profit	438	344	539
Equity attributable to the shareholders	**1.848**	**1.755**	**1.918**
Capital securities (non-controlling interests)	200	200	200
Equity attributable to other non-controlling interests	-	3	3
Total equity	**2.048**	**1.958**	**2.121**
Total liabilities and equity	**22.375**	**21.550**	**22.148**

13.4 Comparative overview of the consolidated income statements over the financial years 2019, 2018 and 2017 ended 31 December.

in EUR millions	2019 IFRS 9	2018 IFRS 9	2017 IAS 39
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	593	584	409
Interest income from financial instruments measured at fair value through profit or loss	9	13	125
Interest expense from financial instruments measured at amortised cost	167	160	174
Interest expense from financial instruments measured at fair value through profit or loss	9	10	18
Net interest income	**426**	**427**	**342**
Fee income	40	51	54
Fee expense	-	-	-
Net fee income	**40**	**51**	**54**
Investment income	60	74	67
Net trading income	5	-	7
Net gains or (losses) from assets and liabilities at fair value through profit or loss	2	(4)	90
Net gains or (losses) on derecognition of financial assets measured at amortised cost	(1)	(2)	1
Other operating income	5	5	(2)
Operating income	**537**	**551**	**559**
Personnel expenses and share-based payments	119	117	111
Other operating expenses	97	102	102
Depreciation and amortisation	6	5	6
Regulatory charges and levies	15	15	14
Operating expenses	**237**	**239**	**233**
Credit loss expenses / (recovery)	49	54	56
Profit before tax	**251**	**258**	**270**
Tax	45	29	54
Profit after tax	**206**	**229**	**216**
Attributable to:			
Shareholders of the company	194	217	216
Holders of capital securities (non-controlling interest)	12	12	-
Other non-controlling interests	-	-	-
Earnings per ordinary share			
Weighted average number of ordinary shares (in millions)	146	146	146
Basic earnings per ordinary share	1.33	1.48	1.46
Weighted average number of ordinary shares diluted (in millions)	146	146	146
Diluted earnings per ordinary share	1.32	1.48	1.46

13.5 Comparative overview of the consolidated statements cash flows over the financial years 2019, 2018 and 2017

in EUR millions	2019	2018	2017
Operating activities			
Profit before tax for the year	251	258	270
Tax	(45)	(29)	(54)
Profit after tax for the year	**206**	**229**	**216**
Adjustments for non-cash items			
Depreciation, amortisation and credit loss expenses	41	63	(66)
Changes in employee benefits	(1)	-	-
Share in result of associates and joint ventures	(5)	-	-
Changes in operating assets and liabilities			
Derivative financial instruments	112	(211)	(353)
Operating assets	(746)	358	1.101
Operating liabilities (including deposits from customers)	(38)	(687)	188
Cash flows from operating activities	**(431)**	**(248)**	**1.086**
Investing activities			
Acquisition of subsidiaries, associated and joint ventures	(4)	(3)	(3)
Disposal of subsidiaries, associates and joint ventures	-	1	0
Acquisition of property and equipment	(30)	(18)	(15)
Divestment of investment property	-	-	174
Repayments of financial assets	(63)	(63)	(67)
Cash flows from investing activities	**(97)**	**(83)**	**89**
Financing activities			
Decrease in borrowings	-	-	(49)
Proceeds from the issuance of own debt securities	2.202	2.348	716
Repayment of issued own debt securities	(1.381)	(1.288)	(178)
Proceeds from the issuance of subordinated liabilities	3	6	(22)
Repayment of issued subordinated liabilities	4	(2)	(125)
Proceeds from the issuance of debt securities structured	5	17	11
Repayment of issued debt securities structured	(100)	(343)	(29)
Proceeds (repayments) of debt securities related to securitised mortgages	-	447	(1.070)
Final and interim distribution	(89)	(139)	(56)
Proceeds from capital securities (net of issuance costs)	(12)	(13)	200
Cash flows from financing activities	**632**	**1.033**	**(602)**
Cash and cash equivalents at 1 January	**2.316**	**1.782**	**1.215**
Net foreign exchange difference	(69)	92	(6)
Net increase/(decrease) in cash and cash equivalents	74	442	573
Cash and cash equivalents at 31 December	**2.321**	**2.316**	**1.782**
Reconciliation of cash and cash equivalents:			
Cash and balances with central banks (maturity three months or less)	1.806	1.896	1.445
Due from other banks (maturity three months or less)	515	420	337
	2.321	**2.316**	**1.782**
Supplementary disclosure of operating cash flow information:			
Interest paid	176	170	192
Interest received	602	597	534

13.6 Financial Statements of NIBC Holding for the financial year 2019 including independent auditor's report of 25 February 2020.

The other information included in NIBC Holding's annual report for 2019 is not included in the financial statements set out in this Section 13 (*Financial Information on NIBC Holding)*. Such other information consists of:

i) report of the Managing Board;

ii) report of the Supervisory Board;

iii) other information as required by Part 9 Book 2 of the Dutch Civil Code; and

iv) other information included in the annual report.

The other information is incorporated by reference in this Offer Memorandum and available on the website of NIBC (https://www.nibc.com/about-nibc/newsroom/annual-reports/).

[*Financial statements attached separately*]

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CONSOLIDATED INCOME STATEMENT

for the years ended 31 December

in EUR millions	note[1]	2019	2018
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	2	593	584
Interest income from financial instruments measured at fair value through profit or loss	2	9	13
Interest expense from financial instruments measured at amortised cost	2	167	160
Interest expense from financial instruments measured at fair value through profit or loss	2	9	10
Net interest income		**426**	**427**
Fee income	3	40	51
Fee expense	3	-	-
Net fee income		**40**	**51**
Investment income	4	60	74
Net trading income	5	5	-
Net gains or (losses) from assets and liabilities at fair value through profit or loss	6	2	(4)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	7	(1)	(2)
Other operating income	8	5	5
Operating income		**537**	**551**
Personnel expenses and share-based payments	9	119	117
Other operating expenses	10	97	102
Depreciation and amortisation	11	6	5
Regulatory charges and levies	12	15	15
Operating expenses		**237**	**239**
Credit loss expenses / (recovery)	13	49	54
Profit before tax		**251**	**258**
Tax	14	45	29
Profit after tax		**206**	**229**
Attributable to:			
Shareholders of the company		194	217
Holders of capital securities (non-controlling interest)		12	12
Other non-controlling interests		-	-

1 References relate to the accompanying notes.

Earnings per ordinary share

in EUR	note	2019	2018
Weighted average number of ordinary shares (in EUR millions)	15	146	146
Basic earnings per ordinary share	15	1.33	1.48
Weighted average number of ordinary shares diluted (in EUR millions)	15	146	146
Diluted earnings per ordinary share	15	1.32	1.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the years ended 31 December

in EUR millions	note	2019 Before tax	2019 Tax charge/ (credit)	2019 After tax	2018 Before tax	2018 Tax charge/ (credit)	2018 After tax
Profit for the year		**251**	**45**	**206**	**258**	**29**	**229**
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Revaluation of property and equipment	31	8	2	6	-	-	-
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss	46	(9)	-	(9)	27	(17)	44
Share of other comprehensive income of associates and joint ventures		-	-	-		-	-
Items that may be reclassified subsequently to profit or loss							
Net result of hedging instruments	46	(5)	(1)	(4)	(14)	(4)	(10)
Financial assets measured at fair value through other comprehensive income							
Revaluation of equity investments		-	-	-	-	-	-
Movement in revaluation for debt investments at FVOCI	22	6	1	5	(6)	(1)	(5)
Net result on financial assets at FVOCI to profit or loss on disposal		-	-	-	-	-	-
Total other comprehensive income		**-**	**2**	**(2)**	**7**	**(22)**	**29**
Total comprehensive income		**251**	**47**	**204**	**265**	**7**	**258**
Total comprehensive income attributable to:							
Equity holders of the company	46	239	47	192	253	7	246
Holders of capital securities (non-controlling interest)	47	12	-	12	12	-	12
Other non-controlling interests		-	-	-	-	-	-
Total comprehensive income		**251**	**47**	**204**	**265**	**7**	**258**

CONSOLIDATED BALANCE SHEET

as at 31 December

in EUR millions	note[1]	2019	2018
Cash and balances with central banks	16	1,965	2,056
Due from other banks	17	706	575
Financial assets at fair value through profit or loss (including trading)			
Debt investments	18	91	77
Equity investments (including investments in associates)	19	253	187
Loans	20	142	148
Derivative financial instruments	21	482	579
Financial assets at fair value through other comprehensive income			
Debt investments	22	954	788
Financial assets at amortised cost			
Debt investments	23	10	-
Loans	24	7,012	7,062
Lease receivables	25	498	400
Mortgage loans	26	9,637	8,990
Securitised mortgage loans	27	407	461
Other			
Investment property	28	23	-
Assets of disposal group classified as held for sale	29	-	13
Investments in associates and joint ventures (equity method)	30	21	12
Property and equipment (including right-of-use assets)	31	75	65
Intangible assets	32	6	2
Current tax assets	33	5	2
Deferred tax assets	34	67	106
Other assets	35	21	27
Total assets		**22,375**	**21,550**

1 References relate to the accompanying notes.

as at 31 December

in EUR millions	note[1]	2019	2018
Due to other banks	36	1,403	1,511
Deposits from customers	37	11,352	11,233
Financial liabilities at fair value through profit or loss (including trading)			
Own debt securities in issue	38	39	39
Debt securities in issue structured	39	184	282
Derivative financial instruments	21	225	210
Liabilities of disposal group classified as held for sale	28	-	13
Current tax liabilities	33	3	1
Deferred tax liabilities	34	12	7
Provisions	40	15	5
Accruals, deferred income and other liabilities	41	113	115
Debt securities in issue at amortised cost			
Own debt securities in issue	42	6,305	5,451
Debt securities in issue related to securitised mortgages	43	392	447
Subordinated liabilities			
Fair value through profit or loss	44	167	162
Amortised cost	45	117	116
Total liabilities		**20,327**	**19,592**
Equity			
Share capital	46	3	3
Share premium	46	1,287	1,286
Revaluation reserves	46	120	122
Retained profit	46	438	344
Equity attributable to the shareholders		**1,848**	**1,755**
Capital securities (non-controlling interests)	47	200	200
Equity attributable to other non-controlling interests		-	3
Total equity		**2,048**	**1,958**
Total liabilities and equity		**22,375**	**21,550**

1 References relate to the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR millions	note	Attributable to: Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Other non-controlling interests	Total equity
Balance at 1 January 2019 before the adoption of IFRS 16		**3**	**1,286**	**122**	**344**	**1,755**	**200**	**3**	**1,958**
Effect of adoption of IFRS16		-	-	-	(1)	(1)	-	-	(1)
Balance at 1 January 2019 after the adoption of IFRS 16		**3**	**1,286**	**122**	**343**	**1,754**	**200**	**3**	**1,957**
Total comprehensive income for the period ended 31 December 2019		-	-	(2)	194	192	12	-	204
Acquisition of additional interest in Beequip B.V.	54	-	-	-	(11)	(11)	-	(3)	(14)
Transfer to retained earnings	46	-	-	-	-	-	-	-	-
Transfer of realised depreciation revalued property and equipment		-	-	(1)	1	-	-	-	-
Adjustment deferred tax asset due to higher corporate income tax rate in 2021 and onwards then originally expected		-	-	-	1	1	-	-	1
Other		-	1	1	(1)	1	-	-	1
Distributions:									
Issue of capital securities	47	-	-	-	-	-	-	-	-
Cost of capital securities		-	-	-	-	-	-	-	-
Paid coupon on capital securities		-	-	-	-	-	(12)	-	(12)
Dividend paid during the year	15	-	-	-	(89)	(89)	-	-	(89)
Balance at 31 December 2019		**3**	**1,287**	**120**	**438**	**1,848**	**200**	**-**	**2,048**

in EUR millions	note	Attributable to: Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Other non-controlling interests	Total equity
Balance at 1 January 2018[1]		**148**	**1,138**	**93**	**283**	**1,662**	**200**	**3**	**1,865**
Change of nominal value outstanding ordinary shares	46	(145)	145	-	-	-	-	-	-
Total comprehensive income for the period ended 31 December 2018		-	-	29	217	246	12	-	258
Transfer to retained earnings	46	-	3	-	(3)	-	-	-	-
Transfer of realised depreciation revalued property and equipment	31	-	-	(1)	1	-	-	-	-
Adjustment deferred tax asset due to lower corporate income tax rate in 2020 and onwards		-	-	-	(8)	(8)	-	-	(8)
Other		-	-	1	(6)	(5)	-	-	(5)
Distributions:									
Paid coupon on capital securities	47	-	-	-	(1)	(1)	(12)	-	(13)
Dividend paid during the year	15	-	-	-	(139)	(139)	-	-	(139)
Balance at 31 December 2018		**3**	**1,286**	**122**	**344**	**1,755**	**200**	**3**	**1,958**

1 The balances at 1 January 2018 include the effects of the IFRS 9 'Financial Instruments' adoption as per 1 january 2018.

Available distributable amount as at 31 December

in EUR millions	2019	2018
Equity attributable to the equity holders	1,848	1,755
Share capital	(3)	(3)
Within retained earnings	-	-
Revaluation reserves	(34)	(29)
Legal reserves profit participation	(1)	(1)
Legal reserves	**(35)**	**(30)**
	1,810	**1,722**

See note 46 Equity for more detailed information.

CONSOLIDATED STATEMENT OF CASH FLOWS

in EUR millions	note	2019	2018
Operating activities			
Profit before tax for the year		251	258
Tax[1]		(45)	(29)
Profit after tax for the year		**206**	**229**
Adjustments for non-cash items			
Depreciation, amortisation and credit loss expenses	11/13	41	63
Changes in employee benefits	40	(1)	-
Share in result of associates and joint ventures	30	(5)	-
Changes in operating assets and liabilities			
Derivative financial instruments	21	112	(211)
Operating assets[2]		(746)	358
Operating liabilities (including deposits from customers)[3]		(38)	(687)
Cash flows from operating activities		**(431)**	**(248)**
Investing activities			
Acquisition of subsidiaries, associated and joint ventures	30	(4)	(3)
Disposal of subsidiaries, associates and joint ventures	19/30	-	1
Acquisition of property and equipment	31	(30)	(18)
Divestment of investment property	28	-	-
Repayments of financial assets	4	(63)	(63)
Cash flows from investing activities		**(97)**	**(83)**
Financing activities			
Decrease in borrowings		-	-
Proceeds from the issuance of own debt securities	42/38	2,202	2,348
Repayment of issued own debt securities	42/38	(1,381)	(1,288)
Proceeds from the issuance of subordinated liabilities	45/44	3	6
Repayment of issued subordinated liabilities	45/44	4	(2)
Proceeds from the issuance of debt securities structured	39	5	17
Repayment of issued debt securities structured	39	(100)	(343)
Proceeds from the issuance of debt securities related to securitised mortgages	43	-	447
Final and interim distribution	46	(89)	(139)
Proceeds from capital securities (net of issuance costs)	47	(12)	(13)
Cash flows from financing activities		**632**	**1,033**

1 Tax paid in 2019 amounts to EUR 5 million (2018: EUR 3 million).
2 Includes all assets except for derivatives, investment property, property and equipment, assets under investing activities and intangible assets. The cashflow is primarily explained by Mortgage loans (note 26: EUR -643 million) and Debt investments at FVOCI (note 22: EUR -158 million) partly offset by Securitised mortgage loans (note 27: EUR 54 million).
3 Includes all liabilities excluding derivatives and consists mainly of Due to other banks (note 36: EUR -108 million), Deposits from customers (note 37: EUR 119 million).

in EUR millions	note	2019	2018
Cash and cash equivalents at 1 January		**2,316**	**1,782**
Net foreign exchange difference		(69)	92
Net increase/(decrease) in cash and cash equivalents		74	442
Cash and cash equivalents at 31 December		**2,321**	**2,316**
Reconciliation of cash and cash equivalents:			
Cash and balances with central banks (maturity three months or less)	16	1,806	1,896
Due from other banks (maturity three months or less)	17	515	420
		2,321	**2,316**
Supplementary disclosure of operating cash flow information:			
Interest paid		176	170
Interest received		602	597

ACCOUNTING POLICIES

Authorisation of consolidated financial statements

The consolidated financial statements of NIBC Holding N.V. for the year ended 31 December 2019 were authorised for issue by the Supervisory Board and Managing Board on 25 February 2020. NIBC Holding N.V. is a public liability company, incorporated under Dutch law and registered at Carnegieplein 4, 2517 KJ The Hague, the Netherlands (Chamber of Commerce number 27282935).

NIBC Holding N.V. together with its subsidiaries (**NIBC** or **the group**), provides a broad range of financial services to corporate- and retail clients. Refer to the Segment report in these financial statements and the Report of the Managing Board in this Annual Report for further detail.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise. Where considered necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

Statement of compliance

NIBC's consolidated financial statements have been prepared in accordance with the *International Financial Reporting Standards as adopted by the European Union* (together **IFRS-EU**) and with Title 9 of Book 2 of the Netherlands Civil Code.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for:

- Financial assets and liabilities (including derivative instruments, equity investments, investments in associates and joint-ventures) and certain classes of (investment) property *measured at fair value through profit or loss* (**FVtPL**);
- Financial assets held for both collecting contractual cash flows and sale *measured at fair value through other comprehensive income* (**FVOCI**);
- Assets held for sale measured at fair value less cost to sell.

All figures are rounded to the nearest EUR million, except when otherwise indicated.

The preparation of consolidated financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying NIBC's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the Critical accounting estimates and judgements section.

Reclassification land and buildings from Property and equipment to Investment property on 1 January 2019

Until year end 2018 NIBC's land and buildings were valued at fair value through equity. On 1 January 2019 part of the land and buildings were reclassified from Property & Equipment to Investment Property, based on the actual change in its use (i.e. a transfer of a significant part to the available-for-rental status). Just before this reclassification land and buildings were revalued as of 1 January 2019 based on independent external appraisal. The difference with the carrying amount arising from revaluation of land and buildings are credited to other reserves in shareholders equity. The

revaluation reserve relating to the reclassified land and buildings to Investment Property for an amount of EUR 7 million has been frozen as at 1 January 2019.

Changes in accounting policies in 2019

Changes in IFRS-EU

New standards and amendments to standards become effective at the date specified by IFRS-EU, but may allow companies to opt for an earlier application date. In 2019, the following standards or amendments to existing standards issued by the *International Accounting Standards Board* (**IASB)**, and relevant for NIBC, were implemented:

Accounting standard/ amendment/interpretation	IASB effective date	Endorsed by EU	Early adopted by NIBC	Impact for NIBC
IFRS 16 Leases	1 January, 2019	Yes	-	See below for comments
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January, 2019	Yes	-	See below for comments
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January, 2019	Yes	1 January, 2018	Low
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January, 2019	Yes	-	See below for comments

IFRS 16 Leases

NIBC adopted IFRS 16 using the modified retrospective approach with the cumulative effect recognized in retained earnings on 1 January 2019. Under this standard no distinction is drawn between operating and finance leases for lessees, and requires lessees to recognize leases on the balance sheet reflecting a right to use an asset for a period of time and the associated lease liability for payments.

Refer to the following sections in these accounting policies;
- 'leases' accounting policy, and
- transition impact IFRS 16 as described in this section,

for full detail how IFRS 16 changed NIBC's accounting policies concerning leases and the transition approach and impact as per 1 January 2019.

Transition impact IFRS 16

At the date of initial application, NIBC applied the practical expedient to apply the standard to contracts that were previously identified as leases applying IAS 17 'Leases' and IFRIC 4 'Determining whether an Arrangement contains a Lease'.

NIBC also applied the practical expedients for;
- short-term leases,
- low value assets.

Lease payments for assets falling under these practical expedients are recognised directly in operating expenses. The total lease expenses for these assets are separately disclosed in the notes.

The transition impact of the modified retrospective approach of IFRS 16 on the consolidated balance sheet of NIBC as per 1 January 2019 is presented in the following table.

in EUR millions	1 January 2019 Carrying amount IFRS 16
Right of use assets	5
Lease liability	6
Retained earnings	(1)

The measurement on a lease by lease basis for the right of use assets at transition, is its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using NIBC's incremental borrowing rate at the date of initial application.

The impact of the IFRS 16 adoption on the basic and diluted earnings per share as per transition date and reporting date is nil.

The lease liability as per transition date does not differ materially with the commitments for lease components of the domestic and foreign offices under IAS 17 as per 31 December 2018, discounted using the incremental borrowing rate at the transition date.

The weighted average incremental borrowing rate applied to the lease liabilities recognised in the consolidated balance sheet at the date of initial application is 2%.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
Effective from 1 January 2019, NIBC applied the amendments to IAS 28, 'Long-term Interests in Associates and Joint Ventures' retrospectively with the cumulative effect (if any) recognized in retained earnings on 1 January 2019.

Losses recognised using the equity method in excess of the NIBC's investment in ordinary shares are, in accordance with the amendments, applied to other long-term interests of NIBC in the associate or joint venture in reverse order of their respective seniority. These other long-term interests are items for which settlement is neither planned nor likely to occur in the foreseeable future, including e.g. preference shares and long-term receivables or loans, but excluding trade receivables, trade payables or any long-term receivables for which adequate collateral exists, such as secured loans. If the associate or joint venture subsequently reports profits, NIBC resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

As per 1 January 2019, NIBC did not have such long term interests in associates or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The adoption of the amendment did not impact the consolidated financial statements.

Annual Improvements to IFRS Standards 2015-2017 Cycle
This cycle contains amendments to the following standards:

IFRS	Subject of amendment
IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
IAS 12 Income Taxes	The amendment clarifies that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.
IAS 23 Borrowing Costs	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments do not have significant impact on NIBC's consolidated financial statements.

Upcoming changes after 2019

Below standards and amendments to existing standards, published prior to 31 December 2019, were not early adopted by NIBC but will be applied in future years. Note that only the amendments to IFRSs that are relevant for NIBC are discussed below.

New and/or amended standards endorsed but not yet effective

Accounting standard/ amendment/ interpretation	IASB effective date	Impact for NIBC
Amendments to IAS 1 and IAS 8: Definition of Material The amendments clarify the definition of material and make IFRSs more consistent.	1 January, 2020	Low
Amendments to References to the Conceptual Framework in IFRS Standards The revised conceptual framework includes comprehensive changes in e.g. definitions, recognition criteria and clarifies some important concepts.	1 January, 2020	Low
Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.	1 January, 2020	See below for comments

The endorsed upcoming amendments are not expected to have a material effect on the consolidated financial statements.

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7, not early adopted)

NIBC applies hedging and hedge accounting on fixed rate assets and liabilities. The IBOR reform can potentially impact the hedging process and the effectiveness of the hedge accounting process at moment of the implementation, which is expected during the year 2020. The impact of the IBOR reform on hedging and hedge accounting is considered low.

For hedge accounting to be applied, future cash flows should be assessed to be highly probable. The IASB Board has issued an amendment to IAS39 which states that the IBOR reform has no impact on the highly probable assumption of future cash flows and therefore the hedge accounting process can be continued on the same basis. There is no impact prospectively.

The current hedge accounting model uses the EUR-EONIA marked to market curve which will be replaced in 2020. The hedged position of the bonds in this portfolio amounts to EUR 172 million as per 31 December 2019.

The retrospective assessment of the hedge accounting relationship is potentially impacted. The current issued amendment ensures that impact can only occur at time of implementation. Since NIBC discontinues and reassigns hedge accounting relationships on a monthly basis, the reform will not interrupt the standing process. The impact of the IBOR reform at time of implementation is expected to be low.

New and/or amended standards not yet endorsed

Accounting standard/ amendment/ interpretation	IASB effective date	Impact for NIBC
Amendment to IFRS 3 Business Combinations Revision of the definition of a business.	1 January, 2020	Under investigation
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January, 2020	Under investigation

The not yet endorsed upcoming amendments are not expected to have a material effect on the consolidated financial statements.

Basis of consolidation

The consolidated financial statements are comprised of the financial statements of NIBC and its subsidiaries as at and for the years ended 31 December 2019 and 2018.

Subsidiaries

The group's subsidiaries are those entities (including structured entities) which it directly or indirectly controls. Control over an entity is evidenced by the group's ability to exercise its power in order to affect any variable returns that the group is exposed to through its involvement with the entity. The group sponsors the formation of structured entities and interacts with structured entities sponsored by third parties for a variety of reasons, including allowing customers to hold investments in separate legal entities, allowing customers to invest jointly in alternative assets, for asset securitisation transactions, and for buying or selling credit protection.

When assessing whether to consolidate an entity, the group evaluates a range of control factors, namely:

- the purpose and design of the entity;
- the relevant activities and how these are determined;
- whether the group's rights result in the ability to direct the relevant activities;
- whether the group has exposure or rights to variable returns;
- whether the group has the ability to use its power to affect the amount of its returns.

Where voting rights are relevant, the group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities, as indicated by one or more of the following factors:

- another investor has the power over more than half of the voting rights by virtue of an agreement with the group; or
- another investor has the power to govern the financial and operating policies of the investee under a statute or an agreement; or

- another investor has the power to appoint or remove the majority of the members of the board of directors or equivalent governing body and the investee is controlled by that board or body; or
- another investor has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of that entity is by this board or body.

Potential voting rights that are deemed to be substantive are also considered when assessing control. Likewise, the group also assesses the existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the group the power to direct the activities of the investee.

Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

The group reassesses the consolidation status at least at each financial reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in the income statement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement presented under other operating income as negative goodwill. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of subsidiaries (including structured entities that the bank consolidates) have been changed where necessary to ensure consistency with the accounting policies adopted by NIBC.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries
When the group ceases to have control, any retained interest in the entity is re-measured at its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement (investment income).

Investment in associates and joint ventures

Associates are all entities over which the group has significant influence but not control. Significant influence generally results from a shareholding of between 20% and 50% of the voting rights, but also is the ability to participate in the financial and operating policies through situations including, but not limited to one or more of the following:

- Representation in the board of directors;
- Participation in the policy making process;
- Interchange of managerial personnel.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The group's share of post-acquisition results of associates and joint ventures is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment in associates and joint ventures. When the group's share of losses in an associate and joint venture equals or exceeds its interest in the associate and joint venture, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The group's investments in its associates and joint ventures are, except as otherwise described below, accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost, and the carrying amount is increased or decreased to recognise the group's share of the profit or loss of the associate or joint venture after the date of acquisition. The group's investment in associates or joint ventures includes goodwill identified on acquisition. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The group determines at each reporting date whether there is objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint

venture and its carrying value and recognises the amount adjacent to investment income (sub line item share in result of associates) in the income statement.

Unrealised gains and losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

If the interest in an associate is reduced but significant influence is retained, only a proportionate share of amounts previously recognised in other comprehensive income are reclassified to the income statement, where appropriate.

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the income statement. If applicable, dilution gains and losses arising in investments in associates are recognised in the income statement.

With effect from 1 January 2007, all newly acquired investments in associates and joint ventures held by venture capital entities, mutual funds and investment funds (as that term is used in IAS 28 and IFRS 11) that qualify as a joint venture or associate are accounted for as an investment held at fair value through profit or loss. Interests held by the group in venture capital entities, mutual funds and investment funds that are managed on a fair value basis are also accounted for as investments held at fair value through profit or loss.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Managing Board of NIBC. For details of NIBC's operating segments see note 1.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in EUR, the functional currency and presentation currency of NIBC.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity (other comprehensive income net of tax) as qualifying net investment hedges.

Changes in the fair value of monetary loans denominated in foreign currency that are classified at fair value through other comprehensive income are analysed between foreign exchange translation differences and other changes in the carrying amount of the loan. Foreign exchange translation differences are recognised in the income statement and other changes in the carrying amount are recognised in other comprehensive income.

Foreign exchange translation differences on non-monetary assets and liabilities that are stated at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items classified at fair value through other comprehensive income are included in the revaluation reserve in other comprehensive income.

Group companies
The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at weighted average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Financial instruments

Recognition and classification and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which NIBC commits to purchase or sell the asset.

On initial recognition, financial assets are classified as *measured at amortised cost* (**AC**), *fair value through other comprehensive income* (**FVOCI**) or *fair value through profit or loss* (**FVtPL**).

A debt instrument is measured at AC if it meets both of the following conditions:

- it is held within a business model that has an objective to hold financial assets to collect contractual cash flows;
- the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

A debt instrument is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset result in cash flows that are SPPI.

Equity instruments are accounted for at FVtPL. Other financial assets, not specifically mentioned above, are measured at FVtPL and consist of held for trading assets, assets mandatorily measured on a fair value basis and derivatives.

Forward purchases and sales other than those requiring delivery within the time frame established by regulation or market convention are treated as derivative forward contracts.

NIBC determines the nature of the business model, for example if the objective is to hold the financial asset and collect the contractual cash flows, by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management.

Financial assets that are held for trading or managed on a fair value basis are measured at FVtPL insofar as the associated business model is neither to hold the financial assets to collect contractual cash flows nor to hold to collect contractual cash flows and sell.

Business model assessment
NIBC mainly originates loans to hold to maturity and in some cases (e.g. in underwriting) to sell or sub-participate to other parties, resulting in a transfer of substantially all the risks and rewards, and derecognition of the loan or portions of it. NIBC considers the activities of lending to hold and lending to sell or sub-participate as two separate business models, with financial assets within the former considered to be within a business model that has an objective to hold the assets to collect contractual cash flows, and those within the latter included in a trading portfolio.

Loans originated under originate to manage contracts for third parties are not recognised by NIBC after completion of their transfer.

NIBC decides to determine its business models at the combination of product and sector level, e.g., corporate loan facilities in the different sectors or residential mortgages in the Netherlands.

Contractual cash flow characteristics
In assessing whether the contractual cash flows are SPPI, NIBC considers whether the contractual terms of the financial asset contain a term that could change the timing or amount of contractual cash flows arising over the life of the instrument, which could affect whether the instrument is considered to meet the SPPI criteria.

The contractual provisions will pass the SPPI test as long as the interest/provisions reflects consideration for the time value of money, for the credit risk associated with the instrument during the term of the instrument and for other basic lending risks and costs, as well as profit.

A prepayment option which substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for the early termination of the contract, would result in contractual cash flows that are SPPI on the principal amount outstanding. This means that prepayment amounts will still meet the SPPI criteria even if it includes what is deemed reasonable and market conform for early compensation.

All financial instruments are initially measured at fair value. In the case of financial instruments subsequently measured at AC or FVOCI, the initial fair value is adjusted for directly attributable transaction costs.

After initial recognition, NIBC classifies, measures and presents its financial assets and financial liabilities in accordance with IFRS 9 as described in the table on the following pages.

Financial assets classification	Significant items included	Measurement and presentation
Measured at AC	A debt financial asset is measured at AC if: o it is held in a business model that has an objective to hold assets to collect contractual cash flows; o the contractual terms give rise to cash flows that are SPPI. This classification includes: o cash and balances at central banks; o due from other banks; o corporate loans; o mortgage loans own book; o securitised mortgage loans; o fee and lease receivables.	Measured at AC using the effective interest rate (EIR) method less allowances for expected credit losses (ECL) The following items are recognised in the income statement: o Interest income; o ECL and reversals; o Foreign exchange translation gains and losses. Upfront fees and direct costs relating to loan origination, refinancing or restructuring as well as to loan commitments – when it is probable that NIBC will enter into a specific lending relationship – are deferred and amortised over the life of the loan using the EIR method. When the financial asset at AC is derecognised, the gain or loss is recognised in the income statement, under line item 'net gains or (losses) on derecognition of financial assets measured at amortised cost'

Financial assets classification		Significant items included	Measurement and presentation
Measured at FVOCI	Debt Instruments measured at FVOCI	A debt financial asset is measured at FVOCI if: o it is held in a business model whose objective is achieved by both holding assets to collect contractual cash flows and selling the assets; o the contractual terms give rise to cash flows that are SPPI. This classification includes debt securities from legacy portfolios for which the contractual cash flows meet the SPPI conditions, and debt securities held as high-quality liquid assets (HQLA).	Measured at fair value with unrealised gains and losses reported in OCI, net of applicable income taxes, until such investments are derecognised (when sold, collected or otherwise disposed). Upon derecognition, any accumulated balances in OCI are reclassified to the income statement and reported within Investment income. The following items are recognised in the income statement: o Interest income; o ECL and reversals; o Foreign exchange translation gains and losses. The amounts recognised in the income statement are determined on the same basis as for financial assets measured at AC.
Measured at FVtPL	Held for trading	Financial assets held for trading include: o all derivatives with a positive replacement value; o other financial assets acquired principally for the purpose of selling or repurchasing in the near term, or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.	Measured at fair value with changes recognised in profit or loss. Upfront (closing) fees on financial assets measured at FVtPL are recognised in the income statement within Net fee income. Interest income from financial assets measured at FVtPL is included in Net interest income. Back-ended fees or other gains and or losses than above mentioned on financial assets (not held for trading) mandatory measured at FVtPL are recognised in the income statement within Net gains or (losses) from assets and liabilities at FVtPL.
	Mandatorily measured at FVtPL – Other	A financial asset is mandatorily measured at FVtPL if: o it is not held in a business model whose objective is to hold assets to collect contractual cash flows or to hold them to collect contractual cash flows and sell, and / or o the contractual terms give rise to cash flows that are not SPPI; and / or o it is not held for trading.	Back-ended fees or other gains or losses than above mentioned on financial assets held for trading mandatory measured at FVtPL are recognised in the income statement within Net trading income. The presentation of fair value changes on derivatives that are designated and effective as hedging instruments depends on the type of hedge relationship (refer to 'Derivative financial instruments and hedging' in this 'Accounting Policies' section). Financial assets held for trading and other financial assets mandatorily measured at FVtPL are presented under Financial assets at FVtPL.

Financial liabilities classification		Significant items included	Measurement and presentation
Measured at AC		The main classes of financial liabilities at AC include amounts o due to other banks; o deposits from (corporate and retail) customers; o own debt securities in issue under the European Medium Term Note programme; o Covered Bonds and debt securities in issue related to securitised mortgages.	Measured at AC using the EIR method. Upfront fees and direct costs relating to the issuance or origination of the liability are deferred and amortised over the life of the liability using the EIR method.
Measured at FVtPL	Held for trading	Financial liabilities held for trading include derivatives with a negative replacement value (including certain loan commitments) except those that are designated and effective hedging instruments	Measurement of financial liabilities classified at FVtPL follows the same principles as for financial assets classified at FVtPL, except that the movement in the fair value of the financial liability that is attributable to changes in NIBC's own credit risk is presented in OCI.
	Designated at FVtPL	The financial liabilities designated at FVtPL relate to the following balance sheet items: o own debt securities in issue; o own debt securities in issue structured; o subordinated liabilities (at FVtPL).	Financial liabilities measured at FVtPL are presented as Financial liabilities at fair value (including trading) and Subordinated financial liabilities at fair value. The presentation of fair value changes on derivatives differs depending on the type of hedge relationship (refer to 'Derivative financial instruments and hedging' in this 'Accounting Policies' section).

Derecognition, restructured and modified financial assets

When a counterparty is in financial difficulties or where default has already occurred, NIBC may restructure financial assets by providing concessions that would otherwise not be considered and that are outside of NIBC's normal risk appetite, such as preferential interest rates, extension of maturity and subordination. When a credit restructuring takes place, each case is considered individually and the counterparty is classified as defaulted until the loan is collected or written off, non-preferential conditions are granted that supersede the preferential conditions, or until the counterparty has recovered and the preferential conditions no longer exceed NIBC's risk appetite.

Concessions granted when there is no evidence of financial difficulties, or where changes to terms and conditions are within NIBC's usual risk appetite, are not considered to be a credit restructuring.

Modifications represent contract amendments that result in an alteration of future contractual cash flows and that can occur within NIBC's normal risk appetite or as part of a credit restructuring where a counterparty is in financial difficulties.

NIBC derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised in the income statement. If the new discounted present value is at least 10% different and greater than EUR 1 million from the original financial assets carrying value, NIBC considers the modification as substantial. Qualitative thresholds to decide whether a modification is substantial are change in currency or change in counterparty. Where the modification does not result in a derecognition, any difference between the modified contractual cash flows discounted at the original EIR and the existing gross carrying value of a financial asset is recognised in profit or loss as a modification gain or loss. Further, the subsequent SICR assessment is made by comparing the risk of

default at the reporting date based on the modified contractual terms of the financial asset with the risk of default at initial recognition based on the original, unmodified contractual terms of the financial asset.

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) NIBC transfers substantially all the risks and rewards of ownership, or (ii) NIBC neither transfers nor retains substantially all the risks and rewards of ownership and NIBC has not retained control.

Fair value estimation

IFRS 13 requires for financial instruments and non-financial instruments that are measured at fair value in the balance sheet disclosure of each class of financial assets and liabilities within a three-level hierarchy, referring to the respective basis of fair value measurement as follows:

- Level 1 financial instruments - Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 financial instruments - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3 financial instruments - Inputs that are not based on observable market data (unobservable inputs).

Determination of fair value of financial instruments

The fair value of a financial instrument is the price that would be received to sell or paid to transfer a particular asset or liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which NIBC has access at that date. NIBC determines fair value either by reference to quoted market prices or dealer price quotations without adjustment for transaction costs for those financial instruments that are currently traded in an active market. The fair value measurement is based upon the bid price for financial assets and the ask price for financial liabilities. These financial instruments are reported as level 1 in the fair value hierarchy.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of financial instruments not quoted in an active market is determined using appropriate valuation techniques. These valuation techniques are applied using, where possible, relevant market observable inputs (level 2) or unobservable inputs (level 3). Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant models.

Certain financial instruments are recorded at fair value using valuation techniques in which current market transactions or observable market data are not available. Their fair value is determined using a valuation technique based on NIBC's best estimate of the most appropriate assumptions and that has been calibrated against actual market transactions. Outcomes are adjusted to reflect the spread for bid and ask prices, to reflect costs to close out positions, where necessary for counterparty credit and liquidity spread, and for any other limitations in the technique. Profit or loss, calculated upon initial recognition (day one profit or loss), is deferred unless the calculation is based on market observable inputs, in which case it is immediately recognised. Deferred day one profit or loss is amortised to income over the contractual life until maturity or settlement.

The fair value of on demand deposits from customers is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The level within the fair value hierarchy at which an instrument measured at fair value is categorised is determined on the basis of the lowest level input that is significant to the measurement of fair value in its entirety.

NIBC recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

See note 48 for an analysis of the fair values of financial instruments and further details as to how they are measured.

Recognition of day one profit or loss

The best evidence of fair value at initial recognition is the transaction price (that is, the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (that is, without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

NIBC has entered into transactions where fair value is determined using valuation models for which not all inputs are market observable prices or rates. Such financial instruments are initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. Significant differences between the transaction price and the model value, commonly referred to as day one profit or loss, are not recognised immediately in the income statement.

Deferred day one profit or losses are amortised to income over the life until maturity or settlement. The financial instrument is subsequently measured at fair value as determined by the relevant model adjusted for any deferred day one profit or loss.

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for disclosure purposes of those financial instruments which are not recorded at fair value in the financial statements.

Assets for which fair value approximates carrying amount

For financial assets and financial liabilities that have a short-term maturity (less than three months), it is assumed that the carrying amounts approximate fair value. This assumption is also applied to demand deposits from customers and customer savings with a specific maturity.

Fixed-rate financial instruments

The fair values of Fixed-rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed-interest bearing deposits is based on discounted cash flows using prevailing money market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity

and on credit spreads. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since initial recognition.

See note 48 for the fair values of NIBC's financial instruments that are not carried at fair value in the balance sheet.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, NIBC has currently a legally enforceable right to set-off the amounts and the group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS.

Collateral

NIBC enters into master agreements and *Credit Support Annexes* (**CSA**) with counterparties whenever possible and when appropriate. Master agreements provide that, if the master agreement is being terminated as a consequence of an event of default or termination event, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. In the case of a CSA with counterparties, the group has the right to obtain collateral for the net counterparty exposure.

NIBC obtains collateral in respect of counterparty liabilities when this is considered appropriate. The collateral normally takes the form of a pledge over the counterparty's assets and gives NIBC a claim on these assets for both existing and future liabilities.

NIBC also pays and receives collateral in the form of cash or securities in respect of other credit instruments, such as derivative contracts, in order to reduce credit risk. Collateral paid or received in the form of cash together with the underlying is recorded on the balance sheet at fair value. Any interest payable or receivable arising is recorded as interest expense or interest income respectively.

Derivative financial instruments and hedging

NIBC uses derivative financial instruments both for trading and hedging purposes. NIBC uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks and to credit risk.

Derivative financial instruments are initially measured, and are subsequently re-measured, at fair value. The fair value of exchange-traded derivatives is obtained from quoted market prices. Fair values of over-the-counter derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The method of recognising fair value gains and losses depends on whether the derivatives are held for trading or are designated as hedging instruments and if the latter, the nature of the risks being hedged. All gains and losses from changes in the fair value of derivatives held for trading are recognised in the income statement in net trading income.

When derivatives are designated as hedges, NIBC classifies them as either (i) a fair value hedge of interest rate risk ('portfolio fair value hedges'); (ii) a fair value hedge of interest rate risk or foreign exchange rate risk ('micro fair value hedges') (iii) a cash flow hedge of the variability of highly

probable cash flows ('cash flow hedges') Hedge accounting is applied to derivatives designated as hedging instruments, provided certain criteria are met.

Hedge accounting

Where derivatives are held for risk management purposes, and when transactions meet the criteria specified in IAS 39, NIBC applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate, to the risks being hedged.

At the inception of a hedging relationship, NIBC documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge. NIBC also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting changes attributable to the hedged risk in the fair value or cash flows of the hedged items. Interest on designated qualifying hedges is included in net interest income.

NIBC discontinues hedge accounting prospectively when:

- It is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- The derivative expires, or is sold, terminated or exercised;
- The hedged item matures, or is sold or repaid;
- A forecast transaction is no longer deemed highly probable; or
- It voluntarily decides to discontinue the hedge relationship.

Fair value hedge

NIBC applies portfolio fair value hedge accounting and fair value hedge accounting on a micro level. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement in net income from assets and liabilities at fair value through profit or loss together with changes in the fair value of the hedged items attributable to the hedged risk.

If a hedge relationship no longer meets the criteria for hedge accounting, the cumulative fair value adjustment to the carrying amount of the hedged item is amortised to the income statement over the remaining period to maturity using the effective interest method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement in net income from assets and liabilities at fair value through profit or loss.

Portfolio fair value hedge

NIBC applies portfolio fair value hedge accounting to the interest rate risk arising on portfolios of fixed-interest rate loans (recognised at amortised cost), to portfolios of plain vanilla fixed-interest rate funding (liabilities classified as amortised cost) and to the residual interest rate risk from retail deposits and mortgages.

In order to apply portfolio fair value hedge accounting, the cash flows arising on the portfolios are scheduled into time buckets based upon when the cash flows are expected to occur. For the first two years, cash flows are scheduled using monthly time buckets; thereafter annual time buckets are used. Hedging instruments are designated for each time bucket, together with an amount of assets or liabilities that NIBC is seeking to hedge. Designation and de-designation of hedging relationships is undertaken on a monthly basis, together with an assessment of the effectiveness of the hedging relationship at a portfolio level, across all time buckets.

Ineffectiveness within the 80% - 125% bandwidth is recognised in the income statement through the actual hedge adjustment. Ineffectiveness outside the 80% - 125% bandwidth is recognised by not posting a hedge adjustment to the hedged item.

Micro fair value hedge
NIBC applies micro fair value hedge accounting to the interest rate risk and/or the foreign exchange risk arising from debt investments at FVOCI (formerly available-for-sale) and fixed-interest rate funding.

(Cross-currency) interest rate swaps are used as hedging instruments. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement together with changes in the fair value of the hedged items attributable to the hedged risks.

Effectiveness is tested retrospectively on a monthly basis by comparing the cumulative clean fair value movement (since inception) of the hedged item, due to changes in both benchmark interest rates and foreign exchange rates, to the total clean fair value movement of the hedging instrument (the cumulative dollar offset method).

Ineffectiveness within the 80% - 125% bandwidth is recognised in the income statement through the actual hedge adjustment. Ineffectiveness outside the 80% - 125% bandwidth is recognised by not posting a hedge adjustment to the hedged item. In this case, the micro hedge relationship is de-designated and it is re-designated at the beginning of the next period if expected to be highly effective prospectively.

Cash flow hedge
Cash flow hedge accounting is applied to hedge the variability arising on expected future cash flows due to interest rate risk on loans at amortised cost with floating interest rates. As interest rates fluctuate, the future cash flows on these instruments also fluctuate. NIBC uses interest rate swaps to hedge the risk of such cash flow fluctuations. Cash flow hedges are always on portfolio level.

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income as net result of hedging instruments. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the income statement in net income from assets and liabilities at fair value through profit or loss.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods in which the hedged item will affect the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in other comprehensive income at that time remains in other comprehensive income until the forecast cash flow is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

Hedge effectiveness testing
To qualify for hedge accounting, NIBC requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness). Actual effectiveness (retrospective effectiveness) must also be demonstrated on an ongoing basis.

The documentation of each hedging relationship describes how effectiveness will be assessed. For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the bandwidth of 80% - 125% for the hedge to be deemed effective.

Hedge ineffectiveness is recognised in the income statement in net income from assets and liabilities at fair value through profit or loss.

Sale and repurchase transactions

Securities sold subject to repurchase agreements (**Repos**) are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included in amounts due to other banks or other deposits as appropriate.

Securities purchased under agreements to resell (**Reverse repos**) are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

Expected credit losses (ECL)

NIBC recognises loss allowances for ECL on the following financial instruments that are not measured at FVtPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued;
- loan commitments issued.

No impairment loss is recognised on equity investments because they are classified at FVtPL.

Recognition of expected credit losses

ECL represents the difference between contractual cash flows and the actual cash flows NIBC expects to receive, discounted at the EIR. For loan commitments and other credit facilities in scope of ECL, expected cash shortfalls are determined by considering expected future drawdowns during the contractual life of the instruments.

ECL are recognised on the following basis:

- A maximum 12-month ECL are recognised from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in stage 1. For instruments with a remaining maturity of less than 12 months, ECL are determined for this shorter period;
- Lifetime ECL are recognised if a *significant increase in credit risk* (**SICR**) is detected subsequent to the instrument's initial recognition, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in stage 2. The moment SICR is no longer observed, the instrument moves back to stage 1.
- Lifetime ECL are also recognised for credit-impaired financial instruments, referred to as instruments in stage 3. The IFRS 9 determination of whether an instrument is credit-impaired is

based on the occurrence of one or more loss events with lifetime ECL derived by estimating expected cash flows based on a chosen recovery strategy with additional consideration given to forward-looking economic scenarios. Credit-impaired exposures may include positions for which no loss has occurred or no allowance has been recognised, because they are expected to be fully recoverable through the collateral held. For clarity and alignment the definition of credit-impaired, stage 3 and defaulted were fully aligned. So a defaulted loan is by definition considered credit-impaired in the Capital Requirements Regulation in combination with further guidance and clarification on this definition provided by European Banking Authority.

- Changes in lifetime ECL since initial recognition are also recognised for assets that are *purchased or originated credit impaired financial assets* (**POCI**). POCI are initially recognised at fair value with interest income subsequently being recognised based on a credit-adjusted EIR. POCI include financial instruments that are newly recognised following a substantial restructuring and remain a separate ECL-category until maturity.

NIBC applies the low credit risk exemption for part of the debt investments, being the liquidity portfolio. NIBC considers a debt investment to have low credit risk when their credit risk rating is equivalent to the definition of 'investment grade'.

NIBC has a portfolio of lease receivables. NIBC elected to apply the general, not the simplified, ECL approach for lease receivables.

ECL are recognised in profit or loss with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at AC on the balance sheet. For financial assets measured at FVOCI, the carrying value is not reduced, but an accumulated amount is recognised in OCI.

For off-balance sheet financial instruments and other credit lines not recognised (i.e. related to undrawn positions), provisions for ECL are reported in **Provisions**. ECL are recognised within the income statement in **Credit loss expense / recovery.**

Default and credit impairment

A default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

1. NIBC considers that the obligor is unlikely to pay its credit obligations in full, without recourse by NIBC to actions such as realising security (if held);
2. The obligor is past due more than 90 days on any material credit obligation to the Group.

An instrument is classified as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

1. significant financial difficulty of the issuer or the client;
2. a breach of contract, such as a default or past due event;
3. NIBC, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the client a concession(s) that NIBC would not otherwise consider;
4. it is becoming probable that the client will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties; or
6. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Once a financial asset is classified as defaulted / credit-impaired (except POCIs), it remains as such unless all past due amounts have been rectified, additional payments have been made on time, the position is not classified as credit-restructured, and there is general evidence of credit recovery.

Interest revenue on financial assets that are not credit impaired (i.e., in stages 1 and 2) is calculated by applying the effective interest rate to the gross carrying amount of the asset. Once a financial asset is credit impaired, interest revenue is calculated by applying the effective interest rate to the amortised cost of the financial asset, i.e., the gross carrying amount less the expected credit losses. If a financial asset 'cures', so that it is transferred back to stage 2 or stage 1, interest revenue is again recognised based on the gross carrying amount. The adjustment required to bring the loss allowance to the amount required is presented as a Credit loss recovery in the consolidated income statement instead of under Net interest income.

Write-off

A write-off is made when all or part of a financial asset is deemed uncollectible or forgiven (e.g. in cases of bankruptcy or distressed restructuring). Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are credited to *Credit loss expense / recovery*. Write-offs and partial write-offs represent derecognition / partial derecognition events.

Measurement of ECL

NIBC calculates ECL's based on three probability-weighted scenarios (baseline, upturn and downturn) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to NIBC in accordance with the contract and the cash flows that NIBC expects to receive.

The *12-month ECL* (**12M-ECL**) and the *Lifetime ECL* (**LT-ECL**) represent the expected credit losses that result from all possible default events over the next 12 months and the expected remaining life of the instrument respectively. 12M-ECL and LT-ECL are calculated as a probability weighted-average over the three macroeconomic scenarios and are based on the unbiased and point-in-time estimates of *Probability of Default* (**PIT-PD**), *Loss Given Default* (**PIT-LGD**) and *Exposure at Default* (**PIT-EAD**).

Credit losses and reversals are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The measurement of the ECL is summarised as follows:

ECL	Measurement
Stage 1	The 12M-ECL is calculated as the portion of LT-ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months or a shorter period if applicable after the reporting date. NIBC calculates the 12M-ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a loan has shown a SICR since origination, NIBC records an allowance for the LT-ECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but ECL calculations are summed over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR. The EIR calculation for the corporate exposures comprises of the current base rate plus an add-on. This rate is fixed to discount the cash-flows over the remaining life of the loan until its legal maturity. This rate applies to all financial instruments, including undrawn loan commitments and financial guarantees. The EIR

	calculation for retail mortgage loans is based on the current coupon rate. The rate is fixed over the remaining life of the loan until its contractual maturity date.
Stage 3	For loans considered credit-impaired, NIBC recognises the LT-ECL, based on facility level individual cash flow estimates determined by *Restructuring & Distressed Assets* (**RDA**). RDA applies at least three scenarios (unless it is 100% impaired) and assigns probabilities to each of these scenarios. . Focus is on recovery of the client, while in parallel an enforcement strategy, a loan trade or sale of the company are considered as alternative scenarios. The method is conceptually similar to that for Stage 2 assets, but requires an individual assessment. For the purpose of impairment calculation, the EIR is approximated by the sum of the applicable swap curve plus the original contractual margin.
POCI	POCI assets are financial assets that are credit impaired on initial recognition. NIBC only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR.
Loan commitments and letters of credit	When estimating LT-ECLs for undrawn loan commitments, NIBC estimates the expected portion of the loan commitment that will be drawn down over its contractual life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For loan commitments relating to revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For fully undrawn loan commitments and letters of credit, the ECL is recognised within *Provisions*.
Financial guarantee contracts	NIBC's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, NIBC estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are recognised within *Provisions*.

Both 12M-ECL and LT-ECL are calculated on an individual basis.

Movements of the financial instruments between the different stages due to changed credit risk profiles are disclosed in the movement schedules in the notes to these consolidated financial statements. Movements between changes or credit loss allowances, caused by eventual changes in the models or in the input parameters used, are disclosed as separate items in these movement schedules.

Scenarios and scenario weights

The determination of the probability weighted ECL requires evaluating a range of relevant future economic conditions. To accommodate this requirement, NIBC uses three different macroeconomic scenarios in the ECL calculation: a baseline, an upturn and a downturn scenario. Each scenario is represented by a specific scenario narrative, scenario probability and a set of macroeconomic factors. A weight is computed for each scenario by using a probabilistic econometric model that considers recent information as well as several decades of historical data. The determined weights constitute the probabilities that the respective macroeconomic developments will occur. The scenarios, including the narratives, the macroeconomic forecasts and the scenario weights, are further discussed, challenged and potentially refined by a team of NIBC-internal experts. The baseline scenario is aligned to the economic and market assumptions used for NIBC business planning purposes.

Economic scenarios and weights applied

ECL scenario	Assigned weights in %
Upturn	30.0
Baseline	32.5
Downturn	37.5

Macro-economic and other factors

The range of macroeconomic, market and other factors that is modelled as part of the scenario determination is wide, and historical information is used to support the identification of the key factors. As the forecast horizon increases, the availability of information decreases and judgment increases. The macroeconomic forecast has an influence on PDs only during the first 5 years. During years 6-10 the model applies reversion to the mean (i.e. the *Point-in-Time* (**PiT**) PD converges with the *Through-the-Cycle* (**TTC**) PD) and after year 11 the PDs are influenced only by the TTC matrix. The forward-looking macroeconomic assumptions used in the ECL calculation are derived from Moody's Data Buffet. NIBC has identified different segments to allow for specific risks and forecasts to be incorporated in the macroeconomic scenarios. The segments include:

- Corporate General;
- Corporate Offshore Energy;
- Corporate Shipping; and
- Retail.

The following table discloses the macro-economic variables for the period 2019-2021 used in the ECL calculation:

Macro-economic variables in percentages for the period 2019-2021	Baseline	Downturn	Upturn
NL House Price Index (y-o-y change)	6.72%	6.38%	6.95%
DE House Price Index (y-o-y change)	6.78%	6.28%	7.62%
NL GDP (y-o-y change)	1.65%	0.96%	2.07%
GB GDP (y-o-y change)	1.20%	0.48%	2.14%
DE GDP (y-o-y change)	0.99%	0.44%	1.72%
EU GDP (y-o-y change)	1.44%	0.75%	2.04%
Crude Oil WTI ($ per barrel)	60.16	59.29	63.14

Scenarios and weights are updated semi-annually and submitted for approval to the *Asset & Liability Committee* (**ALCO**) of NIBC.

ECL Measurement period

The maximum period for which the ECL are determined is the contractual life of a financial instrument unless NIBC has the legal right to call it earlier. For revolving facilities the ECL are measured over the period NIBC is exposed to credit risk.

Financial instruments subject to ECL are monitored on an ongoing basis. To determine whether the recognition of a 12M-ECL continues to be appropriate, it is assessed whether SICR has occurred since initial recognition of the financial instrument. The assessment criteria include both quantitative and qualitative factors. Qualitative factors are forbearance measures, Watch List and/or managed by RDA and the quantitative factor is a number of notches downgrades since origination.

Significant increase in credit risk (SICR)

Financial instruments subject to ECL are monitored on an ongoing basis which includes an assessment whether SICR has occurred. The assessment criteria include both quantitative and qualitative factors. Qualitative factors are forbearance measures, Watch List and/or managed by RDA and the quantitative factor is increase in PD since initial recognition.

The following table discloses the SICR triggers for the three major asset classes subject to ECL determination ('Yes' refers to the trigger being present, and 'RMS' refers to the Rating Monitoring System):

SICR trigger	Corporate loans	Residential mortgage loans	Debt investments
Significant change in lifetime PD since initial recognition	Yes, threshold is a number of notches downgrade (between 1 and 7 notches downgrade depending on the rating at initial recognition).	Yes, threshold is an increase of 30% of lifetime PD.	Yes, based on 3 notch change in external rating, to a rating below Investment Grade (<BBB-).
Facility is forborne	Yes	Yes	Yes
Client is on the Watch List or Trigger List (Debt Investments)	As determined in RMS by applying Watch List triggers.	n/a	Individually assessed, apply trigger criteria.
Client is transferred to RDA (not yet defaulted)	Yes, determined by managing department in RMS.	n/a	n/a
Facility is 30 days past due (unless rebutted)	Yes, indirectly as it is a Watch List trigger. Materiality threshold is set at 1% of the exposure with a minimum of € 500.	Yes (1 month arrear)	Yes
Fraud indicator	Yes, indirectly as it is a Watch List trigger.	Yes	n/a

The following table discloses the SICR trigger for Corporate loans following significant change in lifetime PD since initial recognition. The PD rating corporate loans are scaled over 22 notches.

PD Rating Corporate Loans	SICR Trigger determined by number of notches downgrade	Remark
1	-7	
2+	-6	
2	-5	
2-	-4	
3+ to and including 4	-3	
4- to and including 6-	-2	
7+ to and including 7-	-1	
8	not applicable	a downgrade will lead to a default rating and per definition to stage 3
9 and 10	not applicable	rating 9 and 10 are per definition stage 3

As soon as the payment in arrear has been resolved or settled and no other impairment trigger is applicable, the borrower can become non-defaulted again after a probation period of at least three months in case all arrears have been cured by payments. However, if the defaults are resolved by agreeing an amendment (restructuring) a longer probation period applies of at least one year. The forbearance probation period is two years.

Impairment of non-financial assets

Assets that have an indefinite useful life and goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (*Cash-Generating Units* - **CGUs**). Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date. Impairment losses and the reversal of such losses, for non-financial assets other than goodwill, are recognised directly in the income statement.

There were no impairments on non-financial assets in the years 2019 and 2018.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of NIBC's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment or more frequently when there are indications that impairment may have occurred and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of ten years.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

Impairment of intangible assets
At each reporting date, NIBC assesses whether there is any indication that an asset may be impaired or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable (see impairment – non-financial assets).

Tangible assets

Property (land and buildings) and equipment
Land and buildings comprise offices and are measured at fair value (revaluation model). This fair value is based on the most recent appraisals by independent registered appraisers, less straight-line depreciation for buildings over the estimated economic life taking into account any residual value. Buildings in own use are valued at market value on an unlet or let basis. If arm's length lease agreements have been concluded between NIBC group companies, the building is recognised at its value as a let property. If there is no lease agreement, the property is recognised as vacant property. Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising from revaluation of land and buildings are credited to other reserves in shareholder's equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in other comprehensive income; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the re-valued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost is transferred from other reserves to retained earnings.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Depreciation
Buildings	30 - 50 years
Machinery	4 - 10 years
Furniture, fittings and equipment	3 - 10 years
Right-of-use assets: Offices	5 - 20 years
Assets under operating leases	1 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes or sale in the ordinary course of business.

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the income statement.

Where the group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gains or (losses) from assets and liabilities at fair value through profit or loss.

Leases

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts that contain both lease components and non-lease components, such as a maintenance services, NIBC allocates the consideration payable on the basis of the relative stand-alone prices, which are estimated if observable prices are not readily available.

A group company is the lessee

Upon lease commencement NIBC recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, comprising:

- the amount of the initial measurement of the lease liability,
- lease payments made at or before the commencement date of the lease contract, less lease incentives received;
- initial direct costs; and
- an estimate of costs to be incurred by NIBC in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. NIBC incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, NIBC uses its incremental borrowing rate.

NIBC classifies the right-of-use assets as part of "Property and Equipment", and subsequently applies

- the impairment requirements from IAS 36, and
- the depreciation requirements from IAS 16.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);

- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases.

The right-of-use assets are presented within the note 'Property and equipment', and the lease liabilities are presented within the note 'Accruals, deferred income and other liabilities'.

NIBC applies the following practical expedients;
- short-term leases (no right-of-use assets and lease liabilities are recognised for lease terms of 12 months or less at commencement date),
- low value assets (this includes, leases for which the underlying assets have a value lower or equal to EUR 5,000; leases leading to recognition of a Right-of-Use asset lower or equal to EUR 10,000; leases of similar underlying assets (like e.g. printers) leading to a total Right-of-Use asset of lower or equal to EUR 50,000, or leases of a group of assets whereby the costs and benefits of RoU asset recognition do not justify the reporting requirements).

Lease payments for assets falling under these practical expedients are recognised directly in operating expenses. The total lease expenses for these assets are separately disclosed in the notes.

A group company is the lessor
NIBC classifies each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

When assets are held subject to a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

NIBC's subsidiary Beequip B.V. primarily focuses on finance leases of used equipment, mainly for small and medium enterprises in the sectors infrastructure, earth-moving construction and logistics sector.

When assets are held subject to an operating lease, the assets are included in assets held under operating leases under property and equipment.

Rental income from operating leases from portfolio of German Residential and Commercial property managed by NIBC is recognised in other operating income on a straight line basis over the lease term net of discounts and other deductions.

Financial guarantees

In the ordinary course of business, NIBC issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received and subsequently measured at the higher of the amount of the loss allowance; and the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15. Any increase in the liability relating to financial guarantees is recorded in the income statement in credit loss expenses. The premium received is recognised in the income statement in fee and commission income on a straight line basis over the life of the guarantee.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks and net credit balances on current accounts with other banks.

Cash balances are measured at face value while bank balances are measured at cost.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

When an operation is classified as a discontinued operation, if material, the comparative income statement and cash flow statement are represented as if the operation had been discontinued from the start of the comparative period.

Provisions

Provisions contains:

- ECL allowances for off-balance sheet financial instruments;
- Restructuring and/or reorganisation provisions;
- Employee benefits;
- Other provisions.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be remote.

Provisions are measured at the present value of the expected required expenditure to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Provisions are presented under other liabilities.

Contingent liabilities, if applicable, are not recognised in the financial statements but are disclosed, unless they are remote.

ECL allowances for off-balance sheet financial instruments

For off-balance sheet financial instruments and other credit lines not recognised (i.e. related to undrawn positions), provisions for ECL are reported in Provisions. ECL are recognised within the income statement in Credit loss expense / recovery.

Restructuring and/or reorganisation provisions

Provisions for restructuring costs and legal claims are recognised when:

- The group has a present legal or constructive obligation as a result of past events;
- It is more likely than not that an outflow of resources will be required to settle the obligation;
- The amount has been reliably estimated.

A constructive obligation to restructure arises only when the group has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken;
- when the plan will be implemented; and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The group does not recognise provisions for projected future operating losses.

Employee benefits

Pension benefits

NIBC operates a defined contribution pension plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to NIBC by the employees and is recorded as an expense under personnel expenses and share-based payments. Unpaid contributions are recorded as a liability. NIBC does not operate a defined benefit plan.

Termination benefits

NIBC recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Share-based compensation

NIBC operates both equity-settled and cash-settled share-based compensation plans.

Equity-settled transactions

The group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (shares or options) of the group. The fair value of the employee services received in exchange for the grant of the shares or options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares or options granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions;
- Excluding the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of shares or options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, NIBC revises its estimates of the number of shares or options that are expected to vest based on the non-market vesting conditions. NIBC recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other vesting conditions are satisfied. Similarly, awards of equity instruments with non-vesting conditions are treated as vesting if all vesting conditions that are not market conditions are met, irrespective of whether the non-vesting conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised in personnel expenses is the expense as if the terms had not been modified. An additional expense is recognised for any modification which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either NIBC or the counterparty are not met.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

Cash-settled transactions

For the cash-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of share-based compensation is recognised as a liability. The liability is re-

measured at each reporting date up to and including the settlement date with changes in fair value recognised in the income statement in personnel expenses. The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Profit-sharing and bonus plans
A liability is recognised for cash-settled bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to our shareholder after certain adjustments. NIBC recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Accruals, deferred income and other liabilities

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income tax

Income tax on the profit or loss for the year comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in shareholder's equity (other comprehensive income), in which case it is recognised in shareholder's equity (other comprehensive income).

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates (and laws) enacted or substantially enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when NIBC intends to settle on a net basis and a legal right of offset exists.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

NIBC's principal temporary differences arise from the revaluation of certain financial assets and liabilities including derivative contracts, the depreciation of property and tax losses carried forward and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the difference will not reverse in the foreseeable future.

The tax effects of income tax losses available for carry-forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to the fair value remeasurement of available for sale investments and cash flow hedges, which are charged or credited directly to other comprehensive income, is also credited or

charged directly to other comprehensive income and is subsequently recognised in the income statement when the deferred gain or loss is recognised in the income statement.

Equity

Share capital
Shares are classified as equity when there is not a contractual obligation to transfer cash or other financial assets.

Capital securities
As there is no formal obligation to (re)pay the principal or to pay a dividend the capital securities are recognised as equity and dividends paid on capital securities are recognised directly in equity.

Issue costs of shares and capital securities
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares and capital securities
Dividends on ordinary shares and capital securities are recognised as a liability in the period that the obligation for payment has been established, being in the period in which they are approved by the shareholder.

Treasury shares

When NIBC or an entity in the group acquires the company's equity share capital, the consideration paid is deducted from total shareholders' equity as treasury shares until the shares are cancelled. When such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of NIBC's own equity instruments.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as liabilities, and changes in fair value are reported in the income statement.

Revenue recognition

As detailed in the sub-sections below, NIBC recognises the revenue on financial instruments in:
- net interest income;
- investment income;
- net trading income;
- net gains or (losses) from assets and liabilities at FVtPL;
- net gains or (losses) on derecognition of financial assets measured at AC,

in accordance with IFRS 9 Financial Instruments.

In accordance with IFRS 16 Leases, revenue from finance lease contracts are included in interest income and revenue from operating lease contracts in other operating income.

NIBC recognises revenue in relation to:
- net fee income;
- other operating income,

in accordance with IFRS 15 Revenue from Contracts with Customers, when (or as) a performance obligation is satisfied by transferring a promised service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of NIBC's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within NIBC.

Net interest income

Interest income and expense from financial instruments measured at AC and FVOCI are recognised in the income statement applying the EIR method. In determining interest income and expense, the EIR is applied to the gross carrying amount of the financial asset (unless the asset is credit-impaired) or the AC of a financial liability, based on estimated future cash flows that take into account all contractual cash flows. However, when a financial asset becomes credit-impaired after initial recognition, interest income is determined by applying EIR to the net carrying amount of the instrument. Furthermore, for financial assets that were credit-impaired on initial recognition, interest is determined by applying a credit-adjusted EIR to the AC of the instrument.

Penalty interest is directly recognised under interest income in case of early redemption ((partly) derecognition of the related financial instrument). Penalty interest is directly recognised under interest income in case of an interest reset.

Interest income from financial assets measured at FVtPL is recognised applying the contractual interest rates. Deviations between the contractual interest rates and the prevailing market rates of interest for a similar instrument (e.g. caused by performance related fees) are recognised in *Net gains or (losses) from assets and liabilities at FVtPL*.

Interest income on financial instruments measured at AC and financial assets measured at FVOCI are presented separately within *Interest income from financial instruments measured at AC and FVOCI and Interest expense from financial instruments measured at AC,* with interest on financial instruments at FVtPL presented in *Interest income (or expense) from financial instruments measured at FVtPL*.

Net fee income

NIBC earns fee income from a diverse range of services it provides to its clients. Fee income can be divided into two broad categories:

- fees earned from services that are provided over a certain period of time, such as (originate to manage) asset or investment management,
- fees earned from point in time services such as underwriting and brokerage fees, structuring – and advisory fees, and performance linked fees from investment management activities.

Over time services

Fees earned from services that are provided over a certain period of time are recognised ratably over the service period provided the fees are not contingent on successfully meeting specified performance criteria that are beyond the control of NIBC (see measurement below).

Costs to fulfil over time services are recorded in the income statement immediately because such services are considered to be a series of services that are substantially the same from day to day and have the same pattern of transfer.

Point in time services

Fees earned from providing transaction-type services are recognised when the service has been completed provided such fees are not highly probable subject to refund or another contingency beyond the control of NIBC.

Measurement

Fee income is measured based on consideration specified in a legally enforceable contract with a customer, excluding amounts such as taxes collected on behalf of third parties. Consideration can include both fixed and variable amounts. Variable consideration includes refunds, discounts, performance bonuses and other amounts that are contingent on the occurrence or non-occurrence of a future event. Variable consideration that is contingent on an uncertain event can only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue for a contract will not occur. NIBC estimates an amount of variable consideration by using the single most likely amount in a range of possible consideration amounts (i.e. the single most likely outcome of the contract).

In the following table the recognition of revenue under IFRS 15 per main fee revenue earned by NIBC is listed.

Fee revenue	Timing of satisfaction of performance obligation	Measuring progress toward complete satisfaction of a performance obligation
Investment management fees – Originate to manage asset management fees	The performance obligation is satisfied over time. The customer simultaneously receives and consumes the benefits proved by NIBC's performance as it performs.	Straight line over time as the service is provided.
Underwriting fees - Loan syndication fees	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.
Advisory fees	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.
Brokerage fees	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.
Structuring fees not IFRS 9 related such as setting up or advising in SPV structures	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.
Performance linked fees from asset or investment management activities	Performance obligation is not satisfied over time. As such the revenue recognition is point in time.	Recognition when the service has been completed.

Presentation of fee income and expense

Fee income and expense are presented gross on the face of the income statement.

Investment income

Investment income includes the following income items:

Gains less losses from financial assets

Realised gains or losses from debt investments previously recognised in other comprehensive income, and gains or losses from associates and equity investments at fair value through profit or loss and impairment losses on equity investments are recognised in the income statement as gains less losses from financial assets.

Dividend income

Dividends are recognised in the income statement when NIBC's right to receive payment is established.

Share in result of associates (equity method)

Share in result of associates includes gains and losses related to investments in associates (equity method).

Net trading income

Net trading income comprises:

- all gains and losses from financial assets held for trading, as well as
- realised gains and losses on financial liabilities held for trading, and
- foreign exchange gains and losses.

Net gains or (losses) from assets and liabilities at FVtPL.

Net gains or (losses) from assets and liabilities at FVtPL comprises

- all gains and losses from financial assets and financial liabilities measured at fair value through profit or loss,
- excluding those presented under
  - investment income,
  - net trading income, and
  - other comprehensive income (the results from movements in the fair value of financial liabilities that are attributable to changes in NIBC's own credit risk).

Net gain or (losses) on derecognition of financial assets measured at AC

The line item Net gain or (losses) on derecognition of *financial* assets measured at AC includes the differences between the carrying value just before derecognition and total consideration received at the sale of a financial asset measured at AC.

Rental income

The group manages a portfolio of German Residential and Commercial Property. Rental income from operating leases from the German Residential and Commercial Property is recognised in income on a straight line basis over the lease term net of discounts and other deductions.

Statement of cash flows

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents that became available during the year and the application of these cash and cash equivalents over the course of the year. The cash flows are analysed into cash flows from operating activities, including banking activities, investment activities and financing activities. Movements in loans and receivables and inter-bank deposits are included in the cash flow from operating activities. Investing activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in and sales of subsidiaries and associates, property, plant and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Movements due to currency translation differences as well as the effects

of the consolidation of acquisitions, where of material significance, are eliminated from the cash flow figures.

Fiduciary activities

NIBC acts in fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets are excluded from these financial statements as they are not assets of the group. Related fee income arising thereon is recognised under fee income.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

NIBC makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements are principally made in the following areas:

- Fair value of certain financial instruments;
- Expected credit losses of financial instruments not measured at FVtPL;
- Income taxes, and
- Consolidation of structured entities.

Fair value of certain financial instruments

The fair value of financial instruments is determined based on quoted market prices in an active market or, where no active market exists, by using valuation techniques. In cases where valuation techniques are used, the fair values are estimated from market observable data, if available, or by using models. Where market-observable inputs are not available, they are estimated based on appropriate assumptions.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those who prepared them. All models are reviewed prior to use and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent possible, models use only observable data; however, in areas such as applicable credit spreads (both own credit spread and counterparty credit spreads), volatilities and correlations may require management to estimate inputs.

Changes in assumptions could affect the reported fair value of financial instruments. For the identification of assumptions used in the determination of fair value of financial instruments and for estimated sensitivity information for level 3 financial instruments, except for own liabilities see note 48.

Own liabilities designated at fair value through profit or loss

At 31 December 2019, the fair value of these liabilities was estimated to be EUR 390 million (31 December 2018: EUR 483 million). This portfolio is designated at fair value through profit or loss and is reported on the face of the balance sheet under the following headings:

- Financial liabilities at fair value through profit or loss: Own debt securities in issue;
- Financial liabilities at fair value through profit or loss: Debt securities in issue structured;
- Financial liabilities at fair value through profit or loss: Subordinated liabilities.

The portion of fair value changes on these liabilities designated at fair value through profit or loss during 2019 attributable to the movement in credit spreads as reported in notes 38, 39 and 44 reflects gross amounts, excluding pull-to-par and model refinement effects.

The bank estimates its own credit risk from market observable data such as NIBC senior unsecured issues, NIBC subordinated issues and secondary prices for its traded debt.

The valuation of all the above classes of financial liabilities designated at fair value through profit or loss 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 change the fair value of these own financial liabilities at 31 December 2019 by EUR 2 million (31 December 2018: EUR 2 million).

Valuation of corporate derivatives (credit valuation adjustment and debit valuation adjustment)
Credit Valuation Adjustments & Debit Valuation Adjustments (**CVAs and DVAs**) are incorporated into derivative valuations to reflect the risk of default of respectively the counterparty and NIBC. In essence, CVA represents an estimate of the discounted expected loss on an *Over The Counter* (**OTC**) derivative during the lifetime of a contract. DVA represents the estimate of the discounted expected loss from the counterparty's perspective. Both CVA and DVAs are applied to all OTC derivative contracts, except those that benefit from a strong collateral agreement where cash collateral is regularly exchanged, mitigating credit risk.

Fair value of equity investments
The group estimates the fair value of its equity investments using valuation models, and it applies the valuation principles set forth by the International Private Equity and Venture Capital Valuation Guidelines to the extent that these are consistent with IFRS 9.

On 31 December 2019, the fair value of this portfolio, reported as equity investments (including investments in associates) at fair value through profit or loss, was estimated to be EUR 253 million (31 December 2018: EUR 187 million).

For the determination of the fair value of equity investments and for estimated sensitivity to key assumptions in the valuation, see note 48.

Expected credit losses (ECL) of financial instruments not measured at FVtPL

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are made. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECL to be recognised. Reference is made to the corresponding notes for the nature and carrying amounts of the ECL of financial instruments not measured at FVtPL.

Determination of a significant increase of credit risk (SICR)
IFRS 9 does not include a definition of what constitutes SICR. NIBC assesses whether an SICR has occurred since initial recognition based on qualitative and quantitative reasonable and supportable forward-looking information that includes significant management judgment. More stringent criteria could significantly increase the number of instruments migrating to stage 2.

Scenarios, scenario weights and macroeconomic factors
ECL reflect an unbiased and probability-weighted amount, which NIBC determines by evaluating a range of possible outcomes. Management selects forward-looking scenarios and judges the suitability of respective weights to be applied. Changes in the scenarios and weights, the corresponding set of macroeconomic variables and the assumptions made around those variables for the forecast horizon would have a significant effect on the ECL.

The macroeconomic projections in the baseline scenario are the most important determinant of the final ECL amount. The combined impact of macroeconomic scenarios, applied to the corporate loan and mortgage loan portfolios, on the ECL is limited (1% of Stage 1 and Stage 2 ECL).

ECL measurement period

Lifetime ECL are determined based upon the contractual maturity of the transaction (other than revolving facilities), which significantly affects ECL. The ECL calculation is therefore sensitive to any extension of contractual maturities triggered by business decisions, customer behaviour or an increased number of stage 2 positions.

Modelling and management adjustments

A number of complex models have been developed or modified to calculate ECL. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. Management adjustments, based on counterparty details, can be applicable to resolve technical issues in the processing of stage 1 and stage 2 ECL. The models are governed by NIBC's risk department, which aims to ensure independent verification.

Changes to the assumptions in the models are subject to approval by the *Risk Management Committee* (**RMC**) or the ALCO of NIBC.

The following table presents the sensitivity of the loan portfolio to the different scenarios for ECL stages 1 and 2.

Scenario	Macro-economic variables	percentages/ price for the period 2019-2021	Unweighted ECL stages 1 and 2 (EUR mln)	Assigned weigths in %	Reported ECL stages 1 and 2 (EUR mln)
	NL House Price Index (y-o-y change)	6.95%			
	DE House Price Index (y-o-y change)	7.62%			
	NL GDP (y-o-y change)	2.07%			
Upside	GB GDP (y-o-y change)	2.14%	24	30.0%	
	DE GDP (y-o-y change)	1.72%			
	EU GDP (y-o-y change)	2.04%			
	Crude Oil WTI ($ per barrel)	63.14			
	NL House Price Index (y-o-y change)	6.72%			
	DE House Price Index (y-o-y change)	6.78%			
	NL GDP (y-o-y change)	1.65%			
Baseline	GB GDP (y-o-y change)	1.20%	26	32.5%	27
	DE GDP (y-o-y change)	0.99%			
	EU GDP (y-o-y change)	1.44%			
	Crude Oil WTI ($ per barrel)	60.16			
	NL House Price Index (y-o-y change)	6.38%			
	DE House Price Index (y-o-y change)	6.28%			
	NL GDP (y-o-y change)	0.96%			
Downside	GB GDP (y-o-y change)	0.48%	28	37.5%	
	DE GDP (y-o-y change)	0.44%			
	EU GDP (y-o-y change)	0.75%			
	Crude Oil WTI ($ per barrel)	59.29			

NIBC measures stage 3 ECL on an individual facility level based upon a weighted average of three scenarios using a baseline, an upside and a downside scenario. The forecasted cash flows for each scenario are estimated by the Restructuring & Distressed Assets (RDA) department. Accordingly, the assumptions applied are based upon an assessment of individual facilities by our internal experts and no collective credit risk model is applied. The ECL 3 is sensitive to the application of these assumptions.

The following table presents the sensitivity of the mortgage portfolio to the different scenarios for ECL stages 1 and 2.

Scenario	Macro-economic variables	percentages/ price for the period 2019-2021	Unweighted ECL stages 1 and 2 (EUR mln)	Assigned weigths in %	Reported ECL stages 1 and 2 (EUR mln)
Upside	NL House Price Index (y-o-y change) DE House Price Index (y-o-y change)	6.95% 7.62%	1	30.0%	
Baseline	NL House Price Index (y-o-y change) DE House Price Index (y-o-y change)	6.72% 6.78%	1	32.5%	1
Downside	NL House Price Index (y-o-y change) DE House Price Index (y-o-y change)	6.38% 6.28%	2	37.5%	

Income taxes

Deferred tax assets are included only if it is probable that taxable profits will be realised in the near future against which these temporary differences can be offset. When determining future taxable profits, estimates are used since these are subject to uncertainty.

On 31 December 2019 there was a realistic expectation that sufficient taxable profits would be generated within the applicable periods for the recognised deferred tax asset based on internal (medium term) forecasts. The terms to maturity of the Dutch carry forward losses year-end 2019 varies between up to 6 years (EUR 82 million) and up to 8 years (EUR 168 million).

Consolidation of structured entities

The consolidation of structured entities is a critical estimate that requires judgement and is described in note 57.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Segment report

Segment information is presented in these consolidated financial statements on the same basis as used for internal management reporting within NIBC. Segment reporting puts forth a presentation of the segment results based on management reporting methods and a reconciliation between the results of the operating segments and the consolidated financial statements. The Managing Board is the Group's chief operating decision-maker.

Operating segments

The operating segments are as follows:

Corporate client offering

Corporate client offering provides advice and debt, mezzanine and equity financing solutions to mid-sized companies and entrepreneurs in the Netherlands, Germany and the UK. Sectors in which NIBC is specialised are: Financial Sponsors, Fintech, Infrastructure, Life Sciences, Food Mobility and Manufacturing, Offshore Energy, Commercial Real Estate, Technology and Shipping.

Retail client offering

Retail client offering offers savings products and mortgage loans to consumers who are seeking to actively manage their financial objectives. Savings products are offered in the Netherlands, Germany and Belgium, and mortgage loans are offered in the Netherlands. We also offer brokerage services in Germany under our label 'NIBC Direct.'

Treasury and Group functions

Treasury and Group functions includes the Bank's treasury function, asset and liability management, risk management and the bank's Corporate Centre which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Technology, and Finance, Tax & Strategy. A substantial part of the operating expenses as well as the full time equivalents of Group functions are allocated to corporate and retail client offering.

No operating segments have been aggregated to form the above-mentioned segments. Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

Certain financial assets and liabilities are not allocated to Corporate client offering and Retail client offering as they are managed on a group basis. These financial assets and liabilities are held within the segment Treasury and Group functions and mainly comprise cash, debt investments, derivative assets and liabilities as well as majority of the holding's funding. As the assets of Corporate client offering and Retail client offering are largely funded internally with transfer pricing, the majority of NIBC's external funding is held within Treasury and Group functions.

Inter-segment income and expenses are eliminated on consolidation level.

Reconciliation with consolidated income statement

The accounting policies of the segments are the same as those described in our Accounting Policies section.

NIBC operates in four geographical locations namely the Netherlands, Germany, the UK and Belgium. The income and expenses incurred at each location are disclosed in a separate table.

The following tables present the Segment report comprising to the consolidated results under IFRS for the year ended 31 December 2019 and 31 December 2018.

	For the year ended 31 December 2019			
in EUR millions	Corporate client offering	Retail client offering	Treasury & Group functions	**Total (consolidated financial statements)**
Net interest income	193	137	96	426
Net fee income	25	15	-	40
Investment income	60	-	-	60
Net trading income	5	-	-	5
Net gains or (losses) from assets and liabilities at fair value through profit or loss	2	-	-	2
Net gains or (losses) on derecognition of financial assets measured at amortised cost	(1)	-	-	(1)
Other operating income	2	-	3	5
Operating income	**286**	**152**	**99**	**537**
Other operating expenses[1]	119	60	43	222
Regulatory charges and levies	-	10	5	15
Operating expenses	**119**	**70**	**48**	**237**
Credit loss expense / (recovery)	54	(4)	(1)	49
Profit before tax	**113**	**86**	**52**	**251**
Tax	15	21	9	45
Profit after tax	**98**	**65**	**43**	**206**
Attributable to:				
Shareholders of the company				194
Holders of capital securities (non-controlling interests)				12
Total FTEs	506	147	58	711
EC Usage (start of the year)	819	266	245	1,330
Available capital (start of the year)				1,702
ROE (SBU based on EC Usage)	12.0%	24.5%		14.6%
ROE (on available capital)				11.4%
Cost/income ratio	42%	46%		44%
Segment assets	8,061	9,795	4,519	22,375
Return on assets	1.2%	0.7%		0.9%
Risk-weighted assets	7,017	1,204	920	8,841

1 Other operating expenses includes all operating expenses except regulatory charges and levies.

Income and expenses per country

in EUR millions	For the year ended 31 December 2019				
	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	450	71	7	9	537
Operating expenses	194	33	7	3	237
Credit loss expense / (recovery)	25	24	-	-	49
Profit before tax	**231**	**14**	**-**	**6**	**251**
Tax	42	2	1	-	45
Profit after tax	**189**	**12**	**(1)**	**6**	**206**
FTEs	530	121	52	8	711

Operating income per sector per country

in EUR millions	For the year ended 31 December 2019				
	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	28	-	-	-	28
Energy	13	-	-	-	13
Financial Sponsors & Leveraged Finance	20	15	2	-	37
Fintech & Structured Finance	13	10	-	-	23
Infrastructure	20	5	-	-	25
Mezzanine & Equity Partners	76	-	-	-	76
Mid Market Corporates	19	8	-	-	27
Shipping	28	-	-	-	28
Other Corporate Client Offering	28	1	-	-	29
Retail Client Offering	115	28	-	9	152
Treasury	90	4	5	-	99
	450	**71**	**7**	**9**	**537**

Net fee income per sector

in EUR millions	For the year ended 31 December 2019				
	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	1	-	-	-	1
Energy	-	-	-	-	-
Financial Sponsors & Leveraged Finance	1	-	1	-	2
Fintech & Structured Finance	3	1	-	-	4
Infrastructure	1	-	-	-	1
Mezzanine & Equity Partners	2	-	-	-	2
Mid Market Corporates	1	-	-	-	1
Shipping	1	-	-	-	1
Other Corporate Client Offering	12	1	-	-	13
Retail Client Offering	15	-	-	-	15
Treasury	-	-	-	-	-
	37	**2**	**1**	**-**	**40**

in EUR millions	For the year ended 31 December 2018			
	Corporate client offering	Retail client offering	Treasury & Group functions	Total (consolidated financial statements)
Net interest income	195	130	102	427
Net fee income	40	11	-	51
Investment income	74	-	-	74
Net trading income	4	-	(4)	-
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(3)	-	(1)	(4)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	(2)	-	-	(2)
Other operating income	5	-	-	5
Operating income	**313**	**141**	**97**	**551**
Other operating expenses[1]	130	54	40	224
Regulatory charges and levies	-	9	6	15
Operating expenses	**130**	**63**	**46**	**239**
Credit loss expense / (recovery)	63	(8)	(1)	54
Profit before tax	**120**	**86**	**52**	**258**
Tax	12	22	(5)	29
Profit after tax	**108**	**64**	**57**	**229**
Attributable to:				
Shareholders of the company				217
Holders of capital securities (non-controlling interests)				12
Total FTEs	517	131	47	695
EC Usage (start of the year)	914	206	227	1,347
Available capital (start of the year)				1,594
ROE (SBU based on EC Usage)	11.8%	30.9%		16.1%
ROE (on available capital)				13.6%
Cost/income ratio	42%	45%		43%
Segment assets	8,070	9,274	4,206	21,550
Return on assets	1.3%	0.7%		1.0%
Risk-weighted assets	5,810	1,248	747	7,805

1 Other operating expenses includes all operating expenses except regulatory charges and levies.

Income and expenses per country

in EUR millions	For the year ended 31 December 2018				
	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	452	76	15	8	551
Operating expenses	181	39	16	3	239
Credit loss expense / (recovery)	41	15	(2)	-	54
Profit before tax	**230**	**22**	**1**	**5**	**258**
Tax	25	3	1	-	29
Profit after tax	**205**	**19**	**1**	**5**	**229**
FTEs	495	133	59	8	695

Operating income per sector per country

in EUR millions	For the year ended 31 December 2018				
	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	41	-	-	-	41
Energy	16	-	-	-	16
Financial Sponsors & Leveraged Finance	31	14	1	-	46
Fintech & Structured Finance	8	10	-	-	18
Infrastructure	13	5	4	-	22
Mezzanine & Equity Partners	65	-	5	-	70
Mid Market Corporates	11	5	-	-	16
Shipping	21	-	-	-	21
Other Corporate Client Offering	55	7	-	-	62
Retail Client Offering	105	29	-	8	142
Treasury	86	6	5	-	97
	452	**76**	**15**	**8**	**551**

Net fee income per sector

in EUR millions	For the year ended 31 December 2018				
	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	2	-	-	-	2
Energy	1	-	-	-	1
Financial Sponsors & Leveraged Finance	2	-	1	-	3
Fintech & Structured Finance	2	2	-	-	4
Infrastructure	-	-	1	-	1
Mezzanine & Equity Partners	10	1	1	-	12
Mid Market Corporates	1	-	-	-	1
Shipping	-	-	-	-	-
Other Corporate Client Offering	13	3	-	-	16
Retail Client Offering	11	-	-	-	11
Treasury	-	-	-	-	-
	42	**6**	**3**	**-**	**51**

2 Net interest income

in EUR millions	2019	2018
Interest and similar income:		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	593	584
Interest income from financial instruments measured at fair value through profit or loss	9	13
	602	**597**
Interest expense and similar charges:		
Interest expense from financial instruments measured at amortised cost	167	160
Interest expense from financial instruments measured at fair value through profit or loss	9	10
	176	**170**
	426	**427**

The development in 2019 net interest income compared to 2018 remained stable at a level of EUR 426 million (2018: EUR 427 million). The developments in the NIBC's segments are as follows:

- Net interest income of the Corporate client segment decreased by EUR 2 million to EUR 193 million, following only a minor decrease in the drawn portfolio. This result reflects NIBC's effort to rebalance the portfolio, in which reduction of exposure in specific sub portfolios is offset by growth in other, targeted product market combinations;
- In the Retail client segment, net interest income increased with EUR 7 million to EUR 137 million. This increase follows from the portflio growth and hedge accounting, offset for a part by the decreased portfolio spread;
- The Treasury & Group functions report net interest income of EUR 96 million, an decrease of EUR 6 million.

Interest income includes negative interest from liabilities for an amount of EUR 21 million (2018: EUR 28 million).

For the year ended 31 December 2019, interest expense related to deposits from customers amounted to EUR 74 million (31 December 2018: EUR 88 million).

Interest expense includes negative interest from financial assets for an amount of EUR 48 million (2018: EUR 76 million).

3 Net fee income

in EUR millions	2019	2018
Fee income per segment and major service lines:		
Corporate client offering		
Investment management fees	7	15
Lending related fees	11	11
M&A fees	4	11
Brokerage fees	3	3
Fee income Corporate client offering	**25**	**40**
Retail client offering		
Originate-to-Manage	15	11
Fee income Retail client offering	**15**	**11**
Total fee income (from contracts with customers)	**40**	**51**
Fee expense:		
Other non-interest related fees	-	-
	-	**-**
	40	**51**

The decline of investment management fees from EUR 15 million in 2018 to EUR 7 million in 2019 was a result of lower performance fees for NIBC's fund management activities, due to the sale of a significant part of our fund investments in the second half of 2018.

In 2018, the M&A fees included a single deal of EUR 7 million relating the purchase of HSH Nordbank by a consortium.

The increase in the originate-to-manage fees in the Retail client offering is the result of an increase in the originate-to-manage portfolio.

4 Investment income

in EUR millions	2019	2018
Share in result of associates and joint ventures accounted for using the equity method	5	-
Equity investments (fair value through profit or loss):		
Gains less losses from associates	21	75
Gains less losses from other equity investments	34	(1)
	60	**74**

Gains less losses from associates decreased from EUR 75 million to EUR 21 million, following the sale of two large portfolios of *NIBC European Infrastructure Fund* (**NEIF**) in 2018.

The increase in gains less losses from other equity investments from EUR 1 million loss to EUR 34 million gain is mainly caused by a positive revaluation of one of our Fintech investments.

5 Net trading income

in EUR millions	2019	2018
Financial instruments mandatory measured at fair value through profit or loss:		
Debt investments held for trading	1	(3)
Other assets and liabilities held for trading	4	3
	5	**-**

Results in net trading income relate to trading assets and liabilities, and the associated fair value movements. The fair value movements are influenced by changes in market conditions, such as stock prices, interest rates and currency exchange rates.

6 Net gains or (losses) from assets and liabilities at fair value through profit or loss

in EUR millions	2019	2018
Financial instruments		
Financial instruments mandatory at fair value through profit or loss other than those included in net trading income:		
Debt securities	1	1
Derivatives held for hedge accounting		
Fair value hedges of interest risk rate	(7)	(6)
Cash flow hedges of interest risk rate	(1)	1
Interest rate instruments (economic hedge)	3	(1)
Loans	1	(5)
Other:		
Foreign exchange	4	4
Non-financial instruments:		
Investment property		
Investment property - revaluation result	1	2
	2	**(4)**

Fair value hedges of interest risk rate increased from a loss of EUR 6 million in 2018 to a loss of EUR 7 million in 2019 and can be attributed to a gain of EUR 129 million on the hedged items (2018: gain of EUR 21 million) and a loss of EUR 136 million on the hedging instruments (2018: loss of EUR 27 million).

Currency revaluations have led to a gain of EUR 4 million (2018: gain of EUR 4 million) on foreign exchange.

7 Net gains or (losses) on derecognition of financial assets measured at amortised cost

in EUR millions	2019	2018
Loans	(1)	(2)
	(1)	**(2)**

8 Other operating income

in EUR millions	2019	2018
Other operating income	5	5
	5	**5**

9 Personnel expenses and share-based payments

in EUR millions	2019	2018
Salaries[1]	83	84
Severance payments	7	-
Variable compensation:		
Cash bonuses	6	5
Share-based and deferred bonuses including expenses relating to previous years' grants	1	3
One-off retention package	1	5
Pension and other post-retirement charges:		
Defined-contribution plan	13	13
Other post-retirement charges/(releases) including own contributions of employees	(1)	(2)
Social security charges	8	8
Other staff expenses	2	1
	119	**117**

1 NIBC decided to reclassify costs of external advisors not yet considered as temporary staff - in 2018 amounting to approximately EUR 9 million - as part of salaries as from 2019. Therefore the comparable figures 2018 were changed accordingly

Number of FTE at 31 December	2019	2018
NIBC Bank N.V. (within NL)	560	538
NIBC Bank N.V. (outside NL)	107	119
Beequip B.V.	41	38
Lendex B.V.	3	-
Total NIBC Holding N.V.	**711**	**695**

FTEs

The number of FTEs increased from 695 at 31 December 2018 to 711 at 31 December 2019. The average employed number of FTEs increased from 689 in 2018 to 701 in 2019. The number of FTEs

employed outside of the Netherlands decreased from 119 at 31 December 2018 to 107 at 31 December 2019.

Salaries

Salaries in 2019 includes an amount of EUR 2.5 million for a one-off expense due to various staff changes in the organisational structure during 2019 (2018: EUR 4.3 million).

Severance payments

The decision to dismantle NIBC's capital markets activities will result in a reduction of 49 employees. The positive advise from the Work Council has been received on this restructuring in the beginning of 2020. NIBC's Social Protocol 2019, which specifies the redundancy compensation package, is applicable for all redundant employees. The total staff reduction costs provided for in this regard in 2019 amounts to EUR 7.3 million.

Variable compensation

The variable compensation in cash charged to the income statement increased in 2019 by EUR 1.0 million. The total amount of variable income paid in 2019, with respect to the performance over 2018, amounts to EUR 7.9 million. The decrease in variable compensation paid in 2019 in comparison with the amount paid in 2018 is due to the one-off retention package in April 2018 granted to members of the *Executive Committee* (**ExCo**). In 2019, partly as a consequence of the second tranche of the granted one-off retention package, three employees were awarded a total compensation of more than EUR 1 million (2018: six employees, as a consequence of the first tranche of the granted one-off retention package).

As per 23 March 2018, the date of the initial public offering of NIBC, a one-off retention package of in total EUR 5.4 million (gross) was granted to the six members of the ExCo. The net amount after income tax was invested in *Common Depositary Receipts* (**CDRs**) by the ExCo-members with a standard lock-up period of five years on 23 March 2018 (first tranche of 60%) and 23 March 2019 (second tranche of 40%) respectively. The first tranche has been unconditionally awarded to the ExCo members on the IPO date. The second tranche was unconditionally awarded to the ExCo-members on 23 March 2019.

As a consequence of the standard lock-up period of five years the ExCo-members are entitled to a fiscal discount of 18,5% of the share price at the investment date, i.e. on 23 March 2018 and on 23 March 2019 respectively. The one-off retention package related total fiscal discount that will be carried by NIBC amounts to EUR 0.6 million. The total expenses related to this one-off retention package amounts to EUR 0.6 million in 2019 (2018: EUR 5.1 million).

Information on the pension charges is included in note 40 Provisions.

Information on the remuneration of the members of the Statutory Board and Supervisory Board can be found in note 58.

Expenses related to Statutory Board and Supervisory Board Remuneration

in EUR	2019	2018
The breakdown of the total remuneration of the Statutory Board is as follows:[1]		
Cash compensation (base salary)	2,075,828	2,025,000
Short-term incentive compensation (cash bonus)	124,550	121,500
Short-term incentive compensation (phantom share units)	124,550	121,500
One-off retention package	383,384	3,461,383
Vesting of prior years short-term deferred share awards compensation[2]	153,211	134,118
Pension costs	546,574	533,287
Other remuneration elements	135,454	267,642
	3,543,551	**6,664,430**

1 Statutory Board is equal to Managing Board.
2 Expensed through the income statement in the current year, related to remuneration in prior year(s).

As at 31 December 2019, current members of the Statutory Board held 349,237 *Common Depositary Receipts* (**CDRs**) (31 December 2018: 241,490). At the end of 2019 and 2018 the current members did not held any **Conditional Common Depositary Receipts** (*CCDRs*) nor any **Conditional Restricted Depositary Receipts** (*CRDRs*).

in EUR	2019	2018
Total remuneration of the Supervisory Board is as follows:		
Annual fixed fees, committee fees	491,195	535,833
Value added tax liable on Supervisory Board remuneration	66,555	53,945
	557,750	**589,778**

Components of variable compensation - NIBC Choice

NIBC Choice is NIBC's share-based and deferred compensation plan and governs all variable compensation components in the form of equity, equity-related and deferred cash compensation. In addition to this, variable compensation can consist of a discretionary short-term cash bonus. NIBC Choice is only open to management and employees and includes conditions relating to termination of employment or certain corporate events, such as restructurings, affecting the rights that would otherwise accrue to them.

The following table gives an overview of the different existing NIBC Choice instruments and their main characteristics:

NIBC Choice instrument	Share based	Equity/Cash-settled	Vesting conditions
Current outstanding instruments			
Common Depositary Receipt (CDR)	Yes	Equity-settled	None
CDRs awarded under one-off retention package ExCo	Yes	Equity-settled	1 year vesting
CDRs under Depositary Receipt Purchase Plan 2018 and 2019 (DRPP)	Yes	Equity-settled	None
Phantom Share Unit (PSU)	Yes	Cash-settled	None
Restricted Phantom Share Unit (RPSU)	Yes	Cash-settled	3 years pro rata vesting
Deferred cash	No	Cash-settled	3 years pro rata vesting
Former outstanding instruments			
Conditional Common Depositary Receipt (CCDR)	Yes	Equity-settled	None
Conditional Restricted Depositary Receipt (CRDR)	Yes	Equity-settled	4 years pro rata vesting

Depositary receipts

The *Depositary Receipts* (**DRs**), consisting of CDRs and RDRs, are issued by *Stichting Administratiekantoor NIBC* (**the Foundation**) in accordance with its relevant conditions of administration (administratievoorwaarden). Prior to the IPO the conditions of administration have been slightly adjusted to declare a generic lock-up period of six months for holders of DRs. The generic lock-up period of six months ended on 23 September 2018 (i.e. six months after the IPO).

The Foundation issues a DR for each ordinary share it holds in NIBC. The Foundation exercises the voting rights in respect of each of these ordinary shares at its own discretion, unless holders of DRs request a power of attorney from the Foundation to vote in respect of our ordinary shares, except for DRs obtained under the one-off retention package (ExCo) not entitled to the dividends and other distributions declared payable in respect of the underlying ordinary share.

Under the conditions of administration, the holders of DRs have pre-emption rights similar to other shareholders of NIBC, subject to the Foundation having been given pre-emptive rights. Consequently, when given these pre-emptive rights, the Foundation will exercise the pre-emption rights attached to the ordinary shares underlying the DRs if these holders so elect.

In 2009 a co-investment programme was introduced for Statutory Board members. Under this programme Statutory Board members were granted matching shares (CRDRs), subject to a four-year vesting period, on a net after-tax basis representing a 1:1 match to their personal investment in CDRs at that time. These matching shares will become fully unconditional and vest immediately upon change of control of NIBC. In December 2017 it was proposed by the Statutory Board and subsequently approved by the Remuneration and Nominating Committee and Supervisory Board to change the Plan Rules Variable Compensation (NIBC Choice) in order to allow delivery of DRs for outstanding CCDRs in lieu of the occurrence of a change of control of NIBC. Furthermore it was decided that all unvested CRDRs outstanding at 1 January 2018 vested immediately (accelerated vesting) into CCDRs. This applied to 3.558 CRDRs (net after tax basis) related to the cancellation of the Long Term Incentive arrangement for certain Statutory Board members. Following this change of the Plan Rules 317,200 (net after tax basis) outstanding CCDRs were released into CDRs in January 2018.

As of 1 January 2015 a short-term variable income component at target of 15% of base salary (with a maximum of 20%) is applicable for Statutory Board members. The variable compensation is delivered in a pre-defined mix: 30% in cash, 20% in deferred cash, 30% in PSUs and 20% in RPSUs.

One-off retention package ExCo members

On 23 March 2018, the date of the IPO, NIBC granted a retention package of DRs to the members of the ExCo. For Statutory Board members of the ExCo, the monetary value of the retention package was set at 180 per cent of their fixed annual gross salary. At that time the fixed annual gross salary was EUR 825,000 for the CEO and EUR 600,000 for each of the CFO and CRO, therefore the gross monetary value of the retention package was EUR 1,485,000 for the CEO and EUR 1,080,000 for each of the CFO and CRO. For non-statutory members of the ExCo, the monetary value of the retention package was set at 165 per cent of their fixed annual gross salary. The fixed annual gross salary for each of the non-statutory members of the ExCo was EUR 350,000 and therefore the gross monetary value of the retention package was EUR 577,500.

Under the one-off retention package, DRs were granted and will be vested in accordance to a predefined vesting schedule.

The number of DRs is calculated by converting the gross monetary amount of the retention package into the number of DRs corresponding to ordinary shares at the initial offering price of EUR 8.75. The number of DRs issued pursuant to the retention package awarded at the first anniversary of the IPO date was calculated by converting the gross monetary amount of the retention package into the number of DRs corresponding to the ordinary shares at the listed share price at 23 March 2019 of EUR 8.01. In addition, for a period of five years from the date of award, being either the IPO date or the first anniversary thereof, the members of the ExCo may not dispose of any DRs received pursuant to the retention package. The lock-up period cannot be waived and the retention package arrangement does not provide for any circumstances which may result in automatic waiver of the lock-up period. Following the expiry of the applicable lock-up period, the ExCo member (i) may request the Foundation to convert the DRs into ordinary shares and transfer the ordinary shares to a third party investment account; or (iii) may offer all or part of their entire holding of DRs for sale to the Foundation against cancellation of such DRs with the sale being settled in cash and the value of the cash payments being calculated by multiplying the number of DRs cancelled by the price of one ordinary share on Euronext Amsterdam as at the date of cancellation. After the lock-up period of five years, the underlying shares of the DRs will be delivered by the STAK to the personal securities accounts of the ExCo members or the underlying shares of the DRs will be sold on the stock exchange on behalf of the respective ExCo member.

The retention package is subject to the holdback and claw back provisions as set out in the remuneration policy of NIBC and as set out in article 2:135 of the Dutch Civil Code and article 1:126 and 1:127 of the Dutch Financial Supervision Act.

Depositary Receipts Purchase Plan (DRPP)

In view of the IPO at 23 March 2018 and at the first anniversary of the IPO in 2019 (for practical reasons set at 1 April 2019), all employees of NIBC (for 2018 including members of Statutory Board and other members of the Executive Committee) were offered an opportunity to participate in the DRPP to purchase CDRs in the company.

The ExCo and staff members of NIBC are entitled to a tax discount between 5.5 per cent and 18.5 per cent on the initial offering price at 23 March 2018 and the listed share price at 1 April 2019,

corresponding with a lock-up period for disposal between one and five years. The related tax expense of EUR 0.1 million (2018: EUR 1.0 million) is borne by NIBC.

Phantom Share Units (PSUs) and Restricted Phantom Share Units (RPSUs)
The short-term compensation in share-related awards consists of PSUs and/or RPSUs. RPSU awards are subject to a three-year vesting with one third vesting each year on 1 April. All PSUs and RPSUs are subject to a one-year retention period as measured from the date of vesting. For the Statutory Board the lock-up period of the equity-linked instruments is five years. The RPSUs and PSUs have similar characteristics as the CRDR, such as eligibility for dividend and a value which is tied to movements in the net asset value of NIBC Holding, however RPSUs are not eligible for dividend. After the IPO the fair value is based on the listed share price of NIBC Holding. This short-term compensation can be converted into cash immediately after the retention period and therefore is recognised as cash-settled.

Share plans

Common Depositary Receipts

	Depositary Receipt (in numbers)		Fair value at balance sheet date (in EUR)	
	2019	2018	2019	2018
Balance at 1 January	**872,750**	**2,083,120**		
CDRs converted from CCDRs	-	317,200		
Sold CDRs on date of IPO	-	(1,649,976)		
Investments from own funds under DRPP 2019 and 2018	19,765	419,582		
Granted (one-off retention package, 1st tranche)	-	217,395		
Granted (one-off retention package, 2 nd tranche)	158,960	-		
Decertification CDRs in ordinary shares[1]	(43,604)	(514,571)		
Balance at 31 December	**1,007,871**	**872,750**	**7.52**	**8.31**
Of which relates to investment from own funds at 31 December	**395,743**	**419,582**		

1 (Former) employees of NIBC requested in 2019 and 2018 to transfer underlying ordinary shares of CDRs, not subject to any lock-up, to their own securities account.

Since the IPO at 23 March 2018 the fair value of CDRs is equal to the listed share price of NIBC Holding. The fair value at balance sheet date was EUR 7.52 (2018: EUR 8.31).

Conditional Common Depositary Receipts (CCDRs) and Conditional Restricted Depositary Receipts (CRDRs)
At year-end 2019 and 2018, no CCDRs and CRDRs are outstanding to current Statutory Board members.

In 2017 it was decided that all unvested CRDRs outstanding at 1 January 2018 will vest immediately (accelerated vesting) into CCDRs. This applied to 3.558 CRDRs (net after tax basis) related to the cancellation of the Long Term Incentive arrangement for certain Statutory Board members.

According to the change of the Plan Rules in 2017, 317,200 (net after tax basis) outstanding CCDRs were released into CDRs in January 2018 of which 70,788 were held by current Statutory Board members.

	Conditional Common Depositary Receipts (in numbers)		Weighted average fair value at grant date (in EUR)	
	2019	2018	2019	2018
Changes in conditional common depositary receipts:				
Balance at 1 January	-	**287,905**	-	**9.06**
Vesting of one-off matching shares awarded in 2012 and 2014 on investment from own funds		14,138		8.28
Vesting of cancellation LTI arrangement in 2014		7,116		8.60
CCDRs from dividend compensation		8,041		10.32
CCDRs converted to CDRs		(317,200)		10.32
Balance at 31 December	-	-	-	-

	Conditional Restricted Depositary Receipts (in numbers)		Weighted average fair value at grant date (in EUR)	
	2019	2018	2019	2018
Changes in conditional restricted depositary receipts:				
Balance at 1 January	-	**21,254**	-	**8.39**
Vested into CCDRs		(21,254)		8.38
Balance at 31 December	-	-	-	-

Phantom Share Units

As at year-end 2019, 319,634 (2018: 330,511) PSUs had been issued to employees. The total outstanding position is cash-settled.

	Phantom Share Units (in numbers)		Weighted average fair value at grant date (in EUR)	
	2019[1]	2018	2019	2018
Changes in phantom share units:				
Balance at 1 January	**330,511**	**256,765**	**8.94**	**9.03**
Granted	96,922	144,387	7.52	8.31
Vesting of RPSUs	73,072	57,478	8.20	8.36
Exercised	(180,870)	(128,119)	8.16	8.15
Balance at 31 December	**319,635**	**330,511**	**8.78**	**8.94**

1 The number of (restricted) phantom share units of 2019 is calculated based upon the listed share price at 31 december 2019 (EUR 7.52). The number of (restricted) phantom share units that will be finally granted will be based upon the listed share price at 1 April 2020.

Since the IPO at 23 March 2018 the fair value of CDRs is equal to the listed share price of NIBC Holding. The fair value at balance sheet date was EUR 7.52 (2018: EUR 8.31).

Restricted Phantom Share Units

As at year end 2019, 248,432 (2018: 245,612) RPSUs had been issued to employees. The total outstanding position is cash-settled.

	Restricted Phantom Share Units (in numbers)		Weighted average fair value at grant date (in EUR)	
	2019[1]	2018	2019	2018
Changes in restricted phantom share units:				
Balance at 1 January	**245,612**	**206,150**	**9.02**	**9.14**
Granted	84,530	118,177	7.52	8.31
Vesting of RPSUs	(73,072)	(57,478)	8.20	8.36
Exercised	-	-	-	-
Forfeited	(8,638)	(21,237)	8.10	8.09
Balance at 31 December	**248,432**	**245,612**	**8.78**	**9.02**

1 The number of (restricted) phantom share units of 2019 is calculated based upon the listed share price at 31 december 2019 (EUR 7.52). The number of (restricted) phantom share units that will be finally granted will be based upon the listed share price at 1 April 2020.

Since the IPO at 23 March 2018 the fair value of CDRs is equal to the share price of NIBC Holding. The fair value at balance sheet date was EUR 7.52 (2018: EUR 8.31).

Result recognition

With respect to all instruments relating to NIBC Choice (CDRs, CCDRs, CRDRs, PSUs, RPSUs and deferred cash), an amount of EUR 2 million was expensed through personnel expenses in 2019 (2018: EUR 8 million), of which nil (2018: EUR 2 million) refers to cash-settled instruments (deferred cash and vested PSUs) and EUR 2 million (2018: EUR 6 million) to equity-settled instruments (including fiscal discount borne by NIBC related to one-off retention package granted to the ExCo members in 2018 and the DRPP 2019 and 2018).

With respect to the cash-settled instruments (PSUs, RPSUs and deferred cash), the amount expensed during the vesting period through the income statement is based on the number of instruments originally granted outstanding at balance sheet date, their fair value at balance sheet date, the vesting period and estimates of the number of instruments that will forfeit during the remaining vesting period. The liability in the balance sheet with respect to cash-settled instruments is EUR 5 million (2018: EUR 5 million).

With respect to the equity-settled instruments (CDRs), the amount expensed during the vesting period through the income statement is based on the number of instruments granted outstanding at balance sheet date, their fair value at grant date, the vesting period and estimates of the number of instruments that will forfeit during the remaining vesting period. The liability in the balance sheet relating to the cumulative expenses with respect to equity-settled instruments is nil (2018: EUR 2 million).

The current account position with NIBC Bank includes a payable related to the capital contribution paid to NIBC Bank in relation to the granted equity settled NIBC Holding's share-based instruments (NIBC Choice) by NIBC Bank. The share-based expenses are borne by NIBC Bank and the after payroll tax amounts were paid to the Foundation with subsequent delivery of CDRs and/or RDRs by the Foundation to the employees.

10 Other operating expenses

in EUR millions	2019	2018
Other operating expenses		
Building-, housing and services expenses	4	5
Car-, travel- and accommodation expenses	3	5
Project expenses and consultants[1]	17	27
Control and supervision	4	3
Corporate brand, brochures, (re-)presentation expenses	3	4
Other employee expenses	5	5
ICT expenses	28	16
Communication expenses	2	2
Data expenses	7	5
Process outsourcing	18	17
Other general expenses	-	4
IPO costs	-	4
Short-term lease expenses	1	-
Low-value assets lease expenses	1	-
Fees of auditors	4	5
	97	**102**

1 NIBC decided to reclassify costs of external advisors not yet considered as temporary staff - in 2018 amounting to approximately EUR 8 million - as part of salaries as from 2019. Therefore the comparable figures 2018 were changed accordingly.

The expenses relating to short-term leases include the expenses relating to leases with a lease term of twelve months or less.

ICT expenses are higher in 2019 due to transition related costs to the third-party outsourcing partner. In 2018 the project expenses and consultants included expenses related to Mifid II and, the sale and property management of Vijlma.

Fees of auditors 2019

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of auditors:				
Audit of financial statements NIBC	2,621	-	-	2,621
Audit of financial statements Subsidiaries	705	18	59	782
Other audit-related services NIBC	130	-	-	130
Other audit-related services Subsidiaries	-	-	126	126
Other non-audit related services NIBC	40	-	53	93
Other non-audit related services Subsidiaries	-	12	4	16
Tax services NIBC	-	-	24	24
Tax services Subsidiaries	-	-	6	6
	3,496	**30**	**272**	**3,798**

Fees of auditors 2018

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of auditors:				
Audit of financial statements NIBC	2,500	-	-	2,500
Audit of financial statements Subsidiaries	604	411	350	1,365
Other audit-related services NIBC	339	-	2	341
Other audit-related services Subsidiaries	-	-	121	121
Other non-audit related services NIBC	-	-	37	37
	3,443	**411**	**510**	**4,364**

The fees listed above relate to the procedures applied to NIBC and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

11 Depreciation and amortisation

in EUR millions	2019	2018
Property and equipment (in own use)	5	5
Intangible assets	1	-
	6	**5**

12 Regulatory charges and levies

in EUR millions	2019	2018
Resolution levy	5	5
Deposit Guarantee Scheme	10	10
	15	**15**

13 Credit loss expenses / (recovery)

Financial assets

in EUR millions	2019	2018
Financial assets at amortised cost/fair value through other comprehensive income:		
Debt investments (see note 23)	-	(1)
Loans (see note 24)	43	63
Lease receivables (see note 25)	10	1
Mortgage loans (see note 26)	(4)	(9)
Total for on-balance sheet financial assets (in scope of ECL requirements)	**49**	**54**
Off-balance sheet financial instruments and credit lines:		
Committed facilities with respect to mortgage loans (see note 26)	(1)	1
Irrevocable loan commitments (see note 40)	1	(1)
Total for off-balance sheet financial assets (in scope of ECL requirements)	**-**	**-**
	49	**54**

Non-financial assets

There were no impairments on non-financial assets for 2019 and 2018.

14 Tax

in EUR millions	2019	2018
Current tax	59	45
Deferred tax	(14)	(16)
	45	**29**

Further information on deferred tax is presented in note 34. The actual tax charge on NIBC's profit before tax differs from the theoretical amount that would arise using the basic tax rate, as follows:

in EUR millions	2019	2018
Tax reconciliation:		
Profit before tax	**251**	**258**
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2018: 25.0%)	59	64
Impact of income not subject to tax	(14)	(20)
Impact of expenses not deductible	-	1
Effect of different tax rates other countries	-	1
Actualisation including true-ups and revaluations	-	(17)
	45	**29**

The impact of income not subject to tax mainly relates to income from equity investments and investments in associates and joint ventures, in which NIBC has a stake of more than 5%, being income that is tax exempt under Dutch tax law.

This results in an effective tax rate of 17.9% for the year ended 31 December 2019 (for the year ended 31 December 2018: 11.1%).

NIBC Holding N.V. is the parent company of NIBC Bank N.V., NIBC Investments N.V. and NIBC Investment Management N.V., which are all part of the same fiscal entity.

15 Earnings per ordinary share

Basic earnings per ordinary share (**EPS**) is calculated by dividing the profit for the year attributable to the equity holders of NIBC Holding N.V. by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of NIBC by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential common depositary receipts into ordinary shares.

The following table shows the composition of basic and diluted earnings per ordinary share for 2019 and 2018:

	2019			2018		
	Profit for the year attributable to equity holders	Weighted average number of ordinary shares	Earnings per ordinary share[1]	Profit for the year attributable to equity holders	Weighted average number of ordinary shares	Earnings per ordinary share[1]
	in EUR millions	in millions	in EUR	in EUR millions	in millions	in EUR
Basic earnings per ordinary share	194	146	1.33	217	146	1.48
Diluted earnings per ordinary share	194	146	1.32	217	146	1.48

1 Earnings per share consist of profit for the year excluding coupons attributable to capital securities and results attributable to non-controlling interests divided by the average outstanding and paid-up ordinary shares.

There have been no significant transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these consolidated financial statements which would require the restatement of EPS.

The dismantling of NIBC Markets has a negative impact of EUR 0.06 on the earnings per ordinary share over 2019. The adoption of IFRS 16 has no impact on the earnings per share.

Dividend distributions made and proposed

in eurocent	In 2020	In 2019	In 2018
Final dividend for 2019, 2018 and for 2017 (effectively a second interim dividend over 2017)	0.53	0.36	0.45
Interim dividend for 2019 and for 2018 (including a one off special interim dividend of EUR 0.25)	-	0.25	0.50
	0.53	**0.61**	**0.95**

The Managing Board proposes, subject to approval by the Supervisory Board, a final dividend of EUR 0.53 per ordinary share in respect of 2019, in total EUR 78 million. The total dividend in respect of 2019 amounts to EUR 0.78 per ordinary share. The dividend will, in principle, be subject to 15% withholding tax.

16 Cash and balances with central banks

in EUR millions	2019	2018
Cash and balances with central banks (amortised cost)	1,965	2,056
	1,965	**2,056**
Cash and balances with central banks can be categorised as follows:		
Receivable on demand	1,806	1,896
Not receivable on demand	159	160
	1,965	**2,056**
Legal maturity analysis of cash and balances with central banks not receivable on demand:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	8	8
Longer than five years	-	-
Assets with central banks due to mandatory reserve deposits	151	152
	159	**160**

Cash and balances with central banks included EUR 1,632 million on the current account balance held with Dutch Central Bank (2018: EUR 1,502 million).

Balances held with central banks are interest-bearing.

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature of the underlying assets.

The total credit loss allowance for cash and balances with central banks is limited to stage 1, and amounts to nil for 2019 and 2018.

17 Due from other banks

in EUR millions	2019	2018
Current accounts	515	420
Deposits with other banks	191	155
	706	**575**
Due from other banks can be categorised as follows:		
Receivable on demand	520	420
Cash collateral placements posted under CSA agreements	186	155
Not receivable on demand	-	-
	706	**575**

There were no subordinated loans outstanding due from other banks in 2019 and 2018.

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature of the underlying assets.

The total credit loss allowance for due from other banks is limited to stage 1, and amounts to nil (2018: nil).

18 Debt investments (fair value through profit or loss, including trading)

in EUR millions	2019	2018
Held for trading (mandatory fair value through profit or loss)	91	77
	91	**77**

The maximum exposure to credit risk for this financial asset amounts to EUR 91 million as per 31 December 2019 (2018: EUR 77 million).

19 Equity investments (fair value through profit or loss, including investments in associates)

in EUR millions	2019	2018
Investments in associates	128	92
Other equity investments	124	93
Long position in listed and actively traded equities	1	2
	253	**187**

in EUR millions	2019	2018
Movement schedule of investments in associates:		
Balance at 1 January	**92**	**246**
Additions	27	9
Disposals	(12)	(238)
Changes in fair value	21	75
Balance at 31 December	**128**	**92**
Movement schedule of other equity investments:		
Balance at 1 January	**93**	**75**
Additions	13	41
Disposals	(18)	(22)
Changes in fair value	34	(2)
Other (including exchange rate differences)	2	1
Balance at 31 December	**124**	**93**
Movement schedule of trading position in listed and actively traded equities:		
Balance at 1 January	**2**	**2**
Additions	64	114
Disposals	(66)	(113)
Other (including exchange rate differences)	1	(1)
Balance at 31 December	**1**	**2**

At the end of 2019 and 2018, all investments in associates and other equity investments were unlisted. Other disclosure requirements for associates are presented in note 56 Principal subsidiaries and associates.

Long positions in listed and actively traded equities consist of trading positions. Additions and disposals relate to trading activities at NIBC Markets.

20 Loans (fair value through profit or loss)

in EUR millions	2019	2018
Loans	142	148
	142	**148**
Legal maturity analysis of loans:		
Three months or less	4	1
Longer than three months but not longer than one year	20	31
Longer than one year but not longer than five years	96	93
Longer than five years	22	23
	142	**148**
Movement schedule of loans:		
Balance at 1 January	**148**	**99**
Additions	43	101
Disposals	(51)	(46)
Changes in fair value	1	(6)
Other (including exchange rate differences)	1	-
Balance at 31 December	**142**	**148**

The changes in fair value in the previous table reflect movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these assets, the movement due to interest rate changes is compensated by results on financial derivatives.

The cumulative change in fair value included in the balance sheet amount (at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a loss of EUR 20 million (2018: loss of EUR 21 million).

The portion of fair value changes in 2019 included in the balance sheet amount (at fair value through profit or loss) as at 31 December 2019 relating to the movement in credit spreads amounted to nil (2018: nil).

The maximum credit risk for this portfolio exposure including undrawn credit facilities amounted to EUR 188 million (2018: EUR 187 million).

The maximum exposure to credit risk without taking account of any collateral or other credit enhancement for this financial asset amounts to EUR 188 million as per 31 December 2019 (2018: EUR 187 million). This credit risk exposure is mitigated by the collateral held as security and other credit enhancements on these assets, for which the fair value amounts as per 31 December 2019 to EUR 142 million (2018: EUR 148 million).

The most significant types of collateral securing these loans are tangible assets, such as real estate, vessels, rigs and equipment.

21 Derivative financial instruments (fair value through profit or loss)

in EUR millions	2019	2018
Derivative financial assets:		
Derivative financial assets used for hedge accounting	6	14
Derivative financial assets - other	476	565
	482	**579**
Derivative financial liabilities:		
Derivative financial liabilities used for hedge accounting	4	6
Derivative financial liabilities - other	221	204
	225	**210**

Derivative financial assets and liabilities used for hedge accounting are derivatives designated in hedge accounting relationships as defined in IAS 39. The derivatives financial assets and liabilities in the category 'other' are classified as held for trading.

Derivative financial assets used for hedge accouting are *settled to market* (**STM**). Derivative financial assets other are *Over The Counter* (**OTC**).

The derivatives consist of:
- Interest rate swaps to hedge the interest rate risk of the mortgage portfolio;
- Interest rate swaps to transform fixed rate funding into floating rate funding;
- FX and cross-currency swaps to fund the non-euro loans to customers or to transform non-euro funding into euros;
- Client-driven derivative transactions;
- Limited money market trading.

Economically all these derivatives, with the exception of the limited money market trading and client-driving transactions, are used to hedge interest rate or FX risk. The limited money market trading is controlled by a facilitating VAR limit of EUR 2.25 million. For further details see note 61 Market risk (Key risk statistics Trading portfolio excluding NIBC Markets).

Derivatives used for hedging are asigned in a hedge accounting relationship and can be ineffective. Sources of ineffectiveness are the behaviour of the curve shift, the volatility of the basis spread over the curve and the distribution of cash flows of assets and liabilities compared to the hedging derivatives.

Derivative financial instruments used for hedge accounting

Hedge accounting - fair value hedges

The following table provides information about the hedging instruments included in the derivative financial instruments line items of NIBC's consolidated balance sheet.

	Carrying amount at 31 December 2019		Carrying amount at 31 December 2018	
in EUR millions	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges:				
Interest rate swaps	4	-	5	-
	4	**-**	**5**	**-**
Portfolio fair value hedges:				
Interest rate swaps	2	4	9	6
	2	**4**	**9**	**6**

In the following table, NIBC sets out the accumulated fair value adjustments arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the years.

		Carrying amount of hedged items at 31 December 2019		Accumulated amount of fair value adjustments on the hedged items at 31 December 2019	
in EUR millions	Hedged items	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges:					
Micro fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	314	-	8
Micro fair value hedge of Liquidity portfolio debt investments	Debt investments at FVOCI	56	-	-	-
		56	**314**	**-**	**8**
Portfolio fair value hedges:					
Portfolio fair value hedge of loans	Loans at AC	52	-	7	-
Portfolio fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	53	-	11
Portfolio fair value hedge of assets and liabilities	Deposits from customers and Mortgage loans	1,898	1,704	184	12
		1,950	**1,757**	**191**	**23**
		2,006	**2,071**	**191**	**31**

in EUR millions	Hedged items	Carrying amount of hedged items at 31 December 2018		Accumulated amount of fair value adjustments on the hedged items at 31 December 2018	
		Assets	Liabilities	Assets	Liabilities
Micro fair value hedges:					
Micro fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	1,823	-	7
Micro fair value hedge of Liquidity portfolio debt investments	Debt investments at FVOCI	56	-	-	-
		56	**1,823**	**-**	**7**
Portfolio fair value hedges:					
Portfolio fair value hedge of loans	Loans at AC	54	-	7	-
Portfolio fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	70	-	12
Portfolio fair value hedge of assets and liabilities	Deposits from customers and Mortgage loans	1,793	333	43	(2)
		1,847	**403**	**50**	**10**
		1,903	**2,226**	**50**	**17**

The following table sets out the changes in the fair value of the hedged items and hedging instruments in the current year, used as the basis for recognising ineffectiveness.

in EUR millions	Gains/(losses) attributable to the hedged risk at 31 December 2019		Hedge ineffective-ness at 31 December 2019	Gains/(losses) attributable to the hedged risk at 31 December 2018		Hedge ineffective-ness at 31 December 2018
Hedged items (hedge instruments)	Hedged items	Hedging instruments		Hedged items	Hedging instruments	
Micro fair value hedge relationships hedging liabilities:						
Micro fair value hedge of plain vanilla funding (interest rate swaps)	(1)	3	2	(15)	11	(4)
	(1)	**3**	**2**	**(15)**	**11**	**(4)**
Total micro fair value hedge	**(1)**	**3**	**2**	**(15)**	**11**	**(4)**

in EUR millions	Gains/(losses) attributable to the hedged risk at 31 December 2019		Hedge ineffective-ness at 31 December 2019	Gains/(losses) attributable to the hedged risk at 31 December 2018		Hedge ineffective-ness at 31 December 2018
Hedged items (hedge instruments)	Hedged items	Hedging instruments		Hedged items	Hedging instruments	
Portfolio fair value hedges hedging assets:						
Portfolio fair value hedge of assets (interest rate swaps)	156	(147)	9	42	(35)	7
	156	**(147)**	**9**	**42**	**(35)**	**7**
Portfolio fair value hedges hedging liabilities:						
Portfolio fair value hedge of plain vanilla funding (interest rate swaps)	-	-	-	1	(1)	-
Portfolio fair value hedge of liabilities (interest rate swaps)	(12)	12	-	(1)	1	-
	(12)	**12**	**-**	**-**	**-**	**-**
Total portfolio fair value hedge	**144**	**(135)**	**9**	**42**	**(35)**	**7**

Hedge accounting - cash flow hedges

The following table sets out the outcome of NIBC's hedging strategy, in particular, the notional and the carrying amounts of the derivatives the Bank uses as hedging instruments and the their changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions.

Hedge accounting - cash flow hedges at 31 December 2019

			Changes in fair value of hedging instruments used for measuring hedge ineffectiveness				
	Carrying value[1]		In total	Effective portion	Hedge ineffectiveness	Reclassified into income statement as	
in EUR millions	Assets	Liabilities		Recognised in OCI	Recognised in the income statement in gains or (losses) from assets and liabilities at FVtPL	Interest expense calculated using the effective interest method	Gains or (losses) from assets and liabilities at FVtPL
Cash flow hedges:							
Interest rate swaps	-	-	-	3	(3)	-	1
	-	**-**	**-**	**3**	**(3)**	**-**	**1**

1 The underlying hedged item of the cash flow hedges are corporate Loans.

Hedge accounting - cash flow hedges at 31 December 2018

	Carrying value[1]		Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			Reclassified into income statement as	
			In total	Effective portion	Hedge ineffectiveness		
in EUR millions	Assets	Liabilities		Recognised in OCI	Recognised in the income statement in gains or (losses) from assets and liabilities at FVtPL	Interest expense calculated using the effective interest method	Gains or (losses) from assets and liabilities at FVtPL
Cash flow hedges							
Interest rate swaps	-	-	3	(2)	(1)	-	-
	-	**-**	**3**	**(2)**	**(1)**	**-**	**-**

1 The underlying hedged item of the cash flow hedges are corporate Loans.

	Change in fair value of hedged item in the year 2019 used for ineffectiveness measurement	Cash flow hedge reserve at 31 December 2019		Change in fair value of hedged item in the year 2018 used for ineffectiveness measurement	Cash flow hedge reserve at 31 December 2018	
in EUR millions		Continuing hedges	Discontinued hedges		Continuing hedges	Discontinued hedges
Cash flow hedges:						
Floating rate notes	(3)	(9)	(12)	2	(7)	(19)
	(3)	**(9)**	**(12)**	**2**	**(7)**	**(19)**

Hedge accounting impact on equity

in EUR millions	2019	2018
Opening balance cash flow hedging reserve as at 1 January	**(26)**	**(40)**
Cash flow hedges:		
Effective portion of changes in fair value arising from:		
Cross currency interest rate swaps	-	-
Interest rate swaps	(3)	2
Net amount reclassified to profit or loss into		
Other interest expense	6	9
Gains or (losses) from assets and liabilities at FVtPL	2	3
Closing balance cash flow hedging reserve as at 31 December	**(21)**	**(26)**

At year end 2019 the cash flow hedge reserve consists of an amount of EUR 9 million (2018: EUR 7 million) relating to continuing hedges and an amount of EUR 12 million (2018: EUR 19 million) to hedging relationships for which hedge accounting is no longer applied.

Derivative financial instruments used for hedge accounting at 31 December 2019

in EUR millions	Notional amount with remaining life of				Carrying value	
	Less than three months	Between three months and one year	More than one year	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk						
OTC products:						
Average fixed rate	-	0%	1%	1%		
Interest rate swaps	-	23	3,602	3,625	2	4
Interest currency rate swaps	-	-	17	17	4	-
	-	**23**	**3,619**	**3,642**	**6**	**4**
Derivatives accounted for as cash flow hedges of interest rate risk						
OTC products:						
Average fixed rate	-	-	2%	2%		
Interest rate swaps	-	-	141	141	-	-
	-	**-**	**141**	**141**	**-**	**-**
Total derivatives used for hedge accounting	**-**	**23**	**3,760**	**3,783**	**6**	**4**

Derivative financial instruments used for hedge accounting at 31 December 2018

in EUR millions	Notional amount with remaining life of				Carrying value	
	Less than three months	Between three months and one year	More than one year	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk						
OTC products:						
Average fixed rate	-	2%	1%	1%		
Interest rate swaps	-	1,021	4,165	5,186	14	6
Interest currency rate swaps	-	-	-	-	-	-
	-	**1,021**	**4,165**	**5,186**	**14**	**6**
Derivatives accounted for as cash flow hedges of interest rate risk						
OTC products:						
Average fixed rate	-	-	2%	2%		
Interest rate swaps	-	-	156	156	-	-
	-	**-**	**156**	**156**	**-**	**-**
Total derivatives used for hedge accounting	**-**	**1,021**	**4,321**	**5,342**	**14**	**6**

The average remaining maturity (in which the related cash flows are expected to enter into the determination of profit or loss) is 7 years (2018: six years).

Derivative financial instruments - other at 31 December 2019

in EUR millions	Notional amount with remaining life of				Carrying value	
	Less than three months	Between three months and one year	More than one year	Total	Assets	Liabilities
Interest rate derivatives						
OTC products:						
Interest rate swaps[1]	911	2,843	12,853	16,607	439	66
Interest rate options (purchase)	-	67	623	690	1	-
Interest rate options (sale)	-	69	572	641	-	1
	911	**2,979**	**14,048**	**17,938**	**440**	**67**
Currency derivatives						
OTC products:						
Interest currency rate swaps	210	898	987	2,095	3	114
Currency/cross-currency swaps	241	-	-	241	2	5
	451	**898**	**987**	**2,336**	**5**	**119**
Other derivatives (including credit derivatives)						
OTC products:						
Credit default swaps (guarantees received)	-	-	4	4	-	1
Other swaps	-	-	40	40	31	34
	-	**-**	**44**	**44**	**31**	**35**
Total derivatives - other	**1,362**	**3,877**	**15,079**	**20,318**	**476**	**221**

1 The relatively significant notional amount of these derivatives can largely be explained conform past practice, when it used to be more beneficial to hedge interest rate risk by entering into a new swap position rather than to unwind existing swaps.

Derivative financial instruments - other at 31 December 2018

in EUR millions	Notional amount with remaining life of				Carrying value	
	Less than three months	Between three months and one year	More than one year	Total	Assets	Liabilities
Interest rate derivatives						
OTC products:						
Interest rate swaps[1]	965	3,451	15,564	19,980	464	100
Interest rate options (purchase)	100	116	896	1,112	1	-
Interest rate options (sale)	100	38	853	991	-	-
	1,165	**3,605**	**17,313**	**22,083**	**465**	**100**
Currency derivatives						
OTC products:						
Interest currency rate swaps	264	770	1,616	2,650	68	66
Currency/cross-currency swaps	100	-	-	100	1	2
	364	**770**	**1,616**	**2,750**	**69**	**68**
Other derivatives (including credit derivatives)						
OTC products:						
Credit default swaps (guarantees given)	-	-	-	-	-	-
Credit default swaps (guarantees received)	-	-	4	4	-	1
Other swaps	-	-	40	40	31	35
	-	**-**	**44**	**44**	**31**	**36**
Total derivatives - other	**1,529**	**4,375**	**18,973**	**24,877**	**565**	**204**

1 The relatively significant notional amount of these derivatives can largely be explained conform past practice, when it used to be more beneficial to hedge interest rate risk by entering into a new swap position rather than to unwind existing swaps.

The average remaining maturity (in which the related cash flows are expected to enter into the determination of profit or loss) is six years (2018: six years).

Fair value hedges of interest rate risk

The following table discloses the fair value of the swaps designated in fair value hedging relationships:

in EUR millions	2019	2018
Fair value pay - fixed swaps (hedging assets) | assets	-	-
Fair value pay - fixed swaps (hedging assets) | liabilities	(4)	(6)
	(4)	**(6)**
Fair value pay - floating swaps (hedging liabilities) | assets	5	14
Fair value pay - floating swaps (hedging liabilities) | liabilities	-	-
	5	**14**

Portfolio fair value hedge accounting of plain vanilla funding
According to NIBC's Hedging Policy, NIBC should not be exposed to interest rate risk from its fixed rate plain vanilla funding activities above certain limits prescribed by the *Asset & Liability Committee* (**ALCO**). Consequently, NIBC uses interest rate swaps to hedge the fair value interest rate risk arising on this fixed rate funding. To mitigate any accounting mismatches, NIBC has defined a portfolio fair value hedge for the fixed rate plain vanilla funding and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (interbank offered rates up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2019 was nil (2018: EUR 7 million debit). The losses on the hedging instruments were nil (2018: loss of EUR 1 million). The gains on the hedged items attributable to the hedged risk were nil (2018: gain of EUR 1 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

Portfolio fair value hedge accounting of Assets & Liabilities
According to NIBC's Hedging Policy, NIBC should not be exposed to interest rate risk from its fixed rate asset and liability activities such as mortgages and retail deposits above certain limits prescribed by the ALCO. Consequently, NIBC uses interest rate swaps to hedge the fair value interest rate risk arising on these primarily fixed rate mortgages and retail deposits. To mitigate any accounting mismatches, NIBC has defined a portfolio fair value hedge for the assets and liabilities with a contractual duration longer than three months and the corresponding hedging transactions.

The hedged risk is the benchmark interest rate (interbank offered rates up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2019 was EUR 3 million credit (2018: EUR 1 million debit). The losses on the hedging instruments were EUR 137 million (2018: loss of EUR 34 million). The gains on the hedged items attributable to the hedged risk were EUR 144 million (2018: gain of EUR 41 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness and pipeline hedging. The pipeline consists of mortgage loans offered to customers but not yet have been accepted.

Micro fair value hedge accounting of plain vanilla funding
According to NIBC 's hedging policy, NIBC should not be exposed to interest rate and foreign exchange risk from its fixed rate plain vanilla funding activities above certain limits prescribed by ALCO. Consequently, NIBC uses interest rate swaps to hedge the fair value interest rate risk on this fixed rate funding. To mitigate any accounting mismatches, NIBC has defined a micro fair value hedge for fixed rate plain vanilla funding and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (interbank offered rates up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2019 was EUR 4 million debit (2018: EUR 5 million debit). The gains

on the hedging instruments were EUR 2 million (2018: gain of EUR 11 million). The losses on the hedged items attributable to the hedged risk were EUR 1 million (2018: loss of EUR 15 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

Portfolio fair value hedge accounting of loans
According to NIBC's hedging policy, NIBC should not be exposed to interest rate risk from its corporate loan activities above certain limits as set by ALCO. Consequently, NIBC uses interest rate swaps to hedge the fair value interest rate risk arising from these fixed rate loans. To mitigate any accounting mismatches, NIBC has defined a portfolio fair value hedge for the fixed rate loan and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (interbank offered rates up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these hedge relationships at 31 December 2019 was nil (2018: EUR 5 million credit). Gains on the hedging instruments were EUR 2 million (2018: gain of EUR 1 million). The losses on the hedged items attributable to the hedged risk were nil (2018: nil). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

Micro fair value hedge accounting of the Liquidity portfolio debt investments
According to NIBC's hedging policy, NIBC should not be exposed to fair value interest rate risk from its fixed rate debt investments held in the Liquidity portfolios above certain limits prescribed by ALCO. Consequently, NIBC uses interest rate swaps to hedge the fair value interest rate risk arising on this fixed rate debt investments. To mitigate any accounting mismatches, NIBC has defined a micro fair value hedge for fixed rate debt investments and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (interbank offered rates up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2019 was nil. (2018: nil). The losses on the hedging instruments were nil (2018: nil). The gains on the hedged items attributable to the hedged risk were nil (2018: nil). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

Cash flow hedges
NIBC has classified a large part of its corporate loans as loans and receivables at amortised cost. Therefore, variability in the cash flows of the floating rate corporate loans is accounted for in future periods, when the coupons are recorded in the income statement on an amortised cost basis. Interest rate swaps are used to hedge the floating cash flows of its floating corporate loans. These swaps are reported at fair value through profit or loss. This accounting mismatch creates volatility in the income statement of NIBC. Therefore NIBC applies hedge accounting on these positions. Hedge accounting is applied to all swaps that are used to hedge the cash flow risk of the floating corporate loans by defining a macro cash flow hedge relationship with the floating corporate loans.

The variability in interest cash flows arising on floating rate corporate loans is hedged on a portfolio basis with interest rate swaps that receive fixed and pay floating (generally one, three and six months floating rates). The highly probable cash flows being hedged relate both to the highly probable cash

flows on outstanding corporate loans and to the future reinvestment of these cash flows. NIBC does not hedge the variability of future cash flows of corporate loans arising from changes in credit spreads.

Interest rate swaps with a net fair value of nil (2018: nil) were designated in a cash flow hedge relationship. The cash flow on the hedged item will be reported in income over the next six years. In 2019 the ineffectiveness recognised in the income statement that arose from cash flow hedges was a loss of EUR 3 million (2018: loss of EUR 1 million).

Some macro cash flow hedging relationships ceased to exist during 2019 and therefore the related cumulative hedge adjustment as from that date, is being amortised over the remaining contractual maturity of the hedged item.

The amount that was recognised in equity for the year 2019 was EUR 3 million credit (2018: EUR 2 million debit). The amount that was transferred from equity to the income statement in 2019 was a loss of EUR 6 million net of tax (2018: gain of EUR 12 million).

22 Debt investments (fair value through other comprehensive income)

in EUR millions	2019	2018
Debt investments	954	788
	954	**788**

For 2019, all debt investments are non-government, except for EUR 81 million (2018: EUR 39 million).

in EUR millions	2019	2018
Listed	954	775
Unlisted	-	13
	954	**788**
Legal maturity analysis of debt investments:		
Three months or less	15	19
Longer than three months but not longer than one year	133	75
Longer than one year but not longer than five years	709	645
Longer than five years	97	49
	954	**788**

The debt investments (FVOCI) relate to the liquidity portfolio for which the low credit risk exemption is applied.

There are no contractual amounts outstanding on debt investments that have been written off and are still subject to enforcement activity for 2019 and 2018.

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's internal credit rating system and year-end stage classification. Details of NIBC's internal grading system are in explained in note 59 Credit Risk.

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2019
Internal rating grade:					
Investment	951	-	-	-	951
Sub-investment	-	3	-	-	3
Sub-investment (highly vulnerable)	-	-	-	-	-
Default	-	-	-	-	-
	951	**3**	**-**	**-**	**954**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of carrying value debt investments:					
Balance at 1 January	**784**	**4**	**-**	**-**	**788**
New financial assets originated or purchased	388	-	-	-	388
Financial assets that have been derecognised	(229)	(1)	-	-	(230)
Changes in fair value	6	-	-	-	6
Foreign exchange and other movements	2	-	-	-	2
Balance at 31 December	**951**	**3**	**-**	**-**	**954**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2018
Internal rating grade:					
Investment	784	-	-	-	784
Sub-investment	-	-	-	-	-
Sub-investment (highly vulnerable)	-	4	-	-	4
Default	-	-	-	-	-
	784	**4**	**-**	**-**	**788**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of carrying value debt investments:					
Balance at 1 January	**660**	**4**	**-**	**-**	**664**
New financial assets originated or purchased	391	-	-	-	391
Financial assets that have been derecognised	(263)	-	-	-	(263)
Changes in fair value	(6)	-	-	-	(6)
Foreign exchange and other movements	2	-	-	-	2
Balance at 31 December	**784**	**4**	**-**	**-**	**788**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of credit loss allowances of debt investments:					
Balance at 1 January	1	-	-	-	1
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	-	-	-	-	-
Financial assets that have been derecognised	(1)	-	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	(1)	-	-	-	(1)
Balance at 31 December	-	-	-	-	-

23 Debt investments (amortised cost)

in EUR millions	2019	2018
Debt investments	10	-
	10	-
Listed	10	-
Unlisted	-	-
	10	-
Legal maturity analysis of debt investments:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	10	-
	10	-

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's internal credit rating system and year-end stage classification. Details of NIBC's internal grading system are explained in note 59 Credit Risk.

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2019
Internal rating grade:					
Investment	10	-	-	-	10
Sub-investment	-	-	-	-	-
Sub-investment (highly vulnerable)	-	-	-	-	-
Default	-	-	-	-	-
	10	-	-	-	**10**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of carrying value debt investments:					
Balance at 1 January	**-**	**-**	**-**	**-**	**-**
New financial assets originated or purchased	10	-	-	-	10
Financial assets that have been derecognised	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Balance at 31 December	**10**	**-**	**-**	**-**	**10**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of carrying value debt investments:					
Balance at 1 January 2018					**163**
Financial assets that have been derecognised	(163)	-	-	-	(163)
Balance at 31 December	**-**	**-**	**-**	**-**	**-**

There are no contractual amounts outstanding on debt investments that were written off and are still subject to enforcement activity for 2019 and 2018.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of credit loss allowances on debt investments:					
Balance at 1 January					**20**
Effect of adoption IFRS 9 - reclassification	-	-	-	-	(20)
Balance at 31 December	**-**	**-**	**-**	**-**	**-**

The maximum credit risk exposure including undrawn credit facilities arising on debt investments at amortised cost amounted to rounded nil (2018: nil).

24 Loans (amortised cost)

in EUR millions	2019	2018
Loans	7,012	7,062
	7,012	**7,062**
Legal maturity analysis of loans:		
Three months or less	284	243
Longer than three months but not longer than one year	906	623
Longer than one year but not longer than five years	4,426	4,580
Longer than five years	1,396	1,616
	7,012	**7,062**

The legal maturity analysis is based upon the earliest contractual cash flows best represents the short and long term nature of the cash flows. The contractual maturity may be extended over a longer period. The expected prepayments within the coming twelve months varies in the range between 9% and 21% of the outstanding exposure.

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's internal credit rating system and year-end stage classification. Details of NIBC's internal grading system are explained in note 59 Credit Risk.

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2019
Internal rating grade of loans:					
Investment	1,334	-	-	-	1,334
Sub-investment	4,703	679	-	-	5,382
Default	-	-	137	60	197
Default grade (bankruptcy filing)	-	-	-	-	-
Unrated	98	1	-	-	99
	6,135	**680**	**137**	**60**	**7,012**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of carrying value loans:					
Balance at 1 January	**5,986**	**794**	**249**	**33**	**7,062**
Reclassification to lease receivables	-	-	-	-	-
New financial assets originated or purchased	2,269	50	3	45	2,367
Financial assets that have been derecognised	(2,091)	(263)	(184)	(3)	(2,541)
Write-offs	-	-	59	-	59
Recoveries of amounts previously written off	-	-	2	-	2
Net remeasurement of loss allowance	3	(3)	(27)	(10)	(37)
Foreign exchange and other movements	95	9	1	(5)	100
Transfers:					-
Transfer from stage 1 to stage 2	(555)	550	-	-	(5)
Transfer from stage 2 to stage 1	428	(423)	-	-	5
Transfer from stage 2 to stage 3	-	(73)	73	-	-
Transfer from stage 3 to stage 2	-	39	(39)	-	-
Balance at 31 December	**6,135**	**680**	**137**	**60**	**7,012**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of credit loss allowances on loans:					
Balance at 1 January	**9**	**16**	**113**	**25**	**163**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(4)	4	-	-
Write-offs	-	-	(59)	-	(59)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(5)	-	(5)
Foreign exchange and other movements	-	-	5	5	10
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**(4)**	**(55)**	**5**	**(54)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	3	3	-	-	6
Financial assets that have been derecognised	(1)	(2)	(1)	-	(4)
Recoveries of amounts previously written off	-	-	(2)	-	(2)
Net remeasurement of loss allowance	(2)	2	28	10	38
Unwind of discount due to passage of time stage 1 and stage 2	-	-	4	1	5
Transfers:					
Transfer from stage 1 to stage 2	(4)	9	-	-	5
Transfer from stage 2 to stage 1	4	(9)	-	-	(5)
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**3**	**29**	**11**	**43**
Balance at 31 December	**9**	**15**	**87**	**41**	**152**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2018
Internal rating grade of loans:					
Investment	1,152	-	-	-	1,152
Sub-investment	4,847	794	-	-	5,641
Default	-	-	245	33	278
Default grade (bankruptcy filing)	-	-	4	-	4
Unrated	(13)	-	-	-	(13)
	5,986	**794**	**249**	**33**	**7,062**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of carrying value loans:					
Balance at 1 January	**6,043**	**993**	**194**	**34**	**7,264**
Reclassification to lease receivables	-	-	-	-	-
New financial assets originated or purchased	2,330	60	7	3	2,400
Financial assets that have been derecognised	(2,290)	(235)	(147)	(5)	(2,677)
Write-offs	-	1	39	8	48
Net remeasurement of loss allowance	1	(9)	(36)	(4)	(48)
Foreign exchange and other movements	53	22	6	(3)	78
Transfers:					-
Transfer from stage 1 to stage 2	(396)	392	-	-	(4)
Transfer from stage 1 to stage 3	(17)	-	17	-	-
Transfer from stage 2 to stage 1	262	(261)	-	-	1
Transfer from stage 2 to stage 3	-	(233)	233	-	-
Transfer from stage 3 to stage 2	-	64	(64)	-	-
Balance at 31 December	**5,986**	**794**	**249**	**33**	**7,062**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of credit loss allowances on loans:					
Balance at 1 January	**9**	**16**	**99**	**26**	**150**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(12)	12	-	-
Write-offs	-	-	(39)	(8)	(47)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(8)	(2)	(10)
Foreign exchange and other movements	-	-	4	3	7
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**(12)**	**(31)**	**(7)**	**(50)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	5	2	-	-	7
Financial assets that have been derecognised	(3)	(1)	-	-	(4)
Net remeasurement of loss allowance	(1)	9	36	4	48
Changes in model assumption and methodologies	-	-	-	-	-
Unwind of discount due to passage of time stage 1 and stage 2	-	-	9	2	11
Transfers:					
Transfer from stage 1 to stage 2	(2)	5	-	-	3
Transfer from stage 2 to stage 1	1	(3)	-	-	(2)
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**12**	**45**	**6**	**63**
Balance at 31 December	**9**	**16**	**113**	**25**	**163**

There are no contractual amounts outstanding on loans that were written off and are still subject to enforcement activity for 2019 and 2018.

The maximum credit risk exposure including undrawn credit facilities arising on loans at amortised cost amounted to EUR 8,897 million (2018: EUR 8,873 million).

The total amount of subordinated loans in this item amounted to EUR 159 million in 2019 (2018: EUR 146 million).

As per 31 December 2019, EUR 21 million (2018: EUR 21 million) was guaranteed by the Dutch State.

25 Lease receivables (amortised cost)

in EUR millions	2019	2018
Lease receivables	498	400
	498	**400**
Legal maturity analysis of gross investment in lease receivables:		
Three months or less	23	-
Longer than three months but not longer than one year	395	76
Longer than one year but not longer than five years	96	285
Longer than five years	39	76
	553	**437**
Unearned future finance income on finance leases	55	37
Net investment in finance leases	**498**	**400**
Legal maturity analysis of net investment in lease receivables:		
Three months or less	23	-
Longer than three months but not longer than one year	360	76
Longer than one year but not longer than five years	82	259
Longer than five years	33	65
	498	**400**

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's internal credit rating system and year-end stage classification. Details of NIBC's internal grading system are explained in note 59 Credit Risk.

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2019
Internal rating grade of lease receivables:					
Investment	4	-	-	-	4
Sub-investment	434	33	-	-	467
Sub-investment (highly vulnerable)	-	-	-	-	-
Default	-	-	2	-	2
Unrated	4		21	-	25
	442	**33**	**23**	**-**	**498**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of carrying value on lease receivables:					
Balance at 1 January	**400**	**-**	**-**	**-**	**400**
Reclassification from loans	-	-	-	-	-
New financial assets originated or purchased	259	10	1	-	270
Financial assets that have been derecognised	(196)	(4)	-	-	(200)
Write-offs	-	-	(1)	-	(1)
Transfers:				-	
Transfer from stage 1 to stage 2	-	27	-	-	27
Transfer from stage 1 to stage 3	(21)	-	23	-	2
Balance at 31 December	**442**	**33**	**23**	**-**	**498**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of credit loss allowances on lease receivables:					
Balance at 1 January	**1**	**-**	**-**	**-**	**1**
Movements with impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 1 to stage 3	-	-	10	-	10
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**-**	**10**	**-**	**10**
Balance at 31 December	**1**	**-**	**10**	**-**	**11**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2018
Internal rating grade of lease receivables:					
Investment	4	-	-	-	57
Sub-investment	313	7	-	-	320
Sub-investment (highly vulnerable)	22	1	-	-	23
Default	-	-	-	-	-
Unrated	53	-	-	-	-
	392	**8**	**-**	**-**	**400**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of carrying value on lease receivables:					
Balance at 1 January	**281**	**-**	**-**	**-**	**281**
New financial assets originated or purchased	-	-	-	-	-
Financial assets that have been derecognised	119	-	-	-	119
Balance at 31 December	**400**	**-**	**-**	**-**	**400**

As per 31 December 2019 the credit loss allowances on lease receivables amount to EUR 11 million (2018: EUR 1 million), and relate to assets within ECL stage 3.

26 Mortgage loans (amortised cost)

in EUR millions	2019	2018
Owner occupied mortgage loans	8,932	8,358
Buy-to-Let mortgage loans	705	632
	9,637	**8,990**
Legal maturity analysis of mortgage loans:		
Three months or less	12	18
Longer than three months but not longer than one year	18	23
Longer than one year but not longer than five years	141	114
Longer than five years	9,466	8,835
	9,637	**8,990**

NIBC believes that the legal maturity analysis based upon the earliest contractual cash flows best represents the term nature of the cash flows. The contractual maturity may be extended over a longer period. The expected prepayments within the coming twelve months varies in the range between 7% and 15% of the outstanding exposure.

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's use of Possibility of Default and year-end stage classification. Details of NIBC's use of Possibility of Default are explained in note 59 Credit Risk.

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2019
Probability of default:					
<= 1%	9,428	53	1	-	9,482
1%> <=2%	39	1	-	-	40
2%> <=5%	19	9	-	-	28
5%> <100%	23	48	-	-	71
100%	-	7	9	-	16
	9,509	**118**	**10**	**-**	**9,637**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of carrying value mortgage loans:					
Balance at 1 January	**8,891**	**82**	**17**	**-**	**8,990**
New financial assets originated or purchased (including transfers from consolidated SPEs)	1,693	-	-	-	1,693
Financial assets that have been derecognised (sale and/or redemption)	(1,026)	(14)	(7)	-	(1,047)
Net remeasurement of loss allowance	4	-	(2)	-	2
Transfers:					
Transfer from stage 1 to stage 2	(68)	68	-	-	-
Transfer from stage 1 to stage 3	(7)	-	6	-	(1)
Transfer from stage 2 to stage 1	18	(18)	-	-	-
Transfer from stage 2 to stage 3	-	(2)	2	-	-
Transfer from stage 3 to stage 1	4	-	(4)	-	-
Transfer from stage 3 to stage 2	-	2	(2)	-	-
Balance at 31 December	**9,509**	**118**	**10**	**-**	**9,637**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of credit loss allowances on mortgage loans:					
Balance at 1 January	**5**	**1**	**1**	**-**	**7**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 3 to stage 1	1	-	(1)	-	-
Transfer from stage 3 to stage 2	-	1	(1)	-	-
Movements with no impact on credit loss allowances of financial assets in the income statement	**1**	**1**	**(2)**	**-**	**-**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	1	-	-	-	1
Financial assets that have been derecognised	(3)	-	-	-	(3)
Net remeasurement of loss allowance	(4)	(1)	3	-	(2)
Transfers:					
Transfer from stage 2 to stage 1	1	(1)	-	-	-
Movements with impact on credit loss allowances of financial assets in the income statement	**(5)**	**(2)**	**3**	**-**	**(4)**
Balance at 31 December	**1**	**-**	**2**	**-**	**3**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2018
`					
Probability of default:					
<= 1%	8,786	43	-	-	8,829
1%> <=2%	34	-	-	-	34
2%> <=5%	17	2	-	-	19
5%> <100%	54	27	-	-	81
100%	-	10	17	-	27
	8,891	**82**	**17**	**-**	**8,990**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of carrying value mortgage loans:					
Balance at 1 January	**8,541**	**99**	**31**	**-**	**8,671**
New financial assets originated or purchased (including transfers from consolidated SPEs)	2,003	10	1	-	2,014
Financial assets that have been derecognised (sale and/or redemption)	(1,667)	(24)	(11)	-	(1,702)
Net remeasurement of loss allowance	8	-	(1)	-	7
Transfers:					
Transfer from stage 1 to stage 2	(22)	21	-	-	(1)
Transfer from stage 1 to stage 3	(5)	-	6	-	1
Transfer from stage 2 to stage 1	24	(24)	-	-	-
Transfer from stage 2 to stage 3	-	(1)	1	-	-
Transfer from stage 3 to stage 1	9	-	(9)	-	-
Transfer from stage 3 to stage 2	-	1	(1)	-	-
Balance at 31 December	**8,891**	**82**	**17**	**-**	**8,990**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of credit loss allowances on mortgage loans:					
Balance at 1 January	**6**	**2**	**7**	**-**	**15**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(2)	2	-	-
Transfer from stage 3 to stage 1	4	-	(4)	-	-
Transfer from stage 3 to stage 2	-	3	(3)	-	-
Movements with no impact on credit loss allowances of financial assets in the income statement	**4**	**1**	**(5)**	**-**	**-**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	4	-	-	-	4
Financial assets that have been derecognised (sale and/or redemption)	(3)	-	(1)	-	(4)
Net remeasurement of loss allowance	(8)	-	-	-	(8)
Transfers:					
Transfer from stage 1 to stage 2	(1)	1	-	-	-
Transfer from stage 2 to stage 1	3	(3)	-	-	-
Movements with impact on credit loss allowances of financial assets in the income statement	**(5)**	**(2)**	**(1)**	**-**	**(8)**
Balance at 31 December	**5**	**1**	**1**	**-**	**7**

Relating to committed facilities with respect to mortgage loans a release of EUR 1 million has been recognised in 2019 (2018: a credit loss of EUR 1 million).

The contractual amount outstanding on mortgage loans that were written off and are still subject to enforcement activity amounts to EUR 42 million (2018: EUR 46 million).

The maximum credit exposure including committed but undrawn facilities was EUR 9,965 million at 31 December 2019 (31 December 2018: EUR 9,743 million).

27 Securitised mortgage loans (amortised cost)

in EUR millions	2019	2018
Securitised mortgage loans	407	461
	407	**461**
Legal maturity analysis of securitised mortgage loans:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	407	461
	407	**461**

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's use of probability of default and year-end stage classification.

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2019
Probability of default:					
<= 1%	404	1	-	-	405
1%> <=2%	-	-	-	-	-
2%> <=5%	1	-	-	-	1
5%> <100%	1	-	-	-	1
100%	-	-	-	-	-
Unrated	-	-	-	-	-
	406	**1**	**-**	**-**	**407**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of carrying value securitised mortgage loans:					
Balance at 1 January	**460**	**1**	**-**	**-**	**461**
New financial assets originated or purchased (including transfers from consolidated SPEs)	-	-	-	-	-
Financial assets that have been derecognised (sale and/or redemption)	(54)	-	-	-	(54)
Balance at 31 December	**406**	**1**	**-**	**-**	**407**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total 2018
`					
Probability of default:					
<= 1%	459	1	-	-	460
1%> <=2%	-	-	-	-	-
2%> <=5%	-	-	-	-	-
5%> <100%	1	-	-	-	1
100%	-	-	-	-	-
	460	**1**	**-**	**-**	**461**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of carrying value securitised mortgage loans:					
Balance at 1 January	**314**	**2**	**1**	**-**	**317**
New financial assets originated or purchased (including transfers from consolidated SPEs)	521	-	-	-	521
Financial assets that have been derecognised (sale and/or redemption)	(375)	(1)	(1)	-	(377)
Transfers:					
Transfer from stage 1 to stage 2	(1)	1	-	-	-
Transfer from stage 1 to stage 3	(1)	-	1	-	-
Transfer from stage 2 to stage 1	1	(1)	-	-	-
Transfer from stage 3 to stage 1	1	-	(1)	-	-
Balance at 31 December	**460**	**1**	**-**	**-**	**461**

In 2019 and 2018 no expected credit losses were recognised.

28 Investment property

in EUR millions	2019	2018
Investment property	23	-
	23	**-**
Movement schedule of investment property:		
Balance at 1 January	**-**	**-**
Reclassification from property and equipment	20	
Additions	2	-
Disposals	-	-
Changes in fair value	1	-
Balance at 31 December	**23**	**-**

The rental income from investment property amount EUR 1 million in 2019.

29 Disposal group classified as held for sale

Following the approval of NIBC's management on 28 June 2019 to repeal the decision to sell off the Vijlma structure, the reclassification of the assets and liabilities related to its Vijlma business to held for sale has been abolished.

The major classes of assets and liabilities of the Vijlma business classified as held for sale are, as follows:

in EUR millions	2019	2018
Due from other banks (AC)	-	12
Other assets	-	1
	-	**13**

in EUR millions	2019	2018
Other liabilities	-	11
Current tax liabilities	-	2
	-	**13**

There are no items recognised in OCI and or equity relating to assets of the disposal group classified as held for sale.

30 Investments in associates and joint ventures (equity method)

in EUR millions	2019	2018
Investments in associates	16	9
Investments in joint ventures	5	3
	21	**12**
Movement schedule of investments in associates:		
Balance at 1 January	**9**	**7**
Purchases and additional payments	4	3
Disposals	-	(1)
Share in result	3	-
Balance at 31 December	**16**	**9**
Movement schedule of joint ventures:		
Balance at 1 January	**3**	**3**
Share in result	2	-
Balance at 31 December	**5**	**3**

At the end of 2019 and 2018, all investments in associates and joint ventures were unlisted.

The cumulative impairment losses amounted to nil for 2019 and 2018.

Other disclosure requirements for associates and joint ventures which are equity accounted are included in note 56 Principal subsidiaries and associates.

31 Property and equipment

in EUR millions	2019	2018
Land and buildings	30	42
Other fixed assets	3	2
Right-of-use assets	7	-
Assets under operating leases	35	21
	75	**65**

in EUR millions	2019	2018
Movement schedule of land and buildings:		
Balance at 1 January	**42**	**41**
Reclassification to investment property	(20)	-
Additions	2	4
Revaluation	8	-
Depreciation	(2)	(3)
Balance at 31 December	**30**	**42**
Gross carrying amount	95	105
Accumulated depreciation	(65)	(63)
Accumulated impairments	-	-
	30	**42**
Movement schedule of revaluation surplus:		
Balance at 1 January	**10**	**11**
Revaluation	8	-
Depreciation	(1)	(1)
Balance at 31 December	**17**	**10**
Movement schedule of other fixed assets:		
Balance at 1 January	**2**	**3**
Additions	3	1
Depreciation	(2)	(2)
Balance at 31 December	**3**	**2**
Gross carrying amount	29	28
Accumulated depreciation	(26)	(26)
	3	**2**

in EUR millions	2019	2018
Right-of-use assets:[1]		
Rented offices	7	-
	7	**-**
Movement schedule of right-of-use asset: offices		
Balance at 1 January	**-**	**-**
Effect of adoption of IFRS 16 per 1 January 2019	5	-
Restated balance at 1 January 2019 after the adoption of IFRS 16	**5**	**-**
Additions	3	-
Depreciation	(1)	-
Balance at 31 December	**7**	**-**

1 The right-of-use assets reflect the rental of NIBC's offices in London, Frankfurt, Brussels, Amsterdam and the rented office for subsidiaries Beequip and Lendex.

NIBC's land and buildings in own use were revalued as of 31 December 2019 based on an external appraisal.

Buildings in use by NIBC are insured for EUR 88 million (2018: EUR 81 million). Other fixed assets are insured for EUR 25 million (2018: EUR 24 million).

Refer to note 41 Accruals, deferred income and other liabilities for the lease liabilities corresponding to the right-of-use assets.

Refer to note 10 Other operating expenses, for expenses related to short-term leases and lease expenses for low-value assets, for which no right-of-use assets were recognised.

The fair value of the property and equipment does not materially deviates from the carrying amount.

in EUR millions	2019	2018
Movement schedule of assets under operating leases:		
Balance at 1 January	**21**	**18**
Additions	20	13
Acquisition of business combination	-	-
Revaluation	-	-
Depreciation	(5)	(3)
Impairments	-	-
Disposals	(1)	(7)
Balance at 31 December	**35**	**21**
Gross carrying amount	44	24
Accumulated depreciation	(9)	(3)
Accumulated impairments	-	-
	35	**21**

Refer to note 8 Other operating income, for income from subleasing right-of-use assets, as well as for gains or losses arising from sale and leaseback transactions.

32 Intangible assets

in EUR millions	2019	2018
Goodwill	5	2
Consumer lending platform	1	-
Client relationships	-	-
	6	**2**
Intangible assets related to financial companies included in the consolidation:		
Cost	7	3
Accumulated amortisation	(1)	(1)
	6	**2**

The intangible assets consist of goodwill EUR 5 million (2018: EUR 2 million) (of which EUR 4 million relates to the acquisition of Lendex Holding B.V.) and research and development EUR 1 million (2018: EUR nil).

33 Current tax

in EUR millions	2019	2018
Current tax assets	5	2
Current tax liabilities	3	1

Current tax will be settled within 12 months.

34 Deferred tax

in EUR millions	2019	2018
Deferred tax assets	67	106
Deferred tax liabilities	12	7
	55	**99**
Amounts of deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction:		
Debt investments	-	1
Tax losses carried forward	67	106
	67	**107**
Amounts of deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction:		
Debt investments	1	-
Cash flow hedges	5	6
Property and equipment	1	-
Temporary tax differences	5	2
	12	**8**
	55	**99**

in EUR millions	2019	2018
Gross movement on the deferred income tax account may be summarised as follows:		
Balance at 1 January	**99**	**34**
Debt investments:		
Fair value remeasurement charged/(credited) to revaluation reserve	(2)	(8)
Equity investments:		
Fair value remeasurement charged/(credited) to revaluation reserve	-	2
Cash flow hedges:		
Fair value remeasurement charged/(credited) to hedging reserve	1	4
Property and equipment (reported at fair value):		
Fair value remeasurement charged/(credited) to revaluation reserve	(1)	-
Temporary tax differences:		
IFRS - HGB deferred tax	(3)	(1)
Tax losses carried forward	(39)	68
Balance at 31 December	**55**	**99**

Deferred tax assets and liabilities are measured for all temporary differences using the liability method.

Deferred tax assets recognised in respect of carry forward losses can only be utilized if taxable profits are realised in the future. To measure deferred tax assets, NIBC takes a management best estimate regarding future compensation of carry forward losses. On 31 December 2018 there was a realistic expectation that sufficient taxable profits would be generated within the applicable periods for the recognised deferred tax asset based on internal (medium term) forecasts.

In December 2019 changes to the corporate income tax rates in the Netherlands were approved by the Dutch Senate. Therefore the effective tax rate in the Netherlands for measuring deferred tax is 25% at year-end 2019 for tax losses carried forward that expires before 2021 (year-end 2018: 25%) and 21.7% for tax losses carried forward that expires in or after 2021.

Due to the availability of sufficient future taxable profits in the Netherlands an additional deferred tax asset of EUR 17 million was recognised in 2018.

The terms to maturity of the Dutch carry forward losses year-end 2019 varies between up to 6 years (EUR 82 million) and up to 8 years (EUR 168 million).

If an amount of EUR 10 million less or more future taxable profits can be offset against unused Dutch carry forward losses within the term to maturity of these carry forward losses, two to nine years at a maximum, an additional tax loss or gain should be recognised in the profit or loss of EUR 2.5 million at the currently applicable corporate income tax rate of 25%. For the sensitivity of deferred tax assets reference is also made in the Critical accounting estimates and judgements.

In previous periods, carried forward losses to a maximum amount of EUR 24 million were not valued. These carried forward losses are related to Vijlma related businesses that will be unwound in the near future. Therefore the respective underlying business will not generate sufficient future taxable profits, consequently these carried forward losses are not recognised at 31 December 2019.

35 Other assets

in EUR millions	2019	2018
Accrued interest	-	2
Pending settlements	10	10
Other accruals and receivables	11	15
	21	**27**

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature of its related assets.

Pending settlements are related to brokerage activities. These transitory amounts are settled within 3 days.

36 Due to other banks

in EUR millions	2019	2018
Due to other banks	269	372
Due to central banks	1,134	1,139
	1,403	**1,511**
Due to other banks:		
Payable on demand	1	-
Not payable on demand	1,402	1,511
	1,403	**1,511**
Legal maturity analysis of due to other banks not payable on demand:		
Three months or less	69	137
Longer than three months but not longer than one year	780	46
Longer than one year but not longer than five years	500	1,241
Longer than five years	53	87
	1,402	**1,511**

Interest is recognised in interest expense from financial instruments measured at amortised cost on an effective interest basis.

At 31 December 2019, an amount of EUR 61 million (2018: EUR 123 million) relates to cash collateral received from third parties.

Amounts drawn under *Targeted Longer Term Refinancing Operation* (**TLTRO II**) equal EUR 1,134 million (2018: EUR 1,139 million). The maturity of TLTRO II is partially due in 1 year with EUR 691 million. The remaining of EUR 443 million will be due in 2 years. Interest payments will be settled in arrears. The collateral for the TLTRO-program consists of DNB eligible debt investments

and securitised mortgage loans. The interest rate, which is fixed for the entire maturity of the TLTRO II, was set in June 2018.

The fair value does not materially differ from its face value, due to the short-term nature.

37 Deposits from customers

in EUR millions	2019	2018
Retail deposits	9,756	9,128
Institutional/corporate deposits	1,596	2,105
	11,352	**11,233**
Deposits from customers:		
On demand	6,356	5,677
Term deposits	4,996	5,556
	11,352	**11,233**
Legal maturity analysis of term deposits:		
Three months or less	793	821
Longer than three months but not longer than one year	1,786	2,315
Longer than one year but not longer than five years	1,472	1,713
Longer than five years	945	707
	4,996	**5,556**

Interest is recognised in interest expense from financial instruments measured at amortised cost on an effective interest basis.

The total amount of savings value with respect to mortgage loans in this item amounted to EUR 161 million in 2019 (2018: EUR 175 million).

38 Own debt securities in issue (designated at fair value through profit or loss)

in EUR millions	2019	2018
Bonds and notes issued	39	39
	39	**39**
Legal maturity analysis of own debt securities in issue:		
Three months or less	39	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	39
Longer than five years	-	-
	39	**39**
Movement schedule of own debt securities in issue:		
Balance at 1 January	**39**	**38**
Additions	1	2
Changes in fair value	(1)	(1)
Balance at 31 December	**39**	**39**

The fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by the results on financial derivatives.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 39 million at 31 December 2019 (31 December 2018: EUR 37 million).

The cumulative change in fair value included in the balance amount (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to nil (2018: loss of EUR 1 million) and the change for the current year amounts to nil recognised in other comprehensive income (2018: nil).

EUR 1 million relates to cash inflow items included in the consolidated statement of cash flows.

39 Debt securities in issue structured (designated at fair value through profit or loss)

in EUR millions	2019	2018
Bonds and notes issued	184	282
	184	**282**
Legal maturity analysis of debt securities in issue structured:		
Three months or less	-	-
Longer than three months but not longer than one year	4	5
Longer than one year but not longer than five years	70	62
Longer than five years	110	215
	184	**282**
Movement schedule of debt securities in issue structured:		
Balance at 1 January	**282**	**616**
Additions	-	5
Disposals	(105)	(352)
Changes in fair value	5	9
Other (including exchange rate differences)	2	4
Balance at 31 December	**184**	**282**

The disposals of debt securities in issue designated at fair value through profit or loss for 2019 include redemptions at the scheduled maturity date to an amount of EUR 5 million (2018: EUR 21 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 100 million (2018: EUR 331 million).

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 212 million at 31 December 2019 (2018: EUR 323 million).

The cumulative change in fair value included in the balance amount (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a loss of EUR 5 million and the change for the current year is a loss of EUR 5 million recognised in other comprehensive income (31 December 2018: gain of EUR 15 million). See note 48.7 for further information with respect to IFRS 9 Own credit risk.

EUR 105 million relates to cash outflow items and EUR 2 million relates to net foreign exchange differences included in the consolidated statement of cash flows.

40 Provisions

in EUR millions	2019	2018
ECL allowances for off-balance sheet financial instruments	3	2
Restructuring provision	9	-
Other provisions	1	-
Employee benefits	2	3
	15	**5**

The recognised restructuring provision covers the costs of dismantling the NIBC Markets activities in 2020 that has been formally announced. Implementation of the restructuring plan will be effected in the first half of 2020.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2019
Movement schedule of credit loss allowances on provisions:					
Balance at 1 January	**1**	**1**	**-**	**-**	**2**
Movement schedule of ECL allowances for off-balance sheet financial instruments in the income statement					
New committed off-balance balance sheet financial instruments	1	-	-	-	1
Off-balance sheet financial instruments that have been derecognised	-	-	-	-	-
Net remeasurement of loss allowance	(1)	1	-	-	-
Transfers:					
Transfer from stage 1 to stage 2	-	1	-	-	1
Transfer from stage 2 to stage 1	-	(1)	-	-	(1)
	-	**1**	**-**	**-**	**1**
Balance at 31 December	**1**	**2**	**-**	**-**	**3**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total 2018
Movement schedule of credit loss allowances on provisions:					
Balance at 1 January	1	2	-	-	3
Movement schedule of ECL allowances for off-balance sheet financial instruments in the income statement					
New committed off-balance balance sheet financial instruments	1	-	-	-	1
Off-balance sheet financial instruments that have been derecognised	(1)	(1)	-	-	(2)
Net remeasurement of loss allowance	-	(1)	-	-	(1)
Transfers:					
Transfer from stage 1 to stage 2	-	1	-	-	1
	-	**(1)**	**-**	**-**	**(1)**
Balance at 31 December	**1**	**1**	**-**	**-**	**2**

in EUR millions	2019	2018
Movement schedule of employee benefits:		
Balance at 1 January	**3**	**3**
Releases	(1)	-
Balance at 31 December	**2**	**3**

Employee benefit obligations of EUR 2 million at 31 December 2019 are related to payments to be made in respect of other leave obligations (2018: EUR 3 million).

in EUR millions	2019	2018
The amounts of pension charges recognised in personnel expenses in the income statement were as follows:		
Collective Defined Contribution plans		
Employer's contribution	13	13
Participants' contributions	(1)	(2)
	12	**11**

Employer's contributions in 2019 includes EUR 2 million (2018: EUR 2 million) intended to compensate for the pension gap that arose as a result of changed tax rules that became effective as of 1 January 2015.

Obligations and expense under pension plans

A *collective defined-contribution plan* (**CDC-plan**) is a pension plan under which NIBC each year pays a fixed percentage of the salaries of the members into the scheme. The size of the fund on retirement will be determined by how much was contributed to the scheme and the investment return achieved.

For defined-contribution plans, NIBC pays contributions directly into the member's scheme. NIBC has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The CDC-plan is based on an average salary plan. The retirement age is set at 68 years as per 1 January 2018. The contribution payable by participants in the CDC-plan is maximised at 4% per annum. Under the CDC-plan the annual pension contributions are calculated according to a fixed contribution calculation mechanism. The annual pension contribution of NIBC is maximised at 26% of the pensionable salary (salary minus a social security deductible). By paying the agreed fixed annual contribution NIBC is released from all its obligations.

41 Accruals, deferred income and other liabilities

in EUR millions	2019	2018
Payables	49	67
Lease liabilities[1]	8	-
Other accruals (including earn-out commitments)	38	29
Pending settlements	9	3
Taxes and social securities	9	16
	113	**115**
Legal maturity analysis of lease liabilities:		
Three months or less	-	-
Longer than three months but not longer than one year	1	-
Longer than one year but not longer than five years	5	-
Longer than five years	2	-
	8	**-**
Movement schedule of lease liabilities:		
Balance at 1 January	**-**	**-**
Effect of adoption of IFRS 16 per 1 January 2019	6	-
Restated balance at 1 January 2019 after the adoption of IFRS 16	**6**	**-**
Additions	3	-
Acquisition of business combination	(1)	-
Repayments	-	-
Balance at 31 December	**8**	**-**

1 Refer to note 31 Property and equipment for the right-of-use assets corresponding to the lease liabilities.

For the year 2019, there are no variable lease payments included in the measurement of the lease liabilities (2018: not applicable).

For the year ended 31 December 2019, interest expense on lease liabilities amounted to rounded nil (2018: not applicable). Interest expense on lease liabilities is recognised within interest expense from financial instruments measured at amortised cost (refer to note 2 Net interest income).

In the consolidated statement of cash flows,
1. cash payments for the principal portion of the lease liability are classified within financing activities;
2. cash payments for the interest portion of the lease liability are, part of interest paid, classified as operating activities.

All contractual payments are included in the calculation of the lease liabilities, however:
- there are no amounts expected to be payable by NIBC under residual value guarantees, and
- no purchase options are expected to to be exercised, and
- no payments of penalties for terminating the lease are included.

There are no restrictions or covenants applicable on the lease liabilities.

Pending settlements are related to the brokerage activities and settled within 3 days.

Taxes and social securities relate to EUR 2 million VAT (2018: EUR 2 million), EUR 3 million payroll tax (2018: EUR 3 million), nil dividend tax (2018: EUR 5 million) and EUR 4 million withholding tax (2018: EUR 6 million).

42 Own debt securities in issue (amortised cost)

in EUR millions	2019	2018
Bonds and notes issued	6,305	5,451
	6,305	**5,451**
Legal maturity analysis of own debt securities in issue:		
Three months or less	204	-
Longer than three months but not longer than one year	365	1,262
Longer than one year but not longer than five years	2,317	2,266
Longer than five years	3,419	1,923
	6,305	**5,451**
Movement schedule of own debt securities in issue:		
Balance at 1 January	**5,451**	**4,392**
Additions	2,202	2,347
Matured / redeemed	(1,381)	(1,288)
Other (including exchange rate differences)	33	-
Balance at 31 December	**6,305**	**5,451**

In 2019 NIBC issued two EUR 500 million covered bond transactions (eight and ten year). Additionally, an EUR 300 million fixed rate senior unsecured transaction with a maturity of five year and an EUR 500 million fixed rate senior unsecured transaction with a maturity of six year. The total additions also include a EUR 3 million increase of the cumulative hedge adjustment (full year 2018: increase of EUR 16 million).

The disposals of own debt securities in issue at amortised cost for 2019 include redemptions at the scheduled maturity date and repurchases to an amount of EUR 1,298 million (2018: EUR 1,168 million) and temporary buyback of positions for EUR 83 million (2018: EUR 120 million).

EUR 2,202 million relates to cash inflow items and EUR 1,381 million relates to cash outflow items and EUR 33 million relates to net foreign exchange differences included in the consolidated statement of cash flows.

43 Debt securities in issue related to securitised mortgages (amortised cost)

in EUR millions	2019	2018
Bonds and notes issued	392	447
	392	**447**
Legal maturity analysis of debt securities in issue related to securitised mortgage loans:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	392	447
	392	**447**
Movement schedule of debt securities in issue related to securitised mortgage loans:		
Balance at 1 January	**447**	**267**
Additions	-	447
Matured / redeemed	(55)	(267)
Other (including exchange rate differences)	-	-
Balance at 31 December	**392**	**447**

The disposals of own debt securities at amortised cost for 2019 include repayments of debt securities before the legal maturity date to an amount of EUR 55 million (2018: EUR 267 million).

44 Subordinated liabilities (designated at fair value through profit or loss)

in EUR millions	2019	2018
Non-qualifying as grandfathered additional Tier 1 capital	57	53
Subordinated loans other	110	109
	167	**162**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than ten years	167	162
	167	**162**
Movement schedule of subordinated liabilities:		
Balance at 1 January	**162**	**167**
Additions	2	2
Matured / redeemed	-	-
Changes in fair value	2	(11)
Other (including exchange rate differences)	1	4
Balance at 31 December	**167**	**162**

The fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 260 million at 31 December 2019 (2018: EUR 257 million).

The cumulative change in fair value included in the balance amount (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a loss of EUR 100 million (31 December 2018: loss of EUR 102 million) and the change for the current year is a gain of EUR 3 million recognised in other comprehensive income (31 December 2018: gain of EUR 12 million). See note 48.7 for further information with respect to IFRS 9 Own credit risk.

All of the above loans are subordinated to the other liabilities of NIBC Holding. The non-qualifying as grandfathered additional Tier 1 capital consists of perpetual securities and may be redeemed by NIBC Holding only with the prior approval of the DNB.

Interest expense of EUR 8 million was recognised on subordinated liabilities during the year 2019 (2018: EUR 11 million). In 2019 and 2018, no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

NIBC has not had any defaults of principal, interest or redemption amounts on its liabilities during 2019 or 2018.

EUR 2 million relates to cash inflow and EUR 1 million relates to foreign currency differences included in the consolidated statement of cash flows.

45 Subordinated liabilities (amortised cost)

in EUR millions	2019	2018
Subordinated loans other	117	116
	117	**116**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	63	63
Longer than ten years	54	53
	117	**116**
Movement schedule of subordinated liabilities:		
Balance at 1 January	**116**	**115**
Additions	-	-
Matured / redeemed	-	(2)
Other (including exchange rate differences)	1	3
Balance at 31 December	**117**	**116**

All of the above loans are subordinated to the other liabilities of NIBC. As a result of CRR/CRDIV requirements regarding additional Tier 1 capital instruments. Non-qualifying subordinated loans amount to EUR 54 million (2018: EUR 53 million). Interest expense of EUR 5 million was recognised on subordinated liabilities during 2019 (2018: EUR 5 million).

EUR 1 million related to foreign exchange differences included in the consolidated statement of cash flows.

46 Equity

The ordinary shares of NIBC Holding N.V. are listed on the Euronext stock exchange (as of 23 March 2018).

New NIB Limited (60.6%) and Reggeborgh Invest B.V. (14.6%) are the legal holders of a 10% or more interest in the ordinary shares of NIBC Holding N.V.

in EUR millions	2019	2018
Equity attributable to the equity holders:		
Share capital	3	3
Share premium	1,287	1,286
Revaluation reserves		
Revaluation reserve - hedging instruments	16	20
Revaluation reserve - debt investments	3	(2)
Revaluation reserve - property	14	8
Revaluation reserve - own credit risk	87	96
Shares held by STAK	(15)	(15)
Share payment reserve	15	15
Retained profit	438	344
	1,848	**1,755**

Share capital

The share capital is fully paid-up.

	2019	2018	2019	2018
	Numbers x 1,000		in EUR millions	
Ordinary shares (with par value of EUR 0.02)	350,000	350,000	7	7
Preference shares (with par value of EUR 0.02)	350,000	350,000	7	7
Not issued share capital (ordinary and preference shares)	552,487	552,487	11	11
Issued share capital (ordinary shares)	**147,513**	**147,513**	**3**	**3**

Out of the total number of ordinary shares issued by NIBC 1,007,871 at 31 December 2019 (31 December 2018: 872,750) ordinary shares are held by Stichting Administratiekantoor NIBC Holding (STAK) in view of the share-based incentive scheme. The STAK is consolidated by NIBC. The total number of treasury shares held by NIBC is 1,025,834 at 31 December 2019 (31 December 2018: 1,204,559).

For details of the distrubuted and proposed dividend reference is made to note 15 Earnings per ordinary share.

Share premium

This reserve comprises the difference between the par value of NIBC shares and the total amount received for issued shares. The share premium reserve is credited for equity-related expenses and is also used for issued shares.

Revaluation reserves

Revaluation reserve - hedging revaluation

This reserve comprises the portion of the gains or losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge (net of tax).

Revaluation reserve - debt investments

This reserve comprises changes in fair value of debt investments at FVOCI (net of tax).

Revaluation reserve - property

This reserve comprises changes in fair value of land and buildings (net of tax).

At reclassification date of land and buildings to Investment Property, 1 January 2019, the related existing reserve has been frozen.

Revaluation reserve - own credit risk

This reserve includes the cumulative changes in the fair value of the financial liabilities designated as at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss (net of tax).

Retained profit

Retained profit reflects accumulated earnings less dividends paid to shareholders and transfers from share premium.

Dividend restrictions

NIBC and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the company's own funds over the sum of the paid-up capital, and reserves required by law. Additionally, certain Bank companies are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company. Refer to note 8 of the Company Financial Statements for detailed information regarding the Legal Reserves.

in EUR millions	Share premium	Revaluation reserves: Hedging instruments	Revaluation reserves: Debt investments	Revaluation reserves: Property in own use[1]	Revaluation reserves: Own credit risk reserve	Shares held by STAK	Share payment reserve	Total
Balance at 1 January 2019	**1,286**	**20**	**(2)**	**8**	**96**	**(15)**	**15**	**1,408**
Net result on hedging instruments	-	(4)	-	-	-	-	-	(4)
Change of nominal value outstanding ordinary shares	-	-	-	-	-	-	-	-
Other	1	-	-	-	-	-	-	1
Revaluation/remeasurement (net of tax)	-	-	5	6	(9)	-	-	2
Total recognised directly through other comprehensive income in equity during the year	**1**	**(4)**	**5**	**6**	**(9)**	**-**	**-**	**(1)**
Balance at 31 December 2019	**1,287**	**16**	**3**	**14**	**87**	**(15)**	**15**	**1,407**

1 Part of the revaluation reserve relates to reclassified property and equipment with the available for rental status to investment property. The revaluation reserve relating to this reclassification on 1 January 2019 to an amount of EUR 7 million has been frozen.

in EUR millions	Share premium	Revaluation reserves: Hedging instruments	Revaluation reserves: Debt investments	Revaluation reserves: Property in own use	Revaluation reserves: Own credit risk reserve	Shares held by STAK	Share payment reserve	Total
Balance at 1 January 2018	**1,138**	**30**	**3**	**8**	**52**	**(37)**	**37**	**1,231**
Net result on hedging instruments	-	(10)	-	-	-	-	-	(10)
Change of nominal value outstanding ordinary shares	145	-	-	-	-	-	-	145
Other	3	-	-	-	-	22	(22)	3
Revaluation/remeasurement (net of tax)	-	-	(5)	-	44	-	-	39
Total recognised directly through other comprehensive income in equity	**148**	**(10)**	**(5)**	**-**	**44**	**22**	**(22)**	**177**
Balance at 31 December 2018	**1,286**	**20**	**(2)**	**8**	**96**	**(15)**	**15**	**1,408**

Information on NIBC's solvency ratios is included in the risk management section of this Annual Report.

47 Capital securities

in EUR millions	2019	2018
Capital securities issued by NIBC	200	200
	200	**200**
Movement schedule of capital securities issued by NIBC:		
Balance at 1 January	**200**	**200**
Profit after tax attributable to holders of capital securities	12	12
Paid coupon on capital securities	(12)	(12)
Balance at 31 December	**200**	**200**

The capital securities are perpetual and have no expiry date. The distribution on the Capital Securities issued in September 2017 is as follows: the coupon is 6% per year and is made payable every six months in arrears as of the issue date (29 September 2017), for the first time on 29 March 2018. The capital securities are perpetual and first redeemable on 29 September 2026. As of 29 September 2026, and subject to capital securities not being redeemed early, the distribution is set for a further five-year period, but without a step-up, based on the 5 year euro swap rate +5.564%. Any payments including coupon payments are fully discretionary.

The principal amount of the capital securities will be written down if the CET1 ratio of NIBC falls below 5.125%. Following such reduction, the principal amount may, at NIBC's discretion, be written-up to the original principal amount if certain conditions are met. In addition, the capital securities may be subject to a permanent write-down or conversion into equity in circumstances where the competent resolution authority would determine that NIBC has reached the point of non-viability or the occurrence of a bail-in.

48 Fair value of financial instruments

This note describes the fair value measurement of both financial and non-financial instruments and is structured as follows:

48.1 Valuation principles
48.2 Valuation governance
48.3 Financial instruments by fair value hierarchy
48.4 Valuation techniques
48.5 Valuation adjustments and other inputs and considerations
48.6 Impact of valuation adjustments
48.7 Own credit adjustments on financial liabilities designated at fair value
48.8 Transfers between level 1 and level 2
48.9 Movements in level 3 financial instruments measured at fair value
48.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions
48.11 Sensitivity of fair value measurements to changes in observable market data
48.12 Fair value of financial instruments not measured at fair value
48.13 Non-financial assets valued at fair value

48.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as follows:

- Level 1 financial instruments - Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 financial instruments - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3 financial instruments - Inputs that are not based on observable market data (unobservable inputs).

48.2 Valuation governance

NIBC's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of NIBC including the Risk and Finance functions. Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

48.3 Financial instruments by fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 within the fair value hierarchy based on the degree to which the fair value is observable:

Fair value of financial instruments at 31 December 2019

in EUR millions	Level 1	Level 2	Level 3	2019
Financial assets at fair value through profit or loss (including trading):				
Debt investments	16	73	2	91
Equity investments (including investments in associates)	2	-	251	253
Loans	-	108	34	142
Derivative financial assets	-	482	-	482
	18	**663**	**287**	**968**
Financial assets at fair value through other comprehensive income:				
Debt investments	820	134	-	954
	820	**134**	**-**	**954**
	838	**797**	**287**	**1,922**

in EUR millions	Level 1	Level 2	Level 3	2019
Financial liabilities at fair value through profit or loss (including trading):				
Own debt securities in issue	-	39	-	39
Debt securities in issue structured	-	184	-	184
Derivative financial liabilities	-	225	-	225
Subordinated liabilities	-	167	-	167
	-	**615**	**-**	**615**

Fair value of financial instruments at 31 December 2018

in EUR millions	Level 1	Level 2	Level 3	2018
Financial assets at fair value through profit or loss (including trading):				
Debt investments	-	75	2	77
Equity investments (including investments in associates)	3	-	184	187
Loans	-	99	49	148
Derivative financial assets	-	579	-	579
	3	**753**	**235**	**991**
Financial assets at fair value through other comprehensive income:				
Debt investments	779	9	-	788
	779	**9**	**-**	**788**
	782	**762**	**235**	**1,779**

in EUR millions	Level 1	Level 2	Level 3	2018
Financial liabilities at fair value through profit or loss (including trading):				
Own debt securities in issue	-	39	-	39
Debt securities in issue structured	-	282	-	282
Derivative financial liabilities	-	210	-	210
Subordinated liabilities	-	162	-	162
	-	**693**	**-**	**693**

48.4 Valuation techniques

The following is a description of the determination of fair value for financial instruments that are recorded at fair value using either quoted prices or valuation techniques. These incorporate NIBC's interpretation of valuation assumptions (qualitative) that a market participant would consider when valuing the instruments.

Financial assets at fair value through profit or loss

Debt investments - level 1

For the determination of fair value at 31 December 2019, NIBC used market-observable prices. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Equity investments - level 1

The level 1 portfolio consists of unadjusted, quoted prices for assets in an active market. The assets have been valued at the market's closing price of 31 December 2019.

Debt investments - level 2

For the determination of fair value at 31 December 2019, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Loans - level 2 and 3
In an active market environment, these assets are marked-to-market by applying market bid quotes observed on the secondary market. The quotes received from other banks or brokers and applied in the marked-to-market process are calibrated to actual market trades whenever possible.

In certain instances, where the market is inactive, a discounted cash flow model is used based on various assumptions including market interest rates, market credit spread levels and assumptions regarding market liquidity, where relevant. Additional pricing reference points have been obtained by collecting spreads using primary transactions that are comparable with the relevant loans.

Derivatives financial assets and liabilities (held for trading and used for hedging) - level 2
Derivative products valued using a valuation technique with market-observable inputs are mainly interest rate swaps, currency swaps, credit default swaps and foreign exchange contracts. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including foreign exchange rates, credit spread levels and interest rate curves. Credit derivative valuation models also require input as to the estimated probability of default and recovery value.

Debt investments - level 3
For the level 3 debt investments, NIBC uses valuation models that apply discounted cash flow analysis that incorporates both observable and unobservable data. Observable inputs include interest rates and collateral values; unobservable inputs include assumptions regarding credit spreads and market liquidity discounts.

Equity investments (including investments in associates) - level 3
The fair value of investments in equity funds is determined based on the net asset value reported by the managers of these funds. These net asset values are analysed for reasonableness, so as to ascertain that the reported net asset value has been appropriately derived using proper fair value principles as part of a robust process.

The fair value of equity investments is established by applying capitalisation multiples to maintainable earnings. Maintainable earnings are estimated based on the normalised last twelve months' EBITDA. Capitalisation multiples are derived from the enterprise value and the normalised last twelve months EBITDA. On each reporting date, the capitalisation multiple of each equity investment is compared against those derived from the publicly available enterprise value and earnings information of traded peers, where these can be identified. Peer capitalisation multiples are normalised for factors such as differences in regional and economic environment, time lags in earnings information and one-off gains and losses.

The resulting enterprise value is adjusted for net debt, non-controlling interests, illiquidity and management incentive plans to arrive at the fair value of the equity.

Financial assets at fair value through other comprehensive income

Debt investments - level 1
For the determination of fair value at 31 December 2019, NIBC used market-observable prices (including broker quotes). NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Debt investments - level 2
For the determination of fair value at 31 December 2019, NIBC used market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Financial liabilities at fair value through profit or loss (including trading)

Own liabilities designated at fair value through profit or loss - level 2
This portfolio was designated at fair value through profit or loss and is reported on the face of the balance sheet under the following headings:
- Own debt securities in issue (financial liabilities at fair value through profit or loss);
- Debt securities in issue structured (financial liabilities at fair value through profit or loss);
- Subordinated liabilities (financial liabilities at fair value through profit or loss).

Debt securities in issue structured consist of notes issued with embedded derivatives that are tailored to specific investors' needs. The return on these notes is dependent upon the level of certain underlying equity, interest rate, currency, credit, commodity or inflation-linked indices. The embedded derivative within each note issued is fully hedged on a back-to-back basis, such that effectively synthetic floating rate funding is created. Because of this economic hedge, the income statement is not sensitive to fluctuations in the price of these indices.

In the case of debt securities in issue structured and subordinated liabilities, the fair value of the notes issued and the back-to-back hedging swaps is determined using valuation models developed by a third party employing Monte Carlo simulation, lattice valuations or closed formulas, depending on the type of embedded derivative. These models use market-observable inputs (e.g. interest rates, equity prices) for valuation of these structures.

For each class of own financial liabilities at fair value through profit or loss, the expected cash flows are discounted to present value using interbank zero-coupon rates. The resulting fair value is adjusted for movements in the credit spread applicable to NIBC issued funding.

48.5 Valuation adjustments and other inputs and considerations

Credit and debit valuation adjustments
NIBC calculates CVA/DVA (as defined in Critical accounting estimates and judgements) on a counterparty basis over the entire life of the exposure.

Bid-offer
NIBC's pricing models initially calculate mid-market prices, which are subsequently adjusted to reflect bid-offer spreads (the difference between prices quoted for sales and purchases). NIBC Markets pricing models use bid prices. As of the 31st December 2019, NIBC is able to retrieve only bid prices from our independent sources. Thus, a mid-bid adjustment is not relevant anymore.

Day-1 profit
A Day-1 profit, representing the difference between the transaction price and the fair value output of internal models, is recognised when the inputs to the valuation models are observable data market data.

48.6 Impact of valuation adjustments

The following table shows the amount recorded in the income statement:

in EUR millions	2019	2018
Type of adjustment		
Credit value adjustment / Debit value adjustment	-	-
Totally Risk related	**-**	**-**
Bid-offer adjustment	-	(1)
Day-1 profit	12	7
	12	**6**

The following table shows the movement in the aggregate profit not recognised when financial instruments were initially recognised (Day-1 profit), because of the use of valuation techniques for which not all the inputs were market observable data.

in EUR millions	2019	2018
Movement schedule of day-1 profit		
Balance at 1 January	**7**	**-**
Deferral of profit on new transactions	-	-
Recognised in the income statement during the period:		
Subsequent recognition due to amortisation	5	7
Derecognition of the instruments	-	-
Exchange differences	-	-
Balance at 31 December	**12**	**7**

48.7 Own credit adjustments on financial liabilities designated at fair value

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to own credit are recognised in other comprehensive income and presented in the statement of comprehensive income. The following table summarises the effects of own credit adjustments related to financial liabilities designated at fair value. Life-to-date amounts reflect the cumulative unrealised change since initial recognition.

in EUR millions	2019	2018
	Included in OCI	
Recognised during the period (before tax):		
Unrealised gain/(loss)	(9)	27
	(9)	**27**
Unrealised life-to-date gain/(loss)	87	96
	87	**96**

48.8 Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 fair value measurements.

Transfers between levels are reviewed semi-annually at the end of the reporting period.

48.9 Movements in level 3 financial instruments measured at fair value

In 2019 no debt investments at fair value through profit or loss have been transferred from level 2 to level 3. The level 3 classification in the fair value hierarchy better reflected the underlying valuation methodology.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value:

in EUR millions	At 1 January 2019	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	At 31 December 2019
Financial assets at fair value through profit or loss (including trading):							
Debt investments	2	1	-	-	(1)	-	2
Equity investments (including investments in associates)	184	57	40	-	(30)	-	251
Loans	49	2	13	(8)	(22)	-	34
	235	**60**	**53**	**(8)**	**(53)**	**-**	**287**

in EUR millions	At 1 January 2018	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	At 31 December 2018
Financial assets at fair value through profit or loss (including trading):							
Debt investments	1	1	-	-	(2)	2	2
Equity investments (including investments in associates)	320	74	50	-	(260)	-	184
Loans	-	(6)	-	-	-	55	49
	321	**69**	**50**	**-**	**(262)**	**57**	**235**

Total gains or losses on level 3 financial instruments in the previous table are presented in the income statement and other comprehensive income as follows:

	For the years ended							
	31 December 2019				31 December 2018			
in EUR millions	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading):								
Debt investments	1	-	-	1	1	-	-	1
Equity investments (including investments in associates)	-	-	57	57	-	-	74	74
Loans	-	2	-	2	-	(6)	-	(6)
	1	**2**	**57**	**60**	**1**	**(6)**	**74**	**69**

The amount in total gains or losses presented in the income statement for the period relating to the assets and liabilities held in level 3 until the end of the reporting period is given in the following table:

	For the years ended			
	31 December 2019		31 December 2018	
in EUR millions	Held at balance sheet date	Derecognised during the period	Held at balance sheet date	Derecognised during the period
Financial assets at fair value through profit or loss (including trading):				
Debt investments	-	1	-	1
Equity investments (including investments in associates)	57	-	72	2
Loans	2	-	(6)	-
	59	**1**	**66**	**3**

Recognition of unrealised gains and losses in Level 3

Amounts recognised in the profit and loss account relating to unrealised gains and losses during the year that relates to Level 3 assets and liabilities are included in the profit and loss account as follows:

	For the years ended					
	31 December 2019			31 December 2018		
in EUR millions	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading):						
Debt investments	-	-	-	-	-	-
Equity investments (including investments in associates)	-	41	41	-	-	-
Loans	2	-	2	(6)	-	(6)
	2	**41**	**43**	**(6)**	**-**	**(6)**

48.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The following table provides a summary of the valuation techniques, key unobservable inputs and the lower and upper range of such unobservable inputs, by type of level 3 asset/liability. The lower and upper range mentioned in the overview represent the lowest and highest variance of the respective valuation input as actually used in the valuation of the different financial instruments. Amounts and percentages stated are unweighted. The range could change from period to period subject to market movements and change in level 3 position. Lower and upper bounds reflect the variability of level 3 positions and their underlying valuation inputs in the portfolio, but do not adequately reflect their level of valuation uncertainty. For valuation uncertainty assessment, please refer to following section 48.11 Sensitivity of fair value measurements to changes in observable market data.

Given the wide range of diverse investments and the correspondingly large differences in prices, NIBC does not disclose the ranges as it believes it would not provide meaningful information without a full list of the underlying investments, which would be impractical.

	31 December 2019		31 December 2018	
in EUR millions	Fair value of level 3 assets	Fair value of level 3 liabilities	Fair value of level 3 assets	Fair value of level 3 liabilities
Financial assets at fair value through profit or loss (including trading):				
Debt investments	2	-	2	-
Equity investments (including investments in associates)	251	-	184	-
Loans	34	-	49	-
	287	**-**	**235**	**-**

Non-listed equity investments
Level 3 equity securities mainly include corporate investments, fund investments and other equity securities which are not traded in active markets. In the absence of an active market, fair values are estimated on the analysis of fund manager reports, company's financial position and other factors.

Discount spreads
Discount spread is the spread above a market interest rate, based on Euribor, which is used to discount the projected cash flows. The discount spread is derived from residential mortgage market quotes of lenders in the Dutch residential mortgage market after deduction of relevant upfront costs.

Expected sales prices underlying assets
The fair value of the loans available for sale is highly dependent on the projected sales prices of the underlying assets. The lower level assumes actual sales prices of 75% of the projected sales prices the higher level assumes actual salesprices of 125%.

Price
For securities where market prices are not available fair value is measured by comparison with observable pricing data from similar instruments. Prices of 0% are distressed to the point that no recovery is expected, while prices significantly in excess of 100% or par are expected to pay the estimated yield.

48.11 Sensitivity of fair value measurements to changes in observable market data

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument:

	For the years ended			
	31 December 2019		31 December 2018	
in EUR millions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets at fair value through profit or loss (including trading):				
Debt investments	2	-	2	-
Equity investments (including investments in associates)	251	13	184	9
Loans	34	2	49	3

In order to determine the reasonably possible alternative assumptions, NIBC adjusted key unobservable valuation technique inputs as follows:

- For the debt investments, NIBC adjusted the weighted average calculated model price by 100 basis points as a reasonably possible alternative outcome. The primary unobservable input in the calculated model price is the applicable credit spread;
- For equity investments, the material unobservable input parameters, such as capitalisation multiple, that are applied to the maintainable earnings to determine fair value are adjusted by 5%;
- For loans, the sensitivity in unobservable input parameters, such as the change in discount factor due to macro economic developments, company specific risk profile and yield offer vs. demand in sector is determined as 5%.

In 2019, there were no significant changes in the business or economic circumstances that affect the fair value of the NIBC's financial assets and liabilities and there were no reclassifications of financial assets.

48.12 Fair value of financial instruments not measured at fair value

The following table presents the carrying values and estimated fair values of financial assets and liabilities, excluding financial instruments which are carried at fair value on a recurring basis:

	Fair value information at 31 December 2019				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost:					
Debt investments	-	10	-	10	11
Loans	-	7,012	-	7,012	6,939
Lease receivables	-	498	-	498	498
Mortgage loans	-	-	9,637	9,637	9,964
Securitised mortgage loans	-	-	407	407	434
Financial liabilities at amortised cost:					
Own debt securities in issue	-	6,305	-	6,305	6,701
Debt securities in issue related to securitised mortgages	-	-	392	392	395
Subordinated liabilities	-	117	-	117	151

	Fair value information at 31 December 2018				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost:					
Loans	-	7,062	-	7,062	6,983
Lease receivables	-	400	-	400	400
Mortgage loans[1]	-	-	8,990	8,990	9,379
Securitised mortgage loans	-	-	461	461	495
Financial liabilities at amortised cost:					
Own debt securities in issue	-	5,451	-	5,451	5,721
Debt securities in issue related to securitised mortgages and lease receivables	-	-	447	447	446
Subordinated liabilities	-	116	-	116	154

1 The portfolio of mortgage loans previously classified at fair value through profit or loss, which was reclassified to amortised cost during the transition to IFRS 9, has a carrying value of EUR 4,217 million per 31 December 2018. The fair value per 31 December 2018 equals EUR 4,455 million.

The fair value disclosed for the mortgage loans is based on the retail spread. The retail spread in turn is determined by comparing mortgage quotes of Dutch mortgage lenders to the risk free curve and subsequently deducting the appropriate upfront costs.

NIBC determines the fair value of mortgage loans (both those it holds in part of its own warehouse and those it has securitised) by using a valuation model developed by NIBC. This model discounts expected cash flows to present value using inter-bank zero-coupon rates, adjusted for a spread that principally takes into account the costs and the risks of the assets. Subsequently NIBC calculates a discount spread via a top-down approach.

The top-down approach derives a discount spread by taking into account the mortgage rates of newly originated loans in the consumer market. The offered mortgage rate is determined by collecting mortgage rates from other professional lenders sorted by product, loan-to-value class and the fixed-rate period. The discount spread is derived by comparing the offered mortgage rate to the market interest rates taking into account various upfront costs embedded in the offered mortgage rate. Where deemed necessary, surcharges are added to reflect the illiquidity of certain sub-portfolios.

Financial instruments for which carrying value approximates fair value
Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These financial instruments include cash and balances with central banks, due from other banks, due to other banks, deposits from customers and other financial liabilities. These financial instruments are not included in the previous table.

48.13 Non-financial assets valued at fair value

Property and equipment / Investment Property
Until year end 2018 NIBC's land and buildings were valued at fair value through equity (31 December 2018: carrying amount EUR 42 million). On 1 January 2019 part of the land and buildings were reclassified from Property and equipment to Investment property, based on the actual change in its use (i.e. a transfer of a significant part to the available-for-rental status). Just before this reclassification land and buildings were revalued as of 1 January 2019 based on independent external appraisal.

NIBC's land and buildings (for-own-use) are valued at fair value through equity, the carrying amount (level 3) at 31 December 2019 is EUR 30 million.

NIBC's investment property (available-for-rental) are valued at fair value through profit or loss, the carrying amount (level 3) at 31 December 2019 is EUR 23 million. The fair value of the right-of-use assets does not materially deviate from the carrying amount.

49 Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	At 31 December 2019					
				Related amounts not set off in the balance sheet		
in EUR millions	Gross amount of recognised financial assets	Gross amount of recognised financial assets set off in the balance sheet	**Net amount of financial assets presented in the balance sheet**	Financial instruments collateral	Cash collateral paid	**Net amount**
Assets:						
Derivative financial assets	482	-	482	-	61	421
	482	**-**	**482**	**-**	**61**	**421**

	At 31 December 2019					
				Related amounts not set off in the balance sheet		
in EUR millions	Gross amount of recognised financial liabilities	Gross amount of recognised financial liabilities set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Financial instruments collateral	Cash collateral received	Net amount
Liabilities:						
Derivative financial liabilities	225	-	225	-	186	39
	225	**-**	**225**	**-**	**186**	**39**

	At 31 December 2018					
				Related amounts not set off in the balance sheet		
in EUR millions	Gross amount of recognised financial assets	Gross amount of recognised financial assets set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Financial instruments collateral	Cash collateral paid	Net amount
Assets:						
Derivative financial assets	579	-	579	-	123	456
	579	**-**	**579**	**-**	**123**	**456**

	At 31 December 2018					
				Related amounts not set off in the balance sheet		
in EUR millions	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Financial instruments collateral	Cash collateral received	Net amount
Liabilities:						
Derivative financial liabilities	210	-	210	-	155	55
	210	**-**	**210**	**-**	**155**	**55**

Related amounts which cannot be set off in the balance sheet position are amounts which are part of ISDA netting agreements. The related amounts are reported on the asset side and the liability side of the balance sheet as the ISDA agreements does not meet all requirements for offsetting in IAS 32.

50 Repurchase and resale agreements and transferred financial assets

NIBC has a programme to borrow and lend securities and to sell securities under agreements to repurchase ('repos') and to purchase securities under agreements to resell ('reverse repos'). The securities lent or sold under agreements to repurchase are transferred to a third party and NIBC receives cash, or other financial assets in exchange. The counterparty is allowed to sell or repledge those securities lent or sold under repurchase agreements in the absence of default by NIBC, but has an obligation to return the securities at the maturity of the contract. These transactions are conducted under terms based on the applicable ISDA Collateral Guidelines. If the securities increase or decrease in value, NIBC may in certain circumstances, require, or be required, to pay additional cash collateral. NIBC has determined that it retains substantially all the risks and rewards of these securities and therefore has not derecognised them. In addition, it recognises a financial liability for cash received as collateral.

Similarly NIBC may sell or repledge any securities borrowed or purchased under agreements to resell, but has an obligation to return the securities and the counterparty retains substantially all the risks and rewards of ownership. Consequently the securities are not recognised by NIBC, which instead records a separate asset for the cash collateral given.

NIBC conducts these transactions under terms agreed in Global Master Repurchase Agreements. As per year-end 2019 NIBC did not have any repurchase and resale agreement related positions as described in this note (2018: nil).

Transferred financial assets
This disclosure provides insight into the relationship between these transferred financial assets and associated financial liabilities in order to understand which risks NIBC is exposed to when the assets are transferred.

If transferred financial assets continue to be recognised on the balance sheet, NIBC is still exposed to changes in the fair value of the assets.

Transferred financial assets that are not derecognised in their entirety
The following table shows transferred financial assets that are not derecognised in their entirety:

	2019		2018	
	RMBS programme	Covered Bond programme	RMBS programme	Covered Bond programme
in EUR millions	Securitised mortgage loans (AC)	Mortgage loans own book (AC)	Securitised mortgage loans (AC)	Mortgage loans own book (AC)
Securitisations:				
Carrying amount transferred assets	407	3,661	461	3,171
Carrying amount associated liabilities	391	998	447	1,500
Fair value of assets	407	3,824	461	3,333
Fair value of associated liabilities	395	1,023	446	1,504
Net position	**12**	**2,801**	**15**	**1,829**

RMBS programme
NIBC uses securitisations as a source of funding whereby the *Structured Entity* (**SE**) issues debt securities. Pursuant to a securitisation transaction utilising true sale mechanics, NIBC transfers the title of the assets to SEs. When the cash flows are transferred to investors in the notes issued by consolidated securitisation vehicles, the assets (residential mortgage loans) are considered to be transferred.

The Covered Bond programme
Under NIBC's Covered Bond programme, notes are issued by NIBC from its own balance sheet. Bond holders are protected from suffering a loss even in the event that NIBC defaults because at the point the notes were issued, NIBC also transferred the legal title of a portfolio of mortgages to a SE to act as collateral for the covered bond investors. From a legal perspective, the SE guarantees the repayment of the Covered Bonds. The title transfer of the mortgages has been achieved by NIBC providing an inter-company loan on the same terms and conditions as the external bonds to the SE. The SE used the proceeds to purchase the mortgage portfolio. The net result is that the SE retains the legal title, but proceeds from the mortgages are passed through the intercompany loan to the

covered bond holders. NIBC consolidates the SE on the basis that, in addition to having power as the sole owner, NIBC also is entitled to substantial variable returns through the over-collateralised portion of the sold mortgages.

Continuing involvement in transferred financial assets that are derecognised in their entirety

NIBC does not have any material transferred assets that are derecognised in their entirety, but where NIBC has continuing involvement.

51 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 commitments are designated upon initial recognition at 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 and contingent liabilities are set out in the following table by category. In the following 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	2019	2018
Contract amount:		
Committed facilities with respect to corporate loan financing	1,657	1,675
Committed facilities with respect to mortgage loans	267	503
Capital commitments with respect to equity investments	29	20
Guarantees granted (including guarantees related to assets held for sale)	69	56
Irrevocable letters of credit	70	64
	2,092	**2,318**

Refer to note 40 Provisions for the ECL-allowances on off-balance sheet financial instrument positions.

in EUR millions	2019	2018
Remaining legal maturity analysis of issued financial guarantees & commitments loans:		
One year or less	317	561
Longer than one year but not longer than five years	335	157
Longer than five years but not longer than ten years	1,169	1355
Longer than ten years	271	245
	2,092	**2,318**

The following table shows the credit quality and the maximum exposure to credit risk on financial guarantees and irrevocable letters of credit based on the NIBC's internal credit rating system and year-end stage classification.

Outstanding exposure - Guarantees granted & irrevocable letters of credit

in EUR millions	Stage 1	Stage 2	Stage 3	Total 2019
`				
Internal rating grade:				
Investment	-	-	-	-
Sub-investment	62	11	-	73
Default	-	-	36	36
Default grade (bankruptcy filing)	-	-	-	-
Unrated	27	3	-	30
	89	**14**	**36**	**139**

in EUR millions	Stage 1	Stage 2	Stage 3	Total 2018
`				
Internal rating grade:				
Investment	3	-	-	3
Sub-investment	97	18	-	115
Default	-	-	2	2
Default grade (bankruptcy filing)	-	-	-	-
Unrated	-	-	-	-
	100	**18**	**2**	**120**

An analysis of changes in the outstanding exposures - financial guarantees and letters of credit is, as follows:

Analysis of changes in outstanding exposures - Financial guarantees

in EUR millions	Stage 1	Stage 2	Stage 3	Total 2019
`				
Outstanding as at 1 January 2019	**100**	**18**	**2**	**120**
New exposures	21	-	-	21
Exposures derecognised of matured/lapsed	-	(3)	-	(3)
Transfers from stage 1 to stage 2	(49)	49	-	-
Transfers from stage 2 to stage 1	15	(15)	-	-
Transfers from stage 2 to stage 3	-	(36)	36	-
Transfers from stage 3 to stage 2	-	2	(2)	-
Foreign exchange adjustments	2	(1)	-	1
At 31 December 2019	**89**	**14**	**36**	**139**

in EUR millions	Stage 1	Stage 2	Stage 3	Total 2018
Outstanding as at 1 January 2018	**63**	**25**	**3**	**91**
New exposures	30	-	-	30
Exposures derecognised of matured/lapsed	-	(1)	(1)	(2)
Transfers from stage 1 to stage 2	(1)	1	-	-
Transfers from stage 2 to stage 1	7	(7)	-	-
Foreign exchange adjustments	1	-	-	1
At 31 December 2018	**100**	**18**	**2**	**120**

The following tables show the credit quality and the maximum exposure to credit risk on other undrawn commitments based on the NIBC's internal credit rating system and year-end stage classification.

Outstanding exposure - Other undrawn commitments

in EUR millions	Stage 1	Stage 2	Stage 3	POCI	Fair value	Total 2019
Internal rating grade:						
Investment	403	-	-	-	-	403
Sub-investment	1,122	71	-	-	31	1,224
Default	-	-	2	3	-	5
Default grade (bankruptcy filing)	-	-	-	-	-	-
Unrated	20	1	-	-	3	24
	1,545	**72**	**2**	**3**	**34**	**1,656**

in EUR millions	Stage 1	Stage 2	Stage 3	POCI	Fair value	Total 2018
Internal rating grade:						
Investment	210	-	-	-	-	210
Sub-investment	1,372	52	-	-	40	1,464
Default	-	-	1	-	-	1
Default grade (bankruptcy filing)	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
	1,582	**52**	**1**	**-**	**40**	**1,675**

An analysis of changes in the outstanding exposures - other undrawn commitments is, as follows:

Analysis of changes in outstanding exposures - Other undrawn commitments

in EUR millions	Stage 1	Stage 2	Stage 3	POCI	Fair value	Total 2019
`						
Outstanding as at 1 January 2019	**1,582**	**52**	**1**	**-**	**40**	**1,675**
New exposures	-	-	-	3	-	3
Exposures derecognised or matured/lapsed	(15)	(10)	(2)	-	(6)	(33)
Transfers:						
Transfers from stage 1 to stage 2	(78)	78	-	-	-	-
Transfers from stage 2 to stage 1	44	(44)	-	-	-	-
Transfers from stage 2 to stage 3	-	(1)	1	-	-	-
Foreign exchange adjustments	11	(1)	2	-	-	12
At 31 December 2019	**1,544**	**74**	**2**	**3**	**34**	**1,657**

in EUR millions	Stage 1	Stage 2	Stage 3	POCI	Fair value	Total 2018
`						
Outstanding as at 1 January 2018	**1,430**	**81**	**1**	**-**	**21**	**1,533**
New exposures	150	-	-	-	19	169
Exposures derecognised or matured/lapsed	-	(29)	(1)	-	-	(30)
Transfers:						
Transfers from stage 1 to stage 2	(38)	38	-	-	-	-
Transfers from stage 2 to stage 1	38	(38)	-	-	-	-
Foreign exchange adjustments	2	-	1	-	-	3
At 31 December 2018	**1,582**	**52**	**1**	**-**	**40**	**1,675**

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.

Details of concentrations of credit risk including concentrations of credit risk arising from commitments and contingent liabilities as well as NIBC's policies for collateral for loans are set out in note 59 Credit risk.

Contingent liabilities related to income tax

The European Commission has addressed questions related to the Dutch Government about article 29a of the Dutch Corporate Income Tax Code. If the European Commission would decide to start a formal investigation and ultimately would conclude that this is a case of state aid, NIBC may have to repay tax benefits it enjoyed on the coupon payments. Article 29a of the Dutch Corporate Income Tax Code was included in the Dutch Corporate Income Tax Code so that capital instruments issued by credit institutions and which are covered by EU regulation 575/2013 would be considered tax deductible. In this context NIBC issued Capital Securities in September 2017, amounting EUR 200 million at a fixed interest rate of 6%. The contingent liability related to this matter started at the (fully discretionary) first coupon payment date (March 2018).

Article 29a has been abolished as of January 1, 2019. This limits any state aid exposure to coupon payments made during the time period September 2017 up to and including December 2018.

Claims, investigations, litigation or other proceedings or actions may have a material adverse effect on NIBC's business, results of operations, financial condition and prospects.

NIBC is involved in a number of proceedings and settlement negotiations that arise with customers, counterparties, current or former employees or others arising in the ordinary course of business. Proceedings may relate to, for example, alleged violations of NIBC's duty of care (zorgplicht) vis-a-vis its (former) customers, the provision of allegedly inadequate investment advice or the provision of allegedly inadequate services. Negative publicity associated with certain sales practices, compensation payable in respect of such issues or regulatory changes resulting from such issues could have a material adverse effect on NIBC's reputation, business, results of operations, financial condition and prospects. Dutch financial services providers are increasingly exposed to collective claims from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving unprecedented legal claims in respect of assumed mis-selling or other violations of law or customer rights.

While NIBC has made considerable investment in reviewing and assessing historic sales and "know your customer' practices and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. Assessments of the likelihood of claims arising from former activities are often difficult to accurately assess, due to the difficulties in applying more recent standards or court judgements to past practices. Furthermore many individual transactions are heavily fact-specific and the likelihood of applicability to more transactions of a court decision received on one particular transaction, is difficult to predict until a claim actually materialises and is elaborated. Changes in customer protection regulations and in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might also influence client expectations. One example of past practice that is currently being subjected to a review of the correctness of such behaviour relates to EURIBOR-based mortgages. In 2017 NIBC acquired a portfolio of mortgages and, as part of such acquisition, took over a number of such EURIBOR-based mortgages. Such types of mortgages are currently the subject of individual and class action claims towards another financial institution within the Netherlands. The claimants have been contesting the contractual right of such mortgage lender to have adjusted the margin and alleged that the mortgage lender violated its duty of care towards the relevant customers. Recently, the Surpreme Court found in favour of such financial institution and referred the case back to the Court of Appeal of Amsterdam. Given the similarity of the facts to the EURIBOR-based mortgages within the portfolio acquired by NIBC, NIBC is monitoring such developments and has notified the relevant clients that it will apply the outcome of these court proceedings to the EURIBOR-based loans acquired by NIBC. The risks related to this legal issue were taken into account at the time of acquisition of this mortgage portfolio and factored into the consideration paid by NIBC at the time. Recently, a settlement has been agreed between the parties to that litigation. NIBC is currently examining that settlement with a view to deciding next steps towards its own affected clients, given such settlement and therefore absence of a final court outcome.

On 18 February, 2020 NIBC received inquiries from Vereniging van Effectenbezitters (VEB) concerning NIBC Holding N.V.'s share price developments and associated trading volumes in relation to the announced firm proposal from Blackstone on 14 February, 2020.

It is difficult for NIBC to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings. The costs and staffing capacity required to defend

against future actions may be significant. Counterparties in these proceedings may also seek publicity, over which NIBC will have no control, and this publicity could lead to reputational harm to NIBC and potentially decrease customer acceptance of NIBC's services, regardless of whether the allegations are valid or whether NIBC is ultimately found liable. In addition, NIBC's provisions for defending these claims may not be sufficient

On the basis of legal advice, taking into consideration the facts known at present NIBC is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated results.

52 Assets transferred or pledged as collateral

in EUR millions	2019	2018
Assets have been pledged as collateral in respect of the following liabilities and contingent liabilities		
Liabilities:		
Due to other banks/Own debt securities in issue	4,202	3,732
Debt securities in issue related to securitised loans and mortgages	760	823
Derivative financial liabilities	169	112
	5,131	**4,667**
Details of the carrying amounts of assets pledged as collateral		
Assets pledged:		
Debt investments/Mortgage loans own book	5,105	4,525
Securitised loans and mortgages	927	864
Cash collateral (due from other banks)	203	155
	6,235	**5,544**

As part of NIBC's funding and credit risk mitigation activities, the cash flows of selected financial assets are transferred or pledged to third parties. Furthermore, NIBC pledges assets as collateral for derivative transactions. Substantially all financial assets included in these transactions are mortgage loans, other loan portfolios, debt investments and cash collateral. The extent of NIBC's continuing involvement in these financial assets varies by transaction.

The asset encumbrance ratio (encumbered assets and total collateral received re-used divided by total assets and total collateral re-used) at year end 2019 was 28% (2018: 26%).

53 Assets under management

NIBC provides collateral management services, whereby it holds and manages assets or invests funds received in various financial instruments on behalf of customers. NIBC receives fee income for providing these services. Assets under management are not recognised in the consolidated balance sheet. NIBC is not exposed to any credit risk relating to these assets, as it does not guarantee these investments.

in EUR millions	2019	2018
Assets held and managed by NIBC on behalf of customers	5,720	3,945
	5,720	**3,945**

Assets under management consist of the following activities:

- NIBC *Leveraged Finance Markets* (**LFM**) manages external investors' funds invested in sub-investment grade secured and unsecured debt. LFM focuses predominantly on European leveraged loans, infrastructure debt and high yield bonds;
- NIBC Infrastructure and Renewables manages external investors' funds invested in Infrastructure debt mainly located in the United Kingdom;
- The NIBC European Infrastructure Fund was established for institutional clients, and in addition acts directly for pension fund investors, assisting them with the acquisition and on-going management of infrastructure investments. Core sectors, reflecting the expertise and experience of the NIBC team, include PPP projects, waste management projects, energy storage and distribution assets and renewable energy projects in the wind, solar and waste-to-energy sectors;
- Under Originate-to-manage mandates, NIBC's retail client offering manages external investors' funds invested in Dutch mortgages;
- Asset management activities at NIBC level consist of collateral management activities of a legacy portfolio of structured investments (such as RMBS and CLOs), predominantly in the US.

Refer to note 3 Net fee income for related investment management and originate-to-manage fee income.

NIBC's sustainability policy framework, including applicable sector policies, is also applicable to the investments made under these programmes.

For more information please see our website.

54 Business combinations and divestments

Acquisitions

Acquisitions in 2019

On 27 September 2019, NIBC Investments N.V. a 100% subsidiary of NIBC Holding N.V., obtained control of Lendex Holding B.V., a FinTech start-up that has developed a full-service digital consumer lending platform, located in Almere, by acquiring 100% of the share capital and voting interests in the company from its sold shareholder EU Lending Holding B.V.

Acquisition-related costs

Acquisition related costs of EUR 0.4 million have been charged to other operating expenses in the consolidated income statement for the period ended 31 December 2019.

Revenue and profit contribution

From the date of acquisition to 31 December 2019 the impact of Lendex Holding B.V. on NIBC Holding's results was a loss of EUR 0.3 million. If this acquisition had occurred on 1 January 2019, management estimates that the result from this company included in the consolidation would have been a loss of EUR 0.4 million.

in EUR millions	2019
Assets:	
Consumer lending platform (note 32)	1
Other assets	-
	1
Liabilities:	
Long-term debt	-
Deferred tax liability	-
Other	-
	-
Total identifiable net assets at fair value:	**1**
Goodwill arising on acquisition	3
Purchase consideration[1]	**4**

1 Purchase consideration consist of a cash consideration of EUR 1.5 million and a contingent consideration with an initial fair value of EUR 2.2 million.

Acquisition of additional interest in BeeQuip B.V.

NIBC's (indirect) interest in its subsidiary BeeQuip B.V. increased from 75% to 100%. The difference between the (contingent) consideration and the carrying value of the non-controlling interest in BeeQuip B.V. to an amount of EUR 10,8 million has been deducted directly from retained earnings of 2019. NIBC Investments N.V., a 100% subsidiary of NIBC Holding N.V., is the sole shareholder of BeeQuip B.V.

in EUR millions	2019
Cash consideration payable to non-controlling shareholders	3
Contingent consideration	11
Carrying value of the additional interest of 25% in Beequip B.V.	(3)
Difference, recognised in Retained earnings	**11**

Acquisitions in 2018

In 2018 there were no business combinations and acquisitions of non-controlling interest .

55 Related party transactions

In the normal course of business, NIBC enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of NIBC include, amongst others, its subsidiaries, associates and key management personnel. The transactions were made at an arm's length price. Transactions between NIBC and its subsidiaries meet the definition of related party transactions. However, as all of these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Transactions involving NIBC's shareholders

in EUR millions	2019	2018
Transactions involving NIBC's shareholders:		
Assets	115	45
Liabilities	-	-
Off-balance sheet commitments	135	10
Income received	7	7
Expenses paid	-	-

All intended deals with related parties, including the JC Flowers Fund IV related to the majority shareholder of NIBC, are (pre)discussed in the Related Party Transaction Committee. The transactions with J.C. Flowers Fund IV are at arm's length.

In November 2019, NIBC supported Reggeborgh in the envisaged public offer for VolkerWessels. NIBC acted as financial advisor to the shareholders of Reggeborgh and provided the debt financing in which Reggeborgh has the ability to draw down debt for an amount of EUR 200 million (EUR 75 million drawn as per 31 December 2019).

In 2015, NIBC made a commitment of USD 10 million to 'Flowers Fund IV' and in 2016 NIBC made an additional commitment of USD 5 million to 'Flowers Fund III' bringing the total commitment in this fund to USD 15 million. Both funds are managed by an affiliate of J.C. Flowers & Co.

At 2 November 2018 NIBC committed to a co-investment of EUR 30 million in HSH Nordbank along with the 'Flowers Fund IV'. NIBC Bank's exposure to HSH Nordbank is EUR 30 million. Due to the existing relationship with the J.C. Flowers Funds a waiver has been obtained for certain fees.

In 2018, EUR 7 million fee related to the purchase of HSH Nordbank by a consortium led by J.C. Flowers Funds, where NIBC acted as the M&A advisor for the buyer has been received.

Transactions with other entities controlled by NIBC's shareholders
In 2019 and 2018 there were no transactions between NIBC Holding and other entities controlled by NIBC Holding's shareholders.

Transaction related to associates and joint ventures

in EUR millions	2019	2018
Transactions related to associates:		
Assets	151	104
Liabilities	-	-
Off-balance sheet commitments	52	38
Income received	9	6
Expenses paid	-	-

Assets, liabilities, commitments and income related to Associates result from transactions which are executed as part of the normal banking business. Summarised financial information for the group's investments in associates and joint ventures is set out in note 56 Principal subsidiaries and associates.

Key management personnel investments

NIBC's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of NIBC (directly or indirectly). Key management personnel of NIBC consist of the ExCo members (including Statutory Board members).

Details of the remuneration of the Statutory Board members and Supervisory Board members are disclosed in note 58. For details of the holdings of Statutory Board members and other staff in NIBC Choice instruments reference is made to note 9 Personnel expenses and share-based payments.

Other transactions with key management personnel and related parties

In 2018 key management personnel (ExCo members) were granted CDRs under the one-off retention package and some of them personally invested at the IPO date in CDRs under the DRPP (for further details see note 58).

Details of the remuneration of the Statutory Board members and Supervisory Board members are disclosed in note 58. For details of the holdings of Statutory Board members in NIBC Choice instruments reference is also made to note 58.

IAS 24 'Related party disclosures' requires the following additional information for key management compensation (i.e. ExCo, including the Statutory Board).

Compensation of ExCo members over the year 2019

	Short term incentive compensation					
in EUR	Base salary	Cash bonus	Deferred cash	Pension related short term allowance[1]	Other remuneration elements	Total short term incentive compen-sation
Current Statutory Board (3)	2,075,828	124,550	83,033	438,577	135,454	2,857,442
Current Executive Board members, not Statutory board (3)	1,050,000	94,500	63,000	182,120	92,826	1,482,446
	3,125,828	**219,050**	**146,033**	**620,697**	**228,280**	**4,339,888**

1 A collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 107,593.

	Long term (incentive) compensation	Share based payments	Share based payments[1]	
in EUR	Post employment contribution	One-off retention package	(Restricted) Phantom Share Units	Total
Current Statutory Board (3)	107,997	-	207,583	3,173,021
Current Executive Board members, not Statutory board (3)	91,670	-	157,500	1,731,616
	199,667	**-**	**365,083**	**4,904,637**

1 Phantom share units.

Compensation of ExCo members over the year 2018

	Short term incentive compensation					
in EUR	Base salary	Cash bonus	Deferred cash	Pension related short term allowance[1]	Other remuneration elements	Total short term incentive compen-sation
Current Statutory Board (3)	2,025,000	121,500	81,000	427,664	156,448	2,811,611
Current Executive Board members, not Statutory board (3)	1,050,000	94,500	63,000	183,914	94,164	1,485,578
	3,075,000	**216,000**	**144,000**	**611,577**	**250,612**	**4,297,189**

1 A collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 105,075.

	Long term (incentive) compensation	Share based payments	Share based payments[1]	
in EUR	Post employment contribution	One-off retention package	(Restricted) Phantom Share Units	Total
Current Statutory Board (3)	105,623	3,645,000	202,500	6,764,735
Current Executive Board members, not Statutory board (3)	98,253	1,732,500	157,500	3,473,831
	203,877	**5,377,500**	**360,000**	**10,238,566**

1 Phantom share units.

Holdings of NIBC Choice instruments and NIBC ordinary shares of ExCo members at 31 December 2019

	Number of phantom share units	Number of restricted phantom share units	Number of CDRs granted under the one-off retention package (vested)	Number of CDRs granted under the one-off retention package (unvested)	Number of CDRs acquired via the DRPP	Number of ordinary shares (own investments before and after the IPO date)
Current Statutory Board (3)	80,214	30,170	131,514	123,590	94,133	669,826
Current Executive Board members, not Statutory board (3)	30,342	23,029	62,511	58,740	33,332	-
	110,557	**53,198**	**194,025**	**182,330**	**127,465**	**669,826**

Holdings of NIBC Choice instruments and NIBC Shares of ExCo members at 31 December 2018

	Number of phantom share units	Number of restricted phantom share units	Number of CDRs granted under the one-off retention package (vested)	Number of CDRs granted under the one-off retention package (unvested)	Number of CDRs acquired via the DRPP	Number of ordinary shares (own investments before and after the IPO date)[1]
Current Statutory Board (3)	55,711	26,739	58,944	88,413	94,133	652,626
Current Executive Board members, not Statutory board (3)	27,708	20,799	28,017	42,021	33,332	-
	83,419	**47,539**	**86,961**	**130,434**	**127,465**	**652,626**

1 For the acquisition of ordinary shares NIBC Holding by Statutory Board members loans were provided by the Shareholders of NIBC Holding.

Statutory Board member	Loans provided by shareholders of NIBC Holding N.V.	Number of shares
	in EUR	
P.A.M. de Wilt (CEO)	1,200,000	258,140
H.H.J. Dijkhuizen (CFO)	800,000	172,093
R.D.J. van Riel (CRO)	800,000	172,093
	2,800,000	**602,326**

Loans provided by shareholders NIBC Holding N.V.

- The loans provided by shareholders of NIBC Holding N.V. are bearing interest at 5 per cent, including the premium of the put options. The term of the loans is five years;
- The ordinary shares have been pledged to the providers of the loans;
- The voting rights of the ordinary shares have been transferred to the providers of the loans;
- The management participants have a put option with an exercise price at 80% of the purchase price, adjusted for the accrued and capitalised interest and an exercise date five years after the purchase date;
- The providers of the loans have a call option with an exercise price at 80% of the purchase price, adjusted for the accrued and capitalised interest and an exercise date five years after the purchase date;
- Any future transactions in shares will be executed at fair value.

The ordinary shares purchased cannot be sold for five years, except in the situation of a change of control of NIBC Holding N.V. In that case the loans including capitalised and accrued interest must be repaid. If a member of the Statutory Board ceases employment during the five year period, the ordinary shares may not be sold.

NIBC Holding N.V. ordinary shares held by Supervisory Board Members

Supervisory board members are permitted to hold NIBC Holding N.V. ordinary shares as a long term investment. The table below shows the holdings by members of the Supervisory Board at 31 December 2019 and 31 December 2018 respectively.

Supervisory Board member	Number of ordinary shares 2019	2018
M. Christner	20,000	10,000
	20,000	**10,000**

Ordinary shares held by Supervisory Board members are only disclosed for the period for which they have been part of the Supervisory Board.

Mr. J.C. Flowers is a beneficial owner of certain interests of some of the vehicles which are shareholders of NIBC.

56 Principal subsidiaries and associates

Information on principal subsidiaries

Composition of NIBC
NIBC is the direct or indirect holding company for NIBC's subsidiaries.

NIBC consists of 60 (2018: 60) consolidated entities, including 12 (2018: 12) consolidated structured entities (for further details see note 57). 47 (2018: 46) of the entities controlled by NIBC are directly or indirectly held by NIBC at 100% of the ownership interests (share of capital). Third parties also hold ownership interests in 13 (2018: 14) of the consolidated entities (non-controlling interests).

Accounting for investment in subsidiaries
In the company financial statements of NIBC, investments in subsidiaries are stated at net asset value.

Principal subsidiaries
NIBC's principal subsidiaries are set out below. This includes those subsidiaries that are most significant in the context of NIBC's business, results or financial position.

	Principal place of business	Country	Nature of relationship	Percentage of voting rights held
Subsidiaries of NIBC Holding N.V.:				
NIBC Bank N.V.	The Hague	Netherlands	Banking	100%
NIBC Investment Management N.V.	The Hague	Netherlands	Financing	100%
NIBC Investments N.V.	The Hague	Netherlands	Financing	100%
Beequip B.V.	Rotterdam	Netherlands	Financing	100%
Lendex Holding B.V.	Almere	Netherlands	Financing	100%
Subsidiaries of NIBC Bank N.V.:				
NIBC Bank Deutschland AG	Frankfurt	Germany	Banking	100%
Parnib Holding N.V.	The Hague	Netherlands	Financing	100%
Counting House B.V.	The Hague	Netherlands	Financing	100%
B.V. NIBC Mortgage-Backed Assets	The Hague	Netherlands	Financing	100%
NIBC Principal Investments B.V.	The Hague	Netherlands	Financing	100%
NIBC Financing N.V.	The Hague	Netherlands	Financing	100%

Significant judgements and assumptions used to determine the scope of the consolidation
Determining whether NIBC has control of an entity is generally straightforward, based on ownership of the majority of the voting rights. However, in certain instances this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether NIBC, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, NIBC may conclude that the managers of the structured entity are acting as its agent and therefore NIBC will consolidate the structured entity.

An interest in equity voting rights exceeding 50% (or in certain circumstances large minority shareholding) would typically indicate that NIBC has control of an entity. However certain entities are excluded from consolidation because NIBC does not have exposure to their variable returns and/or are managed by external parties and consequently are not controlled by NIBC. Where appropriate, interests relating to these entities are included in note 57 Structured entities.

See the basis of consolidation section of the Accounting policies for further information on other factors affecting consolidation of an entity.

Significant restrictions to access or use NIBC's assets
Legal, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of NIBC to access and transfer assets freely to or from other entities within NIBC and to settle liabilities of NIBC.

Since NIBC did not have any material non-controlling interests at the balance sheet date, any protective rights associated with these did not give rise to significant restrictions.

Restrictions impacting NIBC's ability to use assets:
- NIBC has pledged assets to collateralise its obligations under repurchase agreements, securities financing transactions, collateralised loan obligations and for margining purposes of OTC derivative liabilities;
- The assets of consolidated structured entities are held for the benefit of the parties that have bought the notes issued by these entities;
- Regulatory and central bank requirements or local corporate legislation may restrict NIBC's ability to transfer assets to or from other entities within NIBC in certain jurisdictions.

Carrying amounts of restricted assets

in EUR millions	At 31 December 2019		At 31 December 2018	
	Assets	Restricted assets	Assets	Restricted assets
Cash and balances with central banks	1,965	122	2,056	124
Due from other banks	706	602	575	449
Financial assets at fair value through profit or loss (including trading):				
Debt investments	91	-	77	-
Equity investments (including Investments in associates)	253	107	187	102
Loans	142	-	148	-
Financial assets at fair value through other comprehensive income:				
Debt investments	954	-	788	-
Financial assets at amortised cost:				
Debt investments	10	-	-	-
Loans	7,012	764	7,062	715
Lease receivables	498	-	400	-
Mortgages own book	9,637	6,844	8,990	6,394
Securitised mortgage loans	407	407	461	461
Other:				
Investments in associates and joint ventures (equity method)	21	13	12	10
	21,696	**8,859**	**20,756**	**8,255**

The previous table excludes assets which are solely subject to restrictions in terms of their transferability within NIBC, caused by e.g. local lending requirements or similar regulatory restrictions. Regulatory minimum liquidity requirements are also excluded from the table. NIBC identifies the volume of liquidity reserves in excess of local stress liquidity outflows. The aggregate amount of such liquidity reserves that are considered restricted for this purpose is EUR 122 million and EUR 124 million as per 31 December 2019 and 2018, respectively.

A list of participating interests and companies for which a statement of liability have been issued has been filed at the Chamber of Commerce in The Hague.

Information on associates

NIBC holds interests in 21 (2018: 26) associates. Five associates are considered to be material to NIBC, based on the carrying value of the investment and NIBC's income from these investees. There are no joint arrangements which are considered individually significant.

Accounting classification and carrying value

in EUR millions	2019	2018
Investments in associates (fair value through profit or loss)	128	92
Investments in associates and joint ventures (equity method)	21	12
	149	**104**

Significant associates

NIBC's interests in significant associates are classified as associates fair value through profit or loss and are all unlisted.

The following tables illustrate the summarised financial information of NIBC's investments in associates material to NIBC.

	Principal place of business	Country	Nature of relationship	Percentage of voting rights held
Name of the associate:				
GCF II	The Hague	Netherlands	Investment company	11%
Arles I B.V.	Vianen	Netherlands	Hotel	38%
Finco Fuel Benelux B.V.	Dordrecht	Netherlands	Oil company	30%

The amounts shown in the following table are of the investees, not just NIBC's share for the year ended 31 December 2019. These associates are highly leveraged with debt.

in EUR millions	Assets	Liabilities	Operating income	Other comprehensive income	Total comprehensive income[1]
GCF II	98	2	18	-	18
Arles I B.V.	197	167	10	-	10
Finco Fuel Benelux B.V.	113	94	2	-	2

1 The figures are based on the latest publicity available financial information of the investee.

NIBC received no dividends from above significant associates in 2019 and 2018.

Investments in associates and joint ventures (equity method)

NIBC's investments in associates and joint ventures (equity method) are EUR 21 million for the year ended 31 December 2019 (31 December 2018: EUR 12 million).

Associates

in EUR millions	2019	2018
Profit or loss from continuing operations	1	3
Other comprehensive income/(loss)	-	-
	1	**3**

in EUR millions	2019	2018
Aggregated amount of NIBC's share of profit/(loss) from continuing operations	5	-
Aggregated amount of NIBC's share of post-tax profit/(loss) from discontinued operations	-	-
Aggregated amount of NIBC's share of other comprehensive income	-	-
	5	**-**

Unrecognised share of the losses of individually immaterial associates was nil in 2019 and 2018.

Other information on associates

NIBC's associates are subject to statutory requirements such that they cannot make remittances of dividends or make loan repayments to NIBC without agreement from the external parties.

NIBC's share of contingent liabilities or capital commitments of its associates and joint ventures was nil in 2019 and 2018.

57 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

The principal use of structured entities is to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitising financial assets. Structured entities may be established as corporations, trusts or partnerships. Structured entities generally finance the purchase of assets by issuing notes that are collateralised by and/or indexed to the assets held by the structured entities. The notes issued by structured entities may include tranches with varying levels of subordination.

Structured entities are consolidated when the substance of the relationship between NIBC and the structured entities indicate that the structured entities are controlled by NIBC, as discussed in the Accounting policies section Basis of consolidation. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

Nature, purpose and extent of NIBC's interests in consolidated structured entities

Securitisation vehicles

NIBC primarily has contractual arrangements for securitisation vehicles which may require it to provide financial support. NIBC uses securitisation as a source of financing and a means of risk transfer. At 31 December 2019, there was an outstanding junior loan commitment of EUR 12 million (2018: nil) to these entities.

Financial support provided or to be provided to consolidated structured entities NIBC has not provided any non-contractual financial support during 2019 and 2018 and does not anticipate providing non-contractual support to consolidated structured entities in the future.

Unconsolidated structured entities

Nature, purpose and extent of NIBC's interests in unconsolidated structured entities
The structured entities covered by this section are not consolidated since NIBC does not has control them through voting rights, contract, funding agreements and/or other means. The extent of NIBC's interests in unconsolidated structured entities will vary depending on the type of structured entity. Examples of interests in unconsolidated structured entities include debt or equity investments, liquidity facilities and guarantees in which NIBC is absorbing variability of returns from the structured entities.

Securitisation vehicles
NIBC establishes securitisation vehicles which purchase diversified pools of assets, including fixed-income securities, corporate loans, and asset-backed securities (predominantly commercial, residential and mortgage-backed assets). The securitisation vehicles fund these purchases by issuing multiple tranches of notes.

Third-party fund entities
NIBC provides funding to structured entities that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralised by the asset in the structured entities. NIBC's involvement involves predominantly equity investments.

Income derived from involvement with unconsolidated structured entities
NIBC earns management fees and, occasionally, performance-based fees for its investment management services in relation to funds. Interest income is recognised on the funding provided to structured entities. Movements in the value of different types of notes held by NIBC in structured entities are recognised in net trading income.

Maximum exposure to unconsolidated structured entities
The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for loans and trading instruments is reflected in their carrying amounts in the consolidated balance sheet. The maximum exposure for off-balance sheet instruments such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by NIBC, is reflected by the notional amounts. Such amounts do not reflect the economic risks faced by NIBC because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred.

At 31 December 2019 off-balance sheet instruments amounts to EUR 29 million (2018: EUR 20 million). There were no derivatives linked to structured unconsolidated entities.

Size of structured entities
NIBC provides a different measure for the size of structured entities depending on their type. The following measures have been considered as appropriate indicators for evaluating the size of structured entities:

- Securitisations – notional of notes in issue when NIBC derives its interests through notes its holds and notional of derivatives when NIBC's interests is in the form of derivatives;
- Third party fund entities – total assets in entities. For third party fund entities, size information is based on the latest available investor reports and financial statements.

Summary of interests in unconsolidated structured entities

The following table shows, by type of unconsolidated structured entity, the carrying amounts of NIBC's interests recognised in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the structured entities. The carrying amounts presented in the following table do not reflect the maximum exposure to loss because the mitigating effects of collateral and hedges are not taken into consideration.

in EUR millions	Securitisations	Third party fund entities	2019
Financial assets at fair value through profit or loss (including trading)			
Equity investments (including investments in associates)	-	82	82
Financial assets at fair value through other comprehensive income			
Debt investments	278	-	278
Equity investments	-	-	-
Financial assets at amortised cost			
Debt investments	-	-	-
Loans	-	1	1
Total assets	**278**	**83**	**361**
Off-balance sheet exposure	-	29	29
Total maximum exposure to loss	**278**	**112**	**390**
Size of structured entities	17,148	59,141	76,289

in EUR millions	Securitisations	Third party fund entities	2018
Financial assets at fair value through profit or loss (including trading)			
Equity investments (including investments in associates)	-	85	85
Financial assets at fair value through other comprehensive income			
Debt investments	221	-	221
Equity investments	-	-	-
Financial assets at amortised cost			
Debt investments	-	-	-
Loans	-	1	1
Total assets	**221**	**86**	**307**
Off-balance sheet exposure	-	20	20
Total maximum exposure to loss	**221**	**106**	**327**
Size of structured entities	13,547	61,139	74,686

Loans of EUR 1 million (2018: EUR 1 million) consist of investments in securitisation tranches and financing to third party fund entities. NIBC's financing to third party fund entities is collateralised by the assets in those structured entities.

No debt investments are collateralised by the assets contained in these entities.

Equity investments of EUR 112 million (2018: EUR 105 million) primarily consist of investments in associates of EUR 30 million, EUR 14 million and EUR 13 million in JCF IV Coinvest Neptun I L.P., J.C. Flowers IV LP and Outward VC Fund LLP C.V. respectively.

Exposure to losses

NIBC's exposure to losses related to securitisations depends on the level of subordination of the interest which indicates the extent to which other parties are obliged to absorb credit losses before NIBC. This is summarised in the following table. There is no significant level of subordination relating to third-party funding.

in EUR millions	Subordinated interests	Mezzanine interests	Senior interests	Most senior interests	2019
Securitisations:					
I) Maximum exposure to loss	-	-	-	278	278
II) Potential losses held by other investors	35	235	1,114	15,487	16,871

in EUR millions	Subordinated interests	Mezzanine interests	Senior interests	Most senior interests	2018
Securitisations:					
I) Maximum exposure to loss	-	-	-	221	221
II) Potential losses held by other investors	-	244	924	12,159	13,327

Income from interests in unconsolidated structured entities

The following table presents NIBC's total income received from its interests in unconsolidated structured entities:

in EUR millions	Securitisations	Third party entities	2019
Net income unconsolidated structured entities:			
Net interest income	-	-	-
Net fee income	-	1	1
Investment income	-	10	10
	-	**11**	**11**

in EUR millions	Securitisations	Third party entities	2018
Net income unconsolidated structured entities:			
Net interest income	-	-	-
Net fee income	-	9	9
Investment income	-	58	58
	-	**67**	**67**

Financial support provided or to be provided to unconsolidated structured entities

NIBC has not provided any non-contractual financial support during the period and does not intend to provide non-contractual support to unconsolidated structured entities in the future.

Sponsored unconsolidated structured entities
As a sponsor, NIBC is involved in the legal structure and marketing of the entity and supports the entity in different ways, namely:
- transferring assets to the entities;
- providing operational support to ensure the entity's continued operation.

NIBC is also deemed a sponsor for a structured entity if market participants would reasonably associate the entity with NIBC. Additionally, the use of the NIBC name for the structured entity indicates that NIBC has acted as a sponsor.

Income from sponsored unconsolidated structured entities in which NIBC did not hold an interest as per 31 December 2019 comprised to nil (31 December 2018: nil) interest earned from bonds recognised within interest income.

Assets transferred to unconsolidated sponsored structured entities
The carrying amounts of assets transferred to sponsored unconsolidated structured entities during the period were nil.

58 Remuneration of the Statutory Board members and Supervisory Board members

Remuneration of the Statutory Board members
The Supervisory Board reviewed and amended NIBC's Remuneration Policy in 2019. The review took account of all relevant laws, regulations and guidelines: the Dutch Corporate Governance Code, the Dutch Banking Code, the DNB Principles on Sound Remuneration Policies (DNB Principles), EBA Guidelines on sound Remuneration and CRD IV and the Dutch remuneration legislation for Financial Service Companies (Wet beloning Financiële ondernemingen - Wbfo).

Regular annual remuneration
In 2019, the average number of members of the Statutory Board appointed under the articles of association was three (2018: three). For the total regular annual remuneration costs (including pension costs) for members of the Statutory Board, appointed under the articles of association, reference is made to note 9 Personnel expenses and share-based payments. During 2019 no changes occurred in the Statutory Board.

Base salary and short-term incentive compensation (cash bonus)
In 2019, the base salary for the Chairman and for members of the Statutory Board increased both by 2.51% (the average wage increase in March 2019 of the entire staff base).
Since 1 January 2015, the Statutory Board is entitled to a short-term variable income component at target of 15% of base salary (with a maximum of 20%).The variable compensation is delivered in a pre-defined mix: 30% in cash, 20% in deferred cash, 30% in Phantom Share Units and 20% in Restricted Phantom Share Units.

Over 2019 the following incentive compensation (excluding one-off retention package) of base salary was granted: The Chief Executive Officer 20%, The Chief Financial Officer 20% and the Chief Risk Officer 20%.

The compensation awards per member of the Statutory Board at 31 December 2019:

	Short term (incentive) compensation					
in EUR	Base salary	Cash bonus	Granted Deferred cash[1]	Pension related short term allowance[2]	Other remuneration elements	**Total short term incentive compen-sation**
Mr. Paulus de Wilt	845,708	50,742	33,828	184,634	47,418	1,162,330
Mr. Herman Dijkhuizen	615,060	36,904	24,602	126,972	47,818	851,356
Mr. Reinout van Riel	615,060	36,904	24,602	126,972	40,218	843,756
	2,075,828	**124,550**	**83,033**	**438,577**	**135,454**	**2,857,442**

1 These granted remuneration elements will be expensed based upon pre-agreed vesting criteria.
2 A collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 107,593

	Long term (incentive) compensation	Share based payments	Share based payments	Share based payments	
in EUR	Post employment contribution	One-off retention package	Phantom Share Units	Restricted Phantom Share Units[1]	**Total**
Mr. Paulus de Wilt	37,414	-	50,742	33,828	1,284,315
Mr. Herman Dijkhuizen	35,878	-	36,904	24,602	948,739
Mr. Reinout van Riel	34,706	-	36,904	24,602	939,967
	107,997	**-**	**124,550**	**83,033**	**3,173,021**

1 These granted remuneration elements will be expensed based upon pre-agreed vesting criteria.

The compensation awards per member of the Statutory Board at 31 December 2018:

	Short term (incentive) compensation					
in EUR	Base salary	Cash bonus	Deferred cash[1]	Pension related short term allowance[2]	Other remuneration elements	**Total short term incentive compen-sation**
Mr. Paulus de Wilt	825,000	49,500	33,000	180,055	55,424	1,142,979
Mr. Herman Dijkhuizen	600,000	36,000	24,000	123,805	54,312	838,116
Mr. Reinout van Riel	600,000	36,000	24,000	123,805	46,712	830,517
	2,025,000	**121,500**	**81,000**	**427,664**	**156,448**	**2,811,611**

1 These granted remuneration elements will be expensed based upon pre-agreed vesting criteria.
2 A collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 105,075.

in EUR	Long term (incentive) compensation Post employment contribution	Share based payments One-off retention package	Share based payments Phantom Share Units	Share based payments Restricted Phantom Share Units[1]	Total
Mr. Paulus de Wilt	36,497	1,485,000	49,500	33,000	2,746,975
Mr. Herman Dijkhuizen	35,303	1,080,000	36,000	24,000	2,013,419
Mr. Reinout van Riel	33,824	1,080,000	36,000	24,000	2,004,340
	105,623	**3,645,000**	**121,500**	**81,000**	**6,764,735**

1 These granted remuneration elements will be expensed based upon pre-agreed vesting criteria.

The short term compensation share related awards ((restricted) phantom share units) per member of the Statutory Board:

	Number of phantom share units		Number of restricted phantom share units	
	2019[1]	2018	2019[1]	2018
Mr. Paulus de Wilt	6,748	5,957	4,498	3,971
Mr. Herman Dijkhuizen	4,907	4,332	3,272	2,888
Mr. Reinout van Riel	4,907	4,332	3,272	2,888
	16,562	**14,621**	**11,042**	**9,747**

1 The number of (restricted) phantom share units of 2019 is calculated based upon the listed share price at 31 december 2019 (EUR 7.52). The number of (restricted) phantom share units that will be finally granted will be based upon the listed share price at 1 April 2020.

The following information reconciles the compensation granted and the related expenses in the income statement for Statutory Board members as disclosed in note 9. Under the current remuneration structure, rewards are paid out over a number of years, or in case of shares, deferred cash and RPSUs, vest over a number of years.

Remuneration expenses per member of the Statutory Board over 2019

	Short term (incentive) compensation					
in EUR	Base salary	Cash bonus	Deferred cash	Pension related short term allowance	Other remuneration elements	Total short term incentive compen-sation
Mr. Paulus de Wilt	845,708	50,742	31,568	184,634	47,418	1,160,070
Mr. Herman Dijkhuizen	615,060	36,904	22,274	126,972	47,818	849,027
Mr. Reinout van Riel	615,060	36,904	22,764	126,972	40,218	841,917
	2,075,828	**124,550**	**76,606**	**438,577**	**135,454**	**2,851,014**

in EUR	Long term (incentive) compensation	Share based payments	Share based payments	Share based payments	Total
	Post employment contribution	One-off retention package	Phantom Share Units	Restricted Phantom Share Units	
Mr. Paulus de Wilt	37,414	156,194	50,742	31,568	1,435,988
Mr. Herman Dijkhuizen	35,878	113,595	36,904	22,273	1,057,677
Mr. Reinout van Riel	34,706	113,595	36,904	22,764	1,049,886
	107,997	**383,384**	**124,550**	**76,606**	**3,543,551**

Remuneration expenses per member of the Statutory Board over 2018

in EUR	Short term (incentive) compensation					Total short term incentive compen-sation
	Base salary	Cash bonus	Deferred cash	Pension related short term allowance	Other remuneration elements	
Mr. Paulus de Wilt	825,000	49,500	28,515	180,055	119,800	1,202,869
Mr. Herman Dijkhuizen	600,000	36,000	19,433	123,805	101,131	880,369
Mr. Reinout van Riel	600,000	36,000	19,111	123,805	46,712	825,628
	2,025,000	**121,500**	**67,059**	**427,664**	**267,642**	**2,908,865**

in EUR	Long term (incentive) compensation	Share based payments	Share based payments	Share based payments	Total
	Post employment contribution	One-off retention package	Phantom Share Units	Restricted Phantom Share Units	
Mr. Paulus de Wilt	36,497	1,410,193	49,500	28,515	2,727,573
Mr. Herman Dijkhuizen	35,303	1,025,595	36,000	19,433	1,996,699
Mr. Reinout van Riel	33,824	1,025,595	36,000	19,112	1,940,158
	105,623	**3,461,383**	**121,500**	**67,059**	**6,664,430**

Remuneration of the Supervisory Board members

The remuneration of the (former) Supervisory Board members relates to their position within NIBC Holding and NIBC Bank.

in EUR	2019 Before tax	2019 Value Added Tax	2019 Incl. tax	2018 Before tax	2018 Value Added Tax	2018 Incl. tax
Members:						
Mr. W.M. van den Goorbergh[1]	35,024	7,355	42,379	102,500	21,525	124,025
Mr. M.J. Christner	61,506	-	61,506	60,000	-	60,000
Mr. J.C. Flowers	51,255	-	51,255	50,000	-	50,000
Mr. J.J.M. Kremers[2]	28,190	5,920	34,110	-	-	-
Mr. A. de Jong	-	-	-	62,292	0	62,292
Mr. D.M. Sluimers[3]	101,656	21,348	123,004	87,500	18,375	105,875
Ms. K.M.C.Z. Steel	-	-	-	46,667	0	46,667
Mr. A.H.A. Veenhof	-	-	-	16,250	3,412	19,662
Mr. R.L. Carrión	61,506	-	61,506	60,000	-	60,000
Ms. A.G.Z. Kemna[4]	85,426	17,939	103,365	26,250	5,513	31,763
Ms. S.M. Zijderveld	66,632	13,993	80,625	24,375	5,119	29,494
Total remuneration	**491,195**	**66,555**	**557,750**	**535,833**	**53,945**	**589,778**

1 Mr. W.M. van den Goorbergh stepped down at the end of his term on 30 April 2019. He was chair of the SB and RPTC and member of the AC, RPCC and RNC.
2 Mr. J.J.M. Kremers was appointed as a member of the Supervisory Board as from September 2019. As of this date he was appointed as chair of the AC. He also joined the RPCC, RNC and RPTC as a member.
3 Mr. D.M. Sluimers was appointed as chair of the SB as of May 2019 (before he was vice chair) and chair of the RPTC.
4 Ms. A.G.Z. Kemna was appointed as vice chair of the SB as of May 2019 (before she was a member).

The remuneration of the Supervisory Board members consists of annual fixed fees and committee fees. As at 31 December 2019 and 31 December 2018, no loans, advance payments or guarantees had been provided by the company to Supervisory Board members.

Depositary receipts

Common Depositary Receipts

The following tables show the holdings by current members of the Statutory Board:

Number of common depositary receipts (investment under DRPP/co-investment programme)	2019	2018
Mr. Paulus de Wilt	54,498	54,498
Mr. Herman Dijkhuizen	39,635	39,635
Total number of common depositary receipts (investment from own funds)	**94,133**	**94,133**

Number of common depositary receipts (one-off retention package, 1st and 2nd tranche)	2019	2018
Mr. Paulus de Wilt	103,932	60,035
Mr. Herman Dijkhuizen	75,586	43,661
Mr. Reinout van Riel	75,586	43,661
Total number of common depositary receipts (one-off retention package)	**255,104**	**147,357**

The previous table shows the numbers of CDRs, following the first and second tranche of the one-off retention package granted in view of the IPO at 23 March 2018. The CDRs related to the first tranche of the one-off retention package were unconditionally awarded on 23 March 2018, the CDRs

related to the second tranche of the one-off retention package were unconditionally awarded on 23 March 2019.

Co-investment programme
As a result of personal investments by the Statutory Board members in 2012 and 2014 matching shares were granted to the Statutory Board members in 2012 and 2014, in the form of CRDRs with an after-tax value equal to the value of the personal investment made.

This offer was made to and accepted by Mr. Dijkhuizen and Mr. de Wilt when they joined the Statutory Board.

The matching shares were subject to four-year vesting with one quarter vesting each year on 1 January, but they will immediately vest upon a change of control of NIBC, in which case they (i) will become fully unconditional and (ii) be legally transferred.

In December 2017 it was decided that all unvested CRDR outstanding at 1 January 2018 will vest immediately (accelerated vesting) into CCDRs. The accelerated vesting applied to 3.558 CRDRs (net after tax basis) related to the cancellation of the Long Term Incentive arrangement for certain Statutory Board members. According to the change of the Plan Rules in 2017, the 70,788 outstanding CCDRs of certain Statutory Board members were released into 70,788 CDRs in January 2018.

(Restricted) Phantom Share Units

Phantom Share Units
In 2010, a new equity-linked reward instrument was introduced as part of the *Short-Term Incentive* (**STI**) plan. The short-term compensation in share-related awards consists of *Phantom Share Units* (**PSUs**) and/or *Restricted Phantom Share Units* (**RPSUs**). RPSU awards are subject to a three-year vesting with one third vesting each year on 1 April. The PSUs, whether vested or restricted, held by the members of the Statutory Board are subject to a five-year retention period as measured from the date of vesting. This short-term compensation can be converted into cash immediately after the retention period.

The following table shows the holdings by members of the Statutory Board:

Number of phantom share units	2019	2018
Mr. Paulus de Wilt	34,914	24,632
Mr. Herman Dijkhuizen	24,197	16,898
Mr. Reinout van Riel	21,103	14,181
Total number of phantom share units	**80,214**	**55,711**

Restricted Phantom Share Units
The following table shows the holdings by members of the Statutory Board:

Number of restricted phantom share units	2019	2018
Mr. Paulus de Wilt	12,306	11,208
Mr. Herman Dijkhuizen	8,800	7,822
Mr. Reinout van Riel	9,064	7,709
Total number of restricted phantom share units	**30,170**	**26,739**

59 Credit risk

This section includes all financial assets subject to credit risk. Non-credit obligations fall under other risk types, such as market risk, and equity is subject to investment risk. Figures may not always add up due to rounding. In presented tables where exposure is mentioned, a gross carrying amount should be understood. The following portfolios that contain credit risk have been identified:

- Corporate/investment Loans;
- Lease receivables;
- Mortgage loans;
- Debt Investments;
- Cash Management;
- Derivatives.

59-1 Credit risk exposure breakdown per portfolio

In EUR millions	2019	2018
Corporate/investment loans	9,076	9,250
Corporate loans	8,862	9,010
Investment loans	214	240
Lease receivables	509	429
Mortgage loans	9,883	9,275
Debt investments	848	826
Debt from financial institutions and corporate entities	334	248
Securitisations	514	577
Cash management	2,498	2,601
Derivatives	483	578
Total	**23,297**	**22,958**

Table 59-1 presents the maximum credit risk exposure per portfolio, without taking collateral or any other credit risk reduction into consideration. For all portfolios except derivatives, this is generally the total commitment of NIBC, which also includes off-balance sheet commitments such as guarantees and undrawn credit lines.

The figures in table 59-1 are not directly comparable to the figures on the balance sheet. Mortgage loans are recognised on the balance sheet under mortgage loans own book and securitised mortgage loans. Debt investments (securitisations) differ from the figure on the balance sheet due to off-balance sheet exposures as disclosed in the Risk Management notes.

NIBC employs an internally-developed methodology under the *Advanced Internal Ratings Based* (**AIRB**) approach for quantifying the credit quality of corporate and retail counterparties. The AIRB methodology for corporate counterparties was approved by NIBC's regulatory authority, the DNB, in 2008. In 2019, NIBC received an increase for RWAs on corporate exposures from the DNB pending approval of eventual additional measures to address the model observations raised by DNB in its

Internal Model Investigation report. Furthermore, in 2019 NIBC reverted, with approval from the DNB, back to the *Standardised Approach* (**SA**) for bank counterparties. This was done in light of the new regulations under Basel III.

Corporate loans

Corporate loan distribution

Contrary to previous years, the tables in the Credit risk - Corporate loans note now contain both the corporate loans and the investment loans in one section to better follow NIBC's internal business operations. NIBC steers its business on internal Product Market Combination classification, however it can be mapped to the industry sectors of NACE classification, if necessary. For comparability purposes portfolio breakdown based on NACE codes is also provided in a separate document published on the NIBC annual report website. The change from a sector and activity view towards a combined Product Market Combination was implemented on 1 January 2019. The 2018 amounts have been adjusted to the portfolio structure as well to provide comparable numbers. The investment loans can be found in the portfolio: Mezzanine Equity Partners.

Tables 59-2 and 59-3 display a breakdown of the Corporate Loan portfolio among regions and portfolio at year-end 2019 and 2018. The Corporate Loan portfolio decreased by EUR 174 million in 2019 to EUR 9,076 million mainly due to exposure decreases in the portfolios: Shipping, Financial Sponsors & Leveraged Finance, and Energy. The decreases in the geographic region were mainly in Germany and United Kingdom. The relative weight of NIBC's core growth market the Netherlands increased, as well as the share of 'The rest of Europe'. The corporate loan portfolio in the Netherlands increased to 47% of the total exposure at 31 December 2019 (31 December 2018: 44%).

59-2 Corporate loan exposure per portfolios and region, 31 December 2019

in %	Commercial Real Estate	Energy	Financial Sponsors & Leveraged Finance	Fintech & Structured Finance	Infra-structure	Mezzanine Equity Partners	Mid Market Cor-porates	Shipping	Total	Total (in EUR millions)
The Netherlands	16	1	5	5	4	2	11	2	47	4,258
Germany	1	-	4	4	3	0	4	0	16	1,450
United Kingdom	-	1	1	1	10	0	1	1	16	1,422
The rest of Europe	0	3	1	5	2	-	0	4	15	1,322
Asia / Pacific	-	1	-	-	-	-	-	1	2	185
North America	-	1	-	-	-	-	-	2	3	263
Other	-	1	-	-	-	-	1	1	2	178
Total	**17**	**8**	**11**	**14**	**19**	**2**	**16**	**11**	**100**	**9,076**
Total (in EUR millions)	**1,578**	**735**	**1,042**	**1,310**	**1,729**	**214**	**1,458**	**1,011**		**9,076**
Expected Recovery[1]	**1,412**	**619**	**750**	**1,178**	**1,517**	**132**	**1,205**	**927**		**7,740**

1 Including the financial effect of collateral.

59-3 Corporate loan exposure per portfolios and region, 31 December 2018

in %	Commercial Real Estate	Energy	Financial Sponsors & Leveraged Finance	Fintech & Structured Finance	Infra-structure	Mezzanine Equity Partners	Mid Market Cor-porates	Shipping	Total	Total (in EUR millions)
The Netherlands	13	1	7	4	3	2	10	3	44	4,072
Germany	1	-	5	5	4	0	4	1	20	1,883
United Kingdom	-	2	2	1	9	0	1	2	17	1,562
The rest of Europe	0	3	1	1	1	0	0	5	11	987
Asia / Pacific	-	1	-	-	-	-	-	1	3	235
North America	-	1	-	-	-	-	-	3	3	300
Other	-	1	-	-	-	-	1	1	2	211
Total	**14**	**9**	**15**	**11**	**18**	**3**	**16**	**15**	**100**	**9,250**
Total (in EUR millions)	**1,307**	**841**	**1,353**	**1,028**	**1,621**	**240**	**1,490**	**1,370**		**9,250**
Expected Recovery[1]	**1,149**	**704**	**992**	**919**	**1,412**	**143**	**1,245**	**1,277**		**7,841**

1 Including the financial effect of collateral.

CRR/CRD IV for capital requirements

NIBC employs an internally-developed methodology under AIRB approach for quantifying the credit quality of its Corporate Loan portfolio. In line with CRR/CRD IV regulations, the methodology consists of three elements:

- CCR, reflecting the through-the-cycly PD of the borrower. The default definition is in line with the CRR/CRD IV definition[2]
- LGD, defined as an anticipated loss in the event of default and under an economic downturn assumption, which takes into account the presence and the value of collateral;
- EAD, which is the amount that is expected to be outstanding at the moment a counterparty defaults.

The CRR/CRD IV PDs, LGDs and EADs that are calculated through NIBC's internal models are used for the calculation of *expected loss* (**EL**) and *regulatory capital* (**RC**). *Economic capital* (**EC**), *risk-adjusted return on capital* (**RAROC**), limit setting and stress testing are additional areas which make use of these parameters, although the values and methodologies for both EC and stress testing differ from those employed in Pillar 1. PDs, LGDs and EADs are also used in the CRR/CRD IV solvency report to the regulator.

Annual backtests of the internal rating framework are carried out to assess the quality and the performance of the models. The internal CCRs and LGDs are also benchmarked periodically with the scales of external rating agencies.

NIBC enforces strict separation of responsibilities with respect to its internal rating methodologies and rating process, model development, model validation and internal audit. The roles and responsibilities of each department involved are explicitly set out in internal policies and manuals, also in conformity with the stipulations of CRR/CRD IV on model governance.

2 According to the CRR/CRD IV definition, a default is determined at the borrower level. A default is indicated by using a 9 or 10 rating in NIBC's internal rating scale. A default is considered to have occurred with respect to a particular obligor when either or both of the two following events have taken place: i) the bank considers that the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse by the bank to actions such as realising security (if held); ii) the obligor is past due more than 90 days on any material credit obligation to the banking group.

IFRS9 for expected credit loss determination

In order to calculate the *Expected Credit Losses* (**ECL**), NIBC has transformed the CRDIV/CRR PD/LGD/EAD to unbiased and point-in-time best-estimates by applying probability-weighted forward-looking scenarios for relevant macroeconomic factors. The ECL consists of three elements:

- Point-in-time PD of the borrower, which is an estimate of the default rate over any specified horizon based on the current state of the credit cycle and the anticipated macroeconomic scenarios.
- Point-in-time LGD, defined as the unbiased loss estimate at a future default date, which takes into account the presence and the value of collateral;
- Point-in-Time EAD, which is the estimation of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments and prepayments of principal and interest, and expected drawdowns on undrawn committed facilities.

Credit approval process

All approvals of individual credit proposals are granted after risk management has made a credit risk assessment and has analysed proposals by taking into consideration, among others, aggregate limits set per country, per industry segment, and per individual counterparty. The total one obligor exposure and related exposure are also taken into account. Individual credit and transaction proposals are then approved in the *Transaction Committee* (**TC**). Proposals, credit reviews and amendments of smaller scale can be approved outside the TC by risk management. All counterparties and, subsequently, all facilities, are reviewed at least once a year.

Credit ratings

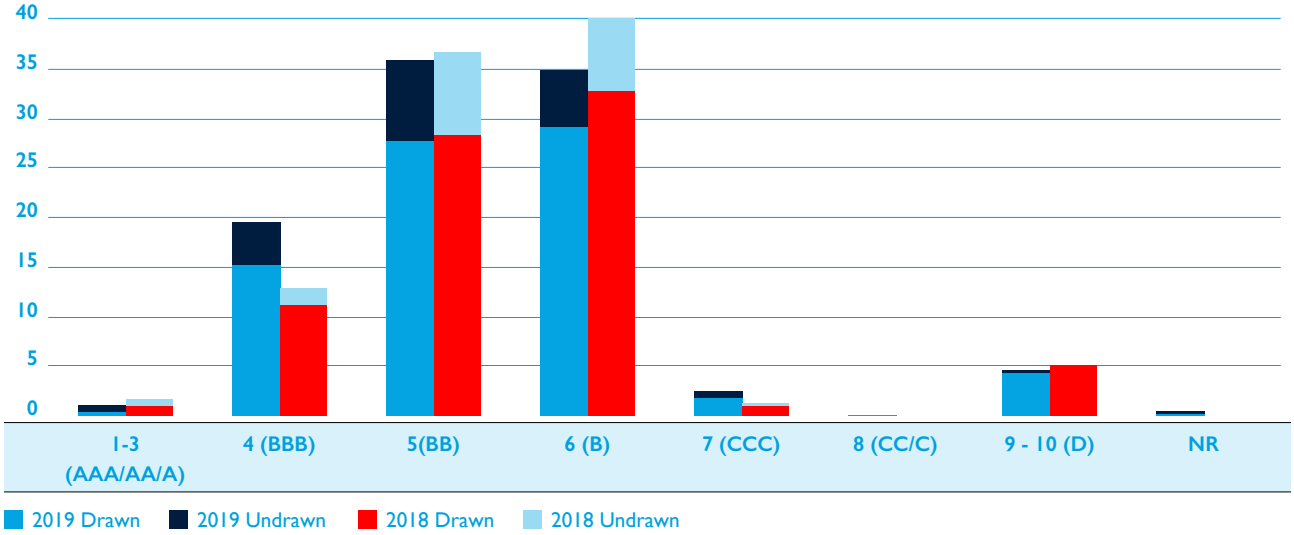
NIBC uses an internal through-the-cycle CCR rating scale which consists of 10 grades (1-10) and a total of 22 notches. This internal rating table relates to the tables in note 22 and note 24 showing the credit quality and the maximum exposure to credit risk. The CCRs 9 and 10 are assigned to counterparties that have already defaulted and therefore carry a PD of 100%.

	Internal rating grade				Equivalent rating scale of Standard & Poor's	
Internal rating description	**from**	**to**	**Low PD%**	**High PD%**	**from**	**to**
Investment grade	1	4-	0.00%	0.425%	AAA	BBB-
Sub-investment grade	5+	8-	0.425%	100%	BB+	C
Default grade	9	9			D	D
Default grade (bankruptcy filing)	10	10			D	D

The weighted average CCR of the non-defaulted clients remained stable during 2019 to 6+ with an average PD of 2.2% at 31 December 2019 (31 December 2018: 6+ or 1.9%). The credit quality in terms of CCRs remained concentrated in the sub-investment grade categories 5 and 6 (BB and B categories in external rating agencies' scales).

Graph 59-4 shows the distribution of the drawn and undrawn corporate loan exposure per CCR. The numbers on the horizontal axis refer to NIBC's internal rating scale, whereas the letters in parentheses refer to the equivalent rating scale of Standard & Poor's. NR stands for not ratable, which was a negligible portion of the corporate loans (0.6% at 31 December 2019; 0.1% at 31 December 2018). NR is assigned to entities for which NIBC's corporate rating tools were not suitable at the time of rating.

59-4 Drawn and undrawn corporate loan exposure per CCR rating

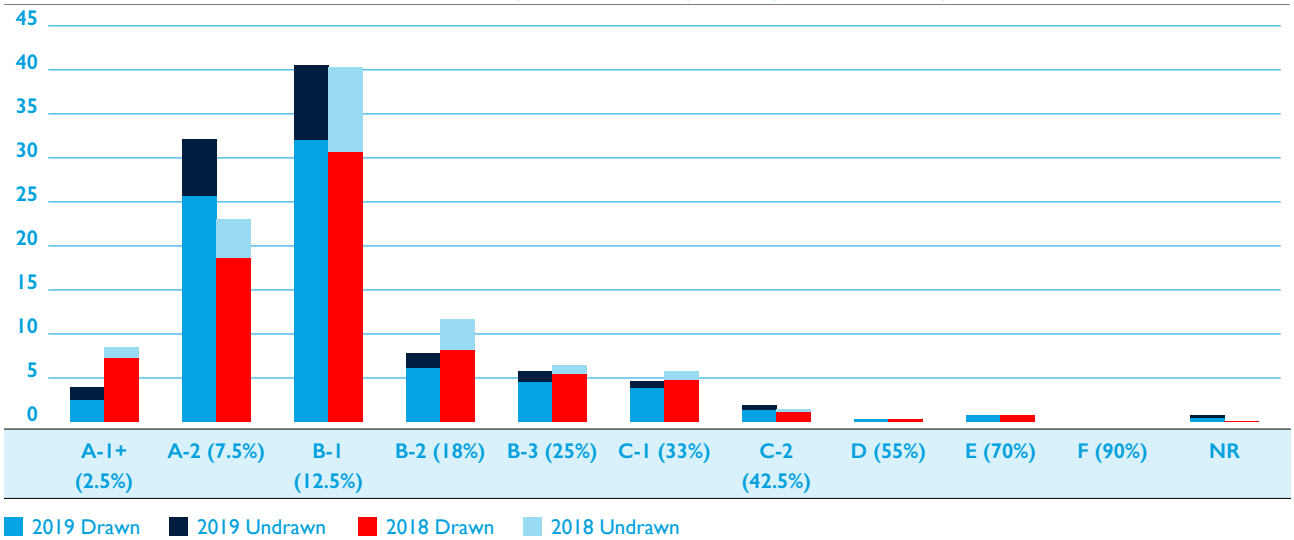


Collateral and LGD

NIBC's internal LGD scale consists of 7 grades (A-F) and 10 notches, each of which represents a different degree of recovery prospects and loss expectations. LGD ratings are facility-specific. The weighted average LGD remained stable at B-1 grade with improved average LGD of 13.9% at 31 December 2019 (31 December 2018: 14.5%). The weighted average LGD is calculated for non-defaulted loans and is weighted by exposure at default. Nearly all facilities within NIBC have some form of collateralisation, resulting in LGDs concentrated (at inception) in those LGD categories which correspond to high recoveries in the range of 80% and 90%.

Graph 59-5 shows the distribution of drawn and undrawn corporate loan exposures per LGD. The letters on the horizontal axis refer to NIBC's LGD grades and notches, whereas the numbers in parentheses refer to the loss percentage assigned to each LGD rating. NR was negligible (1.0% of corporate loans at 31 December 2019; 0.2% at 31 December 2018).

59-5 Drawn and undrawn non-defaulted corporate loan exposure per LGD rating



Note that the corporate loan exposure of graph 59-5 refers to non-defaulted exposure as the LGD is a measure of anticipated loss for facilities of a non-defaulted counterparty.

The most significant types of collateral securing the loan and derivative portfolios are tangible assets, such as real estate, vessels, rigs and equipment. Exposures in the shipping and offshore energy sectors are primarily secured by moveable assets such as vessels and drilling vessels. The commercial real estate portfolio is primarily collateralised by mortgages on financed properties. The fair value of collateral affects the LGD and therefore indirectly affects the calculation of '*expected credit loss*' (ECL) and is generally assessed at inception and periodically re-assessed thereafter. Collateral value on a going concern basis is estimated using third-party appraisers, whenever possible, or valuation techniques based on common market practice. Realisable collateral value is determined as collateral value after haircuts for factors such as business cycle, location, asset construction status or guarantor counterparty rating. For example, loan-to-value ratios are regularly tested and vessels are appraised semi-annually by external parties. Other commercial exposures are, to a large extent, collateralised by assets such as inventory, debtors, lease and other receivables and third-party credit protection (e.g. guarantees).

Arrears

The total arrears in the Corporate Loan portfolio to the total outstanding decreased to 0.8% at 31 December 2019 (31 December 2018: 1.0%). An overview of the amounts in arrear per arrear bucket is provided in tables 59-6 and 59-7. The "% of On-balance" in the table 57-6 and 57-7 refers to drawn amounts only. The amounts in arrear are the actual amounts overdue at 31 December 2019 and 31 December 2018. The column labelled 'Impairment Amount' includes stage 3 assets as well as *Purchased Originated Credit Impaired* (**POCI)** assets currently in stage 3 (31 December 2019: EUR 128 million, 31 December 2018: EUR 138 million).Tables 59-11 and 59-12 provide more information on impairment amounts.

59-6 Corporate loan amounts in arrear, 31 December 2019

	Exposure						Amount in arrear		
in EUR millions	Total	% of Exposure	Stage 3 ECL	Stage 1 and Stage 2 ECL	POCI	FVtPL	Total	% of On-balance	Impairment amount[1]
Age of payment in arrear									
1 - 5 days	19	0.2%	-	19	-	-	1	0.0%	-
6 - 30 days	40	0.4%	-	40	-	-	1	0.0%	
31 - 60 days	-	0.0%	-	-	-	-	1	0.0%	-
61 - 90 days	0	0.0%	-	0	-	-	0	0.0%	
Subtotal less than 90 days	**59**	**0.6%**	**0**	**59**	**0**	**0**	**3**	**0.0%**	**0**
Over 90 days	123	1.4%	118	-	4	-	54	0.7%	60
No payment in arrear	8,895	98.0%	150	8,450	106	189		0.0%	68
Total	**9,076**	**100.0%**	**268**	**8,509**	**110**	**189**	**57**	**0.8%**	**128**

1 Impairment amount includes Stage 3 assets as well as Stage 3 assets classified as POCI

59-7 Corporate loan amounts in arrear, 31 December 2018

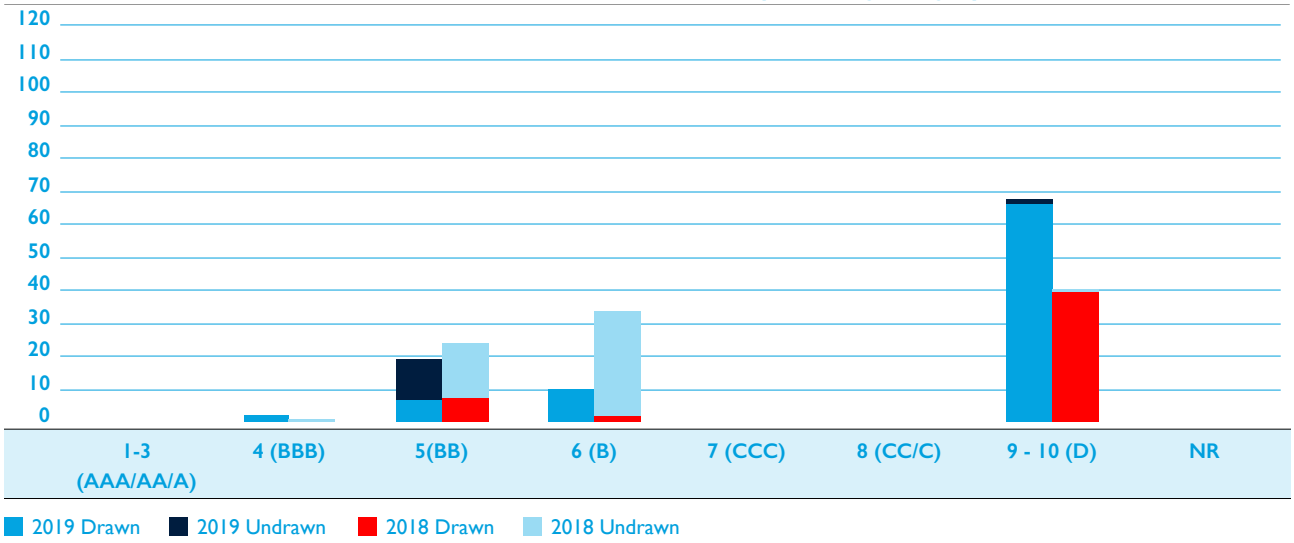
	Exposure						Amount in arrear		
in EUR millions	Total	% of Exposure	Stage 3 ECL	Stage 1 and Stage 2 ECL	POCI	FVtPL	Total	% of On-balance	Impairment amount[1]
Age of payment in arrear									
1 - 5 days	222	2.4%	46	176	-	-	4	0.1%	13
6 - 30 days	49	0.5%	-	47	-	3	30	0.4%	
31 - 60 days	23	0.3%	20	4	-	-	16	0.2%	1
61 - 90 days	0	0.0%	-	0	-	-	0	0.0%	
Subtotal less than 90 days	**294**	**3.2%**	**65**	**226**	**0**	**3**	**51**	**0.7%**	**14**
Over 90 days	92	1.0%	72	4	3	13	21	0.3%	31
No payment in arrear	8,863	95.8%	235	8,394	56	178		0.0%	93
Total	**9,250**	**100.0%**	**372**	**8,624**	**59**	**194**	**72**	**1.0%**	**138**

1 Impairment amount includes Stage 3 assets as well as Stage 3 assets classified as POCI

NIBC applies a threshold for determining whether a loan carries a non-material arrear. If the total of the sum of all individual arrears on facility level is lower than 1% of the loan amount outstanding and EUR 500, and the oldest due date of individual counterparty is less than 90 days, then the arrear is considered insignificant. If arrears fall within the threshold, the exposure is placed on the 'no payment in arrear' line on tables 59-6 and 59-7. The application of this threshold does not influence the total arrears, which amounted to EUR 57 million at 31 December 2019 (31 December 2018: EUR 72 million).

Graph 59-8 displays the rating distribution of the exposure amounts (expressed as the sum of drawn and undrawn amounts) of all loans with an amount in arrears. The total exposure amount at 31 December 2019 was EUR 182 million (31 December 2018: EUR 387 million) and the total drawn amount at 31 December 2019 was EUR 158 million (31 December 2018: EUR 196 million).

59-8 Distribution of drawn and undrawn amounts with an arrear per rating category



Forbearance and non-performing corporate exposures

NIBC considers a client to be forborne if:

1. NIBC considers the obligor to be in financial difficulties, and
2. NIBC grants a concession to the obligor

Financial difficulties are defined as a debtor facing or about to face difficulties meeting financial obligations. Concession refers to one of the following (per facility):

- Modification of terms or conditions of a troubled facility to allow sufficient debt service capacity (that would not be granted if the obligor were not in financial difficulties);
- (partial) Refinancing of a troubled facility (that would not be granted without financial difficulties).

An obligor is considered non-performing if one or more of the following criteria are applicable:

- Material exposures are more than 90 days past due;
- The obligor is unlikely to pay its credit obligations in full, without realisation of collateral;
- A performing forborne facility under probation is extended additional forbearance measures or becomes more than 30 days past due.

The first two criteria are the same as the default criteria and therefore a defaulted obligor is always non-performing as well.

Tables 59-9 and 59-10 provide the total forborne outstanding in NIBC's corporate and investment loan portfolio per portfolios and per region as at 31 December 2019. The forborne outstanding is divided in performing and non-performing outstanding. NIBC considers a client non-performing if that client is in default, or if a performing forborne facility under probation is extended additional forbearance measures, or becomes more than 30 days past due. At the end of December 2019, EUR 65 million non-performing outstanding was not forborne. The impaired amount is the ECL Stage 3 amount including ECL Stage 3 amounts related to exposures classified as POCI. Comparable figures for 2018 can be seen in tables 59-11 and 59-12.

Table 59-9 Forborne exposure per portfolios, 31 December 2019

	Exposure			
In EUR millions	Non-performing	Performing	Total Exposure	Impairment amount[1]
Commercial Real Estate	65	64	129	18
Energy	90	70	160	27
Financial Sponsors & Leveraged Finance	69	7	75	39
Fintech & Structured Finance	-	-	-	-
Infrastructure	40	-	40	1
Mezzanine Equity Partners	25	22	48	7
Mid Market Corporates	11	24	35	4
Shipping	58	30	88	16
Total	**358**	**217**	**575**	**112**

1 The impairment amount contains the ECL Stage 3 amounts and the ECL stage 3 amounts of assets classified as POCI.

Table 59-10 Forborne exposure per region, 31 December 2019

In EUR millions	Exposure Non-performing	Exposure Performing	Total Exposure	Impairment amount[1]
The Netherlands	77	128	204	20
Germany	169	-	169	57
United Kingdom	26	-	26	8
The rest of Europe	61	65	126	11
Asia / Pacific	11	-	11	10
North America	-	-	-	-
Other	14	24	38	7
Total	**358**	**217**	**575**	**112**

1 The impairment amount contains the ECL Stage 3 amounts and the ECL stage 3 amounts of assets classified as POCI.

Table 59-11 Forborne exposure per portfolios, 31 December 2018

In EUR millions	Exposure Non-performing	Exposure Performing	Total Exposure	Impairment amount[1]
Commercial Real Estate	65	45	109	21
Energy	69	69	137	15
Financial Sponsors & Leveraged Finance	75	33	109	28
Fintech & Structured Finance	-	-	-	-
Infrastructure	57	5	62	1
Mezzanine Equity Partners	19	18	38	4
Mid Market Corporates	26	28	54	2
Shipping	109	66	174	21
Total	**420**	**263**	**683**	**93**

1 The impairment amount contains the ECL Stage 3 amounts and the ECL stage 3 amounts of assets classified as POCI.

Table 59-12 Forborne exposure per region, 31 December 2018

In EUR millions	Exposure Non-performing	Exposure Performing	Total Exposure	Impairment amount[1]
The Netherlands	143	105	248	25
Germany	158	62	220	36
United Kingdom	33	-	33	13
The rest of Europe	76	72	148	15
Asia / Pacific	10	-	10	5
North America	-	-	-	-
Other	-	24	24	-
Total	**420**	**263**	**683**	**93**

1 The impairment amount contains the ECL Stage 3 amounts and the ECL stage 3 amounts of assets classified as POCI.

Impairments of forborne facilities amounted to EUR 112 million at 31 December 2019, which represented 19.4% of the total forborne balances. The total impairments of the corporate and investment loan portfolio amounted to EUR 128 million at 31 December 2019, which represented 1.4% of the total portfolio of EUR 9,076 billion.

The following table provides an overview of the total forborne facilities with *expected credit losses* (**ECL**) amounts under three stages:

Table 59-13 Forborne exposure per ECL stage

In EUR millions	2019 Exposure amount	2019 Expected credit loss	2019 Write-offs	2018 Exposure amount	2018 Expected credit loss	2018 Write-offs
Stage 1						
Commercial Real Estate	64	0		-	-	
Energy	-	-		-	-	
Financial Sponsors & Leveraged Finance	-	-		21	0	
Fintech & Structured Finance	-	-		-	-	
Infrastructure	-	-		-	-	
Mezzanine Equity Partners	0	-		-	-	
Mid Market Corporates	14	0		5	0	
Shipping	-	-		24	0	
Total stage 1	**78**	**0**		**49**	**0**	
Stage 2						
Commercial Real Estate	-	-		45	1	
Energy	70	2		69	2	
Financial Sponsors & Leveraged Finance	7	0		12	0	
Fintech & Structured Finance	-	-		-	-	
Infrastructure	-	-		5	0	
Mezzanine Equity Partners	22	1		18	0	
Mid Market Corporates	10	0		43	1	
Shipping	30	0		42	0	
Total stage 2	**138**	**3**		**234**	**4**	
Stage 3						
Commercial Real Estate	24	10	-	25	10	17
Energy	86	27	-	69	15	-
Financial Sponsors & Leveraged Finance	22	16	-	75	28	10
Fintech & Structured Finance	-	-	-	-	-	-
Infrastructure	5	1	-	11	1	-
Mezzanine Equity Partners	21	5	0	19	4	-
Mid Market Corporates	6	4	1	2	2	1
Shipping	41	9	2	95	12	-
Total stage 3	**204**	**71**	**3**	**297**	**73**	**28**
Total of stages 1, 2 and 3						
Commercial Real Estate	88	10	-	70	11	17
Energy	155	29	-	137	17	-
Financial Sponsors & Leveraged Finance	29	16	-	109	28	10
Fintech & Structured Finance	-	-	-	-	-	-
Infrastructure	5	1	-	16	2	-
Mezzanine Equity Partners	43	6	0	38	4	-
Mid Market Corporates	30	4	1	50	3	1
Shipping	71	9	2	161	13	-
Total stages 1, 2 and 3	**421**	**74**	**3**	**580**	**78**	**28**
Other loans						
POCI	110	41		53	19	
FVtPL	44			50		
Total amounts	**575**	**115**	**3**	**683**	**97**	**28**

Expected credit losses amounts

With the exception of purchased or originated credit impaired financial assets, ECL is determined under the following three stages:

- Stage 1 – For newly originated loans and loans with no significant increase in their credit risk, the ECL is determined on a 12-month horizon;
- Stage 2 – For loans with a significant increase in credit risk (SICR), ECL is determined on a (remaining) lifetime basis. The assessment of SICR incorporates forward-looking information and is performed on a regular basis at an obligor level.
- Stage 3 - For defaulted and credit-impaired loans, the ECL is determined on a (remaining) lifetime basis and based on facility-specific cash flow scenarios. The loss amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. If collateral is present, then the present value of the future cash flows reflects the foreclosure of collateral. More information on the method impairments are calculated is included in the Accounting Policies section.

NIBC determines a default on a borrower level, whereas the credit-impaired definition is applied at facility level. When a default occurs, the entire exposure and outstanding amount of the borrower are classified as defaulted. If, however, stage 3 expected credit loss amount is taken on a facility, only the exposure amount of that particular facility is classified as credit-impaired.

In 2019, the total write-offs (EUR 57 million) increased compared to 2018 (EUR 48 million), mainly in Financial Sponsors & Leveraged Finance and Energy. The stock of impairments (related to stage 3 assets including stage 3 assets classified as POCI) decreased and amounted to EUR 128 million at year-end 2019 (year-end 2018: EUR 138 million).

Tables 59-14 and 59-15 display an overview of stage 1, stage 2 and stage 3 ECL amounts at 31 December 2019 and 31 December 2018, subdivided in portfolios and regions, respectively. The column labelled 'Exposure' includes both drawn and undrawn amounts.

59-14 Expected credit losses per portfolio

in EUR millions	2019 Exposure amount	2019 Expected credit loss	2019 Write-offs	2018 Exposure amount	2018 Expected credit loss	2018 Write-offs
Stage 1						
Commercial Real Estate	1,362	1		1,109	1	
Energy	404	1		512	1	
Financial Sponsors & Leveraged Finance	759	3		1,068	4	
Fintech & Structured Finance	1,194	1		976	1	
Infrastructure	1,615	1		1,518	1	
Mezzanine Equity Partners	138	1		119	1	
Mid Market Corporates	1,341	1		1,371	1	
Shipping	911	1		1,070	1	
Total stage 1	**7,725**	**10**		**7,743**	**11**	
Stage 2						
Commercial Real Estate	33	0		45	1	
Energy	191	3		215	3	
Financial Sponsors & Leveraged Finance	214	9		185	6	
Fintech & Structured Finance	114	0		50	0	
Infrastructure	73	2		31	1	
Mezzanine Equity Partners	30	1		59	1	
Mid Market Corporates	88	2		107	2	
Shipping	42	1		190	1	
Total stage 2	**784**	**16**	**-**	**881**	**16**	
Stage 3						
Commercial Real Estate	24	10	0	25	10	18
Energy	135	33	21	114	38	19
Financial Sponsors & Leveraged Finance	22	16	33	98	44	10
Fintech & Structured Finance	2	2	-	2	1	-
Infrastructure	5	1	0	11	1	-
Mezzanine Equity Partners	21	5	0	25	4	0
Mid Market Corporates	18	13	1	2	2	1
Shipping	41	9	2	95	12	-
Total stage 3	**268**	**88**	**57**	**372**	**113**	**48**
Total of stages 1, 2 and 3						
Commercial Real Estate	1,420	11	0	1,179	12	18
Energy	730	36	21	841	42	19
Financial Sponsors & Leveraged Finance	994	27	33	1,351	54	10
Fintech & Structured Finance	1,310	3	-	1,028	3	-
Infrastructure	1,693	3	0	1,560	4	-
Mezzanine Equity Partners	190	7	0	203	7	0
Mid Market Corporates	1,447	16	1	1,480	5	1
Shipping	994	11	2	1,355	14	-
Total stages 1, 2 and 3	**8,777**	**114**	**57**	**8,996**	**140**	**48**
Other loans						
POCI	110	41		59	25	
FVtPL	189			194		
Total amounts	**9,076**	**155**	**57**	**9,250**	**165**	**48**

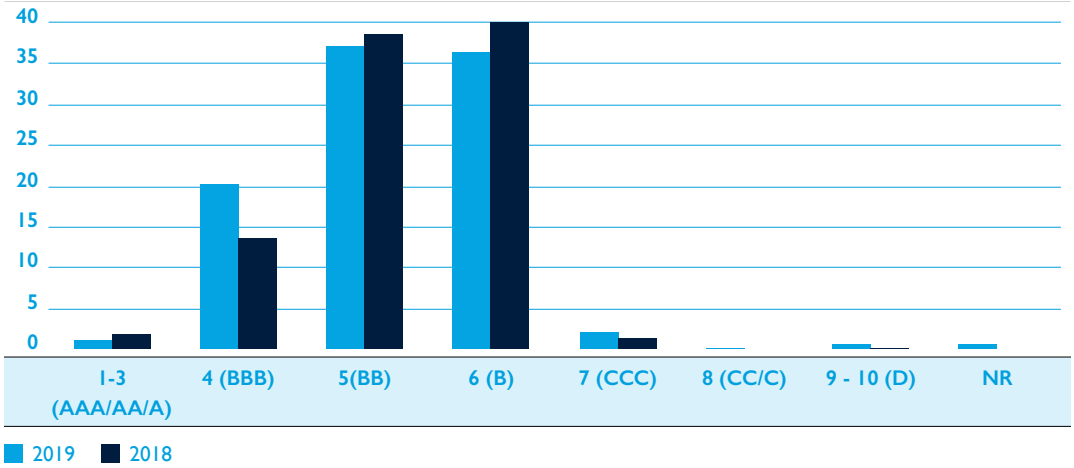
59-15 Expected credit losses per region

in EUR millions	2019 Exposure amount	2019 Expected credit loss	2019 Write-offs	2018 Exposure amount	2018 Expected credit loss	2018 Write-offs
Stage 1						
The Netherlands	3,775	5		3,496	6	
Germany	1,044	2		1,551	3	
United Kingdom	1,280	1		1,356	1	
The rest of Europe	1,118	1		694	1	
Asia / Pacific	148	0		194	0	
North America	227	0		283	0	
Other	132	0		169	0	
Total stage 1	**7,725**	**10**		**7,743**	**11**	
Stage 2						
The Netherlands	249	5		306	6	
Germany	233	4		165	2	
United Kingdom	115	4		147	4	
The rest of Europe	128	2		173	2	
Asia / Pacific	26	0		30	0	
North America	-	-		18	0	
Other	32	1		42	2	
Total stage 2	**784**	**16**	**-**	**881**	**16**	**-**
Stage 3						
The Netherlands	80	27	14	124	25	2
Germany	48	27	0	79	27	19
United Kingdom	5	1	21	38	20	8
The rest of Europe	76	16	22	121	38	-
Asia / Pacific	10	10	-	10	5	10
North America	36	1	-	-	-	0
Other	14	7	-	-	-	9
Total stage 3	**268**	**88**	**57**	**372**	**113**	**48**
Total of stages 1, 2 and 3						
The Netherlands	4,104	37	14	3,926	36	2
Germany	1,326	33	0	1,796	31	19
United Kingdom	1,401	6	21	1,541	25	8
The rest of Europe	1,322	19	22	987	40	-
Asia / Pacific	184	10	-	235	5	10
North America	263	1	-	300	0	0
Other	178	8	-	211	2	9
Total stages 1, 2 and 3	**8,777**	**114**	**57**	**8,996**	**140**	**48**
Other loans						
POCI	110	41		59	25	
FVtPL	189			194		
Total amounts	**9,076**	**155**	**57**	**9,250**	**165**	**48**

Corporate loans without impairments or arrears

At 31 December 2019, the size of the corporate loan exposure carrying stage 1 and stage 2 credit losses equalled EUR 8,509 million or 93.7% of the total Corporate Loan portfolio (31 December 2018: EUR 8,624 million or 93.2%). Graph 59-16 displays the distribution of exposure amounts without (stage 3) impairments or arrears, at 31 December 2019 and 31 December 2018. Of this exposure 94.6% is rated in CCR categories 4, 5 and 6 (BBB, BB and B categories in external rating agencies' scales). NR represents a negligible part of the portfolio (31 December 2019: 0.7% of all loans without stage 3 credit losses or amounts in arrear; 31 December 2018: 0.1%).

59-16 Distribution of gross exposure amount without impairments or arrears per rating category



Note that gross carrying exposure amount may include exposure accounted for at FVtPL, in which case no impairment will be recorded.

Country risk

Country risk is the risk that an entity defaults due to political, social, economical or financial turmoil in its applicable jurisdiction(s). Country risk can potentially be an important cause of increased counterparty default risk since a large number of individual debtors could default at the same time. NIBC did not experience any counterparty defaults from this risk in 2019.

Lease receivables

The majority of our lease receivable exposure is originated by Beequip which provides financing or leasing for used and new equipment, mainly for small and medium enterprises in the sectors infrastructure, earth-moving, agriculture, construction and logistics. At the end of December 2019, the Beequip portfolio amounted EUR 474 million of which EUR 31 million is forborne and EUR 2 million is non-performing and impaired. The credit quality of these lease receivables is in line with the credit quality of NIBC's corporate loan book. The lease receivables are treated under the standardised approach for regulatory capital purposes. However, for each counterparty a probability of default and a loss given default is assigned for amongst others portfolio monitoring purposes.

The remaining exposure is related one single counterparty with an exposure of EUR 30 million (2018: EUR 32 million). This exposure is 100% defaulted, non-performing and impaired. The remainder of EUR 4 million relates to a obtained leasing portfolio as a result of the acquisition of Gallinat-Bank AG in Germany (2018: EUR 21 million).

Mortgage loans

The composition of the Mortgage loan portfolio at year-end 2019 and at year-end 2018 is displayed in table 59-22. The credit risk exposure is equal to the exposures in Note 26, Note 27 and the mortgage savings values in Note 37.

59-22 Breakdown of Mortgage loan portfolio

in EUR millions	2019	2018
Dutch Own Book portfolio	9,457	8,786
Dutch Securitised portfolio	407	461
German Own Book portfolio	19	29
Total[1]	**9,883**	**9,275**

1 The collateral value related to NIBC's mortgage portfolio amounts to EUR 17.2 bln (EUR 16.4 bln Own book, EUR 0.7 bln Securitised and EUR 42 mln for Germany)

Dutch Mortgage loan portfolio

The Dutch Mortgage loan portfolio largely consists of owner occupied mortgages. These contain NIBC Direct loans originated by business partners since 2013, as well as white label mortgage loans that were also originated by business partners till 2009 or acquired through third parties. Buy-to-Let (NIBC Vastgoed Hypotheek) mortgages for investors were started in January 2015. This niche currently comprises approximately 7% of the total mortgage portfolio. Servicing and administration of the mortgage portfolio is outsourced to third-party servicers. Acceptance and special servicing is performed in-house.

At 31 December 2019, 21% of the Mortgage loan portfolio (31 December 2018: 24%) had a *Dutch government guarantee* (**NHG guarantee**) in accordance with the general terms and conditions set by the *Stichting Waarborgfonds Eigen Woningen* (**WEW**, Social Housing Guarantee Fund).

A part of the Dutch Mortgage loan portfolio has been securitised to obtain external funding. NIBC generally retains the junior notes As a result the securitisation programmes are consolidated on NIBC's balance sheet. The total amount of the retained positions at 31 December 2019 was EUR 31.4 million (31 December 2018: EUR 33.6 million).

Risk governance Dutch mortgage loans

In order to control the credit risk in the origination of residential mortgage loans, an acceptance policy framework was formulated to screen residential mortgage applications. Acceptance depends on the following underwriting criteria:

- Conformity with the Code of Conduct on Mortgage Credits of the Dutch Bankers Association where applicable;
- A check of an applicant's credit history with the Dutch National Credit Register (*Bureau Krediet Registratie* or **BKR**), a central credit agency used by financial institutions in the Netherlands, which records five years of financial commitments and negative credit events;
- Mortgage loans are secured by first-ranking mortgage rights;
- Other criteria, such as type of property, maximum *Loan-To-Market Value* (**LTMV**), maximum *Loan-to-Income* (**LTI**) and minimum *Debt Service Coverage Ratio* (**DSCR**);
- Underwriting criteria for mortgages with an NHG guarantee are set in accordance with the general terms and conditions set by the WEW. The WEW finances itself by a one-off up-front charge to the borrower as a percentage of the principal amount of the mortgage loan. The NHG guarantee covers losses on the outstanding principal, accrued unpaid interest, and disposal costs, caused by foreclosure.

In 2019, the following amendments were implemented:

- The maximum NHG guaranteed loan amount increased to EUR 290 thousand.
- Maximum Loan-to-Value decreased to 100% in 2018 for owner occupied mortgages. For Buy-to-Let mortgages, maximum LTMV in rented state is currently 75% (in 2018 at 70%) (not regulated by law).

Management of loans in arrears Dutch mortgage loans

In order to control the credit risk in the Dutch Mortgage loan portfolio, NIBC has established procedures to manage all loan amounts in arrears. All amounts in arrears are managed in-house. This ensures a dedicated team focused on preventing and minimising credit losses. The Special Servicing Mortgages team is responsible for arrears, client retention, foreclosures, collecting remaining debts and visiting clients and properties that serve as collateral.

The special servicing at NIBC is focused on intensive contact with its mortgage clients and tailor-made solutions. When amounts in arrears occur, the borrower receives a letter after the first day of arrears. Within one week, the client is contacted by phone. Depending on the outcome of these contacts, a customer-specific approach is formulated on a case-by-case basis. Customer visits are made if arrears reach two months. In case of defaults, the Special Servicing team has to submit the file to the Arrears Management Committee for approval of the strategy to be followed. The Arrears Management Committee includes members from Risk Management, Operations, Portfolio Management and the Special Servicing team. NIBC bids for own foreclosed properties at auctions to ensure the proceeds are at arm's length. If needed, NIBC acquires these properties.

NIBC has introduced a programme where vulnerable customers that may face potential future financial difficulties are approached pro-actively with the intention of identifying and resolving difficulties before actual arrears arise.

Table 59-23 shows the arrears overview of the total Dutch Mortgage loan portfolio at 31 December 2019 and 31 December 2018. Overall, the notional amount in arrears decreased compared to year end 2018 while the portfolio volume has grown with 7%.

59-23 Arrears overview, Dutch Mortgage loan portfolio

	Arrears allocation		IFRS 9 Stage 3 ECL		IFRS 9 Stage 1 and Stage 2 ECL	
in EUR millions	2019	2018	2019	2018	2019	2018
No payment in arrear	9,753	9,121	0.8	4.4	9,752	9,117
0-30 days	83	79	0.0	0.7	83	78
31-60 days	13	19	0.2	0.2	13	19
61-90 days	6	9	0.1	0.1	6	9
Over 90 days	10	19	1.6	1.2	8	17
Total	**9,864**	**9,247**	**2.7**	**6.6**	**9,862**	**9,240**

Forbearance Dutch mortgage loans

NIBC has developed a forbearance policy for mortgage clients experiencing financial difficulties and who consequently are unable to meet the original terms and conditions of the contract. The forbearance policy is defined, formalised and implemented in the standard working routines and processes and is similar to the policy applied for the corporate loan portfolio.

NIBC has been providing a forbearance program to its mortgagers who are experiencing financial difficulties since May 2013. The Client Retention team of the Special Servicing department has the responsibility of assessing the nature and the expected duration of a client's financial distress, and will determine necessity of providing forbearance measures to that client and the conditions that should apply. The team considers forbearance solutions for clients who do not fully meet their financial obligations to NIBC. Forbearance solutions are also submitted to the Arrears Management Committee for further approval. At 31 December 2018, EUR 50 million was forborne of which EUR 35 million was performing and EUR 16 million non-performing. At 31 December 2019, EUR 29 million was reported as forborne of which EUR 22 million was performing and EUR 7 million non-performing.

Risk measurement Dutch mortgage loans

NIBC's rating methodology for residential mortgage loans has been used for determining regulatory capital requirements since 2008. The calculation of PD, LGD and EAD for owner- occupied mortgages is performed by an internally-developed CRR/CRD IV AIRB model (for Buy-to-Let mortgages, Basel standardised approach for credit risk is used).

The PD estimates are dependent on a variety of factors, of which the key factors are debt- to-income and loan-to-value ratios. Minor factors that play a role in the PD estimates are several other mortgage loan characteristics, borrower characteristics and payment performance information. The PD scale is based on a continuous scale ranging from 0-100%.

The validation of these estimates is performed on historical data and is carried out annually. For the PD, the estimates are back tested against realised defaults and realised losses. In this way, it is ensured that the model functions correctly in a changing economic environment. Moreover, NIBC is closely following recent regulatory proposals regarding the adjusted capital requirements under standardised approach and introducing of capital floors also known as Basel IV.

Table 59-24 shows the PD distribution of the Dutch Mortgage loan portfolio at 31 December 2019 and 31 December 2018. A PD of 100% means that a borrower is close to or more than 90 days in arrears.

59-24 PD allocation of Dutch mortgage loans

	Own book Dutch mortgages loans		Securitised Dutch mortgage loans	
in %	2019	2018	2019	2018
Probability of default				
<= 1%	98.3	98.1	99.6	99.7
1%> <=2%	0.5	0.4	-	-
2%> <=5%	0.3	0.2	0.1	0.1
5%> <100%	0.8	1.0	0.3	0.2
100%	0.2	0.3	-	-
Total[1]	**100**	**100**	**100**	**100**

1 Excludes Buy-to-Let Vastgoed Investerings Hypotheek

Impairment amounts or Expected Credit Losses (ECL) are calculated on individual residential mortgage loans.

For ECL for mortgages the staging can be summarised as follows:

- Stage 1 – For newly originated loans and loans with no significant increase in their credit risk, the ECL is determined on a 12-month horizon;
- Stage 2 – For loans with a significant increase in credit risk (SICR), ECL is determined on a lifetime basis.
- Stage 3 - For defaulted loans the ECL is determined on a lifetime basis and based on facility-specific cash flow scenarios. The expected loss is measured as the difference between the exposure at default and the sale proceeds of the collateral through private sale or auction.

Taking into account probability weighted scenarios for the forward looking macro economy, the ECL per individual mortgage loan consists of three risk parameters:

- Point-in-time PD of the borrower, which is an estimate of the default rate over any specified horizon based on the current state of the credit cycle and the anticipated macroeconomic scenarios.
- Point-in-time LGD, defined as the unbiased loss estimate at a future default date, which takes into account the presence and the value of collateral;
- Point-in-Time EAD, which is the estimation of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments and prepayments of principal and interest and arrears

Risk mitigation and collateral management Dutch mortgage loans

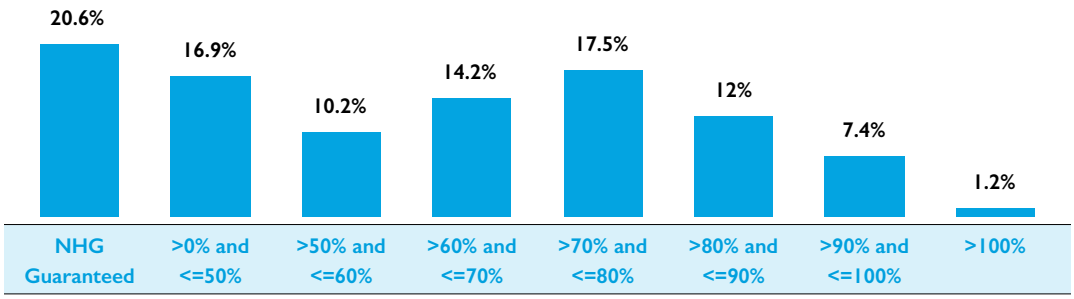
Credit losses are mitigated in a number of ways:

- The underlying property is pledged as collateral;
- 20% of the Dutch own book portfolio and 31% of the securitised portfolio are covered by the NHG programme;
- For the part of the Dutch portfolio that has been securitised, credit losses higher than the retained positions, excess spread and reserve accounts are attributable to investors in the securitisation programmes.

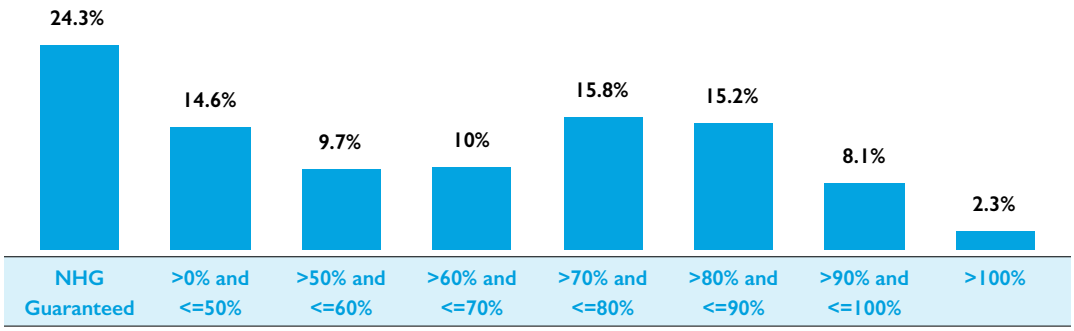
For the portfolio not covered by the NHG programme, the underlying property is the primary collateral for any mortgage loan granted, though savings, life insurance and investment deposits may also serve as additional collateral.

An indicator for potential losses, taking into account indexation of house prices and seasoning, is the *Loan-to-Indexed-Market-Value* (**LTIMV**). The indexation is made by using the CBS/Kadaster index, which is based on market observables. The Kadaster (national property register) is a public government register of real estate and their vested rights (e.g. ownership and mortgages). This register contains transaction data as well as CBS (Statistics Netherlands) data, which are used to construct a pricing index. Graphs 59-25 and 59-26 show a breakdown of the LTIMV for the total Dutch Mortgage loan portfolio at 31 December 2019 and 31 December 2018. The average seasoning of the total portfolio is approximately 7 years, 1% of the total portfolio has an LTIMV above 100%. For the remainder of the portfolio, the indexed collateral value is less than or equal to the nominal loan balance outstanding or is a NHG guaranteed mortgage.

59-25 LTIMV of Dutch Mortgage loan portfolio (EUR9,864 million), 31 December 2019



59-26 LTIMV of Dutch Mortgage loan portfolio (EUR 9,247 million), 31 December 2018



German Mortgage loan portfolio

The German Mortgage loan portfolio amounted to EUR 19 million at 31 December 2019 (31 December 2018: EUR 29 million). The collateral value of this portfolio amounted to EUR 42 million at 31 December 2019 (31 December 2018: EUR 57 million). The majority of this portfolio was acquired from third parties via two portfolio purchases. The purchased portfolios contain highly seasoned loans with low LTMV.

As is the case in the Netherlands, the underlying property is the primary collateral for the granted mortgage loan. The majority of mortgage loans in Germany contain an annuity debt profile, leading to a lower outstanding balance during the lifetime of the loan.

Debt investments

NIBC defines credit risk in debt investments as issuer risk, which is the credit risk of losing the principal amount on products such as bonds. Issuer risk is calculated based on the book value.

Risk monitoring and measurement

Risk is controlled by setting single issuer limits and, in some cases, programme limits. All single issuer limits are approved by the TC or by delegated authority to the *Financial Markets Credit Risk* (**FMCR**) department. Apart from single issuer limits, risk is also monitored by assessing credit spread risk. Both sensitivity analysis (*basis point values,* **BPV**s) and Value at Risk (**VaR**) numbers are used[3].

[3] Sensitivity Analysis for NIBC Markets is accounted for in Note 61 Market Risk

Note 61 on Market Risk contains more information on these variables.
In the remainder of this section, the exposure has been divided into the following two sub-portfolios:
- Debt from financial institutions, corporate entities and sovereigns;
- Securitisations.

Debt from financial institutions and corporate entities
NIBC invests in debt (bonds) issued by financial institutions and corporate entities. The size of this sub-portfolio increased in the course of 2019 to EUR 334 million at 31 December 2019 (31 December 2018: EUR 248 million). Of the total exposure, 40% (31 December 2018: 39%) were covered bonds. The remaining 60% (31 December 2018: 61%) was senior unsecured debt.

In 2014, NIBC began to use internal ratings to assess the creditworthiness of a financial institution. In general debt investments are rated more conservative by NIBC than by the external rating agencies. As of 31 December 2019 NIBC has reverted back to the Standardised Approach for these counterparties.

The amount of EUR 334 million at 31 December 2019 represents the maximum credit risk exposure, without taking into account the presence of any collateral that could be repossessed in case of default. The portfolio did not contain any credit default swap exposures.

59-27 Debt of financial institutions and corporate entities, 31 December 2019

In EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total[1]
Financial institutions	129	21	72	20	-	-	-	243
Corporate entities	-	-	-	-	10	-	-	10
Sovereigns	75	6	-	-	-	-	-	81
Total	**204**	**27**	**72**	**20**	**10**	**-**	**-**	**334**

1 Source ratings: external ratings for financial institutions and internal ratings for corporate entities.

59-28 Debt of financial institutions and corporate entities, 31 December 2018

In EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total[1]
Financial institutions	145	-	51	14	-	-	-	210
Corporate entities	-	-	-	-	-	-	-	-
Sovereigns	22	17	-	-	-	-	-	39
Total	**166**	**17**	**51**	**14**	**-**	**-**	**-**	**248**

1 Source ratings: internal rating model (excluding sovereigns), based on estimated PD and LGD parameters, which are also deployed in NIBC's AIRB models used for the calculation of expected loss and Pillar-1.

At both 31 December 2019 and 31 December 2018, the portfolio of debt from financial institutions and corporate entities had no credit losses and contained no arrears.

Securitisations
NIBC has been an active participant on the securitisation market in the past decade, both as an originator and investor in securitisations.

Tables 59-29 and 59-30 present an overview of NIBC's total securitisation exposure resulting from its activities as investor in securitisations. The exposure relating to NIBC's activities as an originator can be split into exposures related to consolidated and non-consolidated securitisations. If a securitisation programme is consolidated on NIBC's balance sheet, the exposure to the underlying collateral is

excluded from the securitisation exposure and included in the total exposures presented in note 59 on credit risk in the corporate loans or mortgage loans sections. NIBC's total exposure as an originator to consolidated securitisations was EUR 199 million at 31 December 2019 (31 December 2018: EUR 215 million).

NIBC distinguishes two Securitisation sub-portfolios: the portfolio of Western European Securitisations and the Liquidity Investments portfolio.

NIBC's total securitisation exposure (investor and non-consolidated originator) decreased to EUR 514 million at 31 December 2019 (31 December 2018: EUR 577 million), mainly due to an decrease of the Liquidity portfolio.

The portfolio of investments in Western European securitisations contains NIBC's investor securitisations in Western Europe as well as all investments in NIBC's own non-consolidated securitisations. All investments in NIBC's own securitisations are subject to approval from both Risk Management and Finance. The total amount of the portfolio of investments in Western Europe decreased to EUR 59 million at 31 December 2019 (31 December 2018: EUR 65 million). The Liquidity Investments portfolio was set up to invest part of NIBC's excess liquidity in the securitisation market. Investments are in majority AAA rated RMBS transactions backed by Dutch collateral or European ABS and are eligible to be pledged as collateral with the *European Central Bank* (**ECB**). Apart from the strict mandate, each investment is pre-approved by FMCR. Exposure in this portfolio decreased to EUR 451 million at 31 December 2019 (31 December 2018: EUR 512 million). The underlying assets in the collateral pools of NIBC's securitisation investments comprise Dutch residential mortgage loans (NL-RMBS AAA Liquidity Portfolio) and French and German car loans and credit card receivables (EU-ABS AAA Liquidity Portfolio).

59-29 Exposure to securitised products, 31 December 2019

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	Total[1]
EU - ABS	-	-	-	-	-	1	1
EU - CDO	-	-	-	-	-	27	27
EU - CMBS	-	-	-	-	-	3	3
EU - RMBS	2	4	20	-	-	3	29
Total Western European securitisations	**2**	**4**	**20**	**-**	**-**	**33**	**59**
NL - RMBS AAA Liquidity portfolio	385	-	6	-	-	-	390
EU- ABS AAA Liquidity portfolio	64	-	-	-	-	-	64
Total securitisation exposure	**451**	**4**	**26**	**-**	**-**	**33**	**514**

1 Source: external ratings, sourced form S&P, Moody's and Fitch, whereby typically the 2nd highest ranked rating is selected.

59-30 Exposure to securitised products, 31 December 2018

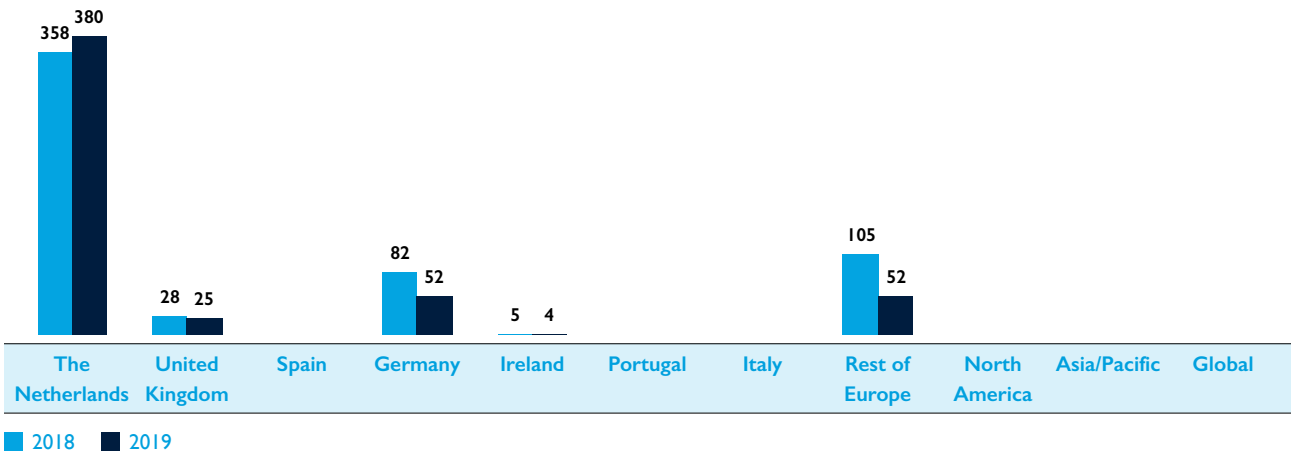
Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	Total[1]
EU - ABS	-	-	-	-	-	1	1
EU - CDO	-	-	-	-	-	29	29
EU - CMBS	-	-	-	-	-	4	4
EU - RMBS	2	4	22	-	-	3	32
Total Western European securitisations	**2**	**4**	**22**	**-**	**-**	**37**	**65**
NL - RMBS AAA Liquidity portfolio	383	-	3	-	-	-	386
EU- ABS AAA Liquidity portfolio	126	-	-	-	-	-	126
Total securitisation exposure	**511**	**4**	**26**	**-**	**-**	**37**	**577**

1 Source: external ratings, sourced form S&P, Moody's and Fitch, whereby typically the 2nd highest ranked rating is selected.

Geographic distribution of securitisations

Graph 59-31 presents the distribution of the Securitisations portfolio by geographic region at 31 December 2019 and 31 December 2018. NIBC allocates exposure to a region based on the geographic location in which the cash flows are generated. The geographic distribution illustrates that the majority of these assets are located in Western Europe, mainly in the Netherlands (74%), Germany (10%) and the United Kingdom (5%). NIBC's exposure in Ireland, Italy, Spain and Portugal is limited and had decreased to EUR4 million at 31 December 2019 (31 December 2018: EUR 5 million). Approximately 94% of this exposure is investment grade exposure. NIBC had no exposure in Greece at 31 December 2019 or 2018.

59-31 Distribution of securitisations per region, 31 December 2019 (EUR 577 million) and 31 December 2018 (EUR 498 million)



Expected credit losses on securitisations

The majority of the Securitisations portfolio is reported at amortised cost or fair value for accounting purposes and the respective assets are subject to a quarterly credit-impaired analysis. Expected credit losses related to stage 3 are taken when the expected future cashflows are insufficient to meet the payment obligatons. The stock of stage 3 credit losses decreased to below EUR 0.1 million at 31 December 2019 (31 December 2018: EUR 0.5 million).

Table 59-32 presents the rating breakdown of securitisation exposure that did not carry stage 3 credit losses.

59-32 Distribution of securitisation exposure without impairments per rating category, 31 December 2019

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	Total[1]
Securitisation exposure without impairments	451	4	26	-	-	32	512

1 Source: external ratings, sourced form S&P, Moody's and Fitch, whereby typically the 2nd highest ranked rating is selected.

59-33 Distribution of securitisation exposure without impairments per rating category, 31 December 2018

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	Total[1]
Securitisation exposure without impairments	511	4	23	-	-	29	566

1 Source: external ratings, sourced form S&P, Moody's and Fitch, whereby typically the 2nd highest ranked rating is selected.

Cash management

NIBC is exposed to credit risk as a result of cash management activities. In 2019, NIBC's risk management framework for cash management continued its conservative approach, taking into account the vulnerable financial markets.

Risk monitoring and measurement

NIBC places its excess cash with the DNB/Dutch State Treasury Agency and with a selected number of investment-grade financial institutions. A monitoring process is in place within the FMCR department for the approved financial institutions. Cash management exposures can be collateralised through reverse repo transactions or unsecured through interbank deposits and current accounts.

Correspondent banking and third-party account providers

Apart from the exposure in cash management, NIBC holds foreign currency accounts at correspondent banks and also utilises third-party account providers for internal securitisations.

Exposures

At 31 December 2019, NIBC's total cash amounted EUR 2,485 million (31 December 2018: EUR 2,601 million). EUR1,945 million of the cash was held at DNB, Deutsche Bundesbank, and the central bank in Belgium, EUR 506 million at financial institutions and EUR 14 million at corporate entities (securitisation-related liquidity facilities).

59-34 Cash, 31 December 2019

In EUR millions	AAA	AA	A	≤BBB	Total[1]
Cash and balances with central banks	1,945	20	-	-	1,965
Financial institutions	-	41	479	-	519
Corporate entities	4	-	10	-	14
Total	**1,949**	**60**	**489**	**-**	**2,498**

1 Source ratings: external ratings for financial institutions and internal ratings for corporate entities.

59-35 Cash, 31 December 2018

In EUR millions	AAA	AA	A	≤BBB	Total[1]
Cash and balances with central banks	2,161	-	-	-	2,161
Due to banks				8	8
Financial institutions	-	-	431	1	432
Corporate entities	-	-	-	-	-
Total	**2,161**	**-**	**431**	**9**	**2,601**

1 Source ratings: internal rating model (excluding Cash and balances with central banks), based on estimated PD and LGD parameters, which are also deployed in NIBC's AIRB models used for the calculation of expected loss and Pillar-1 regulatory capital.

At year-end 2019, EUR 191 million cash collateral has been excluded from the cash management exposure (year-end 2018: EUR 155 million) as this amount is restricted cash that relates to derivatives with a negative fair value. At both 31 December 2019 and 31 December 2018, this portfolio carried no impairments and no arrears.

Credit risk in derivatives

Credit risk in derivatives is the risk of having to replace the counterparty in derivative contracts. NIBC's credit risk in derivatives can be split into exposures to financial institutions and corporate entities. NIBC's policy is to minimise this risk. NIBC only enters into OTC contracts with central clearing counterparties and financial institutions that are investment grade or with corporate entities where the exposure is secured by some form of collateral.

Risk monitoring and measurement

Credit risk in derivatives is based on the marked-to-market value and *Potential Future Exposure* (**PFE**) of the derivative. The PFE reflects a potential future change in marked-to- market value during the remaining lifetime of the derivative contract. For financial institutions, separate limits for credit risk are in place, based on the external rating. For corporate clients, NIBC enters into a derivative transaction as part of its overall relationship with the client. The credit approval process for these derivatives is closely linked with the credit approval process of the loan. Limit-setting proposals for both financial institutions and corporate counterparties are reviewed in the TC. For financial institutions, collateral postings under a CSA are taken into account. In 2019 NIBC offsetted assets and liabilities with central clearing members. Derivatives with the same characteristics, being counterparty, maturity bucket and currency are netted. In 2019, EUR 2 million of NIBC's derivative portfolio including netting, but excluding collateral and PFE has been centrally cleared. For corporate counterparties, both the loan and derivative are treated as a single package whereby the derivative often benefits from the security/ collateral supporting the loan exposure.

Exposures

Tables 59-36 and 59-37 display NIBC exposures from credit risk in derivatives allocated across the rating class of the underlying counterparty. Exposure is the sum of the positive marked-to-market value of derivative contracts, excluding the effect of netting and collateral exchange. The total derivative exposure excluding netting and collateral decreased in 2019 to EUR 483 million at 31 December 2019 (31 December 2018: EUR 578 million).

59-36 Derivative exposure excluding netting and collateral, 31 December 2019

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total[1]
Financial institutions	-	34	57	4	-	-	-	-	-	-	-	95
Corporate entities	16	-	1	262	89	7	10	-	2	-	-	387
Total	**16**	**34**	**58**	**266**	**89**	**7**	**10**	**-**	**2**	**-**	**-**	**483**

1 Source ratings: external ratings for financial institutions and internal ratings for corporate entities.

59-37 Derivative exposure excluding netting and collateral, 31 December 2018

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total[1]
Financial institutions	-	24	119	43	-	-	-	-	-	-	-	186
Corporate entities	17	-	1	247	49	62	4	-	-	11	1	392
Total	**17**	**24**	**120**	**290**	**49**	**62**	**4**	**-**	**-**	**11**	**1**	**578**

1 Source ratings: internal rating model, based on estimated PD and LGD parameters, which are also deployed in NIBC's AIRB models used for the calculation of expected loss and Pillar-1 regulatory capital.

Collateral

To the extent possible, NIBC attempts to limit credit risk arising from derivatives. NIBC enters into bilateral collateral agreements with financial institutions to mitigate credit risk in OTC derivatives by means of CSAs. Positive marked-to-market values can be netted with negative marked-to-market values and the remaining exposure is mitigated through bilateral collateral settlements (as in tables 59-38 and 59-39). Accepted collateral is mainly cash collateral, which is usually exchanged on a daily basis. The primary counterparties in these CSAs are large international banks with ratings of A or higher. NIBC generally carries out daily cash collateral exchanges to account for changes in the market value of the contracts included in the CSA.

Terms and conditions of these CSAs are in line with general *International Swaps and Derivatives Association* (**ISDA**) credit support documents. Collateral from CSAs significantly decreases the credit exposure on derivatives, as presented in table 59-38 at 31 December 2019 and in table 59-39 at December 2018.

59-38 Derivative exposure including netting and collateral, 31 December 2019

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total[1]
Financial institutions	-	5	27	4	-	-	-	-	-	-	-	36
Corporate entities	16	-	1	250	89	7	10	-	2	-	-	375
Total	**16**	**5**	**28**	**254**	**89**	**7**	**10**	**-**	**2**	**-**	**-**	**411**

1 Source ratings: external ratings for financial institutions and internal ratings for corporate entities.

59-39 Derivative exposure including netting and collateral, 31 December 2018

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total[1]
Financial institutions	-	2	39	5	-	-	-	-	-	-	-	46
Corporate entities	17	-	1	238	49	62	4	-	-	11	1	382
Total	**17**	**2**	**39**	**243**	**49**	**62**	**4**	**-**	**-**	**11**	**1**	**428**

1 Source ratings: internal rating model, based on estimated PD and LGD parameters, which are also deployed in NIBC's AIRB models used for the calculation of expected loss and Pillar-1 regulatory capital.

Valuation of corporate derivatives (credit and debt value adjustments)
CVA and DVA are incorporated into derivative valuations to reflect the risk of default of the counterparty as well as the own default risk of NIBC. The adjustments are applied to all OTC derivative contracts, except for those that benefit from a solid collateral agreement where cash collateral is regularly exchanged, mitigating the credit risk. In practice, this means that CVA and DVA are only applied to OTC derivative contracts that generate credit risk on corporate (i.e. non-financial) counterparties.

Arrears

NIBC applies a threshold for determining whether a derivative carries a non-material arrear. The criteria for this threshold are the same as for the portfolio of corporate loans. If amounts in arrear fall below the threshold (EUR 100,000), they are considered insignificant and are therefore excluded. The application of the threshold does not influence the total arrears for 2019 and 2018.

Table 59-40 displays an overview of the arrears for corporate derivatives at 31 December 2019 and 31 December 2018 as well as the exposures (marked-to-market values) these arrears refer to. There were no amounts in arrear for derivatives with financial institutions. As shown in Table 59-40, at 31 December 2019, no marked-to-market exposure in arrear (31 December 2018: no marked-to-market exposure in arrear).

59-40 Arrears overview, corporate derivative exposure

	2019		2018	
in EUR millions	Exposure (MtM)[1]	Amount in arrear	Exposure (MtM)[1]	Amount in arrear
Age of payment in arrear				
1- 5 days	-	-	-	-
6 - 30 days	-	-	-	-
31 - 60 days	-	-	-	-
61 - 90 days	-	-	-	-
Subtotal less than 90 days	**-**	**-**	**-**	**-**
Over 90 days	-	-	-	-
No payment in arrear	377	-	382	-
Total	**377**	**-**	**382**	**-**

1 MtM: Marked-to-Market value.

60 Interest rate risk in the Banking book

NIBC defines *interest rate risk in the Banking book* (**IRRBB**) as the risk of losses from interest rate sensitive positions in non-trading activities due to movements in interest rates. Interest rate risk is measured both from an economic value perspective and an earnings perspective. The first perspective considers the impact on the market value, while the latter considers the impact on the net interest income.

NIBC Holding's banking book consists of:
- Corporate treasury
- Commercial Treasury
- Corporate banking
- Retail banking

Risk appetite

The risk appetite for IRRBB from an economic value perspective is measured by the modified duration of equity and equal to 5 (with a tolerance of 7.5), while the risk appetite from an earnings perspective is measured by the impact on 1Y earnings and equal to EUR 18 million (assuming a shift in interest rates of 100 bps).

Risk monitoring and measurement

From an economic value perspective the impact of an instantaneous shift in interest rates on a static portfolio is considered. Interest BPV and interest VaR measures are calculated on a daily basis and reviewed by the Market Risk department:

- Interest BPV measures the sensitivity of the market value to an instantaneous change of one basis point in each time bucket of the interest rate curve. The BPV as displayed in the tables represents the sensitivity of the market value to a one-basis-point, parallel upward shift of the underlying curve;
- The interest VaR measures the threshold value, which daily marked-to-market losses with a confidence level of 99% will not exceed, based on four years of historical data for daily changes in interest rates. These daily changes are superimposed on the current market rates. The VaR is calculated by means of full valuation to take non-linearity into account.

In measuring BPV and VaR for the Banking book the (credit) spreads have been excluded from cashflows and discounting, in line with EBA guidelines. This change in calculation was gradually implemented during 2019.
From the earnings perspective changes in interest rates occur both instantaneously and gradually over time. The combination of static and dynamic (changes to the current portfolio composition) analyses are used. The dynamic analysis allows the integration of the business strategy in the earnings, by aligning the development of the balance sheet with the business plan, taking into account both refinancing and reinvestments. Earnings at risk (EaR) is calculated by means of the following measure:

- 12 months earnings impact due to a 200 bps gradual upwards or downwards interest rate shock per currency

EaR as displayed in the tables represents the 200 bps gradual upwards measure.

The interest rate risk analysis is complemented by a set of scenarios, including scenarios intended as stress testing and vulnerability identification, both based on historical events and on possible future events.

Limits are set on the above measures, both those from the economic value perspective and from an earnings perspective. The limits and utilisation are reported to the ALCO once every month. Any major breach of IRRBB limits is reported to the CRO immediately.

Interest rate risk

Interest rate risk in the Banking book

Interest rate risk in the Banking book from an economic value perspective is mainly present in the Mismatch book.

NIBC accepts a certain economic value risk exposure in the Mismatch book. We call this our strategic mismatch exposure.

The Mismatch book exclusively contains swaps in EUR and GBP as these are, next to USD, the major currencies in which also lending activities take place.The Mismatch book contained no USD position in 2019. At year-end of 2019 the total notional position is EUR 463 million, with 70% of the mismatch position held in EUR and 30% in GBP. Duration based the relative positions would be 78% in EUR and 22% in GBP.

The Mortgage loan book consists of:

- The White Label portfolio which has a size of 3.7 billion EUR at year-end 2019 with EUR 20 million in Germany.
- The NIBC Direct portfolio, which has a size of EUR 6.2 billion .

The mortgage loan portfolios are accounted on amortised cost and notional hedging is applied to hedge the interest rate risk.

The Corporate Treasury book contains mainly the funding activities of NIBC and the corporate loan books. The Liquidity portfolio, Collateral portfolio and Debt Investments portfolio are part of the Banking Book and consist mainly of investments in financial institutions and securitisations.

Tables 60-1 and 60-2 illustrate in EUR the interest rate sensitivity (BPV) for EUR, USD and GBP in the Mismatch and remaining Banking book at year-end 2019 and 2018. For other currencies, the interest rate risk is minimal.The Earnings perspective number are the result of applying a gradual 200 bps upward shift

60-1 Interest rate statistics Banking book, 31 December 2019

	Economic value perspective (BPV)			Earnings perspective (EaR)		
in EUR thousands	Mismatch	Other	Total	Mismatch	Other	Total
EUR	(137)	24	(112)	(2,542)	11,577	9,035
USD	-	(5)	(5)	-	554	554
GBP	(39)	(6)	(46)	(944)	(1,105)	(2,049)
Other	-	-	-	-	294	294
Total	**(176)**	**13**	**(163)**	**(3,486)**	**11,320**	**7,834**

60-2 Interest rate statistics Banking book, 31 December 2018

	Economic value perspective (BPV)			Earnings perspective (EaR)		
in EUR thousands	Mismatch	Other	Total	Mismatch	Other	Total
EUR	(166)	437	271	(2,798)	16,643	13,845
USD	-	(6)	(6)	-	(192)	(192)
GBP	(51)	6	(45)	(1,031)	(1,257)	(2,288)
Other	-	-	-	-	973	973
Total	**(217)**	**437**	**220**	**(3,830)**	**16,167**	**12,338**

From the economic value perspective more detailed statistics with respect to the Mismatch book are presented in the following table.

60-3 Interest rate statistics Mismatch book

in EUR thousands	2019 Interest rate BPV	2019 Interest rate VaR	2018 Interest rate BPV	2018 Interest rate VaR
Max[1]	(219)	1,223	(261)	1,753
Average	(200)	1,045	(235)	1,520
Min[2]	(176)	813	(158)	1,033
Year-end	**(176)**	**814**	**(217)**	**1,225**

1 Max: value farthest from zero
2 Min: value closest to zero

In the following table the interest BPV statistics of the Banking Book, split in the Banking Book and Banking Book excluding Mismatch are presented. As stated earlier the methodology used for calculation of BPV and VaR was changed during the year, (credit) spreads were excluded from the calculation, in line with EBA guidelines. Therefore, in table 60-4, averages for categories Banking Book and Banking Book excluding Mismatchdiffer from year-end figures. If the spreads would have been included then the BPV for these categories would be 430 EUR thousand and 606 EUR thousand respectively.

60-4 Interest rate BPV statistics Banking book

in EUR thousands	2019 Banking Book	2019 Banking Book excluding Mismatch	2018 Banking Book	2018 Banking Book excluding Mismatch
Max[1]	528	713	339	564
Average	335	536	154	388
Min[2]	191	398	(7)	3
Year-end	**(164)**	**12**	**220**	**436**

1 Max: value farthest from zero
2 Min: value closest to zero

61 Market risk

NIBC defines market risk as:

- the risk of losses in the Trading book arising from adverse movements in market rates and;
- the risk of losses in the Banking Book from NIBC's credit spread risk position;
- the risk of losses in both the banking and trading book from adverse movements in currencies with respect to the Euro.

The predominant market risk drivers for NIBC Holding are interest rate risk and credit spread risk .

In Money Markets & Trading, NIBC takes short-term positions in the EUR, GBP and USD yield curves. This book also contains interest rate risk related to derivative transactions of NIBC's clients. All positions within NIBC Markets are part of the Trading book. The Trading book of NIBC Markets contains bonds and a relatively small equity portfolio in those equities, for which NIBC markets is liquidity provider.

Risk appetite

The risk appetite for market risk is moderate. For all market risk types limits are set and monitored on a daily basis.

Risk monitoring and measurement

From an economic value perspective the impact of an instantaneous shift in interest rates on a static portfolio is considered. Interest and credit spread BPV and interest and credit spread and equity VaR measures are calculated on a daily basis and reviewed by the Market Risk department. VaR is calculated using 4 years of historical data and a confidence level of 99%.

The market risk analysis is complemented by a set of scenarios, including scenarios intended as stress testing and vulnerability identification, both based on historical events and on possible future events.

Limits are set on the above measures. The limits and utilisation are reported to the ALCO once every month. Any major breach of market risk limits is reported to the CRO immediately.

Interest rate risk, credit spread risk and equity risk

Money Markets & Trading contains plain vanilla interest rate derivatives only. Figures per year-end 2019 versus 2018 are displayed below.

61-1 Interest rate statistics Trading book NIBC excluding NIBC Markets

	2019		2018	
in EUR thousands	Interest rate BPV	Interest rate VaR	Interest rate BPV	Interest rate VaR
Max[1]	44	316	(107)	411
Average	(7)	94	(72)	189
Min[2]	0	48	(10)	81
Year-end	**(12)**	**88**	**(18)**	**82**

1 Max: value farthest from zero
2 Min: value closest to zero

The Trading book of NIBC Markets consists of bonds and equities. The bonds in the Trading book of NIBC Markets are subject to both interest rate risk and credit spread risk. The equities of the Trading Book of NIBC Markets are related to the function of liquidity provider, which NIBC Markets has for a number of Dutch small and midcap equities. Year-end 2019 and 2018 figures are displayed in the following table.

61-2 Interest rate & credit spread risk statistics Trading book NIBC Markets

	2019			2018		
in EUR thousands	Interest BPV	Credit spread BPV	VaR	Interest BPV	Credit spread BPV	VaR
NIBC Markets	(20)	(57)	364	(21)	(38)	258

The VaR in this table includes both interest rate risk and credit spread risk.

The year-end 2019 equity VaR of NIBC Markets is 43 thousand EUR while in 2018 equity VaR was 78 thousand EUR per end of year.

NIBC's Banking book has credit spread risk mainly in the Liquidity portfolio, Collateral portfolio, the Structured Credits portfolio and the fair value mortgages portfolio. Year-end 2019 credit spread risk figures versus 2018 are displayed below.

61-3 Credit spread risk statistics Banking book

	2019		2018	
in EUR thousands	Credit spread BPV	Credit spread VaR	Credit spread BPV	Credit spread VaR
Liquidity / Collateral	(218)	1,997	(200)	1,202
Structured Credits	(37)	1,015	(36)	755

Currency risk

NIBC manages its overall currency position based on the currency positions in the monthly balance sheets. The main exposures in foreign currencies for NIBC are USD, GBP and JPY. NIBC uses matched funding and other measures to apply its policy of not taking any currency positions. Any currency position which does show at month end is caused by movements in the fair value of assets or liabilities or interest income in foreign currencies and is hedged by entering into FX spot transactions. The total open foreign currency position, by nominal amount, was EUR 23.6 million at year-end 2019. This currency position is the position prior to hedging, which is always done shortly after month-end. Regulatory capital for currency risk is equal to1.9 million EUR per end of 2019.

Furthermore, the impact of a *reasonably possible* yearly change (in absolute terms) of EUR against other currencies was calculated. Per end of 2019 the impact of these reasonably possible changes is as follows for NIBC Holding (only currencies with the larger exposures are displayed).

61-4 Currency risk analysis

	2019		2018	
Currency	Change in currency in %	Impact income statement in EUR million	Change in currency in %	Impact income statement in EUR million
USD	+08	-0.1	+08	0.6
GBP	+14	-2.5	+14	0.2
JPY	+09	0.0	+09	0.1
CHF	+09	0.0	+09	0.0

The sum of the absolute values of the impact for all currencies is equal to around EUR 2.8 million.

62 Liquidity risk

NIBC defines liquidity risk as the inability of NIBC to fund its assets and meet its obligations as they become due, at acceptable cost.

Maintaining a sound liquidity and funding profile is one of NIBC's most important risk management objectives. NIBC analyses its funding profile by mapping all assets and liabilities into time buckets that correspond to their maturities. Based on projections prepared by the business units and reviewed by Risk Management, and the current asset and liability maturity profiles, several liquidity stress tests are prepared and presented once every two weeks to the ALCO, in order to create continuous monitoring of the liquidity position.

Assumptions

One of the stress scenarios, the market-wide stress test, assumes a world-wide liquidity shortage in which no new market funding can be attracted by NIBC. Furthermore, it is assumed that assets cannot be sold, but that they can only be made liquid by making them eligible for collateralised and ECB funding. In addition, the following assumptions are made:

- In order to maintain NIBC's business franchise, it is assumed that new corporate loan production continues at a level where the current books are maintained constant;
- Conservative assumptions with respect to for example collateral cash outflows (payments from CSAs) and drawdowns of undrawn commitments are made;
- A one notch downgrade is assumed.

The projection of NIBC's liquidity in this way is necessarily a subjective process and requires management to make assumptions about, for example, the fair value of eligible collateral and potential outflow of cash collateral placed by NIBC with derivative counterparties.

In light of these projections, NIBC is confident that sufficient liquidity is available to meet maturing obligations over the next 12 months.

Maturity calendar consolidated balance sheet

The following tables present the cash flows payable by NIBC in respect of non-derivative financial liabilities relevant for liquidity risk by the remaining contractual maturities at 31 December. The amounts disclosed in the tables for the non-derivative financial liabilities are contractual future undiscounted cash flows. Financial liabilities at fair value through profit or loss are therefore restated to future nominal amounts. The financial assets relevant for managing liquidity risk are based on the fair value (discounted cash flows) for those assets which are classified at FVOCI.

The differences between the table and the stress scenario are caused mainly by the following items that are included in the stress scenario analysis but not in the maturity calendar of the consolidated balance sheet:

- New asset production;
- Collateralised funding capacity of internal securitisations and individual bonds;
- Conservative assumptions with respect to possible cash outflows (e.g. CSA collateral, callable funding).

62.1 Liquidity maturity calendar, 31 December 2019

in EUR millions	Not dated	Payable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Liabilities (undiscounted future cash flows)							
Due to other banks	-	34	673	789	505	-	2,001
Deposits from customers	-	6,356	769	1,736	2,079	317	11,257
Financial liabilities at fair value through profit or loss (including trading)							
Own debt securities in issue	-	-	37	-	-	-	37
Debt securities in issue structured	-	-	-	-	42	63	105
Liabilities held for sale	-	-	-	-	-	-	-
Deferred tax	-	-	-	-	12	-	12
Provisions	-	-	-	-	-	2	2
Accruals, deferred income and other liabilities	-	-	-	86	-	-	86
Financial liabilities at amortised cost							
Own debt securities in issue	-	-	370	1,081	2,737	3,210	7,398
Debt securities in issue related to securitised mortgages and lease receivables	-	-	-	-	-	391	391
Subordinated liabilities							
Fair value through profit or loss	-	-	-	-	-	116	116
Amortised cost	-	-	-	-	-	296	296
Total liabilities (excluding derivatives and interest cash flows	**-**	**6,390**	**1,849**	**3,692**	**5,375**	**4,395**	**21,701**
Total assets relevant for managing liquidity risk at fair value (excluding derivatives and interest cash flows)	**654**	**2,477**	**338**	**1,458**	**5,462**	**11,431**	**21,820**

62.2 Liquidity maturity calendar, 31 December 2018

in EUR millions	Not dated	Payable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Liabilities (undiscounted future cash flows)							
Due to other banks	-	92	13	45	1,248	2	1,400
Deposits from customers	-	5,645	997	2,314	1,708	447	11,111
Financial liabilities at fair value through profit or loss (including trading)							
Own debt securities in issue	-	-	-	-	37	-	37
Debt securities in issue structured	-	-	-	5	46	362	413
Liabilities held for sale	13	-	-	-	-	-	13
Deferred tax	-	-	-	-	7	-	7
Provisions	-	-	-	-	-	3	3
Accruals, deferred income and other liabilities	-	-	-	116	-	-	116
Financial liabilities at amortised cost							
Own debt securities in issue	-	-	-	1,249	2,243	1,543	5,035
Debt securities in issue related to securitised mortgages and lease receivables	-	-	-	-	-	447	447
Subordinated liabilities							
Fair value through profit or loss	-	-	-	-	-	336	336
Amortised cost	-	-	-	-	-	215	215
Total liabilities (excluding derivatives and interest cash flows	**13**	**5,737**	**1,010**	**3,729**	**5,289**	**3,355**	**19,133**
Total assets relevant for managing liquidity risk at fair value (excluding derivatives and interest cash flows)	**511**	**2,468**	**281**	**855**	**5,699**	**11,049**	**20,863**

62.3 Liquidity maturity calendar of derivatives, 31 December 2019

Liquidity maturity calendar derivatives

The following tables present the derivative financial instruments that will be settled on a net basis into relevant maturity classes based on the contractual maturity date at 31 December 2019 and 2018. The amounts disclosed in the tables are the contractual undiscounted cash flows.

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Derivatives held for trading					
Interest rate derivatives (net settled)					
Inflow	284	979	1,342	472	3,077
Outflow	(291)	(1,027)	(1,332)	(515)	(3,165)
Credit derivatives					
Inflow	-	-	-	1	1
Outflow	-	-	-	-	-
Derivatives used for hedging					
Interest rate derivatives (net settled)					
Inflow	-	46	105	-	151
Outflow	(2)	(45)	(103)	(1)	(151)
FX forwards					
Inflow	1,087	-	-	-	1,087
Outflow	(1,092)	-	-	-	(1,092)
Total inflow	**1,371**	**1,025**	**1,447**	**473**	**4,316**
Total outflow	**(1,385)**	**(1,072)**	**(1,435)**	**(516)**	**(4,408)**

62.4 Liquidity maturity calendar of derivatives, 31 December 2018

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Derivatives held for trading					
Interest rate derivatives (net settled)					
Inflow	345	826	2,059	610	3,840
Outflow	(340)	(780)	(1,971)	(571)	(3,662)
Credit derivatives					
Inflow	-	-	-	1	1
Outflow	-	-	-	-	-
Derivatives used for hedging					
Interest rate derivatives (net settled)					
Inflow	1	104	105	-	210
Outflow	(1)	(114)	(116)	(1)	(232)
FX forwards					
Inflow	1,002	33	-	-	1,035
Outflow	(1,004)	(33)	-	-	(1,037)
Total inflow	**1,348**	**963**	**2,164**	**611**	**5,086**
Total outflow	**(1,345)**	**(927)**	**(2,087)**	**(572)**	**(4,931)**

62.5 Liquidity maturity calendar off-balance sheet, 31 December 2019

Liquidity maturity calendar off-balance sheet
The following table shows the contractual maturity of NIBC's contingent liabilities and commitments.

Each undrawn loan or capital commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Contract amount					
Committed facilities with respect to corporate loan financing	1,657	-	-	-	1,657
Committed facilities with respect to residential mortgages financing	267	-	-	-	267
Capital commitments	29	-	-	-	29
Guarantees granted	69	-	-	-	69
Irrevocable letters of credit	70	-	-	-	70
	2,092	**-**	**-**	**-**	**2,092**

62.6 Liquidity maturity calendar off-balance sheet, 31 December 2018

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Contract amount					
Committed facilities with respect to corporate loan financing	1,675	-	-	-	1,675
Committed facilities with respect to residential mortgages financing	503	-	-	-	503
Capital commitments	20	-	-	-	20
Guarantees granted	56	-	-	-	56
Irrevocable letters of credit	64	-	-	-	64
	2,318	**-**	**-**	**-**	**2,318**

63 Capital management

Overview
It is NIBC's policy to maintain a strong capital base, to meet regulatory capital requirements at all times and to support the development of its business by allocating capital efficiently. Allocation of capital to the business is based on an EC approach. EC is the amount of capital which NIBC allocates as a buffer against potential losses from business activities, based upon its assessment of risks. The EC that NIBC allocates to each business is based on the assessment of risk of its activities. It differs from the CRR/CRD IV capital requirements, i.e. regulatory capital, as in certain cases NIBC assesses the

specific risk characteristics of its business activities in a different way than the CRR/CRD IV method. Total regulatory capital however, in combination with a minimum benchmark Tier 1 ratio, does form a limit to the maximum amount of EC that can be allocated to the business.

Comparing the risk-based EC of each business to its profit delivers a RAROC for each business. EC and RAROC are key tools in NIBC's capital allocation and usage process, assisting in allocating Own Funds as efficiently as possible, based on expectations of both risks and return. Usage of EC is assessed once every two weeks in the ALCO. The ALCO resets the maximum allocation level of EC to and within each business, taking into account business expectations, NIBC's desired risk profile and the regulatory requirements.

Methodology

NIBC uses the business model of each activity as the basis for determining the EC. If the business model of an activity is trading, distribution or investing for a limited period, a market risk approach based upon VaR and scaled to a one-year horizon is used to calculate the EC usage. A business model based on 'buy-to-hold' or investing to maturity leads to a credit risk approach being applied, based upon estimations of PD and LGD. Add-ons for operational risk and country risk are also calculated. Furthermore, NIBC allocates EC for business risk, reputation risk and model risk on a group-wide level.

The EC approach differs from the CRR/CRD IV approach in which only the trading books are assigned a market risk approach. In the CRR/CRD IV framework, activities that are not trading but have a business model based on distribution or investment for a limited period are often assigned a credit risk approach, following CRR/CRD IV regulations or regulatory industry practice, whereas in the EC framework NIBC applies a market risk approach similar to that of the trading activities. Risks and EC are monitored accordingly.

The main differences between the EC capital and CRR/CRD IV framework come from the Mortgage Loan portfolio, the Securitisations portfolio and NIBC's interest rate mismatch position. EC is determined by a market risk approach for these activities. The CRR/CRD IV approach is either a credit risk approach (mortgage loans and securitisations) or is not part of the CRR/CRD IV Pillar 1 at all (mismatch position).

Capital allocation

NIBC allocates EC to all its business activities in the form of limits set by the ALCO and calculates the amount of EC usage of each business based on the risk of its activities:

- For the Corporate Loan portfolio, NIBC calculates EC usage by means of a credit risk approach largely based upon the CRR regulatory capital formula and an add-on for concentration risk;
- For the Debt Investments and Trading portfolios, the Mortgage Loan portfolio and the interest rate mismatch position, NIBC uses a market risk approach to determine EC usage. EC usage for these portfolios is calculated using VaR, calculated with four years of historical data and scaled to a one-year horizon;
- For the Investment loans, NIBC calculates EC usage by applying a credit approach based upon the CRR regulatory capital formula. NIBC uses fixed percentages for the equity investments.

CRR/CRD IV regulatory capital

The objective of CRR/CRD IV is to enhance the capital adequacy of the banking industry by making it more responsive to risk. CRR/CRD IV is structured on three pillars:

- Pillar 1 describes the capital adequacy requirements for three risk types; credit risk, market risk and operational risk;

- Pillar 2 describes the additional *supervisory review and evaluation process* (**SREP**), where regulators analyse the *internal capital adequacy assessment process* (**ICAAP**) of the individual banks. Since the end of 2011, Dutch Central Bank also analyses the *internal liquidity adequacy assessment process* (**ILAAP**);
- In Pillar 3 the required risk reporting standards are displayed, supporting additional market discipline in the international capital markets.

Under CRR/CRD IV and subject to approval from the regulator, banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from 'standardised' to 'advanced'.

For credit risk, NIBC adopted the AIRB approach as further specified in CRR/CRD IV for its corporate, retail and institutional exposure classes. NIBC started using the AIRB approach at 1 January 2008. A small residue of exposures is measured on the standardised approach.

For market risk, NIBC adopted an internal model VaR approach.

For measuring operational risk, NIBC adopted the standardised approach, which is based on prescribed business-line activities.

The basis for Pillar 2 is NIBC's ICAAP, which is NIBC's self-assessment of risks not captured by Pillar 1, i.e. the link between NIBC's risk profile, its risk management and risk mitigation, and NIBC's capital planning.

Under Pillar 3, NIBC publishes its regulatory disclosures regarding its capital structure, capital adequacy, liquidity risk, risk management objectives/policies and risk-weighted assets each year. The Pillar 3 disclosures are published on the same date as the Annual Report on our website.

The following table displays the composition of regulatory capital as at 31 December 2019 and 31 December 2018. As from 2019, non-eligible profits attributable to the shareholders are no longer added to regulatory capital. The regulatory capital is based on the CRR/CRD IV scope of consolidation, calculated for NIBC consolidated on a fully loaded base including the eligible profit after tax of the year. Only the profit after tax over the first half year of 2019 is eligible to be included in the Common Equity Tier 1 after receiving permission of DNB. NIBC complies with the CRR/CRD IV capital requirements as per 31 December 2019, which formally requires a minimum Common Equity Tier 1 ratio (including capital buffer) of 10.5%, a minimum Tier 1 ratio (including capital buffer) of 12.0% and a minimum Total Capital ratio (including capital buffer) of 14.0%.

in EUR millions	2019	2018
Tier 1		
Called-up share capital	3	3
Share premium	1,287	1,286
Eligible reserves	557	531
Profit after tax not included in CET 1 capital	(124)	(139)
Regulatory adjustments	(207)	(237)
Common equity Tier 1 capital	**1,516**	**1,444**
Additional Tier 1 capital	117	109
Total Tier 1 capital	**1,633**	**1,553**
Tier 2		
Qualifying subordinated liabilities	183	167
Total Tier 2 capital	**183**	**167**
Total BIS capital	**1,816**	**1,720**

COMPANY FINANCIAL STATEMENTS

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COMPANY INCOME STATEMENT

for the years ended 31 December

in EUR millions	note	2019	2018
Interest and similar income	1	1	1
Interest expense and similar charges	1	-	-
Net interest income		**1**	**1**
Fee income		-	-
Fee expense		-	-
Net fee income		**-**	**-**
Income from equity investments		-	-
Income from interests in group companies	2	205	233
Income from group companies and (other) equity investments		**205**	**233**
Results from financial transactions		-	-
Other operating income		-	-
Total operating income		**206**	**234**
Personnel expenses			-
Depreciation, amortisation and value adjustments of intangible assets and tangible assets			-
Other operating expenses	3	-	4
Impairments and provisions		-	-
Release of impairments and provisions		-	-
Other		-	-
Net impairments and provision charges of loans		**-**	**-**
Impairments of group companies and other financial fixed assets		-	-
Release of impairments of group companies and other financial fixed assets		-	-
Net impairments of group companies and other financial fixed assets		**-**	**-**
Regulatory charges and levies		-	-
Total operating expenses		**-**	**4**
Profit from ordinary operations before tax		**206**	**230**
Tax		-	1
Profit after tax		**206**	**229**

COMPANY BALANCE SHEET

as at 31 December

in EUR millions	note	2019	2018
Assets:			
Interests in group companies	4	1,960	1,937
Other assets	5	58	98
Total assets		**2,018**	**2,035**

in EUR millions	note	2019	2018
Liabilities:			
Due to group companies	6	170	275
Other liabilities	7	-	5
Total liabilities		**170**	**280**
Equity:	8		
Share capital		3	3
Share premium		1,287	1,286
Revaluation reserves		120	122
Retained profit		438	344
Equity attributable to the parent company		**1,848**	**1,755**
Total liabilities and equity		**2,018**	**2,035**

COMPANY ACCOUNTING POLICIES

Basis of preparation

The principal accounting policies applied in the preparation of the company financial statements are set out in the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The company financial statements have been prepared in accordance with the legal requirements for financial statements contained in Title 9 of Book 2 of the Netherlands Civil Code. NIBC applies the provisions in Section 362, paragraph 8, Title 9 of Book 2 of the Netherlands Civil Code that make it possible to prepare the company financial statements in accordance with the accounting policies (including those for the presentation of financial instruments as equity or liability) used in its consolidated financial statements.

All figures are rounded to the nearest eur million, except when otherwise indicated. The euro is the functional and presentation currency of NIBC.

Summary of significant accounting policies

Except as set forth below, the accounting policies applied in the company financial statements are the same as those for the consolidated financial statements.

Interests in group companies

Interests in group companies, as defined in the Subsidiaries section in the basis of consolidation in the notes to the consolidated financial statements, are measured at net asset value. Net asset value is determined by measuring the assets, provisions, liabilities and income based on the accounting policies used in the consolidated financial statements. The company's share of its group companies profits or losses is recognised in the income statement.

If losses of group companies that are attributable to the company exceed the carrying amount of the interest in the group company (including separately presented goodwill, if any, and including other unsecured receivables), further losses are not recognised unless the company has incurred obligations or made payments on behalf of the group company to satisfy obligations of the group company. In such a situation, NIBC recognises a provision up to the extent of its obligation.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For a specification of the segment information, please see note 1 of the consolidated financial statements.

1 Net interest income

in EUR millions	2019	2018
Interest and similar income	1	1
Interest expense and similar charges	-	-
	1	**1**

2 Income from interests in group companies

in EUR millions	2019	2018
Income from interests in group companies	205	233
	205	**233**

3 Other operating expenses

in EUR millions	2019	2018
Other operating expenses	-	4
	-	**4**

4 Interests in group companies

in EUR millions	2019	2018
Interests in group companies	1,960	1,937
	1,960	**1,937**
The movement in investments in group companies:		
Balance at 1 January	**1,937**	**2,096**
Movement in revaluation and hedging reserve	(178)	(392)
Income from interests in group companies	201	233
Balance at 31 December	**1,960**	**1,937**

List of principal subsidiaries of NIBC Holding N.V.	
NIBC Bank N.V.	100%
NIBC Investments Management N.V.	100%
NIBC Investments N.V.	100%
Beequip B.V.	100%
Lendex Holding B.V.	100%

5 Other assets

in EUR millions	2019	2018
Other assets	-	-
Deferred tax asset (tax losses carried forward)	58	98
	58	**98**

The deferred tax asset is recognised to the extent that taxable profit will be available against which the temporary difference can be utilised.

Deferred tax was calculated on all temporary differences under the liability method using a nominal Dutch corporate income tax rate of 25,0% for the year 2019 (2018: 25.0%) as the basis and taking into consideration a reduction of this rate to 21.7% as of the year 2021 where relevant.

6 Due to group companies

in EUR millions	2019	2018
NIBC Bank N.V.	170	275
	170	**275**
The legal maturity analysis of due to group companies is as follows:		
Three months or less	170	275
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	170	**275**

7 Other liabilities

in EUR millions	2019	2018
Other liabilities	-	5
	-	**5**

8 Equity

The ordinary shares of NIBC Holding N.V. are listed on the Euronext stock exchange as of 23 March 2018.

New NIB Limited (60.6%) and Reggeborgh Invest B.V. (14.6%) are the legal holders of a 10% or more interest in the ordinary shares of NIBC Holding N.V.

in EUR millions	2019	2018
Equity attributable to the shareholder:		
Share capital	3	3
Share premium	1,287	1,286
Revaluation reserves		
Revaluation reserve - hedging instruments	16	20
Revaluation reserve - debt investments	3	(2)
Revaluation reserve - property	14	8
Revaluation reserve - own credit risk	87	96
Shares held by STAK	(15)	(15)
Share payment reserve	15	15
Retained profit	438	344
	1,848	**1,755**

Share capital

The share capital is fully paid-up.

	2019	2018	2019	2018
	Numbers x 1,000		in EUR millions	
Number of ordinary shares (with par value of EUR 0.02)	350,000	350,000	7	7
Number of preference shares (with par value of EUR 0.02)	350,000	350,000	7	7
Not issued share capital (ordinary and preference shares)	552,487	552,487	11	11
Issued share capital (ordinary shares)	**147,513**	**147,513**	**3**	**3**

Share premium

This reserve comprises the difference between the par value of NIBC shares and the total amount received for issued shares. The share premium reserve is credited for equity-related expenses and is also used for issued shares.

Revaluation reserves

Revaluation reserve - hedging revaluation

This reserve comprises the portion of the gains or losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge (net of tax).

Revaluation reserve - debt investments

This reserve comprises changes in fair value of debt investments at FVOCI (net of tax).

Revaluation reserve - property

This reserve comprises changes in fair value of land and buildings (net of tax).

Revaluation reserce - own credit risk

This reserve includes the cumulative changes in the fair value of the financial liabilities designated as at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss (net of tax).

Retained earnings including profit after tax for the year

Retained earnings reflect accumulated earnings less dividends paid to shareholders and transfers from share premium.

Dividend restrictions

NIBC and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the company's own funds over the sum of the paid-up capital, and reserves required by law. Additionally, certain Bank companies are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company.

Changes in share premium and revaluation reserves 2019

		Revaluation reserves						
in EUR millions	Share premium	Hedging instruments	Debt investments	Property in own use[1]	Own credit risk reserve	Shares held by STAK	Share payment reserve	Total
Balance at 1 January 2019	**1,286**	**20**	**(2)**	**8**	**96**	**(15)**	**15**	**1,408**
Net result on hedging instruments	-	(4)	-	-	-	-	-	(4)
Change of nominal value outstanding ordinary shares	-	-	-	-	-	-	-	-
Other	1	-	-	-	-	-	-	1
Revaluation/remeasurement (net of tax)	-	-	5	6	(9)	-	-	2
Total recognised directly through other comprehensive income in equity during the year	**1**	**(4)**	**5**	**6**	**(9)**	**-**	**-**	**(1)**
Balance at 31 December 2019	**1,287**	**16**	**3**	**14**	**87**	**(15)**	**15**	**1,407**

1 Voetnotee toevoegen

Changes in share premium and revaluation reserves 2018

		Revaluation reserves						
in EUR millions	Share premium	Hedging instruments	Debt investments	Property in own use	Own credit risk reserve	Shares held by STAK	Share payment reserve	Total
Balance at 1 January 2018	**1,138**	**30**	**3**	**8**	**52**	**(37)**	**37**	**1,231**
Net result on hedging instruments	-	(10)	-	-	-	-	-	(10)
Change of nominal value outstanding ordinary shares	145	-	-	-	-	-	-	145
Other	3	-	-	-	-	22	(22)	3
Revaluation/remeasurement (net of tax)	-	-	(5)	-	44	-	-	39
Total recognised directly through other comprehensive income in equity during the year	**148**	**(10)**	**(5)**	**-**	**44**	**22**	**(22)**	**177**
Balance at 31 December 2018	**1,286**	**20**	**(2)**	**8**	**96**	**(15)**	**15**	**1,408**

Information on NIBC's solvency ratios is included in the risk management section of this Annual Report.

Legal reserves
This concerns the reserve for unrealised fair value changes on certain non-listed trading assets, derivatives related to these non-listed trading assets, and on associates at fair value through profit or loss.

The total legal reserves at 31 December 2019 amount to EUR 35 million, comprises of EUR 34 million revaluation reserves (2018: EUR 29 million) and EUR 1 million legal reserves result participation (2018: EUR 1 million).

9 Remuneration of the Statutory Board members and Supervisory Board members

For the remuneration of the Statutory Board and Supervisory Board see notes 9 and 58 to the consolidated financial statements.

As at 31 December 2019 and 31 December 2018, no loans, advance payments or guarantees had been provided by the company to Statutory Board and Supervisory Board members.

10 Related parties

Details of related party transactions can be found in note 55 to the consolidated financial statements.

For services provided to NIBC Bank N.V. income earned in the years 2019 and 2018 amounted to nil.

11 Employee information

During the year 2019, the average number of employees calculated on a full time equivalent basis was nil (2018: nil).

12 Commitments not shown in the balance sheet

No guarantees within the meaning of Section 403 Book 2 of the Dutch Civil Code had been given on behalf of NIBC Holding N.V. to third parties.

13 Financial risk management

Please refer to notes 59 to 62 to the consolidated financial statements for NIBC's risk management policies.

14 Profit appropriation

in EUR millions	2019
Result available for distribution to holders of the company	206
	206
Final and interim distributions	114
Holders of capital securities	12
Transferred to retained earnings	80
	206

15 Subsequent events

On 25 February 2020 NIBC announced a final dividend with the full year results 2019 of EUR 0,53 per ordinary share.

Conditional agreement on public offer NIBC Holding N.V.

On 25 February 2020, NIBC Holding N.V. and The Blackstone Group International Partners LLP (together with its affiliates, as the context requires, "Blackstone") announced that an entity owned by Blackstone, have reached a conditional agreement on a recommended all-cash public offer for all issued and outstanding shares in the capital of NIBC Holding N.V., not held by J.C. Flowers & Co (JCF) and Reggeborgh Invest B.V. (Reggeborgh) at an offer price of EUR 9.85 (cum dividend) per share in cash.

The Offer is supported by NIBC's two largest shareholders, JCF and Reggeborgh, representing 60.6% and 14.7% of the Shares respectively and 75.3% in aggregate. Each has irrevocably agreed to sell their full shareholdings in NIBC in separate private transactions with the Offeror at fixed prices per Share (cum dividend) of EUR 8.93 per Share for JCF and EUR 9.65 per Share for Reggeborgh, conditional upon the Offer being declared unconditional. All prices are expressed cum dividend, including the

final dividend for the 2019 financial year. The Managing Board and Supervisory Board of NIBC unanimously and thereby fully support the transaction and recommend the offer for acceptance to the shareholders of NIBC subject to completion of the works council consultation procedure.

The Hague, 25 February 2020

Managing Board

Paulus de Wilt, *Chief Executive Officer and Chairman*
Herman Dijkhuizen, *Chief Financial Officer* and Vice-Chairman
Reinout van Riel, *Chief Risk Officer*

Supervisory Board

Mr. D.M. Sluimers, *Chairman*
Ms. A.G.Z. Kemna, *Vice-Chairman*
Mr. R.L. Carrión
Mr. M.J. Christner
Mr. J.C. Flowers
Mr J.J.M. Kremers
Ms. S.M. Zijderveld

OTHER INFORMATION

EY
Building a better working world

Independent auditor's report

To: the shareholders and Supervisory Board of NIBC Holding N.V.

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements for the year ended 2019 of NIBC Holding N.V. (hereafter NIBC or NIBC Holding N.V.), based in 's Gravenhage. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of NIBC Holding N.V. as at 31 December 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of NIBC Holding N.V. as at 31 December 2019, and of its result for 2019 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated balance sheet as at 31 December 2019
- The following statements for 2019: the consolidated income statement, the consolidated statements of comprehensive income, changes in shareholder's equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2019
- The company income statement 2019
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of NIBC Holding N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

Building a better working world

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Our understanding of the business

NIBC provides a broad range of financial services to retail and corporate clients. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks, and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€12 million (2018: €13 million)
Benchmark applied	5% of profit before taxation (2018: 5%)
Explanation	This benchmark is a generally accepted auditing practice and is widely used for listed entities. Based on our professional judgment regarding the common information needs of users of the financial statements, we believe that 5% of profit before taxation is an appropriate quantitative indicator of materiality.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 0.6 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Building a better working world

Our audit response related to fraud risks
In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal and compliance) and the Supervisory Board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud.

We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in the "Summary of significant accounting policies"-section the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Managing Board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern
In order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting, we consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

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Scope of the group audit

NIBC is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of NIBC Holding N.V. NIBC is structured in operating segments: Corporate client offering, Retail client offering and Treasury and Group Functions. Corporate client offering is focused on mid-sized companies and entrepreneurs in the Netherlands, Germany and the United Kingdom. Retail client savings products are offered in the Netherlands, Germany and Belgium, and mortgage loans are offered in the Netherlands.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We assigned a full scope to the banking activities in the Netherlands focusing of the four segments mentioned above which are managed centrally and audited by the group audit team. The component in Germany, focusing on the Corporate client offering, is audited by our German EY member firm. The component in the Netherlands, focusing on lease contracts for the Corporate client segment, is audited by an EY member firm. We have assigned a specific scope to both components. We sent detailed instructions to the component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to the group audit team. We have met the auditors and discussed the planning, risk assessment, procedures performed, findings and observations reported to us.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the banking industry. We included specialists in the areas of IT audit, forensics, treasury, tax, credit risk modelling and prudential reporting and have made use of our own experts in the areas of valuations of financial instruments and private equity.

General audit procedures

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter IFRS 9 adoption which was included in our last year's auditor's report, is not considered a key audit matter for this year as it related to a one off event.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimation uncertainty with respect to impairment allowances for loans	
Risk	At 31 December 2019, NIBC reported Loans (amortized cost) of € 7,164 million and a provision of € 152 million for expected credit losses. The timing and measurement of expected credit losses requires estimates and judgment in setting assumptions in respect of: ▸ Allocation of corporate loans to stages 1, 2 and 3; ▸ Accounting interpretations and modelling assumptions used to build the models to calculate the expected credit loss (ECL); ▸ Completeness and accuracy of data and inputs used to calculate the ECL; ▸ Inputs and assumptions used to estimate the impact of multiple macro-economic scenarios to calculate the ECL for stages 1 and 2; ▸ Measurement of individually assessed provisions, including the assessment of multiple recovery scenarios; ▸ Accuracy and adequacy of financial statement disclosures. Due to the significance of the corporate loan portfolio and the related estimation uncertainty of expected credit losses, we consider the measurement of the provision for expected credit losses as a key audit matter. Refer to the "Summary of significant accounting policies" section, the "Critical accounting estimates and judgments" section, note 24 "Loans (amortized cost)" and note 59 "Credit risk" to the financial statements.
Our audit approach	We tested the design and where plausible the operating effectiveness of key controls across the processes relevant to the ECL. This included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, individual provisions, journal entries and disclosures. We performed an overall assessment of the ECL provision levels by stage to determine if they are reasonable considering NIBC's portfolio, risk profile, credit risk management practices and macroeconomic environment. We considered trends in the economy and industries to which NIBC is exposed. We challenged the criteria used to allocate corporate loans to stage 1, 2, or 3 in accordance with IFRS 9. We tested loans in stage 1,2 and 3 and verified whether they were allocated to the appropriate stage.

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Estimation uncertainty with respect to impairment allowances for loans	
	With the support of our modelling specialists, we tested assumptions, inputs and formulas used in a sample of ECL models. This included the appropriateness of model design and formulas used and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models. Further, we assessed the selected macro-economic scenarios used with the support of our economic specialists. We examined a selection of loan exposures to assess the expected credit loss provision for stage 3 loans. We applied professional judgment in selecting those exposures for our detailed inspection, placing an emphasis on portfolios that are potentially more sensitive to developing economic and political trends such as leveraged finance, offshore energy and shipping. For selected loan exposures we recalculated individually assessed provisions and challenged the recovery scenarios and probability weights assigned. We assessed the completeness and accuracy of the disclosures for compliance with IFRS-EU.
Key observations	We are satisfied that expected credit loss provisions are reasonable and in compliance with IFRS 9. We concur with the related disclosures in the financial statements.
Reliability and continuity of the information technology and systems	
Risk	NIBC is highly dependent on its IT systems and IT infrastructure for the continuity of the operations. NIBC continuously invests to further improve its IT environment and IT systems. In particular, significant management attention was paid to outsourcing of various IT services to third parties. We therefore consider this as a key audit matter.
Our audit approach	As part of our audit procedures we have assessed the changes in the IT systems and IT infrastructure. We have tested the reliability and continuity of electronic data processing within the scope of the audit of the 2019 financial statements. For that purpose, we have included IT auditors in our team. Our procedures included testing of controls with regards to IT systems and processes relevant for financial reporting. A particular area of attention is related to logical access management, including access rights and segregation of duties. We evaluated the impact of changes during the year following the migration of applications to external service providers. We tested logical access rights to the extent relied upon for the audit of the consolidated financial statements. This resulted in the identification of certain control deficiencies with respect to access rights, change management processes and segregation of duties. We performed procedures over management's remediation activities and additional substantive audit procedures to mitigate the related audit risk.
Key observations	The combination of the tests of controls and the substantive tests performed provided sufficient appropriate evidence for the purposes of our audit.

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Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- At a Glance
- Key figures
- Letter from the CEO
- Report of the Managing Board
- Report of the Supervisory Board
- Corporate Governance
- Remuneration Report
- Risk Management
- In Control Report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Section 2:135b of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report (consisting of Report of the Managing Board, Corporate Governance chapter and the In Control Report) in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Section 2:135b of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of NIBC Holding N.V. on 10 April 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided the following services:

- Regulatory reporting: We issued auditor's reports and reports of factual findings following the audit of the prudential statements prepared by management on behalf of the Dutch Central Bank, consisting of Financial Reporting (FinRep), Common Reporting (CoRep), Interest rate risk reporting and on behalf of the Autoriteit Financiële Markten (AFM) consisting of Asset Segregation reporting.

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- Capital market transactions: We issued comfort letters and/or consent letters in relation to (updated) offering circulars, prospectuses and securities offerings or funding programs of NIBC.
- Service provider reports: We issued ISAE 3402 reports for Deposit Guarantee Scheme (DGS) provided by NIBC to the Dutch Central Bank.

Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.
In this respect we also submit an additional report to the Audit Committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 25 February 2020

Ernst & Young Accountants LLP

signed by N.Z.A. Ahmed-Karim

13.7 Independent auditor's report on the selected consolidated financial information

[*Attached separately*]

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Independent auditor's report on the selected consolidated financial information

To: the shareholders and Supervisory Board of NIBC Holding N.V.

Our opinion

The selected consolidated financial information for the years ended 31 December 2019, 2018 and 2017 of NIBC Holding N.V., based in The Hague, as included in the section 13 of this Offer Memorandum is derived from the audited consolidated financial statements of NIBC Holding N.V. for the years ended 31 December 2019, 2018 and 2017.

In our opinion, the selected consolidated financial information for the years ended 31 December 2019, 2018 and 2017 is consistent, in all material respects, with the audited consolidated financial statements for the years ended 31 December 2019, 2018 and 2017, on the basis described in section 13.1 "Basis for preparation" of this Offer Memorandum.

The selected consolidated financial information comprise summaries of the:

- consolidated balance sheets at 31 December 2019, 2018 and 2017;
- consolidated income statements for the years ended 31 December 2019, 2018 and 2017;
- consolidated cash flow statements for the years ended 31 December 2019, 2018 and 2017.

Summary financial statements

The selected consolidated financial information as included in section 13 of this Offer Memorandum does not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code. Reading the selected consolidated financial information and our independent auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements of NIBC Holding N.V. and our independent auditor's report thereon. The consolidated financial statements and the selected consolidated financial information, do not reflect the effects of events that occurred subsequent to the date of our independent auditor's reports on those financial statements of 25 February 2020, 26 February 2019 and 26 February 2018.

The audited financial statements and our independent auditor's report thereon

We expressed unqualified independent auditor's reports on the consolidated financial statements for the years ended 31 December 2019, 2018 and 2017 in our independent auditor's reports dated 25 February 2020, 26 February 2019 and 26 February 2018.

Responsibilities of the Managing Board and the Supervisory Board for the summary financial statements

The Managing Board is responsible for the preparation of the selected consolidated financial information for the years ended 31 December 2019, 2018 and 2017, on the basis as described in accordance with the criteria as set out in section 13.1 "Basis for preparation" of this Offer Memorandum.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibility

Our responsibility is to express an opinion on whether the selected consolidated financial information for the years ended 31 December 2019, 2018 and 2017 is consistent, in all material respects, with the audited consolidated financial statements for the years ended 31December 2019, 2018 and 2017 based on our procedures, which we conducted in accordance with Dutch law, including the Dutch Standard on Auditing 810 "Opdrachten om te rapporteren betreffende samengevatte financiële overzichten" *(Engagements to report on summary financial statements)*.

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Restriction of use

The selected consolidated financial information for the years ended 31 December 2019, 2018 and 2017 and our independent auditor's report thereon are intended solely for enclosure in this Offer Memorandum in connection with the recommended cash offer, within the meaning of article 5:76 of the Netherlands Financial Supervision Act *(Wet op het financieel toezicht)*, made by Flora Acquisition B.V. to all holders of issued and outstanding ordinary shares in the capital of NIBC Holding N.V. with a nominal value of €0.02 each to purchase for cash their shares.

Amsterdam, 7 August 2020

Ernst & Young Accountants LLP

/s/ N.Z.A. Ahmed-Karim

14. ARTICLES OF ASSOCIATION

[*To be included*]

Informal translation in the English language of the substance of the original notarial deed of amendment to the articles of association of NIBC Holding N.V. in the Dutch language. In this translation an attempt has been made to be as literal as possible, without jeopardising the overall continuity. Inevitably, differences may occur in the translation, and if so, the Dutch text will govern.

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF NIBC HOLDING N.V.

On [DATE] appeared before me, Maarten Jan Christiaan Arends, civil law notary (*notaris*) in Amsterdam, The Netherlands:

[NAME], in this matter with residence at the offices of Clifford Chance LLP, IJsbaanpad 2, 1076 CV Amsterdam, The Netherlands, born in [PLACE], [COUNTRY] on [DATE].

The person appearing has declared that the general meeting of **NIBC Holding N.V.**, a public company (*naamloze vennootschap*) incorporated under Dutch law, having its seat (*statutaire zetel*) in The Hague, The Netherlands and its office address at Carnegieplein 4, 2517 KJ The Hague, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 27282935, has resolved on [DATE] to amend and to completely renew the articles of association of the company as stated hereinafter as well as to authorise the person appearing to execute this deed of amendment to the articles of association of which resolutions appear from a photocopy of the shareholders' resolution attached to this deed (Schedule).

The person appearing has also declared that the articles of association of the company were last amended by deed on the twenty-ninth day of May two thousand eighteen executed before P.C. Cramer-De Jong, civil law notary in Amsterdam, The Netherlands.

In order to execute said resolution to amend the articles of association, the person appearing has declared to amend and to completely renew the articles of association as follows:

ARTICLES OF ASSOCIATION:

CHAPTER 1.

Article 1. Definitions and Construction.

1.1 In these Articles of Association, the following terms have the following meanings:

Business Plan means the business plan of the Group in the form agreed between (and so initialled by or on behalf of) the Offeror and the Company as at the date of

the Merger Protocol, as such may be amended by written agreement between them from time to time.

Company means the company the internal organisation of which is governed by these Articles of Association.

Euroclear Netherlands means Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., trading under the name Euroclear Nederland, being the central depositary as referred to in the Dutch Securities Giro Act.

Managing Board means the Managing Board of the Company.

External Auditor has the meaning ascribed to that term in Article 32.1.

General Meeting means the body of the Company consisting of those in whom as Shareholder or otherwise the voting rights on Shares are vested or a meeting of such persons (or their representatives) and other persons holding Meeting Rights.

Group means the Company, its subsidiaries as meant in Section 2:24a of the Dutch Civil Code, and the entities in which the Company directly or indirectly has a minority stake.

Group Company means the Company and its subsidiaries and **Group Company** means any of them.

Meeting Rights means the right to be invited to General Meetings and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with Article 12.1.

Member States means the states that are party to the Treaty on European Union and to the Treaty on the Functioning of the European Union.

Merger Protocol means the merger protocol entered into on [date] between the Offeror and the Company, as amended from time to time including the recitals, schedules and annexes thereto.

Offeror means Flora Acquisition B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under The laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) number 77434552.

Persons means a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other entity or organization.

Share means a share in the capital of the Company.

Shareholder means a holder of one or more Shares. This includes a person holding co-ownership rights with regard to Shares included in the Statutory Giro System.

Statutory Giro System means the giro system as referred to in the Dutch Securities Giro Act (*Wet giraal effectenverkeer*).

Subsidiary has the meaning referred to in Section 2:24a of the Dutch Civil Code.

Supervisory Board means the supervisory board of the Company.

Third Party means a Person other than a Group Company.

Transfer means, in relation to any equity securities, assets, liabilities, business or undertaking or any other right or interest, to: (a) assign, transfer, sell or otherwise dispose of it; or (b) direct (by way of renunciation or otherwise) or agree, whether or not subject to any condition precedent or subsequent, to do or for another Person to do any of the foregoing, and **Transferred** shall be construed accordingly.

Works Council has the meaning referred to in Article 29.3 or Article 30.4, depending on the context.

1.2 A message **in writing** means a message transmitted by letter, by telecopier, by e-mail or by any other means of electronic communication provided the relevant message or document is legible and reproducible, and the term **written** is to be construed accordingly.

1.3 The Managing Board, the Supervisory Board and the General Meeting each constitutes a distinct body of the Company.

1.4 References to **Articles** refer to articles which are part of these Articles of Association, except where expressly indicated otherwise.

1.5 Unless the context requires otherwise, words and expressions contained and not otherwise defined in these Articles of Association have the same meaning as in the Dutch Civil Code. References in these Articles of Association to the law are references to provisions of Dutch law as it reads from time to time.

CHAPTER 2. NAME, OFFICIAL SEAT AND OBJECTS.

Article 2. Name and Official Seat.

2.1 The Company's name is:

NIBC Holding N.V.

2.2 The official seat of the Company is in The Hague, the Netherlands.

2.3 The provisions as laid down in Sections 2:158 up to and including 2:162 and 2:164 of the Dutch Civil Code apply to the Company.

Article 3. Objects.

3.1 The objects of the Company are to participate in, to acquire any other interest in, to administer and to manage, to provide services to, to finance, to furnish guarantees in any manner for or to commit itself for the obligations of and to supervise enterprises which are active in the field of:

(a) the carrying on of a banking, insurance, securities, leasing, consumer or commercial finance or other financial services businesses (including investment banking, merchant banking, corporate finance, the furnishing of capital and other financing funds and information technology businesses or real estate businesses related to financial services) among others by granting credits, granting money loans and acting as an intermediary and whether or not in their own name – acting as an executive body in the provision of any funds by the Dutch government or by any other public bodies, intended for economic development;

(b) the furnishing of, the participating in and the restructuring and reissuing of risk capital (including also ordinary shares or preference shares and subordinated convertible loans), including also the participating in and administering of private equity funds, at their own expense or at the expense of third parties;

(c) capital management, including also capital management in the field of mortgage and banking credit portfolios, project financing and structured finance; and

(d) the giving of advice, the making of analyses and the conducting of market surveys and the provision of commercial services (including financial services for consumers) with regard to the above-mentioned fields.

3.2 The Company may take any action in relation to the objects mentioned in paragraph 1 of this Article, including but not limited to:

(a) to finance companies and other enterprises which are not active in the fields referred to in paragraph 1 of this Article above, to borrow, to lend and to raise funds, to participate in all types of financial transactions, including the issue of bonds, promissory notes or other securities or evidences of indebtedness, to invest in securities in the widest sense of the word, to grant guarantees, to bind the company and to grant security over its assets for the obligations of companies and other enterprises with which it forms a group and of third parties;

(b) to incorporate and to participate in any way whatsoever in, to manage, to supervise and to cooperate with companies and other enterprises, to acquire, to keep, to alienate or in any other manner to manage all sorts of participations and interests in other companies and other enterprises, to enter into joint ventures with other companies and enterprises;

(c) to acquire, to manage, to operate, to encumber and to alienate personal and real property and any right to or interest in personal and real property; and

(d) to obtain, to exploit and to alienate patents and other intellectual property rights, to acquire and to grant licences, sub-licences and similar rights of whatever name and description and if necessary, to protect rights derived from patents and other intellectual property rights, licences, sub-licences and similar rights against infringement by third parties.

3.3 In pursuing its objects, the Company shall also take into account the interests of the Group.

3.4 The Company is authorised to perform acts that are in accordance with the objects described in paragraph 1 of this Article, are related thereto in the broadest sense of the word or may be conducive thereto.

CHAPTER 3. SHARE CAPITAL AND SHARES.

Article 4. Authorised Capital and Shares.

4.1 The authorised capital of the Company amounts to seven million euro (EUR 7,000,000.00).

4.2 The authorised capital is divided into three hundred and fifty million (350,000,000) Shares, having a nominal value of two eurocent (EUR 0.02) each.

4.3 All Shares will be registered Shares. No share certificates will be issued.

Article 5. Register of Shareholders.

5.1 The Company must keep a register of shareholders. The register may consist of various parts which may be kept in different places and each may be kept in more than one copy and in more than one place as determined by the Managing Board.

5.2 Shares included in the Statutory Giro System will be registered in the name of Euroclear Netherlands or an intermediary (as referred to in the Dutch Securities Giro Act). Holders of Shares that are not included in the Statutory Giro System, as well as each usufructuary and each pledgee of such Shares, are obliged to furnish their names and addresses and further such information as the law prescribes or the Managing Board considers necessary to the Company in writing; these will be recorded in the register of shareholders. The Managing Board will supply anyone recorded in the register on request and free of charge with an extract from the register relating to his or her right to Shares.

5.3 The register will be kept up to date. The Managing Board will set rules with respect to the signing of registrations and entries in the register of shareholders.

5.4 Section 2:85 of the Dutch Civil Code applies to the register of shareholders.

Article 6. Resolution to Issue; Conditions of Issuance.

6.1 Shares may be issued pursuant to a resolution of the General Meeting. This competence concerns all non-issued Shares of the Company's authorised capital as applicable now or any time in the future, except insofar as the competence to issue Shares is vested in the Managing Board in accordance with Article 6.2 hereof.

6.2 Shares may be issued pursuant to a resolution of the Managing Board, if and insofar as that board is designated authorised to do so by the General Meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of Shares which may be issued pursuant to a resolution of the Managing Board. If so included in the resolution, a resolution of the General

Meeting to designate the Managing Board as a body of the Company authorised to issue Shares can only be withdrawn by the General Meeting.

6.3 A resolution of the Managing Board to issue Shares requires the approval of the Supervisory Board.

6.4 The foregoing provisions of this Article 6 apply by analogy to the granting of rights to subscribe for Shares, but do not apply to the issuance of Shares to a person exercising a right to subscribe for Shares previously granted.

6.5 The body of the Company resolving to issue Shares must determine the issue price and the other conditions of issuance.

Article 7. Pre-emptive Rights.

7.1 Upon the issuance of Shares, each holder of Shares will have pre-emptive rights in proportion to the aggregate nominal value of his or her Shares. A Shareholder will not have pre-emptive rights in respect of Shares issued against a non-cash contribution. Nor will the Shareholder have pre-emptive rights in respect of Shares issued to employees of the Company or of a group company *(groepsmaatschappij)*.

7.2 Prior to each individual issuance, the pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. However, with respect to an issuance of Shares pursuant to a resolution of the Managing Board, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Managing Board if and insofar as that board is designated authorised to do so by the General Meeting. The provisions of Articles 6.1, 6.2 and 6.4 apply by analogy.

7.3 If a proposal is made to the General Meeting to restrict or exclude pre-emptive rights, the reason for such proposal and the choice of the intended issue price must be set forth in the proposal in writing.

7.4 A resolution of the General Meeting to restrict or exclude pre-emptive rights or to designate the Managing Board as the body of the Company authorised to do so requires a majority of not less than two-thirds of the votes cast, if less than one-half of the Company's issued capital is represented at the meeting.

7.5 When rights are granted to subscribe for Shares, the Shareholders will have pre-emptive rights in respect thereof; the foregoing provisions of this Article 7 apply by analogy. Shareholders will have no pre-emptive rights in respect of Shares issued to a person exercising a right to subscribe for Shares previously granted.

Article 8. Payment on Shares.

8.1 Upon issuance of a Share, the full nominal value thereof must be paid-up, as well as the difference between the two amounts if the Share is subscribed for at a higher price, without prejudice to the provisions of Section 2:80 subsection 2 of the Dutch Civil Code.

8.2 Payment for a Share must be made in cash insofar as no contribution in any other form has been agreed on.

8.3 With respect to Shares issued pursuant to a resolution of the Managing Board, this board may, with the approval of the General Meeting, decide that the issuance takes place at the expense of the reserves of the Company.

8.4 The Managing Board is only authorised to enter into legal acts relating to non-cash contributions and the other legal acts referred to in Section 2:94 of the Dutch Civil Code with the prior approval of the General Meeting.

8.5 Payments for Shares and non-cash contributions are furthermore subject to the provisions of Sections 2:80, 2:80a, 2:80b and 2:94b of the Dutch Civil Code.

Article 9. Own Shares.

9.1 When issuing Shares, the Company may not subscribe for its own Shares.

9.2 The Company is entitled to acquire its own fully paid-up Shares, or depositary receipts for Shares, with due observance of the relevant statutory provisions.

9.3 Acquisition for valuable consideration is permitted only if the General Meeting has authorised the Managing Board to do so. Such authorisation will be valid for a period not exceeding eighteen months. The General Meeting must determine in the authorisation the number of Shares or depositary receipts for Shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. In addition, the approval of the Supervisory Board is required for any such acquisition.

9.4 Article 9.3 does not apply to Shares or depositary receipts for Shares which the Company acquires by universal succession in title.

9.5 No voting rights may be exercised in the General Meeting with respect to any Share held by the Company or by a Subsidiary, or any Share for which the Company or

a Subsidiary holds the depositary receipts. No distributions or other payments will be made on Shares which the Company holds in its own share capital.

9.6 The Managing Board is authorised to transfer Shares held by the Company or depositary receipts for Shares, but only subject to the approval of the General Meeting.

9.7 Own Shares and depositary receipts for Shares are furthermore subject to the provisions of Sections 2:89a, 2:95, 2:98, 2:98a, 2:98b, 2:98c, 2:98d and 2:118 of the Dutch Civil Code.

Article 10. Reduction of the Issued Capital.

10.1 The General Meeting may resolve to reduce the Company's issued capital:

(a) by cancellation of Shares; or

(b) by reducing the nominal value of Shares by amendment of the Articles of Association.

The Shares in respect of which such resolution is passed must be designated therein and provisions for the implementation of such resolution must be made therein.

10.2 A resolution to cancel Shares can only relate to Shares held by the Company itself or of which it holds the depositary receipts.

10.3 Reduction of the nominal value of the Shares without repayment and without release from the obligation to pay up the Shares shall take place proportionately on all Shares. The requirement of proportion may be deviated from with the consent of all Shareholders concerned.

10.4 Partial repayment on Shares or release from the obligation to make payments will only be possible for the purpose of execution of a resolution to reduce the nominal value of the Shares. Such repayment or release shall take place with regard to all Shares.

10.5 A reduction of the issued capital of the Company is furthermore subject to the provisions of Sections 2:99 and 2:100 of the Dutch Civil Code.

Article 11. Transfer of Shares.

11.1 The transfer of rights a Shareholder holds with regard to Shares included in the Statutory Giro System must take place in accordance with the provisions of the Dutch Securities Giro Act.

11.2 The transfer of Shares not included in the Statutory Giro System requires an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the written acknowledgement by the Company of the transfer. The acknowledgement must be made in the instrument or by a dated statement of acknowledgement on the instrument or on a copy or extract thereof and signed as a true copy by a civil law notary or the transferor. Official service of such instrument or such copy or extract on the Company is considered to have the same effect as an acknowledgement.

11.3 A transfer of Shares from the Statutory Giro System is subject to the restrictions of the Dutch Securities Giro Act and is further subject to approval of the General Meeting.

Article 12. Usufruct in Shares and Pledging of Shares; Depositary Receipts for Shares.

12.1 The provisions of Articles 11.1 and 11.2 apply by analogy to the creation or transfer of a right of usufruct in Shares. Whether the voting rights attached to the Shares on which a right of usufruct is created, are vested in the Shareholder or the usufructuary, is determined in accordance with Section 2:88 of the Dutch Civil Code. Shareholders, with or without voting rights, and the usufructuary with voting rights hold Meeting Rights. A usufructuary without voting rights does not hold Meeting Rights.

12.2 The provisions of Articles 11.1 and 11.2 also apply by analogy to the pledging of Shares. Shares may also be pledged as an undisclosed pledge: in such case, Section 3:239 of the Dutch Civil Code applies by analogy. No voting rights and/or Meeting Rights accrue to the pledgee of Shares.

12.3 Holders of depositary receipts for Shares are not entitled to Meeting Rights, unless the Company explicitly granted these rights by a resolution to that effect of the General Meeting.

CHAPTER 4. THE MANAGING BOARD.

Article 13. Managing Board Members.

13.1 The Managing Board will consist of one or more members.

13.2 The exact number of Managing Board members will be determined by the Supervisory Board after consultation with the Managing Board, taking into account Article 13.1.

13.3 The Supervisory Board may appoint a Chief Executive Officer (CEO), a Chief Financial Officer (CFO) and a Chief Risk Officer (CRO) of the Managing Board from among the Managing Board members and may also grant other titles to members of the Managing Board.

13.4 The Company must have a policy with respect to the remuneration of the Managing Board members. This policy is determined by the General Meeting. The remuneration policy will include at least the subjects described in Sections 2:383c through 2:283e of the Dutch Civil Code, to the extent these subjects concern the Managing Board.

13.5 The Supervisory Board will establish the remuneration and further conditions of employment for each Managing Board member with due observance of the aforementioned policy.

13.6 Managing Board members are entitled to an indemnity from the Company and appropriate insurance coverage, in accordance with the provisions of Article 28.

Article 14. (Re)appointment, Suspension and Removal of Managing Board Members.

14.1 Managing Board members will be (re)appointed by the Supervisory Board. The Supervisory Board must notify the General Meeting of an intended (re)appointment of a Managing Board member.

14.2 A Managing Board member may be removed by the Supervisory Board. The Supervisory Board may not remove a Managing Board member until the General Meeting has been consulted on the intended removal.

14.3 A Managing Board member may be suspended by the Supervisory Board at any time.

14.4 Any suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end.

Article 15. Duties, Decision-making Process and Allocation of Duties.

15.1 The Managing Board is entrusted with the management of the Company. In performing their duties, the Managing Board members must act in accordance with the interests of the Company and its business. The Managing Board must conduct itself in accordance with the instructions of the General Meeting in accordance with Dutch law where these relate to the areas of the financial, social and commercial policies to be pursued by the Company and the Group (specifically in relation to (i) reporting, information provision and communication, (ii) reorganization and exit, and (iii) compliance).

15.2 The members of the Managing Board must fulfil the requirements with regard to expertise and probity which are applicable due to the Financial Supervision Act *(Wet of het financieel toezicht)* to managing board members of financial institutions seated in the Netherlands.

15.3 At the meeting of the Managing Board, resolutions must be adopted by an absolute majority of the votes cast at the meeting. In the event of a tie in voting the chairperson of the Managing Board will have a decisive vote. The chairperson will inform the Supervisory Board if the chairperson exercises his or her decisive vote.

15.4 The Managing Board may establish rules regarding its decision-making process and working methods. In this context, the Managing Board may also determine the duties for which each Managing Board member is particularly responsible. The Supervisory Board may decide that such rules and allocation of duties be set forth in writing and that such rules and allocation of duties are subject to its approval.

15.5 The Managing Board may, without prejudice to its responsibilities, establish one or more committees, which will have the responsibilities specified by the Managing Board. The composition of any such committee will be determined by the Managing Board.

15.6 Managing Board resolutions at all times may be adopted in writing, provided the proposal concerned is submitted to all Managing Board members entitled to vote and none of them objects to this manner of adopting resolutions. Adoption of resolutions in writing will be effected by written statements from all Managing Board members in office. A Managing Board member who has a conflict of interest with respect to a proposal as referred to in Article 18, shall be disregarded for purposes of the preceding two sentences.

Article 16. Representation.

16.1 The Managing Board is authorised to represent the Company. Two Managing Board members acting jointly, one Managing Board member acting jointly with an officer with general power as referred to in Article 16.3, and two officers with general power as referred to in Article 16.3 are also authorised to represent the Company.

16.2 In all matters concerning the relationship of a Managing Board member and the Company, representative authority shall also vest in two or more members of the Supervisory Board acting jointly.

16.3 The Managing Board may appoint officers with general or limited power to represent the Company. Each officer will be authorised to represent the Company, subject to the restrictions imposed on such person. The title of the officers will be determined by the Managing Board.

Article 17. Approval of Managing Board Resolutions.

17.1 The Managing Board requires the approval of the General Meeting for resolutions entailing a significant change in the identity or character of the Company or its business, in any case concerning:

(a) the transfer of (nearly) the entire business of the Company to a third party;

(b) entering into or terminating a long term cooperation between the Company or a Subsidiary and another legal entity or company or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of fundamental importance for the Company;

(c) acquiring or disposing of a participation in the capital of a company if the value of such participation is at least one third of the sum of the assets of the Company according to its balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, its consolidated balance sheet and explanatory notes according to the last adopted annual accounts of the Company, by the Company or a Subsidiary.

17.2 In addition to article 17.1 the Managing Board requires the approval of the General Meeting for the following resolutions in respect of the Company and in respect of each other Group Company, unless the Designated Investor Non-Executives (as defined in the Merger Protocol) which are Supervisory Board members have agreed in writing to the respective proposal:

(a) a Transfer, merger, sale, divestment, demerger or reorganization of all or substantially all of the business or undertaking of a Group Company where the equity value of such Group Company exceeds twenty-five million euro (EUR 25,000,000.00), to a Third Party, whether by means of a sale, a legal merger (*juridische fusie*) or otherwise;

(b) the entry into or termination of any joint venture agreement, partnership or long term cooperation (*duurzame samenwerking*) of a Group Company provided that the equity value of such Group Company contributed to the agreement, partnership or cooperation exceeds twenty-five million euro (EUR 25,000,000.00), including (i) as a fully liable partner in a limited partnership (*commanditaire vennootschap*) (ii) a general or commercial partnership (*vennootschap onder firma*) and (iii) a partnership similar to (i) or (ii) as established under any laws other than the laws of The Netherlands;

(c) the acquisition by a Group Company (whether in one or a series of transactions) of any interest in the capital of another company or entity, with an aggregate equity value in excess of fifty million euro (EUR 50,000,000.00);

(d) save where included in the annual budget, entering into, terminating or making material amendments to any other type of contracts than those mentioned in any other paragraph hereof, where the contract results in annual cost or expenses exceeding five percent (5%) of the Group's consolidated total annual operating expenses in the most recent financial year;

(e) making a material change in the nature, scope, business or strategy of the enterprise of the Group;

(f) adopting and/or amending the Business Plan and annual budget (including a capital and funding plan) of the Group;

(g) filing for bankruptcy (*faillissement*) or moratorium of payments (*surséance van betaling*) of, or liquidate or dissolve, a Group Company;

(h) commencing or settling of a dispute, legal proceedings and/or arbitration in any jurisdiction which reasonably likely represents a value of more than twenty million euro (EUR 20,000,000.00), other than debt collection activities in the ordinary course of business of the Group;

(i) issuance of any new shares, creation of new classes of shares, any amendment, reduction, cancellation, repayment or return of capital of a Group Company, except among Group Companies;

(j) cooperation in the issue of depositary receipts for shares of a Group Company;

(k) the application for admission of shares of a Group Company to listing or trading on any market or exchange, including a regulated market or a multilateral trading facility as referred to in Section 1:1 of the Financial Supervision Act (*Wet of het financieel toezicht*) or a system similar to a regulated market or multilateral trading facility in a state that is not a Member State, or the application for cancellation of such listing or trading;

(l) the termination of the employment contracts of a number of employees of the Company, a Group Company, to the extent such number of employees represents more than fifteen percent (15%) of the total full-time equivalents of the Group, whether simultaneously or within a short period, as part of a programme or series of terminations or otherwise;

(m) entering into, materially amending, refinancing or restructuring any financing, debt or borrowing of any Group Company which is (a) not included in the annual budget or (b) in whole or part, is convertible into equity or includes share warrants, pledges or other securities over any shares in a Group Company;

(n) the creation, grant, issue, or agreement to create, grant, or issue any third party rights over any Group Company's assets, or guarantees or other form of surety, except in the ordinary course of business or by way of security for financings, debt and/or borrowings permitted by or pursuant to paragraph 12 of the Merger Protocol, or as included in the annual budget;

(o) any material changes with respect to accounting policies or procedures, except (i) as required by applicable law or by changes in applicable generally accepted accounting principles or (ii) as the Company or any Group Company, based upon the advice of its independent auditors after consultation with the Company or the relevant Group company (as the case may be), determines in good faith is advisable to conform to best accounting practices;

(p) amending the articles of association of the Company or NIBC Bank N.V.;

(q) changing the dividend policy of the Company;

(r) any distributions (including returns of capital and/or buybacks), in excess of the dividend policy of the Company;

(s) changing the remuneration policy of the Managing Board;

(t) entering into, terminating or amending contracts entered into between a Group Company on the one hand and any member of the Supervisory Board or Managing Board (or one of their connected persons) on the other hand, other than (i) their service contracts, (ii) in respect of products and services in the ordinary course of business of the Group Company, or (iii) in accordance with the Group Company's standard staff or employment policies.

17.3 Without prejudice to any other applicable provisions of the law or these Articles of Association, Managing Board resolutions with respect to any one or more of the following matters are subject to the approval of the Supervisory Board:

(a) issue and acquisition of Shares and debentures at the expense of the Company or of debentures at the expense of a limited partnership or general partnership in respect of which the Company is a partner with full liability;

(b) cooperation in the issuance of depositary receipts for Shares;

(c) the application for admission of the securities under (a) and (b) above to trading on a trading venue (*handelsplatform*) as referred to in Section 1:1 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* or a comparable trading venue from a state that is not a member state, or, as the case may be, the cancellation of such admission;

(d) entering into or termination of a long term cooperation of the Company or a dependent company *(afhankelijke maatschappij)* with another legal entity or company or, as a partner with full liability, in a limited partnership or general partnership if such cooperation or termination is of fundamental importance for the Company;

(e) participation by the Company or a dependent company *(afhankelijke maatschappij)* in the capital of another company if the value of such participation is at least one quarter of the amount of the issued capital plus reserves of the Company according to its balance sheet and explanatory notes, as well as significantly increasing or reducing such participation;

(f) investments requiring an amount equal to at least one quarter of the issued capital plus reserves of the Company according to its balance sheet and explanatory notes;

(g) proposal to amend these Articles of Association;

(h) proposal to dissolve the Company;

(i) petition for bankruptcy and a request for suspension of payments *(surseance van betaling)*;

(j) termination of the employment of a considerable number of employees of the Company or of a dependent company *(afhankelijke maatschappij)* simultaneously or within a short period of time;

(k) significant change in the employment conditions of a considerable number of the employees of the Company or of a dependent company *(afhankelijke maatschappij)*; and

(l) proposal to reduce the Company's issued capital.

17.4 After consultation with the Managing Board, the Supervisory Board is entitled to require other resolutions of the Managing Board to be subject to its approval. Such resolutions must be clearly specified and notified to the Managing Board in writing.

17.5 The absence of approval required pursuant to this Article 17 will not affect the authority of the Managing Board or its members to represent the Company.

Article 18. Conflicts of Interest.

18.1 A Managing Board member may not participate in deliberating or decision-making within the Managing Board, if with respect to the matter concerned he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If, as a result hereof, the Managing Board cannot make a decision, the Supervisory Board will resolve the matter.

18.2 The Management Board member who in connection with a (potential) conflict of interests does not exercise certain duties and powers will insofar be regarded as a Managing Board member who is unable to perform his or her duties (*belet*).

18.3 In the event of a conflict of interests as referred to in Article 18.1, the provisions of Article 16.1 will continue to apply unimpaired. In addition, the Supervisory Board may, ad hoc or otherwise, appoint one or more persons to represent the

Company in matters in which a (potential) conflict of interests exists between the Company and one or more Managing Board members.

Article 19. Vacancy or Inability to Act.

19.1 For each vacant seat on the Managing Board, the Supervisory Board can determine that it will be temporarily occupied by a person (a stand-in) designated by the Supervisory Board. Persons that can be designated as such include (without limitation) Supervisory Board members and former Managing Board members (irrespective of the reason why they are no longer Managing Board members).

19.2 If and as long as one or more seats on the Managing Board are vacant, the management of the Company will be temporarily entrusted to the person or persons who (whether as a stand-in or not) do occupy a seat in the Managing Board. If no seats are occupied, the Supervisory Board will be temporarily entrusted with the management of the Company. In the latter case, the Supervisory Board has the authority to temporarily entrust the management of the Company to one or more Supervisory Board members and/or one or more other persons.

19.3 When determining to which extent Managing Board members are present or represented, consent to a manner of adopting resolutions, or vote, stand-ins will be counted-in and no account will be taken of vacant seats for which no stand-in has been designated.

19.4 For the purpose of this Article 19, the seat of a Managing Board member who is unable to perform his or her duties (*belet*) will be treated as a vacant seat.

CHAPTER 5. THE SUPERVISORY BOARD.

Article 20. Supervisory Board Members.

20.1 The Company will have a Supervisory Board.

20.2 The number of Supervisory Board members will be determined by the Supervisory Board and will be at least three. If the number of Supervisory Board members in office is less than three, the Supervisory Board will take measures forthwith to increase the number of members, with due observance of the provisions of Article 21.

20.3 Only individuals may be Supervisory Board members.

20.4 The Supervisory Board must prepare a profile for its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the Supervisory Board members. The Supervisory Board will discuss the profile in the General Meeting of Shareholders and with the Works Council, for the first time at the occasion of adoption and subsequently at each amendment thereof. The profile will be made generally available and will be posted on the Company's website.

Supervisory Board members cannot be:

(a) persons in the service of the Company;

(b) persons in the service of a dependent company *(afhankelijke maatschappij)*;

(c) officials or persons in the service of a trade union which is usually involved in determining the terms of employment of the persons referred to under (a) and (b).

20.5 The remuneration of each Supervisory Board member will be determined by the General Meeting. The Supervisory Board members are entitled to an indemnity from the Company and appropriate insurance coverage, in accordance with the provisions of Article 28.

Article 21. (Re)appointment of Supervisory Board Members.

21.1 Notwithstanding the provision of Article 21.5, Supervisory Board members are (re)appointed by the General Meeting on a nomination of the Supervisory Board. The Supervisory Board must simultaneously inform the General Meeting and the Works Council of the nomination. The nomination will state the reasons on which it is based. Supervisory Board members shall be appointed for a maximum of four years.

21.2 The General Meeting and the Works Council may recommend candidates to the Supervisory Board to be nominated as Supervisory Board member. The Supervisory Board must inform them in time, when and why and in accordance with what profile a vacancy has to be filled in its midst. If the special right of recommendation referred to in Article 21.4 applies, the Supervisory Board will announce that as well.

21.3 A nomination or a recommendation as referred to in this Article 21 must state the candidate's age, his or her profession, the number of the Shares he or she holds and the positions he or she holds or has held, in so far as these are relevant for the

performance of the duties of a Supervisory Board member. Furthermore, the names of the legal entities of which he or she is already a Supervisory Board member must be indicated; if those include legal entities which belong to the same group, reference of that group will be sufficient. The recommendation and the nomination for appointment or re-appointment must be accounted for by giving reasons for it. In case of re-appointment, the performance in the past period of the candidate as a Supervisory Board member will be taken into account.

21.4 With regard to one third of the total number of Supervisory Board members rounded down, the Supervisory Board will put a person recommended by the Works Council on the nomination, unless the Supervisory Board objects to the recommendation taking into account Section 2:158 subsection 6 and 7 of the Dutch Civil Code.

21.5 The General Meeting can reject the nomination by an absolute majority of the votes cast, representing at least one third of the issued capital. If the General Meeting resolves by an absolute majority of the votes cast to reject the nomination but this majority does not represent at least one third of the issued capital, a new meeting can be convened where the nomination can be rejected by an absolute majority of the votes cast. The Supervisory Board will then prepare a new nomination. Articles 21.2 through 21.4 apply. If the General Meeting does not appoint the person nominated by the Supervisory Board and does not resolve to reject the nomination, the Supervisory Board will appoint the person nominated.

21.6 The making of a recommendation as referred to in Article 21.2 as well as the resolution to appoint or object, can be discussed and passed in one and the same General Meeting of Shareholders. The notice of that meeting states the vacancy and the opportunity for the General Meeting to make a recommendation and, in case no recommendation is made by the General Meeting, the name of the person nominated by the Supervisory Board. If the General Meeting does not make a recommendation, the person nominated can be appointed by the General Meeting.

21.7 If all seats on the Supervisory Board are vacant, other than pursuant to Article 22.5, the appointment will be made by the General Meeting in accordance with Section 2:159 Dutch Civil Code.

Article 22. Retirement, Suspension and Removal of Supervisory Board Members.

22.1 Supervisory Board members shall retire at the first General Meeting after expiry of their term of appointment.

22.2 The Supervisory Board members will retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. Any alteration to the rotation plan cannot require a Supervisory Board member to resign against his or her will before the term of his or her appointment has lapsed.

22.3 A Supervisory Board member can be suspended by the Supervisory Board; the suspension will lapse by law, if the Company has not submitted a petition as referred to in Article 22.4 to the Commercial Division within one month after commencement of the suspension.

22.4 The Commercial Division of the Amsterdam Court of Appeal may upon a request to that effect remove a Supervisory Board member for neglecting his or her duties, for other important reasons or for a fundamental change of circumstances on the basis of which the Company cannot reasonably be required to keep such person on as a Supervisory Board member. Section 2:161 subsection 2 of the Dutch Civil Code is applicable to such request.

22.5 The General Meeting can, by an absolute majority of the votes cast, representing at least one third of the issued capital, resolve that it has lost confidence *(het vertrouwen opzeggen)* in the entire Supervisory Board. Section 2:161a of the Dutch Civil Code is applicable to such loss of confidence.

Article 23. Duties and Powers.

23.1 It is the duty of the Supervisory Board to supervise the management of the Managing Board and the general course of affairs of the Company and the business connected with it. The Supervisory Board will assist the Managing Board by giving advice. In performing their duties, the Supervisory Board members must act in accordance with the interests of the Company and its business.

23.2 The members of the Supervisory Board must fulfil the requirements with regard to expertise and probity which are applicable due to the Financial Supervision Act *(Wet of het financieel toezicht)* to supervisory board members of financial institutions seated in the Netherlands.

23.3 The Managing Board will timely provide the Supervisory Board with the information necessary for the performance of the latter's duties.

23.4 At least once a year the Managing Board must provide the Supervisory Board with a written outline of the strategic policy, the general and financial risks and the Company's management and control system.

23.5 In the performance of its duties, the Supervisory Board may call upon the assistance of one or more experts to be appointed by it for a fee to be agreed upon by the Supervisory Board, which fee shall be chargeable to the Company.

23.6 The Supervisory Board may determine that one or more Supervisory Board members and/or experts have access to the offices and business premises of the Company and that these persons are authorised to inspect the books and records of the Company.

23.7 The Supervisory Board may establish rules regarding its decision-making process and its working methods, in addition to the relevant provisions of these Articles of Association.

Article 24. Chairperson, Vice-Chairperson and Secretary.

24.1 The Supervisory Board will elect a chairperson and one or more vice-chairpersons from among its members.

24.2 If the chairperson and all vice-chairpersons are absent or prevented from attending a meeting, one of the other Supervisory Board members, to be designated by the Supervisory Board, will act as chairperson.

24.3 The Supervisory Board will also appoint a secretary of the Supervisory Board, whether or not from among its members, and will make arrangements to regulate his or her replacement.

Article 25. Meetings; Decision-making Process.

25.1 The Supervisory Board will meet whenever a member of the Supervisory Board or the Managing Board deems it desirable. The chairperson or his or her substitute will preside over the meeting and minutes will be kept of the proceedings. Managing Board members will attend the meetings unless the Supervisory Board indicates otherwise.

25.2 At the meeting of the Supervisory Board, resolutions must be adopted by an absolute majority of the votes cast at the meeting.

25.3 A Supervisory Board member may not participate in deliberating or decision-making within the Supervisory Board, if with respect to the matter concerned he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. Article 18.2 applies by analogy. If all Supervisory Board members are conflicted as referred to in the preceding sentence,

then the matter can nevertheless be decided upon by the Supervisory Board, provided with the consent of all Supervisory Board members in office.

25.4 The Supervisory Board may adopt a resolution by written consent without a meeting, provided that the proposed resolution has been submitted to all Supervisory Board members entitled to vote, none of them opposes this manner of adopting a resolution and the majority of such members have voted in favour of the proposed resolution.

25.5 At the first meeting of the Supervisory Board, held after the members adopted a resolution without a meeting set forth in Article 25.6, the chairperson of that meeting will communicate the result of the voting.

25.6 A resolution of the Supervisory Board can be evidenced by a document setting forth such resolution and signed by the chairperson or, if the chairperson is absent or prevented from attending the meeting or if there is no chairperson, by one of the other Supervisory Board members.

Article 26. Committees.

26.1 The Supervisory Board may, without prejudice to its responsibilities, establish one or more committees, which will have the responsibilities specified by the Supervisory Board.

26.2 The Supervisory Board composes the committee(s) and appoints the committee members from among its members.

26.3 The General Meeting of Shareholders may grant additional compensation to the members of the committee(s) for their service on the committee(s).

Article 27. Vacancy or Inability to Act.

27.1 For each vacant seat on the Supervisory Board, the Supervisory Board can determine that it will be temporarily occupied by a person (a stand-in) designated by the Supervisory Board. Persons that can be designated as such include (without limitation) former Supervisory Board members (irrespective of the reason why they are no longer Supervisory Board members).

27.2 If and as long as all seats on the Supervisory Board are vacant and no seat is temporarily occupied, the Managing Board will decide to what extent and in which manner the duties and authorities of the Supervisory Board will temporarily be taken care of.

27.3 The provisions of Articles 19.2 first sentence and 19.3 apply by analogy.

Article 28. Indemnity and Insurance.

28.1 The Company shall, to the extent permissible by law, indemnify each member of the Managing Board and the Supervisory Board for liability and hold each member of the Managing Board and Supervisory Board harmless against claims with respect to acts or failures to act (i) in their capacity as a member of the Managing Board and the Supervisory Board and, if applicable, (ii) in their capacity as a member of any corporate body of a group company of the Company and, if applicable, (iii) in any other position such person holds at the request of or with the approval from the Company, all subject to customary limitations, among others, if a member of the Managing Board or the Supervisory Board:

(a) obtained any profit or advantage from the conduct in question to which he was not legally entitled; or

(b) committed any deliberate criminal, deliberate dishonest or deliberate fraudulent act, as determined by a final, irrevocable, adjudication or judgement by the relevant court in the same proceeding that involves the claim concerned or a written admission by the (former) member of such conduct.

28.2 The Company will arrange for liability insurance with a third party insurer.

28.3 The Managing Board is authorised to execute and implement Article 28.1 and Article 28.2 and shall decide on the conditions of the indemnification and liability insurance, if any.

CHAPTER 6. WORKS COUNCIL.

Article 29. Position adopted and Right to Explain.

29.1 The following proposals and nomination will not be put to the General Meeting of Shareholders unless the Works Council has been given the opportunity to, timely prior to the date of convocation of such general meeting as referred to in Section 2:114 of the Dutch Civil Code, adopt a certain position:

(a) a proposal to adopt or amend the remuneration policy as referred to in Article 13.4;

(b) a proposal to approve a resolution as referred to Article 17.1; and

(c) a proposal to appoint, suspend or remove a Managing Board member or a Supervisory Board member.

29.2 The chairperson or a member of the Works Council designated thereto by the chairperson, may explain the position of the Works Council as referred to in Article 29.1 at the General Meeting of Shareholders. The absence of such position does not affect the validity of the decision-making regarding the proposal.

29.3 For the purposes of Articles 29.1(a) and 29.1(b) **Works Council** also means the works council of the business of a Subsidiary, if the majority of the employees of the Company and its group companies are employed within the Netherlands. If there is more than one works council, the powers of these works councils will be exercised jointly. If a central works council has been instituted for the business or businesses involved, the powers of these works councils will accrue to such central works council. The powers of the works council referred to in Article 29.1 apply insofar as and to the extent prescribed by Sections 2:107a, 2:134a, 2:135 and 2:158 subsection 4 of the Dutch Civil Code.

Article 30. Works Council and Large Company Regime.

30.1 Notice of the meeting convocated as referred to in Article 21.6 may not be given unless it is certain:

(a) that the Works Council has either made a recommendation as referred to in Article 21.2, or - if applicable - Article 21.4, or has given notice that it does not wish to do so, or that a reasonable period of time, to be determined by the Supervisory Board, has lapsed in which to make a recommendation; and

(b) if the Works Council has made a recommendation as referred to in Article 21.4, that the Supervisory Board nominated the person recommended.

30.2 After preparation of the annual accounts, the Managing Board must send these to the Works Council.

30.3 An amendment of the Articles of Association following which, in accordance with Section 2:158 subsection 12 of the Dutch Civil Code, the Articles of Association deviate from the statutory provisions regarding appointment of Supervisory Board members, is subject to approval of the Works Council.

30.4 In relation to Articles 21, 29.1(c), 30.2 and 30.3 **Works Council** means the works council of the Company's business or of the business of a dependent company. If there is more than one works council, the powers of the works council under these

Articles of Association will be exercised by such works councils severally; however where it concerns a recommendation as referred to in Article 21.4, the powers of the works councils will be exercised by the works councils jointly. If a central works council has been instituted for the business or businesses involved, the powers of the works council under these Articles of Association will accrue to such central works council.

CHAPTER 7. ANNUAL ACCOUNTS; PROFITS AND DISTRIBUTIONS.

Article 31. Financial Year and Annual Accounts.

31.1 The Company's financial year is the calendar year.

31.2 Annually, not later than four months after the end of the financial year, the Managing Board must prepare annual accounts and deposit the same for inspection by the Shareholders and other persons holding Meeting Rights at the Company's office. Within the same period, the Managing Board must also deposit the report of the Managing Board for inspection by the Shareholders and other persons holding Meeting Rights.

31.3 The annual accounts must be signed by the Managing Board members and the Supervisory Board members. If the signature of one or more of them is missing, this will be stated and reasons for this omission will be given.

31.4 Annually, the Supervisory Board must prepare a report, which will be enclosed with the annual accounts and the report of the Managing Board.

31.5 The Company must ensure that the annual accounts, the report of the Managing Board, the report of the Supervisory Board and the information to be added by virtue of the law are kept at its office as of the day on which notice of the annual General Meeting of Shareholders is given. Shareholders and other persons holding Meeting Rights may inspect the documents at that place and obtain a copy free of charge.

31.6 The annual accounts, the report of the Managing Board and the information to be added by virtue of the law are furthermore subject to the provisions of Book 2, Title 9, of the Dutch Civil Code.

31.7 The language of the annual accounts and the report of the Managing Board will be English.

Article 32. External Auditor.

32.1 The General Meeting of Shareholders will commission an organisation in which certified public accountants cooperate, as referred to in Section 2:393 subsection 1 of the Dutch Civil Code (an **External Auditor**) to examine the annual accounts drawn up by the Managing Board in accordance with the provisions of Section 2:393 subsection 3 of the Dutch Civil Code.

32.2 The External Auditor is entitled to inspect all of the Company's books and documents and is prohibited from divulging anything shown or communicated to it regarding the Company's affairs except insofar as required to fulfil its mandate. Its fee is chargeable to the Company.

32.3 The External Auditor will present a report on its examination to the Supervisory Board and to the Managing Board. In this report it will address at a minimum its findings concerning the reliability and continuity of the automated data processing system.

32.4 The External Auditor will report on the results of its examination, in an auditor's statement, regarding the accuracy of the annual accounts.

32.5 The annual accounts cannot be adopted if the General Meeting has not been able to review the auditor's statement from the External Auditor, which statement must have been added to the annual accounts, unless the information to be added to the annual accounts states a legally valid reason why the statement has not been provided.

Article 33. Adoption of the Annual Accounts and Release from Liability.

33.1 The General Meeting will adopt the annual accounts.

33.2 At the General Meeting of Shareholders at which it is resolved to adopt the annual accounts, it may be separately proposed that the Managing Board members and the Supervisory Board members are released from liability for their respective duties, insofar as the exercise of such duties is reflected in the annual accounts or otherwise disclosed to the General Meeting prior to taking the proposed resolution relating to the release from liability.

Article 34. Profits and Distributions.

34.1 The profits shall be put at the disposal of the General Meeting. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

34.2 Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting.

34.3 Provided it appears from an interim statement of assets signed by the Managing Board that the requirement mentioned in Article 34.6 concerning the Company's equity has been fulfilled, the General Meeting may make one or more interim distributions to the holders of Shares.

34.4 The Managing Board may, with the approval of the General Meeting, decide that a distribution on Shares shall not take place as a cash payment but in kind, or as a payment in Shares, or decide that holders of Shares shall have the option to receive a distribution as a payment in cash or in kind and/or as a payment in Shares, out of the profit and/or at the expense of reserves, provided that the Managing Board is designated by the General Meeting pursuant to Article 6.2. With the approval of the General Meeting, the Managing Board shall determine the conditions applicable to the aforementioned choices.

34.5 The Company's policy on reserves and dividends shall be determined and may be amended by the Managing Board, subject to the approval of the General Meeting. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

34.6 Distributions may be made only insofar as the Company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

Article 35. Payment of and Entitlement to Distributions.

35.1 Dividends and other distributions will be made payable pursuant to a resolution of the General Meeting within four weeks after adoption, unless the General Meeting sets another date for payment.

35.2 A claim of a Shareholder for payment of a distribution shall be barred after five years have elapsed after the day of payment.

35.3 For all dividends and other distributions in respect of Shares included in the Statutory Giro System the Company will be discharged from all obligations towards the relevant Shareholders by placing those dividends or other distributions at the disposal of, or in accordance with the regulations of, Euroclear Netherlands.

CHAPTER 8. THE GENERAL MEETING.

Article 36. Annual and Extraordinary General Meetings of Shareholders.

36.1 Each year, though not later than in the month of June, a General Meeting of Shareholders will be held.

36.2 Other General Meetings of Shareholders will be held in accordance with article 37.1 or whenever the Supervisory Board or the Managing Board deems such to be necessary, without prejudice to the provisions of Sections 2:108a, 2:110, 2:111 and 2:112 of the Dutch Civil Code.

Article 37. Notice and Agenda of Meetings.

37.1 Notice of General Meetings of Shareholders will be given by the Supervisory Board or the Managing Board. Moreover a General Meeting of Shareholders shall be convened in case one or more holders of shares jointly representing at least one tenth (1/10) of the issued share capital have requested the Managing Board, thereby stating the topics to be discussed, to convene a General Meeting of Shareholders.

37.2 Notice of the meeting must be given with due observance of the statutory requirements.

37.3 The notice convening a General Meetings of Shareholders on a resolution to issue shares may be sent with a shorter notice period than provided by section 115, subsection 2, Book 2 of the Dutch Civil Code, provided that the conditions of imposing measures pursuant to section 1:75a of the Dutch Financial Supervision Act have been met, and the issue of shares is required to prevent the conditions for liquidation as referred to in section 3A:18, first subsection, of that act from being met. In the event that a general meeting is convened with due observance of the conditions in the preceding sentence, the record date within the meaning of article 41 paragraph 2 will be the second day following the convocation.

37.4 Further communications which must be made to the General Meeting pursuant to the law or these Articles of Association can be made by including such communications either in the notice, or in a document which is deposited at the Company's office for inspection, provided a reference thereto is made in the notice itself.

37.5 Shareholders and/or other persons holding Meeting Rights, who, alone or jointly, meet the requirements set forth in Section 2:114a subsection 1 of the Dutch Civil Code will have the right to request the Managing Board or the Supervisory Board to place items on the agenda of the General Meeting of Shareholders, provided the reasons for the request must be stated therein and the request must be received by

the chairperson of the Managing Board or the chairperson of the Supervisory Board in writing at least sixty (60) days before the date of the General Meeting of Shareholders.

37.6 The notice will be given in the manner stated in Article 43.

Article 38. Venue of Meetings.

General Meetings of Shareholders can be held in The Hague, Amsterdam, Rotterdam or Haarlemmermeer (including Schiphol Airport) at the choice of those who call the meeting.

Article 39. Chairperson of the Meeting.

39.1 The General Meetings of Shareholders will be presided over by the chairperson of the Supervisory Board or his or her replacement. However, the Supervisory Board may also appoint another chairperson to preside over the meeting. The chairperson of the meeting will have all powers necessary to ensure the proper and orderly functioning of the General Meeting of Shareholders.

39.2 If the chairpersonship of the meeting is not provided for in accordance with Article 39.1, the meeting will itself elect a chairperson, provided that so long as such election has not taken place, the chairpersonship will be held by a Managing Board member designated for that purpose by the Managing Board members present at the meeting.

Article 40. Minutes.

40.1 Minutes will be kept of the proceedings at the General Meeting of Shareholders by, or under supervision of, the Company secretary, which will be adopted by the chairperson and the secretary and will be signed by them as evidence thereof.

40.2 However, the chairperson may determine that notarial minutes will be prepared of the proceedings of the meeting. In that case the co-signature of the chairperson will be sufficient.

Article 41. Rights at Meetings and Admittance.

41.1 Each person holding Meeting Rights is authorised to attend, to speak at, and to the extent applicable, to exercise his or her voting rights in the General Meeting of Shareholders. They may be represented by a proxy holder authorised in writing.

41.2 For each General Meeting of Shareholders the statutory record date will be applied, in order to determine in which persons voting rights and Meeting Rights are vested.

The record date and the manner in which persons holding Meeting Rights can register and exercise their rights will be set out in the notice convening the meeting.

41.3 A person holding Meeting Rights or his or her proxy will only be admitted to the meeting if he or she has notified the Company of his or her intention to attend the meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his or her mandate.

41.4 The Managing Board is authorised to determine that the Meeting Rights and voting rights can be exercised by using an electronic means of communication. If so decided, it will be required that each person holding Meeting Rights, or his or her proxy holder, can be identified through the electronic means of communication, directly follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Managing Board may also determine that the electronic means of communication used must allow each person holding Meeting Rights or his or her proxy holder to participate in the discussions.

41.5 The Managing Board may determine further conditions to the use of electronic means of communication as referred to in Article 41.4, provided such conditions are reasonable and necessary for the identification of persons holding Meeting Rights and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairperson of the meeting to take such action as he or she deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons holding Meeting Rights using the same.

41.6 The Company secretary will arrange for the keeping of an attendance list in respect of each General Meeting of Shareholders. The attendance list will contain in respect of each person with voting rights present or represented: his or her name, the number of votes that can be exercised by such person and, if applicable, the name of his or her representative. The attendance list will furthermore contain the aforementioned information in respect of persons with voting rights who participate in the meeting in accordance with Article 41.4 or who have cast their votes in the manner referred to in Article 42.3. The chairperson of the meeting can decide that also the name and other information about other people present will be recorded in the attendance list. The Company is authorised to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons holding Meeting Rights and, where applicable, the identity and authority of representatives.

41.7 The Supervisory Board members and Managing Board members will have the right to attend the General Meeting of Shareholders in person and to address the meeting. They will have the right to give advice in the meeting. Also, the External Auditor of the Company is authorised to attend and address the General Meeting of Shareholders.

41.8 The chairperson of the meeting will decide upon the admittance to the meeting of persons other than those aforementioned in this Article 41, without prejudice to the provisions of Article 29.2.

41.9 The chairperson may decide to hold the meeting in English.

Article 42. Adoption of Resolutions and Voting Power.

42.1 Each Share confers the right to cast one vote.

42.2 At the General Meeting of Shareholders, all resolutions must be adopted by an absolute majority of the valid votes cast, except in those cases in which the law or these Articles of Association require a greater majority. If there is a tie in voting, the proposal will thus be rejected.

42.3 The Managing Board may determine that votes cast prior to the General Meeting of Shareholders by electronic means of communication or by mail, are equated with votes cast at the time of the General Meeting. Such votes may not be cast before the record date referred to in Article 41.2. The notice convening the General Meeting of Shareholders must state how Shareholders may exercise their rights prior to the meeting.

42.4 Blank and invalid votes will be regarded as not having been cast.

42.5 The chairperson of the meeting will decide whether and to what extent votes are cast orally, in writing, electronically or by acclamation.

42.6 When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or what portion of the Company's issued capital is represented, no account will be taken of Shares for which no votes can be cast by law.

Article 43. Notices and Announcements.

43.1 Notice of General Meetings of Shareholders will be given in accordance with the requirements of law and the requirements of regulation applicable to the Company

pursuant to the listing of its Shares on the stock exchange of Euronext Amsterdam N.V.

43.2 The Managing Board may determine that Shareholders and other persons holding Meeting Rights will be given notice of meetings exclusively by announcement on the website of the Company and/or through other means of electronic public announcement, to the extent in accordance with Article 43.1.

43.3 Shareholders and other persons holding Meeting Rights may also be given notice in writing. Barring proof to the contrary, the provision of an electronic mail address by a person holding Meeting Rights to the Company will constitute evidence of that Shareholder's consent to the sending of notices electronically.

43.4 The provisions of Articles 43.1, 43.2 and 43.3 apply by analogy to other announcements, notices and notifications to Shareholders and other persons holding Meeting Rights.

CHAPTER 9. AMENDMENT OF THE ARTICLES OF ASSOCIATION AND DISSOLUTION.

Article 44. Amendment of Articles of Association.

44.1 The General Meeting may pass a resolution to amend the Articles of Association, with an absolute majority of the votes cast. Such proposed amendment to the Articles of Association must be stated in the notice of the General Meeting of Shareholders. [The resolution to amend the Articles of Association will not be adopted if the regulator has expressed objections to the proposed amendment to the Articles of Association.]

44.2 In the event of a proposal to the General Meeting of Shareholders to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will at the same time of the proposal be deposited at the Company's office, for inspection by Shareholders and other persons holding Meeting Rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to Shareholders and other persons holding Meeting Rights from the day it was deposited until the day of the meeting.

Article 45. Dissolution and Liquidation.

45.1 The Company may be dissolved pursuant to a resolution to that effect by the General Meeting. The provisions of Article 44.1 apply by analogy. When a

proposal to dissolve the Company is to be made to the General Meeting, this must be stated in the notice convening the General Meeting.

45.2 In the event of the dissolution of the Company by resolution of the General Meeting, the Managing Board members will be charged with effecting the liquidation of the Company's affairs, and the Supervisory Board members will be charged with the supervision thereof without prejudice to the provisions of Section 2:23 subsection 2 of the Dutch Civil Code.

45.3 During liquidation, the provisions of these Articles of Association will remain in force to the extent possible.

45.4 The balance of the Company's assets after payment of all debts and the costs of the liquidation shall be paid to the holders of Shares. All distributions shall be made in proportion to the number of Shares held by each Shareholder.

45.5 After liquidation, the Company's books and documents shall remain in the possession of the person designated for this purpose by the liquidators of the Company for the period prescribed by law.

45.6 The liquidation is otherwise subject to the provisions of Title 1, Book 2 of the Dutch Civil Code.

FINAL STATEMENTS

Finally, the person appearing made the statement that immediately prior to the execution of this deed of amendment, the issued capital of the company amounts to two million nine hundred fifty thousand two hundred sixty-seven euro and thirty-eight eurocent (EUR 2,950,267.38), divided into one hundred forty-seven million five hundred thirteen thousand three hundred sixty-nine (147,513,369) shares of two eurocent (EUR 0.02) each.

THIS DEED, was executed in Amsterdam on the date first above written.

The person appearing is known to me, civil law notary.

The essential contents of this deed were communicated and explained to the person appearing. The person appearing then declared to have noted and approved the contents and did not want a full reading thereof. Thereupon, after limited reading, this deed was signed by the person appearing and by me, civil law notary.

Informal translation in the English language of the substance of the original notarial deed of amendment to the articles of association of NIBC Holding N.V. in the Dutch language. In this translation an attempt has been made to be as literal as possible, without jeopardising the overall continuity. Inevitably, differences may occur in the translation, and if so, the Dutch text will govern.

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF NIBC HOLDING N.V.

On [DATE] appeared before me, Maarten Jan Christiaan Arends, civil law notary (*notaris*) in Amsterdam, The Netherlands:

[NAME], in this matter with residence at the offices of Clifford Chance LLP, IJsbaanpad 2, 1076 CV Amsterdam, The Netherlands, born in [PLACE], [COUNTRY] on [DATE].

The person appearing has declared that the general meeting of **NIBC Holding N.V.**, a public company (*naamloze vennootschap*) incorporated under Dutch law, having its seat (*statutaire zetel*) in The Hague, The Netherlands and its office address at Carnegieplein 4, 2517 KJ The Hague, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 27282935, has resolved on [DATE] to amend and to completely renew the articles of association of the company as stated hereinafter as well as to authorise the person appearing to execute this deed of amendment to the articles of association of which resolutions appear from a photocopy of the shareholders' resolution attached to this deed (Schedule).

The person appearing has also declared that the articles of association of the company were last amended by deed on the [_] day of [_] executed before [a deputy of] me, civil law notary / the aforementioned civil law notary M.J.C. Arends.

In order to execute said resolution to amend the articles of association, the person appearing has declared to amend and to completely renew the articles of association as follows:

ARTICLES OF ASSOCIATION:

CHAPTER 1.

Article 1. Definitions and Construction.

1.1 In these Articles of Association, the following terms have the following meanings:

Business Plan means the business plan of the Group in the form agreed between (and so initialled by or on behalf of) the Offeror and the Company as at the date of

the Merger Protocol, as such may be amended by written agreement between them from time to time.

Company means the company the internal organisation of which is governed by these Articles of Association.

Managing Board means the Managing Board of the Company.

External Auditor has the meaning ascribed to that term in Article 32.1.

General Meeting means the body of the Company consisting of those in whom as Shareholder or otherwise the voting rights on Shares are vested or a meeting of such persons (or their representatives) and other persons holding Meeting Rights.

Group means the Company, its subsidiaries as meant in Section 2:24a of the Dutch Civil Code, and the entities in which the Company directly or indirectly has a minority stake.

Group Company means the Company and its subsidiaries and **Group Company** means any of them.

Meeting Rights means the right to be invited to General Meetings and to speak at such meetings, as a Shareholder or as a person to whom these rights have been attributed in accordance with Article 12.1.

Member States means the states that are party to the Treaty on European Union and to the Treaty on the Functioning of the European Union.

Merger Protocol means the merger protocol entered into on [date] between the Offeror and the Company, as amended from time to time including the recitals, schedules and annexes thereto.

Offeror means Flora Acquisition B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under The laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) number 77434552.

Persons means a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other entity or organization.

Share means a share in the capital of the Company.

Shareholder means a holder of one or more Shares.

Subsidiary has the meaning referred to in Section 2:24a of the Dutch Civil Code.

Supervisory Board means the supervisory board of the Company.

Third Party means a Person other than a Group Company.

Transfer means, in relation to any equity securities, assets, liabilities, business or undertaking or any other right or interest, to: (a) assign, transfer, sell or otherwise dispose of it; or (b) direct (by way of renunciation or otherwise) or agree, whether or not subject to any condition precedent or subsequent, to do or for another Person to do any of the foregoing, and **Transferred** shall be construed accordingly.

Works Council has the meaning referred to in Article 29.3 or Article 30.4, depending on the context.

1.2 A message **in writing** means a message transmitted by letter, by telecopier, by e-mail or by any other means of electronic communication provided the relevant message or document is legible and reproducible, and the term **written** is to be construed accordingly.

1.3 The Managing Board, the Supervisory Board and the General Meeting each constitutes a distinct body of the Company.

1.4 References to **Articles** refer to articles which are part of these Articles of Association, except where expressly indicated otherwise.

1.5 Unless the context requires otherwise, words and expressions contained and not otherwise defined in these Articles of Association have the same meaning as in the Dutch Civil Code. References in these Articles of Association to the law are references to provisions of Dutch law as it reads from time to time.

CHAPTER 2. NAME, OFFICIAL SEAT AND OBJECTS.

Article 2. Name and Official Seat.

2.1 The Company's name is:

NIBC Holding N.V.

2.2 The official seat of the Company is in The Hague, the Netherlands.

2.3 The provisions as laid down in Sections 2:158 up to and including 2:162 and 2:164 of the Dutch Civil Code apply to the Company.

Article 3. Objects.

3.1 The objects of the Company are to participate in, to acquire any other interest in, to administer and to manage, to provide services to, to finance, to furnish guarantees in any manner for or to commit itself for the obligations of and to supervise enterprises which are active in the field of:

(a) the carrying on of a banking, insurance, securities, leasing, consumer or commercial finance or other financial services businesses (including investment banking, merchant banking, corporate finance, the furnishing of capital and other financing funds and information technology businesses or real estate businesses related to financial services) among others by granting credits, granting money loans and acting as an intermediary and whether or not in their own name – acting as an executive body in the provision of any funds by the Dutch government or by any other public bodies, intended for economic development;

(b) the furnishing of, the participating in and the restructuring and reissuing of risk capital (including also ordinary shares or preference shares and subordinated convertible loans), including also the participating in and administering of private equity funds, at their own expense or at the expense of third parties;

(c) capital management, including also capital management in the field of mortgage and banking credit portfolios, project financing and structured finance; and

(d) the giving of advice, the making of analyses and the conducting of market surveys and the provision of commercial services (including financial services for consumers) with regard to the above-mentioned fields.

3.2 The Company may take any action in relation to the objects mentioned in paragraph 1 of this Article, including but not limited to:

(a) to finance companies and other enterprises which are not active in the fields referred to in paragraph 1 of this Article above, to borrow, to lend and to raise funds, to participate in all types of financial transactions, including the issue of bonds, promissory notes or other securities or evidences of indebtedness, to invest in securities in the widest sense of the word, to grant

guarantees, to bind the company and to grant security over its assets for the obligations of companies and other enterprises with which it forms a group and of third parties;

(b) to incorporate and to participate in any way whatsoever in, to manage, to supervise and to cooperate with companies and other enterprises, to acquire, to keep, to alienate or in any other manner to manage all sorts of participations and interests in other companies and other enterprises, to enter into joint ventures with other companies and enterprises;

(c) to acquire, to manage, to operate, to encumber and to alienate personal and real property and any right to or interest in personal and real property; and

(d) to obtain, to exploit and to alienate patents and other intellectual property rights, to acquire and to grant licences, sub-licences and similar rights of whatever name and description and if necessary, to protect rights derived from patents and other intellectual property rights, licences, sub-licences and similar rights against infringement by third parties.

3.3 In pursuing its objects, the Company shall also take into account the interests of the Group.

3.4 The Company is authorised to perform acts that are in accordance with the objects described in paragraph 1 of this Article, are related thereto in the broadest sense of the word or may be conducive thereto.

CHAPTER 3. SHARE CAPITAL AND SHARES.

Article 4. Authorised Capital and Shares.

4.1 The authorised capital of the Company amounts to seven million euro (EUR 7,000,000.00).

4.2 The authorised capital is divided into three hundred and fifty million (350,000,000) Shares, having a nominal value of two eurocent (EUR 0.02) each.

4.3 All Shares will be registered Shares. No share certificates will be issued.

Article 5. Register of Shareholders.

5.1 The Company must keep a register of shareholders. The register may consist of various parts which may be kept in different places and each may be kept in more than one copy and in more than one place as determined by the Managing Board.

5.2 Holders of Shares as well as each usufructuary and each pledgee of such Shares, are obliged to furnish their names and addresses and further such information as the law prescribes or the Managing Board considers necessary to the Company in writing; these will be recorded in the register of shareholders. The Managing Board will supply anyone recorded in the register on request and free of charge with an extract from the register relating to his or her right to Shares.

5.3 The register will be kept up to date. The Managing Board will set rules with respect to the signing of registrations and entries in the register of shareholders.

5.4 Section 2:85 of the Dutch Civil Code applies to the register of shareholders.

Article 6. Resolution to Issue; Conditions of Issuance.

6.1 Shares may be issued pursuant to a resolution of the General Meeting. This competence concerns all non-issued Shares of the Company's authorised capital as applicable now or any time in the future, except insofar as the competence to issue Shares is vested in the Managing Board in accordance with Article 6.2 hereof.

6.2 Shares may be issued pursuant to a resolution of the Managing Board, if and insofar as that board is designated authorised to do so by the General Meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of Shares which may be issued pursuant to a resolution of the Managing Board. If so included in the resolution, a resolution of the General Meeting to designate the Managing Board as a body of the Company authorised to issue Shares can only be withdrawn by the General Meeting.

6.3 A resolution of the Managing Board to issue Shares requires the approval of the Supervisory Board.

6.4 The foregoing provisions of this Article 6 apply by analogy to the granting of rights to subscribe for Shares, but do not apply to the issuance of Shares to a person exercising a right to subscribe for Shares previously granted.

6.5 The body of the Company resolving to issue Shares must determine the issue price and the other conditions of issuance.

Article 7. Pre-emptive Rights.

7.1 Upon the issuance of Shares, each holder of Shares will have pre-emptive rights in proportion to the aggregate nominal value of his or her Shares. A Shareholder will

not have pre-emptive rights in respect of Shares issued against a non-cash contribution. Nor will the Shareholder have pre-emptive rights in respect of Shares issued to employees of the Company or of a group company *(groepsmaatschappij)*.

7.2 Prior to each individual issuance, the pre-emptive rights may be restricted or excluded by a resolution of the General Meeting. However, with respect to an issuance of Shares pursuant to a resolution of the Managing Board, the pre-emptive rights can be restricted or excluded pursuant to a resolution of the Managing Board if and insofar as that board is designated authorised to do so by the General Meeting. The provisions of Articles 6.1, 6.2 and 6.4 apply by analogy.

7.3 If a proposal is made to the General Meeting to restrict or exclude pre-emptive rights, the reason for such proposal and the choice of the intended issue price must be set forth in the proposal in writing.

7.4 A resolution of the General Meeting to restrict or exclude pre-emptive rights or to designate the Managing Board as the body of the Company authorised to do so requires a majority of not less than two-thirds of the votes cast, if less than one-half of the Company's issued capital is represented at the meeting.

7.5 When rights are granted to subscribe for Shares, the Shareholders will have pre-emptive rights in respect thereof; the foregoing provisions of this Article 7 apply by analogy. Shareholders will have no pre-emptive rights in respect of Shares issued to a person exercising a right to subscribe for Shares previously granted.

Article 8. Payment on Shares.

8.1 Upon issuance of a Share, the full nominal value thereof must be paid-up, as well as the difference between the two amounts if the Share is subscribed for at a higher price, without prejudice to the provisions of Section 2:80 subsection 2 of the Dutch Civil Code.

8.2 Payment for a Share must be made in cash insofar as no contribution in any other form has been agreed on.

8.3 With respect to Shares issued pursuant to a resolution of the Managing Board, this board may, with the approval of the General Meeting, decide that the issuance takes place at the expense of the reserves of the Company.

8.4 The Managing Board is only authorised to enter into legal acts relating to non-cash contributions and the other legal acts referred to in Section 2:94 of the Dutch Civil Code with the prior approval of the General Meeting.

8.5 Payments for Shares and non-cash contributions are furthermore subject to the provisions of Sections 2:80, 2:80a, 2:80b and 2:94b of the Dutch Civil Code.

Article 9. Own Shares.

9.1 When issuing Shares, the Company may not subscribe for its own Shares.

9.2 The Company is entitled to acquire its own fully paid-up Shares, or depositary receipts for Shares, with due observance of the relevant statutory provisions.

9.3 Acquisition for valuable consideration is permitted only if the General Meeting has authorised the Managing Board to do so. Such authorisation will be valid for a period not exceeding eighteen months. The General Meeting must determine in the authorisation the number of Shares or depositary receipts for Shares which may be acquired, the manner in which they may be acquired and the limits within which the price must be set. In addition, the approval of the Supervisory Board is required for any such acquisition.

9.4 Article 9.3 does not apply to Shares or depositary receipts for Shares which the Company acquires by universal succession in title.

9.5 No voting rights may be exercised in the General Meeting with respect to any Share held by the Company or by a Subsidiary, or any Share for which the Company or a Subsidiary holds the depositary receipts. No distributions or other payments will be made on Shares which the Company holds in its own share capital.

9.6 The Managing Board is authorised to transfer Shares held by the Company or depositary receipts for Shares, but only subject to the approval of the General Meeting.

9.7 Own Shares and depositary receipts for Shares are furthermore subject to the provisions of Sections 2:89a, 2:95, 2:98, 2:98a, 2:98b, 2:98c, 2:98d and 2:118 of the Dutch Civil Code.

Article 10. Reduction of the Issued Capital.

10.1 The General Meeting may resolve to reduce the Company's issued capital:

(a) by cancellation of Shares; or

(b) by reducing the nominal value of Shares by amendment of the Articles of Association.

The Shares in respect of which such resolution is passed must be designated therein and provisions for the implementation of such resolution must be made therein.

10.2 A resolution to cancel Shares can only relate to Shares held by the Company itself or of which it holds the depositary receipts.

10.3 Reduction of the nominal value of the Shares without repayment and without release from the obligation to pay up the Shares shall take place proportionately on all Shares. The requirement of proportion may be deviated from with the consent of all Shareholders concerned.

10.4 Partial repayment on Shares or release from the obligation to make payments will only be possible for the purpose of execution of a resolution to reduce the nominal value of the Shares. Such repayment or release shall take place with regard to all Shares.

10.5 A reduction of the issued capital of the Company is furthermore subject to the provisions of Sections 2:99 and 2:100 of the Dutch Civil Code.

Article 11. Transfer of Shares.

The transfer of Shares requires an instrument intended for such purpose and, save when the Company itself is a party to such legal act, the written acknowledgement by the Company of the transfer. The acknowledgement must be made in the instrument or by a dated statement of acknowledgement on the instrument or on a copy or extract thereof and signed as a true copy by a civil law notary or the transferor. Official service of such instrument or such copy or extract on the Company is considered to have the same effect as an acknowledgement.

Article 12. Usufruct in Shares and Pledging of Shares; Depositary Receipts for Shares.

12.1 The provisions of Article 11 apply by analogy to the creation or transfer of a right of usufruct in Shares. Whether the voting rights attached to the Shares on which a right of usufruct is created, are vested in the Shareholder or the usufructuary, is determined in accordance with Section 2:88 of the Dutch Civil Code. Shareholders, with or without voting rights, and the usufructuary with voting rights hold Meeting Rights. A usufructuary without voting rights does not hold Meeting Rights.

12.2 The provisions of Article 11 also apply by analogy to the pledging of Shares. Shares may also be pledged as an undisclosed pledge: in such case, Section 3:239 of the

Dutch Civil Code applies by analogy. No voting rights and/or Meeting Rights accrue to the pledgee of Shares.

12.3 Holders of depositary receipts for Shares are not entitled to Meeting Rights, unless the Company explicitly granted these rights by a resolution to that effect of the General Meeting.

CHAPTER 4. THE MANAGING BOARD.

Article 13. Managing Board Members.

13.1 The Managing Board will consist of one or more members.

13.2 The exact number of Managing Board members will be determined by the Supervisory Board after consultation with the Managing Board, taking into account Article 13.1.

13.3 The Supervisory Board may appoint a Chief Executive Officer (CEO), a Chief Financial Officer (CFO) and a Chief Risk Officer (CRO) of the Managing Board from among the Managing Board members and may also grant other titles to members of the Managing Board.

13.4 The Company must have a policy with respect to the remuneration of the Managing Board members. This policy is determined by the General Meeting. The remuneration policy will include at least the subjects described in Sections 2:383c through 2:283e of the Dutch Civil Code, to the extent these subjects concern the Managing Board.

13.5 The Supervisory Board will establish the remuneration and further conditions of employment for each Managing Board member with due observance of the aforementioned policy.

13.6 Managing Board members are entitled to an indemnity from the Company and appropriate insurance coverage, in accordance with the provisions of Article 28.

Article 14. (Re)appointment, Suspension and Removal of Managing Board Members.

14.1 Managing Board members will be (re)appointed by the Supervisory Board. The Supervisory Board must notify the General Meeting of an intended (re)appointment of a Managing Board member.

14.2 A Managing Board member may be removed by the Supervisory Board. The Supervisory Board may not remove a Managing Board member until the General Meeting has been consulted on the intended removal.

14.3 A Managing Board member may be suspended by the Supervisory Board at any time.

14.4 Any suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end.

Article 15. Duties, Decision-making Process and Allocation of Duties.

15.1 The Managing Board is entrusted with the management of the Company. In performing their duties, the Managing Board members must act in accordance with the interests of the Company and its business. The Managing Board must conduct itself in accordance with the instructions of the General Meeting in accordance with Dutch law where these relate to the areas of the financial, social and commercial policies to be pursued by the Company and the Group (specifically in relation to (i) reporting, information provision and communication, (ii) reorganization and exit, and (iii) compliance).

15.2 The members of the Managing Board must fulfil the requirements with regard to expertise and probity which are applicable due to the Financial Supervision Act *(Wet of het financieel toezicht)* to managing board members of financial institutions seated in the Netherlands.

15.3 At the meeting of the Managing Board, resolutions must be adopted by an absolute majority of the votes cast at the meeting. In the event of a tie in voting the chairperson of the Managing Board will have a decisive vote. The chairperson will inform the Supervisory Board if the chairperson exercises his or her decisive vote.

15.4 The Managing Board may establish rules regarding its decision-making process and working methods. In this context, the Managing Board may also determine the duties for which each Managing Board member is particularly responsible. The Supervisory Board may decide that such rules and allocation of duties be set forth in writing and that such rules and allocation of duties are subject to its approval.

15.5 The Managing Board may, without prejudice to its responsibilities, establish one or more committees, which will have the responsibilities specified by the Managing Board. The composition of any such committee will be determined by the Managing Board.

15.6 Managing Board resolutions at all times may be adopted in writing, provided the proposal concerned is submitted to all Managing Board members entitled to vote and none of them objects to this manner of adopting resolutions. Adoption of resolutions in writing will be effected by written statements from all Managing Board members in office. A Managing Board member who has a conflict of interest with respect to a proposal as referred to in Article 18, shall be disregarded for purposes of the preceding two sentences.

Article 16. Representation.

16.1 The Managing Board is authorised to represent the Company. Two Managing Board members acting jointly, one Managing Board member acting jointly with an officer with general power as referred to in Article 16.3, and two officers with general power as referred to in Article 16.3 are also authorised to represent the Company.

16.2 In all matters concerning the relationship of a Managing Board member and the Company, representative authority shall also vest in two or more members of the Supervisory Board acting jointly.

16.3 The Managing Board may appoint officers with general or limited power to represent the Company. Each officer will be authorised to represent the Company, subject to the restrictions imposed on such person. The title of the officers will be determined by the Managing Board.

Article 17. Approval of Managing Board Resolutions.

17.1 The Managing Board requires the approval of the General Meeting for resolutions entailing a significant change in the identity or character of the Company or its business, in any case concerning:

(a) the transfer of (nearly) the entire business of the Company to a third party;

(b) entering into or terminating a long term cooperation between the Company or a Subsidiary and another legal entity or company or as a fully liable partner in a limited partnership or general partnership, if such cooperation or termination is of fundamental importance for the Company;

(c) acquiring or disposing of a participation in the capital of a company if the value of such participation is at least one third of the sum of the assets of the Company according to its balance sheet and explanatory notes or, if the Company prepares a consolidated balance sheet, its consolidated balance

sheet and explanatory notes according to the last adopted annual accounts of the Company, by the Company or a Subsidiary.

17.2 In addition to article 17.1 the Managing Board requires the approval of the General Meeting for the following resolutions in respect of the Company and in respect of each other Group Company, unless the Designated Investor Non-Executives (as defined in the Merger Protocol) which are Supervisory Board members have agreed in writing to the respective proposal:

(a) a Transfer, merger, sale, divestment, demerger or reorganization of all or substantially all of the business or undertaking of a Group Company where the equity value of such Group Company exceeds twenty-five million euro (EUR 25,000,000.00), to a Third Party, whether by means of a sale, a legal merger (*juridische fusie*) or otherwise;

(b) the entry into or termination of any joint venture agreement, partnership or long term cooperation (*duurzame samenwerking*) of a Group Company provided that the equity value of such Group Company contributed to the agreement, partnership or cooperation exceeds twenty-five million euro (EUR 25,000,000.00), including (i) as a fully liable partner in a limited partnership (*commanditaire vennootschap*) (ii) a general or commercial partnership (*vennootschap onder firma*) and (iii) a partnership similar to (i) or (ii) as established under any laws other than the laws of The Netherlands;

(c) the acquisition by a Group Company (whether in one or a series of transactions) of any interest in the capital of another company or entity, with an aggregate equity value in excess of fifty million euro (EUR 50,000,000.00);

(d) save where included in the annual budget, entering into, terminating or making material amendments to any other type of contracts than those mentioned in any other paragraph hereof, where the contract results in annual cost or expenses exceeding five percent (5%) of the Group's consolidated total annual operating expenses in the most recent financial year;

(e) making a material change in the nature, scope, business or strategy of the enterprise of the Group;

(f) adopting and/or amending the Business Plan and annual budget (including a capital and funding plan) of the Group;

(g) filing for bankruptcy (*faillissement*) or moratorium of payments (*surséance van betaling*) of, or liquidate or dissolve, a Group Company;

(h) commencing or settling of a dispute, legal proceedings and/or arbitration in any jurisdiction which reasonably likely represents a value of more than twenty million euro (EUR 20,000,000.00), other than debt collection activities in the ordinary course of business of the Group;

(i) issuance of any new shares, creation of new classes of shares, any amendment, reduction, cancellation, repayment or return of capital of a Group Company, except among Group Companies;

(j) cooperation in the issue of depositary receipts for shares of a Group Company;

(k) the application for admission of shares of a Group Company to listing or trading on any market or exchange, including a regulated market or a multilateral trading facility as referred to in Section 1:1 of the Financial Supervision Act (*Wet of het financieel toezicht*) or a system similar to a regulated market or multilateral trading facility in a state that is not a Member State, or the application for cancellation of such listing or trading;

(l) the termination of the employment contracts of a number of employees of the Company, a Group Company, to the extent such number of employees represents more than fifteen percent (15%) of the total full-time equivalents of the Group, whether simultaneously or within a short period, as part of a programme or series of terminations or otherwise;

(m) entering into, materially amending, refinancing or restructuring any financing, debt or borrowing of any Group Company which is (a) not included in the annual budget or (b) in whole or part, is convertible into equity or includes share warrants, pledges or other securities over any shares in a Group Company;

(n) the creation, grant, issue, or agreement to create, grant, or issue any third party rights over any Group Company's assets, or guarantees or other form of surety, except in the ordinary course of business or by way of security for financings, debt and/or borrowings permitted by or pursuant to paragraph 12 of the Merger Protocol, or as included in the annual budget;

(o) any material changes with respect to accounting policies or procedures, except (i) as required by applicable law or by changes in applicable

generally accepted accounting principles or (ii) as the Company or any Group Company, based upon the advice of its independent auditors after consultation with the Company or the relevant Group company (as the case may be), determines in good faith is advisable to conform to best accounting practices;

(p) amending the articles of association of the Company or NIBC Bank N.V.;

(q) changing the dividend policy of the Company;

(r) any distributions (including returns of capital and/or buybacks), in excess of the dividend policy of the Company;

(s) changing the remuneration policy of the Managing Board;

(t) entering into, terminating or amending contracts entered into between a Group Company on the one hand and any member of the Supervisory Board or Managing Board (or one of their connected persons) on the other hand, other than (i) their service contracts, (ii) in respect of products and services in the ordinary course of business of the Group Company, or (iii) in accordance with the Group Company's standard staff or employment policies.

17.3 Without prejudice to any other applicable provisions of the law or these Articles of Association, Managing Board resolutions with respect to any one or more of the following matters are subject to the approval of the Supervisory Board:

(a) issue and acquisition of Shares and debentures at the expense of the Company or of debentures at the expense of a limited partnership or general partnership in respect of which the Company is a partner with full liability;

(b) cooperation in the issuance of depositary receipts for Shares;

(c) the application for admission of the securities under (a) and (b) above to trading on a trading venue (*handelsplatform*) as referred to in Section 1:1 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* or a comparable trading venue from a state that is not a member state, or, as the case may be, the cancellation of such admission;

(d) entering into or termination of a long term cooperation of the Company or a dependent company *(afhankelijke maatschappij)* with another legal entity or company or, as a partner with full liability, in a limited partnership or

general partnership if such cooperation or termination is of fundamental importance for the Company;

(e) participation by the Company or a dependent company *(afhankelijke maatschappij)* in the capital of another company if the value of such participation is at least one quarter of the amount of the issued capital plus reserves of the Company according to its balance sheet and explanatory notes, as well as significantly increasing or reducing such participation;

(f) investments requiring an amount equal to at least one quarter of the issued capital plus reserves of the Company according to its balance sheet and explanatory notes;

(g) proposal to amend these Articles of Association;

(h) proposal to dissolve the Company;

(i) petition for bankruptcy and a request for suspension of payments *(surseance van betaling)*;

(j) termination of the employment of a considerable number of employees of the Company or of a dependent company *(afhankelijke maatschappij)* simultaneously or within a short period of time;

(k) significant change in the employment conditions of a considerable number of the employees of the Company or of a dependent company *(afhankelijke maatschappij)*; and

(l) proposal to reduce the Company's issued capital.

17.4 After consultation with the Managing Board, the Supervisory Board is entitled to require other resolutions of the Managing Board to be subject to its approval. Such resolutions must be clearly specified and notified to the Managing Board in writing.

17.5 The absence of approval required pursuant to this Article 17 will not affect the authority of the Managing Board or its members to represent the Company.

Article 18. Conflicts of Interest.

18.1 A Managing Board member may not participate in deliberating or decision-making within the Managing Board, if with respect to the matter concerned he or she has a direct or indirect personal interest that conflicts with the interests of the Company

and the business connected with it. If, as a result hereof, the Managing Board cannot make a decision, the Supervisory Board will resolve the matter.

18.2 The Management Board member who in connection with a (potential) conflict of interests does not exercise certain duties and powers will insofar be regarded as a Managing Board member who is unable to perform his or her duties (*belet*).

18.3 In the event of a conflict of interests as referred to in Article 18.1, the provisions of Article 16.1 will continue to apply unimpaired. In addition, the Supervisory Board may, ad hoc or otherwise, appoint one or more persons to represent the Company in matters in which a (potential) conflict of interests exists between the Company and one or more Managing Board members.

Article 19. Vacancy or Inability to Act.

19.1 For each vacant seat on the Managing Board, the Supervisory Board can determine that it will be temporarily occupied by a person (a stand-in) designated by the Supervisory Board. Persons that can be designated as such include (without limitation) Supervisory Board members and former Managing Board members (irrespective of the reason why they are no longer Managing Board members).

19.2 If and as long as one or more seats on the Managing Board are vacant, the management of the Company will be temporarily entrusted to the person or persons who (whether as a stand-in or not) do occupy a seat in the Managing Board. If no seats are occupied, the Supervisory Board will be temporarily entrusted with the management of the Company. In the latter case, the Supervisory Board has the authority to temporarily entrust the management of the Company to one or more Supervisory Board members and/or one or more other persons.

19.3 When determining to which extent Managing Board members are present or represented, consent to a manner of adopting resolutions, or vote, stand-ins will be counted-in and no account will be taken of vacant seats for which no stand-in has been designated.

19.4 For the purpose of this Article 19, the seat of a Managing Board member who is unable to perform his or her duties (*belet*) will be treated as a vacant seat.

CHAPTER 5. THE SUPERVISORY BOARD.

Article 20. Supervisory Board Members.

20.1 The Company will have a Supervisory Board.

20.2 The number of Supervisory Board members will be determined by the Supervisory Board and will be at least three. If the number of Supervisory Board members in office is less than three, the Supervisory Board will take measures forthwith to increase the number of members, with due observance of the provisions of Article 21.

20.3 Only individuals may be Supervisory Board members.

20.4 The Supervisory Board must prepare a profile for its size and composition, taking account of the nature of the business, its activities and the desired expertise and background of the Supervisory Board members. The Supervisory Board will discuss the profile in the General Meeting of Shareholders and with the Works Council, for the first time at the occasion of adoption and subsequently at each amendment thereof.

Supervisory Board members cannot be:

(a) persons in the service of the Company;

(b) persons in the service of a dependent company *(afhankelijke maatschappij)*;

(c) officials or persons in the service of a trade union which is usually involved in determining the terms of employment of the persons referred to under (a) and (b).

20.5 The remuneration of each Supervisory Board member will be determined by the General Meeting. The Supervisory Board members are entitled to an indemnity from the Company and appropriate insurance coverage, in accordance with the provisions of Article 28.

Article 21. (Re)appointment of Supervisory Board Members.

21.1 Notwithstanding the provision of Article 21.5, Supervisory Board members are (re)appointed by the General Meeting on a nomination of the Supervisory Board. The Supervisory Board must simultaneously inform the General Meeting and the Works Council of the nomination. The nomination will state the reasons on which it is based. Supervisory Board members shall be appointed for a maximum of four years.

21.2 The General Meeting and the Works Council may recommend candidates to the Supervisory Board to be nominated as Supervisory Board member. The Supervisory Board must inform them in time, when and why and in accordance

with what profile a vacancy has to be filled in its midst. If the special right of recommendation referred to in Article 21.4 applies, the Supervisory Board will announce that as well.

21.3 A nomination or a recommendation as referred to in this Article 21 must state the candidate's age, his or her profession, the number of the Shares he or she holds and the positions he or she holds or has held, in so far as these are relevant for the performance of the duties of a Supervisory Board member. Furthermore, the names of the legal entities of which he or she is already a Supervisory Board member must be indicated; if those include legal entities which belong to the same group, reference of that group will be sufficient. The recommendation and the nomination for appointment or re-appointment must be accounted for by giving reasons for it. In case of re-appointment, the performance in the past period of the candidate as a Supervisory Board member will be taken into account.

21.4 With regard to one third of the total number of Supervisory Board members rounded down, the Supervisory Board will put a person recommended by the Works Council on the nomination, unless the Supervisory Board objects to the recommendation taking into account Section 2:158 subsection 6 and 7 of the Dutch Civil Code.

21.5 The General Meeting can reject the nomination by an absolute majority of the votes cast, representing at least one third of the issued capital. If the General Meeting resolves by an absolute majority of the votes cast to reject the nomination but this majority does not represent at least one third of the issued capital, a new meeting can be convened where the nomination can be rejected by an absolute majority of the votes cast. The Supervisory Board will then prepare a new nomination. Articles 21.2 through 21.4 apply. If the General Meeting does not appoint the person nominated by the Supervisory Board and does not resolve to reject the nomination, the Supervisory Board will appoint the person nominated.

21.6 The making of a recommendation as referred to in Article 21.2 as well as the resolution to appoint or object, can be discussed and passed in one and the same General Meeting of Shareholders. The notice of that meeting states the vacancy and the opportunity for the General Meeting to make a recommendation and, in case no recommendation is made by the General Meeting, the name of the person nominated by the Supervisory Board. If the General Meeting does not make a recommendation, the person nominated can be appointed by the General Meeting.

21.7 If all seats on the Supervisory Board are vacant, other than pursuant to Article 22.5, the appointment will be made by the General Meeting in accordance with Section 2:159 Dutch Civil Code.

Article 22. Retirement, Suspension and Removal of Supervisory Board Members.

22.1 Supervisory Board members shall retire at the first General Meeting after expiry of their term of appointment.

22.2 The Supervisory Board members will retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. Any alteration to the rotation plan cannot require a Supervisory Board member to resign against his or her will before the term of his or her appointment has lapsed.

22.3 A Supervisory Board member can be suspended by the Supervisory Board; the suspension will lapse by law, if the Company has not submitted a petition as referred to in Article 22.4 to the Commercial Division within one month after commencement of the suspension.

22.4 The Commercial Division of the Amsterdam Court of Appeal may upon a request to that effect remove a Supervisory Board member for neglecting his or her duties, for other important reasons or for a fundamental change of circumstances on the basis of which the Company cannot reasonably be required to keep such person on as a Supervisory Board member. Section 2:161 subsection 2 of the Dutch Civil Code is applicable to such request.

22.5 The General Meeting can, by an absolute majority of the votes cast, representing at least one third of the issued capital, resolve that it has lost confidence *(het vertrouwen opzeggen)* in the entire Supervisory Board. Section 2:161a of the Dutch Civil Code is applicable to such loss of confidence.

Article 23. Duties and Powers.

23.1 It is the duty of the Supervisory Board to supervise the management of the Managing Board and the general course of affairs of the Company and the business connected with it. The Supervisory Board will assist the Managing Board by giving advice. In performing their duties, the Supervisory Board members must act in accordance with the interests of the Company and its business.

23.2 The members of the Supervisory Board must fulfil the requirements with regard to expertise and probity which are applicable due to the Financial Supervision Act

(Wet of het financieel toezicht) to supervisory board members of financial institutions seated in the Netherlands.

23.3 The Managing Board will timely provide the Supervisory Board with the information necessary for the performance of the latter's duties.

23.4 At least once a year the Managing Board must provide the Supervisory Board with a written outline of the strategic policy, the general and financial risks and the Company's management and control system.

23.5 In the performance of its duties, the Supervisory Board may call upon the assistance of one or more experts to be appointed by it for a fee to be agreed upon by the Supervisory Board, which fee shall be chargeable to the Company.

23.6 The Supervisory Board may determine that one or more Supervisory Board members and/or experts have access to the offices and business premises of the Company and that these persons are authorised to inspect the books and records of the Company.

23.7 The Supervisory Board may establish rules regarding its decision-making process and its working methods, in addition to the relevant provisions of these Articles of Association.

Article 24. Chairperson, Vice-Chairperson and Secretary.

24.1 The Supervisory Board will elect a chairperson and one or more vice-chairpersons from among its members.

24.2 If the chairperson and all vice-chairpersons are absent or prevented from attending a meeting, one of the other Supervisory Board members, to be designated by the Supervisory Board, will act as chairperson.

24.3 The Supervisory Board will also appoint a secretary of the Supervisory Board, whether or not from among its members, and will make arrangements to regulate his or her replacement.

Article 25. Meetings; Decision-making Process.

25.1 The Supervisory Board will meet whenever a member of the Supervisory Board or the Managing Board deems it desirable. The chairperson or his or her substitute will preside over the meeting and minutes will be kept of the proceedings.

Managing Board members will attend the meetings unless the Supervisory Board indicates otherwise.

25.2 At the meeting of the Supervisory Board, resolutions must be adopted by an absolute majority of the votes cast at the meeting.

25.3 A Supervisory Board member may not participate in deliberating or decision-making within the Supervisory Board, if with respect to the matter concerned he or she has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. Article 18.2 applies by analogy. If all Supervisory Board members are conflicted as referred to in the preceding sentence, then the matter can nevertheless be decided upon by the Supervisory Board, provided with the consent of all Supervisory Board members in office.

25.4 The Supervisory Board may adopt a resolution by written consent without a meeting, provided that the proposed resolution has been submitted to all Supervisory Board members entitled to vote, none of them opposes this manner of adopting a resolution and the majority of such members have voted in favour of the proposed resolution.

25.5 At the first meeting of the Supervisory Board, held after the members adopted a resolution without a meeting set forth in Article 25.6, the chairperson of that meeting will communicate the result of the voting.

25.6 A resolution of the Supervisory Board can be evidenced by a document setting forth such resolution and signed by the chairperson or, if the chairperson is absent or prevented from attending the meeting or if there is no chairperson, by one of the other Supervisory Board members.

Article 26. Committees.

26.1 The Supervisory Board may, without prejudice to its responsibilities, establish one or more committees, which will have the responsibilities specified by the Supervisory Board.

26.2 The Supervisory Board composes the committee(s) and appoints the committee members from among its members.

26.3 The General Meeting of Shareholders may grant additional compensation to the members of the committee(s) for their service on the committee(s).

Article 27. Vacancy or Inability to Act.

27.1 For each vacant seat on the Supervisory Board, the Supervisory Board can determine that it will be temporarily occupied by a person (a stand-in) designated by the Supervisory Board. Persons that can be designated as such include (without limitation) former Supervisory Board members (irrespective of the reason why they are no longer Supervisory Board members).

27.2 If and as long as all seats on the Supervisory Board are vacant and no seat is temporarily occupied, the Managing Board will decide to what extent and in which manner the duties and authorities of the Supervisory Board will temporarily be taken care of.

27.3 The provisions of Articles 19.2 first sentence and 19.3 apply by analogy.

Article 28. Indemnity and Insurance.

28.1 The Company shall, to the extent permissible by law, indemnify each member of the Managing Board and the Supervisory Board for liability and hold each member of the Managing Board and Supervisory Board harmless against claims with respect to acts or failures to act (i) in their capacity as a member of the Managing Board and the Supervisory Board and, if applicable, (ii) in their capacity as a member of any corporate body of a group company of the Company and, if applicable, (iii) in any other position such person holds at the request of or with the approval from the Company, all subject to customary limitations, among others, if a member of the Managing Board or the Supervisory Board:

(a) obtained any profit or advantage from the conduct in question to which he was not legally entitled; or

(b) committed any deliberate criminal, deliberate dishonest or deliberate fraudulent act, as determined by a final, irrevocable, adjudication or judgement by the relevant court in the same proceeding that involves the claim concerned or a written admission by the (former) member of such conduct.

28.2 The Company will arrange for liability insurance with a third party insurer.

28.3 The Managing Board is authorised to execute and implement Article 28.1 and Article 28.2 and shall decide on the conditions of the indemnification and liability insurance, if any.

CHAPTER 6. WORKS COUNCIL.

Article 29. Position adopted and Right to Explain.

29.1 The following proposals and nomination will not be put to the General Meeting of Shareholders unless the Works Council has been given the opportunity to, timely prior to the date of convocation of such general meeting as referred to in Section 2:114 of the Dutch Civil Code, adopt a certain position:

(a) a proposal to adopt or amend the remuneration policy as referred to in Article 13.4;

(b) a proposal to approve a resolution as referred to Article 17.1; and

(c) a proposal to appoint, suspend or remove a Managing Board member or a Supervisory Board member.

29.2 The chairperson or a member of the Works Council designated thereto by the chairperson, may explain the position of the Works Council as referred to in Article 29.1 at the General Meeting of Shareholders. The absence of such position does not affect the validity of the decision-making regarding the proposal.

29.3 For the purposes of Articles 29.1(a) and 29.1(b) **Works Council** also means the works council of the business of a Subsidiary, if the majority of the employees of the Company and its group companies are employed within the Netherlands. If there is more than one works council, the powers of these works councils will be exercised jointly. If a central works council has been instituted for the business or businesses involved, the powers of these works councils will accrue to such central works council. The powers of the works council referred to in Article 29.1 apply insofar as and to the extent prescribed by Sections 2:107a, 2:134a, 2:135 and 2:158 subsection 4 of the Dutch Civil Code.

Article 30. Works Council and Large Company Regime.

30.1 Notice of the meeting convocated as referred to in Article 21.6 may not be given unless it is certain:

(a) that the Works Council has either made a recommendation as referred to in Article 21.2, or - if applicable - Article 21.4, or has given notice that it does not wish to do so, or that a reasonable period of time, to be determined by the Supervisory Board, has lapsed in which to make a recommendation; and

(b) if the Works Council has made a recommendation as referred to in Article 21.4, that the Supervisory Board nominated the person recommended.

30.2 After preparation of the annual accounts, the Managing Board must send these to the Works Council.

30.3 An amendment of the Articles of Association following which, in accordance with Section 2:158 subsection 12 of the Dutch Civil Code, the Articles of Association deviate from the statutory provisions regarding appointment of Supervisory Board members, is subject to approval of the Works Council.

30.4 In relation to Articles 21, 29.1(c), 30.2 and 30.3 **Works Council** means the works council of the Company's business or of the business of a dependent company. If there is more than one works council, the powers of the works council under these Articles of Association will be exercised by such works councils severally; however where it concerns a recommendation as referred to in Article 21.4, the powers of the works councils will be exercised by the works councils jointly. If a central works council has been instituted for the business or businesses involved, the powers of the works council under these Articles of Association will accrue to such central works council.

CHAPTER 7. ANNUAL ACCOUNTS; PROFITS AND DISTRIBUTIONS.

Article 31. Financial Year and Annual Accounts.

31.1 The Company's financial year is the calendar year.

31.2 Annually, not later than four months after the end of the financial year, the Managing Board must prepare annual accounts and deposit the same for inspection by the Shareholders and other persons holding Meeting Rights at the Company's office. Within the same period, the Managing Board must also deposit the report of the Managing Board for inspection by the Shareholders and other persons holding Meeting Rights.

31.3 The annual accounts must be signed by the Managing Board members and the Supervisory Board members. If the signature of one or more of them is missing, this will be stated and reasons for this omission will be given.

31.4 Annually, the Supervisory Board must prepare a report, which will be enclosed with the annual accounts and the report of the Managing Board.

31.5 The Company must ensure that the annual accounts, the report of the Managing Board, the report of the Supervisory Board and the information to be added by virtue of the law are kept at its office as of the day on which notice of the annual General Meeting of Shareholders is given. Shareholders and other persons holding

Meeting Rights may inspect the documents at that place and obtain a copy free of charge.

31.6 The annual accounts, the report of the Managing Board and the information to be added by virtue of the law are furthermore subject to the provisions of Book 2, Title 9, of the Dutch Civil Code.

31.7 The language of the annual accounts and the report of the Managing Board will be English.

Article 32. External Auditor.

32.1 The General Meeting of Shareholders will commission an organisation in which certified public accountants cooperate, as referred to in Section 2:393 subsection 1 of the Dutch Civil Code (an **External Auditor**) to examine the annual accounts drawn up by the Managing Board in accordance with the provisions of Section 2:393 subsection 3 of the Dutch Civil Code.

32.2 The External Auditor is entitled to inspect all of the Company's books and documents and is prohibited from divulging anything shown or communicated to it regarding the Company's affairs except insofar as required to fulfil its mandate. Its fee is chargeable to the Company.

32.3 The External Auditor will present a report on its examination to the Supervisory Board and to the Managing Board. In this report it will address at a minimum its findings concerning the reliability and continuity of the automated data processing system.

32.4 The External Auditor will report on the results of its examination, in an auditor's statement, regarding the accuracy of the annual accounts.

32.5 The annual accounts cannot be adopted if the General Meeting has not been able to review the auditor's statement from the External Auditor, which statement must have been added to the annual accounts, unless the information to be added to the annual accounts states a legally valid reason why the statement has not been provided.

Article 33. Adoption of the Annual Accounts and Release from Liability.

33.1 The General Meeting will adopt the annual accounts.

33.2 At the General Meeting of Shareholders at which it is resolved to adopt the annual accounts, it may be separately proposed that the Managing Board members and the Supervisory Board members are released from liability for their respective duties, insofar as the exercise of such duties is reflected in the annual accounts or otherwise disclosed to the General Meeting prior to taking the proposed resolution relating to the release from liability.

Article 34. Profits and Distributions.

34.1 The profits shall be put at the disposal of the General Meeting. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

34.2 Distributions from the Company's distributable reserves are made pursuant to a resolution of the General Meeting.

34.3 Provided it appears from an interim statement of assets signed by the Managing Board that the requirement mentioned in Article 34.6 concerning the Company's equity has been fulfilled, the General Meeting may make one or more interim distributions to the holders of Shares.

34.4 The Managing Board may, with the approval of the General Meeting, decide that a distribution on Shares shall not take place as a cash payment but in kind, or as a payment in Shares, or decide that holders of Shares shall have the option to receive a distribution as a payment in cash or in kind and/or as a payment in Shares, out of the profit and/or at the expense of reserves, provided that the Managing Board is designated by the General Meeting pursuant to Article 6.2. With the approval of the General Meeting, the Managing Board shall determine the conditions applicable to the aforementioned choices.

34.5 The Company's policy on reserves and dividends shall be determined and may be amended by the Managing Board, subject to the approval of the General Meeting. The adoption and thereafter each amendment of the policy on reserves and dividends shall be discussed and accounted for at the General Meeting of Shareholders under a separate agenda item.

34.6 Distributions may be made only insofar as the Company's equity exceeds the amount of the paid in and called up part of the issued capital, increased by the reserves which must be kept by virtue of the law or these Articles of Association.

Article 35. Payment of and Entitlement to Distributions.

35.1 Dividends and other distributions will be made payable pursuant to a resolution of the General Meeting within four weeks after adoption, unless the General Meeting sets another date for payment.

35.2 A claim of a Shareholder for payment of a distribution shall be barred after five years have elapsed after the day of payment.

CHAPTER 8. THE GENERAL MEETING.

Article 36. Annual and Extraordinary General Meetings of Shareholders.

36.1 Each year, though not later than in the month of June, a General Meeting of Shareholders will be held.

36.2 Other General Meetings of Shareholders will be held in accordance with article 37.1 or whenever the Supervisory Board or the Managing Board deems such to be necessary, without prejudice to the provisions of Sections 2:108a, 2:110, 2:111 and 2:112 of the Dutch Civil Code.

Article 37. Notice and Agenda of Meetings.

37.1 Notice of General Meetings of Shareholders will be given by the Supervisory Board or the Managing Board. Moreover a General Meeting of Shareholders shall be convened in case one or more holders of shares jointly representing at least one tenth (1/10) of the issued share capital have requested the Managing Board, thereby stating the topics to be discussed, to convene a General Meeting of Shareholders.

37.2 Notice of the meeting must be given with due observance of the statutory requirements and no later than fifteen (15) days before the date of the General Meeting of Shareholders.

37.3 Further communications which must be made to the General Meeting pursuant to the law or these Articles of Association can be made by including such communications either in the notice, or in a document which is deposited at the Company's office for inspection, provided a reference thereto is made in the notice itself.

37.4 Shareholders and/or other persons holding Meeting Rights, who, alone or jointly, meet the requirements set forth in Section 2:114a subsection 1 of the Dutch Civil Code will have the right to request the Managing Board or the Supervisory Board to place items on the agenda of the General Meeting of Shareholders, provided the reasons for the request must be stated therein and the request must be received by

the chairperson of the Managing Board or the chairperson of the Supervisory Board in writing at least thirty (30) days before the date of the General Meeting of Shareholders.

37.5 The notice will be given in the manner stated in Article 43.

Article 38. Venue of Meetings.

General Meetings of Shareholders can be held in The Hague, Amsterdam, Rotterdam or Haarlemmermeer (including Schiphol Airport) at the choice of those who call the meeting.

Article 39. Chairperson of the Meeting.

39.1 The General Meetings of Shareholders will be presided over by the chairperson of the Supervisory Board or his or her replacement. However, the Supervisory Board may also appoint another chairperson to preside over the meeting. The chairperson of the meeting will have all powers necessary to ensure the proper and orderly functioning of the General Meeting of Shareholders.

39.2 If the chairpersonship of the meeting is not provided for in accordance with Article 39.1, the meeting will itself elect a chairperson, provided that so long as such election has not taken place, the chairpersonship will be held by a Managing Board member designated for that purpose by the Managing Board members present at the meeting.

Article 40. Minutes.

40.1 Minutes will be kept of the proceedings at the General Meeting of Shareholders by, or under supervision of, the Company secretary, which will be adopted by the chairperson and the secretary and will be signed by them as evidence thereof.

40.2 However, the chairperson may determine that notarial minutes will be prepared of the proceedings of the meeting. In that case the co-signature of the chairperson will be sufficient.

Article 41. Rights at Meetings and Admittance.

41.1 Each person holding Meeting Rights is authorised to attend, to speak at, and to the extent applicable, to exercise his or her voting rights in the General Meeting of Shareholders. They may be represented by a proxy holder authorised in writing.

41.2 A person holding Meeting Rights or his or her proxy will only be admitted to the meeting if he or she has notified the Company of his or her intention to attend the

meeting in writing at the address and by the date specified in the notice of meeting. The proxy is also required to produce written evidence of his or her mandate.

41.3 The Managing Board is authorised to determine that the Meeting Rights and voting rights can be exercised by using an electronic means of communication. If so decided, it will be required that each person holding Meeting Rights, or his or her proxy holder, can be identified through the electronic means of communication, directly follow the discussions in the meeting and, to the extent applicable, exercise the voting right. The Managing Board may also determine that the electronic means of communication used must allow each person holding Meeting Rights or his or her proxy holder to participate in the discussions.

41.4 The Managing Board may determine further conditions to the use of electronic means of communication as referred to in Article 41.3, provided such conditions are reasonable and necessary for the identification of persons holding Meeting Rights and the reliability and safety of the communication. Such further conditions will be set out in the notice of the meeting. The foregoing does, however, not restrict the authority of the chairperson of the meeting to take such action as he or she deems fit in the interest of the meeting being conducted in an orderly fashion. Any non or malfunctioning of the means of electronic communication used is at the risk of the persons holding Meeting Rights using the same.

41.5 The Company secretary will arrange for the keeping of an attendance list in respect of each General Meeting of Shareholders. The attendance list will contain in respect of each person with voting rights present or represented: his or her name, the number of votes that can be exercised by such person and, if applicable, the name of his or her representative. The attendance list will furthermore contain the aforementioned information in respect of persons with voting rights who participate in the meeting in accordance with Article 41.3. The chairperson of the meeting can decide that also the name and other information about other people present will be recorded in the attendance list. The Company is authorised to apply such verification procedures as it reasonably deems necessary to establish the identity of the persons holding Meeting Rights and, where applicable, the identity and authority of representatives.

41.6 The Supervisory Board members and Managing Board members will have the right to attend the General Meeting of Shareholders in person and to address the meeting. They will have the right to give advice in the meeting. Also, the External Auditor of the Company is authorised to attend and address the General Meeting of Shareholders.

41.7 The chairperson of the meeting will decide upon the admittance to the meeting of persons other than those aforementioned in this Article 41, without prejudice to the provisions of Article 29.2.

41.8 The chairperson may decide to hold the meeting in English.

Article 42. Adoption of Resolutions and Voting Power.

42.1 Each Share confers the right to cast one vote.

42.2 At the General Meeting of Shareholders, all resolutions must be adopted by an absolute majority of the valid votes cast, except in those cases in which the law or these Articles of Association require a greater majority. If there is a tie in voting, the proposal will thus be rejected.

42.3 Blank and invalid votes will be regarded as not having been cast.

42.4 The chairperson of the meeting will decide whether and to what extent votes are cast orally, in writing, electronically or by acclamation.

42.5 When determining how many votes are cast by Shareholders, how many Shareholders are present or represented, or what portion of the Company's issued capital is represented, no account will be taken of Shares for which no votes can be cast by law.

Article 43. Notices and Announcements.

43.1 Notice of General Meetings of Shareholders will be given in accordance with the requirements of law.

43.2 The Managing Board may determine that Shareholders and other persons holding Meeting Rights will be given notice of meetings exclusively by announcement on the website of the Company and/or through other means of electronic public announcement, to the extent in accordance with Article 43.1.

43.3 Shareholders and other persons holding Meeting Rights may also be given notice in writing. Barring proof to the contrary, the provision of an electronic mail address by a person holding Meeting Rights to the Company will constitute evidence of that Shareholder's consent to the sending of notices electronically.

43.4 The provisions of Articles 43.1, 43.2 and 43.3 apply by analogy to other announcements, notices and notifications to Shareholders and other persons holding Meeting Rights.

CHAPTER 9. AMENDMENT OF THE ARTICLES OF ASSOCIATION AND DISSOLUTION.

Article 44. Amendment of Articles of Association.

44.1 The General Meeting may pass a resolution to amend the Articles of Association, with an absolute majority of the votes cast. Such proposed amendment to the Articles of Association must be stated in the notice of the General Meeting of Shareholders. [The resolution to amend the Articles of Association will not be adopted if the regulator has expressed objections to the proposed amendment to the Articles of Association.]

44.2 In the event of a proposal to the General Meeting of Shareholders to amend the Articles of Association, a copy of such proposal containing the verbatim text of the proposed amendment will at the same time of the proposal be deposited at the Company's office, for inspection by Shareholders and other persons holding Meeting Rights, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to Shareholders and other persons holding Meeting Rights from the day it was deposited until the day of the meeting.

Article 45. Dissolution and Liquidation.

45.1 The Company may be dissolved pursuant to a resolution to that effect by the General Meeting. The provisions of Article 44.1 apply by analogy. When a proposal to dissolve the Company is to be made to the General Meeting, this must be stated in the notice convening the General Meeting.

45.2 In the event of the dissolution of the Company by resolution of the General Meeting, the Managing Board members will be charged with effecting the liquidation of the Company's affairs, and the Supervisory Board members will be charged with the supervision thereof without prejudice to the provisions of Section 2:23 subsection 2 of the Dutch Civil Code.

45.3 During liquidation, the provisions of these Articles of Association will remain in force to the extent possible.

45.4 The balance of the Company's assets after payment of all debts and the costs of the liquidation shall be paid to the holders of Shares. All distributions shall be made in proportion to the number of Shares held by each Shareholder.

45.5 After liquidation, the Company's books and documents shall remain in the possession of the person designated for this purpose by the liquidators of the Company for the period prescribed by law.

45.6 The liquidation is otherwise subject to the provisions of Title 1, Book 2 of the Dutch Civil Code.

THIS DEED, was executed in Amsterdam on the date first above written.

The person appearing is known to me, civil law notary.

The essential contents of this deed were communicated and explained to the person appearing. The person appearing then declared to have noted and approved the contents and did not want a full reading thereof. Thereupon, after limited reading, this deed was signed by the person appearing and by me, civil law notary.

Informal translation in the English language of the substance of the original notarial deed of amendment to the articles of association of NIBC Bank N.V. in the Dutch language. In this translation an attempt has been made to be as literal as possible, without jeopardising the overall continuity. Inevitably, differences may occur in the translation, and if so, the Dutch text will govern.

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF NIBC BANK N.V.

On [_] appeared before me, mr Maarten Jan Christiaan Arends, civil law notary (*notaris*) in Amsterdam, The Netherlands:

[_].

The person appearing has declared that the general meeting of **NIBC Bank N.V.**, a public company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, having its seat (*statutaire zetel*) in The Hague, The Netherlands and its office address at Carnegieplein 4, 2517 KJ The Hague, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) under number 27032036 (the "**Company**"), has resolved on [_] to amend and to completely renew the articles of association of the Company as stated hereinafter as well as to authorise the person appearing to execute this deed of amendment to the articles of association of which resolutions appear from a photocopy of the shareholder's resolution attached to this deed (Schedule 1).

The person appearing has also declared that the articles of association of the Company were last amended by deed on the fourth day of December two thousand and eighteen executed before mr P.C. Cramer-de Jong, civil law notary in Amsterdam, The Netherlands.

In order to execute said resolution to amend the articles of association, the person appearing has declared to amend and to completely renew the articles of association as follows:

ARTICLES OF ASSOCIATION

Name and Registered Office.

Article 1.

1.1 The name of the Company is: NIBC Bank N.V.

1.2 The registered office of the Company is in The Hague, the Netherlands.

Objectives.

Article 2.

2.1 The objectives of the Company are:

a) the carrying on of a banking, securities, leasing, consumer or commercial finance or other financial services businesses (including investment banking, merchant banking, corporate finance, the furnishing of capital and other financing funds and information technology businesses or real estate businesses related to financial services, but excluding insurance businesses) among others by granting credits, granting money loans and acting as an intermediary;

b) the furnishing of, the participating in and the restructuring and reissuing of risk capital (including also ordinary shares or preference shares and subordinated convertible loans), including also the participating in and administering of private equity funds, at their own expense or at the expense of third parties and - whether or not in their own name - acting as an executive body in the provision of any funds by the Dutch government or by any other public bodies, intended for economic development;

c) capital management, including also capital management in the field of mortgage and banking credit portfolios, project financing and structured finance;

d) the giving of advice, the making of analyses and the conducting of market surveys and the provision of commercial services (including financial services for consumers) with regard to the above-mentioned fields; and

e) to exercise supervision.

2.2 The Company may take any action in relation to the objectives mentioned in paragraph 1 of this Article, including but not limited to:

a) to finance companies and other enterprises which are not active in the fields referred to in paragraph 1 of this Article above, to borrow, to lend and to raise funds, to participate in all types of financial transactions, including the issue of bonds, promissory notes or other securities or evidences of indebtedness, to invest in securities in the widest sense of the word, to grant guarantees, to bind the Company and to grant security over its assets for the obligations of companies and other enterprises with which it forms a group and of third parties;

b) to incorporate and to participate in any way whatsoever in, to manage, to supervise and to cooperate with companies and other enterprises, to acquire, to keep, to alienate or in any other manner to manage all sorts of participations and interests in other companies and other enterprises, to enter into joint ventures with other companies and enterprises;

c) to acquire, to manage, to operate, to encumber and to alienate personal and real property and any right to or interest in personal and real property; and

d) to obtain, to exploit and to alienate patents and other intellectual property rights, to acquire and to grant licences, sub-licences and similar rights of whatever name and description and if necessary, to protect rights derived from patents and other intellectual property rights, licences, sub-licences and similar rights against infringement by third parties.

2.3 In pursuing its objects, the Company shall also take into account the interests of the Group.

2.4 The Company is authorised to perform acts that are in accordance with the objectives described in paragraph 1 of this Article, are related thereto in the broadest sense of the word or may be conducive thereto.

Definitions.

Article 3.

3.1 For the purposes of these Articles of Association, the following terms will have the following meanings, unless the context expressly requires otherwise:

Accountant: the registered accountant who is instructed to audit the annual accounts drawn up by the Board of Managing Directors, in accordance with the provisions as laid down in Article 393, paragraph 3, of Book 2 of the Dutch Civil Code;

Business Plan**:** the business plan of the Group in the form agreed between (and so initialled by or on behalf of) the Offeror and NIBC Holding N.V. as at the date of the Merger Protocol, as such may be amended by written agreement between them from time to time;

General Meeting: the general meeting of shareholders;

Holders of depositary receipts: the holders of registered depositary receipts for shares issued with the co-operation of the Company and usufructuaries and pledgees with voting rights;

Subsidiary: a legal person within the meaning of Article 24a of Book 2 of the Dutch Civil Code, in which the Company or one or more of its subsidiaries may exercise more than half of the voting rights in the general meeting, whether or not pursuant to an agreement with other persons entitled to vote and separately or jointly, or a legal person within the

meaning of the aforementioned Article of law of which the Company or one or more of its subsidiaries is a member or shareholder and may appoint more than half of the managing directors or supervisory directors, whether or not pursuant to an agreement with other persons entitled to vote and separately or jointly, also if all persons entitled to vote cast their votes;
To request approval: to request the approval of the requested person or the requested body for the intended resolution;
Group: the Company and its Subsidiaries and Group companies;
Group company: a legal person or a company which is affiliated with the Company in a group, within the meaning of Article 24b of Book 2 of the Dutch Civil Code;
Employees' Council: the employees' council (*ondernemingsraad*) of the enterprise of the Company;
Member States: the states that are party to the Treaty on European Union and to the Treaty on the Functioning of the European Union;
Merger Protocol: the merger protocol entered into on [date] between the Offeror and NIBC Holding N.V., as amended from time to time including the recitals, schedules and annexes thereto;
Offeror: Flora Acquisition B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under The laws of The Netherlands, having its corporate seat (*statutaire zetel*) in Amsterdam, The Netherlands and registered with the Dutch Commercial Register (*Handelsregister*) number 77434552;
Persons: a natural person, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or other entity or organization;
Perpetual securities: (i) the first series of perpetual securities issued by the Company, at the time of issue consisting of two hundred thousand (200,000) securities with an aggregate principal amount of two hundred million United States dollars (USD 200,000,000), of which the terms are set by the trust deed, entitled "Indenture", dated the eleventh day of December two thousand and three, and signed by The Bank of New York as trustee and the Company as issuer, (ii) the second series of perpetual securities issued by the Company, at the time of issue consisting of one hundred thousand (100,000) securities with an aggregate principal amount of one hundred million United States dollars (USD 100,000,000), of which the terms are set by the trust deed, entitled "Trust Deed", dated the twenty-fourth day of March two thousand and five, and signed by The Law Debenture Trust Corporation P.L.C. as trustee and the Company as issuer, together with the perpetual securities potentially to be issued pursuant to article 2.4 (*Further Issues*) of that trust deed, (iii) the third series of perpetual securities issued

by the Company, at the time of issue consisting of one hundred thousand (100,000) securities with an aggregate principal amount of one hundred million euro (EUR 100,000,000), of which the terms are set by the trust deed, entitled "Trust Deed", dated the thirtieth day of March two thousand and six, and signed by The Law Debenture Trust Corporation P.L.C. as trustee and the Company as issuer, together with the perpetual securities potentially to be issued pursuant to article 2.4 (*Further Issues*) of that trust deed, and (iv) the fourth series of perpetual securities issued by the Company, at the time of issue consisting of thirty thousand (30,000) securities with an aggregate principal amount of one hundred and fifty million United States dollars (USD 150,000,000), of which the terms are set by the trust deed, entitled "Trust Deed", dated the eighteenth day of October two thousand and six, and signed by The Law Debenture Trust Corporation P.L.C. as trustee and the Company as issuer, together with the perpetual securities potentially to be issued pursuant to article 2.4 (*Further Issues*) of that trust deed;

To consult: to consult with the requested person or the requested body on the intended resolution;

Board of Managing Directors: the body of the Company that is charged with the management of the Company;

Board of Supervisory Directors: the body of the Company that is charged with the supervision of the management of the Board of Managing Directors and the general course of affairs of the Company and the enterprise affiliated with it and with giving advice to the Board of Managing Directors;

Company: the legal entity to which these Articles of Association relate;

Profit: all gains made by the Company, after deduction of all charges, interests, fees and costs, plus depreciations and provisions and after repayment of any debit balances in respect of previous years that cannot be met from the reserves;

Third Party: a Person other than a Group company;

Transfer: in relation to any equity securities, assets, liabilities, business or undertaking or any other right or interest, to: (a) assign, transfer, sell or otherwise dispose of it; or (b) direct (by way of renunciation or otherwise) or agree, whether or not subject to any condition precedent or subsequent, to do or for another Person to do any of the foregoing, and Transferred shall be construed accordingly.

3.2 If the requested person or the requested body fails to give any reaction within fourteen (14) days of the submission of a request for advice or consultations, the resolution may not be passed until after the requested person or the requested body has been given a reasonable term, referring to the previous request for advice or consultations, to still give the requested

advice and said advice has not been received within said reasonable term. A resolution that is subject to approval may not be passed without such approval.

Capital and Shares.

Article 4.

4.1 The Company's authorised capital amounts to two hundred fourteen million and nine hundred thousand euro (EUR 214,900,000).

It is divided into the following ordinary shares and preference shares, whereby the shares A and the preference shares of a certain series shall be regarded as separate classes:

a. one hundred ten million nine hundred thirty-seven thousand and five hundred (110,937,500) ordinary shares A of one euro and twenty-eight eurocents (EUR 1.28) each; and

b. seventy-two million (72,000,000) preference shares which are suitable for issuance in connection with the alternative dividend payment mechanism of the preference shares pursuant to Article 42 paragraph 2 or in connection with the alternative coupon settlement mechanism of perpetual securities, divided as follows in thirty-six (36) series, of which each share is one euro (EUR 1.00):

- Series B: twelve (12) series designated by the letters B1 up to and including B12 of two million (2,000,000) preference shares each;
- Series C: twelve (12) series designated by the letters C1 up to and including C12 of two million (2,000,000) preference shares each;
- Series D: twelve (12) series designated by the letters D1 up to and including D12 of two million (2,000,000) preference shares each; and

c. six hundred and sixty thousand (660,000) preference shares which are suitable for issuance in connection with the conversion of perpetual securities, divided as follows in four (4) series:

- Series E1: two hundred thousand (200,000) shares of one euro (EUR 1.00) each, indicated by the letter E1. This series of preference shares is suitable for issuance in connection with the conversion of the first series of perpetual securities;
- Series E2: two hundred thousand (200,000) shares of one euro (EUR 1.00) each, indicated by the letter E2. This series of preference shares is suitable for issuance in connection with the conversion of the second series of perpetual securities;
- Series E3: two hundred thousand (200,000) shares of one euro (EUR 1.00) each, indicated by the letter E3. This series of preference shares is suitable for issuance in connection with the conversion of the third series of perpetual securities;

- Series E4: sixty thousand (60,000) shares of five euro (EUR 5.00) each, indicated by the letter E4. This series of preference shares is suitable for issuance in connection with the conversion of the fourth series of perpetual securities.

4.2 The shares shall be registered shares and they shall be numbered consecutively for each class of shares, starting from 1.

4.3 Each eurocent in the nominal value of a share confers the right to cast one vote.

4.4 Share certificates will not be issued.

4.5 The Company may not furnish security, give a price guarantee, otherwise warrant performance or bind itself, jointly and severally or otherwise, with or for others, with a view to the subscription for or acquisition by others of shares in the capital of the Company or depositary receipts therefor. This prohibition also applies to its Subsidiaries. The Company and its Subsidiaries may only provide loans, with a view to the subscription for or acquisition by others of shares in the capital of the Company or depositary receipts therefor, with due observance of the provisions of Article 98c paragraphs 2 up to and including 7 of Book 2 of the Dutch Civil Code.

4.6 The Company shall not cooperate in the issuing of bearer depositary receipts for shares in its capital.

Issue of Shares.

Article 5.

5.1 Shares shall be issued pursuant to a resolution passed by the General Meeting. The General Meeting may resolve to designate another corporate body, for a fixed period not exceeding five years, as the body authorised to issue shares, with due observance of Article 24, paragraph 3. When the Board of Managing Directors is so designated, it must be specified how many shares may be issued, distinguished into the class and series of the shares in question, and further conditions may be laid down.

The designation may be renewed each time for a period not exceeding five years.

No designation made pursuant to a resolution passed by the General Meeting may be cancelled, unless cancellation of such designation was specifically permitted in the applicable designation.

5.2 The General Meeting shall pass no resolution to issue any shares until it has consulted the Board of Managing Directors, with due observance of Article 33, paragraph 5 under a and the Board of Supervisory Directors, with due observance of Article 33, paragraph 6 under a.

5.3 The provisions as laid down in paragraph 1 and 2 of the present Article shall be correspondingly applicable to the granting of rights to take up shares, but

shall not apply to the issue of shares to any party exercising any previously acquired right to take up shares.

5.4 In the resolution pertaining to the issue of shares, the price and further conditions of issue shall be laid down. Subject to the provisions as laid down in the following sentence, the issue price shall not be below par value. It shall be permitted to conclude agreements with any parties professionally engaged in the placing of shares at their own expense, pursuant to which such parties are allowed to pay amounts on the shares taken up by the same below their par value, provided that at least ninety-four per cent (94%) of such amounts are paid in cash not later than the time when the shares are taken up.

The price of issue of preference shares shall be established, for each of such series of preference shares separately, by the resolution for the first issue of preference shares of the series in question.

Publication of Resolution to Issue and Designate.

Article 6.

6.1 Within eight days of a resolution of the General Meeting to issue or to designate another corporate body, as referred to above, the Company shall file a full text thereof at the office of the Commercial Register in whose district the Company has its registered office.

6.2 Within eight days of after the ending of each calendar quarter, the Company shall report each issue of shares in the past calendar quarter and the number of shares issued.

6.3 The provisions as laid down in the previous paragraph of this Article shall be correspondingly applicable to the granting of rights to take up shares, but shall not apply to the issue of shares to any party exercising any previously acquired right to take up shares.

Payments on Shares.

Article 7.

7.1 When any share is taken up, at least one/fourth (1/4) of the nominal value must be paid on it, as well as, if the share is taken up for any higher amount than the nominal value, the difference between these amounts.

7.2 Unless any other form of payment has been agreed upon by the body authorised to issue shares, payments on shares are to take place in money. Payment may be made in a foreign currency, if the Company consents thereto.

7.3 Subject to the approval of the General Meeting, with due observance of Article 24, paragraph 3, the Board of Managing Directors shall be authorised to enter into any legal acts with respect to payment on shares otherwise than in money and into the other legal acts as referred to in Article 94 of Book 2 of the Dutch Civil Code.

7.4 The Board of Managing Directors shall resolve on what day and up to what amount further payments on not fully paid up shares shall have been made. The Board of Managing Directors shall forthwith notify the shareholder(s) of such a resolution; at least two weeks shall pass between said notification and the date on which the payment shall have been made.

7.5 If a shareholder is in default with regard to its obligation to make a further payment - which will be the case by the mere expiry of the term set - he may not exercise the meeting rights and voting rights attached to the shares concerned and the right to distributions on the shares concerned will be suspended until he has fulfilled his obligations to make a further payment.

7.6 For shares A, a general share premium reserve shall be maintained. In addition, for each of the series of preference shares separate share premium reserves shall be maintained, each of these to be designated by the same letter as the series of preference shares in question. These share premium reserves B1 up to and including E4 shall be credited with the amounts paid by way of share premiums on the respective series of preference shares. The amount of the relevant share premium reserve which may be assigned to each preference share of a certain series shall be equal to the total amount of this share premium reserve divided by the total number of preference shares of the series in question that have been issued. Subject to the provisions as laid down in Article 10, paragraph 6, under c., the provisions as laid down in Article 15, paragraph 2, under b., as well as the provisions as laid down in paragraph 7 of the present Article, no amount whatsoever may be withdrawn from and no distribution whatsoever may take place from the share premium reserves B1 up to and including E4.

7.7 Amounts may be withdrawn from the share premium reserves B1 up to and including E4 in order to cover any losses incurred, but only after all other reserves that may be used for this purpose have been depleted. In that case, any withdrawals from such share premium reserves are to take place in proportion to the total share premium paid with respect to each of the relevant series of preference shares. Any amounts withdrawn from the share premium reserves B1 up to and including E4 in accordance with the provisions as laid down in the present paragraph are to be made up in the proportion as referred to above on the shortest possible notice after any distributions have taken place with respect to the preference shares in accordance with Article 41, and prior to any other distribution or non-statutory additions to reserves, including the distributions and non-statutory additions to reserves as referred to in Article 41, paragraph 6.

Pre-emptive Right.

Article 8.

8.1 When shares A are issued, each holder of shares A shall have a pre-emptive right in proportion to the aggregate amount of its shares A, without prejudice to the provisions as laid down in Article 9 and the statutory provisions. A holder of preference shares shall not have a pre-emptive right when shares are issued. A holder of shares A shall not have a pre-emptive right when preference shares are issued, except in respect of preference shares issued in connection with the alternative dividend payment mechanism of the preference shares pursuant to Article 42 paragraph 2 or in connection with the alternative coupon settlement mechanism of the second, third or fourth series of perpetual securities, in which case each holder of shares A shall have a pre-emptive right in proportion to the aggregate amount of its shares A, without prejudice to the provisions as laid down in Article 9 and the statutory provisions.

If a holder of shares A to whom a pre-emptive right accrues does not or not fully exercise said right, the pre-emptive right in respect of the released part shall in the same manner accrue to the other holders of shares A.

If said holders of shares A jointly do not or not fully exercise their pre-emptive rights, the body authorised to issue shall be free to choose the parties to which the thus released part will be issued – possibly at a higher price.

8.2 When shares A are issued against payment other than in money, or if shares A are granted as a result of a merger or a demerger within the meaning of Title 7 of Book 2 of the Dutch Civil Code, a holder of shares A shall not have a pre-emptive right, unless the body authorised to issue declares that the pre-emptive right applies with respect to a certain issue of shares A. The provisions as laid down in paragraph 1 of this article shall then be correspondingly applicable with respect to the shares A to be issued, such without prejudice to the provisions as laid down in Article 9.

8.3 The pre-emptive right is not separately alienable.

8.4 If there is a pre-emptive right with respect to an issue, the body authorised to issue shall determine in the resolution to issue the manner in which and the term during which the pre-emptive right may be exercised, with due observance of the provisions as laid down in the present Article.

8.5 The Company shall notify all holders of shares A of an issue of shares A to which pre-emptive rights apply and of the term during which said right may be exercised.

8.6 The provisions as laid down in the present Article shall be correspondingly applicable to the granting of rights to take up shares A, but shall not apply to the issue of shares A to any party exercising any previously acquired right to take up shares A.

<u>Exclusion and Restriction of Pre-emptive Rights.</u>

Article 9.

9.1 The pre-emptive right referred to in Article 8 may be restricted or excluded, provided that such restriction or exclusion shall in each case apply to only one particular issue of shares. The proposal thereto shall explain the reasons for the proposal and the choice of the intended issue price in writing.

9.2 Restriction or exclusion of the pre-emptive right shall be effected pursuant to a resolution of the General Meeting, unless another corporate body is authorised thereto by the General Meeting. The General Meeting may designate another corporate body for a fixed period not exceeding five years as the body authorised to restrict or to exclude the pre-emptive right, provided that such a designation shall only be possible if such corporate body is also or simultaneously designated as the body authorised to issue shares. The designation may be renewed each time for a period not exceeding five years. No such designation may be cancelled, unless cancellation is specifically permitted in the applicable designation.

9.3 Within eight days of a resolution of the General Meeting to restrict or exclude the pre-emptive right or to designate as referred to in the previous paragraph, the Company shall file a full text thereof at the office of the Commercial Register in whose district the Company has its registered office.

Conversion.

Article 10.

10.1 With respect to the fully paid-up preference shares of one or more of the series E1 up to and including E4, it may be decided that they shall be convertible into shares A, at the discretion of their holder(s). Whether the preference shares of one or more of the series E1 up to and including E4 are convertible into shares A shall be determined for each of such series of preference shares separately at the occasion of the first issue of the preference shares of such series either by the General Meeting or by another corporate body, if the latter is at that time authorised:

- to issue preference shares of the series in question; and
- to issue the largest possible number of shares A that can be obtained by conversion of the preference shares to be issued of the series in question; and
- to restrict or to exclude the pre-emptive right of holders of shares A at the time of issue of preference shares of the series in question that are convertible into shares A.

10.2 If it is decided in accordance with the provisions as laid down in paragraph 1 of the present Article that the preference shares of the series in question are convertible into shares A, the conversion rate or the manner in which the conversion rate is calculated, and the time or the times at which and any

further conditions subject to which conversion can take place, shall be determined as well. All of this shall be determined by the General Meeting or by another corporate body, if the latter is authorised as set forth in paragraph 1 of the present Article, at the occasion of the first issue of preference shares of the series in question, with due observance of the provisions as laid down in the paragraphs 4, 5 and 6 of the present Article.

10.3 The body of the Company which is authorised, in accordance with paragraph 1 of the present Article, to decide that the preference shares of a particular series are, at the discretion of their holder(s), convertible into shares A shall likewise be competent to decide instead that the preference shares to be issued of the series in question, or any number of these, will *ipso jure* be converted into shares A, whether or not by drawing lots.
In that case, it shall also be determined at what time conversion shall take place and, if preference shares are to be converted into shares A by drawing lots, when and in what way lots shall be drawn. Such drawing of lots as referred to above can only take place before a civil law notary. The result of the drawing of lots shall be immediately published in accordance with the provisions as laid down in Article 34, paragraph 2. For the rest, the provisions as laid down in paragraph 2 of the present Article shall be correspondingly applicable.

10.4 Notwithstanding the other provisions as laid down in these Articles of Association, shares A and preference shares that are convertible into shares A may only be issued insofar as, with due observance of the issue in question, the sum of the total number of shares A issued and the total number of shares A into which any issued preference shares may be converted, does not exceed the authorised capital as referred to in Article 4 hereof in the form of shares A.
When determining whether the authorised capital as referred to in Article 4 in the form of shares A is sufficient, due account shall also be taken of any rights granted, but not yet exercised, to take up shares A and preference shares that are convertible into shares A, including the number of shares A that possibly is to be issued pursuant to the provisions as laid down in paragraph 6, under b. of the present Article.

10.5 If, as a result of the conversion rate established and the provisions as laid down above in the present Article, the number of preference shares which is converted into shares A at any given moment exceeds the number of shares A to be acquired for this by conversion, the following rules shall apply:

a. the largest possible part of the preference shares in question shall be converted into an equal number of shares A;

b. at the time of conversion, the remaining balance of the preference shares in question shall be transferred, for no consideration, to the Company or to a third party to be designated by the Company; and

c. the amount of the relevant share premium reserve as referred to in Article 7, paragraph 6 which may be assigned to the preference shares in question shall be withdrawn from the share premium reserve and shall be added to the general share premium reserve.

10.6 If, as a result of the conversion rate established and the provisions as laid down above in the present Article, the number of preference shares which is converted into shares A at any given moment is less than the number of shares A to be acquired for this by conversion, the following rules shall apply:

a. all preference shares in question shall be converted into an equal number of shares A;

b. any shares A not included in this as a result of the conversion rate shall, at the time of the conversion, be issued to the shareholder in question and shall be paid up at par value to the debit of the share premium reserve maintained for the relevant class of preference shares; and

c. the amount of the relevant share premium reserve as referred to in Article 7, paragraph 6 hereof which may be assigned to the preference shares in question shall, after deduction of the amount debited to this share premium reserve in accordance with b. above, be withdrawn from the share premium reserve and shall be added to the general share premium reserve.

The conversion rate of preference shares may not be such that the nominal capital to be issued in accordance with b. above in the form of shares A exceeds the aggregate nominal value of the preference shares to be converted, increased by the amount of the relevant share premium reserve as referred to in Article 7, paragraph 6 hereof which may be assigned to these.

Dividends on Shares.

Article 11.

Dividends on shares shall be paid to the persons entitled thereto.

Transfer of Shares and Restricted Rights.

Article 12.

12.1 The transfer of shares shall be effected by notarial deed with due observance of the provisions of Article 86 of Book 2 of the Dutch Civil Code.

12.2 Except in the event that the Company itself is a party to the legal act, the rights attached to a share may not be exercised until after:

a. the Company has acknowledged the legal act;

b. the notarial deed has been served on the Company; or

c. the Company has acknowledged the legal act of its own accord by entering it in the shareholders' register,

all this with due observance of the provisions of Articles 86a and 86b of Book 2 of the Dutch Civil Code.

12.3 For the purpose of these Articles of Association, rights of holders of depositary receipts shall be taken to mean the rights granted by the law to holders of depositary receipts issued with the co-operation of the Company, including the right to be called up for General Meetings, the right to attend such meetings, the right to speak at the same and the right to inspect the annual accounts and board report drawn up and the other information added thereto at the office of the Company and receive a copy thereof free of charge.

12.4 When a right of usufruct is created on shares, the voting right may be granted to the usufructuary. Usufructuaries with voting rights shall have the rights as granted by the law to holders of depositary receipts issued with the co-operation of the Company. Usufructuaries with no voting rights shall not be entitled to those rights.

12.5 Shares may be the subject of a pledge. The provisions of Article 12 paragraph 4 above shall be of corresponding application in respect of pledges.

Acquisition of Own Shares.

Article 13.

13.1 Subject to authorisation of the General Meeting and without prejudice to the provisions of Article 98 of Book 2 of the Dutch Civil Code, the Company may acquire fully paid-up shares in its own capital for valuable consideration, if the shareholders' equity, less the acquisition price for the shares to be acquired, is not less than the paid up and called up part of the share capital, increased by the reserves which must be maintained pursuant to the law or these Articles of Association. Without prejudice to the previous sentence, at least one share must be held other than by, or for the account of, the Company or any of its Subsidiaries.

Decisive with regard to the requirement of the previous sentence is the amount of the shareholders' equity according to the last-adopted balance sheet, decreased by the acquisition price for shares in the capital of the Company, the amount of the loans as referred to in Article 4 paragraph 5 and distributions from the Profit or the reserves to others that it or its Subsidiaries became payable after the date of such last adopted balance sheet. If more than six months of a financial year have lapsed without the annual accounts having been adopted, an acquisition in accordance with the provisions as laid down in this Article will not be permitted. The

authorisation of the Board of Managing Directors by the General Meeting will be valid for at most five years and shall stipulate the number of shares that may be acquired, how they may be acquired and the upper and lower limit of the acquisition price.

13.2 For the purpose of the application of the provisions of paragraph 1 of this Article, depositary receipts for shares in the capital of the Company shall be considered equivalent to shares.

Consequences of Holding Own Shares.

Article 14.

14.1 The Company cannot derive a right to any distribution from the shares in its own capital; nor can it derive any right to such a distribution from shares for which it holds the depositary receipts. When calculating the division of an amount intended for distribution on shares, the shares held by the Company in its own capital shall not be counted.

14.2 No vote may be cast in the General Meeting on a share belonging to the Company or a Subsidiary, nor on a share for which one of them holds the depositary receipts. When determining to what extent shareholders vote, are present or represented, or to what extent share capital is provided or represented, the shares on which no vote may be cast pursuant to the above shall not be counted.

Capital Reduction.

Article 15.

15.1 Not before consultation on this matter with the Board of Managing Directors, with due observance of Article 33, paragraph 5 under b., and the Board of Supervisory Directors, with due observance of Article 33, paragraph 6 under b., and with due observance of the provisions of Articles 99 and 100 of Book 2 of the Dutch Civil Code, the General Meeting may resolve to reduce the issued capital:

a. by withdrawing shares; or

b. by reducing the amount of the shares as a result of an amendment to the Articles of Association.

15.2 Any resolution to withdraw shares may only concern:

a. shares held by the Company itself or shares for which it holds the depositary receipts; or

b. all shares of a particular class with repayment. If, after complete withdrawal of one or more classes only one class of issued shares remains, the remaining class may no longer be withdrawn. In the event of withdrawal of preference shares of one or more of the series B1 up to and including E4, the following payment – in addition to the nominal value of each share – shall be made on the preference shares of the series concerned: (i) the relevant share

premium reserve, insofar as still available, in accordance with the amount of such a share premium reserve that may be assigned to each preference share withdrawn, (ii) a dividend amount that is as much as possible calculated in accordance with Article 41, and (iii) on preference shares of series B1 up to and including B4, a payment in addition to the amount referred to under (i), calculated with corresponding application of Article 41.

15.3 Partial repayment on shares or an exemption from the obligation to pay up shares shall only be allowed in order to implement a resolution passed in order to reduce the amount of the shares. Such repayment or exemption shall be granted:

a. proportionally with respect to all shares. The proportionality requirement may be deviated from with the consent of all the shareholders concerned; or

b. with respect to all shares of a particular class or series.

15.4 The convocation of a General Meeting in which a resolution as described in this Article is to be passed, shall state the purpose of the capital reduction and the manner in which it will be implemented. The resolution to reduce the capital shall indicate the shares to which the resolution pertains and regulate how the resolution will be implemented. The Company shall file a resolution to reduce the issued capital at the office of the Commercial Register and announce the filing in a national daily newspaper.
A resolution to reduce the issued capital shall not take effect if and so long as it may be objected to. If it is objected to in a timely manner, the resolution shall not take effect until after the objection has been revoked or the objection can be removed. If the Company reduces its capital on account of losses incurred to an amount that is not below that of its shareholders' equity, the resolution shall take effect immediately.

Shareholders' Register.

Article 16.

16.1 The Board of Managing Directors shall keep a register in which the names and addresses of all shareholders are listed, stating the date on which they acquired the shares, the number of shares held by them, the class and, if applicable, the series of the shares, the date of acknowledgement or service, as well as the amount paid up on each share.

16.2 The register shall be brought up to date regularly.

16.3 The Board of Managing Directors shall file the register at the office of the Company for inspection by the shareholders, usufructuaries and pledgees. At the request of a shareholder, a usufructuary or a pledgee, the Board of Managing Directors shall provide an excerpt from the register pertaining to his right to a share, free of charge.

16.4 Each shareholder, usufructuary, pledgee and holder of depositary receipts issued with the co-operation of the Company is obliged to state his address and e-mail address to the Board of Managing Directors.

Community.

Article 17.

If shares or depositary receipts of shares, issued with the co-operation of the Company, belong to a community, the joint owners may only have themselves represented vis-à-vis the Company by a person designated thereto by them in writing. The joint owners may also designate more than one person. If the community includes shares, the joint owners may – provided unanimously – determine at the time of the designation or later that, if same is required by a joint owner, such a number of votes will be cast in accordance with his instruction as corresponds with the part for which he is entitled in the community.

Notices and Communications.

Article 18.

18.1 Without prejudice to the provisions of paragraph 2 of this Article, notices and communications shall be effected by means of any usual channels of communication, including at any rate, without limitation, facsimile message, email with acknowledgement of receipt and letters by ordinary mail. Notices and communications by shareholders and holders of depositary receipts to the Board of Managing Directors or the Board of Supervisory Directors shall be effected at the office of the Company.

18.2 Notices and communications to shareholders and holders of depositary receipts shall be effected to the addresses most recently provided to the Board of Managing Directors. Notice of a meeting may also be given by sending an electronic message that is readable and capable of being produced in writing to the address notified for this purpose to the Company by the shareholders and holders of depositary receipts that have consented to receiving notice in this manner.

18.3 The date of sending by the Company of a notice or a communication shall be regarded as the date of such notice or communication.

18.4 Communications that must be addressed to the General Meeting pursuant to the law or the Articles of Association may be effected by inclusion in the convocation notice or in a document that has been filed for perusal at the offices of the Company, provided this is announced in the convocation notice.

Transfer Restrictions.

Article 19.

19.1 Each and any transfer of shares shall require the prior approval of the General Meeting. The General Meeting shall consult the Board of Managing Directors and the Board of Supervisory Directors before approving any

transfer of shares, save for any transfer of shares within the group (as defined in Article 24b of Book 2 of the Dutch Civil Code) of the relative shareholder, which shall not require prior consultation of the Board of Managing Directors and the Board of Supervisory Directors.

19.2 A request for such approval shall be made to the Company by the transferor stating the number of shares involved, the class and, if applicable, the series of the shares, the price and other conditions of transfer, the name of the person to whom the transferor wishes to transfer those shares and whether or not the transferor will agree to a transfer of shares to the Company.

19.3 A decision on the request must be taken within three months of receipt thereof. If no decision is announced to the transferor within this term approval shall be deemed to have been granted.

19.4 A rejection of the request shall nevertheless be deemed to be an approval if the General Meeting does not at the same time as communicating its rejection to the transferor give the transferor the names of one or more persons - whether existing shareholders, third parties or the Company itself - who are prepared to purchase the shares to which the request relates. The Company may only be a prospective purchaser under the provisions of this Article with the consent of the transferor.

19.5 If the transferor accepts the prospective purchaser(s) referred to in paragraph 4 above and the parties are unable to agree on the price to be paid for the share(s), the price shall be determined by one or more independent experts to be appointed by the transferor and the prospective purchaser(s) by mutual agreement. If they fail to reach agreement on the appointment within one month of the acceptance of the prospective purchasers by the transferor, either party may request the Chairman of the Chamber of Commerce and Industry in whose district the Company has its registered office to appoint one independent expert.

19.6 The prospective purchaser(s) shall be entitled to withdraw at any time provided it/they do so within two weeks after it/ they have been notified of the price as determined in accordance with the preceding paragraph. If, as a result hereof, not all the shares are purchased:

a. because all the prospective purchasers have withdrawn; or

b. because the other prospective purchasers have not, within six weeks after the notification referred to above, declared their willingness to acquire the shares which have become available, the approval shall be deemed granted.

19.7 The transferor shall be entitled to withdraw at any time, provided he does so within two weeks of being definitively informed of both the identity of the prospective purchaser(s) to whom he can sell all the shares to which the request related, and the selling price.

19.8 If the request for approval is granted or deemed to be granted, then the Company will notify the same to all shareholders and the transfer may take place, provided that the transfer is effected within three months after the request for approval is granted or deemed to be granted and against the price stated in the request referred to in paragraph 2.

19.9 Shares can be transferred without the above procedure being complied with, if the transfer takes place within three months after all shareholders have stated in writing that they approve of such transfer.

Management; General, Appointment, Suspension, Dismissal and Employment Conditions.

Article 20

20.1 The Company shall be managed by a Board of Managing Directors, supervised by a Board of Supervisory Directors. The General Meeting shall establish the number of managing directors.

20.2 The Board of Managing Directors shall be charged with the management of the Company. In the performance of their duties, the Members of the Board of Managing Directors shall be guided by the best interest of the legal person and the undertaking connected with it. The Board of Managing Directors must conduct itself in accordance with the instructions of the General Meeting in accordance with Dutch law where these relate to the areas of the financial, social and commercial policies to be pursued by the Company and the Group (specifically in relation to (i) reporting, information provision and communication, (ii) reorganization and exit, and (iii) compliance).

20.3 The Board of Managing Directors shall have at least two (2) members, one of whom the General Meeting shall appoint as Chairman of the Board of Managing Directors and one of whom it shall appoint as Vice-Chairman of the Board of Managing Directors.

20.4 Members of the Board of Managing Directors are allowed to hold a position of managing director, supervisory director or adviser with a company or with an enterprise in which the Company has any direct or indirect interest. Any income earned as a result of such a position shall accrue to the Company. Except after approval by the General Meeting, with due observance of Article 24, paragraph 3, Managing Directors shall not hold other additional offices or posts if any income is attached thereto.

20.5 Members of the Board of Managing Directors shall be appointed by the General Meeting for a period not exceeding four years. Reappointment of a member of the Board of Managing Directors shall be possible each time for a period not exceeding four years. Members of the Board of Managing Directors shall be dismissed by the General Meeting.

20.6 The General Meeting and the Board of Supervisory Directors shall at any time be entitled to suspend a member of the Board of Managing Directors. In the event of suspension, the General Meeting is to pass a resolution within a sixty days' period at the latest to (i) cancel the suspension, (ii) uphold the suspension or (iii) dismiss the member of the Board of Managing Directors in question; in the absence thereof, the suspension will lapse. A resolution to uphold the suspension may be passed only once and the suspension may be upheld thereby for sixty days at the most, commencing on the day on which the General Meeting passed the resolution to uphold it. The suspension shall be deemed to have terminated if the General Meeting has not passed a resolution, within the above-mentioned period, to dismiss the member of the Board of Managing Directors in question or to cancel the suspension.

A suspended member of the Board of Managing Directors shall be given the opportunity to render account in the General Meeting where his dismissal is tabled.

20.7 A resolution as referred to in paragraph 5 and paragraph 6 of the present Article shall not be passed until after the Board of Managing Directors has informed the Employees' Council of the draft resolution and the reasons for these. The notification shall be given at least thirty days before the General Meeting in which the draft resolution will be discussed. If the Employees' Council defines a position on the draft resolution, the Board of Managing Directors shall inform the Board of Supervisory Directors and the General Meeting of said position. The Employees' Council may have its position explained in the General Meeting.

20.8 The Company shall have a policy with regard to the remuneration of the members of the Board of Managing Directors. The proposal to establish the policy shall only be submitted to the General Meeting if the Employee's Council has been timely before the calling of the General Meeting as referred to in Article 34 paragraph 4 been offered the opportunity to determine its position. The position of the Employee's Council shall be submitted to the General Meeting simultaneously with the proposal to establish the remuneration policy. The chairman of the employee's council or a member of the Employee's Council designated by him can explain the position of the Employee's Council in the General Meeting. The absence of the position of the Employee's Council does not invalidate the decision making in respect of the remuneration policy.

20.9 For the application of paragraphs 7 and 8 of this Article, the term Employee's Council shall include the employee's council of the enterprise of a Subsidiary, provided the majority of the employees that are employed by the Company and its Group companies are employed in the Netherlands. If

there is more than one employee's council, the authority shall be exercised jointly. Has a central employee's council been established for the enterprise or enterprises involved, then the authority shall vest in the central employee's council.

20.10 The remuneration of the members of the Board of Managing Directors shall be established by the General Meeting, with due observance of the policy referred to in paragraph 8 of this Article.

Management; Representation and Holders of a Power of Attorney.

Article 21.

21.1 The Company shall be represented by the Board of Managing Directors, by two members of the Board of Managing Directors acting jointly, by one member of the Board of Managing Directors acting jointly with one holder of a power of attorney or by two holders of a power of attorney acting jointly, as far as holders of a power of attorney are concerned, with due observance of the powers granted to them.

21.2 The Board of Managing Directors may grant a power of attorney or other continuous representative authority to one or more persons, whether or not employed by the Company. The Board of Managing Directors may also grant such title to persons as referred to in the previous sentence, as well as to other persons, provided that any such person is employed by the Company, as it prefers.

Management; Inability to Act or Absence.

Article 22.

22.1 In the event of absence or inability to act of one or more members of the Board of Managing Directors, the remaining members or the remaining member shall be temporarily charged with the management.

22.2 In the event of absence or inability to act of the entire Board of Managing Directors, the Board of Supervisory Directors shall be temporarily charged with the management of the Company. In such a situation, the Board of Supervisory Directors shall be entitled to temporarily entrust the management, under the responsibility of the Board of Supervisory Directors, to one or more persons, whether or not from its number.

Management; Meetings and Conflict of Interests.

Article 23.

23.1 The Board of Managing Directors may, after having obtained approval from the General Meeting and with due observance of these Articles of Association, adopt standing rules regulating amongst others the decision-making of the Board of Managing Directors. The standing rules may also contain an assignment of duties, clarifying with which duty each member of the Board of Managing Directors will be charged more specifically. Meetings may be held by means of any usual channels of communication,

including meeting by telephone (whether or not with images, for example by video conference). Substantial changes to the standing rules shall only be adopted by the Board of Managing Directors after approval of the General Meeting.

23.2 The Board of Managing Directors shall appoint a secretary, whether or not from its number, and provide for his replacement.

23.3 Each member of the Board of Managing Directors shall be entitled to cast one vote.

23.4 The Board of Managing Directors shall meet whenever the same is required by a member of the Board of Managing Directors. The Board of Managing Directors shall decide by an absolute majority of the votes referred to in paragraph 3 of the present Article. In the event of a tie, the chairman of the meeting will have the deciding vote, of which he shall forthwith inform the Board of Supervisory Directors.

23.5 The Board of Managing Directors may also pass resolutions outside a meeting, provided the same is effected in writing by means of any usual channels of communication, including facsimile message and email, the proposal concerned has been submitted to all the members of the Board of Managing Directors and none have opposed this manner of decision-making within twenty-four hours after receipt of the proposal and that a majority of them is in favour of the particular resolution.

23.6 A member of the Board of Managing Directors may not participate in the deliberations and decision making of the Board of Managing Directors on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If the Board of Managing Directors is consequently unable to take a decision, the decision must be taken by the Board of Supervisory Directors.

Management; Approval.

Article 24.

24.1 Without prejudice to the other relevant provisions as laid down in these Articles of Association, resolutions of the Board of Managing Directors to substantially change the identity or the nature of the Company or the enterprise will be subject to the approval of the General Meeting. Such resolutions shall include, without limitation, resolutions:

a. to transfer the enterprise of the Company or such Subsidiaries that are determined by the General Meeting from time to time, or almost the entire enterprise of the Company or such Subsidiary to a third party;

b. to enter into or terminate a co-operation of the Company or a Subsidiary with another legal person or company or as fully liable partner in a limited partnership or a general partnership;

c. to acquire or alienate a participating interest in the capital of a company with a value of at least one/fifth of the Company's equity according to the consolidated balance sheet with explanatory notes according to the last-adopted annual accounts of the Company, by it or a Subsidiary.

24.2 In addition to article 24.1 the Board of Managing Directors requires the approval of the General Meeting for the following resolutions in respect of the Company and in respect of each other Group company, unless the Designated Investor Non-Executives (as defined in the Merger Protocol) which are members of the Board of Supervisory Directors have agreed in writing to the respective proposal:

a. a Transfer, merger, sale, divestment, demerger or reorganization of all or substantially all of the business or undertaking of a Group company where the equity value of such Group company exceeds twenty-five million euro (EUR 25,000,000), to a Third Party, whether by means of a sale, a legal merger (*juridische fusie*) or otherwise;

b. the entry into or termination of any joint venture agreement, partnership or long term cooperation (*duurzame samenwerking*) of a Group company provided that the equity value of such Group company contributed to the agreement, partnership or cooperation exceeds twenty-five million euro (EUR 25,000,000), including (i) as a fully liable partner in a limited partnership (*commanditaire vennootschap*) (ii) a general or commercial partnership (*vennootschap onder firma*) and (iii) a partnership similar to (i) or (ii) as established under any laws other than the laws of The Netherlands;

c. the acquisition by a Group company (whether in one or a series of transactions) of any interest in the capital of another company or entity, with an aggregate equity value in excess of fifty million euro (EUR 50,000,000);

d. save where included in the annual budget, entering into, terminating or making material amendments to any other type of contracts than those mentioned in any other paragraph hereof, where the contract results in annual cost or expenses exceeding five percent (5%) of the Group’s consolidated total annual operating expenses in the most recent financial year;

e. making a material change in the nature, scope, business or strategy of the enterprise of the Group;

f. adopting and/or amending the Business Plan and annual budget (including a capital and funding plan) of the Group;

g. filing for bankruptcy (*faillissement*) or moratorium of payments (*surséance van betaling*) of, or liquidate or dissolve, a Group company;

h. commencing or settling of a dispute, legal proceedings and/or arbitration in any jurisdiction which reasonably likely represents a value of more than twenty million euro (EUR 20,000,000), other than debt collection activities in the ordinary course of business of the Group;

i. issuance of any new shares, creation of new classes of shares, any amendment, reduction, cancellation, repayment or return of capital of a Group company, except among Group companies;

j. cooperation in the issue of depositary receipts for shares of a Group company;

k. the application for admission of shares of a Group company to listing or trading on any market or exchange, including a regulated market or a multilateral trading facility as referred to in Section 1:1 of the Financial Supervision Act (*Wet of het financieel toezicht*) or a system similar to a regulated market or multilateral trading facility in a state that is not a Member State, or the application for cancellation of such listing or trading;

l. the termination of the employment contracts of a number of employees of the Company, a Group company, to the extent such number of employees represents more than fifteen percent (15%) of the total full-time equivalents of the Group, whether simultaneously or within a short period, as part of a programme or series of terminations or otherwise;

m. entering into, materially amending, refinancing or restructuring any financing, debt or borrowing of any Group company which is (a) not included in the annual budget or (b) in whole or part, is convertible into equity or includes share warrants, pledges or other securities over any shares in a Group company;

n. the creation, grant, issue, or agreement to create, grant, or issue any third party rights over any Group company's assets, or guarantees or other form of surety, except in the ordinary course of business or by way of security for financings, debt and/or borrowings permitted by or pursuant to paragraph 12 of the Merger Protocol, or as included in the annual budget;

o. any material changes with respect to accounting policies or procedures, except (i) as required by applicable law or by changes in

applicable generally accepted accounting principles or (ii) as the Company or any Group company, based upon the advice of its independent auditors after consultation with the Company or the relevant Group company (as the case may be), determines in good faith is advisable to conform to best accounting practices;

p. amending the articles of association of the Company or NIBC Holding N.V.;

q. changing the dividend policy of the Company;

r. any distributions (including returns of capital and/or buybacks), in excess of the dividend policy of the Company;

s. changing the remuneration policy of the Board of Managing Directors;

t. entering into, terminating or amending contracts entered into between a Group company on the one hand and any member of the Board of Supervisory Directors or Board of Managing Directors (or one of their connected persons) on the other hand, other than (i) their service contracts, (ii) in respect of products and services in the ordinary course of business of the Group company, or (iii) in accordance with the Group company's standard staff or employment policies.

24.3 The request for approval of a resolution as referred to in paragraph 1, introduction and subs a., b. and c. of this Article shall only be submitted to the General Meeting if the employee's council has been timely before the calling of the General Meeting as referred to in Article 34 paragraph 4 been offered the opportunity to determine its position. The position of the employee's council shall be submitted to the General Meeting simultaneously with the request for approval. The chairman of the employee's council or a member of the employee's council designated by him can explain the position of the employee's council in the General Meeting. The absence of the position of the employee's council does not invalidate the decision making in respect of the request for approval. Article 20 paragraph 8 shall apply mutatis mutandis.

Board of Supervisory Directors; General.

Article 25.

25.1 The Company shall have a Board of Supervisory Directors consisting of at least three (3) natural persons.

25.2 The Board of Supervisory Directors shall establish the number of members of the Board of Supervisory Directors, with due observance of the provisions as laid down in the first paragraph of the present Article.

25.3 In the event of absence or inability to act of one or more members of the Board of Supervisory Directors, the remaining members of the Board of

Supervisory Directors shall be temporarily charged with the duties of the Board of Supervisory Directors. In the event of absence or inability to act of the entire Board of Supervisory Directors or the only member of the Board of Supervisory Directors, the duties of the Board of Supervisory Directors shall be temporarily conducted by the person designated for that purpose by the General Meeting.

25.4 Not eligible for the position of member of the Board of Supervisory Directors are:

a. persons employed by the Company;

b. persons employed by a Subsidiary;

c. members of the Board of Managing Directors and persons employed by an employees' organisation that is usually involved in determining the employment conditions of the persons referred to under a. and b.

25.5 The Board of Supervisory Directors shall draw up a profile with respect to its size and composition, taking into account the nature of the enterprise, its activities and the required expertise and background of the members of the Board of Supervisory Directors. The Board of Supervisory Directors shall discuss the profile and any change thereof in the General Meeting and with the Employees' Council.

Appointment of Members of the Board of Supervisory Directors.

Article 26.

26.1 The members of the Board of Supervisory Directors shall be appointed, on the nomination of the Board of Supervisory Directors, by the General Meeting. The nomination shall only be submitted to the General Meeting if the Employee's Council has been timely before the calling of the General Meeting as referred to in Article 34 paragraph 4 been offered the opportunity to determine its position. The chairman of the Employee's Council or a member of the Employee's Council designated by him can explain the position of the Employee's Council in the General Meeting. The absence of the position of the Employee's Council does not invalidate the decision making in respect of the proposal to appoint a member of the Board of Supervisory Directors.

26.2 For the application of paragraph 1 of this Article, the term Employee's Council shall include the employee's council of the enterprise of a Subsidiary, provided the majority of the employees that are employed by the Company and its Group companies are employed in the Netherlands. If there is more than one employee's council, the authority shall be exercised jointly. Has a central employee's council been established for the enterprise or enterprises involved, then the authority shall vest in the central employee's council.

26.3 A nomination for appointment of a member of the Board of Supervisory Directors shall state the age and the profession of the candidate, as well as the amount of the shares in the Company held by him and the positions held now or in the past by him insofar as these are relevant to the performance of the duties of a supervisory director. It shall also state at what legal persons he already holds the position of supervisory director; if these include legal persons belonging to the same group, it will suffice to mention the group concerned. The nomination for appointment of a member of the Board of Supervisory Directors shall be substantiated. In the event of a reappointment, the candidate's performance of his duties as a member of the Board of Supervisory Directors shall be taken into account.

26.4 The General Meeting may resolve that the nomination referred to in paragraph 1 of the present Article shall not be binding by a resolution passed with two-thirds majority of the votes cast representing more than one half of the issued capital.

Retirement of Members of the Board of Supervisory Directors.
Article 27.

27.1 A member of the Board of Supervisory Directors shall resign at the latest on the day of the first General Meeting held after the lapse of four years since his appointment.

27.2 The members of the Board of Supervisory Directors shall periodically resign in accordance with a schedule to be drawn up by the Board of Supervisory Directors. A change of said schedule shall not entail that a sitting member of the Board of Supervisory Directors must resign against his will before expiry of the term for which he was appointed.

27.3 A retiring member of the Board of Supervisory Directors may be re-appointed, subject to the provisions of Article 25, paragraph 4.

Suspension and Dismissal of Members of the Board of Supervisory Directors
Article 28.

28.1 A member of the Board of Supervisory Directors may be suspended by the Board of Supervisory Directors. The suspension will end ipso jure if the Company fails to submit a request as referred to in the next paragraph within one month of the suspension.

28.2 The General Meeting may at any time suspend or dismiss any member of the Board of Supervisory Directors.
In the event of:

a. a suspension within the meaning of Article 28.1, the General Meeting is to pass a resolution within a sixty days' period at the latest from the moment the General Meeting has received a request by the Company (represented by the Board of Supervisory Directors) to either (i) cancel the suspension, (ii) uphold the

suspension or (iii) dismiss the member of the Board of Supervisory Directors in question; in the absence thereof, the suspension will lapse;

b. a suspension within the meaning of this Article 28.2, first sentence, the General Meeting is to pass a resolution within a sixty days' period at the latest to either (i) cancel the suspension, (ii) uphold the suspension or (iii) dismiss the member of the Board of Supervisory Directors in question; in the absence thereof, the suspension will lapse.

A resolution to uphold the suspension may be passed only once and the suspension may be upheld thereby for sixty days at the most, commencing on the day on which the General Meeting passed the resolution to uphold it. The suspension shall be deemed to have terminated if the General Meeting has not passed a resolution, within the above-mentioned period, as applicable, to dismiss the member of the Board of Supervisory Directors in question or to cancel the suspension.

A suspended member of the Board of Supervisory Directors shall be given the opportunity to render account in the General Meeting where his dismissal is tabled.

28.3 A resolution as referred to in paragraph 2 of the present Article shall not be passed until after the Board of Managing Directors has informed the Employees' Council of the draft resolution and the reasons for these. The notification shall be given at least thirty days before the General Meeting in which the draft resolution will be discussed. If the Employees' Council defines a position on the draft resolution, the Board of Managing Directors shall inform the Board of Supervisory Directors and the General Meeting of said position. The Employees' Council may have its position explained in the General Meeting.

28.4 For the application of paragraph 3 of this Article, the term Employee's Council shall include the employee's council of the enterprise of a Subsidiary, provided the majority of the employees that are employed by the Company and its Group companies are employed in the Netherlands. If there is more than one employee's council, the authority shall be exercised jointly. Has a central employee's council been established for the enterprise or enterprises involved, then the authority shall vest in the central employee's council.

Remuneration of Members of the Board of Supervisory Directors.

Article 29.

The remuneration of each member of the Board of Supervisory Directors shall be established by the General Meeting.

Board of Supervisory Directors; Supervision, Approval, Consultations.

Article 30.

30.1 The Board of Supervisory Directors is charged with the supervision of the management of the Board of Managing Directors and the general course of affairs in the Company and the enterprise affiliated with it. It shall provide advice to the Board of Managing Directors. When performing their duties, the members of the Board of Supervisory Directors shall be guided by the interests of the Company and the enterprise affiliated with it. The Board of Managing Directors shall consult with the Board of Supervisory Directors on all important matters affecting the general management of the Company

30.2 The Board of Managing Directors shall provide the Board of Supervisory Directors with the information required for the performance of the duties of the Board of Supervisory Directors in a timely manner. The Board of Managing Directors shall at least once a year inform the Board of Supervisory Directors in writing of the outlines of the strategic policy, the general and financial risks and the management and control systems of the Company.

30.3 Consultation with the Board of Supervisory Directors is required for the resolutions of the General Meeting referred to in Article 33, paragraph 6.

Board of Supervisory Directors; Meetings and Conflict of Interests.

Article 31.

31.1 The General Meeting shall appoint from the Board of Supervisory Directors a chairman and one or more vice-chairmen, who will replace the first-mentioned in his absence. It shall appoint a secretary, whether or not from its number, and provide for his replacement.

31.2 If the chairman and the vice-chairman are absent from a meeting, the meeting itself will appoint a chairman.

31.3 The Board of Supervisory Directors shall meet whenever this is requested by a member of the Board of Supervisory Directors or requested by the Board of Managing Directors. Meetings may be held by means of any usual channels of communication, including meeting by telephone (whether or not with images, for example by video conferencing).

31.4 The members of the Board of Managing Directors may be invited to attend the meetings of the Board of Supervisory Directors.

31.5 The secretary shall keep minutes of the proceedings at each meeting. The minutes shall be adopted in the same meeting or in a subsequent meeting of the Board of Supervisory Directors and be signed by the chairman and the secretary in witness thereof.

31.6 To be valid, a resolution of the Board of Supervisory Directors shall be passed by an absolute majority of the votes referred to in paragraph 7 of the present Article. Blank votes and invalid votes will be deemed not cast. Members of the Board of Supervisory Directors may have themselves

represented by one fellow member of the Board of Supervisory Directors by a written power of attorney. The term "written power of attorney" shall be understood to mean any power of attorney as conveyed by means of any usual channels of communication and received in writing.

31.7 Each member of the Board of Supervisory Directors shall be entitled to cast one vote.

31.8 The Supervisory Board may adopt a resolution by written consent without a meeting, provided that the proposed resolution has been submitted to all Supervisory Board members entitled to vote, none of them opposes this manner of adopting a resolution and the majority of such members have voted in favour of the proposed resolution.

At the first meeting of the Supervisory Board, held after the members adopted a resolution without a meeting set forth in this Article 31.8, the chairperson of that meeting will communicate the result of the voting.

A resolution of the Supervisory Board can be evidenced by a document setting forth such resolution and signed by the chairperson or, if the chairperson is absent or prevented from attending the meeting or if there is no chairperson, by one of the other Supervisory Board members.

31.9 The Board of Supervisory Directors may draw up standing rules regulating, among other things, decision-making by the Board of Supervisory Directors, provided only after having obtained the approval of the General Meeting thereon and with due observance of these Articles of Association. Substantial changes to the standing rules shall only be adopted by the Board of Supervisory Directors after approval of the General Meeting.

31.10 A member of the Board of Supervisory Directors may not participate in the deliberations and decision making of the Board of Supervisory Directors on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If the Board of Supervisory Directors is consequently unable to take a decision, the decision must be taken by the General Meeting.

<u>Committees from the Board of Members of the Board of Supervisory Directors.</u>
<u>Article 32.</u>

32.1 The Board of Supervisory Directors shall set up one or more committees in accordance with its standing rules from its number and may appoint one or more of its members in such committees who, as authorised by the Board of Supervisory Directors, shall perform on its behalf certain parts of the activities of the Board of Supervisory Directors or who shall make preparations for performing a part of the activities of the Board of Supervisory Directors.

32.2 The Board of Managing Directors or one or more persons designated by it may be invited to attend (part of) the meetings of the committees.

32.3 Such committees shall keep the Board of Supervisory Directors informed of their activities and shall consult the Board of Supervisory Directors whenever it is deemed necessary by the same in specific situations with respect to its relations with the Board of Supervisory Directors.

32.4 Minutes of the proceedings of the committee meetings shall be kept by a person to be designated thereto by the committee in question.

32.5 Committee members may at any time be dismissed as a member of such committee by the Board of Supervisory Directors. If any committee members retire or are suspended as members of the Board of Supervisory Directors, they shall retire or, as the case may be, be suspended as a member of the committee(s) of which they are members.

32.6 The provisions as laid down in Article 31, paragraphs 6 up to and including 9, shall be correspondingly applicable to the decision-making in any committee.

32.7 The Board of Supervisory Directors may draw up standing rules regulating, among other things, decision-making by a committee.

General Meeting.

Article 33.

33.1 The Annual General Meeting shall be held within six months of the end of the financial year.

33.2 The agenda for the meeting referred to in the previous paragraph shall at least include the following items:

a. the handling of the written board report of the Board of Managing Directors;

b. the adoption of the annual accounts and – with due observance of Article 41 – the determination of the Profit appropriation;

c. discharge of the members of the Board of Managing Directors for the management conducted by them and of the members of the Board of Supervisory Directors for the supervision exercised by them in respect of the past financial year;

d. the filling of any vacancies in the Board of Supervisory Directors and of anticipated vacancies in the Board of Supervisory Directors;

e. the (re-)appointment of the Company's accountant;

f. any other proposals brought up by the Board of Supervisory Directors, the Board of Managing Directors or shareholders and/or holders of depositary receipts jointly representing at least one/hundredth (1/100) part of the issued capital and announced with due observance of paragraph 4 of the present Article and Article 34;

g. any other item to be included according to the law.

33.3 General Meetings shall be held whenever considered appropriate by the Board of Managing Directors or the Board of Supervisory Directors.
A General Meeting shall also be convened as soon as one or more shareholders jointly representing at least one/tenth (1/10) part of the issued capital request this of the Board of Managing Directors, stating the items to be discussed.

33.4 Proposals of shareholders and/or holders of depositary receipts will be included in the agenda only if not later than on the sixtieth day before the meeting submitted to the Board of Managing Directors in writing by reasoned request by one or more shareholders and/or holders of depositary receipts, alone or jointly representing at least one hundredth (1/100) part of the issued capital.

33.5 Consultation of the Board of Managing Directors will be required for resolutions of the General Meeting with regard to:

a. an issue of shares as well as the granting of rights to take up shares, as provided in Article 5, paragraph 1 and 3;
b. a reduction of the issued capital, as provided in Article 15;
c. approval of a transfer of shares, as provided in Article 19, paragraph 1;
d. an amendment to the Articles of Association or dissolution of the Company, as provided in Article 43, paragraph 1;
e. a resolution to distribute as provided in Article 42, paragraph 5, a resolution setting the time and the date when dividend is due and payable as referred to in Article 42, paragraph 1 under b., or a resolution as referred to in Article 31, paragraph 2.

33.6 Consultation of the Board of Supervisory Directors will be required for resolutions of the General Meeting with regard to:

a. an issue of shares as well as the granting of rights to take up shares, as provided in Article 5, paragraph 1 and 3;
b. a reduction of the issued capital, as provided in Article 14;
c. approval of a transfer of shares, as provided in Article 18, paragraph 1;
d. an amendment to the Articles of Association or dissolution of the Company, as provided in Article 42, paragraph 1;
e. a resolution to distribute as provided in Article 42, paragraph 5, a resolutionsetting the time and the date when dividend is due and payable as referred to in Article 42, paragraph 1 under b., or a resolution as referred to in Article 31, paragraph 2.

33.7 Approval of the General Meeting will be required for the resolutions of the Board of Managing Directors referred to in Article 24, paragraph 3.

<u>Venue and Convocation Notice of the General Meeting.</u>

Article 34.

34.1 The General Meeting shall be held in The Hague, Amsterdam or Haarlemmermeer (Schiphol Airport). A meeting held elsewhere may pass valid resolutions only if the entire issued capital is represented and all holders of depositary receipts are present or represented.

34.2 Shareholders and holders of depositary receipts shall be called to the General Meeting by the Board of Managing Directors or the Board of Supervisory Directors. If in the case referred to in the second sentence of Article 33, paragraph 3, neither a member of the Board of Managing Directors nor a member of the Board of Supervisory Directors convenes the General Meeting, in such a manner that it is held within four weeks of receipt of the request, each of the requesters will be authorised to convene itself, with due observance of the relevant provisions of these Articles of Association.

34.3 The convocation notice shall always state the items to be handled, the location and the time of the General Meeting as well as the procedure for participating in the meeting by way of written proxy.

34.4 The convocation notice shall be send no later than on the fifteenth day before that of the meeting. If the term was shorter or no convocation was send, no valid resolutions may be passed unless the resolution is passed unanimously in a meeting in which the entire issued capital is represented and all holders of depositary receipts are present or represented.
The provisions as laid down in the previous sentence shall be correspondingly applicable to items not announced in the convocation notice or a supplementary convocation notice with due observance of the term set on the convocation notice.

Chairman and Secretary of the General Meeting.

Article 35.

35.1 The General Meeting shall be chaired by the chairman of the Board of Supervisory Directors or, if he is not present at the meeting, by his deputy. In the absence of the chairman and his deputy, the meeting shall appoint its chairman itself. The secretary of the Board of Supervisory Directors shall act as secretary of the meeting; in his absence, the chairman shall designate the secretary.

35.2 Minutes shall be kept of the proceedings at the meeting, unless a notarial record is drawn up. The minutes shall be adopted and signed in witness thereof by the chairman and the secretary of the meeting concerned.

35.3 The Board of Supervisory Directors, the chairman of the meeting or the person who convened the meeting may instruct the drawing up of a notarial record. The record shall be co-signed by the chairman.

General Meeting; Voting.

Article 36.

36.1 Insofar as not provided otherwise by the law, resolutions of the General Meeting shall be passed by an absolute majority of the votes validly cast at a meeting in which at least a majority of the issued and outstanding share capital is represented. Article 120, paragraph 3 of Book 2 of the Dutch Civil Code shall not apply.
Blank votes and invalid votes will be deemed not cast.

36.2 The Chairman shall determine the voting arrangement, provided that if one of the persons with voting rights present requires so, votes on the appointment, suspension or dismissal of persons shall be by sealed and unsigned ballots.

36.3 In the event of a tie in a vote on the appointment of persons, no resolution will be passed.

36.4 In the event of a tie in a vote on any other item, the proposal will be rejected.

36.5 Each Holder of depositary receipts shall be authorised to attend the General Meeting and speak at same, but, with the exception of the usufructuary and pledgee with voting rights, shall not be entitled to cast a vote. Shareholders and holders of depositary receipts may only have themselves represented at the meeting by a holder of a written power of attorney.

36.6 The members of the Board of Managing Directors and the Board of Supervisory Directors shall be authorised to attend the General Meeting and will have as such an advisory voice in the General Meeting.

Resolutions outside a Meeting.

Article 37.

37.1 Resolutions of shareholders may be passed outside a meeting with the prior knowledge of the Board of Managing Directors and the Board of Supervisory Directors. Resolutions as referred to in the previous sentence may not be passed if depositary receipts for shares have been issued with the co-operation of the Company. Such a resolution shall be valid only if all persons entitled to vote have cast their votes in support of the proposal concerned by means of any usual channels of communication. Votes can also be cast electronically.

37.2 The secretary shall make a record of a resolution as referred to in paragraph 1 of the present Article, adding the answers received, after which it shall be signed by the chairman of the first following meeting and the secretary. In addition, the documents evidencing that such a resolution was passed, shall be kept with the minutes register of the General Meeting.

Financial Year. Annual Accounts.

Article 38.

38.1 The financial year of the Company shall be the calendar year.

38.2 Annually within four months of the end of each financial year the Board of Managing Directors shall draw up the annual accounts and file them at the office of the Company for inspection by the shareholders and the holders of depositary receipts. Within the same term, the Board of Managing Directors shall also draw up the board report within the meaning of Article 391 of Book 2 of the Dutch Civil Code.

38.3 The annual accounts shall be signed by all members of the Board of Managing Directors and all members of the Board of Supervisory Directors; if any signature is lacking, the reasons for this omission shall be stated.

38.4 The Company shall instruct an accountant to audit the annual accounts drawn up by the Board of Managing Directors. The instruction shall be given and the accountant shall report with due observance of the provisions as laid down in Article 39.

38.5 Within the term referred to in paragraph 2 of the present Article, the Board of Managing Directors shall submit the annual accounts drawn up to the Board of Supervisory Directors, which shall provide a preliminary advice thereon to the General Meeting. The annual accounts shall be accompanied by the accountant's report, the board report and the other information referred to in Article 392, paragraph 1, of Book 2 of the Dutch Civil Code.

38.6 The Board of Managing Directors shall submit the annual accounts to the General Meeting for adoption within the term referred to in paragraph 2 of the present Article.

38.7 The Company shall ensure that the annual accounts drawn up, the board report and the other information referred to in paragraph 5 of the present Article, are available at the office of the Company as from the day of the convocation notice for the General Meeting intended for handling them. The shareholders and the holders of depositary receipts may inspect said documents there and obtain a copy thereof free of charge.

38.8 The General Meeting shall determine whether to adopt the annual accounts. The annual accounts may not be adopted if the General Meeting has been unable to take cognisance of the accountant's report referred to in paragraph 5 of the present Article.

38.9 The General Meeting shall pass a resolution on whether or not to grant discharge to the Board of Managing Directors for the management conducted by it and to the Board of Supervisory Directors for its supervision in respect of the last financial year.

Accountant.

Article 39.

The Company shall instruct an accountant to audit the annual accounts drawn up by the Board of Managing Directors, in accordance with the provisions as laid down in Article 38, paragraph 4. The General Meeting is authorised to grant the instruction.

If it fails to do this, the Board of Supervisory Directors will be authorised or, if members of the Board of Supervisory Directors are temporarily lacking or the Board of Supervisory Directors fails to do this, the Board of Managing Directors. The instruction given to the accountant may at any time be cancelled by the General Meeting as well as by the party that has given the instruction; the instruction given by the Board of Managing Directors may also be cancelled by the Board of Supervisory Directors. The accountant shall report on his audit to the Board of Supervisory Directors and the Board of Managing Directors and give the result of his audit in a report.

Publication of the Annual Accounts; half-yearly reporting.

Article 40.

40.1 The Company is obliged to publish the annual accounts within eight days of adoption thereof. The publication shall be effected by filing a copy at the office of the Commercial Register. The copy shall state the date of the adoption.

40.2 If the annual accounts have not been adopted in accordance with the statutory regulations within six months of the end of the financial year, the Board of Managing Directors shall forthwith publish the annual accounts drawn up in the manner prescribed in paragraph 1 of the present Article; the annual accounts shall state that they have not yet been adopted.

40.3 Copies of the board report and the other information referred to in Article 392 of Book 2 of the Dutch Civil Code shall be published simultaneously with and in the same manner as the annual accounts. This does not apply, except with respect to the information referred to in Article 392, paragraph 1, under a, c, f and g of Book 2 of the Dutch Civil Code, if the documents are kept at the office of the Company for inspection by anyone and, upon request, a full or partial copy thereof is provided at no more than cost price; the Company shall state same for registration in the Commercial Register.

40.4 The Board of Managing Directors shall also send the annual accounts to the Employee's Council.

40.5 To the extent article 5:25d, paragraph 1 of the Financial Supervision Act (*Wet op het financieel toezicht*) is applicable, the Board of Managing Directors shall prepare the half-yearly accounts, as referred to in article 5:25d paragraph 2 of the Financial Supervision Act, within three months of the end of the first six months of the financial year, and the Company makes the same generally available. The half-yearly accounts shall be available to the public for a period of at least ten years.

40.6 If the half-yearly accounts are audited or partly assessed by an accountant, his signed and dated statement or assessment shall together with the half-yearly accounts be made generally available.

40.7 If the half-yearly accounts are not audited or partly assessed by an accountant, this will be mentioned by the Company in the half-yearly accounts.

40.8 The half-yearly board report, that forms part of the half-yearly accounts, comprises at least an enumeration of the important events that have happened in the first six months of the relevant financial year and the impact thereof on the half-yearly accounts, as well as a description of the main risks and uncertainties for the remaining six months of the relevant financial year.

Profit Distribution.

Article 41.

41.1 Distribution of Profits pursuant to this Article shall be made following the adoption of the annual accounts which show that such distribution is allowed.

41.2 The General Meeting resolves whether dividends shall be paid on one or more series of the preference shares. If the General Meeting resolves to pay dividends on one or more series of the preference shares, to the extent possible, the dividend due to each of the holders of preference shares pursuant to Article 41 paragraph 3 and paragraph 4 shall be paid at times and dates established under Article 42 paragraph 2 under b. The preference shares are non-cumulative.

41.3 a. The dividend - expressed as a percentage per annum of the sum of (i) the nominal value of the relevant preference shares converted into the currency of the paid-in share premium and (ii) the share premium paid on that share - attributable to each holder of preferred shares is equal to the percentage meant in sub b. hereof.

b. The percentage of the dividend for the preference shares B, C and D of a particular series is, as determined by the Board of Managing Directors for such particular series, equal to: (i) a fixed percentage which may be linked to a specific fixed interest rate (or an average thereof) with or without an increase or reduction, or (ii) a variable percentage linked to a specific variable interest rate (*benchmark*) with or without an increase or reduction, or (iii) a combination of (i) and (ii), which percentage, including the applicable increase or reduction, if any, ranges, at the moment of the determination thereof, for the series of preference shares B, C, and D set out below, between:

Series B1: three and four per cent (3-4%);

Series B2: three and a half and four and a half per cent (3.5-4.5%);

Series B3: four and five per cent (4-5%);

Series B4: four and a half and five and a half per cent (4.5-5.5%);

Series B5: five and six per cent (5-6%);
Series B6: five and a half and six and a half per cent (5.5- 6.5%);
Series B7: six and seven per cent (6-7%);
Series B8: six and a half and seven and a half per cent (6.5-7.5%);
Series B9: seven and eight per cent (7-8%);
Series B10: seven and a half and eight and a half per cent (7.5-8.5%);
Series B11: eight and nine per cent (8-9%);
Series B12: eight and a half and nine and a half per cent (8,5-9,5%);
Series C1: three and four per cent (3-4%);
Series C2: three and a half and four and a half per cent (3.5-4.5%);
Series C3: four and five per cent (4-5%);
Series C4: four and a half and five and a half per cent (4.5-5.5%);
Series C5: five and six per cent (5-6%);
Series C6: five and a half and six and a half per cent (5.5-6.5%);
Series C7: six and seven per cent (6-7%);
Series C8: six and a half and seven and a half per cent (6.5-7.5%);
Series C9: seven and eight per cent (7-8%);
Series C10: seven and a half and eight and a half per cent (7.5-8.5%);
Series C11: eight and nine per cent (8-9%);
Series C12: eight and a half and nine and a half per cent (8.5-9.5%);
Series D1: three and four per cent (3-4%);
Series D2: three and a half and four and a half per cent (3.5-4.5%);
Series D3: four and five per cent (4-5%);
Series D4: four and a half and five and a half per cent (4.5-5.5%);
Series D5: five and six per cent (5-6%);
Series D6: five and a half and six and a half per cent (5.5-6.5%);
Series D7: six and seven per cent (6-7%);
Series D8: six and a half and seven and a half per cent (6.5-7.5%);
Series D9: seven and eight per cent; (7-8%)
Series D10: seven and a half and eight and a half per cent (7.5-8.5%);
Series D11: eight and nine per cent (8-9%);
Series D12: eight and a half and nine and a half per cent (8.5%-9.5%).

c. The fixed or variable interest rate as well as the increase or reduction meant in this paragraph under b. are determined by the Board of Managing Directors in relation to prevailing market conditions. The fixed or variable interest rate, as applicable, must be an interest rate which is commonly used in the market and determined every

business day and published on Reuters and/or Bloomberg or otherwise easily verifiable for shareholders of the Company. The interest rate and the increase or reduction may differ per series of preference shares B, C and D.

d. All payments of dividends on preferred shares of the series B, C and D will be made without the withholding of tax or other levies, if and to the extent that has been determined at the time of this issue of the relevant preference shares by the Board of Managing Directors, with the approval of the Board of Supervisory Directors, except when the withholding is required by law. If the withholding is required by law, the Company will make additional payments in order to equal the net proceeds received by the holders of the preference shares to the amount that they would have received if no taxes or levies would have been withheld, all in accordance with the provisions in the next sentence under d. The Board of Managing Directors may with the approval of the Board of Supervisory Directors decide to impose conditions under which additional payments will be made.

41.4 a. The dividend - expressed as a percentage per annum of the sum of (i) the nominal value of the relevant preference shares of the Series E1 up and including E4 converted into the currency of the paid-in share premium and (ii) the share premium paid on that share - attributable to each holder of the following preferred shares for each series as follows:

(i) Series E1: (x) until the eleventh day of December two thousand and thirteen equal to five eight hundred seventeen thousandths percent (5.817%), and (y) from the eleventh day of December two thousand and thirteen equal to the quarterly determined interest rate on deposits with a maturity of three months (the "**Three Month USD LIBOR**") increased with two fifty-five thousandths percent (2.055%). The Three Month USD LIBOR will be determined, as well as the resulting total dividend rate will be applied as provided in Article 41, paragraph 4, under b.;

(ii) Series E2: equal to the ten-year swap rates for the United States dollars (the "**Ten Year USD CMS Rate**") increased with one tenth percent (0.1%) where the resulting interest rate will not be greater than eight twenty-five hundredths percent (8.25%). The Ten Year USD CMS Rate will be determined, as well as the resulting total dividend rate will be applied as provided in Article 41, paragraph 4, under c.;

(iii) Series E3: equal to the ten year swap rate for euros (the "**Ten Year EUR CMS Rate**") increased with one tenth percent (0.1%) where the resulting interest rate is expressed as an annual percentage and will not be greater than eight percent (8%). The Ten Year EUR CMS Rate will be determined, as well as the resulting total dividend rate will be applied as provided in Article 41, paragraph 4, under d.;

(iv) Series E4: seven six hundred twenty-five thousandths percent (7.625%) per annum. This interest rate will be applied as provided in Article 41, paragraph 4, under e.

b. For all preference shares class E1 for the first time on the eleventh day of December two thousand and thirteen, and then each time every three months thereafter (a "**E1 Dividend Reset Date**"), the variable component of the dividend percentage of all preference shares class E1 shall be equal to the Three Month USD LIBOR, as published on Reuters Screen LIBOR01 as of eleven o'clock in the morning (11:00 am) local time in London, United Kingdom, two London Banking days prior to an E1 Dividend Reset Date. If, due to the absence of the rate as stated on the page mentioned in this paragraph under b. the variable component of the dividend rate cannot be calculated in accordance to that what is mentioned above in this paragraph under b., the rate will be determined on the basis of the rate for deposits in United States dollars as offered by Merrill Lynch International, Goldman Sachs International, Deutsche Bank AG London and J.P. Morgan Securities Ltd, or their legal successors (the "**Reference Banks**") at approximately eleven o'clock in the morning (11.00 am) London time two London Banking days prior to an E1 Dividend Reset Date, to prime banks in the interbank market in London for a period of three months starting at an E1 Dividend Reset Date and for an amount equal to the nominal amount of the relevant series of preference class shares E1 increased with the amount paid up on these shares as share premium. A request will be made to the principal office of the Reference Banks to provide a quotation of such rate. If at least two of such quotations are provided, the rate for the relevant E1 Dividend Reset Date shall be the arithmetic mean of those quotations. If fewer than two quotations are provided as requested, the rate for the relevant E1 Dividend Reset Date will be the arithmetic mean of the quotations provided by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co, Deutsche Bank Securities Inc and JP Morgan Securities Inc, or their legal successors, at approximately eleven o'clock in the

morning (11.00 am) local time in New York City, United States of America, on such E1 Dividend Reset Date for United States dollar loans to leading European banks for a period of three months commencing on such E1 Dividend Reset Date and in an amount equal to the total nominal value of all preference shares class E1 increased with the share premium amount paid on these shares. If one or more of the Reference Banks has (i) transferred offering of such rates to another financial institution, then this financial institution will take the place of the bank which has transferred these activities, or (ii) stopped providing such rates, then one of the following banks will take the place of this bank which has stopped these activities, in the following order:

1. ABN Amro Bank N.V.;
2. Citigroup Global Markets Limited;
3. Barclays Bank Plc;
4. UBS Limited;
5. Morgan Stanley & Co International Limited;
6. Nomura International Plc;
7. BNP Paribas, en
8. Credit Suisse First Boston (Europe) Limited,

or the relevant legal successors.

For the purpose of what is stated in this paragraph under b., the term "**London Banking day**" means any day on which transactions are settled in United States dollar in the interbank market in London, United Kingdom.

For the calculation of the dividend to be paid in respect of a certain period of time the annual dividend basis shall be multiplied by a fraction of which the numerator is the number of days in the relevant period and the denominator is three hundred and sixty (360), and where the period commencing on the E1 Dividend Reset Date and ends on (and excluding) the date of payment. The percentages resulting from any of the above in this paragraph under b. related calculation, if necessary, will be rounded up to the fifth decimal, whereby five millionth (0.000005) shall be rounded up, and rounded to the nearest cent. The dividend in United States dollars will be completed at the nearest cent, with half cents being rounded up.

c. For all preference shares class E2 (i) for the first time on the first twenty-fourth day of March preceding the issue date, unless the issue date is on the twenty-fourth day of March in that case by that date, and (ii) thereupon each time one year thereafter (a "**E2 Dividend Reset Date**"), the variable component of the dividend

percentage of all preference shares class E2 shall be equal to the Ten Year USD CMS Rate, as published on Reuters Screen ISDAFIX1 Page as of eleven o'clock in the morning (11:00 am) local time in New York City, United States of America, two days prior to an E2 Dividend Reset Date which does not include a Saturday or Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members to be closed for the entire day for purposes of trading in United States government securitiesbonds. If, due to the absence of the rate as stated on the page mentioned in this paragraph under c. the dividend rate can not be calculated in accordance to that what is mentioned above in this paragraph under c., the rate will be determined on the basis of the mid-market annual swap rate as quoted by swap contract offers as offered by five leading swap dealers at approximately eleven o'clock in the morning (11:00 am) local time in New York City, United States of America, on the relevant E2 Dividend Reset Date. The principal office of that dealer will be requested to provide its mid-market annual swap rate. If at least three quotations are provided, the highest and the lowest rate (or, in the case of two equal highest or two equal lowest rates, one of the highest and one of the lowest) will be eliminated and the arithmetic mean of the remaining rates will count as the variable component of the dividend rate for the relevant E2 Dividend Reset Date. If the variable components of the dividend rate cannot be calculated as stipulated in this paragraph under c., the dividend rate shall be equal to the dividend rate on the previous E2 Dividend Reset Date. For the calculation of the dividend to be paid in respect of a certain period of time the annual dividend basis shall be multiplied by a fraction of which the numerator is the number of days in the relevant period in which each completed month is fully taken into account for thirty (30) days, and the denominator is three hundred and sixty (360), rounded to the nearest cent, whereby half cents shall be rounded up, and where the period commencing on the E2 Dividend Reset Date and ends on (and excluding) the date of payment.

d. For all preference shares class E3 for the first time on the thirtieth day of March preceding the issue date and thereupon each time one year thereafter (a "**E3 Dividend Reset Date**"), the variable component of the dividend percentage of all preference shares class E2 shall be equal to the Ten Year EUR CMS Rate, as published on (i) Reuters Screen ISDAFIX2 Page at eleven o'clock in the morning

(11:00 am) Central European Time, two days prior to an E3 Dividend Reset Date which only includes a day on which the TARGET2 system is open, or (ii) at that time on a successor page under the heading "EURIBOR BASIS" and above the caption "11:00 AM CET" (as such headings and captions may appear from time to time). If, due to the absence of the rate as stated on the page mentioned in this paragraph under d. the dividend rate cannot be calculated in accordance to that what is mentioned above in this paragraph under d., the rate will be determined by the arithmetic mean of the mid-market of the bid and offered rates for the annual fixed leg on the relevant E3 Dividend Reset Date made by the five leading swap dealers at approximately eleven o'clock in the morning (11:00 am) local time in London, United Kingdom, on the basis of months consisting of thirty days (30) days and one year consisting of three hundred and sixty (360) days, of a fixed-for-floating euro interest rate swap transaction with a ten (10) year maturity commencing on the relevant Dividend E3 Reset Date, and in an amount that is representative for a single transaction in the relevant market at the relevant time, the transaction (the "**Alternative CMS**") is entered into with an acknowledged dealer of good credit in the swap market, and where the variable interest rate is based on months consisting of thirty days (30) and one year consisting of three hundred sixty (360) days, is equivalent to the under the circumstances most appropriate rate, based on a maturity of six (6) months. The principal office of the leading swap dealers in the Euro-zone (namely the area of the EU Member States where the euro is legal tender under the EC Treaty of the twenty-fifth day of March nineteen hundred and seventy-five, as amended) will be requested to provide the quotation, provided that such will not be requested to another reference bank until the bank no longer can act as such. If at least three quotations have been provided, the highest and the lowest rate (or, in the case of two equal highest or two equal lowest rates, one of the highest and one of the lowest) will be eliminated and the arithmetic mean of the remaining rates (if necessary, rounded to the fifth decimal place, whereby five millionth (0.000005) will be rounded up) shall be the variable component of the dividend rate for the relevant E3 Dividend Reset Date. If fewer than three rates are provided as requested, then that component shall be the arithmetic mean of the rates quoted by leading swap dealers at approximately eleven o'clock in the morning (11:00 am) local time in Brussels, Belgium, on the relevant E3 Dividend Reset Date for an Alternative

CMS. If the variable component of the dividend rate cannot be calculated as stated in this paragraph, then the dividend rate shall be equal to the dividend rate of the previous E3 Dividend Reset Date. For the calculation of the dividend to be paid in respect of a certain period of time the annual dividend basis shall be multiplied by a fraction of which the numerator is the number of days in the relevant period in which each completed month is fully taken into account for thirty (30) days, and the denominator is three hundred sixty (360), and where the period shall commence on the E3 Dividend Reset Date and ends on (and excluding) the date of payment.

e. For the calculation of the dividend payable over a certain period on preferred shares class E4, the dividend shall be multiplied on annual basis by a fraction whose numerator is the sum of the days which are covered in the relevant period and the denominator is the number of days of the relevant year, and where the period shall be commencing on the eighteenth day of October prior to the date of the issuance of the preference shares class E4 and ends on (and excluding) the date of payment.

f. All payments of dividends on preference shares E shall be made without withholding tax or other levies, which are imposed by any part of the Dutch authorities, unless such withholding is required by law. In case such withholding is required by law, the Company will make additional payments so that the holders of the preference shares E shall receive net amounts which are equal to the amounts they would have received if no taxes or levies had been withheld, taking into account the next sentence of this sub f. The Board of Managing Directors may with the approval of the Board of Supervisory Directors resolve upon further conditions for making these additional payments.

41.5 If in any year the General Meeting determines that dividends will be distributed on the preference shares, but the Profits do not or not completely permit the distributions as referred to in the preceding paragraphs, the amount permitted for distribution shall be distributed to the holders of preference shares, in proportion to the amounts to which they are then entitled.

41.6 Any amounts which remains after application of the preceding provisions of this Article are at the disposal of the General Meeting for reservation into the free reserves or for distribution, on the understanding that (i) distributions on shares which are not fully paid up shall be determined by having regard to the nominal amount paid up on such shares and (ii) the General Meeting cannot in any year resolve to distribute dividends on

ordinary shares, if in that year it does not resolve to distribute or cannot distribute the full amount of dividends on the preference shares.

41.7 The Company may only make distributions to shareholders and other persons entitled to distributable Profits to the extent that its equity exceeds the total amount of its issued and called up share capital and the reserves to be maintained pursuant to the law.

41.8 A loss may only be discharged against reserves to be maintained by law, to the extent the law allows such discharge.

Dividend.

Article 42.

42.1 a. Dividends and other distributions on ordinary shares are due and payable two weeks after their declaration, unless the Board of Managing Directors sets a shorter term. When calculating the dividends and other distributions payable in respect of ordinary shares only the nominal value of such shares shall be taken into account.

b. If the General Meeting determines a dividend or another distribution on preferred shares, it can determine the time and the date on which the dividend is due and payable, as well as the time and date on which it is due and payable of all dividends and distributions mentioned under the first subordinate clause of this paragraph under b. pursuant to Article 41, paragraph 2. The General Meeting may changes each times and data from time to time. Until a dividend or other distribution on preference shares is due and payable, there is no obligation for the Company to pay interest. A resolution to establish or adjust the times and data as referred to in this paragraph under b. shall only be passed by the General Meeting in accordance with the provisions of Article 33 paragraph 5 under e. and Article 33 paragraph 6 under e.

46.2 The General Meeting may resolve that dividends and other distributions on preferred shares series E1 up to and including E4 in whole or in part will be paid from the proceeds of an issue of preference shares not being preference shares series E1 up to and including E4. If the proceeds of the issue is inadequate, the remainder of the relevant dividend or the relevant distribution shall be cancelled. A resolution for the purposes of this paragraph shall only be passed by the general meeting in accordance with the provisions of Article 33 paragraph 5 under e. and Article 33 paragraph 6 under e.

42.3 Dividends and other distributions that have not been taken possession of within five years of the start of the second day on which they became due and payable, will revert to the Company.

42.4 The General Meeting may resolve that dividends and other distributions are distributed wholly or in part otherwise than in cash.

42.5 Provided it appears from an interim statement of assets signed by the Board of Managing Directors that the requirement mentioned in Article 41.7 concerning the Company's equity has been fulfilled, the General Meeting may make one or more interim distributions to the holders of ordinary shares.

Amendment to the Articles of Association. Dissolution.

Article 43.

43.1 The Articles of Association may be amended after a resolution thereto adopted by the General Meeting. A resolution to amend the Articles of Association or the resolution to dissolve the Company may be passed by the General Meeting only with due observance of the provisions as laid down in Article 24, paragraph 3, Article 33, paragraph 5 under d. and Article 33, paragraph 6 under d.

43.2 Simultaneously with the convocation notice for the General Meeting in which a proposal to amend the Articles of Association will be discussed, a copy of the proposal, in which the proposed amendment is included verbatim, shall be filed at the office of the Company for inspection by the shareholders and holders of depositary receipt from the day of the convocation until after the end of the meeting. Shareholders and holders of depositary receipts may obtain a copy of the proposal free of charge.

Winding-up.

Article 44.

44.1 If the Company is dissolved pursuant to a resolution of the General Meeting, its winding up shall be effected by the Board of Managing Directors, supervised by the Board of Supervisory Directors, if and insofar as the General Meeting does not resolve otherwise. The General Meeting shall determine the remuneration of the liquidators and of the persons charged with the supervision of the winding up.

44.2 The winding up shall be effected with due observance of the statutory provisions. The provisions of these Articles of Association will remain as much as possible in force during the winding up.

44.3 Upon completion of the winding up, the liquidators shall render account of the winding up to the General Meeting. Approval of the account rendered will discharge the liquidators and the persons charged with the supervision of the winding up, without prejudice to the provisions of Article 23b of Book 2 of the Dutch Civil Code.

44.4 Any balance of the winding-up account shall be distributed to the holders of preference shares in proportion to the amounts to which each of them is entitled at that time, the nominal amount paid on those shares, increased by the share premium paid up on each share of the relevant series, plus a

distribution equal to the percentage referred to in Article 41 calculated on the basis of the number of days which are therefore eligible under Article 41 until the moment of passing for payment of the distribution, whereby each amount mentioned in this paragraph, given the currency of the balance of the liquidation account, may be converted into an appropriate currency.

44.5 Insofar as the balance of the winding-up account is not sufficient to make the distributions as referred to in paragraph 4 of the present Article, these distributions shall, insofar as possible, be made in proportion to the amounts to which each of the holders of the shares referred to in paragraph 4 of the present Article is entitled.

44.6 Any remaining balance shall be distributed to the holders of shares A in proportion to nominal amount paid on their shares A.

44.7 After the legal person has ceased to exist, the books, documents and other information carriers of the Company shall be kept by the person designated thereto by the liquidators for a period of seven years.

Indemnification

Article 45

45.1 The Company shall indemnify each current and former member of the Board of Management and each current and former member of the Board of Supervisory Directors who was or is involved, or threatens to become involved, in that capacity as a party to any past, present or anticipated future actions or proceedings of any nature whatsoever, against all conceivable financial loss or harm that he has in fact and in all reasonableness suffered in connection with the actions or proceedings. The provisions laid down in this Article shall apply with respect to actions or proceedings taken or commenced either by a third party, shareholder or by the Company itself, unless it ultimately becomes determined by the arbitrator referred to in paragraph 4 of this article or is acknowledged by the relevant current or former member of the Board of Management or current or former member of the Board of Supervisory Directors that the damage was caused by bad faith (*kwade opzet*), wilful recklessness (*bewuste roekeloosheid*) or serious culpability (*ernstige verwijtbaarheid*) on the part of the relevant current or former member of the Board of Management or current or former member of the Board of Supervisory Directors.

45.2 Upon the submission of an itemised list, the Company shall pay the costs incurred in order to put forward a defence in actions or proceedings of any nature whatsoever, including costs incurred in connection with proceedings to determine the Company's indemnification obligation, after receiving a written undertaking by or on behalf of the current or former member of the Board of Management or current or former member of the Board of Supervisory Directors to repay this amount if it is ultimately determined by

the arbitrator referred to in paragraph 4 of this article that he was not entitled to be indemnified by the Company because the damage was caused by intent, wilful recklessness or serious culpability on his part.

45.3 The right to indemnification provided for in this Article shall not be deemed to exclude any other right to which the current or former member of the Board of Management or current or former member of the Board of Supervisory Directors seeking indemnification may be entitled under a set of standing rules, an agreement, a resolution of the General Meeting, Board of Managing Directors or Board of Supervisory Directors or otherwise in connection with acts carried out in the capacity of member of the Board of Management or member of the Board of Supervisory Directors and shall continue to apply to a person who is no longer a member of the Board of Management or member of the Board of Supervisory Directors and shall also inure to that person's heirs, the executors of his last will and testament, and the administrators of his estate. An amendment to this Article shall not impair the rights of a current or former member of the Board of Management or current or former member of the Board of Supervisory Directors who was a member of the Board of Management or member of the Board of Supervisory Directors after the introduction of this Article but before the amendment. The obligations of the Company shall remain in effect as if the Article had not been amended.

45.4 The rights set out in this Article shall be governed by Dutch law. Disputes between the Company and a current or former member of the Board of Management or a current or former member of the Board of Supervisory Directors that arise from or in connection with these indemnification provisions shall be decided in accordance with the Arbitration Rules of the Netherlands Arbitration Institute. The tribunal shall consist of one arbitrator. The arbitration shall be conducted in The Hague. Decisions shall be taken in accordance with the rules of law (*naar de regelen des rechts*).

THIS DEED, was executed in Amsterdam, The Netherlands on the date first above written.

The person appearing is known to me, civil law notary.

The essential contents of this deed were communicated and explained to the person appearing. The person appearing then declared to have noted and approved the contents and did not want a full reading thereof. Thereupon, after limited reading, this deed was signed by the person appearing and by me, civil law notary.

15. POST-CLOSING COVENANTS

Provision of Information

1. The Company will maintain an internal reporting structure such that

(a) each Supervisory Board member will receive at least:

(i) monthly management accounts for the Group, with the same format and contents as those provided in the twelve (12) months prior to the date of the Merger Protocol, no later than twenty (20) Business Days after the relevant period ends, with commentary and explanation as currently included in the financial highlights, and with such additional content, detail and amendments to format and timing, as may reasonably requested by such Supervisory Board member;

(ii) quarterly consolidation package for the Group in such format and detail and within such timeframe as required for the Offeror's quarterly valuation process;

(iii) the annual statutory consolidated audited accounts, no later than six (6) months after the Group's accounting year-end; and

(iv) a draft annual budget for the Group, no later than thirty (30) Business Days prior to the start of each financial year, with the same format and contents as those adopted previously by the Supervisory Board, with such additional content, detail and amendments to format and timing, as may reasonably requested by a Supervisory Board member; and

(b) as from Settlement the Designated Investor Non-Executives, will be entitled to receive such additional information from the Group as they may reasonably request from time to time, which information shall be provided to them and the other Supervisory Board members promptly and at the same time.

2. The Company undertakes to provide to the Offeror as from Settlement, to the extent allowed pursuant to applicable law and regulatory requirements, all such information as the Offeror may reasonably require from time to time for the Offeror's (or Offeror's Non-Competing Affiliates) compliance with applicable laws and regulations and reporting or notification obligations, including compliance with Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU, any relevant implementing legislation or regulations relating thereto (including the Alternative Investment Managers Regulations 2013) and any guidance relating thereto issued by the European Securities and Markets Authority (the "**AIFMD**"). In fulfilment of the foregoing obligations the Offeror shall have the right to inspect the books and records of the Group during normal business hours or to have the books and records of the Group inspected on its behalf by an independent auditor, upon reasonable advance notice to the Company.

Ability to Communicate Information

3. The Company will allow the Designated Investor Non-Executives to pass any information received from a member of the Group, the Managing Board or the Supervisory Board, or which relates to a member of the Group and which otherwise comes into their possession as a result of their appointment, to the Offeror, and to any of their professional advisers in the performance of their professional duties towards the Offeror or such Designated Investor Non-Executive, in each case to the fullest extent permitted under applicable laws, regulatory requirements and the provisions of any confidentiality undertakings by which they may be bound.

4. If permitted by applicable laws, regulatory requirements and the provisions of any confidentiality undertakings, the Offeror may pass information received from any member of the Group, the Managing Board, or which relates to a member of the Group and which otherwise comes into its possession as a shareholder or by reason of the terms of the Merger Protocol, to any of the following:

(i) any of the Offeror's Non-Competing Affiliates;

(ii) any current or potential future investor in, or provider of finance to, the Offeror, or its Affiliates, which is an Offeror's Non-Competing Affiliate;

(iii) a depositary of the Offeror (or a delegate of such a depositary);

(iv) any person to whom it is required to pass such information by law or by any taxation or any regulatory requirements.

(v) any professional adviser to any person referred to in this paragraph 4.

Exit

5. Paragraphs 6 up to and including 12 of this Schedule 15 (*Post-Closing Covenants*) shall apply in each case to the extent consistent with the fiduciary duty of the Managing Board and the Supervisory Board to act in the interest of the Company and its connected business under Dutch law.

6. If the Offeror proposes an Exit, a Sale or a Refinancing, the Company shall (and procure that each Group Company shall) take such steps (including using its rights and powers as a shareholder, director, employee or otherwise of the relevant Group Company) and shall give (and procure that each Group Company shall give) such co-operation and assistance as reasonably required by the Offeror (including restructurings, mergers, or liquidations so as to optimize the corporate structure as is appropriate in light of tax, legal or other professional advice received by the Group).

7. The Offeror and the Company acknowledge and agree that on an Exit or a Sale appropriate arrangements will be made to facilitate such transaction, including:

(a) by way of documentation and undertakings customary for such a process; and

(b) the provision by the Company of reasonably requested information to:

(i) a *bona fide* potential purchaser of shares or assets of any member of the Group;

(ii) the Group's bankers and financiers or proposed bankers and financiers for the time being (including any *bona fide* potential syndicatee);

(iii) an underwriter, sponsor, broker or other professional adviser; and

(iv) a provider of warranty and indemnity insurance, in each case to the extent reasonably necessary for the purpose of facilitating an Exit, Sale or Refinancing,

and subject to (x) such recipient Person having executed customary confidentiality undertakings in favour of the Company and/or the relevant Group Companies, and (y) in the event such recipient Person qualifies as a competitor of any Group Company, the appropriate compliance measures having been put in place.

8. The Company undertakes to disclose to the Offeror the full details of any agreements, arrangements or understandings in connection with an Exit or a Sale pursuant to which it or its officials (including any members of the Managing Board) will or may receive any other consideration which is not fully documented in agreements to which the Offeror is a party.

9. The Company will promptly notify the Offeror of any approach of which it becomes aware from a third party who is potentially interested in acquiring shares or other securities (including debt securities) in the Group or acquiring a substantial part of the business or assets of the Group (a "**Prospective Buyer**") and the Company will not directly or indirectly (and will procure that no member of the Managing Board, adviser, agent or employee of the Group will directly or indirectly) enter into or be involved in or otherwise solicit or encourage any discussion or negotiation with any Prospective Buyer or make available any information relating to the Group to any Prospective Buyer without the consent of the Offeror.

10. If the Offeror decides to pursue an Exit by way of a Listing (a "**Pursued Listing**"), then paragraphs 11 and 12 of this Schedule 15 (*Post-Closing Covenants*) shall apply in addition to the provisions of paragraphs 5 to 9 (inclusive) of this Schedule 15 (*Post-Closing Covenants*).

11. In the event of a Pursued Listing the Company and the Offeror will, at the instigation of the Offeror, create an IPO committee, consisting of three (3) representatives of the Offeror and two (2) representative of the Company (the "**IPO Committee**") to which the following shall apply:

(a) the purpose of the IPO Committee will be to prepare, conduct and supervise all major steps regarding a Listing; and

(b) in the event of a Listing, the number of shares that will be offered in connection with the Listing must be approved by the Offeror.

12. On a Listing:

(a) the Company shall use its powers to effectuate such corporate restructuring and such restructuring of its governance structure and relationship with the Offeror as is deemed necessary or appropriate in view of the Listing;

(b) the corporate governance structure of the Company shall be replaced with a corporate governance structure that is fit for listed financial institutions and fits the requirements of the relevant stock exchange and/or applicable corporate law, AFM, the Dutch Central Bank and other regulatory authorities (as the case may be), including any major shareholder relationship agreement (as appropriate), and the Offeror and the Company shall discuss the appropriateness and (if applicable) extent of any anti-takeover measures;

(c) the Offeror and the Company will each bear their own costs in relation to a Listing, subject to the applicable rules and regulation that apply to the Company. For the avoidance of doubt, the costs of any documentation required by the Company in connection with a Listing are costs that will be borne by the Company;

(d) each shareholder shall be required to participate in such Listing, to the effect that, if so requested by Offeror, it shall dispose of all of its shares (or, in case of a partial Listing, of a *pro rata* proportion of its shares) on the same terms and conditions as those that apply to all other shareholders; and

(e) at any time before such Listing, the Company shall, at the reasonable request of Offeror, do all such reasonable things and take all reasonable actions to effect the Listing. Such actions to include, without limitation, the following:

    (i) to amend the organisational documents of the Company to comply with the applicable requirements of the relevant stock exchange, governance codes and applicable law;

    (ii) to procure that the Company shall adopt all corporate resolutions reasonably required to effect a Listing; and

    (iii) to authorise the issuance of any prospectus, draft prospectus or information or marketing circular or listing application in respect of any shares to be listed.

Compliance

13. The Company shall (and shall procure that each Group Company shall) comply with all applicable legal compliance standards and regulations to which the Group is subject including without limitation pursuant to the Merger Rules and applicable anti-corruption, anti-bribery, anti-money laundering and sanctions laws and regulations. The Company shall (and shall procure that each Group Company shall) cooperate with the Offeror to enable Blackstone, the Offeror and their respective Affiliates to comply with any legal compliance standards and regulations (together, the "**Compliance Rules**"). The Company shall. and shall procure that each Group Company shall) comply with and, to the extent required, integrate, any Compliance Rules. The additional costs incurred by Blackstone and its Affiliates, the Company and its Group Companies

in connection with implementation of the Compliance Rules shall be assumed by the Company to the extent reasonable.