



# INTERIM REPORT 2016

NIBC Bank N.V.

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## Key figures

NIBC Bank

	HYI 2016	2015	2014
<b>EARNINGS</b>			
Operating income (EUR millions)	179	316	295
Operating expenses (EUR millions)	93	172	155
Net profit attributable to parent shareholder (EUR millions)	44	71	24
<b>Net profit before special items</b>	<b>40</b>	<b>71</b>	<b>42</b>
Net interest income	149	286	247
Net fee and commission income	11	36	27
Net trading income	(4)	(12)	3
Impairments	37	63	93
<b>Net interest margin <sup>1)</sup></b>	<b>1.42%</b>	<b>1.37%</b>	<b>1.28%</b>
Dividend payout ratio	0%	0%	0%
Cost-to-income ratio	52%	56%	53%
<b>Cost-to-income ratio before special items</b>	<b>56%</b>	<b>56%</b>	<b>53%</b>
<b>Return on equity <sup>2)</sup></b>	<b>4.7%</b>	<b>3.9%</b>	<b>1.3%</b>
<b>CORPORATE &amp; CONSUMER BANKING ASSETS</b>			
<b>CORPORATE BANKING ASSETS (DRAWN &amp; UNDRAWN)</b>			
Infrastructure & Renewables (I&R)	1,726	1,990	2,070
Shipping & Intermodal (S&I)	1,444	1,537	1,357
Commercial Real Estate (CRE)	1,333	1,293	1,321
Oil & Gas Services (O&G)	1,175	1,282	1,316
Industries & Manufacturing (I&M)	1,342	1,266	1,118
Telecom, Media, Technology & Services (TMT&S)	1,074	968	744
Food, Agri, Retail & Health (FARH)	1,026	896	864
<b>Total corporate loans (drawn &amp; undrawn)</b>	<b>9,121</b>	<b>9,232</b>	<b>8,789</b>
Lease receivables	172	221	361
Investment loans	202	161	154
Equity investments	283	300	377
<b>Total corporate banking assets (drawn &amp; undrawn)</b>	<b>9,778</b>	<b>9,914</b>	<b>9,681</b>
<b>CORPORATE BANKING ASSETS (DRAWN &amp; UNDRAWN) PER REGION</b>			
Netherlands	3,676	3,304	2,983
Germany	2,271	2,229	2,293
United Kingdom	1,571	1,700	1,788
Other	2,260	2,681	2,617
<b>Total corporate banking assets (drawn &amp; undrawn)</b>	<b>9,778</b>	<b>9,914</b>	<b>9,681</b>
<b>CONSUMER BANKING ASSETS</b>			
Mortgages - Netherlands	8,663	8,463	7,891
Mortgages - Germany	100	117	167
<b>Total consumer banking assets</b>	<b>8,763</b>	<b>8,580</b>	<b>8,058</b>
<b>ASSET QUALITY</b>			
Risk-weighted assets (EUR millions)	10,386	10,162	9,646
Cost of risk <sup>3)</sup>	0.75%	0.71%	1.18%
Impairment ratio <sup>4)</sup>	0.44%	0.39%	0.63%
NPL ratio <sup>5)</sup>	3.4%	3.7%	3.4%
Top-20 exposure / Common Equity Tier-I	79%	86%	104%
Exposure corporate loans that display an arrear > 90 days	0.7%	0.7%	0.8%
Exposure residential mortgages that display an arrear > 90 days	0.6%	0.7%	1.0%
Loan to value Dutch residential mortgages <sup>6)</sup>	80%	84%	82%

## Key figures

NIBC Bank

	HYI 2016	2015	2014
<b>SOLVENCY INFORMATION <sup>7)</sup></b>			
Shareholder's equity (EUR millions)	1,937	1,886	1,831
Subordinated liabilities	386	400	320
Group capital base (EUR millions)	2,324	2,286	2,151
Balance sheet total	24,067	23,042	23,144
Common Equity Tier-I ratio	15.9%	15.6%	15.5%
Tier-I ratio	15.9%	15.6%	15.5%
BIS ratio	20.1%	20.0%	19.3%
Leverage ratio	7.8%	7.2%	7.0%
<b>FUNDING &amp; LIQUIDITY <sup>8)</sup></b>			
LCR	230%	201%	128%
NSFR	116%	113%	108%
Loan-to-deposit ratio	139%	143%	154%
Asset encumbrance ratio <sup>9)</sup>	26%	29%	35%
Retail savings / total funding	48%	48%	45%
Secured funding / total funding	21%	24%	29%
ESF / total funding	6%	6%	5%
S&P rating & outlook	BBB- / Stable	BBB- / Stable	BBB- / Stable
Fitch rating & outlook	BBB- / Positive	BBB- / Stable	BBB- / Stable
<b>OTHER INFORMATION</b>			
Assets under management for third parties (EUR millions)	1,695	1,703	1,732

1) 12 months net interest income / 12 months average interest-bearing assets

2) Net profit attributable to parent shareholder / total shareholder's equity at the beginning of the year

3) Impairments & credit losses mortgages in net trading income / average total RWA. 2014 includes exceptional impairments relating to additional impairments due to a prudent approach on the pre-crisis portfolio.

4) Impairments / average carrying value of Loans & Mortgages. 2014 includes exceptional impairments relating to additional impairments due to a prudent approach on the pre-crisis portfolio.

5) Total non-performing exposure (corporate and consumer loans) / total exposure (corporate and consumer loans). Non-performing exposure determined at customer level.

6) Loan-to-Indexed-Market-Value (LTMV) excluding NHG guaranteed mortgages.

7) Common Equity Tier-1 ratio (previously Core Tier-1 ratio), Tier-1 ratio and BIS ratio based on Basel III as of 1 January 2014. Until 31 December 2013 all capital ratios were based on Basel II. Leverage ratio is based on Basel III. The solvency information is based on the CRR/CRD IV regulation, calculated for NIBC Bank consolidated on a fully loaded base and including the full year net profit of the year.

8) All funding & liquidity ratios with exception of loan-to-deposit are calculated at a NIBC Holding level, loan-to-deposit ratio is calculated at a NIBC Bank level.

9) Encumbered assets & total collateral received re-used / total assets & total collateral re-used

## Moving forward: NIBC's net profit H1 2016 up 33% to EUR 44 million

- Continued momentum and growth of the client base fuels 6% increase in operating income;
- 7% growth in net interest income, as net interest margin further increased;
- Operating expenses slightly decreased 2% compared to H1 2015 due to stringent cost control; total cost up 8% due to inclusion regulatory cost;
- Expanded product offering with acquisition of SNS Securities (renamed to NIBC Markets), start-up of BEEQUIP equipment leasing and Buy-to-let continued strong growth;
- Special items of EUR 4 million (net of tax) include both the initial gain from goodwill following the acquisition of NIBC Markets and losses following the bankruptcy of a client in the retail sector; and
- Fitch revised its rating outlook for NIBC to positive in June.

### Statement of the CEO, Paulus de Wilt:

"Looking back on the first half of 2016, we see some signs of a recovering economy, albeit fragile and surrounded by uncertainty. Developments in the energy and shipping markets, the sustained low interest rate climate and the Brexit have significantly impacted economic activity in our markets.

Nevertheless, we have provided 3% more drawn credit to our clients. The total corporate loan book remained relatively stable with a loan exposure (drawn and undrawn) of EUR 9.1 billion, as new loan production of EUR 1.2 billion offset both repayments and negative currency effects of EUR 0.2 billion. Still, I believe this is the effect of the professionalism and entrepreneurial spirit of our employees that ultimately lead to inventive solutions for our corporate clients. New transactions contributed positively to the quality of the corporate loan book, with an improved risk-reward balance. New origination also includes the growth of our new leasing activities of BEEQUIP. NIBC Markets adds complementary product offering which will increase our possibilities to support our clients, and consequently support further growth.

Origination of retail mortgages amounted to EUR 0.5 billion. As the market demands more and more longer maturities, which do not match NIBC's natural funding position, we have had limited appetite for 20 year mortgages and have focused us more on 10 year non-NHG mortgages and our Buy-to-let-product. Our clients appreciate the Buy-to-let product offering resulting in a strong new origination volume of more than EUR 100 million in the first half year.

On the funding side, we have been active in various parts of the market. We have successfully issued our first 10 year pass-through covered bond, returned to the senior unsecured market with a EUR and a CHF issue and our clients, both consumer and institutional, entrusted more deposits to us again. Actively managing our funding mix has helped us to lower the effective funding rate of the portfolio, supporting a further increase of our net interest margin.

These achievements have contributed to a solid financial performance, with net profit up 33% to EUR 44 million based on growth of our net interest income and controlled operating expenses. With this basis, we continue to move forward with our expanded product offering to be even better positioned to support our clients with financial solutions at their decisive moments.

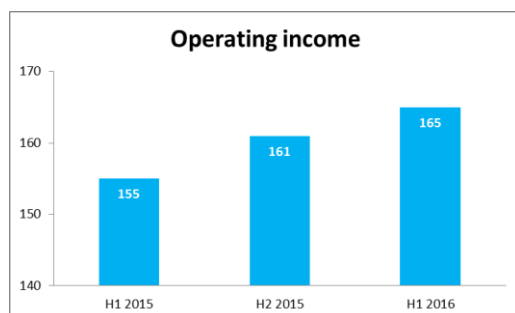
We are pleased to welcome Reinout van Riel, who has joined NIBC per 1 August 2016 as our new Chief Risk Officer."

euro millions	First half 2016	First half 2015	Change (%)	Full year 2015
Net interest income	149	139	7	286
Net fee and commission income	11	16	(31)	36
Investment income	9	6	50	4
Net trading income	(4)	(6)	33	(12)
Other operating income	1	0		1
<b>Operating Income</b>	<b>165</b>	<b>155</b>	<b>6</b>	<b>316</b>
Personnel expenses	(44)	(44)	0	(91)
Other operating expenses	(37)	(39)	(5)	(76)
Depreciation and amortisation	(4)	(3)	33	(6)
Regulatory charges	(9)			(4)
<b>Operating Expenses</b>	<b>(93)</b>	<b>(86)</b>	<b>8</b>	<b>(176)</b>
<b>Net Operating Income</b>	<b>72</b>	<b>69</b>	<b>4</b>	<b>140</b>
Impairments	(22)	(23)	(4)	(63)
Tax	(10)	(12)	(17)	(6)
<b>Net profit NIBC Bank before special items</b>	<b>40</b>	<b>33</b>	<b>21</b>	<b>71</b>
Special Items (net of tax)	4	-		
<b>Net profit NIBC Bank after special items</b>	<b>44</b>	<b>33</b>		

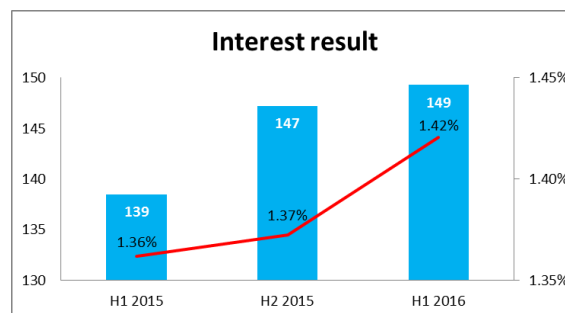
- The income statement differs from the one presented in the Condensed Consolidated Interim Financial Report (included in the Interim Report 2016) due to the treatment of special items. This only affects the presentation of the income statement and not the bottom-line profit figures.
- Compared to the presentation in the Interim Report 2015, servicing expenses for mortgage and retail savings have been reclassified from net interest income to other operating expenses. This concerns EUR 9 million of servicing expenses in H1 2015.
- Small differences may occur in this table due to rounding.

NIBC posted a solid first half year result. Net profit before special items increased by 21% to EUR 40 million in the first half of 2016, compared to EUR 33 million in the same period in 2015. Net profit after special items equals EUR 44 million, as special items lead to a net gain of EUR 4 million.

Operating income before special items (EUR million)



Net interest income (EUR million) and Net interest margin (%)



### Net interest income

Net interest income increased by 7% to EUR 149 million compared to H1 2015, supported by a healthy development of the company's balance sheet. Origination of corporate loans, retail mortgages and Buy-to-let mortgages continued in a balanced approach to the market, focussing on the product and market segments in which NIBC can provide fitting solutions to its customers. The net interest margin also benefits from further improvements of NIBC's funding mix, resulting in an increase from 1.37% to 1.42% at June 2016.

### Fee and commission income

Fee income amounted to EUR 11 million, 31% lower than H1 2015, driven by lower investment management and M&A fees. Lending-related fee income increased by 18% compared to H1 2015.



## Investment income

Underlying investment income increased by 50% to EUR 9 million (H1 2015: EUR 6 million), following positive developments in the value of the investment portfolio. The result also includes realised results following several smaller exits.

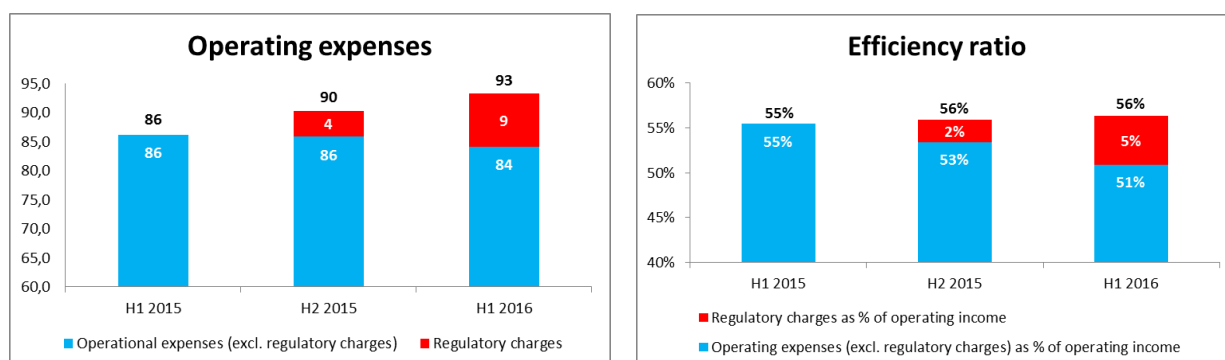
## Net trading income

Impact of net trading income is limited with a loss of EUR 4 million (loss of EUR 6 million in H1 2015), mainly reflecting the (unrealised) fair value changes of the assets and liabilities classified at fair value through profit or loss and limited credit losses on fair value through profit or loss assets.

## Operating expenses

Operating expenses increased to EUR 93 million in H1 2016, including regulatory charges of EUR 9 million, from EUR 86 million in H1 2015. Without the increase in regulatory charges, operating expenses showed a slight decrease of 2% to EUR 84 million; following unchanged personnel expenses, lower other operating expenses and increased depreciation and amortisation. Following the overall increase in operating expenses, the cost income ratio increased to 56% from 55% in the first half of 2015.

### Operating expenses (in EUR million) and efficiency ratio (in %) before special items



## Impairments on financial assets

Underlying impairment expenses at EUR 22 million are slightly lower than last year (EUR 23 million). The limited number of additional impairments was spread across various sectors. In H1 2016, credit losses on our fair value mortgage portfolio amounted to EUR 2 million (H1 2015: EUR 4 million), recognised in Net trading income.

## Special items

Special items lead to a net gain of EUR 4 million. Included is the one-off gain (badwill) of EUR 22 million following the acquisition of NIBC Markets per 30 June 2016. This discount on the acquisition price partly reflects the future investments needed for development of this franchise. Furthermore, NIBC incurred EUR 18 million credit loss on resolving pre-crisis retail exposure.

## Balance sheet NIBC Bank

In EUR Millions	June 2016	December 2015	In EUR Millions	June 2016	December 2015
Cash and banks	3,037	2,491	Retail funding	10,354	10,016
Loans	8,052	7,790	Funding from securitised mortgages	1,480	2,062
Lease receivables	166	212	Covered bonds	2,051	1,513
Residential mortgages	8,763	8,580	ESF deposits	1,332	1,127
Debt investments	1,351	1,377	All other senior funding (secured)	1,001	1,300
Equity investments	265	277	All other senior funding (unsecured)	3,011	2,249
Derivatives	2,345	2,151	Tier I & subordinated funding	386	400
All other assets	90	165	Derivatives	2,427	2,350
			All other liabilities	88	139
			<b>TOTAL LIABILITIES</b>	<b>22,130</b>	<b>21,156</b>
			<b>SHAREHOLDER'S EQUITY</b>	<b>1,937</b>	<b>1,886</b>
<b>TOTAL ASSETS</b>	<b>24,067</b>	<b>23,042</b>	<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>24,067</b>	<b>23,042</b>

The corporate loan book, consisting of both drawn and undrawn exposures, remained relatively stable, with new origination equal to EUR 1.2 billion, sufficient to cover both repayments and negative currency effects. The drawn part of the portfolio shows a net growth of EUR 200 million. New transactions contributed positively to the quality of the corporate loan book, improving the risk-reward balance. Additionally, the new equipment leasing activity already contributed to growth of the loan book. The first time consolidation of SNS Securities has positively contributed to the loan balances for an amount of EUR 71 million.

Growth in the mortgage loan book is primarily based on new origination of the Buy-to-let portfolio, which amounted to more than EUR 100 million. The retail mortgage book has remained relatively stable in the first half of 2016.

### NIBC Bank – Other key figures

NIBC Bank	June 2016	December 2015
Common Equity Tier-1 ratio	15.9%	15.6%
Tier-1 ratio	15.9%	15.6%
BIS ratio	20.1%	20.0%
Leverage ratio	7.8%	7.2%
FTEs (end of the period) - NIBC Bank	618	644
FTEs (end of the period) - NIBC Markets	90	

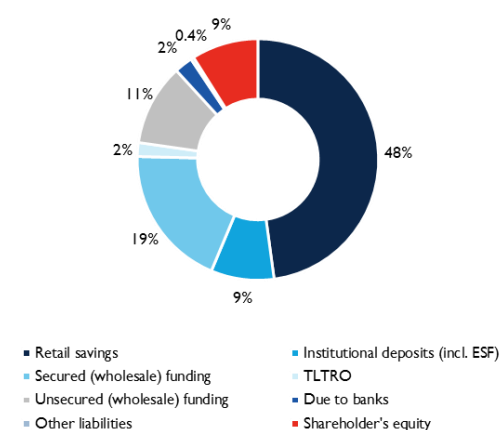
- June 2016 ratios are pro forma ratios and include net profit H1 2016.
- Ratios are fully loaded Basel III ratios.

NIBC has a solid capital position, with a Common Equity Tier-1 of 15.9% (2015: 15.6%), a BIS ratio of 20.1% (2015: 20.0%), and a leverage ratio that increased to 7.8% from 7.2%.

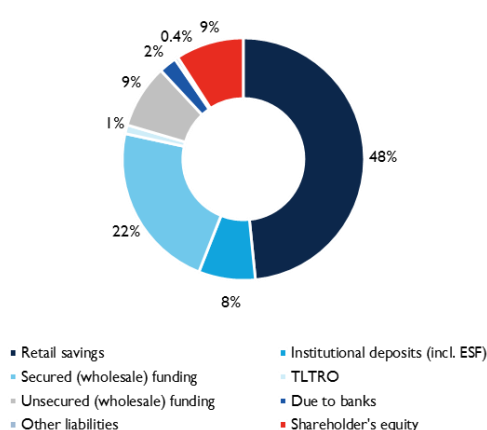
### Funding

Our current funding diversification reflects a balanced mix of equity, wholesale and retail funding and an active approach to the various debt markets. In the debt capital markets, NIBC has been active with three new transactions. First, NIBC issued a new 3.5 year EUR 300 million public senior bond in the unsecured market. In May, a 10 year EUR 500 million covered bond was issued under our conditional pass-through covered bond programme. In addition, a CHF 100 million public senior unsecured bond was issued for Swiss investors. In the retail savings market, NIBC has grown its deposits to EUR 10.4 billion from EUR 10.0 billion, in a market that is continuously under pressure from further decreasing interest rates. Approximately half of the NIBC Direct deposits are term deposits. In Germany, deposits attracted under the ESF guarantee scheme grew to EUR 1.3 billion from EUR 1.1 billion.

**Funding Composition  
per 30 June 2016**



**Funding Composition  
per 31 December 2015**





Our strong liquidity position is evidenced by an LCR of 230% and an NSFR of 116% at 30 June 2016. Our ample liquidity position demonstrates NIBC's prudent approach to the present uncertainties in the market.

In the past period, we have seen encouraging developments in our ratings. In June, Fitch announced it had revised NIBC's rating outlook to positive on the back of structurally improving earnings.

#### Impact of economic developments on NIBC

Circumstances in the first half of 2016 can be characterised by uncertainty. Whether it relates to the UK referendum on the Brexit at the end of June, the developments in energy and shipping markets or the interest rate environment and related monetary policies employed by the various authorities, all developments provide for a challenging business environment.

In this volatile environment, NIBC continued to support its clients with financing solutions and advice, as we have continued to extend new credits to our corporate and consumer clients and also expanded our product range through the launch of our equipment leasing activity with BEEQUIP and the acquisition of NIBC Markets.

The following pages provide further details on NIBC's various risk exposures per H1 2016. In this section, the H1 2016 figures are compared with the full year 2015 figures.

#### Overview of main risk exposures

In EUR millions	30 June 2016	31 December 2015
CORPORATE/ INVESTMENT LOANS	9,323	9,393
Corporate loans	9,121	9,232
Investment loans	202	161
LEASE RECEIVABLES	172	221
RESIDENTIAL MORTGAGES	8,763	8,580
EQUITY INVESTMENTS	264	285
DEBT INVESTMENTS	1,143	1,296
Debt from financial institutions and corporate entities	421	482
Securitisations	722	814
CASH MANAGEMENT	2,027	1,382
DERIVATIVES <sup>1</sup>	2,345	2,151
<b>TOTAL</b>	<b>24,037</b>	<b>23,308</b>

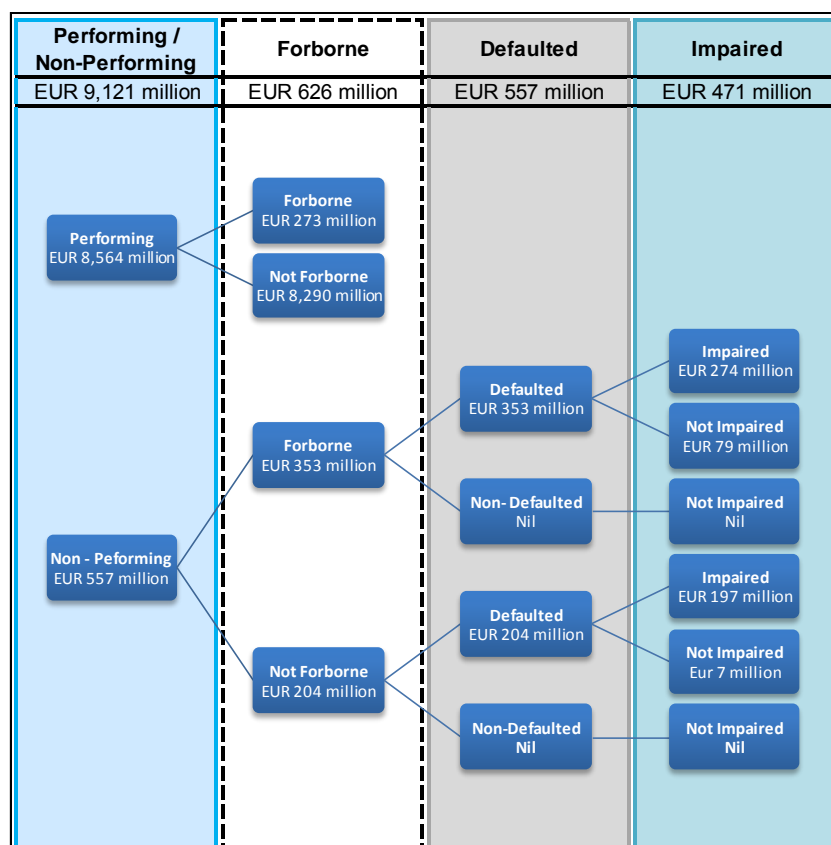
- Derivatives exposure is based on positive replacement values.
- NIBC Markets exposures are not included.
- Small differences may occur due to rounding.

#### Credit risk

##### Corporate loans

Total exposure for Corporate Loans portfolio in June 2016 amounted to EUR 9,121 million (December 2015: EUR 9,232 million). The corporate loan portfolio decreased slightly due to repayments and FX effects (EUR 200 million), which more than offset new origination of EUR 1.2 billion. Exposure includes both drawn and undrawn amounts. In general, the credit quality of the non-defaulted part of the Corporate Loan Portfolio remained stable while some credit characteristics worsened in 2016. Challenges were mainly concentrated in the Oil & Gas sector and the dry bulk shipping subsector. Emphasis during the year was on ensuring solid quality of existing exposures. This was enforced by sound and proactive portfolio management, including active dialogue with clients in sectors facing (global) challenges. Furthermore, the new production was originated at lower expected loss levels than the portfolio average and with healthy margins.

### Overview of credit quality measures Corporate loan portfolio



In terms of Counterparty Credit Rating (CCR) distribution, the credit quality of the total portfolio is concentrated in the 5 and 6 categories in NIBC's internal rating scale (corresponding to the BB and B categories in external rating agencies' scales). The concentration of NIBC's corporate loan exposure in sub-investment grade is counterbalanced by the fact that almost all loans are collateralised in some form. Loans can be collateralised by mortgages on vessels and real estate, by lease and other receivables, by pledge on machinery and equipment, or by third-party guarantees and other similar agreements. As a result, NIBC's LGDs are concentrated in those LGD categories that correspond to recoveries in the range of 80% to 90%.

#### Investment loans and Equity investments

The total of the Investment loans exposure and the on-balance amount of our Equity investments was EUR 466 million at 30 June 2016, an increase of EUR 20 million compared to December 2015. Investment loans are unsecured, subordinated loans that may contain equity characteristics such as attached warrants or conversion features. Equity investments are positions in private equity, infrastructure equity and corporate and real estate equity.

#### Lease receivables

This includes lease receivables in Germany, part of the acquisition in 2014 of former Gallinat Bank. No further investments are made in this portfolio.

#### Mortgages

NIBC has a Dutch and German Residential Mortgage portfolio of EUR 8,763 million at 30 June 2016 (31 December 2015: EUR 8,580 million), with the (non-core) German portfolio comprising only a small part of less than EUR 100 million. The portfolio increase is predominantly the result of origination in the Netherlands under the NIBC Direct label and Buy-to-Let mortgages under NIBC Vastgoed Hypotheek. The credit losses in H1 2016 amounted to EUR 2 million for the whole mortgage portfolio.

During 2016, acceptance criteria were adjusted, to bring these in line with adjusted regulation. In 2016, the maximum loan-to-value for owner occupied mortgages has been lowered to 102% (from 103% in 2015). The maximum NHG guaranteed loan amount remained unchanged at EUR 245 thousand.

### **Debt investments**

In H1 2016, the total Debt investments decreased to EUR 1,143 million (31 December 2015: EUR 1,296 million), of which EUR 722 million is related to securitisation exposure (31 December 2015: EUR 814 million). At 30 June 2016, an amount of EUR 421 million (31 December 2015: EUR 482 million) is related to debt issued by financial institutions and corporates.

During H1 2016, impairments on the debt investments portfolio decreased by EUR 8 million due to write offs and FX effects. No additional impairments were required.

Measured overall credit portfolios, the exposures within one or more of the credit quality measures, as disclosed in the table below, decreased, indicating the effects of our active approach to managing these positions and consequently a positive development in the quality of our portfolios.

### **Overview of credit quality measures**

in EUR millions	30 June 2016		31 December 2015	
	Exposure	in %	Exposure	in %
Defaulted exposure	609	3.4	641	3.6
Impaired exposure	471	2.6	503	2.8
Non-performing exposure	609	3.4	656	3.7
Forborne exposure	662	3.7	795	4.5

### **Market risk**

The predominant market risk drivers for NIBC are interest rate risk and credit spread risk. Interest rate risk of NIBC is mainly present in the Mismatch book, the Trading book and the Banking book.

In the Mismatch book, NIBC concentrates the interest rate risk of the bank based upon a long-term view. The interest rate sensitivity of this book was -/- EUR 316 thousand (per basis point).

The Trading book is mainly used for facilitating interest rate derivative transactions with corporate clients and interest rate hedging resulting from Consumer banking activities (mortgages). Within these activities, small limits are applied within which short-term positions can be taken. At 30 June, 2016, the interest rate sensitivity of the Trading book equalled EUR 9 thousand (per basis point).

The Banking book contains a number of portfolios: the funding of the bank, loans to corporate clients, mortgages and the liquidity portfolios. Interest rate risk is actively hedged and reduced at a level deemed acceptable. In effect, the Banking Book contains residual interest rate risk and basis risk.

NIBC's main credit spread risk relates to the fair value mortgages portfolio. For this portfolio, the credit spread sensitivity per 30 June 2016 was -/- EUR 1.9 million (per basis point). Additionally, credit spread risk is also present in various debt investment portfolios, such as the liquidity and collateral portfolios that are part of NIBC's Banking book. The portfolios within the Banking book have a credit spread sensitivity of -/- EUR 228 thousand (per basis point) per 30 June 2016.

NIBC has the policy to hedge its currency positions. When currency positions exceed small facilitating limits, NIBC enters into hedging transactions.

## Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed processes or systems, from human error, fraud, or external events including legal risk. NIBC has chosen also to include reputation and strategic business risk as operational risk. Operational risk is monitored and managed across all three lines of defence within NIBC.

In line with the banking industry, our main operational risks are to ensure that our IT systems remain uncompromised, safe and available for our clients, to manage our human talent quantitatively and qualitatively in an optimal way and to maintain our fit-for-purpose and efficient internal processes. As such, NIBC is running several major (IT) change processes, with associated short-term operational risks.

The operational risk profile of the bank improved in a number of aspects compared to December 2015. Further steps in the integration of NIBC Bank Deutschland AG were taken and the introduction of flexible working and the associated refurbishment of our office in The Hague was successfully finalised.

In the first half of 2016, new initiatives also introduced new elements of operational risk. On 30 June 2016, NIBC closed the acquisition of NIBC Markets. This transaction introduces a new integration project for NIBC, with the associated operational risk impact. Additionally, NIBC widened its product offering through NIBC Bank Deutschland AG by introducing some products also offered by NIBC Bank N.V. (e.g. placement services). The Corporate Bank in London initiated the origination of corporate lending activities in NIBC's well-established FARH and TMT&S sectors. Within Consumer Banking, the Buy-to-let mortgage product is further developed as the portfolio increases.

## Responsibility statement

In respect of Article 5:25d, section 2(c)(1 and 2) of the Dutch Financial Supervision Act, the members of the Managing Board of NIBC Bank N.V. hereby confirm, to the best of their knowledge, that:

- I. The Condensed Consolidated Interim Financial Report for the six months ended 30 June 2016, which has been prepared in accordance with IAS 34 'Interim Financial Reporting', gives a true and fair view of the assets, liabilities, financial position and profit or loss of NIBC Bank N.V. and its consolidated group companies; and
- II. The Half Year Report of the Managing Board includes a fair review of information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Supervision Act.

The Hague, 30 August 2016

### **Managing Board NIBC Bank N.V.**

*Paulus de Wilt, Chief Executive Officer*

*Herman Dijkhuizen, Chief Financial Officer*

*Rob ten Heggeler, Chief Client Officer*

*Reinout van Riel, Chief Risk Officer (as from 1 August 2016)*



Condensed consolidated interim financial report  
for the six months period ended 30 June 2016

NIBC Bank N.V.

30 August 2016

Reviewed

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## Condensed consolidated interim financial report

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Condensed consolidated statement of cash flows  
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- 2 Investment income
- 3 Net trading income
- 4 Other operating income
- 5 Personnel expenses
- 6 Regulatory charges and levies
- 7 Impairments of financial and non-financial assets
- 8 Tax

#### *Balance Sheet*

##### *Financial assets*

- 9 Financial assets - Loans and receivables (amortised cost) - Loans
- 10 Financial assets - Loans and receivables (amortised cost) - Debt investments
- 11 Financial assets - Loans and receivables (amortised cost) - Residential mortgages own book
- 12 Financial assets (available-for-sale) - Debt investments
- 13 Financial assets (designated at fair value through profit or loss) - Loans
- 14 Financial assets (designated at fair value through profit or loss) - Residential mortgages own book
- 15 Financial assets (designated at fair value through profit or loss) - Securitised residential mortgages
- 16 Financial assets (designated at fair value through profit or loss, including trading) - Debt investments

##### *Other assets*

- 17 Disposal group held for sale and discontinued operations

##### *Financial liabilities*

- 18 Financial liabilities (amortised cost) - Own debt securities in issue
- 19 Financial liabilities (amortised cost) - Debt securities in issue related to securitised mortgages and lease receivables
- 20 Financial liabilities (designated at fair value through profit or loss) - Own debt securities in issue
- 21 Financial liabilities (designated at fair value through profit or loss) - Debt securities in issue structured
- 22 Subordinated liabilities - amortised cost
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##### *Additional Information*

- 24 Capital and shares
- 25 Reclassification financial assets
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## Review report



# Condensed consolidated income statement

for the six months period ended 30 June 2016

IN EUR MILLIONS	NOTE	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Net interest income		149	139
Net fee and commission income		11	16
Investment income	2	-	9
Net trading income	3	(4)	(6)
Other operating income	4	23	11
<b>OPERATING INCOME</b>		<b>179</b>	<b>169</b>
Personnel expenses	5	44	49
Other operating expenses		36	43
Depreciation and amortisation		4	5
Regulatory charges and levies	6	9	-
<b>OPERATING EXPENSES</b>		<b>93</b>	<b>97</b>
Impairments of financial assets	7	34	23
Impairments of non-financial assets	7	3	3
<b>TOTAL EXPENSES</b>		<b>130</b>	<b>123</b>
<b>PROFIT BEFORE TAX</b>		<b>49</b>	<b>46</b>
Tax	8	5	13
<b>PROFIT AFTER TAX</b>		<b>44</b>	<b>33</b>
Result attributable to non-controlling interests		-	-
<b>NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER</b>		<b>44</b>	<b>33</b>

References relate to the accompanying notes. These form an integral part of the condensed consolidated interim financial report.

# Consolidated statement of comprehensive income

for the six months period ended 30 June 2016

IN EUR MILLIONS	For the period ended 30-Jun-16			For the period ended 30-Jun-15		
	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
<b>PROFIT FOR THE PERIOD</b>	<b>49</b>	<b>5</b>	<b>44</b>	<b>46</b>	<b>13</b>	<b>33</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>						
Net result on hedging instruments	20	5	15	(20)	(5)	(15)
Revaluation of equity investments	(4)	(1)	(3)	6	1	5
Revaluation of debt investments	(6)	(1)	(5)	(2)	(1)	(1)
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>10</b>	<b>3</b>	<b>7</b>	<b>(16)</b>	<b>(5)</b>	<b>(11)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>59</b>	<b>8</b>	<b>51</b>	<b>30</b>	<b>8</b>	<b>22</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>						
Parent shareholder	59	8	51	30	8	22
Non-controlling interests	-	-	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>59</b>	<b>8</b>	<b>51</b>	<b>30</b>	<b>8</b>	<b>22</b>

# Consolidated balance sheet

at 30 June 2016

IN EUR MILLIONS	NOTE	30-Jun-16	31-Dec-15
<b>Assets</b>			
<b>FINANCIAL ASSETS AT AMORTISED COST</b>			
Cash and balances with central banks		1,412	746
Due from other banks		1,625	1,745
Loans and receivables			
Loans	9	7,911	7,668
Debt investments	10	306	294
Residential mortgages own book	11	2,852	2,390
<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE</b>			
Loans		19	18
Equity investments		40	48
Debt investments	12	957	1,064
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>			
Loans	13	288	316
Residential mortgages own book	14	4,272	3,954
Securitised residential mortgages	15	1,638	2,236
Debt investments	16	88	19
Equity investments (including investments in associates)		218	222
Derivative financial assets		2,345	2,151
<b>OTHER</b>			
Investments in associates (equity method)		7	7
Property, plant and equipment		47	49
Other assets		42	44
Assets held for sale	17	-	71
<b>TOTAL ASSETS</b>		<b>24,067</b>	<b>23,042</b>

References relate to the accompanying notes. These form an integral part of the condensed consolidated interim financial report.

# Consolidated balance sheet

## at 30 June 2016

IN EUR MILLIONS	NOTE	30-Jun-16	31-Dec-15
<b>Liabilities and equity</b>			
<b>FINANCIAL LIABILITIES AT AMORTISED COST</b>			
Due to other banks		929	829
Deposits from customers		12,185	11,586
Own debt securities in issue	18	3,851	3,050
Debt securities in issue related to securitised mortgages and lease receivables	19	1,480	2,062
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>			
Own debt securities in issue	20	37	36
Debt securities in issue structured	21	747	704
Derivative financial liabilities		2,427	2,350
<b>OTHER FINANCIAL LIABILITIES</b>			
Other liabilities		81	92
Deferred tax		4	1
Employee benefits		3	4
<b>SUBORDINATED LIABILITIES</b>			
Amortised cost	22	118	120
Fair value through profit or loss	23	268	280
<b>OTHER</b>			
Liabilities held for sale	17	-	42
<b>TOTAL LIABILITIES</b>		<b>22,130</b>	<b>21,156</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	24	80	80
Other reserves		305	298
Retained earnings		1,508	1,437
Net profit attributable to parent shareholder		44	71
<b>TOTAL PARENT SHAREHOLDER'S EQUITY</b>		<b>1,937</b>	<b>1,886</b>
Non-controlling interests		-	-
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>1,937</b>	<b>1,886</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>24,067</b>	<b>23,042</b>

References relate to the accompanying notes. These form an integral part of the condensed consolidated interim financial report.

# Consolidated statement of changes in shareholder's equity

IN EUR MILLIONS	Attributable to parent shareholder					Total	Non-controlling interests	Total shareholder's equity
	Share capital	Other reserves <sup>1</sup>	Retained earnings	Net profit	Distribution charged to net profit			
<b>BALANCE AT 1 JANUARY 2015</b>	80	318	1,409	24	-	1,831	-	1,831
Transfer of net profit 2014 to retained earnings	-	-	24	(24)	-	-	-	-
Total comprehensive income for the period ended 30 June 2015	-	(11)	-	33	-	22	-	22
Other	-	-	-	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2015</b>	80	307	1,433	33	-	1,853	-	1,853

IN EUR MILLIONS	Attributable to parent shareholder					Total	Non-controlling interests	Total shareholder's equity
	Share capital	Other reserves <sup>1</sup>	Retained earnings	Net profit	Distribution charged to net profit			
<b>BALANCE AT 1 JANUARY 2016</b>	80	298	1,437	71	-	1,886	-	1,886
Transfer of net profit 2015 to retained earnings	-	-	71	(71)	-	-	-	-
Total comprehensive income for the period ended 30 June 2016	-	7	-	44	-	51	-	51
Other	-	-	-	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2016</b>	80	305	1,508	44	-	1,937	-	1,937

<sup>1</sup> Other reserves include share premium, hedging reserve and revaluation reserves.

# Condensed consolidated statement of cash flows

for the six months period ended 30 June 2016

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Cash flows from operating activities	(286)	(417)
Cash flows from investing activities	(1)	1
Cash flows from financing activities	832	1,060
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>545</b>	<b>644</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>1,223</b>	<b>1,020</b>
Net increase in cash and cash equivalents	545	644
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>1,768</b>	<b>1,664</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS<sup>1</sup>:</b>		
Cash and balances with central banks	1,269	1,014
Due from other banks (maturity three months or less)	499	650
	<b>1,768</b>	<b>1,664</b>

<sup>1</sup> The difference between the cash and cash equivalents as included in the previous table and the cash and balances with central banks as included in the interim consolidated balance sheet represents cash and cash equivalents not receivable on demand and cash collateral placements posted under CSA agreements.

# Accounting policies

## Corporate information

NIBC Bank N.V., together with its subsidiaries (**NIBC or the group**), is incorporated and domiciled in the Netherlands, and is a 100% subsidiary of NIBC Holding N.V. (**NIBC Holding**).

NIBC is an enterprising bank offering corporate and consumer banking services. Our Corporate Banking activities offer corporate finance & capital markets, financing and investing in a number of chosen sectors: Food, Agri, Retail & Health; Commercial Real Estate; Industries & Manufacturing; Infrastructure & Renewables; Oil & Gas Services; Shipping & Intermodal; and Telecom, Media, Technology & Services. Our expertise spans debt and equity mezzanine, mergers & acquisitions, capitalisation advisory, leveraged finance, structured finance, capital market solutions, equity and fixed income brokerage and research and execution services for independent asset managers. Consumer Banking offers savings in the Netherlands, Germany and Belgium, mortgages in the Netherlands and brokerage services in Germany under our NIBC Direct label.

Headquartered in The Hague, NIBC also has offices in Frankfurt, Amsterdam, London and Brussels.

## Basis of preparation

The condensed consolidated interim financial report for the period ended 30 June 2016 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

This condensed consolidated interim financial report was approved by the Managing Board on 30 August 2016 and is published including a review report by the external auditor.

This condensed consolidated interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with NIBC's consolidated financial statements for the year ended 31 December 2015, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (together IFRS-EU).

The accounting policies used in this condensed consolidated interim financial report is consistent with those set out in the notes to the 2015 consolidated financial statements of NIBC, except for the changes in accounting policies described below. NIBC's consolidated financial statements for 2015 is available on NIBC's website.

Where considered necessary comparative figures have been adjusted to conform to changes in presentation in the current year. Unless otherwise stated, all amounts are stated in millions of EUR.

Certain amounts recorded in the condensed consolidated interim financial information reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

## Change in presentation of servicing costs relating to residential mortgages and retail savings

In the second half year of 2015, NIBC has changed the presentation of servicing costs relating to residential mortgages and retail savings within the income statement from net interest income to other operating expenses. The revised presentation of servicing costs in other operating expenses for the first half year of 2015 amounts to EUR 9 million and is considered to be more in line with market practice in the financial industry. The 2015 figures included in the condensed consolidated interim financial report and related notes have been adjusted to reflect the above mentioned change.

## Changes in IFRS-EU effective in 2016

The following new or revised standards and interpretations and amendments to standards and interpretations became effective in 2016. Note that only the amendments to IFRSs that are relevant for NIBC are discussed below.

- Annual Improvements 2012-2014 Cycle

This cycle of improvements contains amendments to four standards of which 2 are relevant for NIBC. These are IFRS 7 Financial Instruments: Disclosures: 'Continuing Involvement' for Servicing Contracts and Offsetting Disclosures in Condensed Interim Financial Statements, IAS 34 Interim Financial Reporting: Disclosure of Information 'Elsewhere in the Interim Financial Report'. These amendments do not have any impact on NIBC.

- Amendments to IAS 1: Disclosure Initiative

This amendment is part of the Disclosure Initiative of the IASB. A portfolio of projects with the objective to improve the effectiveness of disclosures in financial statements. The amendments to IAS 1 are a further clarification of concepts such as aggregation, materiality, and understandability and comparability of information. These amendments do not have any impact on NIBC.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments do not have any impact to NIBC.

- Amendments to IAS 27: Equity Method in Separate Financial Statements

The objective of this amendment is to include the option to use the equity method of accounting in separate financial statements. Since NIBC values participating interests in group companies at net asset value in accordance with Book 2, title 9 of the Dutch Civil Code option 3 in the statutory financial statements, this amendment has no impact.

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. These amendments do not have any impact on NIBC as there has been no interest acquired in a joint operation during the period.

## Upcoming changes in IFRS-EU after 2016

The most significant upcoming changes to IFRS-EU, comprise IFRS 9 'Financial instruments', IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases'.

- IFRS 16 'Leases'

IFRS 16 'Leases' (**IFRS 16**) becomes effective as of 2019, subject to endorsement by the EU. IFRS 16 requires lessees to recognise most leases on their balance sheets.

For further information on IFRS 9 and IFRS 15, reference is made to section 'Accounting policies, Upcoming changes after 2015' in the 2015 consolidated financial statements of NIBC.

These standards have not yet been endorsed by the EU. NIBC is currently assessing the impact of these standards.



# Notes to the condensed consolidated interim financial report

## 1. Segment report

Segment information is presented in this condensed consolidated interim financial report on the same basis as used for internal management reporting within NIBC. Internal management reporting within NIBC is based on IFRS. Segment reporting under IFRS 8 requires a presentation of the segment results based on management reporting methods and a reconciliation between the results of the operating segments and the condensed consolidated interim financial report.

The Managing Board is the group's chief operating decision-maker. Based on the information reported to the chief operating decision-maker for the allocation of resources and performance of the business, NIBC Bank as a whole is identified as a single operating segment

The following table presents the results of the single operating segment, being NIBC Bank, including a reconciliation to the consolidated results under IFRS for the years ended 30 June 2016 and 30 June 2015.

IN EUR MILLIONS	Internal management report operating segment				Total (consolidated financial statements)	
	NIBC Bank		Consolidation effects <sup>1</sup>			
	For the six months ended 30 June					
	2016	2015	2016	2015	2016	2015
Net interest income	149	139	-	-	149	139
Net fee and commission income	11	16	-	-	11	16
Investment income	-	6	-	3	-	9
Net trading income	(4)	(6)	-	-	(4)	(6)
Other operating income	23	-	-	11	23	11
<b>OPERATING INCOME</b>	<b>179</b>	<b>155</b>	<b>-</b>	<b>14</b>	<b>179</b>	<b>169</b>
Personnel expenses	44	45	-	4	44	49
Other operating expenses	49	41	-	7	49	48
<b>OPERATING EXPENSES</b>	<b>93</b>	<b>86</b>	<b>-</b>	<b>11</b>	<b>93</b>	<b>97</b>
Impairments of financial assets	34	23	-	-	34	23
Impairments of non-financial assets	3	-	-	3	3	3
<b>TOTAL EXPENSES</b>	<b>130</b>	<b>110</b>	<b>-</b>	<b>14</b>	<b>130</b>	<b>123</b>
<b>PROFIT BEFORE TAX</b>	<b>49</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>49</b>	<b>46</b>
Tax	5	12	-	-	5	13
<b>PROFIT AFTER TAX</b>	<b>44</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>33</b>
Result attributable to non-controlling interests	-	-	-	-	-	-
<b>NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER</b>	<b>44</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>33</b>
Average allocated economic capital	978	1,078	-	-	978	1,078
Average unallocated capital	824	620	-	-	824	620
	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15	30-Jun-16	30-Jun-15
Segment assets	24,067	23,497	-	84	24,067	23,581
Segment liabilities	22,130	21,667	-	61	22,130	21,728

<sup>1</sup> The items displayed in the comparative figures 2015 under 'consolidation effects' refer to the non-financial company Olympia Nederland Holding B.V. (Olympia) over which NIBC had control as per 30 June 2015. IFRS requires NIBC to consolidate these entities. The internal management report differs from this, as the investments in these entities are non-strategic and the activities of these entities are non-financial. Therefore, in the income statement of NIBC, only NIBC's share in the net result of these entities is included in the line-item 'investment income'. Subsequently, under 'consolidation effects' this is eliminated and replaced by the figures of these entities used in the consolidated financial statements. Due to the sell of Olympia by NIBC in June 2016, no 'consolidation effects' for the six months ended 2016 are presented. For further details see note 29 Business combinations and divestments.

## 2. Investment income

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
<b>EQUITY INVESTMENTS</b>		
<b>GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)</b>		
Net gain/(losses) on disposal	-	4
Impairment losses equity investments	-	(5)
<b>GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)</b>		
Gains less losses from associates	8	12
Gains less losses from other equity investments	(7)	(3)
	<u>1</u>	<u>8</u>
<b>DEBT INVESTMENTS</b>		
<b>GAINS LESS LOSSES FROM DEBT INVESTMENTS (AVAILABLE-FOR-SALE)</b>		
	(1)	-
	<u>(1)</u>	<u>-</u>
<b>SHARE IN RESULT OF ASSOCIATES</b>	-	1
	<u>-</u>	<u>9</u>

Impairment losses relating to debt investments (available-for-sale) are presented under impairments of financial assets (see note 7 Impairments of financial and non-financial assets).

## 3. Net trading income

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Assets and liabilities designated at fair value through profit or loss (including related derivatives)	(7)	(8)
Assets and liabilities held for trading	1	3
Other net trading income	2	(1)
	<u>(4)</u>	<u>(6)</u>

Total net trading income in the first six months period ended 30 June 2016 and 30 June 2015 reflects realised net gains and or losses on disposals of assets and liabilities (including repurchased liabilities) and net gains and or losses due to mark to market movements on assets and liabilities held for trading or designated at fair value through profit or loss.

## 4. Other operating income

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Badwill	22	-
Other	1	11
	<u>23</u>	<u>11</u>

Badwill for an amount of EUR 22 million is recognised following the acquisition of SNS Securities N.V. on 30 June 2016. For further details see note 29 Business combinations and divestments.

## 5. Personnel expenses

The number of Full Time Equivalents (FTEs) (excluding FTEs of non-financial companies included in the consolidation) increased from 644 at 31 December 2015 to 708 at 30 June 2016. The FTE-increase is caused by the acquisition of SNS Securities N.V. at 30 June 2016.

## 6. Regulatory charges and levies

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Resolution levy	4	-
Deposit Guarantee Scheme	5	-
	<u>9</u>	<u>-</u>

## 7. Impairments of financial and non-financial assets

### Financial assets

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
<b>IMPAIRMENTS</b>		
Loans classified at amortised cost	35	28
Debt investments classified at amortised cost	-	15
Debt investments classified available-for-sale	-	-
Residential mortgages own book classified at amortised cost	-	-
	<b>35</b>	<b>43</b>
<b>REVERSALS OF IMPAIRMENTS</b>		
Loans classified at amortised cost	(1)	(20)
Debt investments classified at amortised cost	-	-
Debt investments classified available-for-sale	-	-
Residential mortgages own book classified at amortised cost	-	-
	<b>(1)</b>	<b>(20)</b>
Other	-	-
	<b>34</b>	<b>23</b>

### Non-financial assets

In the first half year of 2016, an impairment of EUR 3 million is recognised on intangible assets due to the sale of NIBC's non-financial company Olympia Nederland Holding B.V. (Olympia) in June 2016, classified as Disposal group held for sale as per 31 December 2015 (see note 17 Disposal group held for sale and discontinued operations). In the first half year of 2015, customer relationships related to Olympia were fully impaired for an amount of EUR 3 million due to change in market conditions and related client focus.

## 8. Tax

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
<b>TAX RECONCILIATION:</b>		
<b>PROFIT BEFORE TAX</b>	<b>49</b>	<b>46</b>
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2015: 25.0%)	12	12
Impact of income not subject to tax	(7)	1
Effect of different tax rates other countries	1	-
Correction deferred tax position	(1)	-
	<b>5</b>	<b>13</b>

The impact of income not subject to tax mainly relates to income from equity investments and investments in associates, in which NIBC has a stake of more than 5%, being income that is tax exempt under Dutch tax law. NIBC Bank N.V. is part of the fiscal entity with NIBC Holding N.V.

The effective tax rate for the period ended 30 June 2016 was 9.6% (for the period ended 30 June 2015: 27.4%). This reported effective tax rate is significantly influenced by a one-off tax exempt gain of EUR 22 million as a result of the badwill related to the acquisition of SNS Securities N.V.. As such effect is not expected in the second half of 2016, the effective tax rate for the full year is expected to be higher than currently reported.

**9. Financial assets - Loans and receivables (amortised cost)**  
**Loans**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Loans	7,911	7,668
	<b>7,911</b>	<b>7,668</b>

**LEGAL MATURITY ANALYSIS OF LOANS:**

Three months or less	419	323
Longer than three months but not longer than one year	807	708
Longer than one year but not longer than five years	4,457	4,292
Longer than five years	2,228	2,345
	<b>7,911</b>	<b>7,668</b>

IN EUR MILLIONS	2016	2015
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**MOVEMENT SCHEDULE OF LOANS:**

<b>BALANCE AT 1 JANUARY</b>	<b>7,668</b>	<b>7,226</b>
Additions	1,847	2,185
Disposals	(1,508)	(2,045)
Other (including exchange rate differences)	(96)	302
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>7,911</b>	<b>7,668</b>

IN EUR MILLIONS	2016	2015
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**MOVEMENT SCHEDULE OF IMPAIRMENT LOSSES ON LOANS:**

<b>BALANCE AT 1 JANUARY</b>	<b>172</b>	<b>170</b>
Additional allowances	35	72
Write-offs / disposals	(17)	(50)
Amounts released	(1)	(25)
Unwinding of discount adjustment	(5)	(5)
Other (including exchange rate differences)	1	10
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>185</b>	<b>172</b>

**10. Financial assets - Loans and receivables (amortised cost)**  
**Debt investments**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Debt investments	306	294
	<b>306</b>	<b>294</b>

**LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS:**

Three months or less	-	-
Longer than three months but not longer than one year	159	20
Longer than one year but not longer than five years	117	146
Longer than five years	30	128
	<b>306</b>	<b>294</b>

IN EUR MILLIONS	2016	2015
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**MOVEMENT SCHEDULE OF DEBT INVESTMENTS:**

<b>BALANCE AT 1 JANUARY</b>	<b>294</b>	<b>359</b>
Additions	30	8
Disposals	(15)	(65)
Other (including exchange rate differences)	(3)	(8)
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>306</b>	<b>294</b>

In the first six months of 2016 there were no additional impairments on the debt investments at amortised cost (first six months of 2015: EUR 15 million).

## 11. Financial assets - Loans and receivables (amortised cost)

### Residential mortgages own book

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Loans	2,852	2,390
	<b>2,852</b>	<b>2,390</b>

#### LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK:

Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	1	1
Longer than five years	2,851	2,389
	<b>2,852</b>	<b>2,390</b>

IN EUR MILLIONS	2016	2015
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#### MOVEMENT SCHEDULE OF RESIDENTIAL MORTGAGES OWN BOOK:

<b>BALANCE AT 1 JANUARY</b>	<b>2,390</b>	<b>1,078</b>
Additions	515	1,368
Disposals	(53)	(56)
Other (including exchange rate differences)	-	-
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>2,852</b>	<b>2,390</b>

The maximum credit exposure including committed but undrawn facilities was EUR 3,152 million at 30 June 2016 (31 December 2015: EUR 2,791 million).

The total impairments on residential mortgages own book at amortised cost at 30 June 2016 were EUR 1 million (first six months of 2015: nil).

## 12. Financial assets (available-for-sale)

### Debt investments

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Debt investments	957	1,064
	<b>957</b>	<b>1,064</b>

#### LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS:

Three months or less	17	21
Longer than three months but not longer than one year	68	79
Longer than one year but not longer than five years	233	272
Longer than five years	639	692
	<b>957</b>	<b>1,064</b>

IN EUR MILLIONS	2016	2015
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#### MOVEMENT SCHEDULE OF DEBT INVESTMENTS:

<b>BALANCE AT 1 JANUARY</b>	<b>1,064</b>	<b>945</b>
Additions	166	680
Disposals	(267)	(574)
Other (including exchange rate differences)	(6)	13
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>957</b>	<b>1,064</b>

In the first six months of 2016 and 2015, there were no additional impairments on debt investments available-for-sale.

**13. Financial assets (designated at fair value through profit or loss)**  
**Loans**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Loans	288	316
	<b>288</b>	<b>316</b>

**LEGAL MATURITY ANALYSIS OF LOANS:**

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	63	63
Longer than five years	224	253
	<b>288</b>	<b>316</b>

IN EUR MILLIONS	2016	2015
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**MOVEMENT SCHEDULE IN LOANS:**

<b>BALANCE AT 1 JANUARY</b>	<b>316</b>	<b>374</b>
Additions	8	-
Disposals	(17)	(70)
Other (including exchange rate differences)	(19)	12
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>288</b>	<b>316</b>

**14. Financial assets (designated at fair value through profit or loss)**  
**Residential mortgages own book**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Residential mortgages own book	4,272	3,954
	<b>4,272</b>	<b>3,954</b>

**LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK:**

Three months or less	10	10
Longer than three months but not longer than one year	7	5
Longer than one year but not longer than five years	94	86
Longer than five years	4,161	3,853
	<b>4,272</b>	<b>3,954</b>

IN EUR MILLIONS	2016	2015
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**MOVEMENT SCHEDULE OF RESIDENTIAL MORTGAGES OWN BOOK:**

<b>BALANCE AT 1 JANUARY</b>	<b>3,954</b>	<b>3,342</b>
Additions (including transfers from consolidated SPEs)	479	1,010
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(239)	(427)
Other (including exchange rate differences)	78	29
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>4,272</b>	<b>3,954</b>

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 with results on financial derivatives.

Interest income from residential mortgages own book is recognised in interest and similar income based on the effective interest rate. Fair value movements excluding interest are recognised in net trading income.

The maximum credit exposure including committed but undrawn facilities was EUR 4,272 million (31 December 2015: EUR 3,955 million).

**15. Financial assets (designated at fair value through profit or loss)**  
**Securitised residential mortgages**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Securitised residential mortgages	1,638	2,236
	<b>1,638</b>	<b>2,236</b>

**LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES:**

Three months or less	1	1
Longer than three months but not longer than one year	2	3
Longer than one year but not longer than five years	16	28
Longer than five years	1,619	2,204
	<b>1,638</b>	<b>2,236</b>

IN EUR MILLIONS	2016	2015
<b>MOVEMENT SCHEDULE OF SECURITISED RESIDENTIAL MORTGAGES:</b>		
<b>BALANCE AT 1 JANUARY</b>	<b>2,236</b>	<b>3,638</b>
Additions	-	-
Disposals (sale and/or redemption including transfers to own book)	(565)	(1,281)
Other (including exchange rate differences)	(33)	(121)
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>1,638</b>	<b>2,236</b>

At 30 June 2016 the balance sheet carrying amounts for residential mortgages own book (designated at fair value through profit or loss) and securitised residential mortgages include a total revaluation adjustment of EUR 501 million debit (31 December 2015: EUR 455 million debit) related to both interest rates and credit spreads. 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 portion of fair value changes in 2016 included in the balance sheet amount relating to the movement in credit spreads on residential mortgages own book (see note 14 Residential mortgages own book) and securitised residential mortgages amounted to EUR 3 million debit at 30 June 2016 (30 June 2015: EUR 34 million debit), being an increase in the carrying amount.

The carrying amount includes a EUR 188 million credit (31 December 2015: EUR 187 million credit) related to mortgage savings amounts.

The maximum credit exposure was EUR 1,638 million at 30 June 2016 (31 December 2015: EUR 2,236 million).

Securitised residential mortgages are recognised on NIBC's balance sheet based on the risks and rewards NIBC retains in the special purpose entities (SPEs) issuing the mortgage-backed notes. Risks and rewards can be retained by NIBC by retaining issued notes, providing overcollateralisation to the SPEs or implementing reserve accounts in the SPEs. At the balance sheet date, NIBC retained EUR 137 million (31 December 2015: EUR 187 million) of notes issued by the SPEs and reserve accounts amounted to EUR 11 million (31 December 2015: EUR 15 million).



## 16. Financial assets (designated at fair value through profit or loss, including trading)

### Debt investments

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Held for trading	88	12
Designated at fair value through profit or loss	-	7
	<b>88</b>	<b>19</b>

All debt investments are non-government counterparties and unlisted.

IN EUR MILLIONS	2016	2015
<b>MOVEMENT SCHEDULE OF DEBT INVESTMENTS:</b>		
<b>BALANCE AT 1 JANUARY</b>	<b>19</b>	<b>37</b>
Additions	79	-
Disposals (sale and/or redemption including transfers to own book)	(4)	(16)
Other (including exchange rate differences)	(6)	(2)
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>88</b>	<b>19</b>

## 17. Disposal group held for sale and discontinued operations

As per 30 June 2016 there are no assets or liabilities classified as disposal group held for sale or as discontinued operations.

### Disposal group held for sale in 2015 and closed in the first half year of 2016

In September 2015, NIBC committed to a plan to sell its non-financial company Olympia Nederland Holding B.V. (Olympia) and was consequently classified as a Disposal group held for sale. In February 2016 NIBC reached an agreement on the sale of Olympia to a third party. For further details see note 29 Business combinations and divestments.

### Discontinued operations in 2015

#### Subsidiary acquired from unrelated third party exclusively with a view to resale to a group company

In May 2015, NIBC obtained control over Vijlma B.V. As Vijlma B.V. is acquired exclusively with a view to resale, IFRS 5 allows the acquisition of Vijlma B.V. to be presented as a disposal group classified as held for sale, hence allowing a short-cut method of consolidation which NIBC has applied. Effectively on 30 June 2015 Vijlma B.V. was sold by NIBC to NIBC Investments N.V., subsidiary of NIBC Holding N.V. (the parent company of NIBC). Consequently no assets and liabilities held for sale directly associated with the acquisition of Vijlma B.V. are presented on the consolidated balance sheet of NIBC at 30 June 2015.

## 18. Financial liabilities (amortised cost)

### Own debt securities in issue

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	3,851	3,050
	<b>3,851</b>	<b>3,050</b>

#### LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE:

Three months or less	18	67
Longer than three months but not longer than one year	247	285
Longer than one year but not longer than five years	2,008	1,589
Longer than five years	1,578	1,109
	<b>3,851</b>	<b>3,050</b>

IN EUR MILLIONS	2016	2015
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#### MOVEMENT SCHEDULE OF OWN DEBT SECURITIES IN ISSUE:

<b>BALANCE AT 1 JANUARY</b>	<b>3,050</b>	<b>2,064</b>
Additions	1,034	1,038
Disposals	(177)	(103)
Other (including exchange rate differences)	(56)	51
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>3,851</b>	<b>3,050</b>

In the first half year of 2016 a ten years conditional pass through covered bond of EUR 500 million and a senior unsecured bond of EUR 300 million was issued. In the first half year of 2015 NIBC issued a senior unsecured bond of EUR 500 million and a seven years conditional pass through covered bond of EUR 500 million.

The disposals of own debt securities in issue at amortised cost for 2016 include redemptions at the scheduled maturity date to an amount of EUR 167 million (2015 :EUR 61 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 10 million (2015: EUR 41 million). The remaining legal maturity at time of repurchase of these debt securities is between zero and four years.

## 19. Financial liabilities (amortised cost)

### Debt securities in issue related to securitised mortgages and lease receivables

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	1,480	2,062
	<b>1,480</b>	<b>2,062</b>

#### LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES AND LEASE RECEIVABLES:

Three months or less	2	3
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	49	49
Longer than five years	1,429	2,010
	<b>1,480</b>	<b>2,062</b>

IN EUR MILLIONS	2016	2015
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#### MOVEMENT SCHEDULE OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES AND LEASE RECEIVABLES:

<b>BALANCE AT 1 JANUARY</b>	<b>2,062</b>	<b>3,348</b>
Additions	-	-
Disposals	(582)	(1,286)
Other (including exchange rate differences)	-	-
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>1,480</b>	<b>2,062</b>

## 20. Financial liabilities (designated at fair value through profit or loss)

### Own debt securities in issue

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	37	36
	<b>37</b>	<b>36</b>
<b>LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE:</b>		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	37	36
Longer than five years	-	-
	<b>37</b>	<b>36</b>
<b>MOVEMENT SCHEDULE OF OWN DEBT SECURITIES IN ISSUE:</b>		
<b>BALANCE AT 1 JANUARY</b>	<b>36</b>	<b>35</b>
Additions	1	2
Disposals	-	(1)
Other (including exchange rate differences)	-	-
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>37</b>	<b>36</b>

## 21. Financial liabilities (designated at fair value through profit or loss)

### Debt securities in issue structured

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	747	704
	<b>747</b>	<b>704</b>
<b>LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE STRUCTURED:</b>		
Three months or less	-	-
Longer than three months but not longer than one year	42	53
Longer than one year but not longer than five years	108	82
Longer than five years	597	569
	<b>747</b>	<b>704</b>
<b>MOVEMENT SCHEDULE OF DEBT SECURITIES IN ISSUE STRUCTURED:</b>		
<b>BALANCE AT 1 JANUARY</b>	<b>704</b>	<b>823</b>
Additions	37	53
Disposals	(37)	(157)
Other (including exchange rate differences)	43	(15)
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>747</b>	<b>704</b>

The disposals of debt securities in issue designated at fair value through profit or loss for 2016 include redemptions at the scheduled maturity date to an amount of EUR 37 million (2015: EUR 151 million) and repurchases of debt securities before the legal maturity date to an amount of nil (2015: EUR 6 million). The changes in 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 with results on financial derivatives.

The portion of fair value changes during the first half 2016 attributable to the movement in credit spreads resulted in a loss of EUR 7 million (first half of 2015: loss of EUR 9 million). In the first half of 2016 and 2015, no results were realised on the repurchase of liabilities with respect to this balance sheet item.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 740 million at 30 June 2016 (31 December 2015: EUR 744 million).

## 22. Subordinated liabilities - amortised cost

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Subordinated loans other	118	120
	<b>118</b>	<b>120</b>

### LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES

One year or less	-	-
Longer than one year but not longer than five years	2	2
Longer than five years but not longer than ten years	50	50
Longer than ten years	66	68
	<b>118</b>	<b>120</b>

IN EUR MILLIONS	2016	2015
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### MOVEMENT SCHEDULE OF SUBORDINATED LIABILITIES:

<b>BALANCE AT 1 JANUARY</b>	<b>120</b>	<b>67</b>
Additions	-	62
Disposals	(1)	(15)
Other (including exchange rate differences)	(1)	6
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>118</b>	<b>120</b>

## 23. Subordinated liabilities - designated at fair value through profit or loss

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Non-qualifying as grandfathered additional Tier-1 capital	-	172
Subordinated loans other	268	108
	<b>268</b>	<b>280</b>

### LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES:

One year or less	1	17
Longer than one year but not longer than five years	-	1
Longer than five years but not longer than ten years	-	-
Longer than ten years	267	262
	<b>268</b>	<b>280</b>

IN EUR MILLIONS	2016	2015
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### MOVEMENT SCHEDULE OF SUBORDINATED LIABILITIES:

<b>BALANCE AT 1 JANUARY</b>	<b>280</b>	<b>253</b>
Additions	-	1
Disposals	(17)	-
Other (including exchange rate differences)	5	26
<b>BALANCE AT 30 JUNE / 31 DECEMBER</b>	<b>268</b>	<b>280</b>

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.

## 24. Capital and shares

The ultimate controlling company is New NIB Limited, a company incorporated in Ireland.

### Share capital

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Paid-up capital	80	80
	80	80
	30-Jun-16	31-Dec-15
<b>THE NUMBER OF AUTHORISED SHARES:</b>		
Number of authorised shares <sup>1</sup>	183,597,500	183,597,500
Number of shares issued and fully paid <sup>2</sup>	62,586,794	62,586,794
Par value per A share	1.28	1.28
Par value class B, C, D, E1 and E3 preference share	1.00	1.00
Par value class E4 preference share	5.00	5.00

<sup>1</sup> The authorised capital amounts to EUR 214.9 million and is divided into 110,937,500 A shares of EUR 1.28 nominal value each, 72,600,000 of different classes of preference shares with a nominal value of EUR 1.00 and 60,000 of preference shares with a nominal value of EUR 5.00 each.

<sup>2</sup> The shares issued and fully paid consist of A-shares.

## 25. Reclassification financial assets (application of amendments to IAS 39 and IFRS 7)

As of 1 July 2008, NIBC reclassified non-derivative trading financial assets, which do not meet the definition of loans and receivables and are no longer held for the purpose of selling them in the near term, from held for trading to available-for-sale. NIBC believes that the deterioration of the world's financial markets that occurred in the course of 2008 represents a rare circumstance that allows such a reclassification, under the exemption rules of IAS 39.

In addition, NIBC reclassified financial assets from held for trading and available-for-sale to loans and receivables. At the date of reclassification NIBC had the intention and ability to hold these reclassified loans and receivables for the foreseeable future or until maturity.

### Impact reclassification financial assets on comprehensive income

IN EUR MILLIONS	30-Jun-16		31-Dec-15	
	After reclassification	Before reclassification	After reclassification	Before reclassification
Net interest income	1	1	23	22
Net trading income	-	(2)	(1)	(1)
Impairment of financial assets	-	-	(8)	(6)

### Impact reclassification financial assets

The following table presents the fair value and carrying value of the financial assets reclassified as of 1 July 2008:

IN EUR MILLIONS	Loan portfolio reclassified from:	Debt investments reclassified from:	
	Available-for-sale category to AC	Held for trading category to AC	Available-for-sale category to AC
Fair value on date of reclassification	639	15	33
Carrying amount as per 30 June 2016	668	1	32
Fair value as per 30 June 2016	630	1	31
Range of effective interest rates at the date of reclassification <sup>1</sup>	5% - 9%	5% - 13%	5% - 9%
Expected undiscounted recoverable cashflows EUR	678	263	53

<sup>1</sup> Ranges of effective interest rates were determined based on weighted average rates.

## 26. Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

At 30 June 2016						
IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet Financial instruments collateral	Cash collateral received	Net amount
<b>ASSETS</b>						
Derivative financial assets	2,345	-	<b>2,345</b>	-	226	<b>2,119</b>
Reverse repurchase agreements	-	-	-	-	-	-
	<b>2,345</b>	-	<b>2,345</b>	-	<b>226</b>	<b>2,119</b>

At 30 June 2016						
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	Related amounts not set off in the balance sheet Financial instruments collateral	Cash collateral pledged	Net amount
<b>LIABILITIES</b>						
Derivative financial liabilities	2,427	-	<b>2,427</b>	-	1,098	<b>1,329</b>
Repurchase agreements	-	-	-	-	-	-
	<b>2,427</b>	-	<b>2,427</b>	-	<b>1,098</b>	<b>1,329</b>

At 31 December 2015						
IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of recognised financial liabilities set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet Financial instruments collateral	Cash collateral received	Net amount
<b>ASSETS</b>						
Derivative financial assets	2,151	-	<b>2,151</b>	-	188	<b>1,963</b>
Reverse repurchase agreements	400	(400)	-	-	-	-
	<b>2,551</b>	<b>(400)</b>	<b>2,151</b>	-	<b>188</b>	<b>1,963</b>

At 31 December 2015						
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	Related amounts not set off in the balance sheet Financial instruments collateral	Cash collateral pledged	Net amount
<b>LIABILITIES</b>						
Derivative financial liabilities	2,350	-	<b>2,350</b>	-	1,128	<b>1,222</b>
Repurchase agreements	496	(400)	<b>96</b>	141	-	<b>(45)</b>
	<b>2,846</b>	<b>(400)</b>	<b>2,446</b>	<b>141</b>	<b>1,128</b>	<b>1,177</b>

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.

## 27. Fair value of financial instruments

The following table provides disclosures for financial instruments that are measured at fair value in the balance sheet. The disclosure of each class of financial assets and liabilities within a three-level hierarchy, referring to the respective basis of fair value measurement is as follows:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1);
- 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 2); and
- Inputs that are not based on observable market data (unobservable inputs) (level 3).

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 30 June 2016

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-16
<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE</b>				
Loans	-	-	19	19
Equity investments (unlisted)	-	-	40	40
Debt investments	-	948	9	957
	-	<b>948</b>	<b>68</b>	<b>1,016</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Loans	-	274	14	288
Residential mortgages own book	-	-	4,272	4,272
Securitised residential mortgages	-	-	1,638	1,638
Debt investments	-	88	-	88
Equity investments (including investments in associates)	-	-	218	218
Derivative financial assets	-	2,345	-	2,345
	-	<b>2,707</b>	<b>6,142</b>	<b>8,849</b>
	-	<b>3,655</b>	<b>6,210</b>	<b>9,865</b>

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-16
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Own debt securities in issue	-	37	-	37
Debt securities in issue structured	-	747	-	747
Derivative financial liabilities	-	2,427	-	2,427
Subordinated liabilities	-	268	-	268
	-	<b>3,479</b>	-	<b>3,479</b>

### Fair value of financial instruments at 31 December 2015

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-15
<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE</b>				
Loans	-	-	18	18
Equity investments (unlisted)	-	-	48	48
Debt investments	-	1,052	12	1,064
	-	<b>1,052</b>	<b>78</b>	<b>1,130</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>				
Loans	-	302	14	316
Residential mortgages own book	-	-	3,954	3,954
Securitised residential mortgages	-	-	2,236	2,236
Debt investments	-	19	-	19
Equity investments (including investments in associates)	-	-	222	222
Derivative financial assets	-	2,151	-	2,151
	-	<b>2,472</b>	<b>6,426</b>	<b>8,898</b>
	-	<b>3,524</b>	<b>6,504</b>	<b>10,028</b>

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-15
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>				
Own debt securities in issue	-	36	-	36
Debt securities in issue structured	-	704	-	704
Derivative financial liabilities	-	2,350	-	2,350
Subordinated liabilities	-	280	-	280
	-	3,370	-	3,370

### Transfers between levels 1, 2 and 3

During the six months ended 30 June 2016 and 2015, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

### Financial instruments recorded at fair value

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 available-for-sale

#### Debt investments - level 2

For the determination of fair value at 30 June 2016, NIBC used market-observable prices (including broker quotes), interest rates and credit spreads derived from market-verifiable data. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

#### Loans - level 3

For the level 3 loans classified at available-for-sale, NIBC determines the fair value based on the unobservable sales pricings from external parties and on an internal development valuation model.

#### 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 (unlisted) - 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. To approximate the fair value at the reporting date, the net asset value is adjusted, where appropriate, for factors such as, subsequent capital contributions and fund distributions, movements in exchange rate and subsequent changes in the fair value of the underlying investee companies, where these are known to NIBC.

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' *Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)*. Capitalisation multiples are derived from the enterprise value and the normalised last twelve months EBITDA at the acquisition date. 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 profit or loss

#### Loans - level 2

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.

#### Debt investments - level 2

For the determination of fair value at 30 June 2016, 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.



#### 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.

#### Loans - level 3

For the level 3 loans classified at fair value through profit or loss, NIBC determines the fair value based on the unobservable sales pricings from external parties and on an internal development valuation model.

#### Residential mortgages (own book and securitised) - level 3

NIBC determines the fair value of residential mortgages (both those NIBC holds on its own book and those NIBC has securitised) by using a valuation model developed by NIBC. To calculate the fair value, NIBC discounts expected cash flows (after expected prepayments) to present value using inter-bank zero-coupon rates, adjusted for a spread that principally takes into account the credit spread risk of the mortgages and uncertainty relating to prepayment estimates.

The RMBS spread is determined by collecting RMBS spreads from publicly issued Dutch RMBS-transactions. The discount spread is derived by adding related RMBS costs to the RMBS spread.

Sensitivity analysis carried out on the prepayment rates used in the valuation model of the residential mortgages showed that the variability in these rates does not have a significant impact on the total value of the Residential Mortgage portfolio.

#### Equity investments (including investments in associates) - level 3

For the valuation method, reference is made to the section on equity investments (unlisted) available-for-sale.

### 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); and
- 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.

### Level 3 fair value measurements

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 2015	Total gains/ (losses) recorded in the income statement	Total gains/ (losses) recorded in equity	Purchases	Sales	Settle- ments	Transfers from level 1 and level 2	At 31 December 2015
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>								
Loans	-	-	-	18	-	-	-	18
Equity investments	53	5	2	-	(12)	-	-	48
Debt investments	15	-	-	-	(3)	-	-	12
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>								
Loans	-	-	-	-	-	-	14	14
Residential mortgages own book	3,342	30	-	1,009	-	(427)	-	3,954
Securitised residential mortgages	3,638	(121)	-	-	(1,281)	-	-	2,236
Equity investments (including investments in associates)	276	24	-	27	(105)	-	-	222
	<b>7,324</b>	<b>(62)</b>	<b>2</b>	<b>1,054</b>	<b>(1,401)</b>	<b>(427)</b>	<b>14</b>	<b>6,504</b>

IN EUR MILLIONS	At 1 January 2016	Total gains/ (losses) recorded in the income statement <sup>1</sup>	Total gains/ (losses) recorded in equity	Purchases	Sales	Settle- ments	Transfers from level 1 and level 2	At 30 June 2016
<b>AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>								
Loans	18	-	-	1	-	-	-	19
Equity investments	48	(1)	(4)	-	(3)	-	-	40
Debt investments	12	-	(3)	-	-	-	-	9
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>								
Loans	14	-	-	-	-	-	-	14
Residential mortgages own book	3,954	78	-	479	-	(239)	-	4,272
Securitised residential mortgages	2,236	(33)	-	-	(565)	-	-	1,638
Equity investments (including investments in associates)	222	(7)	-	24	(21)	-	-	218
	<b>6,504</b>	<b>37</b>	<b>(7)</b>	<b>504</b>	<b>(589)</b>	<b>(239)</b>	<b>-</b>	<b>6,210</b>

<sup>1</sup> Including FX movements and dividend

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 period ended			
	30-Jun-16		31-Dec-15	
IN EUR MILLIONS	Gains less losses from financial assets recognised in the income statement	Revaluation of equity investments included in the other comprehensive income	Gains less losses from financial assets recognised in the income statement	Revaluation of equity investments included in the other comprehensive income
<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE</b>				
Equity investments (unlisted)	-	(4)	2	2
Debt investments	-	(3)	-	-
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)</b>				
Equity investments (including investments in associates)	(1)	-	20	-
	<b>(1)</b>	<b>(7)</b>	<b>22</b>	<b>2</b>

The unrealised gains or (losses) included in the profit or loss of equity investments (unlisted) categorised on level 3 amounted to EUR 14 million.

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 period ended			
	30-Jun-16		31-Dec-15	
IN EUR MILLIONS	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
<b>FINANCIAL ASSETS AVAILABLE-FOR-SALE</b>				
Loans	18	-	18	-
Equity investments (unlisted)	40	2	48	2
Debt investments	9	-	12	1
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>				
Loans	14	-	14	-
Residential mortgages own book	4,273	15	3,954	12
Securitised residential mortgages	1,638	4	2,236	6
Equity investments (including investments in associates)	217	11	222	11

In order to determine the reasonably possible alternative assumptions, NIBC adjusted key unobservable valuation technique inputs as follows:

- 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%; and
- 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; and
- For the residential mortgages classified at fair value through profit or loss (both those NIBC holds on its own book and those NIBC has securitised), NIBC adjusted the discount spread with 10bp as a reasonably possible alternative outcome.

In the first six months of 2016, there were no significant changes in the business or economic circumstances that affect the fair value of the NIBC's financial assets and liabilities.

In the first six months of 2016 there were no reclassifications of financial assets.

**Fair value information on 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.

IN EUR MILLIONS	Fair value information at 30 June 2016				
	Level 1	Level 2	Level 3	Carrying value	Fair value
<b>FINANCIAL ASSETS AT AMORTISED COST<sup>1</sup></b>					
Loans	-	7,911	-	7,911	7,954
Debt investments	-	306	-	306	279
Residential mortgages own book	-	-	2,852	2,852	3,120
<b>FINANCIAL LIABILITIES AT AMORTISED COST</b>					
Own debt securities in issue	-	3,851	-	3,851	3,647
Debt securities in issue related to securitised mortgages and lease receivables	-	-	1,480	1,480	1,485
Subordinated liabilities	-	118	-	118	82

IN EUR MILLIONS	Fair value information at 31 December 2015				
	Level 1	Level 2	Level 3	Carrying value	Fair value
<b>FINANCIAL ASSETS AT AMORTISED COST<sup>1</sup></b>					
Loans	-	7,668	-	7,668	7,737
Debt investments	-	294	-	294	276
Residential mortgages own book	-	-	2,390	2,390	2,552
<b>FINANCIAL LIABILITIES AT AMORTISED COST</b>					
Own debt securities in issue	-	3,050	-	3,050	2,884
Debt securities in issue related to securitised mortgages and lease receivables	-	-	2,062	2,062	2,072
Subordinated liabilities	-	120	-	120	82

<sup>1</sup> The fair value reflects movements due to both interest rate changes and credit spread changes. NIBC hedges its interest rate risk from these assets.

**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.

**Non-financial assets valued at fair value**

NIBC's land and buildings are valued at fair value. The carrying amount of NIBC's land and buildings (level 3) as of 30 June 2016 was EUR 42 million (31 December 2015: EUR 43 million). The land and buildings were last revalued as of 31 December 2014 based on external appraisal. No fair value movements were recognised in the statement of comprehensive income or the income statement in respect of NIBC's land and buildings in the first half of 2016.

## 28. 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 table below, it is assumed that amounts are fully advanced.

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
<b>Contract amount</b>		
Committed facilities with respect to corporate loan financing	1,174	1,416
Committed facilities with respect to residential mortgages	292	407
Capital commitments with respect to equity investments	23	25
Guarantees granted	46	41
Irrevocable letters of credit	13	12
	<b>1,548</b>	<b>1,901</b>

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

## 29. Business combinations and divestments

### Acquisitions

#### Acquisitions in the first half of 2016

##### Acquisition of SNS Securities N.V.

On 30 June 2016, NIBC obtained control of SNS Securities N.V., located in Amsterdam, by acquiring 100% of the share capital and voting interests in the company from SNS Bank N.V. With the acquisition, NIBC has expanded its service offering with capital market solutions, bond and stock broking, research and execution services for independent asset managers, commercial lending and principal investments. The addition of these activities fits into the long term strategy of NIBC, bringing our service offering in line with those of competitors and is expected to give an impetus to the growth ambitions of NIBC in the markets in which NIBC operates. The acquisition of SNS Securities N.V. has been approved by the appropriate regulatory authorities and work councils. On 30 June 2016 SNS Securities N.V. changed its name into NIBC Markets N.V.

##### Acquisition-related costs

The total acquisition related costs of EUR 0.5 million have been charged to other operating expenses in the consolidated income statement.

The following table summarises the consideration transferred, the provisional fair value of assets acquired and liabilities assumed at the acquisition date. The fair value of the identifiable net assets are based on a provisional assessment by an external independent valuator. Taken into consideration the timing of the acquisition of SNS Securities N.V. the valuation is not finalised yet by the date that these condensed consolidated interim financial report was approved by the Managing Board.

IN EUR MILLION	Fair value recognised on acquisition
<b>Assets</b>	
Due from other banks (AC)	38
Loans and receivables (AC)	71
Debt investments (FV)	79
Other	3
	<b>191</b>
<b>Liabilities</b>	
Due to other banks	94
Deposits from customers	68
Other	3
	<b>165</b>
<b>Total identifiable net assets at fair value</b>	<b>26</b>
<b>Badwill arising on acquisition</b>	<b>22</b>
<b>Total consideration transferred</b>	<b>4</b>

NIBC paid EUR 3.5 million in cash for 100% of the shares outstanding.

EUR 22 million was recognised as goodwill (income) on the acquisition of SNS Securities N.V. and is recognised on Other operating income of the consolidated income statement.

**Acquired loans and receivables (AC)**

The fair value of the receivables comprise gross amounts. NIBC estimates that all receivables are collectible.

**Intangible assets and contingent liabilities**

There are no material intangible assets identified and contingent liabilities related to the acquisition of SNS Securities N.V.

**Revenue and profit contribution**

Because NIBC acquired SNS Securities N.V. on 30 June 2016, no material results (excluding recognised goodwill of EUR 22 million) contributed to NIBC's results in the first half of 2016.

If this acquisition had occurred on 1 January 2016, management estimates that the result from this company included in the consolidation would have been EUR 0.9 million loss.

**Acquisitions in the first half of 2015**

In the first half of 2015 there were no business combinations.

**Divestments**

**Divestments closed in the first half of 2016**

In September 2015, NIBC committed to a plan to sell its non-financial company Olympia Nederland Holding B.V. (Olympia) and was consequently classified as a Disposal group held for sale. In February 2016 NIBC reached an agreement on the sale of Olympia to a third party and was closed on 2 June 2016. The sale is based upon a strategic decision to place greater focus on NIBC's key financial services competencies.

The transaction resulted in a net loss of EUR 2 million in the first half year of 2016 and have been charged to impairment of non-financial assets of the income statement. Reference is made to note 17 Disposal group held for sale and discontinued operations.

**Divestments closed in the first half of 2015**

There were no divestments in the first half of 2015.

### **30. Related party transactions**

**Transactions involving NIBC's shareholder**

At 30 June 2016, NIBC had EUR 448 million of net exposure (assets less liabilities) to its parent and to entities controlled by its parent entity (31 December 2015: EUR 392 million). The interest received and paid on this exposure was at arm's length.

**Transactions related to associates**

As at 30 June 2016, NIBC had EUR 87 million of loans advanced to its associates (31 December 2015: EUR 87 million). In addition to at arm's length net interest income on these loans, NIBC did not earn fees from these associates in 2016 and 2015.

**Transactions within the group**

NIBC Holding (the parent company of NIBC) acquired BEEQUIP B.V. (BEEQUIP). Before and after the acquisition, NIBC financed BEEQUIP. At acquisition date the (long-term) loan to BEEQUIP amounted to EUR 52 million.

In May 2015, NIBC obtained control of Vijlma B.V. with a view to resale to NIBC Holding, the parent company of NIBC. Subsequently Vijlma B.V. was sold to NIBC Holding on 30 June 2015. NIBC's exposure on the various debt instruments to Vijlma B.V. at 30 June 2015 amounted to EUR 244 million.

See also note 17 Disposal group and discontinued operations.

### 31. Legal proceedings

There were a number of legal proceedings outstanding against NIBC at 30 June 2016. No material provision has been made as at 30 June 2016, as legal advice indicates that it is unlikely that any significant loss will arise.

### 32. Important events and transactions

#### **Acquisition of SNS Securities N.V.**

On 30 June 2016, NIBC obtained control of SNS Securities N.V. and changed its name into NIBC Markets N.V. With this acquisition, NIBC expands its service offering with capital market solutions, equity and fixed income brokerage, research and execution services for independent asset managers.

For further details see note 29 Business combinations and divestments.

#### **Fourth conditional pass-through covered bond benchmark issue of EUR 500 million**

On 23 May 2016 NIBC successfully launched its fourth EUR 500 million AAA rated conditional pass-through covered bond. With this 10 years transaction NIBC was able to extend its covered bond curve at a spread of MS+18 basis points. NIBC's conditional pass-through covered bond program is Dutch law-based and backed by a pool of prime Dutch residential mortgage loans.

### 33. Subsequent events

There are no subsequent events.

The Hague, 30 August 2016

#### **Managing Board**

Paulus de Wilt, *Chief Executive Officer, Chairman*

Herman Dijkhuizen, *Chief Financial Officer*

Rob ten Heggeler, *Chief Client Officer*

Reinout van Riel, *Chief Risk Officer*<sup>1</sup>

<sup>1</sup> Mr. van Riel joined NIBC on 1 August 2016 and was appointed as Chief Risk Officer.

# Review Report



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To: the managing board and the supervisory board of NIBC Bank N.V.

## Review report

### Introduction

We have reviewed the accompanying condensed consolidated interim financial information of NIBC Bank N.V., The Hague, which comprises the consolidated balance sheet as at 30 June 2016 and the condensed consolidated income statement, the consolidated statements of comprehensive income, the consolidated statement of changes in shareholder's equity and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2016, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 30 August 2016

Ernst & Young Accountants LLP

Signed by M.A. van Loo

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## Disclaimer

### Presentation of information

The Annual Accounts of NIBC Bank N.V. ('NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Title 9 of Book 2 of The Netherlands Civil Code. In preparing the financial information in this condensed consolidated interim financial report (NIBC Bank N.V.) for the six months period ended 30 June 2016 (the 'Financial Report'), the same accounting principles are applied as in the 2015 NIBC's Annual Accounts, save for any change described in the Accounting policies. The figures in this Financial Report have been reviewed by the external auditor. Small differences are possible in the tables due to rounding.

### Cautionary statement regarding forward-looking statements

Certain statements in this Financial Report are not historical facts and are 'forward-looking' statements that relate to, among other things, NIBC's business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof. These statements are based on NIBC's current view with respect to future events and financial performance. Words such as 'believe', 'anticipate', 'estimate', 'expect', 'intend', 'predict', 'project', 'could', 'may', 'will', 'plan' and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve uncertainties and are subject to certain risks, including, but not limited to (i) general economic conditions, in particular in NIBC's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets (ix) changes in law and regulations, including taxes (x) changes in policies of governments and/or regulatory authorities, (xi) the results of our strategy and investment policies and objectives and (xii) the risks and uncertainties as addressed in this Financial Report, the occurrence of which could cause NIBC's actual results and/or performance to differ from those predicted in such forward-looking statements and from past results.

The forward-looking statements speak only as of the date hereof. NIBC does not undertake any obligation to update or revise forward-looking statements contained in this Financial Report, whether as a result of new information, future events or otherwise. Neither do NIBC nor any of its directors, officers, employees do make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.