



NIBC



NIBC INTERIM REPORT

2013

Table of contents

Half Year Report of the Managing Board	2
Responsibility Statement	5
Risk Management	6
Condensed Consolidated Interim Financial Report.....	11

Half Year Report of the Managing Board

Financial Highlights

- **Stable performance, taking into account non-recurring costs for early repayment of EUR 2 billion of state-guaranteed funding**
- **NIBC Bank pre-tax profit up 9% to EUR 38 million in H1 2013 compared to H1 2012**
- **Strong capital and liquidity position NIBC Bank, with best-in-class Core Tier-1 ratio of 16.5% (13.7% H1 2012), Liquidity Coverage ratio of 130% and Net Stable Funding ratio of 105%**
- **Higher operating income, driven by higher interest and net trading income**
- **Operating expenses reduced by an additional 7%; NIBC Bank cost-income ratio at 48%**
- **Launch of NIBC Direct mortgages well-received, emphasising the need for transparent and more client-friendly products**

Innovative banking in a changing environment

NIBC is making good progress in adjusting to an environment and client needs that are changing both rapidly and fundamentally. We are a front-runner in developing alternative ways of financing, which allow us to play the role of intermediary and offer our knowledge and expertise to corporate clients. A good example is the fund we launched together with Belgian insurer P&V Group. On the Consumer Banking side, we emphasised our role as a market challenger with the launch of NIBC Direct branded mortgages. The move was well-received and marks a new chapter in our successful approach of offering our clients simple and transparent products that meet their needs.

Chairman's statement

Jeroen Drost, Chief Executive Officer of NIBC

"We are pleased to have delivered a solid half-year under conditions that remained challenging. The bank's persistent and client-centered strategy resulted in a net profit of EUR 27 million, taking into account the non-recurring costs we made to buy back state-guaranteed funding early. Pre-tax profit increased by 9% to EUR 38 million compared to H1 2012. The bank's capital and liquidity positions are strong and well above Basel III requirements. Core Tier-1 ratio of NIBC Bank improved further and reached as much as 16.5%, amongst the highest in the European banking sector. The bank's Liquidity Coverage ratio is 130%, the Net Stable Funding ratio is 105%.

The bank's solid financial position allowed us to repay outstanding government-guaranteed bonds ahead of time in two EUR 1 billion transactions. The remaining debt now stands at EUR 1.3 billion. We diversified our funding by closing transaction DMBS XVIII, sized at EUR 526.5 million, in NIBC's successful mortgage backed securities programme. In addition, Consumer Banking managed to grow its savings pool from EUR 7.7 billion year-end to EUR 8.3 billion in the Netherlands, Belgium and Germany. The bank also issued a CHF 150 million senior unsecured bond in January 2013.

Serving our clients and building long-term relationships with them remains our top priority. Given the proven effectiveness of our strategy and the slightly better economic outlook in our markets, we are confident that we will continue to be a robust and dependable banking partner for our clients."

NIBC Bank profit & loss

In EUR millions	H1 2013	H2 2012	H1 2012
Net interest income	71	65	62
Net fee and commission income	8	9	8
Dividend income		1	7
Net trading income	71	42	51
Gains less losses from financial assets	(8)	19	8
Share in result of associates		(1)	
Operating income	142	136	136
Personnel expenses	(43)	(44)	(45)
Other operating expenses	(23)	(27)	(25)
Depreciation and amortisation	(2)	(3)	(3)
Operating expenses	(68)	(73)	(73)
Impairments of financial assets	(36)	(17)	(28)
Total expenses	(104)	(90)	(101)
Profit before tax	38	45	35
Tax	(11)	(2)	(5)
Profit after tax	27	43	30
Result attributable to non-controlling interests			
Net profit attributable to parent shareholder	27	43	30
Cost Income ratio	48%	54%	54%

The income statement differs from that presented in the extract from the Condensed Consolidated Interim Financial Report (enclosed with this press release) due to the treatment of non-financial companies controlled by NIBC. This only affects the presentation of the income statement and not the bottom-line profit figures. Small differences are possible in this table due to rounding.

Financial results NIBC Bank in H1 2013

- Net profit of EUR 27 million; pre-tax profit of 38 million.
- Operating income increased by 4% from H1 2012.
- Net interest income increased mainly due to lower funding expenses from both the repayment of state-guaranteed funding and the decrease of interest rates on retail savings and higher interest revenues from the re-pricing of loans and mortgages.
- Net trading income increased amongst others as a result of the combined effect of positive revaluation of mortgages and structured funding, partly compensated by the expenses related to the two state-guaranteed funding buybacks in 2013.
- Operating expenses (EUR 68 million) 7% lower than H1 2012 (EUR 73 million), displaying continued tight cost control.
- Impairments on corporate loans increased to EUR 36 million, due to the continued adverse economic climate our clients operate in. Impairments on residential mortgages are stable at EUR 5 million.

NIBC Holding results

- Net profit of EUR 22 million.
- Operating income 12% lower than same period last year, operating expenses 7% down from H1 2012.
- As a result of tight cost control, the cost income ratio remains at an attractive level of 50%.

Capital & liquidity position

- NIBC's capital position remains very strong with a Core Tier-1 ratio of 16.5% at Bank level (15.3% at 31 December 2012) and 15.3% at Holding level (14.1% at 31 December 2012). NIBC Bank has a Tier-1 ratio of 19.5% and a BIS ratio of 20.5% (18.1% and 19.1% respectively at the end of 2012). These figures are based on Basel II. NIBC is well positioned to meet all upcoming Basel III capital requirements.

- NIBC's strong liquidity position is indicated by a Basel III Liquidity Coverage Ratio of 130% and a Net Stable Funding Ratio of 105%.
- We further diversified our funding by issuing EUR 526.5 million Dutch MBS XVIII, a senior unsecured bond of CHF 150 million and growing NIBC Direct savings from EUR 7.7 billion at 31 December 2012 to EUR 8.3 billion at 30 June 2013.

Transactions

NIBC was involved in important transactions across its key sectors and markets in H1 2013. A selection of the sector deals include:

- Infrastructure & Renewables: exclusive financial advisor to PROSOL in Germany;
- Industries & Manufacturing: financing of the acquisition of Kroymans Lease by Van Mossel Groep and De Mandemakers Groep;
- Oil & Gas: Project Finance Facility for two Floating Production Storage and Offloading vessels ("FPSOs") owned by Bluewater;
- Shipping & Intermodal: a facility for ICON Investments;
- Food, Agri & Retail: a club deal together with ABN AMRO for Looije Tomaten Holding B.V.;
- Technology, Media & Services: financial advisor to the shareholders of vesseltracker.com GmbH in Germany;
- Leveraged Finance: financing for the buy-out of USG Energy by Rabo Capital.

////////

Profile of NIBC

NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment in the sectors Food, Agri & Retail, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. Consumer Banking offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

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

For more information, please contact Corporate Communications.

Press Relations: +31 (0)70 342 56 25

Debt Investor Relations: +31 (0)70 342 98 36

E-mail: info@nibc.com

Web: www.nibc.com

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 2013, 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;
- 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 Markets Supervision Act.

The Hague, 26 August 2013

Managing Board

Jeroen Drost, Chairman, Chief Executive Officer

Petra van Hoeken, Chief Risk Officer and ad-interim Chief Financial Officer

Rob ten Heggeler, Chief Client Officer

Risk Management

In the first half year of 2013, our strategy to actively reduce the size of our Corporate Loan portfolio resulted in a further reduction of mainly our Commercial Real Estate portfolio. Despite the continuing adverse market conditions in 2013, the credit quality of our Corporate Loan portfolio remained stable compared to the same period in 2012.

NIBC's liquidity profile remained very strong. We further diversified our funding by an increase of our retail savings and the issuing of a EUR 150 million senior unsecured funding transaction. Furthermore the comfortable cash and liquidity position allowed NIBC to buy back EUR 2 billion of Government guaranteed bonds. Even in extremely stressed market conditions, where funding markets are closed, NIBC can comfortably meet its financial obligations in the coming year and beyond.

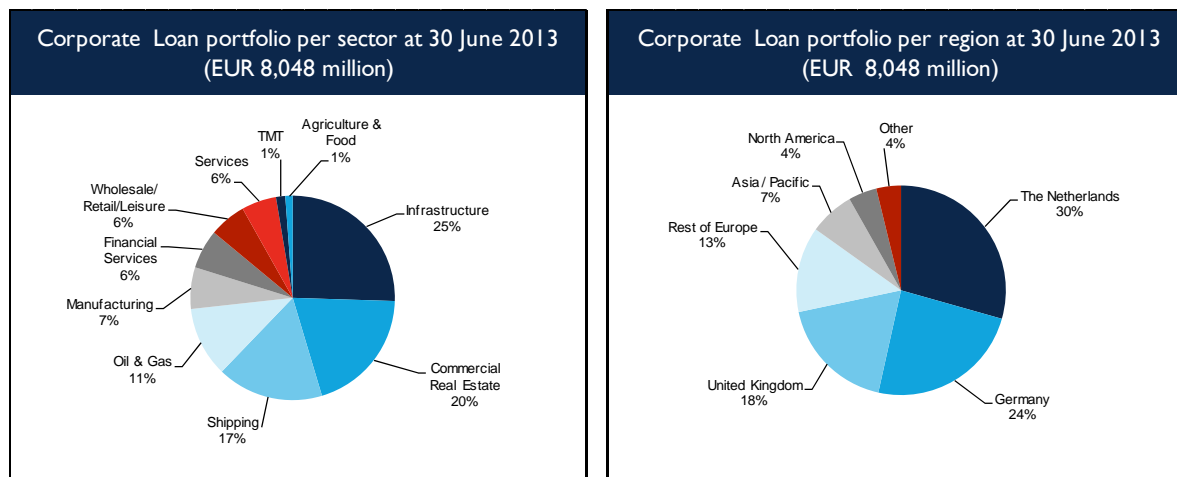
As at the end of 2012, NIBC had no sovereign debt exposure to Portugal, Ireland, Italy, Greece and Spain on its books in the first half year of 2013.

The following pages provide further details on NIBC's portfolios as at 30 June 2013.

Credit Risk Management

Corporate loans

The total exposure in the Corporate Loan portfolio amounted to EUR 8,048 million at 30 June 2013 (31 December 2012: EUR 8,750 million). The term 'exposure' includes both drawn and undrawn (on- and off-balance sheet) amounts and applies to all graphs in this section. The following graphs show the Corporate Loan portfolio split in industry sectors and regions at 30 June 2013.



- The *Real Estate* sector (20% of the Corporate Loan portfolio at 30 June 2013; 31 December 2012: 22%) is split in two sub-sectors, Commercial Real Estate (CRE) and Residential Commercial Real Estate (RCRE). CRE primarily consists of offices, retail properties and hotel financing and comprises 36% of this sector. The RCRE sub-sector (64% of the total real estate sector) comprises residential property financing, which significantly reduces the concentration risk in the underlying collateral pool. The Real Estate portfolio is mainly located in Germany and the Netherlands and does not contain Project Finance transactions. While activities in the residential real estate market in the Netherlands came to a standstill, the residential market in Germany (where the majority of NIBC's properties are located), and especially in Berlin, is in general still strong. As stated in NIBC's Annual Report 2012, the commercial real estate figures include an amount of EUR 144 million of retained notes. This concerns the Mesdag Delta securitisation; NIBC has retained notes amounting to EUR 144 million, whereas EUR 466 million has been sold.

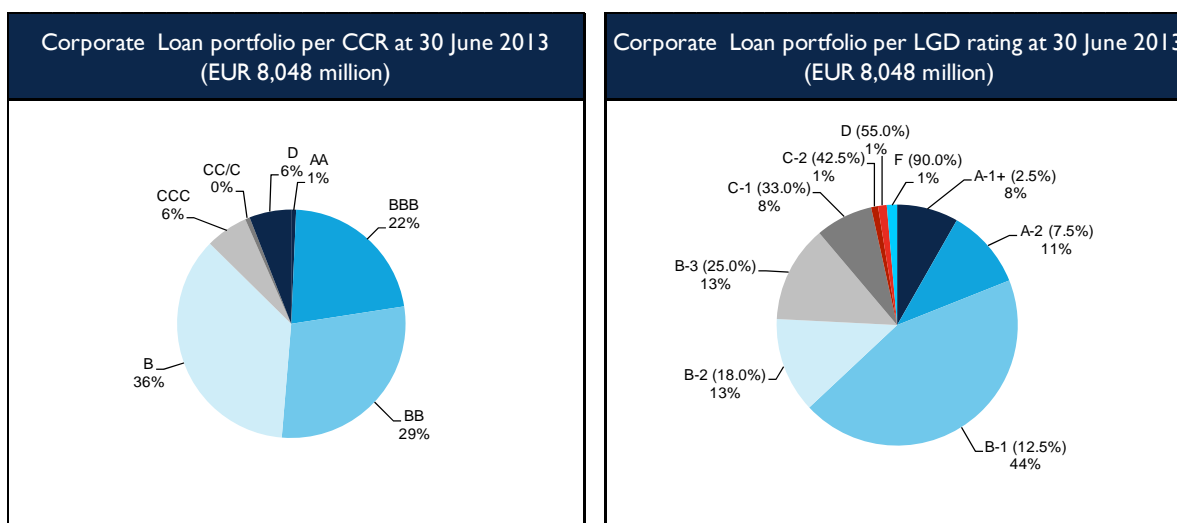
- The sector *Infrastructure* contains various infrastructure projects such as the construction of roads, railways, energy plants, schools and hospitals. The sector contains 25% of NIBC's Corporate Loan portfolio at 30 June 2013 (31 December 2012: 25%) and the projects/assets are mainly located in the United Kingdom.

In the first half of 2013, the exposures within the other sectors of the Corporate Loan portfolio remained relatively stable compared to 31 December 2012. In terms of regional distribution, NIBC's corporate loan exposure is mainly located in the Netherlands, Germany and the United Kingdom. Exposure to corporate counterparties in Spain, Portugal, Italy, Ireland and Greece is very limited (1.6% of the total Corporate Loan portfolio).

At 30 June 2013, the total corporate loan impairment amount was EUR 134 million (31 December 2012: EUR 134 million) and the impaired exposure (i.e. the gross amount of exposures affected by impairments) was EUR 256 million (31 December 2012: EUR 422 million). The new impairment amounts originate mainly from the *Wholesale/Retail/Leisure* industry sector. Total impairment amounts decreased in the first half year in 2013 in the industry sectors *Commercial Real Estate, Financial Services* and *Manufacturing*.

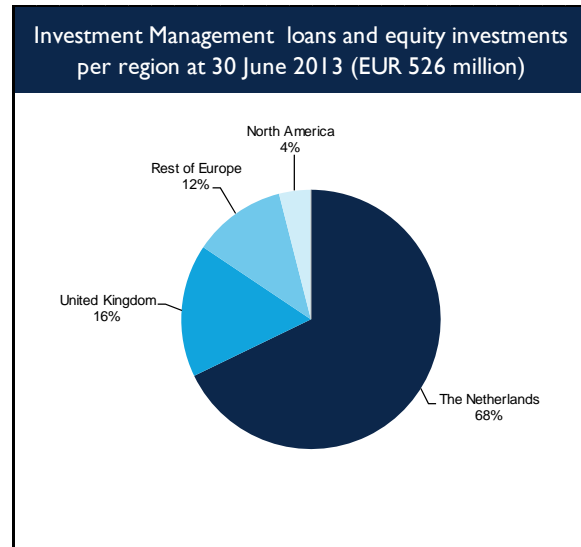
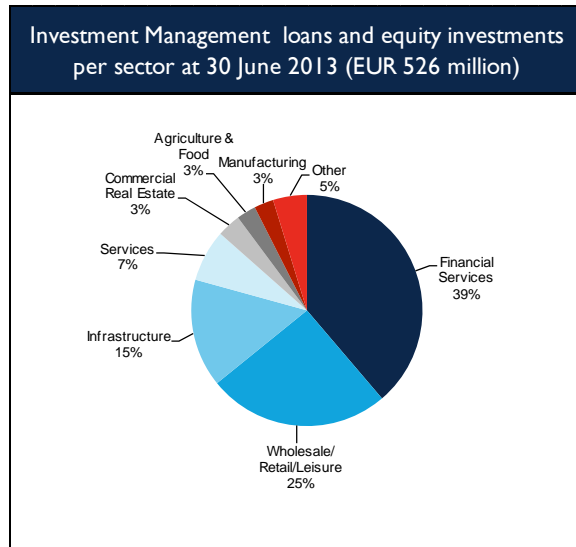
The graph that follows displays the distribution of the Corporate Loan portfolio per counterparty credit rating (CCR). The fact that NIBC's Corporate Loan exposures are concentrated in sub-investment grade CCRs is counterbalanced by the fact that almost all loans have some form of collateralisation. Loans can be collateralised by mortgages on real estate and ships, by (lease) receivables, pledges 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% and 90%, which are relatively high for the banking industry.

As was the case in 2012, NIBC continued its selective strategy in pursuing new deals and in focusing on credit quality. The continuing adverse market conditions in the first half of 2013 did not influence the average credit quality of the book. The weighted average CCR (excluding defaulted counterparties) remained stable at a rating of 6+ in NIBC's internal rating scale (B+ in external rating agencies' scales) at 30 June 2013 (31 December 2012: 6+). In line with Basel regulation, NIBC's (generally) strong collateral position is not taken into account in the determination of the CCR. Recovery expectations in the Corporate Loan portfolio, which are reflected in the LGD rating, also remained stable in the first half year of 2013 (weighted average LGD: B-2 (18.0%)).



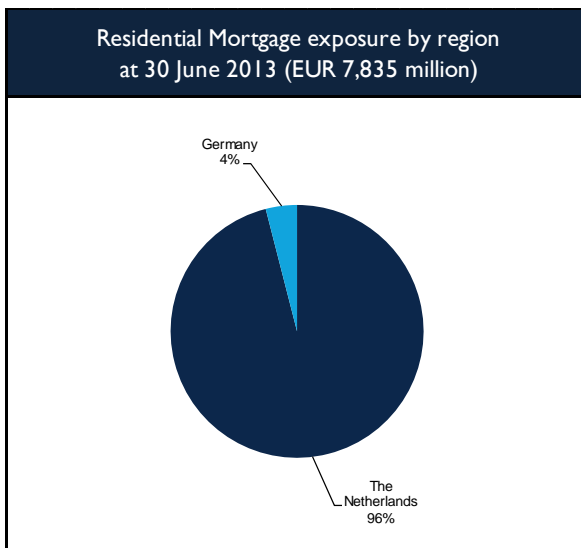
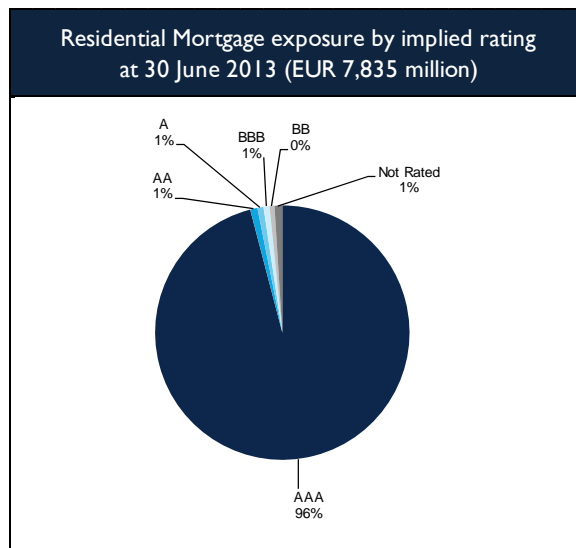
Investment Management loans and equity investments

The total exposure of Investment Management loans and equity investments was EUR 526 million at 30 June 2013 and is concentrated in Western Europe. Investment Management 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 real estate equity. Investment Management loans amounted to EUR 237 million at 30 June 2013 and equity investments to EUR 289 million at 30 June 2013 (31 December 2012: Investment Management loans: EUR 173 million; equity investments: EUR 317 million).



Residential mortgages

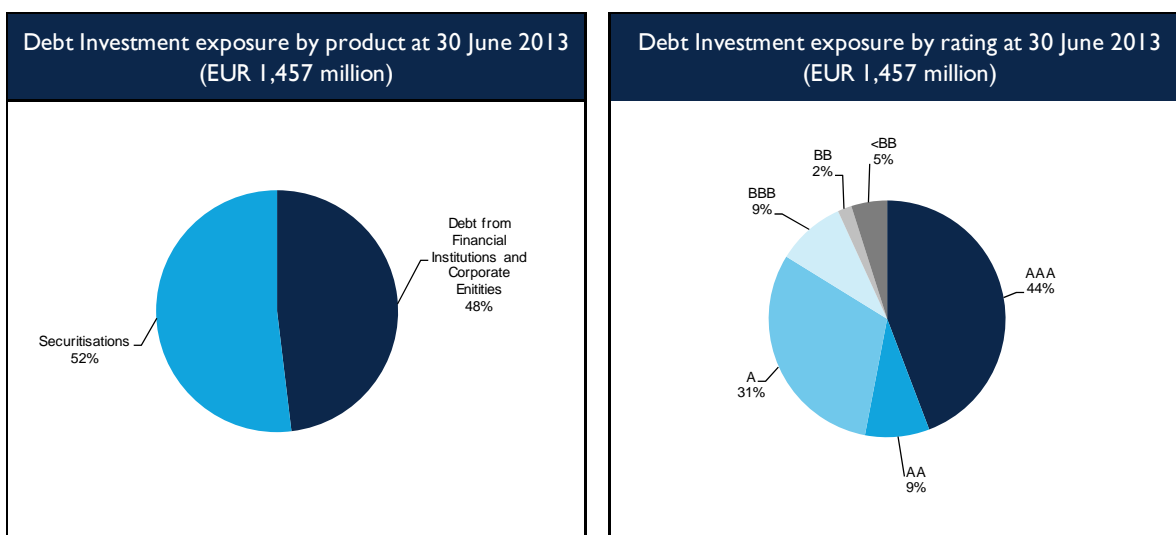
NIBC has a healthy Dutch and German Residential Mortgage portfolio of EUR 7,835 million (31 December 2012: EUR 8,187 million), of which a small part of EUR 293 million consists of German Residential mortgages. The portfolio decrease is due to regular repayments and prepayments. The credit losses in the first half of 2013 amount to EUR 4 million for the Dutch mortgage portfolio. The following table shows the internal rating class allocation of the Residential Mortgage portfolio, based on NIBC's internal rating methodology for tranching a portfolio of residential mortgages.



Debt investments

The total Debt Investments portfolio amounted to EUR 1,457 million at 30 June 2013 (31 December 2012: EUR 1,346 million). Of this amount, EUR 690 million related to debt from financial institutions and EUR 11 million to debt from corporate entities. The total Debt Investments portfolio consists for more than 80% of single-A or higher rated investments. There are no investments in financial institutions domiciled in the periphery euro zone countries, except for Spain where EUR 66 million is invested.

The Securitisations portfolio equalled EUR 756 million at 30 June 2013 (31 December 2012: EUR 745 million). This portfolio consists of 69% residential mortgage-backed securities (RMBS), 17% collateralised debt obligations (CDO), 13% commercial mortgage-backed securities (CMBS) and 0.4% asset-backed securities (ABS). 88% of this portfolio is investment grade and 64% has a rating of AA or higher. Approximately 51% of the total securitisation exposure is related to the Liquidity portfolio. Investments in this portfolio are restricted to AAA-rated assets collateralised by Dutch residential mortgages with an expected maturity of zero to four years.



Market Risk Management

The main risk metric measured and managed by Market Risk Management is interest rate sensitivity. NIBC's interest rate BPV exposure (BPV stands for basis point value and reflects the sensitivity of the market value for a change of one basis point in interest rates) was EUR +308 thousand at 30 June 2013, and moved in the range EUR [+200;+400] thousand in the last two quarters. The interest rate risk is concentrated in the Trading portfolio, the Mismatch portfolio and the Banking book. NIBC actively hedges the BPV exposure.

The Trading portfolio consists solely of interest rate-driven exposures. The portfolio is used for facilitating derivative transactions with corporate clients. Activities also comprise short-term (up to two years) interest position taking, money market and bond futures trading, and swap spread position taking. The interest rate risk of this portfolio, in terms of BPV, was EUR -20 thousand at 30 June 2013.

NIBC concentrates the strategic interest rate positions of the bank in the Mismatch portfolio. This portfolio exclusively contains swap positions, which reflect NIBC's view on future interest rates and contributes positively to the interest income. In the second half of 2011, NIBC decided to close the EUR and USD mismatch positions, as long-term rates declined considerably. As such, currently NIBC does not have an open mismatch position. The residual positions have sensitivity, in terms of BPV, of EUR -18 thousand at 30 June 2013.

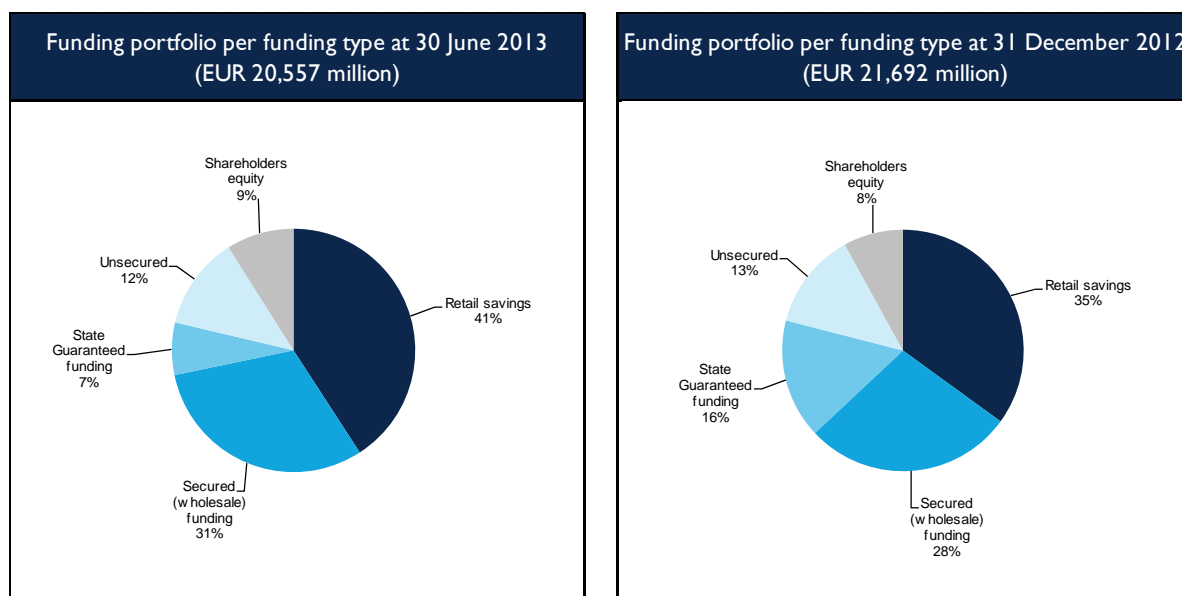
The Banking book contains a number of portfolios predominantly containing the funding, the loans, the liquidity portfolio and investments of NIBC. Interest rate risk is actively hedged and reduced at a level deemed acceptable, with a remaining exposure of EUR +346 thousand at 30 June 2013. Such exposure is mainly driven by NIBC On Demand Savings.

Market Risk also measures and manages currency risk, which is the current or prospective threat to earnings or capital as a result of adverse movements in exchange rates. NIBC aims to take as little currency risk as possible. When a significant currency risk exposure is recognized, then a hedge (spot FX transaction) is executed. Therefore FX risk is not a major risk factor for NIBC.

Liquidity Risk Management

NIBC's liquidity profile remains very strong. NIBC further diversified its funding base by an increase in retail savings by EUR 0.7 billion to EUR 8 billion at the end of June 2013 and the issue of a EUR 150 million senior unsecured funding transaction in the first half year of 2013. Furthermore, the comfortable cash and liquidity position allowed NIBC to buy back EUR 2 billion of Government guaranteed bonds. Even in stressed market conditions where funding markets would be closed, NIBC can comfortably meet its financial obligations.

The breakdown of the funding portfolio as at 30 June 2013 and 31 December 2012¹ is as follows:



¹Please note that compared to the figures published in the 2012 annual report, the derivatives category and other category are not taken into account in the presented figures in order to better reflect the funding part of NIBC's liabilities.



CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
for the six months ended 30 June 2013

NIBC Bank N.V.
28 August 2013

Unaudited

Table of contents

Condensed consolidated interim financial report

Consolidated income statement
Consolidated statement of comprehensive income
Consolidated balance sheet
Consolidated statement of changes in shareholder's equity
Condensed consolidated statement of cash flows
General information and basis of preparation

Notes to the condensed consolidated interim financial report

Income Statement

- 1 Segment report
- 2 Net trading income
- 3 Gains less losses from financial assets
- 4 Personnel expenses
- 5 Impairments of financial assets
- 6 Tax

Balance Sheet

- 7 Financial assets - Loans and receivables (amortised cost) - Loans
- 8 Financial assets - Loans and receivables (amortised cost) - Debt investments
- 9 Financial assets - Loans and receivables (amortised cost) - Securitised loans
- 10 Financial assets (available-for-sale) - Debt investments
- 11 Financial assets (designated at fair value through profit or loss) - Loans
- 12 Financial assets (designated at fair value through profit or loss) - Residential mortgages own book
- 13 Financial assets (designated at fair value through profit or loss) - Securitised residential mortgages
- 14 Financial assets (designated at fair value through profit or loss, including trading) - Debt investments
- 15 Financial liabilities (amortised cost) - Own debt securities in issue
- 16 Financial liabilities (amortised cost) - Debt securities in issue related to securitised mortgages
- 17 Financial liabilities (designated at fair value through profit or loss) - Own debt securities in issue
- 18 Financial liabilities (designated at fair value through profit or loss) - Debt securities in issue structured
- 19 Subordinated liabilities - amortised cost
- 20 Subordinated liabilities - designated at fair value through profit or loss

Additional Information

- 21 Impact reclassification financial assets on comprehensive income
- 22 Capital and shares
- 23 Fair value of financial instruments
- 24 Related party transactions
- 25 Legal proceedings
- 26 Business combinations
- 27 Commitments and contingent assets and liabilities
- 28 Important events and transactions
- 29 Subsequent events

Consolidated income statement

for the six months ended 30 June 2013

IN EUR MILLIONS	NOTE	30-Jun-13	30-Jun-12
Net interest income		71	61
Net fee and commission income		8	9
Dividend income		-	7
Net trading income	2	71	51
Gains less losses from financial assets	3	(4)	9
Share in result of associates		-	-
Other operating income		9	10
OPERATING INCOME		155	147
Personnel expenses	4	48	50
Other operating expenses		28	29
Depreciation and amortisation		4	5
OPERATING EXPENSES		80	84
Impairments of financial assets	5	36	28
TOTAL EXPENSES		116	112
PROFIT BEFORE TAX		39	35
Tax	6	12	5
PROFIT AFTER TAX		27	30
Result attributable to non-controlling interests		-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER		27	30

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 ended 30 June 2013

IN EUR MILLIONS	For the six months ended 30 June					
	2013			2012		
	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
PROFIT FOR THE PERIOD	39	12	27	35	5	30
OTHER COMPREHENSIVE INCOME						
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
Remeasurements of defined benefit plans	-	-	-	(1)	-	(1)
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS						
Net result on hedging instruments	(15)	(4)	(11)	(12)	(4)	(8)
Revaluation loans and receivables	-	-	-	4	1	3
Revaluation equity investments	(2)	(1)	(1)	(9)	(2)	(7)
Revaluation debt investments	(1)	-	(1)	7	2	5
TOTAL OTHER COMPREHENSIVE INCOME	(18)	(5)	(13)	(11)	(3)	(8)
TOTAL COMPREHENSIVE INCOME	21	7	14	24	2	22
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
Parent shareholder	21	7	14	24	2	22
Non-controlling interests	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	21	7	14	24	2	22

Consolidated balance sheet

at 30 June 2013

IN EUR MILLIONS	NOTE	30-Jun-13	31-Dec-12
Assets			
FINANCIAL ASSETS AT AMORTISED COST			
Cash and balances with central banks		1,450	1,604
Due from other banks		1,851	2,123
Loans and receivables			
Loans	7	6,773	7,343
Debt investments	8	334	366
Securitised loans	9	611	611
FINANCIAL ASSETS AT AVAILABLE-FOR-SALE			
Equity investments		45	49
Debt investments	10	1,132	985
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Loans	11	481	515
Residential mortgages own book	12	2,933	3,675
Securitised residential mortgages	13	4,902	4,512
Debt investments	14	121	124
Equity investments (including investments in associates)		203	215
Derivative financial assets held for trading		2,834	3,642
Derivative financial assets used for hedging		147	275
OTHER			
Investments in associates (equity method)		9	10
Intangible assets		48	50
Property, plant and equipment		45	47
Current tax		2	2
Deferred tax		10	2
Other assets		80	94
TOTAL ASSETS		24,011	26,244

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

Consolidated balance sheet

at 30 June 2013

IN EUR MILLIONS	NOTE	30-Jun-13	31-Dec-12
Liabilities			
FINANCIAL LIABILITIES AT AMORTISED COST			
Due to other banks		1,043	1,026
Deposits from customers		8,866	8,347
Own debt securities in issue	15	2,303	4,314
Debt securities in issue related to securitised mortgages	16	4,795	4,470
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Own debt securities in issue	17	34	34
Debt securities in issue structured	18	1,574	1,654
Derivative financial liabilities held for trading		3,074	4,026
Derivative financial liabilities used for hedging		12	20
OTHER FINANCIAL LIABILITIES			
Other liabilities		131	159
Current tax		9	9
Employee benefits		13	13
SUBORDINATED LIABILITIES			
Amortised cost	19	84	83
Fair value through profit or loss	20	253	264
TOTAL LIABILITIES		22,191	24,419
SHAREHOLDER'S EQUITY			
Share capital	22	80	80
Other reserves		292	305
Retained earnings		1,421	1,385
Net profit attributable to parent shareholder		27	73
(Interim) dividend paid		-	(19)
TOTAL PARENT SHAREHOLDER'S EQUITY		1,820	1,824
Non-controlling interests		-	1
TOTAL SHAREHOLDER'S EQUITY		1,820	1,825
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		24,011	26,244

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 ¹	Retained earnings	Remeasurements of defined benefit plans	Net profit	Distribution charged to net profit			
BALANCE AT 1 JANUARY 2012	80	322	1,361	-	68	(22)	1,809	1	1,810
Changes in accounting policies relating to IAS 19R Employee Benefits (Revised)	-	-	-	(4)	-	-	(4)	-	(4)
RESTATED BALANCE AT 1 JANUARY 2012	80	322	1,361	(4)	68	(22)	1,805	1	1,806
Transfer of net profit 2011 to retained earnings	-	-	46	-	(68)	22	-	-	-
Total comprehensive income for the six months ended 30 June 2012	-	(7)	-	(1)	30	-	22	-	22
Other	-	-	1	-	-	-	1	-	1
Dividend paid ²	-	-	(22)	-	-	-	(22)	-	(22)
BALANCE AT 30 JUNE 2012	80	315	1,386	(5)	30	-	1,806	1	1,807

IN EUR MILLIONS	Attributable to parent shareholder						Total	Non-controlling interests	Total shareholder's equity
	Share capital	Other reserves ¹	Retained earnings	Remeasurements of defined benefit plans	Net profit	Distribution charged to net profit			
BALANCE AT 1 JANUARY 2013	80	312	1,385	(7)	73	(19)	1,824	1	1,825
Transfer of net profit 2012 to retained earnings	-	-	54	-	(73)	19	-	-	-
Total comprehensive income for the six months ended 30 June 2013	-	(13)	-	-	27	-	14	-	14
Capital contribution of third parties in a subsidiary controlled by NIBC	-	-	-	-	-	-	-	(1)	(1)
Other	-	-	2	-	-	-	2	-	2
Dividend paid ²	-	-	(20)	-	-	-	(20)	-	(20)
BALANCE AT 30 JUNE 2013	80	299	1,421	(7)	27	-	1,820	-	1,820

1. Other reserves include share premium, hedging reserve and revaluation reserves.

2. Ordinary interim and final dividend paid in 2013 and 2012 to equity holder.

Condensed consolidated statement of cash flows

for the six months ended 30 June 2013

IN EUR MILLIONS	30-Jun-13	30-Jun-12
Cash flows from operating activities	1,921	1,531
Cash flows from investing activities	1	5
Cash flows from financing activities	(2,123)	(2,296)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(201)	(760)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,237	3,107
Net increase / (decrease) in cash and cash equivalents	(201)	(760)
CASH AND CASH EQUIVALENTS AT 30 JUNE	2,036	2,347
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and balances with central banks	1,450	1,867
Due from other banks (maturity three months or less)	586	480
	2,036	2,347

General Information - most significant critical accounting estimates and judgements

General 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 the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment. For every transaction we put together a hand-picked cross-discipline team from our Corporate Banking activities: Food, Agri & Retail, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. NIBC Consumer Banking offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

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

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current reporting period.

Statement of compliance

The condensed consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union as issued by the International Accounting Standards Board.

The condensed consolidated interim financial report was approved by the Managing Board on 26 August 2013.

The published figures as included in this condensed consolidated interim financial report have not been audited or reviewed.

Basis of preparation

The condensed consolidated interim financial report for the six months ended 30 June 2013 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 2012. NIBC's Annual Report for 2012 is available on NIBC's website.

The same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as were applied in the preparation of the consolidated financial statements for the year ended 31 December 2012, except, where applicable, for the impact of the adoption of the (amendments to / improvements in) standards and interpretations noted below.

New and amended standards adopted by NIBC:

- Amendments to IAS 1 'Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)' (effective for annual periods beginning on or after 1 July 2012). The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time would be presented separately from items which will never be reclassified. The amendment affects presentation only and has no impact on NIBC's financial position or performance;
- IFRS 13 'Fair Value Measurement' (effective as from 1 January 2013). IFRS 13 does not define when an entity is required to use fair value, but rather, provides guidance on how to measure the fair value of financial and non-financial assets and liabilities when required or permitted by IFRS. There are also additional disclosure requirements. The adoption of IFRS 13 did not require any adjustments to the valuation techniques used by NIBC to measure fair value and did not result in any measurement adjustments as at 1 January 2013. NIBC has provided an extended disclosure of the fair value hierarchy by level of fair value as required by IFRS 13 in note 23. In addition to the disclosures in this interim financial report additional disclosures will be included in the Annual Report 2013;
- IFRS 7 'Disclosures, Offsetting Financial Assets and Financial Liabilities' (Amendment) (effective as from 1 January 2013). These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are offset in accordance with IAS 32 'Financial Instruments: Presentation'. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting agreement, irrespective of whether they are set off in accordance with IAS 32. This amendment has no material impact on NIBC's financial position or performance. These additional disclosures will be included in NIBC's Annual Report 2013;
- IAS 19 'Employee Benefits' (Revised) (effective as from 1 January 2013). On 1 January 2013 NIBC adopted IAS 19 Employee Benefits (Revised). As a result NIBC changed its accounting policies relating to defined benefit plans retrospectively in line with the transitional provisions of IAS 19 Employee Benefits (Revised) as from 1 January 2012. IAS 19 Employee Benefits (Revised) requires that actuarial gains and losses – including re-measurement effects- arising from defined benefit pension schemes are recognised in full. Previously NIBC deferred these over the remaining average service lives of the employees (the 'corridor' approach). From 1 January 2013, in accordance with amendments to IAS 19, the balance sheet fully reflects the pension liability or asset, including any unrecognised actuarial losses or gains. IAS 19 Employee Benefits (Revised) also requires the introduction of the net interest approach which is based on the discount rate used to measure the defined benefit obligation multiplied with the net defined benefit asset/liability recognized on the balance sheet, both as determined at the start of the reporting period and adjusted for expected changes in the net defined benefit asset/liability due to contributions and benefit payments during the year. This measure of net interest cost replaces the interest cost on the defined benefit obligation and the expected return on plan assets. The standard also requires the immediate recognition of any past service cost in profit or loss. The adoption of IAS 19 Employee Benefits (Revised) did not have a significant impact on the performance and financial position of NIBC. The new requirements have decreased shareholder's equity at 1 January 2013 by EUR 6.6 million (1 January 2012 EUR 4.3 million net of tax) (the amount previously deferred under the corridor approach net of tax). The end 2012 effect is an increase of the defined benefit liability of EUR 8.8 million, an increase of the deferred tax asset of EUR 2.2

million and a reduction of shareholder's equity of EUR 6.6 million. The comparative figures for 2012 in the condensed consolidated interim financial report for the period ended 30 June 2013 have been adjusted.

- Improvements to IFRS 2009 – 2011 Cycle: the amendments to IFRS issued in May 2012 resulted from the IASB's annual improvement project. They comprise amendments that result in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual IFRS standards. The adoption of the amendments did not have a material impact on NIBC's financial position or performance.

New standards, amendments and interpretations that are not yet effective and have not been early-adopted by NIBC:

- IFRS 10 'Consolidated Financial Statements' – is effective as from 1 January 2014.
- IFRS 11 'Joint Arrangements' – is effective as from 1 January 2014.
- IFRS 12 'Disclosure of Interests in Other Entities' – is effective as from 1 January 2014.
- IAS 27 'Separate Financial Statements' (Revised) – is effective as from 1 January 2014.
- IAS 28 'Investments in Associates and Joint Ventures' (Revised) – is effective as from 1 January 2014.
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) – is effective as from 1 January 2014.
- IAS 32 'Offsetting Financial Assets and Financial Liabilities' (Amendment) – is effective as from 1 January 2014).

NIBC is currently evaluating the potential impact that the adoption of the amendments to IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28 and IAS 32 will have on its financial reporting.

The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Exceptional items are disclosed and described separately in the condensed consolidated interim financial report where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

The preparation of financial information in conformity with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying NIBC's accounting policies. The most significant areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial information are described below under the paragraph 'most significant critical accounting estimates and judgements'.

The information provided as of reclassification dates (various notes) relates only to financial assets remaining on the balance sheet as of the reporting date 30 June 2013.

Unless otherwise stated, all amounts are stated in millions of EUR.

Most significant critical accounting estimates and judgements

NIBC makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of certain financial instruments

The fair value of financial instruments is determined based on quoted market prices in an active market or, where no active market exists, by using valuation techniques. In cases where valuation techniques are used, the fair values are estimated from market observable data, where available, or by using models. Where market-observable inputs are not available, they are estimated based on appropriate assumptions. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those who prepared them. All models are reviewed prior to use and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent possible, models use only observable data; however, in areas such as applicable credit spreads (both own credit spread and counterparty credit spreads), volatilities and correlations may require management to estimate inputs. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Own liabilities designated at fair value through profit or loss

At 30 June 2013, the fair value of these liabilities was estimated to be EUR 1,861 million (31 December 2012: EUR 1,952 million). 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:

- Financial liabilities at fair value through profit or loss: Own debt securities;
- Financial liabilities at fair value through profit or loss: Debt securities in issue structured; and
- Financial liabilities at fair value through profit or loss: Subordinated liabilities.

The credit spread used to revalue these liabilities was based to the extent possible on the observable issuance spread movements of new primary unsecured debt issuances by financial institutions.

The valuation of all the above classes of financial liabilities designated at fair value through profit or loss is sensitive to the estimated credit spread used to discount future expected cash flows. A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would increase or decrease the fair value of these own financial liabilities at 30 June 2013 by EUR 5.9 million (31 December 2012: EUR 6.1 million).

Valuation corporate derivatives (credit value adjustment)

Credit Value Adjustments (CVAs) are incorporated into derivative valuations to reflect the risk of default of the counterparty. In essence, CVA represents an estimate of the discounted expected loss on an *Over The Counter (OTC)* derivative during the lifetime of the contract. It is applied to all OTC derivative contracts, except for those that benefit from a strong collateral agreement where cash collateral is regularly exchanged, mitigating credit risk. In practice, this means that CVAs are only applied to OTC derivative contracts that generate credit risk on corporate (i.e. non-financial) counterparties.

In line with market practice, the CVA of a derivative contract is calculated at the counterparty level as the sum of the present value of the expected loss estimated over the lifetime of all outstanding OTC derivative contracts that generate credit risk. This requires the application of *Probability of Default (PD)* and *Loss Given Default (LGD)* estimates to the *Expected Exposure (EE)* profile. The EE profile estimate takes into account amortisation of notional amounts and the passage of time to maturity. PD and LGD estimates are based on internal *Counterparty Credit Rating (CCR)* and LGD ratings due to the absence of a credit market for most of NIBC's corporate counterparties.

The CVA is sensitive to changes in credit quality of the counterparties, as well as to changes in interest rates affecting current exposure. Based on the current composition of the portfolio, the CVA, in general, reduces when interest rates rise.

Impairments of corporate loans

NIBC assesses whether there is an indication of impairment of corporate loans classified as loans and receivables at amortised cost on an individual basis on at least a quarterly basis. NIBC considers a range of factors that have a bearing on the expected future cash flows that it expects to receive from the loan, including the business prospects of the borrower and its industry sector, the realisable value of collateral held, the level of subordination relative to other lenders and creditors, and the likely cost and likely duration of any recovery process. Subjective judgements are made in the process including the determination of expected future cash flows and their timing and the market value of collateral. Furthermore, NIBC's judgements change with time as new information becomes available, or as recovery strategies evolve, resulting in frequent revisions to individual impairments, on a case-by-case basis. NIBC regularly reviews the methodology and assumptions used for estimating both the amount and timing of future cash flows, to reduce any differences between loss estimates and actual loss experience.

If, as at 30 June 2013, for each of NIBC's impaired corporate loans, the net present value of the estimated cash flows had been 5% lower or higher than estimated, NIBC would have recognised an additional impairment loss or gain of EUR 6.5 million (31 December 2012: EUR 10.8 million).

Notes to the condensed consolidated interim financial report

1. Segment report

The segment information has been prepared in accordance with IFRS 8, Operating segments, which defines requirements for the disclosure of financial information about an entity's operating segments. IFRS 8 requires operating segments to be identified on the basis of internal management reports on components of the entity that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess segment performance.

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.

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 following table presents the results of the single operating segment, being NIBC Bank, including a reconciliation to the consolidated results under IFRS for the periods ended 30 June 2013 and 30 June 2012.

IN EUR MILLIONS ¹	Internal management report operating segment NIBC Bank				Total (condensed consolidated interim financial report)	
	Consolidation effects ²					
	For the six months ended 30 June					
	2013	2012	2013	2012	2013	2012
Net interest income	71	62	-	(1)	71	61
Net fee and commission income	8	8	-	-	8	9
Dividend income	-	7	-	-	-	7
Net trading income	71	51	-	-	71	51
Gains less losses from financial assets	(8)	8	4	1	(4)	9
Share in result of associates	-	-	-	-	-	-
Other operating income	-	-	9	10	9	10
OPERATING INCOME	142	136	13	10	155	147
OPERATING EXPENSES	68	73	12	10	80	84
Impairments of financial assets	36	28	-	-	36	28
TOTAL EXPENSES	104	101	12	10	116	112
PROFIT BEFORE TAX	38	35	1	-	39	35
Tax	11	5	1	1	12	5
PROFIT AFTER TAX	27	30	-	-	27	30
Result attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER	27	30	-	-	27	30
Average allocated economic capital	1,180	1,418	-	-	1,180	1,418
Average unallocated capital	499	209	-	-	499	209
	30-Jun-13	31-Dec-12	30-Jun-13	31-Dec-12	30-Jun-13	31-Dec-12
Segment assets	23,912	26,139	99	104	24,011	26,244
Segment liabilities	22,123	24,349	68	69	22,191	24,419

1. Small differences are possible in the table due to rounding.

2. The items displayed under 'consolidation effects' refer to the non-financial entities over which NIBC has control. 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 'gains less losses from financial assets'. Subsequently, under 'consolidation effects' this is eliminated and replaced by the figures of these entities used in the condensed consolidated interim financial report.

NIBC generated 90% of its revenues in the Netherlands (six months period ended 30 June 2012: 97%) and 10% abroad (six months period ended 30 June 2012: 3%).

2. Net trading income

IN EUR MILLIONS	30-Jun-13	30-Jun-12
Assets and liabilities designated at fair value through profit or loss (including related derivatives)	76	49
Assets and liabilities held for trading	8	20
Other net trading income	(13)	(18)
	71	51

Net trading income in the first six months of 2013 of EUR 71 million 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.

3. Gains less losses from financial assets

IN EUR MILLIONS	30-Jun-13	30-Jun-12
EQUITY INVESTMENTS		
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)		
Net gain/(losses) on disposal	-	-
Net revaluation gain/(losses) transferred from equity on disposal	-	-
Impairment losses equity investments	-	-
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)		
Gains less losses from associates	(5)	9
Gains less losses from other equity investments	-	(1)
	(5)	8
DEBT INVESTMENTS		
GAINS LESS LOSSES FROM DEBT INVESTMENTS (AVAILABLE-FOR-SALE)		
	1	1
	1	1
	(4)	9

Impairment losses relating to debt investments (available-for-sale) are presented under impairments of financial assets (see note 5).

4. Personnel expenses

The number of *Full Time Equivalents (FTEs)* (excluding FTEs of non-financial companies included in the consolidation) decreased from 632 at 30 June 2012 to 616 at 30 June 2013.

5. Impairments of financial assets

IN EUR MILLIONS	30-Jun-13	30-Jun-12
IMPAIRMENTS		
Loans classified at amortised cost	41	29
Debt investments classified at amortised cost	2	1
Debt investments classified at available-for-sale	1	1
	44	31
REVERSALS OF IMPAIRMENTS		
Loans classified at amortised cost	(7)	(3)
Debt investments classified at amortised cost	-	-
Debt investments classified at available-for-sale	(1)	-
	(8)	(3)
Other	-	-
	36	28

6. Tax

IN EUR MILLIONS	30-Jun-13	30-Jun-12
TAX DIFFERENCES CAN BE ANALYSED AS FOLLOWS:		
PROFIT BEFORE TAX	39	35
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2012: 25.0%)	10	9
Impact of income not subject to tax	2	1
Impact of expenses not deductible for tax purposes	-	(5)
Effect of different tax rates in other countries	-	-
Result final tax previous years	-	-
	12	5
Effective tax rate	30.6%	15.0%

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 Holding N.V. is the parent company of NIBC Bank N.V., NIBC Investments N.V. and NIBC Investment Management N.V., which are all part of the same fiscal entity.

7. Financial assets - Loans and receivables (amortised cost) Loans

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Loans	6,773	7,343
	6,773	7,343
THE LEGAL MATURITY ANALYSIS OF LOANS IS ANALYSED AS FOLLOWS:		
Three months or less	668	331
Longer than three months but not longer than one year	597	396
Longer than one year but not longer than five years	3,321	3,766
Longer than five years	2,187	2,850
	6,773	7,343

IN EUR MILLIONS	2013	2012
THE MOVEMENT IN IMPAIRMENTS MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	138	130
Additional allowances	41	29
Write-offs	(37)	(3)
Amounts released	(7)	(3)
Unwinding of discount adjustment	(2)	(3)
Other (including exchange rate differences)	4	3
BALANCE AT 30 JUNE	137	153

As of 1 July 2008, NIBC reclassified financial assets (application of amendments to IAS 39 and IFRS 7) from 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. NIBC believes that the deterioration of the world's financial markets that occurred during the course of 2008 represents a rare circumstance that allows such a reclassification.

The following table presents the fair value and carrying value of the financial assets reclassified as of 1 July 2008 to loans at amortised cost:

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 30 June 2013	Fair value as per 30 June 2013
Loan portfolio reclassified from available-for-sale category	1,291	1,308	1,227

The effective interest rates on financial assets reclassified into loans and receivables as at the date of reclassification - 1 July 2008 - range from 5% to 9% with expected undiscounted recoverable cash flows of EUR 1,310 million. Ranges of effective interest rates were determined based on weighted average rates.

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

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Debt investments	334	366
	334	366

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS ANALYSED AS FOLLOWS:

Three months or less	-	1
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	63	66
Longer than five years	271	299
	334	366

In the first six months of 2013 there was an additional impairment on the debt investments at amortised cost of EUR 2 million (first six months of 2012: impairment of EUR 1 million).

As of 1 July 2008, NIBC reclassified financial assets (application of amendments to IAS 39 and IFRS 7) 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 financial assets for the foreseeable future or until maturity. NIBC believes that the deterioration of the world's financial markets that occurred during the course of 2008 represents a rare circumstance that allows such a reclassification.

The following table presents the fair value and carrying value of the financial assets reclassified as of 1 July 2008 to debt investments at amortised cost:

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 30 June 2013	Fair value as per 30 June 2013
DEBT INVESTMENTS RECLASSIFIED FROM:			
Held for trading category	382	249	203
Available-for-sale category	65	59	57

The effective interest rates on held for trading assets reclassified into debt investments at amortised cost as at the date of reclassification - 1 July 2008 - ranged from 5% to 20% with expected undiscounted recoverable cash flows of EUR 592 million.

The effective interest rates on available for sale debt investments as at the date of reclassification - on 1 July 2008 - ranged from 5% to 8% with expected undiscounted recoverable cash flows of EUR 99 million. Ranges of effective interest rates were determined based on weighted average rates.

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

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Loans to corporate entities	611	611
	611	611

THE LEGAL MATURITY ANALYSIS OF SECURITISED LOANS IS ANALYSED AS FOLLOWS:

Three months or less	1	1
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	610	610
Longer than five years	-	-
	611	611

No impairments were recorded in the first six months of 2013 and 2012 on securitised loans at amortised cost.

10. Financial assets (available-for-sale)

Debt investments

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Debt investments	1,132	985
	1,132	985

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS ANALYSED AS FOLLOWS:

Three months or less	53	99
Longer than three months but not longer than one year	263	132
Longer than one year but not longer than five years	287	261
Longer than five years	529	493
	1,132	985

In the first six months of 2013, there was an additional impairment on debt investments at available-for-sale of EUR 1 million and a total reversal of impairment of EUR 1 million (first six months of 2012: impairment of EUR 1 million).

As of 1 July 2008, NIBC reclassified non-derivative trading financial assets (application of amendments to IAS 39 and IFRS 7), 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.

The following table presents the fair value and carrying value of the financial assets reclassified to debt investments at available-for-sale as per 1 July 2008:

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 30 June 2013	Fair value as per 30 June 2013
Debt investments reclassified from held for trading category	23	4	4

The effective interest rates on trading assets reclassified into debt investments available for sale as at the date of reclassification - 1 July 2008 - ranged from 13% to 25% with expected undiscounted recoverable cash flows of EUR 52 million. Ranges of effective interest rates were determined based on weighted average rates.

11. Financial assets (designated at fair value through profit or loss)

Loans

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Loans to corporate entities	481	515
	481	515

THE LEGAL MATURITY ANALYSIS OF LOANS IS ANALYSED AS FOLLOWS:

Three months or less	1	13
Longer than three months but not longer than one year	246	21
Longer than one year but not longer than five years	11	314
Longer than five years	223	167
	481	515

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

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Residential mortgages own book	2,933	3,675
	2,933	3,675

THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS ANALYSED AS FOLLOWS:

Three months or less	30	33
Longer than three months but not longer than one year	16	24
Longer than one year but not longer than five years	46	41
Longer than five years	2,841	3,577
	2,933	3,675

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN RESIDENTIAL MORTGAGES OWN BOOK MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	3,675	3,185
Additions (including transfers from consolidated SPEs)	5	11
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(710)	(153)
Changes in fair value	(37)	9
BALANCE AT 30 JUNE	2,933	3,052

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 2,947 million at 30 June 2013 (31 December 2012: EUR 3,681 million).

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

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Securitised residential mortgages	4,902	4,512
	4,902	4,512

THE LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES IS ANALYSED AS FOLLOWS:

Three months or less	1	1
Longer than three months but not longer than one year	4	3
Longer than one year but not longer than five years	29	17
Longer than five years	4,868	4,491
	4,902	4,512

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN SECURITISED RESIDENTIAL MORTGAGES MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	4,512	5,560
Additions	535	-
Disposals (sale and/or redemption including transfers to own book)	(171)	(220)
Changes in fair value	26	17
BALANCE AT 30 JUNE	4,902	5,357

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 securitised residential mortgages is recognised in interest and similar income and similar income at the effective interest rate. Fair value movements (excluding interest) are recognised in net trading income.

At 30 June 2013, securitised residential mortgages in the amount of EUR 4,902 million (31 December 2012: EUR 4,512 million) were pledged as collateral for NIBC's own liabilities.

The maximum credit exposure was EUR 4,902 million at 30 June 2013 (31 December 2012: EUR 4,512 million)

Securitised residential mortgages are recognised on NIBC's balance sheet based on the risks and rewards NIBC retains in the 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 479 million (31 December 2012: EUR 461 million) of notes issued by the SPEs, overcollateralisation provided to the SPEs amounted to EUR 22 million (31 December 2012: EUR 21 million) and reserve accounts amounted to EUR 21 million (31 December 2012: EUR 18 million).

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

Debt investments

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Held for trading	46	49
Designated at fair value through profit or loss	75	75
	121	124

All debt investments are non-government

IN EUR MILLIONS	2013	2012
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IS ANALYSED AS FOLLOWS:		
Three months or less	-	-
Longer than three months but not longer than one year	56	23
Longer than one year but not longer than five years	12	45
Longer than five years	7	7
	75	75

15. Financial liabilities (amortised cost)

Own debt securities in issue

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Bonds and notes issued	2,303	4,314
	2,303	4,314
THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS ANALYSED AS FOLLOWS:		
Three months or less	-	-
Longer than three months but not longer than one year	1,224	220
Longer than one year but not longer than five years	1,001	4,024
Longer than five years	78	70
	2,303	4,314

The Dutch State has unconditionally and irrevocably guaranteed payment of all amounts of principal and interest due by NIBC to by EUR 1,334 million at 30 June 2013 (31 December 2012: EUR 3,311 million) of the issued notes according and subject to (i) the Rules governing the 2008 Dutch State's Credit Scheme and (ii) the Guarantee Certificate issued under those Rules in respect of these notes. These Rules and that Guarantee Certificate are available at www.dsta.nl.

In the first six months of 2013, losses of EUR 26 million were realised on the repurchase of own debt securities in issue at amortised cost (first six months of 2012: loss of EUR 12 million).

IN EUR MILLIONS	2013	2012
THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	4,314	7,096
Additions	165	272
Disposals	(2,195)	(2,528)
Other movements and exchange rate differences	19	67
BALANCE AT 30 JUNE	2,303	4,907

The disposals of own debt securities in issue at amortised cost in the first six months of 2013 include redemptions at the scheduled maturity date to an amount of EUR 117 million (first six months of 2012: EUR 2,488 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 2,079 million (first six months of 2012: EUR 40 million). The remaining legal maturity at time of repurchase of these debt securities was less than two years.

16. Financial liabilities (amortised cost)

Debt securities in issue related to securitised mortgages

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Bonds and notes issued	4,795	4,470
	4,795	4,470

THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES IS ANALYSED AS FOLLOWS:

Three months or less	16	6
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	15	16
Longer than five years	4,764	4,448
	4,795	4,470

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	4,470	5,416
Additions	481	-
Disposals	(156)	(282)
BALANCE AT 30 JUNE	4,795	5,134

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

Own debt securities in issue

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Bonds and notes issued	34	34
	34	34

THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS ANALYSED AS FOLLOWS:

Three months or less	-	-
Longer than three months but not longer than one year	6	-
Longer than one year but not longer than five years	-	6
Longer than five years	28	28
	34	34

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	34	41
Additions	-	1
Disposals	-	(11)
Changes in fair value	-	-
BALANCE AT 30 JUNE	34	31

The disposals of own debt securities in issue designated at fair value through profit or loss in the first six months of 2013 and 2012 reflect the redemptions at the scheduled maturity date. 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.

**18. Financial liabilities (designated at fair value through profit or loss)
Debt securities in issue structured**

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Bonds and notes issued	1,574	1,654
	1,574	1,654

THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE STRUCTURED IS ANALYSED AS FOLLOWS:

Three months or less	2	-
Longer than three months but not longer than one year	685	690
Longer than one year but not longer than five years	256	307
Longer than five years	631	657
	1,574	1,654

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN DEBT SECURITIES IN ISSUE STRUCTURED MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	1,654	1,733
Additions	12	12
Disposals	(34)	(64)
Changes in fair value	(25)	(9)
Exchange rate differences	(33)	9
BALANCE AT 30 JUNE	1,574	1,681

The disposals of debt securities in issue designated at fair value through profit or loss in the first six months of 2013 include redemptions at the scheduled maturity date to an amount of EUR 34 million (first six months of 2012: EUR 60 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.

19. Subordinated liabilities - amortised cost

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Subordinated loans qualifying as Tier-I capital	47	46
Other subordinated loans	37	37
	84	83

THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - AMORTISED COST IS ANALYSED AS FOLLOWS:

One year or less	25	25
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	1	-
Longer than ten years	58	58
	84	83

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN SUBORDINATED LIABILITIES - AMORTISED COST MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	83	85
Additions	-	-
Disposals	-	-
Exchange rate differences	1	1
BALANCE AT 30 JUNE	84	86

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

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Subordinated loans qualifying as Tier-I capital	144	144
Other subordinated loans	109	120
	253	264

THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - FAIR VALUE IS ANALYSED AS FOLLOWS:

One year or less	20	-
Longer than one year but not longer than five years	19	40
Longer than five years but not longer than ten years	-	-
Longer than ten years	214	224
	253	264

IN EUR MILLIONS	2013	2012
-----------------	------	------

THE MOVEMENT IN SUBORDINATED LIABILITIES - FAIR VALUE MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	264	296
Additions	1	1
Disposals	-	-
Changes in fair value	(13)	(30)
Exchange rate differences	1	6
BALANCE AT 30 JUNE	253	273

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 with results on financial derivatives.

21. Impact reclassification financial assets on comprehensive income (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.

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.

NIBC has recognised the following gains, losses, income and expenses in the income statement in respect of reclassified financial assets:

IN EUR MILLIONS	For the six months ended 30 June			
	2013		2012	
	After reclassification	Before reclassification	After reclassification	Before reclassification
Net interest income	23	21	41	39
Net trading income	(5)	3	(2)	7
Impairment of financial assets	(3)	(1)	(12)	(10)

If the reclassifications had not been made in 2008, the income statement for the first six months of 2013 would have included an additional net of tax gain on the reclassified financial assets of EUR 6 million (first six months of 2012: net of tax gain of EUR 6 million) mainly due to year-to-date fair value increases of debt investments. On the reclassified financial assets there would have been an additional net of tax gain in the first six months of 2013 of EUR 7 million (net of tax gain in the first six months of 2012: EUR 10 million) in other comprehensive income (revaluation reserve) representing unrealised fair value gains and losses on the reclassified financial assets available for sale which are not impaired.

22. Capital and shares

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

Share capital

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Paid-up capital	80	80
	80	80

	30-Jun-13	31-Dec-12
--	-----------	-----------

THE NUMBER OF AUTHORISED SHARES IS SPECIFIED AS FOLLOWS:

Number of authorised shares ¹	183,597,500	183,597,500
Number of shares issued and fully paid ²	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

1. 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.

2. The shares issued and fully paid consist of A shares.

23. Fair value of financial instruments

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:

- 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).

Fair value of financial instruments at 30 June 2013

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-13
FINANCIAL ASSETS AVAILABLE FOR SALE				
Equity investments				
Unlisted	-	-	45	45
Debt investments	-	1,128	4	1,132
	-	1,128	49	1,177
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	-	481	-	481
Residential mortgages own book	-	2,933	-	2,933
Securitised residential mortgages	-	4,902	-	4,902
Debt investments	-	121	-	121
Equity investments (including investments in associates)	-	-	203	203
Derivative financial assets held for trading	-	2,834	-	2,834
Derivative financial assets used for hedging	-	147	-	147
	-	11,418	203	11,621
	-	12,546	252	12,798
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Own debt securities in issue	-	34	-	34
Debt securities in issue structured	-	1,574	-	1,574
Derivative financial liabilities held for trading	-	3,074	-	3,074
Derivative financial liabilities used for hedging	-	12	-	12
Subordinated liabilities	-	253	-	253
	-	4,947	-	4,947

Fair value of financial instruments at 31 December 2012

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-12
FINANCIAL ASSETS AVAILABLE FOR SALE				
Equity investments				
Unlisted	-	-	49	49
Debt investments	-	981	4	985
	-	981	53	1,034
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	-	515	-	515
Residential mortgages own book	-	3,675	-	3,675
Securitised residential mortgages	-	4,512	-	4,512
Debt investments	-	124	-	124
Equity investments (including investments in associates)	-	-	215	215
Derivative financial assets held for trading	-	3,642	-	3,642
Derivative financial assets used for hedging	-	275	-	275
	-	12,743	215	12,958
	-	13,724	268	13,992

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-12
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Own debt securities in issue	-	34	-	34
Debt securities in issue structured	-	1,654	-	1,654
Derivative financial liabilities held for trading	-	4,026	-	4,026
Derivative financial liabilities used for hedging	-	20	-	20
Subordinated liabilities	-	264	-	264
	-	5,998	-	5,998

Financial instruments are 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

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.

Debt investments - level 2

For the determination of fair value at 30 June 2013, 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.

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.

Financial assets 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.

Residential mortgages (own book and securitised) - level 2

The fair value of residential mortgages (both those NIBC holds in its own warehouse and those NIBC has securitised) is determined 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.

On the basis of the available data on RMBS spreads and offered mortgage rates, NIBC concluded in the second half of 2012 that the use of RMBS spreads provides the best estimate of the credit spread that would be inherent in a hypothetical exit transaction at the balance sheet date motivated by normal business considerations.

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.

Debt investments - level 2

For the determination of fair value at 30 June 2013, 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.

Equity investments (including investments in associates) - level 3

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

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.

During the six months ended 30 June 2013, 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 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.

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 2012	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 30 June 2012
AVAILABLE FOR SALE FINANCIAL ASSETS								
Equity investments	66	-	(9)	1	(2)	-	-	56
Debt investments	8	(1)	-	-	-	(1)	-	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)								
Equity investments (including investments in associates)	258	13	-	8	(38)	-	-	241
	332	12	(9)	9	(40)	(1)	-	303

IN EUR MILLIONS	At 1 January 2013	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 30 June 2013
AVAILABLE FOR SALE FINANCIAL ASSETS								
Equity investments	49	-	(2)	1	(3)	-	-	45
Debt investments	4	-	-	-	-	-	-	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)								
Equity investments (including investments in associates)	215	(6)	-	7	(13)	-	-	203
	268	(6)	(2)	8	(16)	-	-	252

The total impact on level 3 financial instruments included in the income statement for the period was:

IN EUR MILLIONS	Realised gains	Unrealised gains	30-Jun-2013
Total gains/(losses) included in the income statement	5	(11)	(6)

IN EUR MILLIONS	Realised gains	Unrealised gains	30-Jun-2012
Total gains/(losses) included in the income statement	56	(21)	35

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument:

IN EUR MILLIONS	For the period ended 30 June			
	2013	2012	2013	2012
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
AVAILABLE FOR SALE FINANCIAL ASSETS				
Equity investments (unlisted)	45	2	56	3
Debt investments	4	-	6	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Equity investments (including investments in associates)	203	10	241	12

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.

In 2013, 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 2013, there were no reclassifications of financial assets.

Fair value information about 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	For the period ended 30 June 2013	
	Carrying value	Fair value
FINANCIAL ASSETS AT AMORTISED COST¹		
Loans	6,773	6,690
Debt investments	334	286
Securitised loans	611	575
FINANCIAL LIABILITIES AT AMORTISED COST		
Own debt securities in issue	2,254	2,237
Debt securities in issue related to securitised mortgages	4,795	4,624
Subordinated liabilities	84	82

1. 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.

24. Related party transactions

Transactions involving NIBC's shareholders

At 30 June 2013, NIBC had EUR 213 million of net exposure (assets minus liabilities) to its parent and to entities controlled by its parent entity (31 December 2012: EUR 304 million). The interest received and paid on this exposure was at arm's length.

In May 2013 NIBC committed a loan of EUR 15 million to New Amsterdam Fund L.P. an investment fund managed by an affiliate of J.C. Flowers & Co. NIBC's commitment was fully drawn.

Transactions related to associates

As at 30 June 2013, NIBC had EUR 56 million of loans advanced to its associates (31 December 2012: EUR 56 million). Besides net interest income on these loans, NIBC earned no fees from these associates in the first six months of 2013 and 2012.

25. Legal proceedings

There were a number of legal proceedings outstanding against NIBC at 30 June 2013. No provision has been made as at 30 June 2013, as legal advice indicates that it is unlikely that any significant loss will arise.

26. Business combinations

There were no new business combinations acquired in the first six months ended 30 June 2013 and 2012.

At 30 June 2013, NIBC has the potential obligation to sell a minority stake (less than 10%) in Olympia Nederland Holding B.V. to a third party. No material gain or loss is expected on this disposal.

27. Commitments and contingent assets and liabilities

At 30 June 2013, 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 (excluding residential mortgage commitments of EUR 14 million at 30 June 2013 (31 December 2012: EUR 6 million), which in this condensed consolidated interim financial report are measured at fair value through profit or loss) and contingent liabilities are set out in the following table by category. In the table, it is assumed that amounts are fully advanced. The amounts for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

IN EUR MILLIONS	30-Jun-13	31-Dec-12
Contract amount		
Committed facilities with respect to corporate loan financing (including investment management loans)	950	1,153
Capital commitments with respect to equity investments	43	43
Guarantees granted	100	95
Irrevocable letters of credit	9	34
	1,102	1,325

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.

28. Important events and transactions

Nationalisation SNS Reaal N.V.

On 1 February 2013, the State of the Netherlands nationalised SNS Reaal N.V. by means of expropriation of all related equity and subordinated debt. Furthermore the State of the Netherlands have imposed a EUR 1 billion one-time levy on Dutch banks to be paid in 2014 to share the costs of the SNS Reaal N.V. nationalisation. NIBC's share is estimated to result in a charge of EUR 18.3 million in 2014.

Concentration of Shipping & Intermodal and Oil & Gas Services operations in The Hague

In the second quarter of 2013, it was decided to transfer the Shipping & Intermodal and Oil & Gas Services operations conducted by the Singapore office to The Hague. As from 1 December 2013 the related clients will be served from The Hague.

Buy back of Government-guaranteed bonds

In the first half of 2013 EUR and USD denominated Government-guaranteed bonds to equivalent amount of EUR 1,975 million were bought back. The buy-back transactions were completed on 7 March 2013 and 19 June 2013. A loss of EUR 24 million was recognised on these buy-backs in the first six months of 2013.

29. Subsequent events

There are no subsequent events.

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'). In preparing the financial information in this Condensed Consolidated Interim Financial Report (NIBC Bank N.V.) for the six months ended 30 June 2013 (the 'Financial Report'), the same accounting principles are applied as in the 2012 NIBC's Annual Accounts, save for any change described in the paragraph 'General information, most significant critical accounting estimates and judgements'. The figures in this Financial Report are unaudited and not reviewed by the Independent Auditor of the company.

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', 'forecast', 'target' 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 (xii) the consequences of a potential (partial) break-up of the Euro zone and/or its currency and (xiii) 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 or employees 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.

The Hague, 26 August 2013

Managing Board

Jeroen Drost, *Chairman, Chief Executive Officer*
Petra van Hoeken, *Chief Risk Officer, ad-interim Chief Financial Officer*
Rob ten Heggeler, *Chief Client Officer*