NIBC

CONDENSED INTERIM REPORT 2019

NIBC BANK N.V.

TABLE OF CONTENTS

A WORD FROM THE CEO

Dear reader,

Looking back at the first half of 2019, I am pleased to announce that NIBC has been able to report a steady performance. Despite the volatile and rapidly changing environment in which we operate, we continue to deliver upon our promises with today's results in line with last year and well on track to again achieve our medium-term objectives by the end of this year.

Influenced by the increasing global uncertainty on a macro-economic and geopolitical level, markets continue to be challenging. This means that we continuously and with great caution look at how the markets in which we operate develop, and focus on those transactions that fit our franchise and our risk parameters. Despite low-for-longer interest rates becoming a reality, the abundance of liquidity and related high levels of pre- and repayments, we have seen a renewed inflow of savings and strong mortgage origination levels in the first half of 2019. At the same time, we have made good progress with the rebalancing of our corporate portfolios and still see favourable markets for our equity portfolio in the second half of 2019.

Benefitting from the solid Dutch economy, we realised steady results in H1 2019, with a profit after tax at EUR 81 million and return on equity (ROE) of 9.2%. Our CET 1 ratio was 21.0% excluding the result of H1 2019. As we continue to invest in the NIBC organisation, ranging from our IT transition to regulatory projects, we are able to keep costs tightly under control reflecting our agile organisation. At the end of June 2019, the fully loaded cost/income ratio was 46%.

Driven by our 'Think Yes' mentality and the entrepreneurial spirit of our people, we are able to report healthy growth. The ability to rebalance and develop new activities is at the core of our business.

On the retail client side origination continued to be strong in the first half of 2019, with total origination of EUR 1.8 billion, resulting in a market share of just above 4%. Our mortgage portfolio for own book grew with EUR 300 million (+3%) to EUR 8.9 billion. The originate-to-manage (OTM) portfolio grew even more by adding EUR 900 million (+35%) of mortgages to EUR 3.3 billion. To continue the ability to also offer the longer tenors to our clients as well as attract new clients, we increased our existing mandate and secured a second mandate with an new institutional investor, totalling the OTM mandates at EUR 4.5 billion at the end of June 2019. In Buy-to-Let, we are seeing renewed signs of growth (+3.6%), after having finalised the first phase of our KYC enhancement program in the first months of 2019.

On the corporate client side we reported growth in chosen sectors like Receivable Finance and Structuring.

As we initiated project CARE on the corporate client side to address the KYC and AML requirements, our people have, together and with the help of our clients, pro-actively been committed to improving the processes that are necessary to continue to comply with the changing regulatory demands. Our approach should enable us to adapt faster to changes and for our clients to have an in-depth understanding of the changing environment. Having said that, the increased focus on KYC and AML processes has had an impact on our origination levels and the Net Promotor Score (NPS), as well as on the overall costs related to our licence to operate. As such, efficiency improvements are vital in order to manage our operating expenses actively. The partnering with fintechs like OakNorth will support us to further improve our operational processes going forward, increase our efficiency, and in the longer term, change the way we conduct our business.

We continue to focus on asset quality and a further rebalancing of our exposures as evidenced by the active reduction of our portfolios in the selected sectors being Leveraged Finance, Shipping and Energy. Seeking diversification in terms of products and actively managing our risk weighted assets resulted in healthier risk metrics in the first half of 2019. The level of impairments remained stable compared to the first half of last year. We are proud of the announcement by S&P in May of this year as they upgraded our credit rating to BBB+ with a stable outlook, underpinning our strong capital position, stable funding profile and our continued focus on managing and reducing higher risk exposures.

In June, we announced the outcomes of an internal model investigation (IMI) as part of ongoing supervision by DNB. The IMI, which was performed on the basis of the ECB TRIM framework, has resulted in 30% additional RWAs for our corporate loan portfolios. We disclosed that the potential remaining Basel IV impact will be consequently lower. The new solvency ratios continue to be comfortably above our SREP levels and provide us with sufficient buffers to comply with Basel IV regulations, as also reflected by our leverage ratio of 7.0% at the end of June 2019. NIBC will continue to proactively adjust to the changing world around us to stay ahead of the curve, including the continued improvements of the business and our internal processes. With the regulatory environment subsequently adapting and changing quickly, the outcome of our IMI has given us clarity to outcome and effect. We will actively work to address the observations made by our regulator, as we continue to move ahead.

As a newly listed company we hosted our first public Annual General Meeting of shareholders (AGM) in April of this year, which also marked the last day of Wim van den Goorbergh as our Chairman of the Supervisory Board. I am grateful for Wim's leadership and thoughtful guidance and thank him for his contribution and support over the many past years. For the purpose of appointing Jeroen Kremers as a new member of the Supervisory Board, we will host an Extraordinary General Meeting of shareholders (EGM) on 29 August 2019 at our offices in The Hague, followed by an update for our retail investors.

In line with previous statements and underpinning the steady performance in the first half of 2019, we propose an interim dividend pay-out of EUR 1.29 per share for NIBC Bank, which amounts to a dividend pay-out of EUR 81 million and a pay-out ratio of 100% of the profit after tax attributable to the shareholders of the company.

I am grateful for the commitment and dedication of our people towards their work and our clients. The past months have been demanding for both our people as well as our clients, and I do not underestimate the role our people played in ensuring the increasing KYC requirements are looked after. With the bulk of the work behind us, we have started to send the first 'Thank you'-letters to our clients for their support and commitment. Supported by today's results, we are moving ahead with confidence towards the second half of 2019. By employing our key values of Professional, Entrepreneurial and Inventive, we will continue to be there on the decisive moments of our clients, now and in the future.

The Hague, 28 August 2019

Paulus de Wilt
Chief Executive Officer,
Chairman of the Managing Board

KEY FIGURES

in EUR millions	IFRS 9 H1 2019	IFRS 9 H1 2018	H1 2018 vs. H1 2019
Net interest income	205	215	-5%
Net fee and commission income	19	21	-10%
Investment income	16	21	-24%
Other income	5	1	400%
Operating income	**245**	**258**	**-5%**
Personnel expenses	55	53	4%
Other operating expenses	47	45	4%
Depreciation and amortisation	2	3	-33%
Regulatory charges	9	9	0%
Operating expenses	**113**	**110**	**3%**
Net operating income	**132**	**148**	**-11%**
Credit loss expense / (recovery)	21	21	0%
Tax	25	26	-4%
Profit after tax	**86**	**101**	**-15%**
Profit attributable to non-controlling interest	6	6	0%
Profit after tax attributable to shareholder of NIBC Bank	**81**	**95**	**-15%**

Net profit and return of equity

Profitability of NIBC Bank decreased in H1 2019, primarily driven by a 5% decrease of net interest to EUR 205 million. The lower net interest income mainly relates to the derecognition of funding by NIBC Bank to Vijlma, the effect is EUR 8 million lower net interest income in H1 2019.

The stabilisation of funding spreads and impairemnts supports the performance. The low interest environment and regulatory pressure are expected to continue to affect the profitability of NIBC Bank, which is also reflected in increases in both personnel and other operating expenses.

Profit after tax attributable to the shareholders of the company in H1 2019 of NIBC Bank is EUR 2 million below that of NIBC Holding due to Beequip, which is fully consolidated in NIBC Holding.

Solvency

NIBC Bank's solvency ratios further increased in H1 2019, with a fully loaded CET 1 ratio at 21.0% mid-2019 and the fully loaded Total Capital ratio at 27.7% mid-2019, due to lower RWAs. These levels are comfortably above the required SREP-levels set by our regulator DNB in July 2018. For more information on the SREP-levels, please refer to the Financial Review paragraph in the Condensed Interim Report 2019 of NIBC Holding N.V..

The leverage ratio of NIBC Bank increased to 8.1% at H1 2019 (2018: 7.9%), comfortably meeting the requirement of at least 3%.

	IFRS 9 H1 2019	IFRS 9 2018	IFRS 9 H1 2018
Earnings			
Net interest margin	2.05%	2.10%	1.93%
Cost/income ratio[1]	46%	41%	43%
Return on equity	9.2%	13.2%	11.0%
Asset quality			
Risk-weighted assets	7,658	7,723	8,622
Cost of risk	0.57%	0.72%	0.55%
Impairment ratio	0.24%	0.32%	0.25%
Impairment coverage ratio	32%	31%	35%
NPL ratio	2.6%	2.8%	3.5%
Solvency			
Equity attributable to shareholder of the company	1,846	1,911	1,825
AT1 and Subordinated liabilities	477	479	488
Balance sheet total	21,615	21,716	21,928
Common Equity Tier 1 ratio[2]	21.0%	20.6%	19.2%
Tier 1 ratio[2]	23.6%	23.2%	21.6%
Total Capital ratio[2]	27.7%	27.2%	25.1%
Leverage ratio	8.1%	7.9%	8.1%
Funding & liquidity			
Loan-to-deposit ratio	156%	154%	154%
S&P rating and outlook	BBB+ / Stable	BBB / Positive	BBB / Stable
Fitch rating and outlook	BBB / Stable	BBB / Stable	BBB / Stable

1 Cost/income ratio including non-recurring items.
2 As from H1 2019, (interim) profits attributable to the shareholders are no longer added to regulatory capital.

Divident pay-out

The Managing Board has proposed an interim dividend pay-out of EUR 1.29 per share for NIBC Bank, which amounts to a dividend pay-out of EUR 81 million and a pay-out ratio of 100% of the profit after tax attributable to the shareholders of the company. The calculation of the Maximum Distributable Amount, as set out in article 2.2.1 of the Regulation 'Specific provisions CRD IV and CRR' of De Nederlandsche Bank N.V. of 9 December 2013, containing requirements to the Maximum Distributable Amount and the calculation thereof, provides us with sufficient head room to pay out this dividend.

RESPONSIBILITY STATEMENT

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act, the members of the Managing Board of NIBC Bank N.V. state that to the best of their knowledge:

I. The Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of NIBC Bank N.V. and the companies included in the consolidation;

II. The Interim Report for the six months period ending on 30 June 2019, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of NIBC Holding N.V. and the companies included in the consolidation.

The Hague, 27 August 2019

Managing Board
Paulus de Wilt , *Chief Executive Officer and Chairman*
Herman Dijkhuizen, *Chief Financial Officer and Vice-Chairman*
Reinout van Riel, *Chief Risk Officer*

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT NIBC BANK N.V. 2019

Small differences are possible due to rounding

CONSOLIDATED INCOME STATEMENT

in EUR millions	note[1]	For the period ended 30 June 2019	For the period ended 30 June 2018
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	2	286	291
Interest income from financial instruments measured at fair value through profit or loss	2	5	4
Interest expense from financial instruments measured at amortised cost	2	81	76
Interest expense from financial instruments measured at fair value through profit or loss	2	5	4
Net interest income		**205**	**215**
Fee income	3	19	21
Fee expense	3	-	-
Net fee income		**19**	**21**
Investment income	4	16	21
Net trading income	5	3	5
Net gains or (losses) from assets and liabilities at fair value through profit or loss	6	2	(4)
Net gain or (losses) on derecognition of financial assets measured at amortised cost	7	(1)	-
Other operating income	8	1	-
Operating income		**245**	**258**
Personnel expenses and share-based payments	9	55	53
Other operating expenses	10	46	45
Depreciation and amortisation		2	3
Regulatory charges and levies	11	9	9
Operating expenses		**112**	**110**
Credit loss expense / (recovery)	12	21	21
Profit before tax		**112**	**127**
Tax	13	25	26
Profit after tax		**87**	**101**
Attributable to:			
Shareholders of the parent company		81	95
Holders of capital securities (non-controling interest)		6	6
Other non-controlling interests		-	-

1 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 period ended 30 June 2019			For the period ended 30 June 2018		
in EUR millions	note	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
Profit for the period		**112**	**25**	**87**	**127**	**26**	**101**
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Revaluation of property and equipment	21	7	-	7	-	-	-
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss		(3)	-	(3)	2	1	1
Items that may be reclassified subsequently to profit or loss							
Net result on hedging instruments		(3)	(1)	(2)	(8)	(2)	(6)
Financial assets measured at fair value through other comprehensive income (FVOCI)							
Movement in revaluation reserves for debt investments at FVOCI	16	7	2	5	(2)	(1)	(1)
Total other comprehensive income		**8**	**1**	**7**	**(9)**	**(2)**	**(7)**
Total comprehensive income		**120**	**26**	**94**	**118**	**24**	**94**
Total comprehensive income attributable to							
Shareholders of the parent company		114	26	88	112	24	88
Holders of capital securities (non-controlling interest)		6	-	6	6	-	6
Other non-controlling interests		-	-	-	-	-	-
Total comprehensive income		**120**	**26**	**94**	**118**	**24**	**94**

CONSOLIDATED BALANCE SHEET

Assets

in EUR millions	note[1]	30-Jun-19	31-Dec-18
Cash and balances with central banks		1,705	2,056
Due from other banks		521	568
Financial assets at fair value through profit or loss (including trading)			
Debt investments	14	80	77
Equity investments (including investments in associates)		204	187
Loans	15	135	148
Derivative financial instruments		550	579
Financial assets at fair value through other comprehensive income			
Debt investments	16	830	788
Financial assets at amortised cost (loans and receivables)			
Debt investments		7	-
Loans	17	7,700	7,770
Mortgage loans	18	9,307	8,990
Securitised mortgage loans	19	435	461
Other			
Investment property	20	23	-
Investments in associates and joint ventures (equity method)		16	12
Property and equipment	21	37	44
Current tax assets	22	2	2
Deferred tax assets	22	10	8
Other assets		53	26
Total assets		**21,615**	**21,716**

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

Please refer to the accounting policies for the transition effect as per 1 January 2019 to IFRS 16.

Liabilities and equity

in EUR millions	note[1]	30-Jun-19	31-Dec-18
Due to other banks		1,420	1,511
Deposits from customers		11,283	11,267
Financial liabilities at fair value through profit or loss (including trading)			
Own debt securities in issue	23	39	39
Debt securities in issue structured	24	195	282
Derivative financial instruments		184	210
Current tax liabilities		21	1
Deferred tax liabilities		12	7
Provisions	25	5	5
Accruals, deferred income and other liabilities	26	91	107
Debt securities in issue at amortised cost			
Own debt securities in issue	27	5,627	5,451
Debt securities in issue related to securitised mortgages and lease receivables	28	415	447
Subordinated liabilities			
Fair value through profit or loss	29	162	162
Amortised cost	30	115	116
Total liabilities		**19,569**	**19,605**
Equity			
Share capital	31	80	80
Share premium		238	238
Other reserves		129	122
Retained earnings		1,312	1,230
Profit for the period		87	241
Equity attributable to the shareholders		**1,846**	**1,911**
Capital securities	32	200	200
Total equity		**2,046**	**2,111**
Total liabilities and equity		**21,615**	**21,716**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to:							
in EUR millions	Share capital	Share premium	Other reserves	Retained earnings	Profit after tax	Equity of the company	Capital securities	Total equity
Balance at 1 January 2019 before the adoption of IFRS 16	**80**	**238**	**122**	**1,343**	**128**	**1,911**	**200**	**2,111**
Effect of adoption of IFRS 16	-	-	-	(1)	-	(1)	-	(1)
Balance at 1 January 2019 after the adoption of IFRS 16	**80**	**238**	**122**	**1,342**	**128**	**1,910**	**200**	**2,110**
Transfer of net profit 2018 to retained earnings	-	-	-	-	-	-		-
Total comprehensive income for the period ended 30 June 2019	-	-	7	-	87	94		94
Other	-	-	-	3	-	3		3
Distributions:								
Paid coupon on capital securities	-	-	-	(6)	-	(6)		(6)
Dividend paid during the year	-	-	-	(27)	(128)	(155)		(155)
Balance at 30 June 2019	**80**	**238**	**129**	**1,312**	**87**	**1,846**	**200**	**2,046**

	Attributable to:							
in EUR millions	Share capital	Share premium	Other reserves	Retained earnings	Profit after tax	Equity of the company	Capital securities	Total equity
Balance at 1 January 2018[1]	**80**	**238**	**93**	**1,213**	**182**	**1,806**	**200**	**2,006**
Transfer of net profit 2017 to retained earnings	-	-	-	150	(150)	-	-	-
Total comprehensive income for the period ended 30 June 2018	-	-	(7)	-	101	94	-	94
Other	-	-	-	(2)	-	(2)	-	(2)
Distributions:								
Paid coupon on capital securities	-	-	-	(4)	(3)	(7)	-	(7)
Dividend paid during the year	-	-	-	-	(66)	(66)	-	(66)
Balance at 30 June 2018	**80**	**238**	**86**	**1,357**	**64**	**1,825**	**200**	**2,025**

1 The balances at 1 January 2018 include the effects of the IFRS 9 'Financial Instruments' adoption as per 1 january 2018.

Available distributable amount

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Equity[1]	1,846	1,825
Share capital	(80)	(80)
Within retained earnings	-	-
Revaluation reserves	(37)	(33)
Legal reserve profit participation	(1)	(1)
Legal reserves	**(38)**	**(34)**
Available distribution amount	**1,728**	**1,711**

1 Excluding capital securities and non-controlling interests but including profit attributable to capital securities.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Operating profit after tax	87	105
Non-cash items recognised in operating income and expenses	20	23
Net change in assets and liabilities relating to operating activities	(469)	(484)
Cash flows from operating activities[1]	**(362)**	**(356)**
Cash flows from investing activities	4	(21)
Cash flows from financing activities	(6)	358
Net change in cash and cash equivalents	**(364)**	**(19)**
Cash and cash equivalents at 1 January	**2,309**	**1,744**
Net foreign exchange difference	-	3
Net changes in cash and cash equivalents	(384)	(19)
Cash and cash equivalents at 30 June	**1,925**	**1,728**
Reconciliation of cash and cash equivalents:[2]		
Cash and balances with central banks (maturity three months or less)	1,548	1,431
Due from other banks (maturity three months or less)	377	297
	1,925	**1,728**

1 Includes all assets except for derivatives, investment property, property and equipment, assets under investing activities and intangible assets, and all liabilities excluding derivatives.
2 The difference between the cash and cash equivalents as included in the previous table and the cash and balances with central banks as included in the consolidated balance sheet represents cash and cash equivalents not receivable on demand and cash collateral placements posted under CSA agreements.

ACCOUNTING POLICIES

Corporate information

NIBC Bank N.V., together with its subsidiaries (**NIBC** or **the group**), is incorporated and domiciled in the Netherlands. Headquartered in The Hague, NIBC also has offices in Frankfurt, Amsterdam, London and Brussels.

NIBC provides a broad range of financial services to corporate - and retail clients. Refer to the segment report in this condensed consolidated interim financial report for further detail.

NIBC is an enterprising bank offering corporate and retail client services. With corporate client activities, we offer our services in a number of product market combinations: Mid Market Corporates, Shipping, Energy, Commercial Real Estate, Infrastructure, Fintech & Structured Finance, Financial Sponsors & Leveraged Finance, Mezzanine & Equity and Corporate Finance & Capital Markets. Our expertise spans debt and equity mezzanine, mergers & acquisitions, capitalisation advisory, leveraged finance, structured finance, capital market solutions, equity and fixed income brokerage and research and execution services for independent asset managers. Retail client activities offer savings in the Netherlands, Germany and Belgium, mortgages in the Netherlands, brokerage services in Germany under our NIBC Direct label. Selected services are part of our originate to manage proposition, these services also include mortgage origination and portfolio management.

Basis of preparation

The condensed consolidated interim financial report for the period ended 30 June 2019 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

This condensed consolidated interim financial report was approved by the Managing Board on 27 August 2019 and is published including a review report by the external auditor.

This condensed consolidated interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with NIBC's consolidated financial statements for the year ended 31 December 2018, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (together **IFRS-EU**).

The accounting policies used in this condensed consolidated interim financial report are consistent with those set out in the notes to the 2018 consolidated financial statements of NIBC, except for the changes in accounting policies described below. NIBC's consolidated financial statements for 2018 is available on NIBC's website.

Where considered necessary comparative figures have been adjusted to conform to changes in presentation in the current year. The EURO is the functional currency of NIBC, and all figures are rounded to the nearest EUR million, except when otherwise indicated.

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

Application of new IFRS-EU accounting standards

New standards and amendments to standards become effective at the date specified by IFRS-EU, but may allow companies to opt for an earlier application date. In the first half of 2019, the following standards or amendments to existing standards issued by the International Accounting Standards Board (**IASB**) became mandatory. Note that only the amendments to IFRSs that are relevant for NIBC are discussed in the following table.

Accounting standard/ amendment/ interpretation	IASB effective date	Endorsed by EU	Early adopted by NIBC	Impact for NIBC
IFRS 16 Leases	1 January 2019	Yes	-	See below for comments
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019	Yes	-	See below for comments
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019	Yes	-	Not relevant (no defined benefit plans)
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	No	-	See below for comments

IFRS 16 Leases (IFRS 16)

NIBC adopted IFRS 16 using the modified retrospective approach with the cumulative effect recognized in retained earnings on 1 January 2019. Under this standard no distinction is drawn between operating and finance leases for lessees, and requires lessees to recognise leases on the balance sheet reflecting a right to use an asset for a period of time and the associated lease liability for payments.

Refer to the following sections in this chapter;

- update to the accounting policies, and
- transition impact IFRS 16,

for full detail how IFRS 16 changed NIBC's accounting policies concerning leases and the transition approach and impact as per 1 January 2019.

Update to the accounting policies

As from the adoption of IFRS 16, on 1 January 2019, the accounting policies concerning leases are as follows:

A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts that contain both lease components and non-lease components, such as a maintenance services, NIBC allocates the consideration payable on the basis of the relative stand-alone prices, which are estimated if observable prices are not readily available.

A group company is the lessee

Upon lease commencement NIBC recognises a right-of-use asset and a lease liability.

The right-of-use asset is initially measured at cost, comprising:

- the amount of the initial measurement of the lease liability,

- lease payments made at or before the commencement date of the lease contract, less lease incentives received;
- initial direct costs; and
- an estimate of costs to be incurred by NIBC in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. NIBC incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, NIBC uses its incremental borrowing rate.

NIBC classifies the right-of-use assets as part of "Property and equipment", and subsequently applies:
- the impairment requirements from IAS 36, and
- the depreciation requirements from IAS 16.

The lease liability is subsequently remeasured to reflect changes in:
- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Lease modifications may also prompt remeasurement of the lease liability unless they are to be treated as separate leases.

The right-of-use assets are presented within the note 'Property and equipment', and the lease liabilities are presented within the note 'Accruals, deferred income and other liabilities'.

NIBC applies the following practical expedients;
- short-term leases (no right-of-use assets and lease liabilities are recognized for lease terms of 12 months or less at commencement date), and

- low value assets.

Lease payments for assets falling under these practical expedients are recognized directly in operating expenses. The total lease expenses for these assets are separately disclosed in the notes.

A group company is the lessor
NIBC classifies each lease as an operating lease or a finance lease.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

When assets are held subject to a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

NIBC subsidiary Beequip B.V. primarily focuses on finance leases of used equipment, mainly for small and medium enterprises in the sectors infrastructure, earth-moving construction and logistics sector.

When assets are held subject to an operating lease, the assets are included in assets held under operating leases under property and equipment.

Rental income from operating leases from portfolio of German Residential and Commercial property managed by NIBC is recognised in other operating income on a straight line basis over the lease term net of discounts and other deductions.

Transition impact IFRS 16

At the date of initial application, NIBC applied the practical expedient to apply the standard to contracts that were previously identified as leases applying IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a Lease'.

NIBC also applied the practical expedients for;

- short-term leases, and

- low value assets.

Lease payments for assets falling under these practical expedients are recognized directly in operating expenses. The total lease expenses for these assets are separately disclosed in the notes.

The transition impact of the modified retrospective approach of IFRS 16 on the consolidated balance sheet of NIBC as per 1 January 2019 is presented in the following table.

in EUR millions	1 January 2019 carrying amount IFRS 16
Right of use assets	5
Lease liability	6
Reduction after tax of Retained earnings	(1)

The measurement on a lease by lease basis for the right of use assets at transition, is its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using NIBC's incremental borrowing rate at the date of initial application.

The impact of the IFRS 16 adoption on the basic and diluted earnings per share as per transition date and reporting date is nil.

The lease liability as per transition date does not differ materially with the commitments for lease components of the domestic and foreign offices under IAS 17 as per 31 December 2018, discounted using the incremental borrowing rate at the transition date.

The weighted average incremental borrowing rate applied to the lease liabilities recognized in the consolidated balance sheet at the date of initial application is 2%.

Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures

Effective from 1 January 2019, NIBC applied the amendments to IAS 28, 'Long-term Interests in Associates and Joint Ventures' retrospectively with the cumulative effect (if any) recognized in retained earnings on 1 January 2019.

Losses recognized using the equity method in excess of the NIBC's investment in ordinary shares are, in accordance with the amendments, applied to other long-term interests of NIBC in the associate or joint venture in reverse order of their respective seniority. These other long-term interests are items for which settlement is neither planned nor likely to occur in the foreseeable future, including e.g. preference shares and long-term receivables or loans, but excluding trade receivables, trade payables or any long-term receivables for which adequate collateral exists, such as secured loans. If the associate or joint venture subsequently reports profits, NIBC resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

As per 1 January 2019, NIBC did not have such long term interests in associates or joint ventures that form part of the net investment in the associate or joint venture but to which the equity method is not applied, the adoption of the amendment did not impact the financial performance of NIBC.

Annual Improvements to IFRS Standards 2015-2017 Cycle

This cycle contains amendments to the following standards:

IFRS	Subject of amendment
IFRS 3 Business Combinations and IFRS 11 Joint Arrangements	The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
IAS 12 Income Taxes	The amendment clarifies that an entity must recognise all income tax consequences of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised the originating transaction or event that generated the distributable profits giving rise to the dividend.
IAS 23 Borrowing Costs	The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments do not have significant impact on the financial performance of NIBC.

Future application of new IFRS-EU accounting standards

Below standards and amendments to existing standards, published prior to 30 June 2019, were not early adopted by the Group, but will be applied in future years. Note that only the amendments to IFRSs that are relevant for NIBC are presented in the following table.

Accounting standard/ amendment/ interpretation	IASB effective date	Endorsed by EU	Early adopted by NIBC	Impact for NIBC Holding
Amendment to IFRS 3 Business Combinations	1 January 2020	No	No	Low
Revision of the definition of a business.				
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020	No	No	Low
The amendments clarify the definition of material and make IFRSs more consistent.				

Reclassification land and buildings from Property and equipment to Investment property

Until year end 2018 NIBC's land and buildings were valued at fair value through equity. On 1 January 2019 part of the land and buildings were reclassified from Property and equipment to Investment property, based on the actual change in its use (i.e. a transfer of a significant part to the available-for-rental status). Just before this reclassification land and buildings were revalued as of 1 January 2019 based on independent external appraisal. The difference with the carrying amount arising from revaluation of land and buildings are credited to other reserves in shareholders equity. The revaluation reserve relating to the reclassified land and buildings to Investment property has been frozen as at 1 January 2019.

NOTES TO THE (CONDENSED) CONSOLIDATED INTERIM FINANCIAL REPORT

1 Segment report

Segment information is presented in these consolidated financial statements on the same basis as used for internal management reporting within NIBC. Segment reporting puts forth a presentation of the segment results based on management reporting methods and a reconciliation between the results of the operating segments and the consolidated financial statements. The Managing Board is the Group's chief operating decision-maker.

Operating segments

The operating segments are as follows:

Corporate client offering

Corporate client offering provides advice and debt, mezzanine and equity financing solutions to mid-sized companies and entrepreneurs in the Netherlands, Germany and the UK. The product market combinations in which NIBC offers these services are: Mid Market Corporates, Shipping, Energy, Commercial Real Estate, Infrastructure, Fintech & Structured Finance, Financial Sponsors & Leveraged Finance, Mezzanine & Equity and Corporate Finance & Capital Markets.

Retail client offering

Retail client offering offers savings products and mortgage loans to consumers who are seeking to actively manage their financial objectives. Savings products are offered in the Netherlands, Germany and Belgium, and mortgage loans are offered in the Netherlands. We also offer brokerage services in Germany under our label 'NIBC Direct'.

Treasury and Group Functions

Treasury and Group functions includes the Bank's treasury function, asset and liability management, risk management and the bank's Corporate Center which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Technology, and Finance, Tax & Strategy. A substantial part of the operating expenses as well as the full time equivalents of Group functions are allocated to corporate and retail client offering..

No operating segments have been aggregated to form the above-mentioned segments. Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

Certain financial assets and liabilities are not allocated to Corporate client offering and Retail client offering as they are managed on a group basis. These financial assets and liabilities are held within the segment Treasury and Group functions and mainly comprise cash, debt investments and derivative assets and liabilities. As the assets of Corporate client offering and Retail client offering are funded internally with transfer pricing, NIBC's external funding is held within Treasury and Group functions..

Inter-segment income and expenses are eliminated on consolidation level.

Reconciliation with consolidated income statement

The accounting policies of the segments are the same as those described in our Accounting Policies section.

NIBC operates in four geographical locations namely the Netherlands, Germany, the UK and Belgium. The income and expenses incurred at each location are disclosed in a separate table.

The following table presents the Segment report comprising of a summary of our internal management report and the reconciliation to the consolidated results under IFRS for the periods ended 30 June 2019 and 30 June 2018.

	For the period ended 30 June 2019			
in EUR millions	Corporate client offering	Retail client offering	Treasury & Group functions	**Total (consolidated financial statements)**
Net interest income	89	66	50	205
Net fee income	12	7	0	19
Investment income	16	-	0	16
Net trading income	2	-	1	3
Net gains or (losses) from assets and liabilities at fair value through profit or loss	3	0	(1)	2
Net gain or (losses) on derecognition of financial assets measured at amortised cost	(1)	-	-	(1)
Other operating income	0	0	1	1
Operating income	**121**	**73**	**51**	**245**
Regulatory charges and levies	-	5	5	9
Other operating expenses[1]	57	28	19	103
Operating expenses	**57**	**32**	**24**	**112**
Net operating income	**64**	**41**	**27**	**133**
Credit loss expense / (recovery)	25	(4)	0	21
Profit before tax attributable to:	**39**	**45**	**27**	**112**
Tax	7	11	7	25
Profit after tax	**33**	**34**	**21**	**87**
Attributable to:				
Shareholders of the company				81
Holders of capital securities (non-controlling interests)				6
Other non-controlling interests				-
Total FTEs	474	135	46	656
EC Usage (start of the year)	819	267	245	1,330
Available capital (start of the year)				1,858
ROE (SBU based on EC Usage)	8.0%	25.3%		13.1%
ROE (on available capital)				8.7%
Cost/income ratio	47%	44%		46%
Segment assets	7,644	9,570	4,305	21,519
Return on assets	0.9%	0.7%		0.8%
Risk-weighted assets	5,835	1,231	592	7,658

1 Other operating expenses includes all operating expenses except regulatory charges and levies.

Income and expenses per country

	For the period ended 30 June 2019				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	196	43	2	4	245
Operating expenses	89	15	6	2	112
Credit loss expense / (recovery)	(1)	22	-	-	21
Profit before tax	**108**	**6**	**(4)**	**3**	**112**
Tax	24	1	0	0	25
Profit after tax	**84**	**5**	**(4)**	**2**	**87**
FTEs	476	122	51	7	656

Operating income per sector per country

	For the period ended 30 June 2019				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	10	-	-	-	10
Energy	6	-	-	-	6
Financial Sponsors & Leveraged Finance	14	6	0	-	20
Fintech & Structured Finance	6	5	-	-	11
Infrastructure	10	2	0	-	12
Mezzanine & Equity Partners	27	0	0	-	28
Mid Market Corporates	9	4	-	-	13
Shipping	13	-	-	-	13
Other Corporate Client Offering	9	0	0	-	9
Retail Client Offering	54	14	-	4	73
Treasury	39	11	1	-	51
	196	**43**	**2**	**4**	**245**

Net fee income per sector per country

	For the period ended 30 June 2019				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	0	-	-	-	0
Energy	0	0	-	-	0
Financial Sponsors & Leveraged Finance	3	-	-	-	3
Fintech & Structured Finance	2	1	-	-	2
Infrastructure	1	-	-	-	1
Mezzanine & Equity Partners	1	0	0	-	1
Mid Market Corporates	-	0	-	-	1
Shipping	-	-	-	-	0
Other Corporate Client Offering	3	0	-	-	3
Retail Client Offering	7	0	-	-	7
Treasury	-	0	-	-	-
	18	**1**	**0**	**-**	**19**

	For the period ended 30 June 2018			
in EUR millions	Corporate client offering	Retail client offering	Treasury & Group functions	Total (consolidated financial statements)
Net interest income	101	65	48	215
Net fee income	15	5	-	21
Investment income	21	-	-	21
Net trading income	0	-	5	5
Net gains or (losses) from assets and liabilities at fair value through profit or loss	4	0	(8)	(4)
Net gain or (losses) on derecognition of financial assets measured at amortised cost	0	-	-	0
Other operating income	-	-	-	-
Operating income	**141**	**70**	**45**	**258**
Regulatory charges and levies	-	4	5	9
Other operating expenses[1]	57	26	18	101
Operating expenses	**57**	**30**	**23**	**110**
Net operating income	**84**	**40**	**22**	**148**
Credit loss expense / (recovery)	24	(3)	(1)	21
Profit before tax	**60**	**43**	**23**	**127**
Tax	10	11	5	26
Profit after tax	**50**	**32**	**19**	**101**
Result attributable to non-controlling interests	-	-	-	-
Profit after tax attributable to:	**50**	**32**	**18**	**101**
Attributable to:				
Shareholders of the company				95
Holders of capital securities (non-controlling interests)				6
Other non-controlling interests				-
Total FTEs	485	131	38	654
EC Usage (start of the year)	914	206	227	1,347
Available capital (start of the year)				1,738
ROE (SBU based on EC Usage)	10.9%	31.6%		14.2%
ROE (on available capital)				11.0%
Cost/income ratio	41%	43%		43%
Segment assets	8,295	9,198	4,435	21,928
Return on assets	1.2%	0.7%		0.9%
Risk-weighted assets	6,651	1,264	707	8,622

1 Other operating expenses includes all operating expenses except regulatory charges and levies.

Income and expenses per country

in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
	For the period ended 30 June 2018				
Operating income	212	35	6	4	258
Operating expenses	83	18	7	2	110
Credit loss expense / (recovery)	17	4	-	-	21
Profit before tax	**112**	**13**	**(1)**	**3**	**127**
Tax	20	5	-	-	26
Profit after tax	**92**	**8**	**(2)**	**2**	**101**
FTEs	536	78	34	5	654

Operating income per sector per country

in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
	For the period ended 30 June 2018				
Corporate Client Offering					
Commercial Real Estate	24	-	-	-	24
Energy	6	-	-	-	6
Financial Sponsors & Leveraged Finance	16	7	0	-	23
Fintech & Structured Finance	4	4	-	-	8
Infrastructure	8	3	2	-	13
Mezzanine & Equity Partners	29	0	1	-	29
Mid Market Corporates	9	4	-	-	13
Shipping	8	-	0	-	8
Other Corporate Client Offering	16	0	-	-	16
Retail Client Offering	52	15	-	4	71
Treasury	41	2	3	-	45
	212	**35**	**6**	**4**	**258**

Net fee income per sector per country

in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
	For the period ended 30 June 2018				
Corporate Client Offering					
Commercial Real Estate	1	-	-	-	1
Energy	-	-	-	-	-
Financial Sponsors & Leveraged Finance	2	0	0	-	2
Fintech & Structured Finance	1	0	-	-	1
Infrastructure	-	0	0	-	-
Mezzanine & Equity Partners	5	0	1	-	6
Mid Market Corporates	-	0	-	-	1
Shipping	-	-	-	-	-
Other Corporate Client Offering	4	-	0	-	4
Retail Client Offering	5	0	-	-	5
Treasury	-	0	-	-	-
	18	**1**	**1**	**-**	**21**

2 Net interest income

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Interest and similar income		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	286	291
Interest income from financial instruments measured at fair value through profit or loss	5	4
	291	**295**
Interest expense and similar charges		
Interest expense from financial instruments measured at amortised cost	81	76
Interest expense from financial instruments measured at fair value through profit or loss	5	4
	86	**80**
	205	**215**

The development in H1 2019 net interest income compared to H1 2018, an increase of 1%, relates as follows to the developments in NIBC's segments:

- Net interest income of the Corporate client segment remained stable at EUR 93 million, following only a minor decrease in the drawn portolio. This result reflects NIBC's effort to rebalance the portfolio, in which reduction of exposure in specific subportfolios is offset by growth in other, targeted product market combinations.
- In the Retail client segment, net interest income increased with EUR 1 million to EUR 66 million. This increase follows from the portfolio growth, offset for a large part by the decreased portfolio spread.
- The Treasury & Group functions reports net interest income of EUR 50 million, an increase of EUR 1 million. This follows from the continued reduction of the funding spread, which has repriced faster than the funding provided to the other segments. This effect more than offsets the reduced combined effect of IFRS 9 and the revised hedging portfolio.

3 Net fee income

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Fee income per segment and major service lines		
Corporate Client Offering		
Investment management fees	4	8
Lending related fees	6	4
M&A fees	1	2
Equity Markets	1	2
Fee income Corporate Client Offering	**12**	**16**
Retail Client Offering		
Originate-to-Manage	7	5
Fee income Retail Client Offering	**7**	**5**
Total fee income (from contracts with customers)	**19**	**21**
Fee expense		
Other non-interest related fees	-	-
	-	**-**
	19	**21**

The decline of investment management fees from EUR 8 million in H1 2018 to EUR 4 million in H1 2019 was a result of lower performance fees for NIBC's fund management activities, due to the sale of a significant part of our fund investments end 2018.

The increase in the originate-to-manage fees in the Retail Client Offering is the result of an increase in the originate-to-manage portfolio.

4 Investment income

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Share in result of associates and joint ventures accounted for using the equity method	4	-
Equity investments (fair value through profit or loss)		
Gains less losses from associates	6	18
Gains less losses from other equity investments	6	3
	16	**21**

The EUR 16 million investment income is fully attributable to revaluations of the equity investments.

5 Net trading income

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Financial instruments mandatory measured at fair value through profit or loss		
Debt investments held for trading	1	2
Other assets and liabilities held for trading	2	3
	3	**5**

6 Net gains or (losses) from assets and liabilities at fair value through profit or loss

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Financial instruments mandatory at fair value through profit or loss other than those included in net trading income		
Derivatives held for hedge accounting		
Fair value hedges of interest rate risk	(6)	(3)
Cash flow hedges of interest rate risk	1	-
Interest rate instruments (economic hedge)	5	(2)
Loans	-	(1)
Mortgage loans and securitised mortgages loans	-	(1)
Debt securities	-	1
Other		
Foreign exchange	2	2
	2	**(4)**

Fair value hedges of interest risk increased from a loss of EUR 3 million in H1 2018 to a loss of EUR 6 million in H1 2019.

Interest rate instruments (economic hedge) improved from a loss of EUR 2 million in H1 2018 to a gain of EUR 5 million in H1 2019 and includes a gain of EUR 2 million on the linear amortization of the day 1 profit (CVA H1 2018: gain of EUR 5 million), a gain of EUR 2 million due to hedge ineffectiveness (H1 2018: loss of EUR 4 million) and a gain of EUR 2 million in cross currency swaps (H1 2018: loss of EUR 3 million).

7 Net gains or (losses) on derecognition of financial assets measured at amortised cost

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Loans and receivables	(1)	-
	(1)	**-**

8 Other operating income

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Other operating income	1	-
	1	**-**

9 Personnel expenses and share-based payments

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Personnel expenses and share-based payments	55	53
	55	**53**

The number of Full Time Equivalents (FTE) increased from 654 at 30 June 2018 to 656 at 30 June 2019.

10 Other operating expenses

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Other operating expenses		
Building-, housing and services expenses	2	3
Car-, travel- and accommodation expenses	1	2
Project expenses and consultants	8	10
Control and supervision	2	2
Corporate brand, brochures, (re-)presentation expenses	1	1
Other employee expenses	2	2
ICT expenses	15	9
Communication expenses	1	1
Data expenses	3	3
Process outsourcing	8	9
Other general expenses	-	1
Short-term lease expenses	1	-
Low-value assets lease expenses	-	-
Fees of auditors	2	2
	46	**45**

The expenses relating to short-term leases include the expenses relating to leases with a lease term of twelve months or less.

ICT Expenses are higher in 2019 due to transition related costs to the third-party outsourcing partner. In 2018 the project expenses and consultants included expenses related to Mifid II and, the sale and property management of Vijlma.

The rental income from investment property, included in building-, housing and services expenses, amounts to EUR 0.2 million in the first half of 2019.

11 Regulatory charges

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Resolution levy	5	5
Deposit Guarantee Scheme	4	4
	9	**9**

12 Credit loss expense / (recovery)

Financial assets

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Financial assets at amortised cost/fair value through other comprehensive income		
Loans	26	25
Mortgages loans	(4)	(4)
Total for on-balance sheet financial assets (in scope of ECL requirements)	**22**	**21**
Off-balance sheet financial instruments and credit lines		
Committed facilities with respect to mortgage loans (see note 18)	(1)	1
Irrevocable loan commitments (see note 25)	-	(1)
Total for off-balance sheet financial assets (in scope of ECL requirements)	**(1)**	**-**
	21	**21**

Non-financial assets

There were no impairments on non-financial assets for H1 2019 and H1 2018.

13 Tax

in EUR millions	For the period ended 30 June 2019	For the period ended 30 June 2018
Current tax	2	40
Deferred tax	10	5
	12	**45**
Tax reconciliation:		
Profit before tax	**112**	**127**
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2018: 25.0%)	28	32
Impact of income not subject to tax	(3)	(8)
Impact of expenses not deductible	-	1
Effect of different tax rates other countries	-	1
	25	**26**

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

The effective tax rate for the period ended June 2019 was 22.2% (for the period ended June 2018: 20.0%). The effective tax rate for the full year 2019 is expected to be in line with currently reported.

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.

14 Debt investments at fair value through profit or loss (including trading)

in EUR millions	30-Jun-19	31-Dec-18
Held for trading (mandatory fair value through profit or loss)	80	77
	80	**77**

As the position relates to a trading portfolio no movement schedule is included to detail H1 2019 movement.

15 Loans (fair value through profit or loss)

in EUR millions	30-Jun-19	31-Dec-18
Loans	135	148
	135	**148**
Legal maturity analysis of loans:		
Three months or less	14	1
Longer than three months but not longer than one year	20	31
Longer than one year but not longer than five years	78	93
Longer than five years	23	23
	135	**148**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of loans:		
Balance at 1 January	**148**	**181**
Effect of adoption of IFRS 9 per 1 January 2018	-	(82)
Restated balance at 1 January 2018 after the adoption of IFRS 9	**148**	**99**
Additions	19	101
Disposals	(29)	(46)
Changes in fair value	(3)	(6)
Other (including exchange rate differences)	-	-
Balance at 30 June / 31 December	**135**	**148**

16 Debt investments (fair value through other comprehensive income)

in EUR millions	30-Jun-19	31-Dec-18
Debt investments	830	788
	830	**788**

For H1 2019, all debt investments are non-government, except for EUR 39 million (2018: EUR 39 million).

in EUR millions	30-Jun-19	31-Dec-18
Listed	830	775
Unlisted	-	13
	830	**788**
Legal maturity analysis of debt investments:		
Three months or less	30	19
Longer than three months but not longer than one year	47	75
Longer than one year but not longer than five years	625	645
Longer than five years	128	49
	830	**788**

The debt investments (FVOCI) relate to the liquidity portfolio for which the low credit risk exemption is applied.

There are no contractual amounts outstanding on debt investments that were written off and are still subject to enforcement activity for the first half of 2019 and 2018.

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's internal credit rating system and year-end stage classification.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value debt investments:					
Balance at 1 January	**784**	**4**	**-**	**-**	**788**
New financial assets originated or purchased	135	-	-	-	135
Financial assets that have been derecognised	(99)	-	-	-	(99)
Changes in fair falue	7	-	-	-	7
Foreign exchange and other movements	(1)	-	-	-	(1)
Balance at 30 June 2019	**826**	**4**	**-**	**-**	**830**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value debt investments:					
Balance at 1 January					-
Effect of adoption of IFRS 9 per 1 January 2018					664
Restated balance at 1 January 2018 after the adoption of IFRS 9	**660**	**4**	**-**	**-**	**664**
New financial assets originated or purchased	391	-	-	-	391
Financial assets that have been derecognised	(263)	-	-	-	(263)
Changes in fair falue	(6)	-	-	-	(6)
Foreign exchange and other movements	2	-	-	-	2
Balance at 31 December 2018	**784**	**4**	**-**	**-**	**788**

There is no movement in credit loss allowances on debt investments for H1 2019.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on debt investments:					
Balance at 1 January 2018					-
Effect of adoption IFRS 9 - expected loss impairment model					1
Restated balance at 1 January 2018 after the adoption of IFRS 9	**1**		**-**	**-**	**1**
Movements with impact on credit loss allowances of financial assets in the income statement					
Recoveries of amounts previously written off	(1)	-	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**(1)**	**-**	**-**	**-**	**(1)**
Balance at 31 December 2018	**-**	**-**	**-**	**-**	**-**

17 Loans (amortised cost)

in EUR millions	30-Jun-19	31-Dec-18
Loans	6,987	7,052
Loans to group companies	672	665
Lease receivables	41	53
	7,700	**7,770**
Legal maturity analysis of loans:		
Three months or less	552	526
Longer than three months but not longer than one year	530	634
Longer than one year but not longer than five years	4,990	4,831
Longer than five years	1,587	1,726
	7,659	**7,717**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value loans:					
Balance at 1 January 2019	**6,586**	**849**	**281**	**1**	**7,717**
New financial assets originated or purchased	1,084	57	2	14	1,157
Financial assets that have been derecognised	(1,045)	(96)	(79)	(1)	(1,221)
Write-offs	-	-	26	-	26
Net remeasurement of loss allowance	1	(6)	(20)	4	(21)
Foreign exchange and other movements	5	3	(6)	-	2
Transfers:					-
Transfer from stage 1 to stage 2	(378)	374	-	-	(4)
Transfer from stage 1 to stage 3	(4)	-	4	-	-
Transfer from stage 2 to stage 1	343	(340)	-	-	3
Transfer from stage 2 to stage 3	-	(50)	50	-	-
Transfer from stage 3 to stage 2	-	3	(3)	-	-
Balance at 30 June 2019	**6,592**	**794**	**255**	**18**	**7,659**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value loans:					
Balance at 1 January 2018					**7,660**
Effect of adoption of IFRS 9 per 1 January 2018					72
Restated balance at 1 January 2018 after the adoption of IFRS 9	**6,391**	**1,114**	**227**	**-**	**7,732**
New financial assets originated or purchased	2,631	61	8	5	2,705
Financial assets that have been derecognised	(2,286)	(355)	(155)	-	(2,796)
Write-offs	-	1	47	-	48
Recoveries of amounts previously written off	-	-	1	-	1
Net remeasurement of loss allowance	1	(9)	(36)	(4)	(48)
Foreign exchange and other movements	53	21	3	-	77
Transfers:					-
Transfer from stage 1 to stage 2	(449)	446	-	-	(3)
Transfer from stage 1 to stage 3	(17)	-	17	-	-
Transfer from stage 2 to stage 1	262	(261)	-	-	1
Transfer from stage 2 to stage 3	-	(233)	233	-	-
Transfer from stage 3 to stage 2	-	64	(64)	-	-
Balance at 31 December 2018	**6,586**	**849**	**281**	**1**	**7,717**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on loans:					
Balance at 1 January 2019	**9**	**17**	**133**	**4**	**163**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Write-offs	-	-	(26)	-	(26)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(2)	-	(2)
Foreign exchange and other movements	-	-	8	-	8
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**-**	**(20)**	**-**	**(20)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	2	2	-	-	4
Financial assets that have been derecognised	(1)	(2)	-	-	(3)
Net remeasurement of loss allowance	-	4	20	(3)	21
Unwind of discount due to passage of time stage 1 and stage 2	-	-	3	-	3
Transfers:					
Transfer from stage 1 to stage 2	(3)	6	-	-	3
Transfer from stage 2 to stage 1	3	(6)	-	-	(3)
Transfer from stage 2 to stage 3	-	(1)	1	-	-
Movements with impact on credit loss allowances of financial assets in the income statement	**1**	**3**	**24**	**(3)**	**25**
Balance at 30 June 2019	**10**	**20**	**137**	**1**	**168**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on loans:					
Balance at 1 January 2018					**146**
Effect of adoption IFRS 9 - reclassification					(4)
Effect of adoption IFRS 9 - expected loss impairment model					8
Restated balance at 1 January 2018 after the adoption of IFRS 9	**9**	**16**	**125**	**-**	**150**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(12)	12	-	-
Write-offs	-	-	(47)	-	(47)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(10)	-	(10)
Foreign exchange and other movements	-	-	7	-	7
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**(12)**	**(38)**	**-**	**(50)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	5	2	-	-	7
Financial assets that have been derecognised	(3)	(1)	-	-	(4)
Net remeasurement of loss allowance	(1)	9	36	4	48
Unwind of discount due to passage of time stage 1 and stage 2	-	-	10	-	10
Transfers:					
Transfer from stage 1 to stage 2	(2)	5	-	-	3
Transfer from stage 2 to stage 1	1	(2)	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**13**	**46**	**4**	**63**
Balance at 31 December 2018	**9**	**17**	**133**	**4**	**163**

in EUR millions	30-Jun-19	31-Dec-18
Legal maturity analysis of gross investment in lease receivables:		
One year or less	39	48
Longer than one year but no longer than five years	2	5
Longer than five years	-	-
	41	**53**
Unearned future finance income on finance leases	-	-
Net investment in finance leases	**41**	**53**
Legal maturity analysis of net investment in lease receivables:		
One year or less	39	48
Longer than one year but no longer than five years	2	5
Longer than five years	-	-
	41	**53**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value on lease receivables:					
Balance at 1 January 2019	**53**	**-**	**-**	**-**	**53**
Financial assets that have been derecognised	(12)	-	-	-	(12)
Balance at 30 June 2019	**41**	**-**	**-**	**-**	**41**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value on lease receivables:					
Balance at 1 January 2018					**89**
Effect of adoption of IFRS 9 per 1 January 2018					-
Restated balance at 1 January 2018 after the adoption of IFRS 9	**89**	**-**	**-**	**-**	**89**
Financial assets that have been derecognised	(36)	-	-	-	(36)
Balance at 31 December 2018	**53**	**-**	**-**	**-**	**53**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on lease receivables:					
Balance at 1 January 2019	**1**				**1**
Movements with impact on credit loss allowances of financial assets in the income statement					
Net remeasurement of loss allowance	(1)	-	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**(1)**	**-**	**-**	**-**	**(1)**
Balance at 30 June 2019	**-**	**-**	**-**	**-**	**-**

As per 30 June 2019 the credit loss allowances on lease receivables amounted to nil.

18 Mortgage loans (amortised cost)

in EUR millions	30-Jun-19	31-Dec-18
Owner-occupied mortgage loans	8,652	8,358
Buy-to-let mortgage loans	655	632
	9,307	**8,990**
Legal maturity analysis of mortgage loans:		
Three months or less	21	18
Longer than three months but not longer than one year	12	23
Longer than one year but not longer than five years	137	114
Longer than five years	9,137	8,835
	9,307	**8,990**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value mortgage loans:					
Balance at 1 January 2019	**8,891**	**82**	**17**	**-**	**8,990**
New financial assets originated or purchased	903	-	-	-	903
Financial assets that have been derecognised (sale and/or redemption)	(576)	(8)	(5)	-	(589)
Net remeasurement of loss allowance	4	1	(2)	-	3
Transfers:					-
Transfer from stage 1 to stage 2	(25)	25	-	-	-
Transfer from stage 1 to stage 3	(4)	-	4	-	-
Transfer from stage 2 to stage 3	-	(3)	3	-	-
Transfer from stage 3 to stage 2	-	6	(6)	-	-
Transfer from stage 3 to stage 1	3	-	(3)	-	-
Transfer from stage 2 to stage 1	23	(23)	-	-	-
Balance at 30 June 2019	**9,219**	**80**	**8**	**-**	**9,307**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value mortgage loans:					
Balance at 1 January 2018					**4,412**
Effect of adoption of IFRS 9 per 1 January 2018					4,259
Restated balance at 1 January 2018 after the adoption of IFRS 9	**8,541**	**99**	**31**	**-**	**8,671**
New financial assets originated or purchased	2,003	10	1	-	2,014
Financial assets that have been derecognised (sale and/or redemption)	(1,667)	(24)	(11)	-	(1,702)
Net remeasurement of loss allowance	8	-	(1)	-	7
Transfer from stage 1 to stage 2	(22)	21	-	-	(1)
Transfer from stage 1 to stage 3	(5)	-	6	-	1
Transfer from stage 2 to stage 3	-	(1)	1	-	-
Transfer from stage 3 to stage 2	-	1	(1)	-	-
Transfer from stage 3 to stage 1	9	-	(9)	-	-
Transfer from stage 2 to stage 1	24	(24)	-	-	-
Balance at 31 December 2018	**8,891**	**82**	**17**	**-**	**8,990**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on mortgage loans:					
Balance at 1 January 2019	**5**	**1**	**1**	**-**	**7**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 3 to stage 2	-	1	(1)	-	-
Transfer from stage 3 to stage 1	1	-	(1)	-	-
Movements with no impact on credit loss allowances of financial assets in the income statement	**1**	**1**	**(2)**	**-**	**-**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	1	-	-	-	1
Financial assets that have been derecognised	(3)	-	-	-	(3)
Net remeasurement of loss allowance	(4)	(1)	2	-	(3)
Transfers:					-
Transfer from stage 2 to stage 1	1	(1)	-	-	-
Movements with impact on credit loss allowances of financial assets in the income statement	**(5)**	**(2)**	**2**	**-**	**(5)**
Balance at 30 June 2019	**1**	**-**	**1**	**-**	**2**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on mortgage loans:					
Balance at 1 January 2018					**2**
Effect of adoption IFRS 9 - reclassification					46
Effect of adoption IFRS 9 - expected loss impairment model					13
Restated balance at 1 January 2018 after the adoption of IFRS 9	**6**	**2**	**7**	**-**	**61**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(2)	2	-	-
Transfer from stage 3 to stage 2	-	3	(3)	-	-
Transfer from stage 3 to stage 1	4	-	(4)	-	-
Write-offs	-	-	-	-	(46)
Movements with no impact on credit loss allowances of financial assets in the income statement	**4**	**1**	**(5)**	**-**	**(46)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	4	-	-	-	4
Financial assets that have been derecognised	(3)	-	(1)	-	(4)
Net remeasurement of loss allowance	(8)	-	-	-	(8)
Transfers:					
Transfer from stage 1 to stage 2	(1)	1	-	-	-
Transfer from stage 2 to stage 1	3	(3)	-	-	-
Movements with impact on credit loss allowances of financial assets in the income statement	**(5)**	**(2)**	**(1)**	**-**	**(8)**
Balance at 31 December 2018	**5**	**1**	**1**	**-**	**7**

As per 30 June 2019 the credit loss allowances on mortgage loans amounted to EUR 7 million, and related to new originated assets recognised in level 1 and 2.

19 Securitised mortgage loans (amortised cost)

in EUR millions	30-Jun-19	31-Dec-18
Securitised mortgage loans	435	461
	435	**461**
Legal maturity analysis of securitised mortgage loans:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	435	461
	435	**461**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value securitised mortgage loans:					
Balance at 1 January 2019	**460**	**1**	**-**	**-**	**461**
New financial assets originated or purchased	9	-	-	-	9
Financial assets that have been derecognised (sale and/or redemption)	(35)	-	-	-	(35)
Balance at 30 June 2019	**434**	**1**	**-**	**-**	**435**

In H1 2019 no expected credit losses were recognised.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of carrying value securitised mortgage loans:					
Balance at 1 January 2018					**-**
Effect of adoption of IFRS 9 per 1 January 2018					317
Restated balance at 1 January 2018 after the adoption of IFRS 9	**314**	**2**	**1**	**-**	**317**
New financial assets originated or purchased	521	-	-	-	521
Financial assets that have been derecognised (sale and/or redemption)	(375)	(1)	(1)	-	(377)
Transfers:					
Transfer from stage 1 to stage 2	(1)	1	-	-	-
Transfer from stage 1 to stage 3	(1)	-	1	-	-
Transfer from stage 3 to stage 1	1	-	(1)	-	-
Transfer from stage 2 to stage 1	1	(1)	-	-	-
Balance at 31 December 2018	**460**	**1**	**-**	**-**	**461**

20 Investment property

in EUR millions	30-Jun-19	31-Dec-18
Investment property	23	-
	23	**-**

The movement in investment property may be summarised as follows:		
Balance 1 January	**-**	**-**
Reclassification from property and equipment	21	-
Additions	2	-
Balance at 30 June / 31 December	**23**	**-**

The rental income from investment property amount EUR 0.2 million in the first half of 2019.

21 Property and equipment

in EUR millions	30-Jun-19	31-Dec-18
Land and buildings	27	42
Other fixed assets	3	2
Right-of-use assets	7	-
	37	**44**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of land and buildings:		
Balance at 1 January	**42**	**41**
Additions	-	4
Revaluation	7	-
Depreciation	(1)	(3)
Reclassification to investment property	(21)	
Balance at 30 June / 31 December	**27**	**42**
Gross carrying amount	91	105
Accumulated depreciation	(64)	(63)
	27	**42**
Movement schedule of revaluation surplus:		
Balance at 1 January	**10**	**11**
Revaluation	8	-
Depreciation	-	(1)
Balance at 30 June / 31 December	**18**	**10**
Movement schedule of other fixed assets:		
Balance at 1 January	**2**	**3**
Additions	2	1
Depreciation	(1)	(2)
Balance at 30 June / 31 December	**3**	**2**
Gross carrying amount	30	28
Accumulated depreciation	(27)	(26)
	3	**2**

in EUR millions	30-Jun-19	31-Dec-18
Right-of-use assets[1]		
Offices	7	-
	7	**-**
Movement schedule of right-of-use asset: offices		
Balance at 1 January	**-**	**-**
Effect of adoption of IFRS 16 per 1 January 2018	5	
Restated balance at 1 January 2019 after the adoption of IFRS 16	**5**	**-**
Additions	3	-
Depreciation	(1)	-
Balance at 30 June / 31 December	**7**	**-**

1 The right-of-use assets reflect the rental of NIBC's offices in Frankfurt, Brussels, Amsterdam and the rented office for subsidiary Beequip.

Refer to note 26 Accruals, deferred income and other liabilities for the lease liabilities corresponding to the right-of-use assets.

Refer to note 10 Other operating expenses, for expenses related to short-term leases and lease expenses for low-value assets, for which no right-of-use assets were recognised.

Refer to note 8 Other operating income, for income from subleasing right-of-use assets, as well as for gains or losses arising from sale and leaseback transactions.

The fair value of the different classes of property and equipment does not materially deviate from the carrying amount.

22 Current and deferred tax

in EUR millions	30-Jun-19	31-Dec-18
Current tax assets	2	2
Current tax liabilities	21	1
	(19)	**1**
Deferred tax assets	10	8
Deferred tax liabilities	12	7
	(2)	**1**

23 Own debt securities in issue (designated at fair value through profit or loss)

in EUR millions	30-Jun-19	31-Dec-18
Bonds and notes issued	39	39
	39	**39**
Legal maturity analysis of own debt securities in issue:		
Three months or less	-	-
Longer than three months but not longer than one year	39	-
Longer than one year but not longer than five years	-	39
Longer than five years	-	-
	39	**39**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of own debt securities in issue:		
Balance at 1 January	**39**	**38**
Additions	2	2
Changes in fair value	(2)	(1)
Balance at 30 June / 31 December	**39**	**39**

The fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC Holding hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives recognised in Net income from assets and liabilities at fair value through profit or loss.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 38 million at 30 June 2019 (31 December 2018: EUR 37 million).

The cumulative change in fair value included in the balance amount (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts and the change for the current year amount to nil (2018: nil). See note 33.7 for further information with respect to own credit risk.

24 Debt securities in issue structured (designated at fair value through profit or loss)

in EUR millions	30-Jun-19	31-Dec-18
Bonds and notes issued	195	282
	195	**282**
Legal maturity analysis of debt securities in issue structured:		
Three months or less	-	-
Longer than three months but not longer than one year	-	5
Longer than one year but not longer than five years	63	62
Longer than five years	132	215
	195	**282**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of debt securities in issue structured:		
Balance at 1 January	**282**	**616**
Additions	-	5
Matured / redeemed	(91)	(352)
Changes in fair value	3	9
Other (including exchange rate differences)	1	4
Balance at 30 June / 31 December	**195**	**282**

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 434 million at 30 juni 2019 (2018: EUR 323 million).

The cumulative change in fair value included in the balance amount (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a gain of EUR 2 million and the change for the current year is a loss of EUR 3 million recognised in other comprehensive income (31 December 2018: gain of EUR 15 million). See note 36.7 for further information with respect to IFRS 9 Own credit risk.

The disposals of debt securities in issue designated at fair value through profit or loss for 2019 include redemptions at the scheduled maturity date to an amount of EUR 5 million (2018: EUR 21 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 86 million (2018: EUR 331 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.

25 Provisions

in EUR millions	30-Jun-19	31-Dec-18
ECL allowances for off-balance sheet financial instruments	2	2
Employee benefits	3	3
	5	**5**

Under IFRS 9 a credit loss provision is calculated for the off-balance sheet financial instruments The credit loss provision is recorded as a liability on the balance sheet.

Employee benefit obligations of EUR 3 million at 30 June 2019 are related to payments to be made in respect of other leave obligations (2018: EUR 3 million).

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on provisions:					
Balance at 1 January 2019	**1**	**1**	**-**	**-**	**2**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	1	-	-	-	1
Transfers:					-
Transfer from stage 2 to stage 1	-	(1)	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**1**	**(1)**	**-**	**-**	**-**
Balance at 30 June 2019	**2**	**-**	**-**	**-**	**2**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on provisions:					
Balance at 1 January 2018					**-**
Effect of adoption IFRS 9 - expected loss impairment model					3
Restated balance at 1 January 2018 after the adoption of IFRS 9	**1**	**2**	**-**	**-**	**3**
Movement schedule of ECL allowances for off-balance sheet financial instruments in the income statement					
New committed off-balance balance sheet financial instruments	1	-	-	-	1
Off-balance sheet financial instruments that have been derecognised	(1)	(1)	-	-	(2)
Net remeasurement of loss allowance	-	(1)	-	-	(1)
Transfer from stage 1 to stage 2	-	1	-	-	1
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**(1)**	**-**	**-**	**(1)**
Balance at 31 December 2018	**1**	**1**	**-**	**-**	**2**

26 Accruals, deferred income and other liabilities

in EUR millions	30-Jun-19	31-Dec-18
Payables	68	63
Lease liabilities[1]	8	-
Other accruals	8	30
Pending settlements	2	3
Taxes and social securities	5	11
	91	**107**
Legal maturity analysis of lease liabilities:		
Three months or less	-	-
Longer than three months but not longer than one year	1	-
Longer than one year but not longer than five years	5	-
Longer than five years	2	-
	8	**-**
Movement schedule of lease liabilities		
Balance at 1 January	**-**	**-**
Effect of adoption of IFRS 16 per 1 January 2019	5	
Restated balance at 1 January 2019 after the adoption of IFRS 16	**5**	
Additions	3	-
Balance at 31 December	**8**	**-**

1 Refer to note 20 Property and equipment for the right-of-use assets corresponding to the lease liabilities.

For the period ended 30 June 2019, there are no variable lease payments included in the measurement of the lease liabilities (2018: not applicable).

For the period ended 30 June 2019, there are no variable lease payments not included in the measurement of the lease liabilities (2018: not applicable). Interest expense on lease liabilities is recognised within interest expense from financial instruments measured at amortised cost (refer to note 2 Net interest income).

In the consolidated statement of cash flows,

1. cash payments for the principal portion of the lease liability are classified within financing activities;
2. cash payments for the interest portion of the lease liability are, part of interest paid, classified as operating activities.

All contractual payments are included in the calculation of the lease liabilities, however:

- there are no amounts expected to be payable by NIBC under residual value guarantees, and
- no purchase options are expected to to be exercised, and
- no payments of penalties for terminating the lease are included.

There are no restrictions or covenants applicable on the lease liabilities.

27 Own debt securities in issue (amortised cost)

in EUR millions	30-Jun-19	31-Dec-18
Bonds and notes issued	5,627	5,451
	5,627	**5,451**
Legal maturity analysis of own debt securities in issue:		
Three months or less	548	-
Longer than three months but not longer than one year	105	1,262
Longer than one year but not longer than five years	2,566	2,266
Longer than five years	2,408	1,923
	5,627	**5,451**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of own debt securities in issue:		
Balance at 1 January	**5,451**	**4,392**
Additions	916	2,347
Matured / redeemed	(739)	(1,288)
Other (including exchange rate differences)	(1)	-
Balance at 30 June / 31 December	**5,627**	**5,451**

In 2019, NIBC issued one EUR 500 million 8 year covered bond transaction, as well as a EUR 300 million fixed rate senior non-preferred unsecured transaction with a maturity of 5 year and a fixed rate note of EUR 50 million with one year maturity. The total additions also include a EUR 2 million increase of the cumulative hedge adjustment (full year 2018: increase of EUR 16 million).

The disposals of own debt securities in issue at amortised cost for 2019 include redemptions at the scheduled maturity date and repurchases to an amount of EUR 718 million (2018: EUR 1.168 million) and temporary buyback of positions for EUR 22 million (2018: EUR 120 million).

28 Debt securities in issue related to securitised mortgages and lease receivables (amortised cost)

in EUR millions	30-Jun-19	31-Dec-18
Bonds and notes issued	415	447
	415	**447**
Legal maturity analysis of debt securities in issue related to securitised mortgage loans and lease receivables:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	415	447
	415	**447**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of debt securities in issue related to securitised mortgage loans and lease receivables:		
Balance at 1 January	**447**	**267**
Additions	-	447
Matured / redeemed	(32)	(267)
Balance at 30 June / 31 December	**415**	**447**

29 Subordinated liabilities (designated at fair value through profit or loss)

in EUR millions	30-Jun-19	31-Dec-18
Non-qualifying as grandfathered additional Tier-1 capital	49	53
Subordinated loans other	113	109
	162	**162**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than five years	162	162
	162	**162**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of subordinated liabilities:		
Balance at 1 January	**162**	**167**
Additions	2	2
Changes in fair value	(2)	(11)
Other (including exchange rate differences)	-	4
Balance at 30 June / 31 December	**162**	**162**

The fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC Holding hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives recognised in net income from assets and liabilities at fair value through profit or loss.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 256 million at 30 juni 2019 (2018: EUR 257 million).

The cumulative change in fair value included in the balance amount (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a loss of EUR 103 million and the change for the current year is nil recognised in other comprehensive income (31 December 2018: loss of EUR 12 million). See note 33.7 for further information with respect to IFRS 9 Own credit risk.

All of the above loans are subordinated to the other liabilities of NIBC. The non-qualifying as grandfathered additional Tier-1 capital consists of perpetual securities and may be redeemed by NIBC only with the prior approval of the DNB. Interest expense of EUR 4 million was recognised on subordinated liabilities during the year 2019 (2018: EUR 11 million). In 2019 and 2018, no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

30 Subordinated liabilities (amortised cost)

in EUR millions	30-Jun-19	31-Dec-18
Subordinated loans other	115	116
	115	**116**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	61	63
Longer than five years	54	53
	115	**116**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of subordinated liabilities:		
Balance at 1 January	**116**	**115**
Additions	-	-
Matured / redeemed	(1)	(2)
Other (including exchange rate differences)	-	3
Balance at 30 June / 31 December	**115**	**116**

All of the above loans are subordinated to the other liabilities of NIBC, as a result of CRR/CRDIV requirements regarding additional Tier-1 capital instruments. Non qualifying subordinated loans amount to EUR 54 million (2018: EUR 53 million). Interest expense of EUR 2 million was recognised on subordinated liabilities during H1 2019 (full year 2018: EUR 5 million).

31 Equity

The ultimate company is NIBC Holding N.V., a listed company incorporated in the Netherlands.

Share Capital

in EUR millions	30-Jun-19	31-Dec-18
Paid-up capital	80	80
	80	**80**

	30-Jun-19	31-Dec-18
The number of authorised shares:		
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 autorished capital amounts to 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 each and 60,000 preference shares with a nominal value of 5.00 each.
2 The shares issued and fully paid consist of A shares.

Dividend restrictions

NIBC and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that the sum of the paid-up capital, and reserves required by law. Additionally, certain Bank companies are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company.

32 Capital securities

in EUR millions	30-Jun-19	31-Dec-18
Capital securities issued by NIBC	200	200
	200	**200**

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of capital securities issued by NIBC:		
Balance at 1 January	**200**	**200**
Profit attributable to holders of capital securities	-	-
Balance at 30 June / 31 December	**200**	**200**

The capital securities are perpetual and have no expiry date. The distribution on the capital Securities issued in September 2017 is as follows: the coupon is 6% per year and is made payable every six months in arrears as of the issue date (29 September 2017), for the first time on 29 March 2018. The capital securities are perpetual and first redeemable on 15 October 2024. As of 15 October 2024, and subject to capital securities not being redeemed early, the distribution is set for a further five-year period, but without a step-up, based on the 5 year euro swap rate + 5.564 %. Both the coupon and the notional are fully discretionary.

33 Fair value of financial instruments

This note describes the fair value measurement of both financial and non-financial instruments and is structured as follows:

33.1 Valuation principles
33.2 Valuation governance
33.3 Financial instruments by fair value hierarchy
33.4 Valuation techniques
33.5 Valuation adjustments and other inputs and considerations
33.6 Impact of valuation adjustments
33.7 Own credit adjustments on financial liabilities designated at fair value
33.8 Transfers between Level 1 and Level 2
33.9 Movements in level 3 financial instruments measured at fair value
33.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions
33.11 Sensitivity of fair value measurements to changes in observable market data
33.12 Fair value of financial instruments not measured at fair value
33.13 Non-financial assets valued at fair value

33.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as follows:

- Level 1 financial instruments - Quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 financial instruments - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3 financial instruments - Inputs that are not based on observable market data (unobservable inputs).

33.2 Valuation governance

NIBC's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of NIBC including the Risk and Finance functions. Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

33.3 Financial instruments by fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 within the fair value hierarchy based on the degree to which the fair value is observable:

Fair value of financial instruments at 30 June 2019

in EUR millions	Level 1	Level 2	Level 3	30-Jun-19
Financial assets at fair value through profit or loss (including trading)				
Debt investments	1	77	2	80
Equity investments (including investments in associates)	2	-	202	204
Loans	-	82	53	135
Derivative financial assets	-	550	-	550
	3	**709**	**257**	**969**
Financial assets at fair value through other comprehensive income				
Debt investments	817	13	-	830
	817	**13**	**-**	**830**
	820	**722**	**257**	**1,799**

in EUR millions	Level 1	Level 2	Level 3	30-Jun-19
Financial liabilities at fair value through profit or loss (including trading)				
Own debt securities in issue	-	39	-	39
Debt securities in issue structured	-	195	-	195
Derivative financial liabilities	-	184	-	184
Subordinated liabilities	-	162	-	162
	-	**580**	**-**	**580**

Fair value of financial instruments at 31 December 2018

in EUR millions	Level 1	Level 2	Level 3	31-Dec-18
Financial assets at fair value through profit or loss (including trading)				
Debt investments	-	75	2	77
Equity investments (including investments in associates)	3	-	184	187
Loans	-	99	49	148
Derivative financial assets	-	579	-	579
	3	**753**	**235**	**991**
Financial assets at fair value through other comprehensive income				
Debt investments	779	9	-	788
	779	**9**	**-**	**788**
	782	**762**	**235**	**1,779**

in EUR millions	Level 1	Level 2	Level 3	31-Dec-18
Financial liabilities at fair value through profit or loss (including trading)				
Own debt securities in issue	-	39	-	39
Debt securities in issue structured	-	282	-	282
Derivative financial liabilities	-	210	-	210
Subordinated liabilities	-	162	-	162
	-	**693**	**-**	**693**

33.4 Valuation techniques

The following is a description of the determination of fair value for financial instruments that are recorded at fair value using either quoted prices or valuation techniques. These incorporate NIBC's interpretation of valuation assumptions (qualitative) that a market participant would consider when valuing the instruments.

Financial assets at fair value through profit or loss

Debt investments - level 1

For the determination of fair value at 30 June 2019, NIBC used market-observable prices (including broker quotes). NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Equity investments (including investments in associates) - level 1

The level 1 portfolio consists of unadjusted, quoted prices for assets in an active market. The assets have been valued at the market's closing price of the 30rd of June.

Debt investments - level 2

For the determination of fair value at 30 June 2019, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Loans - level 2

In an active market environment, these assets are marked-to-market by applying market bid quotes observed on the secondary market. The quotes received from other banks or brokers and applied in the marked-to-market process are calibrated to actual market trades whenever possible.

In certain instances, where the market is inactive, a discounted cash flow model is used based on various assumptions including market interest rates, market credit spread levels and assumptions regarding market liquidity, where relevant. Additional pricing reference points have been obtained by collecting spreads using primary transactions that are comparable with the relevant loans.

Derivatives financial assets and liabilities (held for trading and used for hedging) - level 2

Derivative products valued using a valuation technique with market-observable inputs are mainly interest rate swaps, currency swaps, credit default swaps and foreign exchange contracts. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including foreign exchange rates, credit spread levels and interest rate curves. Credit derivative valuation models also require input as to the estimated probability of default and recovery value.

Debt investments - level 3
For the level 3 debt investments, NIBC uses valuation models that apply discounted cash flow analysis that incorporates both observable and unobservable data. Observable inputs include interest rates and collateral values; unobservable inputs include assumptions regarding credit spreads and market liquidity discounts.

Equity investments (including investments in associates) - level 3
The fair value of investments in equity funds is determined based on the net asset value reported by the managers of these funds. These net asset values are analysed for reasonableness, so as to ascertain that the reported net asset value has been appropriately derived using proper fair value principles as part of a robust process. 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.

Loans - level 3

For the level 3 loans, NIBC uses valuation models that apply discounted cash flow analysis that incorporates both observable and unobservable data. Observable inputs include interest rates and credit ratings; unobservable inputs include assumptions regarding credit spreads and market liquidity discounts.

Financial assets at fair value through other comprehensive income

Debt investments - level 1
For the determination of fair value at 30 June 2019, NIBC used market-observable prices (including broker quotes). NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Debt investments - level 2
For the determination of fair value at 30 June 2019, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Financial liabilities at fair value through profit or loss (including trading)

Own liabilities designated at fair value through profit or loss - level 2
This portfolio was designated at fair value through profit or loss and is reported on the face of the balance sheet under the following headings:
- Own debt securities in issue (financial liabilities at fair value through profit or loss);
- Debt securities in issue structured (financial liabilities at fair value through profit or loss);
- Subordinated liabilities (financial liabilities at fair value through profit or loss).

Debt securities in issue structured consist of notes issued with embedded derivatives that are tailored to specific investors' needs. The return on these notes is dependent upon the level of certain underlying equity, interest rate, currency, credit, commodity or inflation-linked indices. The embedded derivative within each note issued is fully hedged on a back-to-back basis, such that effectively synthetic floating rate funding is created. Because of this economic hedge, the income statement is not sensitive to fluctuations in the price of these indices.

In the case of debt securities in issue structured and subordinated liabilities, the fair value of the notes issued and the back-to-back hedging swaps is determined using valuation models developed by a third party employing Monte Carlo simulation, lattice valuations or closed formulas, depending on the type of embedded derivative. These models use market-observable inputs (e.g. interest rates, equity prices) for valuation of these structures.

For each class of own financial liabilities at fair value through profit or loss, the expected cash flows are discounted to present value using interbank zero-coupon rates. The resulting fair value is adjusted for movements in the credit spread applicable to NIBC issued funding.

33.5 Valuation adjustments and other inputs and considerations

Credit and debit valuation adjustments
NIBC Holding calculates Credit value adjustment/Debit value adjustment on a counterparty basis over the entire life of the exposure.

Bid-offer
NIBC Holding's pricing models initially calculate mid-market prices, which are subsequently adjusted to reflect bid-offer spreads (the difference between prices quoted for sales and purchases). NIBC Markets pricing models use bid prices.

Day-1 profit
A Day 1 profit, representing the difference between the transaction price and the fair value output of internal models, is recognised when the inputs to the valuation models are observable market data.

33.6 Impact of valuation adjustments
The following table shows the amount recorded in the income statement:

in EUR millions	30-Jun-19	31-Dec-18
Type of adjustment		
Risk related	-	-
Credit value adjustment / Debit value adjustment		-
Totally Risk related	**-**	**-**
Bid-offer adjustment	(1)	(1)
Day-1 profit (see the following table)	1	7
	-	**6**

The following table shows the movement in the aggregate profit not recognised when financial instruments were initially recognised (Day-1 profit), because of the use of valuation techniques for which not all the inputs were market observable data.

in EUR millions	30-Jun-19	31-Dec-18
Movement schedule of day-1 profit		
Balance at 1 January	**15**	**21**
Deferral of profit on new transactions	-	1
Recognised in the income statement during the period:		
Subsequent recognition due to amortisation	(2)	(7)
Derecognition of the instruments	-	-
Exchange differences	-	-
Balance at 30 June / 31 December	**13**	**15**

33.7 Own credit adjustments on financial liabilities designated at fair value

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to own credit are recognised in Other comprehensive income and presented in the Statement of comprehensive income. The following table summarises the effects of own credit adjustments related to financial liabilities designated at fair value. Life-to-date amounts reflect the cumulative unrealised change since initial recognition.

in EUR millions	30-Jun-19	31-Dec-18
	Included in OCI	
Recognised during the period (before tax):		
Unrealised gain/(loss)	(3)	27
	(3)	**27**
Unrealised life-to-date gain/(loss)	93	96
	93	**96**

33.8 Transfers between level 1 and level 2

Transfers between levels are reviewed semi-annually at the end of the reporting period. During the first half of 2019, there were no transfers between level 1 and level 2 fair value measurements.

33.9 Movements in level 3 financial instruments measured at fair value

During the period ended 30 June 2019 and 31 December 2018, there were no movements into and out to level 3 fair value measurements.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value:

in EUR millions	At 1 January 2019	Amounts recognised in the income statement	Amounts recognised recorded in OCI	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	Transfers from level 3	At 30 June 2019
Financial assets at fair value through profit or loss (including trading)									
Debt investments	2	-	-	-	-	-	-	-	2
Equity investments (including investments in associates)	184	12	-	18	-	(12)	-	-	202
Loans	49	1	-	8	-	(5)	-	-	53
	235	**13**	**-**	**26**	**-**	**(17)**	**-**	**-**	**257**

in EUR millions	At 1 January 2018	Amounts recognised in the income statement	Amounts recognised recorded in OCI	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	Transfers from level 3	At 31 December 2018
Financial assets at fair value through profit or loss (including trading)									
Debt investments	1	1	-	-	-	(2)	2	-	2
Equity investments (including investments in associates)	320	74	-	50	-	(260)	-	-	184
Loans	-	(6)	-				55		49
	321	**69**	**-**	**50**	**-**	**(262)**	**57**	**-**	**235**

Total gains or losses on level 3 financial instruments in the previous table are presented in the income statement and other comprehensive income as follows:

	For the period ended									
	30-Jun-19					31-Dec-18				
in EUR millions	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Re-valuation reserve	Total	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Re-valuation reserve	Total
Financial assets at fair value through profit or loss (including trading)										
Debt investments	-	-	-	-	-	1	-	-	-	1
Equity investments (including investments in associates)	-	-	12	-	12	-	-	74	-	74
Loans	-	1	-	-	1	-	(6)	-	-	(6)
	-	**1**	**12**	**-**	**13**	**1**	**(6)**	**74**	**-**	**69**

The amount in total gains or losses presented in the income statement for the period relating to the assets and liabilities held in level 3 until the end of the reporting period is given in the following table:

	For the period ended			
	30-Jun-19		31-Dec-18	
in EUR millions	Held at balance sheet date	Derecognised during the period	Held at balance sheet date	Derecognised during the period
Financial assets at fair value through profit or loss (including trading)				
Debt investments	-	-	-	1
Equity investments (including investments in associates)	12	-	72	2
Loans	1	-	(6)	-
	13	**-**	**66**	**3**

Recognition of unrealised gains and losses in level 3

Amounts recognised in the income statement relating to unrealised gains and losses during the year that relates to level 3 assets and liabilities are included in the income statement as follows:

	For the period ended							
	30-Jun-19				31-Dec-18			
in EUR millions	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading)								
Debt investments	-	-	-	-	-	-	-	-
Equity investments (including investments in associates)	-	-	-	-	-	-	-	-
Loans	-	1	-	1	-	(6)	-	(6)
	-	**1**	**-**	**1**	**-**	**(6)**	**-**	**(6)**

33.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The following table provides a summary of the valuation techniques, key unobservable inputs and the lower and upper range of such unobservable inputs, by type of level 3 asset/liability. The lower and upper range mentioned in the overview represent the lowest and highest variance of the respective valuation input as actually used in the valuation of the different financial instruments. Amounts and percentages stated are unweighted. The range could change from period to period subject to market movements and change in level 3 position. Lower and upper bounds reflect the variability of level 3 positions and their underlying valuation inputs in the portfolio, but do not adequately reflect their level of valuation uncertainty. For valuation uncertainty assessment, please refer to following section 32.11 Sensitivity of fair value measurements to changes in observable market data.

	At 30 June 2019					
	in EUR millions					
	Fair value of level 3 assets	Fair value of level 3 liabilities	Valuation technique	Significant unobservable inputs	Lower range	Upper range
Financial assets at fair value through other comprehensive income						
Debt investments[1]	-	-				
Financial assets at fair value through profit or loss (including trading)						
Debt investments[1]	2	-	Bid price	Price %	0%	100%
Equity investments (including investments in associates)[1]	202	-	Discounted cash flow	Financial statements	n.a.	n.a.
Loans[1]	53	-	Discounted cash flow	Discount Spread (bps)	0%	5%
	257	**-**				

1 Given the wide range of diverse investments and the correspondingly large differences in prices, NIBC does not disclose the ranges as it believes it would not provide meaningful information without a full list of the underlying investments, which would be impractical.

	At 31 December 2018					
	in EUR millions					
	Fair value of level 3 assets	Fair value of level 3 liabilities	Valuation technique	Significant unobservable inputs	Lower range	Upper range
Financial assets at fair value through profit or loss (including trading)						
Debt investments[1]	2	-	Bid price	Price %	0%	100%
Equity investments (including investments in associates)[1]	184	-	Discounted cash flow	Financial statements	n.a.	n.a.
Loans[1]	49	-	Discounted cash flow	Discount Spread (bps)	0%	5%
	235	**-**				

1 Given the wide range of diverse investments and the correspondingly large differences in prices, NIBC does not disclose the ranges as it believes it would not provide meaningful information without a full list of the underlying investments, which would be impractical.

Non-Listed equity investments

Level 3 equity securities mainly include corporate investments, fund investments and other equity securities which are not traded in active markets. In the absence of an active market, fair values are estimated on the analysis of fund manager reports, company's financial position and other factors.

Discount spreads

Discount spread is the spread above a market interest rate, based on Euribor, which is used to discount the projected cash flows. The lower range is the outcome of a bottom-up valuation approach, the upper range is the result of a top-down valuation approach.

Expected sales prices underlying assets

The fair value of the loans available for sale is highly dependend on the projected sales prices of the underlying assets. The lower level assumes actual salesprices of 75% of the projected sales prices the higher level assumes actual salesprices of 125%.

Price

For securities where market prices are not available fair value is measured by comparison with observable pricing data from similar instruments. Prices of 0% are distressed to the point that no recovery is expected, while prices significantly in excess of 100% or par are expected to pay good yield.

Debt investments at fair value through profit or loss

Level 3 debt investments at fair value through profit or loss are valued based on the expected cash flows of the instrument flowing from the collateral.

33.11 Sensitivity of fair value measurements to changes in observable market data

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

	For the period ended			
	30-Jun-19		30-Dec-18	
in EUR millions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets at fair value through profit or loss (including trading)				
Debt investments	2	-	2	-
Equity investments (including investments in associates)	202	10	184	9
Loans	53	3	49	3

In order to determine the reasonably possible alternative assumptions, NIBC Holding 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%;
- For the debt investments, NIBC Holding 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 the period ended 30 June 2019, there were no significant changes in the business or economic circumstances that affect the fair value of the NIBC Holding's financial assets and liabilities and there were no reclassifications of financial assets.

33.12 Fair value information on financial instruments not measured at fair value

The following table presents the carrying values and estimated fair values of financial assets and liabilities, excluding financial instruments which are carried at fair value on a recurring basis.

	Fair value information at 30 June 2019				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost					
Loans	-	7,700	-	7,700	7,594
Mortgage loans	-	-	9,307	9,307	9,718
Securitised mortgage loans	-	-	435	435	468
Financial liabilities at amortised cost					
Own debt securities in issue	-	5,627	-	5,627	5,633
Debt securities in issue related to securitised mortgages and lease receivables	-	-	415	415	418
Subordinated liabilities	-	115	-	115	187

	Fair value information at 31 December 2018				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost					
Loans	-	7,770	-	7,770	7,691
Mortgage loans	-	-	8,990	8,990	9,379
Securitised mortgage loans	-	-	461	461	495
Financial liabilities at amortised cost					
Own debt securities in issue	-	5,451	-	5,451	5,721
Debt securities in issue related to securitised mortgages and lease receivables	-	-	447	447	446
Subordinated liabilities	-	116	-	116	154

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.

33.13 Non-financial assets valued at fair value

Until year end 2018 NIBC's land and buildings were valued at fair value through equity. On 1 January 2019 part of the land and buildings were reclassified from Property and equipment to Investment property, based on the actual change in its use (i.e. a transfer of a significant part to the available-for-rental status). Just before this reclassification land and buildings were revalued as of 1 January 2019 based on independent external appraisal.

NIBC's land and buildings (for-own-use) are valued at fair value through equity, the carrying amount (level 3) as of 30 June 2019 was EUR 27 million.

NIBC's investment property (available-for-rental) are valued at fair value through profit or loss, the carrying amount (level 3) as of 30 June 2019 was EUR 23 million. The fair value of the right-of-use assets does not materially deviates from the carrying amount.

34 Commitments and contingent assets and liabilities

At any time, NIBC has outstanding commitments to extend credit. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one to three months. Commitments extended to customers related to mortgages at fixed-interest rates or fixed spreads are hedged with interest rate swaps recorded at fair value. At initial recognition these commitments are classified at fair value through profit or loss.

NIBC provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. Expirations are not concentrated in any period.

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. In the following table, it is assumed that amounts are fully advanced.

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

in EUR millions	30-Jun-19	31-Dec-18
Contract amount:		
Committed facilities with respect to corporate loan financing	1,449	1,704
Committed facilities with respect to mortgage loans	376	503
Capital commitments with respect to equity investments	19	20
Guarantees granted	82	56
Irrevocable letters of credit	60	64
	1,986	**2,347**

Refer to note 25 Provisions for the ECL-allowances on off-balance sheet financial instrument positions.

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.

During the first half of 2019, positive developments were reported on the insolvency of DSB. Following these developments, NIBC has reviewed its position, based on the publicly available information. Allthough the probability of a settlement has increased, the timing and magnitude of the settlement are dependent on further development of the insolvency file. Consequently, the interest claim is considered a contingent asset, which has not been recognized.

Legal proceedings

NIBC is involved in a limited number of proceedings and settlement negotiations that arise with customers, counterparties, current or former employees or others. A number of these proceedings are based upon alleged violations of a bank's duty of care (zorgplicht) vis-a-vis customers, including in relation to loans acquired by NIBC from third parties. Customer protection regulations as well as changes in interpretation and perception by both the public at large and governmental authorities of acceptable market practices may influence client expectations and lead to complaints being raised that may not have been anticipated or previously provisioned for.

Other ongoing proceedings relate to ordinary course of business activities in which disagreements have arisen. It is difficult for NIBC to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings. However, on the basis of legal advice and taking into consideration the facts known at present, NIBC is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated results.

35 Related party transactions

In the normal course of business, NIBC enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of NIBC include, amongst others, its subsidiaries, associates and key management personnel. The transactions were made at an arm's length price. Transactions between NIBC and its subsidiaries meet the definition of related party transactions. However, as all of these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Transactions involving NIBC's shareholders

in EUR millions	30-Jun-19	31-Dec-18
Transactions involving NIBC's shareholders		
Assets	230	275
Liabilities	-	-
Off-balance sheet commitments	-	-
Income received	-	1
Expenses paid	-	-

Transactions with other entities controlled by NIBC's shareholders

in EUR millions	30-Jun-19	31-Dec-18
Transactions involving NIBC's shareholders		
Assets	442	390
Liabilities	(68)	(34)
Off-balance sheet commitments	5	29
Income received	4	13
Expenses paid	-	-

Transactions related to associates

in EUR millions	30-Jun-19	31-Dec-18
Transactions related to associates		
Assets	123	104
Liabilities	-	-
Off-balance sheet commitments	37	38
Income received	4	6
Expenses paid	-	-

NIBC did not earn fees on the loans to these associates in the first half of 2019 and 2018.

At 23 March 2018, the date of the initial public offering of NIBC Holding N.V., a retention package of in total EUR 5.4 million (gross) was granted to the six members of the Executive Committee. The first tranche of the retention package has been unconditionally awarded to the ExCo-members. The second tranche of the retention package vested on 23 March 2019.

36 Subsequent events

Interim dividend

In consultation with the Supervisory Board, it was decided to pay an interim dividend of EUR 1.29 per ordinary share, in total EUR 81 million from the net result over the 1st half of 2019.

The Hague, 27 August 2019

Managing Board
Paulus de Wilt , *Chief Executive Officer and Chairman*
Herman Dijkhuizen, *Chief Financial Officer and Vice-Chairman*
Reinout van Riel, *Chief Risk Officer*

OTHER INFORMATION

Review report

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of NIBC Bank N.V., The Hague, which comprises the consolidated balance sheet as at 30 June 2019 and the consolidated income statement, the consolidated statements of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six-month period then ended 30 June 2019, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

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

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

Amsterdam, 27 August 2019

Ernst & Young Accountants LLP

signed by N.Z.A. Ahmed-Karim

ALTERNATIVE PERFORMANCE MEASURES

NIBC uses, throughout its financial publications, alternative performance measures ("**APMs**") in addition to the figures that are prepared in accordance with the International Financial Reporting Standards ("**IFRS**"), Capital Requirements Regulation ("**CRR**") and Capital Requirements Directive ("**CRD IV**"). NIBC uses APMs to provide additional information to investors and to enhance the understanding of the results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS, CRR and CRD IV. All measures that are covered by IFRS, CRR and CRD IV are not considered to be APMs.

NIBC uses the following APMs:
- Dividend pay-out ratio, %
- Cost/income ratio, %
- Return on equity, %
- Return on assets, %
- Cost of risk, %
- Impairment ratio, %
- NPL ratio, %
- Impairment coverage ratio, %
- Loan-to-deposit ratio, %
- Net interest margin, %

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited. In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regards to the above mentioned alternative performance measures:
1. Definition of the APM
2. Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements

NIBC's most recent financial publications at any time are available online at https://www.nibc.com/investor-relations/.

Dividend pay-out ratio

The dividend pay-out ratio is the fraction of net income for a period to be paid to NIBC's shareholders in dividends. It provides meaningful information on the portion of NIBC's profit that is distributed to its shareholders. The elements of the dividend payout ratio reconcile to the income statement of NIBC.

$$\textbf{Dividend pay-out ratio} = \frac{\textbf{Dividend pay-out}}{\textbf{Profit after tax}}$$

Dividend pay-out ratio	H1 2019	2018	2017
Dividend pay-out H1 2019	80		
Profit after tax H1 2019	80		
Dividend pay-out ratio H1 2019 (%)	**100**		
Dividend pay-out 2018 (page 10 annual report NIBC Bank N.V.)		229	
Profit after tax 2018 (page 106 annual report NIBC Bank N.V.)		229	
Dividend pay-out ratio 2018 (%)		**100**	
Dividend payout 2017 (page 33 annual report NIBC Bank N.V.)			96
Profit after tax 2017 (page 108 annual report NIBC Bank N.V.)			210
Dividend payout ratio 2017			**45**

Cost/income ratio

The cost/income ratio displays operating expenses as a percentage of operating income. The concept provides meaningful information on NIBC's operating efficiency. Cost/income ratio is calculated as the ratio (i) operating expenses before special items and (ii) operating income before special items. The elements of the cost/income ratio reconcile to the income statement of NIBC.

$$\textbf{Cost/income ratio} = \frac{\textbf{Operating expenses}}{\textbf{Operating income}}$$

Cost/Income ratio	H1 2019	2018	2017
Operating expenses H1 2019	113		
Operating income H1 2019	245		
Cost/income ratio H1 2019 (%)	**46**		
Operating expenses 2018 (page 106 annual report NIBC Bank N.V.)		224	
Operating income 2018 (page 106 annual report NIBC Bank N.V.)		550	
Cost/income ratio 2018 (%)		**41**	
Operating expenses 2017 (page 108 annual report NIBC Bank N.V.)			223
Operating income 2017 (page 108 annual report NIBC Bank N.V.)			512
Cost/income ratio 2017 (%)			**44**

Return on equity

Return on equity measures net profit in relation to the book value of shareholder's equity. It provides meaningful information on the performance of Issuer's business, as well as on NIBC's ability to generate income from the equity available to it. Return on equity is calculated as the ratio of (i) annualised net profit attributable to parent shareholder to (ii) total shareholder's equity at the start of the financial year. All elements of the return on equity reconcile to NIBC's consolidated financial statement.

$$\textbf{Return on equity} = \frac{\textbf{Annualised net profit attributable to parent shareholder}}{\textbf{Post proposed dividend total shareholders equity at start of the financial year}}$$

Return on equity[1]	H1 2019	2018	2017
Annualised net profit attributable to parent shareholder	162		
Total shareholder's equity at the start of financial year	1,755		
Return on equity H1 2019 (%)	**9.2**		
Annualised net profit attributable to parent shareholder (page 106 annual report NIBC Bank N.V.)		229	
Total shareholder's equity at the start of financial year (page 110 annual report NIBC Bank N.V.)		1,740	
Return on equity 2018 (%)		**13.2**	
Annualised net profit attributable to parent shareholder (page 108 annual report NIBC Bank N.V.)			210
Post proposed dividend total shareholder's equity at the start of financial year (page 112 annual report NIBC Bank N.V.)			1,944
Return on equity 2017 (%)			**10.8**

1 Total shareholder's equity was changed in Post proposed dividend total shareholder's equity in FY 2017 publication. This adjustment has no effect on prior year calculations

Return on assets

Return on assets measures the net profit in relation to the total outstanding assets as of the beginning of the financial year. It provides meaningful information on NIBC's ability to generate income from the available assets. Return on assets is calculated as the ratio of (i) annualised net profit attributable to parent shareholder to (ii) total assets at the beginning of the financial year. All elements of the return on assets reconcile to NIBC's consolidated financial statements.

$$\textbf{Return on assets} = \frac{\textbf{Annualised net profit attributable to parent shareholder}}{\textbf{Total assets at the beginning of the year}}$$

Return on assets[1]	H1 2019	2018	2017
Annualised net profit attributable to parent shareholder	162		
Total assets at the beginning of the financial year	21,716		
Return on assets H1 2019 (%)	**0.75**		
Annualised net profit attributable to parent shareholder (page 106 annual report NIBC Bank N.V.)		217	
Total assets at the beginning of the financial year (page 108 annual report NIBC Bank N.V.)		21,884	
Return on assets 2018 (%)		**0.99**	
Annualised net profit attributable to parent shareholder (page 108 annual report NIBC Bank N.V.)			213
Total assets at the beginning of the financial year (page 110 annual report NIBC Bank N.V.)			23,495
Return on assets 2017 (%)			**0.91**

1 Total shareholder's equity was changed in Post proposed dividend total shareholder's equity in FY 2017 publication. This adjustment has no effect on prior year calculations

Cost of risk

The cost of risk compares the total credit losses included in the income statement to the total risk weighted assets. This measure provides meaningful information on Issuer's performance in managing credit losses. The cost of risk is calculated as the ratio of (i) the sum of annualized impairments and the credit losses on loans (as part of the net income from assets and liabilities at fair value through profit or loss) and to (ii) the total risk weighted assets averaged over the reporting period. With the exception of the credit losses on loans classified at fair value through profit or loss, the elements of the cost of risk reconcile to our financial statements and regulatory reporting. The credit losses on the fair value loans are calculated in accordance with the applicable financial reporting framework and form part of the net trading income.

With the adoption of IFRS 9 in 2018, impairments are calculated based on an expected credit loss model instead of actual incurred loss impairments.

$$\text{Cost of risk} = \frac{\textbf{Annualised credit losses on amortised cost loans and credit losses on fair value loans (as part of net income from assets and liabilities at FVTPL)}}{\textbf{Average risk weighted assets (Basel III regulations)}}$$

Cost of risk	H1 2019	2018	2017
Annualised credit losses on AC loans	42		
Annualised credit losses FVTPL loans	2		
Total annualised credit losses	**44**		
Risk-weighted assets H1 2019	7,658		
Risk-weighted assets 2018	7,725		
Average risk-weighted assets H1 2019	**7,692**		
Cost of risk H1 2019 (%)	**0.57**		
Annualised credit losses on AC loans (page 31 annual report NIBC Bank N.V.)		54	
Annualised credit losses FVTPL loans (page 31 annual report NIBC Bank N.V.)		5	
Total annualised credit losses		**59**	
Risk-weighted assets 2018 (page 10 annual report NIBC Bank N.V.)		7,725	
Risk-weighted assets 2017 (page 10 annual report NIBC Bank N.V.)		8,546	
Average risk-weighted assets 2018		**8,136**	
Cost of risk 2018 (%)		**0.72**	
Annualised impairments (page 27 annual report NIBC Bank N.V.)			34
Annualised credit losses FVTPL Mortgages (page 27 annual report NIBC Bank N.V.)			2
Total annualised impairments and credit losses on fair value residential mortgages 2017			**36**
Risk-weighted assets 2017 (page 8 annual report NIBC Bank N.V.)			8,546
Risk-weighted assets 2016 (page 8 annual report NIBC Bank N.V.)			10,109
Average risk-weighted assets 2017			**9,328**
Cost of risk 2017 (%)			**0.38**

Impairment ratio

The impairment ratio compares impairments included in the income statement on corporate and retail loans to the carrying value of these loans. The measure provides meaningful information on NIBC's performance in managing credit losses arising from its business. The impairment ratio is calculated as the ratio of (i) the annualised impairment expenses to (ii) the average loans and residential mortgages. All elements of the impairment ratio reconcile to NIBC's income statement and the consolidated balance sheet.

As impairments can only occur on financial assets recognized at amortised cost, in H1 2018 NIBC has decided to amend the calculation of the impairment ratio. As of H1 2018 the ratio is calculated using only financial assets at amortised costs, whereas in previous reports financial assets at fair value were also included in the calculation.
All comparative figures have been restated to reflect this change in methodology.

Furthermore, to better reflect the purpose of the impairment ratio, we have changed the impairment numbers to reflect only impairments on loans and mortgage loans. Impairments on other asset classes have been excluded in both the comparative figures and of H1 2018.

With the adoption of IFRS 9 in 2018, impairments are calculated based on an expected credit loss model instead of actual incurred loss impairments.

$$\text{Impairment ratio} = \frac{\text{Annualised credit losses on loans and mortgage loans}}{\text{Average financial assets regarding loans and mortgages}}$$

Impairment ratio	H1 2019	2018	2017
Annualised credit losses on amortised cost loans and mortgage loans	44		
Average financial assets at amortised cost: loans[1]	8,512		
Average financial assets at amortised cost: mortgage loans[1]	9,597		
Average financial assets regarding loans and mortgage loans (total)	**18,108**		
Impairment ratio H1 2019 (%)	**0.24**		
Annualised credit losses on amortised cost loans and mortgage loans		54	
Average financial assets at amortised cost: loans (page 108 annual report NIBC Bank N.V.)[1]		7,796	
Average financial assets at amortised cost: mortgage loans (page 108 annual report NIBC Bank N.V.)[1]		9,220	
Average financial assets regarding loans and mortgage loans (total)		**17,016**	
Impairment ratio 2018 (%)		**0.32**	
Annualised impairments on amortised cost loans and mortgage loans			36
Average financial assets at amortised cost: loans (page 110 annual report NIBC Bank N.V.)			8,009
Average financial assets at amortised cost: residential mortgages (page 110 annual report NIBC Bank N.V.)			3,879
Average financial assets regarding loans and residential mortgages (total)			**11,888**
Impairment ratio 2017 (%)			**0.30**

1 Loans and residential mortgages are represented post IFRS 9 implementation

NPL ratio

The non-performing loans ("**NPL**") ratio compares the non-performing exposure (as defined by the European Banking Authority) of corporate and retail loans to the total exposure of these loans. The measure provides meaningful information on the credit quality of NIBC's assets. The ratio is calculated by dividing the total of non-performing exposure for both corporate loans and residential mortgages by the total exposure for corporate loans and residential mortgages. The elements of the NPL ratio reconcile to the consolidated financial statements and the regulatory reporting of NIBC.

The comparative figures for the NPL ratio have changed compared to previous publications due to a refinement of the calculation leading to a better reflection of non performing mortgage loans.

$$\text{NPL ratio} = \frac{\text{Non performing exposure (corporate loans and residential mortgages)}}{\text{Total exposure (corporate loans and residential mortgages)}}$$

NPL ratio

NPL ratio[1]	H1 2019	2018	2017
Non performing exposure corporate loans H1 2019	484		
Non performing exposure mortgage loans H1 2019	11		
Non performing exposure H1 2019	**495**		
Total corporate loans drawn and undrawn H1 2019	9,253		
Total retail client assets H1 2019	9,742		
Total exposure H1 2019	**18,995**		
NPL ratio H1 2019 (%)	**2.6**		
Non performing exposure corporate loans 2018 (page 58 Annual report NIBC Bank N.V.)		503	
Non performing exposure mortgage loans 2018 (page 58 Annual report NIBC Bank N.V.)		20	
Non performing exposure 2018		**523**	
Total corporate loans drawn and undrawn 2018 (page 10 Annual report NIBC Bank N.V.)		9,705	
Total retail client assets 2018 (page 10 Annual report NIBC Bank N.V.)		9,275	
Total exposure 2018		**18,980**	
NPL ratio 2018 (%)		**2.8**	
Non performing exposure corporate loans 2017 (page 96 Annual report NIBC Bank N.V.)			433
Non performing exposure mortgage loans 2017 (page 96 Annual report NIBC Bank N.V.)			89
Non performing exposure 2017			522
Total corporate loans drawn and undrawn 2017 (page 8 Annual report NIBC Bank N.V.)			9,612
Total retail client assets 2017 (page 8 Annual report NIBC Bank N.V.)			9,147
Total exposure 2017			**18,759**
NPL ratio 2017 (%)			**2.8**

1 Figures changed compared to the published figures H1 2017 due to the inclusion of investment management loans as part of corporate loans exposure.

Impairment coverage ratio

The impairment coverage ratio compares impaired amounts on corporate and retail exposures to the total corporate and retail exposures, providing meaningful information on the residual risk related to NIBC's impaired assets. The ratio is calculated by dividing the total impairments on corporate and retail loans by the total exposure of impaired corporate and retail loans. The elements of the impaired coverage ratio reconcile to NIBC's consolidated financial statements.

With the adoption of IFRS 9, impairments are calculated based on the expected credit loss stage an asset is in. As only stage 3 consists of actual credit impaired assets, the Impairment coverage ratio is calculated using only stage 3 impairments as of 2018.
Inclusion of stage 1 and 2 credit losses would generate an unreliable measure as these impairments do not relate to impaired assets.

The IBNR (Incurred But Not Reported) amounts on the balance sheet have been excluded from the 2015, 2016 and 2017 calculation in order to make the H1 2018 figure comparable to previous periods.

$$\textbf{Impairment coverage ratio} = \frac{\textbf{Balance of stage 3 credit losses on corporate and retail loans}}{\textbf{Total exposure of stage 3 credit impaired corporate and retail loans}}$$

Impairment coverage ratio

Impairment coverage ratio[1]	H1 2019	2018	2017
Balance stage 3 credit losses on loans	139		
Total stage 3 credit impaired exposure H1 2019	430		
Impairment coverage ratio H1 2019 (%)	**32**		
Balance stage 3 credit losses on loans (page 181 annual report NIBC Bank N.V.)		139	
Total stage 3 credit impaired exposure 2018 (page 57 annual report NIBC Bank N.V.)		446	
Impairment coverage ratio 2018 (%)		**31**	
Balance impairment losses on loans (page 171 annual report NIBC Bank N.V.)			130
Total impaired exposure 2017 (page 97 annual report NIBC Bank N.V.)			321
Impairment coverage ratio 2017 (%)			**40**

1 Figures changed compared to the published figures H1 2017 due to the inclusion of investment management loans as part of corporate loans exposure.

Loan-to-deposit ratio

The loan-to-deposit ratio compares NIBC's loans to customers to its deposits from customers. It provides meaningful information on Issuer's funding and liquidity position. The loan-to-deposit ratio is calculated by dividing the total loans and residential mortgages by the deposits from customers. The elements of the loan-to-deposit ratio reconcile to NIBC's balance sheet.

$$\textbf{Loan to deposit ratio} = \frac{\textbf{Financial assets regarding loans and residential mortgages}}{\textbf{Deposits from customers}}$$

Loan to deposit ratio

Loan to deposit ratio	H1 2019	2018	2017
Financial assets at amortised cost: loans	7,700		
Financial assets at amortised cost: residential mortgages	9,307		
Financial assets at amortised cost: securitised residential mortgages	435		
Financial assets at fair value through profit or loss: loans	135		
Financial assets regarding loans and residential mortgages (total)	**17,577**		
Deposits from customers	**11,283**		
Loan to deposit ratio H1 2019 (%)	**156**		
Financial assets at amortised cost: loans (page 108 annual report NIBC Bank N.V.)		7,770	
Financial assets at amortised cost: residential mortgages (page 108 annual report NIBC Bank N.V.)		8,990	
Financial assets at available for sale: loans (page 108 annual report NIBC Bank N.V.)		461	
Financial assets at fair value through profit or loss: loans (page 108 annual report NIBC Bank N.V.)		148	
Financial assets regarding loans and residential mortgages (total)		**17,369**	
Deposits from customers		**11,267**	
Loan to deposit ratio 2018 (%)		**154**	
Financial assets at amortised cost: loans (page 110 annual report NIBC Bank N.V.)			7,749
Financial assets at amortised cost: residential mortgages (page 110 annual report NIBC Bank N.V.)			4,412
Financial assets at available for sale: loans (page 110 annual report NIBC Bank N.V.)			0
Financial assets at fair value through profit or loss: loans (page 110 annual report NIBC Bank N.V.)			181
Financial assets at fair value through profit or loss: residential mortgages own book (page 110 annual report NIBC Bank N.V.)			4,581
Financial assets at fair value through profit or loss: securitised residential mortgages (page 110 annual report NIBC Bank N.V.)			338
Financial assets regarding loans and residential mortgages (total)			**17,261**
Deposits from customers			**11,535**
Loan to deposit ratio 2017 (%)			**148**

Net interest margin

The net interest margin is a measure to display the difference between interest income and the amount of interest paid out to lenders, relative to the amount of interest-earning assets. It is similar to the gross margin (or gross profit margin) of non-financial companies and provides meaningful information on the contribution of Issuer's business to its operating income. It is calculated as the ratio of (i) the net interest income from the last 12 months and (ii) the 12 months moving average interest bearing assets. Interest bearing assets equal the total assets from the consolidated balance sheet excluding equity investments, derivatives, investments in associates, property, plant and equipment and other assets. The net interest income reconciles to the income statement of NIBC. The average interest bearing assets cannot be directly reconciled with the financial publications of NIBC as the monthly figures are not disclosed, however the monthly figures are prepared in accordance with the applicable financial reporting framework.

Since the denominator of the net interest margin calculation is subject to volatility in the balance, a moving average provides more reliable information on the underlying developments. The moving average however does not tie back to disclosed balances. For reference purposes, the following table shows the calculation method and the comparative outcome for 2017 when the net interest margin is calculated on ending balances instead of moving averages.

$$\textbf{Net interest margin} = \frac{\textbf{Sum net interest income last 12 Months}}{\textbf{12 Months average interest bearing assets}}$$

Net interest margin

Net interest margin	H1 2019	2018	2017
Sum interest income last 12 Months H1 2019	422		
12 Month average interest bearing assets	20,630		
Net interest margin H1 2019 (%)	**2.05**		
Sum interest income last 12 Months 2018		432	
12 Month average interest bearing assets		20,528	
Net interest margin 2018 (%)		**2.10**	
Net interest margin 2017 (%)			**1.69**

DISCLAIMER

Presentation of information

The Annual Accounts of NIBC Bank N.V. ('NIBC Bank') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Title 9 of Book 2 of The Netherlands Civil Code. In preparing the financial information in this Condensed Interim Report (NIBC Bank) for the six months period ended 30 June 2019 (the 'Financial Report'), the same accounting principles are applied as in the 2018 NIBC Bank's Annual Accounts, save for any change described in the Accounting policies. The figures in this Financial Report have been reviewed by the external auditor. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

Certain statements in this Financial Report are not historical facts and are 'forward-looking' statements that relate to, among other things, NIBC Bank'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 Bank's current view with respect to future events and financial performance. Words such as 'believe', 'anticipate', 'estimate', 'expect', 'intend', 'predict', 'project', 'could', 'may', 'will', 'plan' and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve uncertainties and are subject to certain risks, including, but not limited to (i) general economic conditions, in particular in NIBC Bank's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets (ix) changes in law and regulations, including taxes (x) changes in policies of governments and/or regulatory authorities, (xi) the results of our strategy and investment policies and objectives and (xii) the risks and uncertainties as addressed in this Financial Report, the occurrence of which could cause NIBC Bank'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 Bank 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 Bank nor any of its directors, officers, employees do make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.