

Materiality Assessment

Introduction

NIBC believes transparency facilitates trust between an organisation and its stakeholders. The materiality assessment process helps us understand which financial and non-financial aspects our stakeholders find most relevant and material. Our Annual Report provides an overview of the themes and indicators we have identified as most relevant to us as a company and to our stakeholders.

We define stakeholders as groups or individuals who are affected by or can affect the achievement of our objectives. We engage with our stakeholders to understand their expectations and interests. Additional details about our stakeholder engagement in 2018 can be found in our Annual Report and on our Corporate Website.

This document gives an overview of the materiality assessment process and the outcomes. It describes how we identified our sustainability context and relevant topics and (ii) determined the most material themes and aspects.

Transparency & Disclosures

In addition to our Annual Report, we publish a number of additional disclosures:

Pillar 3: NIBC's capital adequacy and risk management report contains information that enables an assessment of the risk profile and capital adequacy of NIBC Holding N.V.

NACE Report: NIBC discloses our financing activities by NACE sector in accordance with our commitments as a member of the NVB (Dutch Banking Association).

Global Reporting Initiative (GRI): NIBC has applied the GRI Standards guidelines core option to its 2018 annual report. This report provides transparent and comparable information and links to where important environmental, human rights, and governance topics are mentioned in our annual report and other disclosures.

Equator Principles: NIBC is one of 94 financial institutions in 37 countries which have adopted the Equator Principles (EP). As such we provide an annual update to EP as well as a more detailed overview on our corporate website.

UN Global Compact: NIBC is a signatory of the UN Global Compact. Each year we provide an updated commitment on progress (COP) reaffirming our commitment to the ten principles and a description of our progress.

Modern Slavery Statement. This statement provides an update in regard to NIBC's efforts to support good corporate practices and end human rights abuses in supply chains.

Sustainability Report This report provides a comprehensive overview of NIBC's progress in regard to sustainability and further detailed figures on sustainability aspects.

NIBC is committed to be fully transparent towards its stakeholders and to focus its resources toward those reports and disclosures which are most relevant to our stakeholders for our business.

Determining Relevant Themes and Aspects

For 2018, our stakeholder consultation was performed across a range of stakeholder groups representing our clients, investors, regulators, civil society and employees. One significant change from recent years was a result of NIBC's Initial Public Offering (IPO) in 2018. This has added new equity shareholder voices among the diverse stakeholders with whom we engage.

Stakeholder representatives were asked to rank each material topic on a scale of 1 to 10 (1 = least important; 10 = most important).

We used this opportunity to ask for more specific feedback in regard to diverse issues such as climate risk, ethics, diversity, data privacy and others. They were also invited to add material topics of their own. The location of each topic within the graph represents the result of their response.

What is Material ?

NIBC adhered to the updated definition of material impact clarified in the GRI Standards: the effect NIBC has on the economy, the environment, human rights and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development. NIBC did this from two perspectives:

- 1) Based on the importance to our stakeholders; and,
- 2) Based on the impact and influence of NIBC.

Who are NIBC's Stakeholders ?

NIBC consults with a broad range of stakeholders on a continuous basis. This helps to deepen our understanding of their evolving expectations and concerns and allows us to communicate with them on how we are responding to their priorities and concerns. Stakeholder engagement takes place in different forms, from regular and ongoing dialogues to direct feedback requests and specific consultation sessions.

Throughout 2018, there have been regular interactions with a broad range of stakeholders. Examples of these engagements included:

- *Customers* – client meetings, feedback received via our call center, online inquiries, client due diligence and social media.
- *Employees* – meetings with NIBC's employee council, team meetings, and internal social media platforms;
- *Investors & Analysts* – briefings and meetings, interim reports, and capital markets updates;
- *Civil Society Organizations* – meetings and phone calls, working groups, surveys, written correspondence related to key issues; employee volunteering and support for projects;
- *Regulators and Authorities* – reviews, industry forums, and meetings;
- *Suppliers* – supplier reviews, risk assessments, and ongoing meetings with individual suppliers;
- *Press & Media* – press releases, press briefings, and interviews.

The wide range of discussion topics included financial issues as well as non-financial dilemmas and concerns. We held one-on-one meetings with individual stakeholders, received and responded to customer queries, participated in stakeholder events, conducted employee surveys, discussed evolving societal issues with civil society organisations, held briefings with analysts, hosted capital markets days for shareholders, engaged with rating agencies, and held formal and informal discussions with employees. Our stakeholder engagements and a clear overview of NIBC's value chain are further elaborated on our corporate website.

What have we discussed ?

Dialogue with civil society organizations was frequent throughout 2018. Regular discussions with civil society were important, particularly in light of climate change and the Katowice COP24 climate conference, the need to address human rights impacts in sectoral supply chains and efforts to make substantive progress towards the Sustainable Development Goals (SDGs). Examples included Maatschappelijke Alliantie, Missing Chapter, Pax, Voedselbank Haagenland, Shipbreaking Platform, Stichting Vitalis, Amnesty, Buddy Network, Child & Youth Finance, Friends of the Earth (Milieudefensie), and Studeren en Werken op Maat, among others.

Subjects discussed included climate change, sustainability in supply chains, circular economy, financial education, worker rights, FPIC, material rights, grievance and remedy mechanisms, water impacts; protecting biodiversity, increasing financial inclusion, protecting vulnerable people, improving mobility and diversity, and promoting peace. A prevailing theme across

these discussions was that human rights and environmental aspects should not be looked at in isolation – everything is connected.

We also analysed available research and reports to learn which topics stakeholders consider to be material. Furthermore we organize semi-annual internal stakeholder sessions in which employees who frequently interact with stakeholders participate. During these sessions the variety of themes and topics that our stakeholders find material are shared, aimed at creating further awareness and understanding.

What were the results of discussions ?

The result of these stakeholder engagements was new customer financings and investments, greater transparency for stakeholders in regard to NIBC, reflections on NIBC's corporate culture, and numerous ongoing initiatives to further improve and deliver future financial and non-financial value for our stakeholders.

For example, investors and analysts gained a greater understanding of the aspects that differentiate NIBC from other banks. This includes the fact that NIBC does not offer current accounts, does not have a retail branch network, and does not conduct transaction banking flow business which is typical at our peers.

Dialogues with stakeholders on sustainability issues informed NIBC's policy approach, strengthened our client and transaction due diligence, strengthened governance processes, and generally raised awareness about emerging human rights and environmental issues and risks.

NIBC continued its active participation in the IMVO agreement for the Dutch banking sector. Parties to the agreement include national authorities, civil society organisations, unions, and peer banks. NIBC participated in working groups focused on knowledge sharing and enabling effective grievance and remedy mechanisms. Initial results from these working groups were published by SER during 2018.

Joint initiatives with civil society organisations in NIBC's NGO Boulevard catalysed ideas for cooperation on societal issues in areas such as circular economy, mobility, the sustainable development goals and financial education. We mutually recognised potential win-wins: opportunities to create more impact than NIBC or these NGOs would be able to make by acting alone.

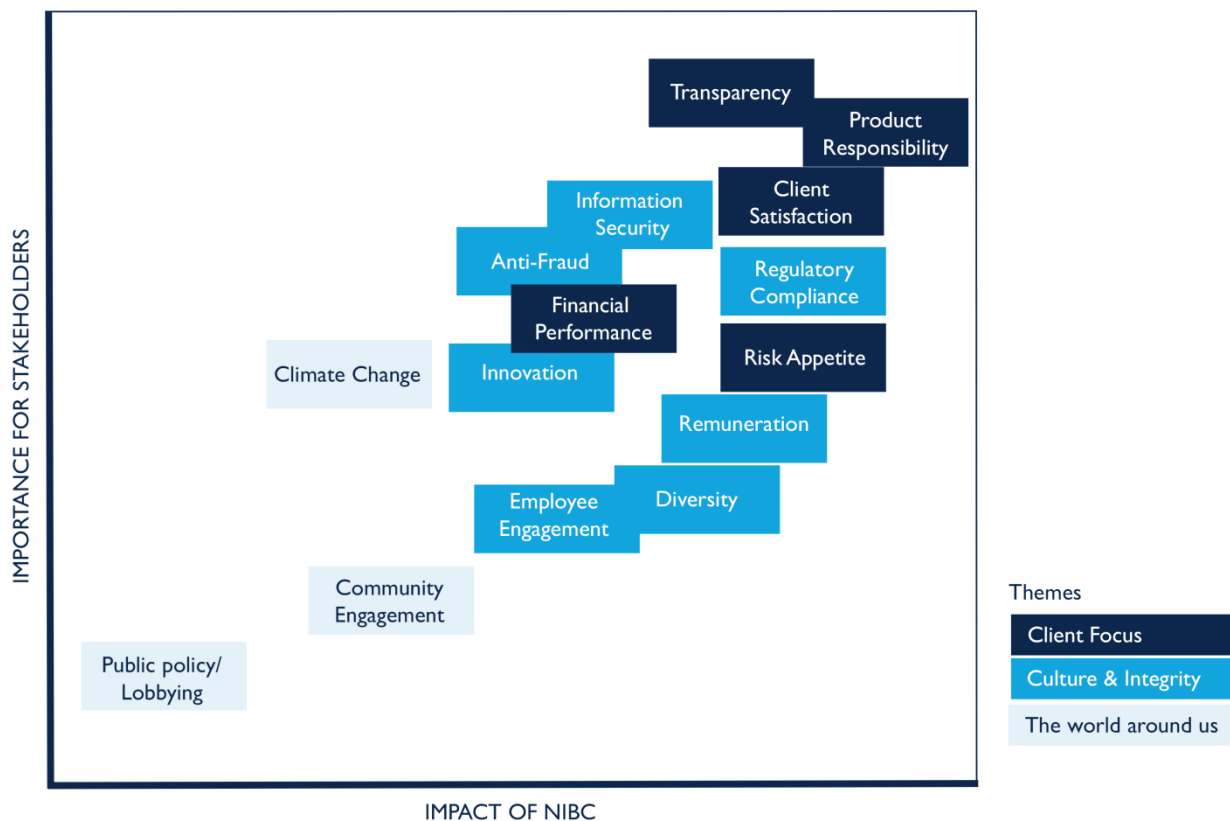
Assessment Outcome

Internal advisors responsible for stakeholder groups summarized and helped to compile our annual reflection on aspects which stakeholders find most material and to reflect on our own impact.

We have grouped the topics that stakeholders deemed material into the following themes:

1. Client focus
2. Culture & integrity
3. The world around us

The materiality matrix (below) provides a visual summary of aspects by importance to stakeholders and the impact that NIBC has on each aspect.



Material Aspects

The three most important aspects for stakeholders were client satisfaction, product responsibility and transparency. Client satisfaction was seen by stakeholders as the most material aspect. They believe that high client satisfaction is an indicator of the strength of our franchise.

Product responsibility and agility are also very important and areas of strength for NIBC. Our online platform and clear terms and conditions in retail banking were appreciated by clients. Stakeholders appreciated the agility and sector expertise in NIBC's corporate offering.

Information security and privacy significantly increased in importance to stakeholders, likely due to increased public awareness of data protection regulations such as GDPR. Stakeholder views on financial performance reflected the balance that many are increasingly expecting in regard to financial and non-financial aspects.

Stakeholders have appreciated NIBC's focus and efforts to take action on diversity broadly and gender equality more specifically. Having a diversity committee to oversee progress within the company, focus on improving gender equality, and improved diversity in senior management and in our Supervisory Board is seen as tangible and meaningful. This positive feedback throughout 2018 inspires and motivates NIBC staff to continue to make further progress.

Boundaries

We recognise that our impact on environment and society results from our own operations as well as from our clients' business activities. We differentiate between direct and indirect impact.

All material aspects and figures reported are relevant to our stakeholders and NIBC. Certain environmental and social themes may also have an impact in relation to our clients and investors. The non-financial key figures that evaluate these impacts for our clients are:

- Percentage of new corporate loans screened against sustainability policy
- Number of new corporate clients with increased sustainability risk assessment

Our statements on management approach in our GRI Standards Content Index disclosure provide further information about how NIBC manages its direct and indirect impact on the environment, society and people.

Saliency

NIBC supports the UN Guiding Principles on Business and Human Rights (UNGPs) and the responsibility of businesses to also consider salient aspects relative to their business and operations and provide disclosures on these aspects. NIBC reports these in our Annual Report, our Sustainability Report and in other statements and reporting.

The main salient human rights risks for NIBC are labour conditions and worker safety in corporate client supply chains. NIBC manages these risks through stakeholder engagement, client and transaction due diligence and by raising awareness with corporate clients. Full transparency into supply chains is an ongoing challenge for mid-market corporate businesses, since their capacity and influence are less than for large corporates and multinationals. NIBC therefore applies proportionality in accordance with the UNGPs and is guided by the balanced views of stakeholders in its own approach.

Other Relevant Aspects

Our Annual Report contains information on themes and indicators that are most material to our stakeholders and to NIBC.

The topics that are not labelled material are not considered unimportant; these are considered basic conditions or 'hygiene factors' that stakeholders expect us to have in place but are not the most material ones relative to our financings or our business. As we still wish to show our stakeholders that these topics are indeed addressed, these are either reported in the Annual Report, in NIBC's GRI Standards Content Index, in our Sustainability Report and/or in other statements, disclosures and policies.