NIBC

CONDENSED INTERIM REPORT 2021 NIBC BANK N.V.

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The Condensed Consolidated Interim Financial Report in this Interim Report has been prepared in accordance with IAS 34 Interim Financial Statements as adopted by the European Union and are reviewed by our external auditor.

To provide a better understanding of the underlying results, the income statement presented in the Financial Review section of this Interim Report differs from the one presented in the Condensed Consolidated Interim Financial Report.

This Interim Report is presented in euros (EUR), rounded to the nearest million (unless otherwise stated). Certain figures may not tally due to rounding and certain percentages have been calculated using rounded figures.

The use of the term NIBC implies NIBC Bank and all figures relate to those of NIBC Bank, unless stated otherwise.

For a download of this report or more information, please refer to:

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A WORD FROM THE CEO

Dear reader,

I am pleased to announce that NIBC is reporting a strong performance with a profit for the first half of 2021 of EUR 88 million (H1 2020: EUR 6 million). In these times of economic uncertainty, we were able to deliver upon our promises of being a dynamic, entrepreneurial banking partner to our clients. We continued to focus on re-inventing ourselves where we see the best growth opportunities for our corporate and consumer clients. We actively evaluate our asset classes, also taking into account our risk appetite, leading to continued rebalancing towards more granular asset classes. With our client and product diversification we have created a strong fundament that allows us to capture new business opportunities and selectively explore areas of growth and future profitability.

Our strong capital and liquidity position allows us to support our clients in their growth ambitions and to simultaneously build our franchises in those niches where we can make a difference. Our label OIMIO expanded its business to a total exposure of more than EUR 100 million in smaller ticket real estate financing. Lot Hypotheken has celebrated its one-year anniversary and, with a steadily growing number of clients and total loans outstanding approaching EUR 1 billion, is well-positioned for further growth in the sustainable mortgage market.

In July we announced the acquisition of Finqus' EUR 1.5 billion mortgage loan portfolio. We look forward to welcoming Finqus' customers in the second half of the year. During the first half year, we organically grew our owner-occupied mortgage loan portfolio to EUR 9.2 billion (+2%) and our buy-to-let **(BtL)** portfolio to EUR 883 million (+3%). We also continued to expand our fee generating Originate-to-Manage **(OTM)** activities. Our OTM portfolio of mortgage loans grew to a total of EUR 8.7 billion (+15%) with ample growth potential of a total mandate of more than EUR 12 billion per H1 2021. The OTM portfolio of corporate exposures grew to EUR 1.4 billion (+36%). The Corporate loan book showed a limited decrease as re- and prepayments were almost offset by strong performance in Commercial Real Estate and Infrastructure.

Costs are actively managed and well under control, even though we keep our cost under control and also continue to invest in the IT environment of the Bank and fully absorb the again increased regulatory costs. All in all, this resulted in an improved cost/income ratio of 46% (H1 2020: 52%).

We saw our credit loss expenses decrease to EUR 12 million (H1 2020: EUR 79 million), reflecting the impact of the positive economic developments. To address the enduring uncertainties in the various portfolios, we have continued to apply a management overlay at the same level as year-end 2020.

Looking at the world around us, the context in which we have to operate nowadays remains unprecedented, and there is a sector-wide concern regarding the background of low and even negative interest rates, excess liquidity and increasing regulatory demand . On the back of the government support measures, the Dutch and north-western Europe economies seem to weather the crisis relatively well, however, it remains to be seen what the long-term effects will be of both the government support measures and the prolonged expansionary monetary policy. We will continue to provide our clients with the best service and support where possible, and at the same time steer the bank through the COVID-19 pandemic. The pandemic has changed the way we work and we are proud of the resilience that our people have shown in these special times. We are looking forward to supporting our people in safely returning to the office in the second half of 2021 and beyond.

NIBC has a robust and fully integrated sustainability strategy that guides our business decisions. Serving our clients in the best possible way is at the center of our operations. During the first half year of 2021, NIBC closed green deals in a growing number of sectors as clients increasingly focus on making their businesses sustainable and linking their efforts in this area to their financing solutions. With our strong ESG profile, we are well positioned to support them in these endeavors. For example, NIBC supports improved standards for responsible ship recycling, we have got a great number of investors that showed interest in our new and fully ESG compliant CLO, which has been in the top decile of league tables throughout the COVID-19 crisis. Another example is the introduction of our sustainable mortgage label Lot Hypotheken last year. Our most recent initiative is the launch of our green bond framework, which enables us to issue green bonds to finance green assets in the real estate and infrastructure sectors.

We are encouraged by the support of our new shareholder Blackstone in our continuous effort to be a leading niche player. We are excited to seize new opportunities and possibilities for further growth together, as proven by the acquisition of the Finqus portfolio. We are looking forward to welcoming Leni Boeren as new member of our Supervisory Board later this year.

At the heart of our business are our people. As a bank built for entrepreneurs, we are committed to cultivate our 'Think YES' mentality by being professional, entrepreneurial and inventive and by matching our clients' can-do attitude. I would particularly like to thank our employees for their continued trust, flexibility and hard work to support our clients in these exciting times.

For the year ahead, the environment remains uncertain. Yet there are some positive macroeconomic signs which further motivate us to help our clients to realise new growth opportunities. I am confident that NIBC has a strong basis for future growth, and with our new shareholder's support and our engaged staff we are in good shape for the remainder of 2021 and beyond.

The Hague, 24 August 2021

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

KEY FIGURES

- Our overall performance for H1 2021 is strong. The profit after tax has significantly improved not only compared to H1 2020 but also to H1 2019 (EUR 81 million). These positive results stem from lower credit loss expenses and strong investment income.
- Operating income is supported by high investment income following successful exits and positive revaluations in our equity investment portfolio. However, net interest income decreased, following lower origination of corporate loans during the year 2020 as well as decreasing spreads in the mortgage market.
- The decrease in operating expenses reflects active cost management on the bank's base activities. This ensures the ability to continue to invest in new initiatives and improvement projects to further strengthen the bank's processes.
- Credit loss expenses are significantly lower than in H1 2020. The levels of H1 2020 were elevated due to the effects of the COVID-19 pandemic. With improved economic

Income statement

in EUR millions	H1 2021	H1 2020	H1 2021 vs. H1 2020
Net interest income	177	200	-11%
Net fee and commission income	21	19	8%
Investment income	43	5	>100%
Other income	(8)	(18)	-56%
Operating income	**232**	**206**	**13%**
Personnel expenses	49	52	-5%
Other operating expenses	42	44	-4%
Depreciation and amortisation	2	2	-19%
Regulatory charges and levies	13	10	30%
Operating expenses	**106**	**108**	**-2%**
Net operating income	**126**	**98**	**29%**
Credit loss expense/(recovery)	12	79	-85%
Tax	20	7	>100%
Profit after tax	**94**	**12**	**>100%**
Profit attributable to non-controlling interest	6	6	0%
Profit after tax attributable to shareholder of NIBC Bank	**88**	**6**	**>100%**

	H1 2021	2020	2019
Earnings			
Net interest margin	1.77%	1.81%	1.99%
Cost/income ratio	46%	52%	44%
Return on equity	10.0%	2.8%	10.2%

indicators but also the impact from our long term strategy of de-risking our portfolios, impairment levels have gone down to a moderate level. The management overlay for H1 2021 included in credit impairments equals EUR 12.5 million, reflecting a EUR 2.2 million release.

- NIBC has a strong capital position reflected in a CET 1 ratio of 21.2% as at H1 2021.
- As per H1 2021 CCR II is implemented. In H1 2021 this resulted in an increase in our RWA position due to the implementation of SA-CCR for derivatives. The implementation of the prudential backstop does not have any effect in H1 2021.
- Active liquidity management and selective use of the various funding instruments have resulted in a stable funding spread.

	H1 2021	2020	2019
Asset quality			
Cost of risk	0.38%	1.77%	0.64%
Impairment ratio	0.14%	0.78%	0.28%
Impairment coverage ratio	34%	37%	33%
NPL ratio	2.83%	2.1%	2.5%
Solvency			
Equity attributable to shareholder of the company	1,811	1,803	1,865
AT1 and Subordinated liabilities	505	478	484
Balance sheet total	21,329	21,055	22,407
Risk-weighted assets	7,660	7,640	8,597
Common Equity Tier 1 ratio	21.2%	21.3%	18.7%
Tier 1 ratio	23.9%	24.0%	21.0%
Total Capital ratio	25.1%	25.4%	24.7%
Leverage ratio	9.3%	9.2%	7.8%
Funding & liquidity			
Loan-to-deposit ratio	146%	150%	157%
S&P rating and outlook	BBB+ Stable	BBB+ Negative	BBB+ Stable
Fitch rating and outlook	BBB Negative	BBB Negative	BBB Stable

RESPONSIBILITY STATEMENT

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act, the members of the Managing Board of NIBC Holding 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 2021, 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 Bank N.V. and the companies included in the consolidation.

The Hague, 24 August 2021

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. 2021

Small differences are possible due to rounding.

CONSOLIDATED INCOME STATEMENT

in EUR millions	note[1]	For the period ended 30 June 2021	For the period ended 30 June 2020
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	2	244	273
Interest income from financial instruments measured at fair value through profit or loss	2	3	7
Interest expense from financial instruments measured at amortised cost	2	69	76
Interest expense from financial instruments measured at fair value through profit or loss	2	2	3
Net interest income		**177**	**200**
Fee income	3	21	19
Fee expense	3	-	-
Net fee income		**21**	**19**
Investment income	4	43	5
Net trading income or (loss)	5	2	(13)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	6	(5)	(4)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	7	(5)	(1)
Operating income		**232**	**206**
Personnel expenses	8	49	52
Other operating expenses	9	42	44
Depreciation and amortisation		2	2
Regulatory charges and levies	10	13	10
Operating expenses		**106**	**108**
Credit loss expense	11	12	79
Profit before tax		**114**	**19**
Tax	12	20	7
Profit after tax		**94**	**12**
Attributable to:			
Shareholders of the parent company		88	6
Holders of capital securities (non-controlling interest)		6	6

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 2021			For the period ended 30 June 2020		
in EUR millions	note[1]	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
Profit for the period		**114**	**20**	**94**	**19**	**7**	**12**
Other comprehensive income:							
Items that will not be reclassified to profit or loss							
Revaluation of property and equipment	22/30	1	-	1	(1)	-	(1)
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss	23/28	(29)	-	(29)	63	-	63
Items that may be reclassified subsequently to profit or loss							
Net result on hedging instruments	30	(3)	(1)	(2)	(2)	-	(2)
Financial assets measured at fair value through other comprehensive income (FVOCI)							
Movement in revaluation reserves for debt investments at FVOCI	16/30	-	-	-	(4)	(1)	(3)
Total other comprehensive income		**(31)**	**(1)**	**(30)**	**56**	**(1)**	**57**
Total comprehensive income		**83**	**19**	**64**	**75**	**6**	**69**
Total comprehensive income attributable to:							
Shareholders of the parent company	30	77	19	58	69	6	63
Holders of capital securities (non-controlling interest)	31	6	-	6	6	-	6
Total comprehensive income		**83**	**19**	**64**	**75**	**6**	**69**

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

CONSOLIDATED BALANCE SHEET

Assets

in EUR millions	note[1]	30-Jun-21	31-Dec-20
Cash and balances with central banks		2,487	1,909
Due from other banks		550	645
Financial assets at fair value through profit or loss (including trading):			
Debt investments	13	52	69
Equity investments (including investments in associates)	14	212	212
Loans	15	145	130
Derivative financial instruments		412	494
Financial assets at fair value through other comprehensive income:			
Debt investments	16	857	886
Financial assets at amortised cost:			
Debt investments		35	22
Loans	17	6,133	6,309
Lease receivables	18	9	16
Mortgage loans	19	10,031	9,902
Securitised mortgage loans	20	312	343
Other:			
Investment property	21	20	21
Investments in associates and joint ventures (equity method)		15	15
Property and equipment (including right-of-use assets)	22	32	33
Deferred tax assets		5	5
Other assets		22	44
Total assets		**21,329**	**21,055**

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

Liabilities and equity

in EUR millions	note[1]	30-Jun-21	31-Dec-20
Due to other banks		503	1,000
Deposits from customers		11,427	11,137
Financial liabilities at fair value through profit or loss (including trading):			
Debt securities in issue structured	23	140	171
Derivative financial instruments		115	100
Current tax liabilities		22	3
Deferred tax liabilities		5	6
Provisions	24	5	6
Accruals, deferred income and other liabilities	25	60	71
Debt securities in issue at amortised cost:			
Own debt securities in issue	26	6,443	5,954
Debt securities in issue related to securitised mortgages	27	293	327
Subordinated liabilities:			
Fair value through profit or loss	28	192	165
Amortised cost	29	113	113
Total liabilities		**19,318**	**19,052**
Equity:			
Share capital	30	80	80
Share premium	30	238	238
Revaluation reserves	30	88	118
Retained profit	30	1,406	1,367
Equity attributable to the shareholders		**1,811**	**1,803**
Capital securities (non-controlling interests)	31	200	200
Total equity		**2,011**	**2,003**
Total liabilities and equity		**21,329**	**21,055**

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

in EUR millions	Attributable to: Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2021	**80**	**238**	**118**	**1,367**	**1,803**	**200**	**2,003**
Total comprehensive income for the period ended 30 June 2021	-	-	(30)	88	58	6	64
Other	-	-	-	-	-	-	-
Distributions:							
Paid coupon on capital securities	-	-	-	-	-	(6)	(6)
Dividend paid during the period[1]	-	-	-	(49)	(49)	-	(49)
Balance at 30 June 2021	**80**	**238**	**88**	**1,406**	**1,811**	**200**	**2,011**

1 Final dividend 2020.

in EUR millions	Attributable to: Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2020	**80**	**238**	**120**	**1,427**	**1,865**	**200**	**2,065**
Total comprehensive income for the period ended 30 June 2020	-	-	57	6	63	6	69
Other	-	-	-	1	1	-	1
Distributions:							
Paid coupon on capital securities	-	-	-	-	-	(6)	(6)
Dividend paid during the period[1]	-	-	-	(109)	(109)	-	(109)
Balance at 30 June 2020	**80**	**238**	**177**	**1,325**	**1,820**	**200**	**2,020**

1 Final dividend 2019.

Available distributable amount

in EUR millions	As at 30 June 2021	As at 30 June 2020
Equity attributable to the equity holder[1]	1,811	1,820
Share capital	(80)	(80)
Legal reserves:		
Within retained earnings	(5)	-
Revaluation reserves	(28)	(28)
Legal reserve profit participation	-	(1)
Total legal reserves	**(33)**	**(29)**
Total available distributable amount	**1,698**	**1,711**

1 Excluding capital securities but including profit attributable to capital securities.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Operating profit after tax	94	12
Non-cash items recognised in operating income and expenses	11	77
Net change in assets and liabilities relating to operating activities	(9)	622
Cash flows from operating activities[1]	**96**	**711**
Cash flows from investing activities	(7)	7
Cash flows from financing activities	452	(247)
Net change in cash and cash equivalents	**541**	**471**
Cash and cash equivalents at 1 January	**2,273**	**2,307**
Net foreign exchange difference	(61)	47
Net changes in cash and cash equivalents	507	468
Cash and cash equivalents at 30 June	**2,719**	**2,822**
Reconciliation of cash and cash equivalents:[2]		
Cash and balances with central banks (maturity three months or less)	2,311	2,319
Due from other banks (maturity three months or less)	408	503
	2,719	**2,822**

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 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 Holding 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, 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 details.

NIBC is an enterprising bank offering corporate and retail client services. Corporate client activities offer advice and debt, mezzanine and equity financing solutions to mid-sized companies and entrepreneurs in the Netherlands, Germany and the UK. Sectors which NIBC is specialised in are: Fintech, Infrastructure & Renewables, Technology, Shipping and Commercial Real Estate. 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. Over the years NIBC initiated several labels: Lot Hypotheken as a new mortgage provider and OIMIO, to finance Commercial Real Estate for SMEs.

Basis of preparation

The condensed consolidated interim financial report for the period ended 30 June 2021 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Managing Board and Supervisory Board have, at the time of approving the condensed consolidated interim financial report for the period ended 30 June 2021, a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, considering the existing and anticipated effects of COVID-19, show that the Group has sufficient financial resources (i.e. liquidity buffers) for at least the coming 12 months. Accordingly, the Managing Board and Supervisory Board have adopted the going concern basis in preparing this condensed consolidated interim financial report for the period ended 30 June 2021.

This condensed consolidated interim financial report was approved by the Managing Board on 24 August 2021 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 2020, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (together **IFRS-EU**). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at 31 December 2020.

The accounting policies used in this condensed consolidated interim financial report are consistent with those set out in the notes to the 2020 consolidated financial statements of NIBC, except for the changes in accounting policies described below. NIBC's consolidated financial statements for 2020 are available on NIBC's website.

The Euro is the functional currency of NIBC, and all figures are rounded to the nearest EUR million, except when otherwise indicated.

NIBC has applied significant critical judgements in the preparation of the condensed consolidated interim financial report for the period ended 30 June 2021, especially due to the significant uncertainties in relation to the potential long-term impact of COVID-19 on NIBC's interim accounts. Areas particularly important in the first half of 2021 are the fair value measurement of certain financial instruments and the determination of expected credit losses of loans, in particular in relation to the assessment when loans have experienced a significant decrease in credit risk (staging) and in the application of macro-economic scenarios when estimating the increase in expected credit losses (management judgement). Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in the Critical Accounting and Estimates paragraph in the Annual Report 2020.

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 2021, 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
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021	Yes	-	Refer to note 'Interbank Offered Rate Reform'
Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions	1 June 2020	Yes	-	See below for comments

Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions

Effective for annual reporting periods beginning on or after 1 June 2020, the amendment to IFRS 16 provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Since NIBC did not receive material rent concessions related to COVID-19, the adoption of the amendment does not have a material effect on the condensed consolidated interim financial report for the period ended 30 June 2021.

Future application of new IFRS-EU accounting standards

Below standards and amendments to existing standards, published prior to 30 June 2021, were not early adopted by the Group, but will be applied in future years. Note that only the amendments to IFRS that are relevant for NIBC are presented in the following table.

Accounting standard/ amendment/ interpretation	IASB effective date	Impact for NIBC
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date (Clarification of the criteria whether to classify a liability as current or non-current)	1 January 2023	Low
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020 (IFRS 3: Reference to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination, and a new exception for liabilities and contingent liabilities; IAS 16: amendments relating to items produced that are not an output of an entity's ordinary activities; IAS 37: clarification of the meaning of 'costs to fulfil a contract'; Annual Improvements containing amendments to: - IFRS 9: costs or fees paid to third parties will not be included in the 10% test for derecognition of financial liabilities, - IFRS 16; amendment of illustrative example, - IFRS 1: an exemption if a subsidiary adopts IFRS at a later date than its parent, - IAS 41 'Agriculture': removal of the requirement for entities to exclude cash flows for taxation when measuring fair value.)	1 January 2022	Low
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (Clarification of what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.)	1 January 2023	Low
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (Guidance on accounting policies disclosures)	1 January 2023	Low
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (Distinguish between accounting policies and accounting estimates)	1 January 2023	Low
Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (One year extension of the relief to lessees from applying lease modification accounting to COVID-19 related rent concessions)	1 April 2021	Low

Impact of COVID-19 pandemic

Background

The COVID-19 pandemic (COVID-19) continues to affect the global economy and, despite positive signs of economic recovery, uncertainty remains high, in particular in light of the spread of new variants. In reaction to COVID-19, NIBC has implemented a wide range of measures to address the various challenges, There are no material changes in the application of the accounting policies as a result of the developments in COVID-19 since the year-end 2020.

Interbank Offered Rate Reform (IBOR Reform)

Following the decision by global regulators to phase out IBORs and replace them with alternative nearly *Risk-Free Interest Rates* (**RFR**s), NIBC has established the *IBOR Transition Program* (**the Program**) across all areas of NIBC to coordinate the transition activities and to assess the potential risks and impacts of any transition.

The program is sponsored by the CFO, led by senior representatives, and encompasses various workstreams and departments including the client facing teams, Legal, Finance, Risk Management, Operations and IT.

Potential changes in risks are regularly reviewed and where necessary updated after discussion in the Program board. To date NIBC identified risks in the categories Conduct Risks, Legal Risks, Financial Risks and General Project Risks.

On 5 March 2021 the FCA announced and confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in case of the remaining US dollar settings.

NIBC intends to amend all outstanding GBP LIBOR, CHF LIBOR and JPY LIBOR contracts to a RFR during 2021. London Clearing House (LCH) intends to convert GBP LIBOR positions in the derivatives portfolio in December 2021.

In the first half year of 2021 several CSA contracts were amended to adjust the discount curve from EONIA to €STR, NIBC approached clients for the upcoming IBOR reform, and as per 30 June 2021 the first facility and relating interest rate swap were amended (from LIBOR to SONIA) to reflect the new RFR.

In accordance with IBOR Reform Phase 2 IFRS 9 reliefs, changes in the basis for determining contractual cash flows of a financial instrument as

- a 'direct consequence of the Reform', and
- with an 'economically equivalent' new basis for determining the contractual cash flows to the previous basis immediately preceding the change,

are treated as changes to the floating interest rate, i.e., the *effective interest rate* (**EIR**) is updated to reflect the change in an interest rate benchmark from IBOR to an RFR without adjusting the carrying amount.

The following table indicates the nominal amount and weighted average maturity of derivatives as at 30 June 2021 in active hedging relationships that will be affected by the Reform as financial instruments transition to RFRs, analysed by interest rate basis. The derivative hedging instruments provide a close approximation to the extent of the risk exposure NIBC manages through hedging relationships.

Benchmark	Notional Amount in EUR million	Weighted average remaining maturity (in years)
GBP LIBOR	396	2.48

Transition of the derivatives (swaps) and the hedged items will be on a 'economically equivalent' basis, and as a consequence the hedge documentation will be amended at transition without discontinuing the hedges.

NIBC will transition the hedged items as much as possible in the same periods as the hedging instruments, to minimise the level of recorded hedge ineffectiveness.

The following table shows the nominal amounts for derivatives and contractual drawn par amounts of non-derivative financial assets and non-derivative financial liabilities subject to the Reform that have yet to transition as at 30 June 2021.

in EUR million	GBP LIBOR	USD LIBOR	CHF LIBOR	Total
Derivatives	3,502	1,246	-	4,748
Non-derivative financial assets	796	862	5	1,662
Non-derivative financial liabilities	289	115	-	404
Loan commitments	170	32	5	207

Intercompany transactions are excluded from the table.

Because EURIBOR is currently compliant with the European Benchmark Regulation, the transactions in EURIBOR are excluded from the table. A transition of transactions that reference other interest rate benchmarks, such as STIBOR, NIBOR and CIBOR is currently not foreseen in the near future and therefore these transactions are also excluded from the table.

The adoption of the IBOR Reform amendments does not have a material effect on the condensed consolidated interim financial report for the period ended 30 June 2021, because:

- the economically equivalent transitions involve no significant changes in the amended financial instrument's fair value and cash flows,
- NIBC has limited LIBOR position in hedge relations, and
- the transition of hedged items and hedged instruments occur in the same periods, the Reform is not expected to have a material impact on NIBC's future consolidated financial statements.

NOTES TO THE (CONDENSED) CONSOLIDATED INTERIM FINANCIAL REPORT

1 Segment report

Segment information is presented in these condensed consolidated interim financial report 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 condensed consolidated interim financial report. The Managing Board is the Group's chief operating decision-maker.

Operating segments

The operating segments are as follows:

Corporate Client Offering

NIBC's Corporate Client Offering focuses on products and services such as senior debt, mezzanine and equity financing, and advisory services required by companies at decisive moments. We focus on serving medium-sized corporate clients in selected asset classes in north-western Europe. As a speciality financier, we differentiate ourselves from traditional peers by a strong focus on selected asset classes where we have in-depth knowledge, quick decision-making and the ability to offer tailor-made solutions.

Retail Client Offering

Retail Client Offering offers mortgage loans, buy-to-let mortgage loans and savings products to NIBC's retail clients. The mortgage loan products are offered in the Netherlands, and the savings products are offered in the Netherlands, Germany and Belgium. In addition, we offer ancilliary brokerage services to our retail clients in Germany under our 'NIBC Direct' label.

Treasury and Group Functions

Treasury and Group Functions includes the Bank's treasury function, asset and liability management, risk management and NIBC's Corporate Centre which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Technology, and Finance, Tax & Strategy. A substantial part of the operating expenses as well as the full time equivalents of Group Functions are allocated to Corporate and Retail Client Offering.

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

Certain financial assets and liabilities are not allocated to Corporate Client Offering and Retail Client Offering as they are managed on a group basis. These financial assets and liabilities are held within the segment Treasury and Group Functions and mainly comprise cash, debt investments 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 2021 and 30 June 2020.

	For the period ended 30 June 2021			
in EUR millions	Corporate Client Offering	Retail Client Offering	Treasury & Group Functions	Total (consolidated financial statements)
Net interest income	74	73	30	177
Net fee income	6	15	-	21
Investment income	43	-	-	43
Net trading income / (loss)	2	-	-	2
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(1)	-	(4)	(5)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	5	-	-	(5)
Operating income	**119**	**87**	**26**	**232**
Regulatory charges and levies	-	8	5	13
Other operating expenses[1]	47	37	9	93
Operating expenses	**47**	**44**	**14**	**106**
Net operating income	**72**	**43**	**11**	**126**
Credit loss expense	15	(2)	-	12
Profit before tax	**57**	**45**	**11**	**114**
Tax	6	12	2	20
Profit after tax	**51**	**34**	**9**	**94**
Attributable to:				
Shareholders of the company	51	34	3	88
Holders of capital securities (non-controlling interests)				6

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

Income and expenses per country

in EUR millions	For the period ended 30 June 2021 The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	224	4	1	3	232
Operating expenses	97	5	3	1	106
Credit loss expense	13	-	-	-	12
Profit before tax	**115**	**(1)**	**(2)**	**2**	**114**
Tax	20	-	-	-	20
Profit after tax	**95**	**(1)**	**(2)**	**1**	**94**
FTEs	564	47	24	6	641

Operating income per sector per country

in EUR millions	For the period ended 30 June 2021 The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	13	-	-	-	13
Energy	9	-	-	-	9
Financial Sponsors & Leveraged Finance	10	-	-	-	10
Fintech & Structured Finance	7	-	-	-	7
Infrastructure	10	-	-	-	10
Mezzanine & Equity Partners	47	-	-	-	47
Mid Market Corporates	5	-	-	-	5
Shipping	8	-	-	-	8
Other Corporate Client Offering	8	-	2	-	10
Retail Client Offering	77	7	-	3	87
Treasury	29	(3)	(0)	-	26
	224	**4**	**1**	**3**	**232**

Net fee income per sector per country

	For the period ended 30 June 2021				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	1	-	-	-	1
Energy	-	-	-	-	-
Financial Sponsors & Leveraged Finance	-	-	-	-	-
Fintech & Structured Finance	-	-	-	-	-
Infrastructure	-	-	-	-	-
Mezzanine & Equity Partners	-	-	-	-	-
Mid Market Corporates	-	-	-	-	-
Shipping	-	-	-	-	-
Other Corporate Client Offering	2	-	2	-	4
Retail Client Offering	14	-	-	-	15
Treasury	-	-	-	-	-
	19	**-**	**2**	**-**	**21**

	For the period ended 30 June 2020			
in EUR millions	Corporate Client Offering	Retail Client Offering	Treasury & Group Functions	Total (consolidated financial statements)
Net interest income	84	76	40	200
Net fee income	7	12	-	19
Investment income	4	-	1	5
Net trading income / (loss)	(13)	-	-	(13)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	1	-	(5)	(4)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	(1)	-	-	(1)
Operating income	**82**	**88**	**36**	**206**
Regulatory charges and levies	-	5	5	10
Other operating expenses[1]	53	31	14	98
Operating expenses	**53**	**36**	**19**	**108**
Net operating income	**29**	**52**	**17**	**98**
Credit loss expense	74	5	-	79
Profit before tax	**(45)**	**47**	**17**	**19**
Tax	(12)	12	7	7
Profit after tax	**(33)**	**35**	**10**	**12**
Attributable to:				
Shareholders of the company	(33)	35	4	6
Holders of capital securities (non-controlling interests)	-	-	6	6

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

Income and expenses per country

	For the period ended 30 June 2020				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	170	29	2	5	206
Operating expenses	94	10	3	1	108
Credit loss expense	83	(4)	-	-	79
Profit before tax	**(8)**	**24**	**(1)**	**4**	**19**
Tax	1	6	-	-	7
Profit after tax	**(9)**	**18**	**(1)**	**4**	**12**
FTEs	560	67	26	6	659

Operating income per sector per country

in EUR millions	For the period ended 30 June 2020 The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	15	-	-	-	15
Energy	6	-	-	-	6
Financial Sponsors & Leveraged Finance	8	5	-	-	13
Fintech & Structured Finance	4	5	-	-	9
Infrastructure	10	1	-	-	11
Mezzanine & Equity Partners	(1)	-	-	-	(1)
Mid Market Corporates	10	3	-	-	13
Shipping	9	-	-	-	9
Other Corporate Client Offering	7	-	-	-	7
Retail Client Offering	68	15	-	5	88
Treasury	34	-	2	-	36
	170	**29**	**2**	**5**	**206**

Net fee income per sector per country

in EUR millions	For the period ended 30 June 2020 The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	1	-	-	-	1
Energy	-	-	-	-	-
Financial Sponsors & Leveraged Finance	-	-	-	-	-
Fintech & Structured Finance	1	-	-	-	1
Infrastructure	1	-	-	-	1
Mezzanine & Equity Partners	1	-	-	-	1
Mid Market Corporates	-	-	-	-	-
Shipping	-	-	-	-	-
Other Corporate Client Offering	3	-	-	-	3
Retail Client Offering	12	-	-	-	12
Treasury	-	-	-	-	-
	19	**-**	**-**	**-**	**19**

2 Net interest income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Interest and similar income:		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	**244**	**273**
Cash and balances with central banks	1	3
Due from other banks	1	-
Loans	103	134
Mortgage loans	147	153
Derivatives related to assets at amortised cost	(7)	(18)
Interest income from financial instruments measured at fair value through profit or loss	**3**	**7**
Debt investments	1	4
Loans	1	1
Derivatives	1	2
	248	**279**
Interest expense and similar charges:		
Interest expense from financial instruments measured at amortised cost	**69**	**76**
Cash and balances with central banks	4	2
Due to other banks	2	3
Deposits from customers	29	39
Debt securities	32	32
Subordinated liabilities	2	2
Derivatives related to liabilities at amortised cost	(1)	(3)
Other	1	1
Interest expense from financial instruments measured at fair value through profit or loss	**2**	**3**
Debt securities	3	4
Subordinated liabilities	3	3
Derivatives	(4)	(4)
	71	**79**
	177	**200**

Interest income includes negative interest from liabilities for an amount of EUR 22 million (H1 2020: EUR 14 million). This amount includes the negative interest from TLTRO loans for an amount of EUR 1 million (H1 2020: EUR 3 million). NIBC has drawn amounts under the TLTRO II and III programs in H1 2021 and H1 2020. TLTRO II matured in the first half of 2021 and TLTRO III has a remaining maturity of two years at 30 June 2021 and will end in 2023.

Interest expense includes negative interest from financial assets for an amount of EUR 32 million (H1 2020: EUR 22 million).

3 Net fee income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Fee income per segment and major service lines:		
Corporate Client Offering		
Originate-to-Manage loans	2	2
Lending related fees	3	3
M&A fees	2	2
Fee income Corporate Client Offering	**7**	**7**
Retail Client Offering		
Originate-to-Manage mortgages	14	12
Fee income Retail Client Offering	**14**	**12**
Total fee income	**21**	**19**
Fee expense:		
Other fees	-	-
	-	**-**
	21	**19**

The increase on fees in the Originate-to-Manage mortgages in the Retail Client Offering is a reflection of both the larger Originate-to-Manage portfolio during the period as well as the continued high origination volumes.

4 Investment income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Share in result of associates and joint ventures accounted for using the equity method	1	2
Equity investments at fair value through profit or loss:		
Gains less losses from associates	23	(6)
Gains less losses from other equity investments	20	8
Gains less losses from debt investments	-	1
	43	**5**

The increased level of investment income can be assigned to the sale of the investment in Fletcher Hotels and positive revaluations of other investments within the portfolio.

5 Net trading income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Financial instruments mandatory measured at fair value through profit or loss:		
Debt investments held for trading	2	(16)
Other assets and liabilities held for trading	-	2
Other net trading income	-	1
	2	**(13)**

Results in net trading income relate to trading assets and liabilities, and the associated fair value movements. The fair value movements are influenced by changes in market conditions, such as stock prices, interest rates and currency exchange rates. The debt investments held for trading include a fair value movement of EUR 2 million (gain) on the retained non-rated positions of the outstanding North Westerly CLO transactions (H1 2020: loss of EUR 15 million).

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 2021	For the period ended 30 June 2020
Financial instruments mandatory at fair value through profit or loss other than those included in net trading income:		
Debt securities	2	-
Derivatives held for hedge accounting		
Fair value hedges of interest rate risk	(6)	(3)
Cash flow hedges of interest rate risk	-	-
Interest rate instruments (economic hedge)	1	2
Loans	(1)	-
Non-financial instruments:		
Investment property		
Investment property - revaluation result	-	(3)
	(5)	**(4)**

Debt securities report a gain of EUR 2 million, related to repurchased securities (H1 2020: nil).

Fair value hedges of interest risk rate reports a loss of EUR 6 million in H1 2021 (H1 2020: loss of EUR 3 million). This can be attributed to a loss of EUR 76 million on the hedged items (H1 2020: gain of EUR 49 million) and a gain of EUR 70 million on the hedging instruments (H1 2020: loss of EUR 52 million). Cash flow hedges of interest risk rate reports a loss below EUR 1 million (H1 2020: nil).

Interest rate instruments report a gain of EUR 1 million in H1 2021 (H1 2020: gain of EUR 2 million). This result includes a gain of EUR 1 million Credit Value Adjustment (**CVA**) (H1 2020: gain of EUR 1 million) and a loss of EUR 1 million in cross currency swaps (H1 2020: gain of EUR 1 million).

Loans report a loss of EUR 1 million (H1 2020: EUR 1 million gain), which includes EUR 2 million positive revaluations and EUR 3 million negative revaluations, related to several corporate loans measured at fair value.

Investment property revaluation includes land and buildings revalued as of 30 June 2021 based on an independent external appraisal. Land and buildings with the available for rental status decreased in value, leading to a loss of EUR 0.5 million net of tax in the first half of 2021 (H1 2020: 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 2021	For the period ended 30 June 2020
Loans	(5)	(1)
	(5)	**(1)**

The financial assets were derecognised as a result of a sales transaction of the financial asset against a price lower than the carrying value.

8 Personnel expenses

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Personnel expenses	49	52
	49	**52**

The number of Full Time Equivalents (**FTEs**) decreased from 659 at 30 June 2020 to 641 at 30 June 2021.

The H1 2021 decline in personnel expenses is due to lower spend on temporary staff and less one-off severances, partly compensated by higher variable compensations (including retention packages).

9 Other operating expenses

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Other operating expenses		
Building, housing and services expenses	1	2
Car, travel and accommodation expenses	-	1
Project expenses and consultants	8	10
Control and supervision	2	2
Corporate brand, brochures, (re-)presentation expenses	1	1
Other employee expenses	1	1
ICT expenses	12	12
Communication expenses	-	1
Data expenses	2	3
Process outsourcing	11	9
Other general expenses	1	-
Low-value assets lease expenses	1	1
Fees of auditors	1	1
	42	**44**

Total operating expenses decreased due to lower expenses following the COVID-19 pandemic (mainly car and travel expenses) and lower project expenses, partly offset by higher process outsourcing expenses and corporate branding in the Retail Client Offering sector (NIBC Direct).

10 Regulatory charges and levies

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Resolution levy	5	5
Deposit Guarantee Scheme	8	5
	13	**10**

The increase (EUR 3 million) of the regulatory charges are mainly caused by the increase of NIBC's saving deposits guaranteed by the Deposit Guarantee Scheme. The increase is a combination of the increase of the basic contribution for the guaranteed saving deposits and additional regulatory (risk)suppletion charges as a consequence of NIBC's relatively large share in the risk-adjusted growth of deposits covered by the Deposit Guarantee Scheme.

11 Impairments of financial assets

Financial assets

Credit loss expenses

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Financial assets at amortised cost/fair value through other comprehensive income:		
Loans	8	74
Lease receivables	7	-
Mortgages loans	(2)	5
Debtors	-	1
Total for on-balance sheet financial assets (in scope of ECL requirements)	**13**	**80**
Off-balance sheet financial instruments and credit lines:		
Committed facilities with respect to mortgage loans	-	-
Irrevocable loan commitments	-	(1)
Total for off-balance sheet financial assets (in scope of ECL requirements)	**-**	**(1)**
	12	**79**

The credit losses for corporate loans are mainly related to stage 3 assets (loss of EUR 13 million), the effects of macro-economic scenarios (gain of EUR 4 million) and partial release from the management overlay (gain of EUR 1 million). The credit losses expenses on lease receivables include stage 3 impairments of EUR 7 million on a structured finance transaction. The credit losses expenses on mortgage loans decreased to improved macro-economic scenarios and the partial release from the management overlay (EUR 1 million).

Management overlay
To the extent NIBC believes that the increased credit risk of the COVID-19 pandemic is not fully reflected in the IFRS 9 models, a management overlay has been recognised. Modelled credit factors do not fully reflect the underlying fundamentals of the sector specific circumstances, causing the requirement for a management overlay for both corporate loans and mortgage loans.

The nature of the management overlay on corporate loans focuses on sectors with elevated risk exposures. Analysis has indicated that the models do not sufficiently reflect the credit deterioration of certain sectors as the impact of COVID-19 is not sufficiently absorbed in the PD-curve considering the uncertainties on the GDP and oil price development. Following the additional reviews, the movement in the ECL management overlay resulted in a gain of EUR 1 million in the credit losses for corporate loans (H1 2020: loss of EUR 15 million) to reflect the improving circumstances of COVID-19 on the performance of corporate loans. The overlay has been applied consistently. The release is due to the better economic outlook compared to year-end 2020, reducing the amount of the management overlay for Energy exposures with EUR 1 million.

Credit losses in the first half year of 2021 on mortgage loans include the movement in the ECLmanagement overlay, resulting in a gain of EUR 1 million (H1 2020: EUR 5 million expense).The overlay has been applied consistently. The release is due to the better economic outlook compared to year-end 2020. With regards to the ECL provision on mortgage loans, NIBC has decided to include a management overlay to address identified limitations in the existing ECL models by addressing the present uncertainties regarding economic developments. One important input factor that has been considered for determining the management overlay on mortgage loans is the unemployment rate, as this is not part of the used MES inputs. Applying scenario analysis, the impact of this input factor has been quantified. This way, NIBC believes to have addressed the increased uncertainty regarding e.g. (long-term) impact on unemployment in an appropriate manner.

The resulting coverage ratios are reported below. The impact of the adjustments per stage shows the coverage ratios per asset class, including the effects of the management overlay for both corporate as well as retail impairment coverage ratios.

Coverage ratios including overlay (drawn and undrawn)

	Stage 1	Stage 2	Stage 3
Corporate Client Offering			
Commercial Real Estate (incl. OIMIO)	0.18%	0.89%	22.91%
Energy	0.13%	1.58%	24.34%
Financial Sponsors & Leveraged Finance	0.57%	4.32%	55.89%
Fintech & Structured Finance (incl. Mobility and FinQuest)	0.28%	1.04%	63.68%
Infrastructure	0.12%	7.99%	
Mid-Markets Corporates	0.27%	4.57%	16.72%
Shipping	0.17%	1.52%	27.07%
Investment Loans	1.29%	1.96%	29.19%
Retail Client Offering			
Mortgage loans	0.02%	3.93%	15.65%

The management overlay for corporate exposures amounts to EUR 5 million (2020: EUR 6 million). This is the result of an increase of 17 bps (stage 1, 2020: 15 bps) and 169 bps (stage 2, 2020: 200 bps) on Energy exposures and an increase of 15 bps (stage 1, 2020: 15 bps) and 57 bps (stage 2, 2020: 112 bps) on Fintech & Structured Finance exposures. The management overlay on mortgage loan exposures amounts to EUR 8 million (2020: EUR 9 million).

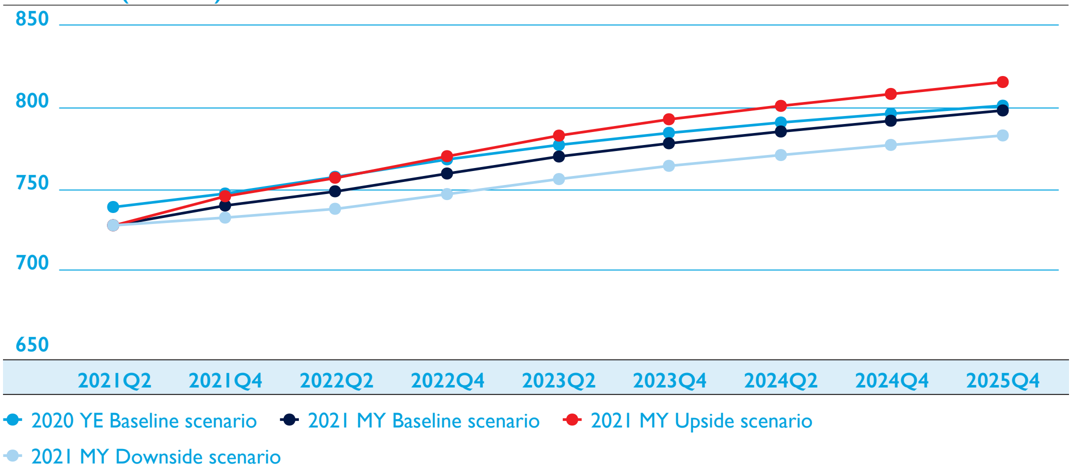
NIBC has internal governance in place to monitor (through senior management review) the effectiveness of the ECL models and the requirement for a potential management overlay.

Macroeconomic scenarios

NIBC updates the macroeconomic scenarios twice a year. For the 2021 H1 ECL calculations, NIBChas adjusted the macroeconomic scenarios. Key changes to macroeconomic assumptions and the related economic scenarios which affect the ECL estimate are disclosed below.

The macroeconomic scenarios applied have incorporated a vaccination programme picking up pace, an increased demand in housing and a short-term oil price pushing higher.

GDP -NL (EUR-BI)



The following table shows changes to the economic outlook with regards to Dutch Gross Domestic Product (**GDP**), Oil Price and House Price index.

	2021Q3	2021Q4	2021FY	2022Q1	2022Q2	2022FY
GDP (NL)	1.1%	0.6%	0.7%	0.5%	0.7%	2.6%
GDP (UK)	2.1%	1.7%	5.7%	1.1%	1.2%	6.4%
GDP (DE)	2.0%	1.4%	2.6%	0.8%	0.5%	4.2%
Oil Price	2.0%	-1.3%	53.9%	-1.7%	-1.4%	-1.9%
House Price Index (NL)	1.0%	0.9%	8.8%	0.7%	0.4%	2.6%
House Price Index (DE)	0.9%	1.0%	7.1%	1.1%	1.1%	4.3%

In the assessment of the macroeconomic scenarios for potential management overlay, NIBC has noted that various sectors of the Dutch economy have been able to absorb the impact of the COVID-19 pandemic relatively well due to the existing digital infrastructure and quick and large stimulus packages.

NIBC has considered altering the number of scenarios and weights assigned to individual scenarios but decided to retain the 2020 assumptions. Also assumptions made in relation to the forecast period used for scenario modelling have remained unchanged. In summary, the updates of the macroeconomic scenarios during the first half year 2021 have led to an decrease in ECL of EUR 2 million.

Payment deferral schemes, guaranteed loans and other forms of customer support
Since the start of the COVID-19 pandemic, NIBC has provided specific measures to customers, supporting them in addressing the impact of the pandemic. A file-by-file review has led to a total life to date corporate exposure per half year 2021 of EUR 453 million (2020: EUR 200 million) that received one or more of these measures, which includes total deferrals of approximately EUR 38 million (2020: EUR 30 million). The support mainly provided consisted of payment holidays or a credit guarantee. NIBC has to date not participated in any moratoria. The deferred payments either have been timely repaid in accordance to the deferral schedule or further extension has been granted against market terms. No waivers of interest or fees have been granted. The duration of the programme will be extended as long as deemed necessary by NIBC.

Analysis on sensitivity

The following tables show the ECL sensitivities of financial instruments not measured at FVtPL.

Sensitivity analysis ECL stages 1 and 2 Corporate loans (drawn and undrawn, excluding management overlay and POCI)

Scenario	Macro economic variables[1]	2021	2022	2023	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	GDP (NL)	1.1%	3.5%	3.3%	33	30.0%	
	GDP (UK)	6.9%	8.7%	2.4%			
	GDP (DE)	3.6%	6.7%	1.9%			
	HPI (NL)	9.0%	4.8%	1.8%			
	HPI (DE)	8.0%	6.8%	6.3%			
	Oil Price	58.8%	3.6%	1.6%			
Baseline scenario	GDP (NL)	0.7%	2.6%	2.7%	35	32.5%	35
	GDP (UK)	5.7%	6.4%	3.6%			
	GDP (DE)	2.6%	4.2%	2.5%			
	HPI (NL)	8.8%	2.6%	0.1%			
	HPI (DE)	7.1%	4.3%	4.9%			
	Oil Price	53.9%	-1.9%	1.2%			
Downside scenario	GDP (NL)	0.3%	1.6%	2.4%	37	37.5%	
	GDP (UK)	4.6%	4.2%	4.6%			
	GDP (DE)	2.0%	3.3%	2.5%			
	HPI (NL)	8.6%	0.7%	-1.8%			
	HPI (DE)	6.9%	3.1%	4.0%			
	Oil Price	44.7%	-8.3%	9.5%			

1 GDP is real 'Gross Domestic Product' HPI is 'House Price Index'

Sensitivity analysis ECL stages 1 and 2 Mortgage loans (drawn and undrawn, excluding management overlay)

Scenario	Macro economic variables	2021	2022	2023	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	HPI (NL)	9.0%	4.8%	1.8%	1	30.0%	
	HPI (DE)	8.0%	6.8%	6.3%			
Baseline scenario	HPI (NL)	8.8%	2.6%	0.1%	1	32.5%	1
	HPI (DE)	7.1%	4.3%	4.9%			
Downside scenario	HPI (NL)	8.6%	0.7%	-1.8%	1	37.5%	
	HPI (DE)	6.9%	3.1%	4.0%			

Sensitivity analysis ECL stages 1 and 2 Corporate loans (drawn and undrawn, excluding management overlay and POCI) 2020

Scenario	Macro-economic variables[1]	2020	2021	2022	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	GDP (NL)	-2.0%	0.4%	1.5%	37	30.0%	
	GDP (UK)	-5.2%	0.4%	1.4%			
	GDP (DE)	-2.8%	0.2%	0.9%			
	HPI (NL)	1.0%	-0.7%	0.6%			
	HPI (DE)	6.0%	3.3%	2.7%			
	Oil Price	-41.3%	-7.3%	3.1%			
Baseline scenario	GDP (NL)	-4.7%	-0.6%	0.8%	41	32.5%	41
	GDP (UK)	-7.4%	-1.2%	0.3%			
	GDP (DE)	-5.6%	-0.8%	0.2%			
	HPI (NL)	0.5%	-1.8%	-0.6%			
	HPI (DE)	6.0%	2.8%	1.9%			
	Oil Price	-45.8%	-12.9%	-0.4%			
Downside scenario	GDP (NL)	-5.6%	-1.5%	0.2%	44	37.5%	
	GDP (UK)	-8.2%	-2.3%	-0.2%			
	GDP (DE)	-6.4%	-1.7%	-0.4%			
	HPI (NL)	0.0%	-3.2%	-2.3%			
	HPI (DE)	6.0%	2.6%	1.6%			
	Oil Price	-53.1%	-20.8%	-2.2%			

1 GDP is real 'Gross Domestic Product ' HPI is House Price Index

Sensitivity analysis ECL stages 1 and 2 Mortgage loans (drawn and undrawn, excluding management overlay) 2020

Scenario	Macro-economic variables	2020	2021	2022	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	HPI (NL)	3.6%	-0.7%	2.7%	1	30.0%	
	HPI (DE)	7.2%	1.7%	5.2%			
Baseline scenario	HPI (NL)	3.6%	-3.0%	0.5%	1	32.5%	2
	HPI (DE)	7.1%	-1.3%	3.9%			
Downside scenario	HPI (NL)	3.6%	-5.5%	-1.8%	2	37.5%	
	HPI (DE)	7.0%	-2.7%	3.2%			

12 Tax

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Current tax	28	8
Deferred tax	(8)	(1)
	20	**7**
Tax reconciliation:		
Profit before tax	**114**	**19**
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2020: 25.0%)	29	5
Impact of income not subject to tax	(9)	(1)
Effect of different tax rates other countries	-	1
Actualisation including true-ups and revaluations	1	2
	20	**7**

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

This results in an effective tax rate of 17.7% for the period ended 30 June 2021 (for the period ended 30 June 2020: 36.1%).

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

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

in EUR millions	30-Jun-21	31-Dec-20
Debt investments (mandatory fair value through profit or loss)	52	69
	52	**69**

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

The decline in debt investments (held for sale) from EUR 69 million to EUR 52 million is mainly due to a bond divestment of EUR 19 million.

14 Equity investments (fair value through profit or loss, including investments in associates)

in EUR millions	30-Jun-21	31-Dec-20
Investments in associates	106	118
Other equity investments	105	93
	212	**212**

During the first half of 2021, the equity investments (FVtPL) portfolio remained stable, as the successful sale of the Fletcher Hotel investment was offset by positive revaluations and portfolio additions.

15 Loans (fair value through profit or loss)

in EUR millions	30-Jun-21	31-Dec-20
Loans	145	130
	145	**130**
Legal maturity analysis of loans:		
Three months or less	1	4
Longer than three months but not longer than one year	33	34
Longer than one year but not longer than five years	94	75
Longer than five years	17	17
	145	**130**

in EUR millions	2021	2020
Movement schedule of loans:		
Balance at 1 January	**130**	**142**
Additions	29	58
Disposals	(21)	(60)
Changes in fair value	8	(11)
Balance at 30 June / 31 December	**145**	**130**

The maximum credit risk exposure of the Loans (FVtPL) portfolio including undrawn credit facilities amounted to EUR 167 million (2020: EUR 161 million).

16 Debt investments (fair value through other comprehensive income)

in EUR millions	30-Jun-21	31-Dec-20
Debt investments	857	886
	857	**886**

In H1 2021 EUR 41 million of debt investments consisted of government bonds (2020: EUR 64 million).

in EUR millions	30-Jun-21	31-Dec-20
Listed	857	886
Unlisted	-	-
	857	**886**
Legal maturity analysis of debt investments:		
Three months or less	58	80
Longer than three months but not longer than one year	75	56
Longer than one year but not longer than five years	671	695
Longer than five years	52	55
	857	**886**

There are no contractual amounts outstanding on debt investments that were written off and are still subject to enforcement activity for H1 2021 and 2020.

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	Stage 2	Stage 3	Total
Movement schedule of carrying value debt investments:				
Balance at 1 January 2021	**883**	**3**	**-**	**886**
New financial assets originated or purchased	128	-	-	128
Financial assets that have been derecognised	(159)	-	-	(159)
Foreign exchange and other movements	1	-	-	1
Balance at 30 June 2021	**854**	**3**	**-**	**857**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value debt investments:				
Balance at 1 January 2020	**951**	**3**	**-**	**954**
New financial assets originated or purchased	330	-	-	330
Financial assets that have been derecognised	(395)	-	-	(395)
Foreign exchange and other movements	(3)	-	-	(3)
Balance at 31 December 2020	**883**	**3**	**-**	**886**

There is no material movement in credit loss allowances on debt investments for H1 2021.

17 Loans (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Loans	5,382	5,639
Loans to group companies	751	670
	6,133	**6,309**
Legal maturity analysis of loans:		
Three months or less	685	476
Longer than three months but not longer than one year	678	897
Longer than one year but not longer than five years	3,680	3,892
Longer than five years	1,090	1,044
	6,133	**6,309**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Movement schedule of carrying value loans:					
Balance at 1 January 2021	**5,461**	**679**	**103**	**65**	**6,308**
New financial assets originated or purchased	952	53	1	1	1,006
Financial assets that have been derecognised	(1,065)	(168)	(46)	(8)	(1,287)
Write-offs and restructurings	-	-	18	-	18
Net remeasurement of loss allowance	3	2	(10)	(2)	(7)
Changes in models/risk parameters	1	-	-	-	1
Foreign exchange and other movements	84	11	(1)	(2)	93
Transfers:					
Transfer from stage 1 to stage 2	(105)	104	-	-	(1)
Transfer from stage 2 to stage 1	46	(45)	-	-	1
Transfer from stage 2 to stage 3	-	(79)	79	-	-
Balance at 30 June 2021	**5,376**	**556**	**145**	**55**	**6,133**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Movement schedule of carrying value loans:					
Balance at 1 January 2020	**6,755**	**684**	**137**	**60**	**7,636**
New financial assets originated or purchased	1,406	46	6	40	1,498
Financial assets that have been derecognised	(2,181)	(236)	(193)	(43)	(2,652)
Write-offs and restructurings	-	-	106	3	109
Net remeasurement of loss allowance	3	(7)	(91)	10	(85)
Changes in models/risk parameters	(10)	(10)	-	-	(20)
Foreign exchange and other movements	(149)	(19)	(3)	(5)	(176)
Transfers:					
Transfer from stage 1 to stage 2	(467)	465	-	-	(2)
Transfer from stage 1 to stage 3	-	-	(1)	-	(1)
Transfer from stage 2 to stage 1	79	(77)	-	-	2
Transfer from stage 2 to stage 3	-	(175)	175	-	-
Transfer from stage 3 to stage 1	26	-	(26)	-	-
Transfer from stage 3 to stage 2	-	7	(7)	-	-
Balance at 31 December 2020	**5,461**	**679**	**103**	**65**	**6,309**

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 2021	**17**	**27**	**72**	**43**	**158**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(1)	1	-	-
Write-offs and restructurings	-	-	(18)	-	(18)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(2)	-	(3)
Foreign exchange and other movements	-	-	3	2	6
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**-**	**(16)**	**2**	**(15)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	3	-	-	-	3
Financial assets that have been derecognised	(2)	(1)	-	-	(3)
Net remeasurement of loss allowance	(3)	(2)	10	2	7
Changes in model assumption and methodologies	(1)	-	-	-	(1)
Unwind of discount due to passage of time stage 1 and stage 2	-	-	2	-	3
Transfers:					
Transfer from stage 1 to stage 2	(1)	1	-	-	1
Transfer from stage 2 to stage 1	1	(1)	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**(3)**	**(3)**	**12**	**2**	**8**
Balance at 30 June 2021	**13**	**24**	**67**	**47**	**151**

The credit loss allowance on loans includes EUR 5 million of loss allowances per 30 June 2021 (2020: EUR 6 million), following the management overlay applied per 30 June 2021. This additional allowance is included in stage 1 (2021: EUR 1 million, 2020: EUR 1 million) and stage 2 (H1 2021: EUR 4 million, 2020: EUR 5 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 loans:					
Balance at 1 January 2020	**9**	**15**	**87**	**41**	**152**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(4)	4	-	-
New financial assets originated or purchased	-	-	-	16	16
Write-offs and restructurings	-	-	(109)	(16)	(125)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(1)	-	(1)
Foreign exchange and other movements	-	-	(5)	2	(4)
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**(4)**	**(112)**	**2**	**(114)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	3	1	-	-	4
Financial assets that have been derecognised	(3)	(2)	-	-	(4)
Net remeasurement of loss allowance	(3)	7	94	-	99
Changes in model assumption and methodologies	10	10	-	-	20
Unwind of discount due to passage of time stage 1 and stage 2	-	-	1	-	1
Transfers:					
Transfer from stage 1 to stage 2	(2)	4	-	-	2
Transfer from stage 1 to stage 3	-	-	1	-	1
Transfer from stage 2 to stage 1	2	(4)	-	-	(2)
Movements with impact on credit loss allowances of financial assets in the income statement	**8**	**16**	**96**	**-**	**120**
Balance at 31 December 2020	**17**	**27**	**72**	**43**	**158**

18 Lease receivables (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Lease receivables	9	16
	9	**16**
Legal maturity analysis of gross investment in lease receivables:		
Three months or less	9	16
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	9	**16**
Unearned future finance income on finance leases	-	-
Net investment in finance leases	**9**	**16**
Legal maturity analysis of net investment in lease receivables:		
Three months or less	9	16
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	9	**16**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value on lease receivables:				
Balance at 1 January 2021	**-**	**-**	**16**	**16**
Net remeasurement of loss allowance	-	-	(7)	(7)
Balance at 30 June 2021	**-**	**-**	**9**	**9**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value on lease receivables:				
Balance at 1 January 2020	**4**	**-**	**21**	**25**
Financial assets that have been derecognised	(4)	-	(8)	(12)
Net remeasurement of loss allowance	-	-	4	4
Balance at 31 December 2020	**-**	**-**	**16**	**16**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on lease receivables:				
Balance at 1 January 2021	**-**	**-**	**14**	**14**
Movements with impact on credit loss allowances of financial assets in the income statement				
Net remeasurement of loss allowance	-	-	7	7
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**-**	**7**	**7**
Balance at 30 June 2021	**-**	**-**	**21**	**21**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on lease receivables:				
Balance at 1 January 2020	**-**	**-**	**10**	**10**
Movements with impact on credit loss allowances of financial assets in the income statement				
Net remeasurement of loss allowance	-	-	4	4
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**-**	**4**	**4**
Balance at 31 December 2020	**-**	**-**	**14**	**14**

19 Mortgage loans (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Owner-occupied mortgage loans	9,147	9,041
Buy-to-let mortgage loans	884	861
	10,031	**9,902**
Legal maturity analysis of mortgage loans:		
Three months or less	7	10
Longer than three months but not longer than one year	16	18
Longer than one year but not longer than five years	154	150
Longer than five years	9,855	9,724
	10,031	**9,902**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value mortgage loans:				
Balance at 1 January 2021	**9,707**	**190**	**5**	**9,902**
New financial assets originated or purchased (including transfers from consolidated SPEs)	1,025	-	-	1,025
Financial assets that have been derecognised (sale and/or redemption)	(869)	(29)	-	(898)
Net remeasurement of loss allowance	-	1	(1)	1
Changes in models/risk parameters	-	-	-	1
Transfers:				
Transfer from stage 1 to stage 2	(23)	23	-	-
Transfer from stage 1 to stage 3	(1)	-	1	-
Transfer from stage 2 to stage 1	27	(27)	-	-
Transfer from stage 2 to stage 3	-	(1)	1	-
Transfer from stage 3 to stage 1	1	-	(1)	-
Transfer from stage 3 to stage 2	-	1	(1)	-
Balance at 30 June 2021	**9,868**	**157**	**5**	**10,031**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value mortgage loans:				
Balance at 1 January 2020	**9,509**	**118**	**10**	**9,637**
New financial assets originated or purchased (including transfers from consolidated SPEs)	1,547	-	-	1,547
Financial assets that have been derecognised (sale and/or redemption)	(1,249)	(20)	(4)	(1,273)
Net remeasurement of loss allowance	(1)	(8)	(1)	(10)
Changes in models/risk parameters	1	-	-	1
Transfers:				
Transfer from stage 1 to stage 2	(133)	133	-	-
Transfer from stage 1 to stage 3	(2)	-	2	-
Transfer from stage 2 to stage 1	35	(35)	-	-
Transfer from stage 2 to stage 3	-	(1)	1	-
Transfer from stage 3 to stage 1	1	-	(1)	-
Transfer from stage 3 to stage 2	-	2	(2)	-
Balance at 31 December 2020	**9,707**	**190**	**5**	**9,902**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on mortgage loans:				
Balance at 1 January 2021	**2**	**8**	**1**	**11**
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	(1)	-	-	(1)
Net remeasurement of loss allowance	-	(1)	1	(1)
Changes in model assumption and methodologies	-	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**(1)**	**(1)**	**1**	**(2)**
Balance at 30 June 2021	**2**	**7**	**1**	**9**

The credit loss allowance on loans in H1 2021 includes EUR 8 million of additional allowances, following the management overlay applied per 30 June 2021. The largest part of this additional allowance is included in stage 2.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on mortgage loans:				
Balance at 1 January 2020	**1**	**-**	**2**	**3**
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)	-
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**1**	**(1)**	**-**
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	(1)	-	(1)	(2)
Net remeasurement of loss allowance	1	8	1	10
Changes in model assumption and methodologies	(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**	**7**	**-**	**8**
Balance at 31 December 2020	**2**	**8**	**1**	**11**

20 Securitised mortgage loans (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Securitised mortgage loans	312	343
	312	**343**
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	1	1
Longer than five years	311	342
	312	**343**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value securitised mortgage loans:				
Balance at 1 January 2021	**339**	**4**	**-**	**343**
Financial assets that have been derecognised (sale and/or redemption)	(30)	-	-	(31)
Balance at 30 June 2021	**309**	**3**	**-**	**312**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value securitised mortgage loans:				
Balance at 1 January 2020	**406**	**1**	**-**	**407**
Financial assets that have been derecognised (sale and/or redemption)	(64)	-	-	(64)
Transfers:				
Transfer from stage 1 to stage 2	(3)	3	-	-
Balance at 31 December 2020	**339**	**4**	**-**	**343**

21 Investment property

in EUR millions	30-Jun-21	31-Dec-20
Investment property	20	21
	20	**21**

in EUR millions	2021	2020
The movement in investment property may be summarised as follows:		
Balance 1 January	**21**	**23**
Additions	-	1
Changes in fair value	0	(3)
Balance at 30 June / 31 December	**20**	**21**

Land and buildings were revalued as of 30 June 2021 based on an independent external appraisal. Investment property (land and buildings with the available for rental status) decreased in value in H1 2021, leading to a loss of EUR 0.5 million before tax. For the revaluation result reference is made to note 6 Net gains or (losses) from assets and liabilities at fair value through profit or loss.

Rental income from investment property amounts to EUR 0.7 million in the first half of 2021 (H1 2020 EUR 0.4 million).

22 Property and equipment (including right-of-use assets)

in EUR millions	30-Jun-21	31-Dec-20
Land and buildings	26	27
Other fixed assets	2	2
Right-of-use assets[1]	4	5
	32	**33**

1 The right-of-use assets reflect the rental of NIBC's offices in London, Frankfurt, Brussels.

in EUR millions	2021	2020
Movement schedule of land and buildings:		
Balance at 1 January	**27**	**30**
Revaluation	1	(1)
Depreciation	(1)	(2)
Impairments	-	(1)
Balance at 30 June / 31 December	**26**	**27**
Gross carrying amount	95	94
Accumulated depreciation	(68)	(67)
	26	**27**
Movement schedule of revaluation surplus:		
Balance at 1 January	**17**	**17**
Revaluation	1	(1)
Balance at 30 June / 31 December	**18**	**17**
Movement schedule of other fixed assets:		
Balance at 1 January	**2**	**3**
Additions	1	-
Depreciation	(1)	(1)
Balance at 30 June / 31 December	**2**	**2**
Gross carrying amount	29	29
Accumulated depreciation	(27)	(27)
	2	**2**

in EUR millions	2021	2020
Movement schedule of right-of-use asset: offices		
Balance at 1 January	**5**	**6**
Depreciation	(1)	(1)
Balance at 30 June / 31 December	**4**	**5**

Land and buildings were revalued as of 30 June 2021 based on an independent external appraisal. The positive difference with the carrying amount arising from the revaluation of land and buildings in own use to an amount of EUR 1 million before tax is credited to revaluation reserves in shareholder's equity.

Refer to note 9 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 25 Accruals, deferred income and other liabilities for the lease liabilities corresponding to the right-of-use assets.

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

in EUR millions	30-Jun-21	31-Dec-20
Bonds and notes issued	140	171
	140	**171**
Legal maturity analysis of debt securities in issue structured:		
Three months or less	-	25
Longer than three months but not longer than one year	19	-
Longer than one year but not longer than five years	46	65
Longer than five years	75	81
	140	**171**

in EUR millions	2021	2020
Movement schedule of debt securities in issue structured:		
Balance at 1 January	**171**	**184**
Matured / redeemed	(32)	(4)
Changes in fair value	1	(7)
Other (including exchange rate differences)	-	(2)
Balance at 30 June / 31 December	**140**	**171**

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 136 million at 30 June 2021 (2020: EUR 166 million).

The cumulative change in fair value included in the balance sheet amounts (designated at FVtPL) attributable to changes in interest rates and credit risk amounts to a loss of EUR 7 million. The change for the first half of 2021 is a loss of EUR 4 million recognised in OCI (2020: gain of EUR 4 million). See note 32.7 for further information with respect to own credit risk.

The disposals of debt securities in issue designated at fair value through profit or loss for the first half year of 2021 include redemptions at the scheduled maturity date of EUR 25 million (2020: EUR 4 million) and repurchases of debt securities before the legal maturity date of EUR 7 million (2020: nil).

The changes in fair value reflect 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.

Interest expense of EUR 3 million was recognised on debt securities in issue structured liabilities during the first half of 2021 (H1 2020: EUR 4 million).

24 Provisions

in EUR millions	30-Jun-21	31-Dec-20
ECL allowances for off-balance sheet financial instruments	3	4
Employee benefits	2	2
	5	**6**

Employee benefit obligations of EUR 1 million at 30 June 2021 are related to payments to be made in respect of other leave obligations (2020: EUR 1 million).

There was no material movement in the credit loss allowances on provision for H1 2021 and 2020.

25 Accruals, deferred income and other liabilities

in EUR millions	30-Jun-21	31-Dec-20
Payables	33	35
Lease liabilities[1]	5	5
Other accruals	18	21
Taxes and social securities	5	9
	60	**71**
Legal maturity analysis of lease liabilities:		
Three months or less	-	-
Longer than three months but not longer than one year	1	1
Longer than one year but not longer than five years	2	2
Longer than five years	1	1
	5	**5**

1 Refer to note 22 Property and equipment for the right-of-use assets corresponding to the lease liabilities.

in EUR millions	2021	2020
Movement schedule of lease liabilities:		
Balance at 1 January	**5**	**7**
Repayments	(1)	(2)
Balance at 30 June / 31 December	**5**	**5**

Lease liability

For the period ended 30 June 2021, there are no variable lease payments included in the measurement of the lease liabilities (2020: nil).

For the period ended 30 June 2021, interest expense on lease liabilities amounted to nil (2020: nil). 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.

26 Own debt securities in issue (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Bonds and notes issued	6,443	5,954
	6,443	**5,954**
Legal maturity analysis of own debt securities in issue:		
Three months or less	70	34
Longer than three months but not longer than one year	1,032	106
Longer than one year but not longer than five years	2,452	2,923
Longer than five years	2,889	2,891
	6,443	**5,954**

in EUR millions	2021	2020
Movement schedule of own debt securities in issue:		
Balance at 1 January	**5,954**	**6,305**
Additions	538	783
Matured / redeemed	(80)	(1,095)
Other (including exchange rate differences)	31	(40)
Balance at 30 June / 31 December	**6,443**	**5,954**

In 2021 NIBC issued an EUR 500 million fixed rate Covered bond with a maturity of 10 years. Additionally NIBC issued fixed rate senior preferred notes of EUR 38 million with maturities between 5 and 10 years and EUR 20 million of floating senior preferred notes with maturities between 2 and 3 years. The total additions also include an EUR 7 million increase of the cumulative hedge adjustment (2020: increase of EUR 2 million).

The disposals of own debt securities in issue at amortised cost for 2021 include redemptions at the scheduled maturity date and repurchases to an amount of EUR 73 million (2020: EUR 612 million) and (temporary) buyback of positions for EUR 7 million (2020: EUR 483 million).

Interest expense of EUR 32 million was recognised on own debt securities in issue at amortised cost liabilities during the first half of 2021 (H1 2020: EUR 32 million).

27 Debt securities in issue related to securitised mortgages (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Bonds and notes issued	293	327
	293	**327**
Legal maturity analysis of debt securities in issue related to securitised mortgage loans:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	293	327
	293	**327**

in EUR millions	2021	2020
Movement schedule of debt securities in issue related to securitised mortgage loans:		
Balance at 1 January	**327**	**392**
Matured / redeemed	(34)	(65)
Balance at 30 June / 31 December	**293**	**327**

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

in EUR millions	30-Jun-21	31-Dec-20
Non-qualifying as grandfathered additional Tier-1 capital	69	52
Subordinated loans other	122	113
	192	**165**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than ten years	192	165
	192	**165**

in EUR millions	2021	2020
Movement schedule of subordinated liabilities:		
Balance at 1 January	**165**	**167**
Additions	2	2
Changes in fair value	23	-
Other (including exchange rate differences)	2	(4)
Balance at 30 June / 31 December	**192**	**165**

The fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 253 million at 30 June 2021 (2020: EUR 250 million).

The cumulative change in fair value included in the balance sheet amounts (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a gain of EUR 70 million (2020: gain of EUR 93 million). The change for the first half of 2021 is a loss of EUR 25 million recognised in other comprehensive income (2020: loss of EUR 2 million).

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 3 million was recognised on subordinated liabilities during the first half year 2021 (H1 2020: EUR 3 million). In the first half of 2021 and 2020 full year, no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

29 Subordinated liabilities (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Subordinated loans other	113	113
	113	**113**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than than one year but not longer than five years	50	51
Longer than five years but not longer than ten years	12	12
Longer than ten years	51	50
	113	**113**

in EUR millions	2021	2020
Movement schedule of subordinated liabilities:		
Balance at 1 January	**113**	**117**
Matured / redeemed	(1)	-
Other (including exchange rate differences)	2	(5)
Balance at 30 June / 31 December	**113**	**113**

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 51 million (2020: EUR 50 million).

Interest expense of EUR 2 million was recognised on subordinated liabilities (AC) during the first half of 2021 (H1 2020: EUR 2 million).

30 Equity

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

in EUR millions	30-Jun-21	31-Dec-20
Equity attributable to the equity holder:		
Share capital	80	80
Share premium	238	238
Revaluation reserves		
Revaluation reserve - hedging instruments	11	13
Revaluation reserve - debt investments	3	3
Revaluation reserve - property	13	13
Revaluation reserve - own credit risk	60	89
Retained profit	1,406	1,367
	1,811	**1,803**

Share capital

The share capital is fully paid.

	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	Numbers x 1,000		in EUR millions	
Authorised share capital	183,598	183,598	215	215
Unissued share capital	121,011	121,011	135	135
Issued share capital (ordinary shares)	**62,587**	**62,587**	**80**	**80**
	Numbers x 1,000		in EUR millions	
The number and total amounts of authorised shares:				
Class A ordinary shares	110,938	110,938	142	142
Class B, C, D, E1 and E3 preference shares	72,600	72,600	73	73
Class E4 preference shares	60	60	-	-
	183,598	**183,598**	**215**	**215**
			in EUR	
Classes and par values of authorised shares:				
Class A ordinary shares			1.28	1.28
Class B, C, D, E1 and E3 preference shares			1.00	1.00
Class E4 preference shares			5.00	5.00

Share premium

This reserve comprises the difference between the par value of NIBC shares and the total amount received for issued shares. The share premium reserve is credited for equity-related expenses and is also used for issued shares.

Revaluation reserves

Revaluation reserve - hedging instruments

This reserve comprises the portion of the gains or losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge (net of tax).

Revaluation reserve - debt investments
This reserve comprises changes in fair value of debt investments at FVOCI (net of tax).

Revaluation reserve - property
This reserve comprises changes in fair value of land and buildings in-own-use (net of tax).

Revaluation reserve - own credit risk
This reserve includes the cumulative changes in the fair value of the financial liabilities designated as at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss.

Retained profit
Retained profit reflects accumulated earnings less dividends paid to shareholders and transfers from share premium.

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

31 Capital securities

in EUR millions	30-Jun-21	31-Dec-20
Capital securities issued by NIBC	200	200
	200	**200**

in EUR millions	2021	2020
Movement schedule of capital securities issued by NIBC:		
Balance at 1 January	**200**	**200**
Profit after tax attributable to holders of capital securities	6	12
Paid coupon on capital securities	(6)	(12)
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 29 September 2026. As of 29 September 2026, and subject to Capital Securities not being redeemed early, the distribution is set for a further five-year period, but without a step-up, based on the 5-year euro swap rate + 5.564 %. Both the coupon and the notional are fully discretionary.

32 Fair value of financial instruments

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

32.1 Valuation principles
32.2 Valuation governance
32.3 Financial instruments by fair value hierarchy
32.4 Valuation techniques
32.5 Valuation adjustments and other inputs and considerations
32.6 Impact of valuation adjustments
32.7 Own credit adjustments on financial liabilities designated at fair value
32.8 Transfers between Level 1 and Level 2
32.9 Movements in level 3 financial instruments measured at fair value
32.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions
32.11 Sensitivity of fair value measurements to changes in observable market data
32.12 Fair value of financial instruments not measured at fair value
32.13 Non-financial assets valued at fair value

32.1 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).

32.2 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.

32.3 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 2021

in EUR millions	Level 1	Level 2	Level 3	30-Jun-21
Financial assets at fair value through profit or loss (including trading):				
Debt investments	19	32	1	52
Equity investments (including investments in associates)	11	-	201	212
Loans	-	124	20	145
Derivative financial assets	-	412	-	412
	30	**568**	**222**	**821**
Financial assets at fair value through other comprehensive income:				
Debt investments	826	31	-	857
	826	**31**	**-**	**857**
	856	**599**	**222**	**1,678**

in EUR millions	Level 1	Level 2	Level 3	30-Jun-21
Financial liabilities at fair value through profit or loss (including trading):				
Debt securities in issue structured	-	140	-	140
Derivative financial liabilities	-	115	-	115
Subordinated liabilities	-	192	-	192
	-	**447**	**-**	**447**

Fair value of financial instruments at 31 December 2020

in EUR millions	Level 1	Level 2	Level 3	31-Dec-20
Financial assets at fair value through profit or loss (including trading):				
Debt investments	18	50	1	69
Equity investments (including investments in associates)	-	-	212	212
Loans	-	97	33	130
Derivative financial assets	-	494	-	494
	18	**641**	**246**	**905**
Financial assets at fair value through other comprehensive income:				
Debt investments	870	16	-	886
	870	**16**	**-**	**886**
	888	**657**	**246**	**1,791**

in EUR millions	Level 1	Level 2	Level 3	31-Dec-20
Financial liabilities at fair value through profit or loss (including trading):				
Debt securities in issue structured	-	171	-	171
Derivative financial liabilities	-	100	-	100
Subordinated liabilities	-	165	-	165
	-	**436**	**-**	**436**

32.4 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 2021, NIBC used market-observable prices. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Equity investments (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 30 June 2021.

Debt investments - level 2

For the determination of fair value at 30 June 2021, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Loans - level 2 and 3

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

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

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

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

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

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

The fair value of equity investments is established by applying capitalisation multiples to maintainable earnings. Maintainable earnings are estimated based on the normalised last twelve months' Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA). Capitalisation multiples are derived from the enterprise value and the normalised last twelve months EBITDA at the acquisition date. On each reporting date, the capitalisation multiple of each equity investment is compared against those derived from the publicly available enterprise value and earnings information of traded peers, where these can be identified. Peer capitalisation multiples are normalised for factors such as differences in regional and economic environment, time lags in earnings information and one-off gains and losses.

The resulting enterprise value is adjusted for net debt, non-controlling interests, illiquidity and management incentive plans to arrive at the fair value of the equity.

Financial assets at fair value through other comprehensive income

Debt investments - level 1
For the determination of fair value at 30 June 2021, 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 2021, 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:
- 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.

32.5 Valuation adjustments and other inputs and considerations

Credit and debit valuation adjustments

NIBC calculates Credit value adjustment/Debit value adjustment on a counterparty basis over the entire life of the exposure.

Bid-offer

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

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.

32.6 Impact of valuation adjustments

The following table shows the amount recorded in the income statement:

in EUR millions	For the period ended 30 June 2021	For the period ended 31 December 2020
Day-1 profit	9	10
	9	**10**

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	2021	2020
Movement schedule of day-1 profit:		
Balance at 1 January	**10**	**12**
Recognised in the income statement during the period:		
Subsequent recognition due to amortisation	(1)	(2)
Balance at 30 June / 31 December	**9**	**10**

32.7 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	For the period ended 30 June 2021	For the period ended 31 December 2020
	Included in OCI	
Recognised during the period (before tax):		
Unrealised gain/(loss)	(29)	2
Unrealised life-to-date gain/(loss)	60	89

32.8 Transfers between level 1 and level 2

Transfers between levels are reviewed semi-annually at the end of the reporting period. During H1 2021, there were no transfers between level 1 and level 2 fair value measurements.

32.9 Movements in level 3 financial instruments measured at fair value

During the period ended 30 June 2021, 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 2021	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	At 30 June 2021
Financial assets at fair value through profit or loss (including trading):						
Debt investments	1	-	-	-	-	1
Equity investments (including investments in associates)	212	36	12	-	(59)	201
Loans	33	-	1	-	(14)	20
	246	**36**	**13**	**-**	**(73)**	**222**

in EUR millions	At 1 January 2020	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	At 31 December 2020
Financial assets at fair value through profit or loss (including trading):						
Debt investments	2	(1)	1	-	(1)	1
Equity investments (including investments in associates)	251	3	16	(59)	-	212
Loans	34	(8)	1	-	6	33
	287	**(6)**	**18**	**(59)**	**5**	**246**

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 June 2021				31 December 2020			
in EUR millions	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading):								
Debt investments	-	-	-	-	(1)	-	-	(1)
Equity investments (including investments in associates)	-	-	36	36	-	-	3	3
Loans	-	-	-	-	-	(8)	-	(8)
	-	**-**	**36**	**36**	**(1)**	**(8)**	**3**	**(6)**

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 June 2021		31 December 2020	
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)	18	18	(2)	5
Loans	-	-	(8)	-
	18	**18**	**(10)**	**4**

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 June 2021			31 December 2020		
in EUR millions	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading):						
Equity investments (including investments in associates)	-	12	12	-	4	4
Loans	-	-	-	(8)	-	(8)
	-	**12**	**12**	**(8)**	**4**	**(4)**

32.10 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.

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.

	For the period ended	
	30 June 2021	31 December 2020
in EUR millions	**Fair value of level 3 assets**	Fair value of level 3 assets
Financial assets at fair value through profit or loss (including trading):		
Debt investments	1	1
Equity investments (including investments in associates)	201	212
Loans	20	33
	222	**246**

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, the 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 dependent on the projected sales prices of the underlying assets. The lower level assumes actual sales prices of 75% of the projected sales prices, the higher level assumes actual sales prices 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.

32.11 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 June 2021		31 December 2020	
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	1	-	1	-
Equity investments (including investments in associates)	201	10	212	11
Loans	20	1	33	2

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

- For the debt investments, NIBC adjusted the weighted average calculated model price by 100 basis points as a reasonably possible alternative outcome. The primary unobservable input in the calculated model price is the applicable credit spread;
- For equity investments, the material unobservable input parameters, such as capitalisation multiple, that are applied to the maintainable earnings to determine fair value are adjusted by 5%;
- For loans, the material unobservable input parameters, such as discounts on sale prices, a 5% deviation in fair value is a reasonably possible alternative assumption.

In the first half of 2021, there were no significant changes in the business or economic circumstances affecting the fair value of the NIBC's financial assets and liabilities and there were no reclassifications of financial assets.

32.12 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 2021				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost:					
Debt investments	-	35	-	35	35
Loans	-	6,133	-	6,133	6,106
Lease receivables	-	9	-	9	9
Mortgage loans	-	-	10,031	10,031	10,354
Securitised mortgage loans	-	-	312	312	334
Financial liabilities at amortised cost:					
Own debt securities in issue	-	6,443	-	6,443	6,658
Debt securities in issue related to securitised mortgages	-	-	293	293	295
Subordinated liabilities	-	113	-	113	122

	Fair value information at 31 December 2020				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost:					
Debt investments	-	22	-	22	22
Loans	-	6,309	-	6,309	6,285
Lease receivables	-	16	-	16	16
Mortgage loans	-	-	9,902	9,902	10,198
Securitised mortgage loans	-	-	343	343	365
Financial liabilities at amortised cost:					
Own debt securities in issue	-	5,954	-	5,954	6,413
Debt securities in issue related to securitised mortgages	-	-	327	327	330
Subordinated liabilities	-	113	-	113	124

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.

32.13 Non-financial assets valued at fair value

Property and equipment / Investment Property

See note 21 Property and equipment and note 22 Investment property for the fair value information on these assets.

33 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-21	31-Dec-20
Contract amount:		
Committed facilities with respect to corporate loan financing	1,420	1,319
Committed facilities with respect to mortgage loans	648	443
Capital commitments with respect to equity investments	23	25
Guarantees granted (including guarantees related to assets held for sale)	23	23
Irrevocable letters of credit	39	48
	2,153	**1,857**

Refer to note 24 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 consolidated 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.

Claims, investigations, litigation or other proceedings or actions may have a material adverse effect on NIBC's business, results of operations, financial condition and prospects

NIBC is involved in a number of proceedings and settlement negotiations that arise with customers, counterparties, current or former employees or others in the course of its activities. Proceedings may relate to, for example, alleged violations of NIBC's duty of care (zorgplicht) vis-à-vis its (former) customers, the provision of allegedly inadequate investment advice or the provision of allegedly inadequate services. Negative publicity associated with certain sales practices, compensation payable in respect of such issues or regulatory changes resulting from such issues could have a material adverse effect on NIBC's reputation, business, results of operations, financial condition and prospects. Dutch financial services providers are increasingly exposed to collective claims from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving unprecedented legal claims in respect of assumed mis-selling or other violations of law or customer rights.

While NIBC has made considerable investment in reviewing and assessing historic sales and 'know your customer' practices and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. Assessments of the likelihood of claims arising from former activities are often difficult to accurately assess, due to the difficulties in applying more recent standards or court judgements to past practices. Furthermore, many individual transactions are heavily fact-specific and the likelihood of applicability to more transactions of a court decision received on one particular transaction, is difficult to predict until a claim actually materialises and is elaborated. Changes in customer protection regulations and in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might also influence client expectations. One example of past practice that is currently being subjected to a review of the correctness of such behaviour relates to EURIBOR-based mortgages. In 2017 NIBC acquired a portfolio of mortgages and, as part of such acquisition, took over a number of such EURIBOR-based mortgages. Such types of mortgages are currently the subject of individual and class action claims towards another financial institution within the

Netherlands. The claimants have been contesting the contractual right of such mortgage lender to have adjusted the margin and alleged that the mortgage lender violated its duty of care towards the relevant customers. Given the similarity of the facts to the EURIBOR-based mortgages within the portfolio acquired by NIBC, NIBC is monitoring such developments and has notified the relevant clients that it will apply the final judicial outcome to the EURIBOR-based loans acquired by NIBC. The risks related to this legal issue were taken into account at the time of acquisition of this mortgage portfolio and factored into the consideration paid by NIBC at the time.

It is difficult for NIBC to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings. The costs and staffing capacity required to defend against future actions may be significant. Counterparties in these proceedings may also seek publicity, over which NIBC will have no control, and this publicity could lead to reputational harm to NIBC and potentially decrease customer acceptance of NIBC's services, regardless of whether the allegations are valid or whether NIBC is ultimately found liable. In addition, NIBC's provisions for defending these claims may not be sufficient.

On the basis of legal advice, taking into consideration the facts known at present, NIBC is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated results.

34 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 shareholder(s) 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 parent company

in EUR millions	30-Jun-21	31-Dec-20
Transactions involving NIBC's parent company:		
Assets	279	136
Liabilities	-	-
Off-balance sheet commitments	-	-

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Income received	-	-
Expenses paid	-	-

Transactions with other entities controlled by the parent company

in EUR millions	30-Jun-21	31-Dec-20
Transactions involving other entities controlled by the parent company:		
Assets	471	534
Liabilities	(36)	(36)
Off-balance sheet commitments	102	119

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Income received	3	3
Expenses paid	-	-

Transactions related to associates and joint ventures

in EUR millions	30-Jun-21	31-Dec-20
Transactions related to associates and joint ventures:		
Assets	89	174
Liabilities	-	-
Off-balance sheet commitments	18	36

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Income received	6	4
Expenses paid	-	-

35 Important events and transactions

Conditional pass through covered bond benchmark issue of EUR 500 million

On 14 April 2021 NIBC successfully placed a EUR 500 million AAA rated conditional pass-through covered bond. With this 10 year transaction NIBC was able to extend its covered bond curve at a spread of MS+9 basis points. NIBC's conditional pass-through covered bond program is Dutch law-based and backed by a pool of prime Dutch residential mortgage loans.

36 Subsequent events

Acquisition of Finqus mortgage loan portfolio

NIBC Bank N.V. is acquiring the loan portfolio of financial services provider Finqus B.V. Finqus' portfolio consists of loans from more than 17,000 customers with a total volume of ca. EUR 1.5 billion. This acquisition blends well into the product offering and the strategy of NIBC. Upon onboarding of the portfolio the mortgages will be treated according to the Standardised Approach for the calculation of capital requirements. The intitial impact on the CET 1 ratio will be -1.4%-points.

We anticipate that over time the portfolio will be fully integrated in our internal model, after which the impact on the CET 1 ratio will decrease significantly.

The purchase agreement was signed on 16 July 2021. The actual transfer is expected to take place during the second half of this year subject to approval by the regulators, De Nederlandsche Bank (DNB) and the Authority for the Consumer & Market (ACM).

Acquisition of B2C Europe by A.P. Moller-Maersk

As announced on 6 August 2021, A.P. Moller-Maersk has made an offer to acquire B2C Europe B.V., in which NIBC is indirectly invested through its investment in B2C Group B.V..The transaction is subject to regulatory approvals and is expected to close in Q4, 2021. Expectation is that the transaction will lead to a positive result on NIBC's investment in B2C Group B.V., however not material in relation to the income statement of NIBC.

The Hague, 24 August 2021

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

Independent auditor's review report

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

Our conclusion

We have reviewed the condensed consolidated interim financial report included in the accompanying condensed interim report of NIBC Bank N.V. based in 's Gravenhage for the period from 1 January 2021 to 30 June 2021.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial report of NIBC Bank N.V. for the period from 1 January 2021 to 30 June 2021, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial report comprises:

- The consolidated balance sheet
- The consolidated income statement
- The consolidated statement of comprehensive income
- The consolidated statement of changes in equity
- The condensed consolidated cashflow statement
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial report section of our report.

We are independent of NIBC Bank N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the supervisory board for the condensed consolidated interim financial report

Management is responsible for the preparation and presentation of the condensed consolidated interim financial report in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial report that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing NIBC Bank N.V.'s financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial report

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of NIBC Bank N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of condensed consolidated interim financial report
- Making inquiries of management and others within NIBC Bank N.V.
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial report
- Obtaining assurance evidence that the condensed consolidated interim financial report agrees with, or reconciles to, NIBC Bank N.V.'s underlying accounting records
- Evaluating the assurance evidence obtained

- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial report
- Considering whether the condensed consolidated interim financial report has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 24 August 2021

Ernst & Young Accountants LLP

signed by R. Koekkoek

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 2021	2020	2019
Dividend pay-out 2021	49		
Profit after tax 2021	88		
Dividend pay-out ratio 2021 (%)	**56**		
Dividend pay-out 2020 (page 12 annual report NIBC Bank N.V.)		49	
Profit after tax 2020 (page 12 annual report NIBC Bank N.V.)		49	
Dividend pay-out ratio 2020 (%)		**100**	
Dividend pay-out 2019 (page 35 annual report NIBC Bank N.V.)			190
Profit after tax 2019 (page 134 annual report NIBC Bank N.V.)			190
Dividend pay-out ratio 2019 (%)			**100**

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 2021	2020	2019
Operating expenses 2021	106		
Operating income 2021	232		
Cost/income ratio 2021 (%)	**46**		
Operating expenses 2020 (page 106 annual report NIBC Bank N.V.)		210	
Operating income 2020 (page 106 annual report NIBC Bank N.V.)		407	
Cost/income ratio 2020 (%)		**52**	
Operating expenses 2019 (page 134 annual report NIBC Bank N.V.)			229
Operating income 2019 (page 134 annual report NIBC Bank N.V.)			524
Cost/income ratio 2019 (%)			**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	H1 2021	2020	2019
Annualised net profit attributable to parent shareholder	176		
Total shareholder's equity at the start of financial year	1,754		
Return on equity 2021 (%)	**10.0**		
Net profit attributable to parent shareholder (page 106 annual report NIBC Bank N.V.)		49	
Total shareholder's equity at the start of financial year (page 109 annual report NIBC Bank N.V.)		1,756	
Return on equity 2020 (%)		**2.8**	
Net profit attributable to parent shareholder (page 134 annual report NIBC Bank N.V.)			190
Total shareholder's equity at the start of financial year (page 138 annual report NIBC Bank N.V.)			1,858
Return on equity 2019 (%)			**10.2**

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	H1 2021	2020	2019
Annualised net profit attributable to parent shareholder	176		
Total assets at the beginning of the financial year	21,055		
Return on assets 2021 (%)	**0.42**		
Net profit attributable to parent shareholder (page 106 annual report NIBC Bank N.V.)		49	
Total assets at the beginning of the financial year (page 108 annual report NIBC Bank N.V.)		22,407	
Return on assets 2020 (%)		**0.22**	
Net profit attributable to parent shareholder (page 134 annual report NIBC Bank N.V.)			190
Total assets at the beginning of the financial year (page 136 annual report NIBC Bank N.V.)			21,716
Return on assets 2019 (%)			**0.9**

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 current and previous 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.

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

Cost of risk (on average RWA)	H1 2021	2020	2019
Annualised credit losses on AC loans	24		
Annualised credit losses FVTPL loans	5		
Total credit losses	29		
Risk-weighted assets 2021	7,657		
Risk-weighted assets 2020	7,640		
Average risk-weighted assets 2021	7,648		
Cost of risk 2021 (%)	**0.38**		
Credit losses on AC loans (page 106 annual report NIBC Bank N.V.)		134	
Credit losses FVTPL loans		10	
Total credit losses		144	
Risk-weighted assets 2020 (page 14 annual report NIBC Bank N.V.)		7640	
Risk-weighted assets 2019 (page 14 annual report NIBC Bank N.V.)		8597	
Average risk-weighted assets 2020		8118	
Cost of risk 2020 (%)		**1.77**	
Credit losses on AC loans (page 134 annual report NIBC Bank N.V.)			49
Credit losses FVTPL loans			3
Total credit losses			52
Risk-weighted assets 2019 (page 13 annual report NIBC Bank N.V.)			8,597
Risk-weighted assets 2018 (page 13 annual report NIBC Bank N.V.)			7,723
Average risk-weighted assets 2019			8,160
Cost of risk 2019 (%)			**0.64**

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.

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

Impairment ratio	H1 2021	2020	2019
Credit losses on amortised cost loans and mortgage loans	24		
Average financial assets at amortised cost: loans[1]	6,537		
Average financial assets at amortised cost: mortgage loans[1]	10,253		
Average financial assets regarding loans and mortgage loans (total)	**16,790**		
Impairment ratio 2021 (%)	**0.14**		
Credit losses on amortised cost loans and mortgage loans (page 106 annual report NIBC Bank N.V.)		134	
Average financial assets at amortised cost: loans (page 108 annual report NIBC Bank N.V.)		6,993	
Average financial assets at amortised cost: mortgage loans (page 108 annual report NIBC Bank N.V.)		10,144	
Average financial assets regarding loans and mortgage loans (total)		17,138	
Impairment ratio 2020 (%)		**0.78**	
Credit losses on amortised cost loans and mortgage loans (page 134 annual report NIBC Bank N.V.)			49
Average financial assets at amortised cost: loans (page 136 annual report NIBC Bank N.V.)			7,716
Average financial assets at amortised cost: mortgage loans (page 136 annual report NIBC Bank N.V.)			9,748
Average financial assets regarding loans and mortgage loans (total)			17,463

Impairment ratio	H1 2021	2020	2019
Impairment ratio 2019 (%)			**0.28**

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.

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

NPL ratio	H1 2021	2020	2019
Non-performing exposure corporate loans 2021	368		
Non-performing exposure lease exposure 2021	31		
Non-performing exposure mortgage loans 2021	86		
Non-performing exposure 2021	484		
Total corporate loans drawn and undrawn 2021	7,006		
Total lease exposure 2021	31		
Total retail client assets 2021	10,070		
Total exposure 2020	17,107		
NPL ratio 2021 (%)	**2.8**		
Non-performing exposure corporate loans 2020 (page 50 annual report NIBC Bank N.V.)		307	
Non-performing exposure lease exposure 2020 (page 50 annual report NIBC Bank N.V.)		31	
Non-performing exposure mortgage loans 2020 (page 50 annual report NIBC Bank N.V.)		19	
Non-performing exposure 2020		356	
Total corporate loans drawn and undrawn 2020 (page 13 annual report NIBC Bank N.V.)		7235	
Total lease exposure 2020 (page 13 annual report NIBC Bank N.V.)		31	
Total retail client assets 2020 (page 13 annual report NIBC Bank N.V.)		9860	
Total exposure 2019		17126	
NPL ratio 2020 (%)		**2.1**	
Non-performing exposure corporate loans 2019 (page 66 annual report NIBC Bank N.V.)			423
Non-performing exposure lease exposure 2019 (page 66 annual report NIBC Bank N.V.)			30
Non-performing exposure mortgage loans 2019 (page 66 annual report NIBC Bank N.V.)			10
Non-performing exposure 2019			464
Total corporate loans drawn and undrawn 2019 (page 12 annual report NIBC Bank N.V.)			9,076
Total lease exposure (page 12 annual report NIBC Bank N.V.)			35
Total retail client assets 2019 (page 12 annual report NIBC Bank N.V.)			9,795
Total exposure 2019			18,906
NPL ratio 2019 (%)			**2.5**

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.
Inclusion of stage 1 and 2 credit losses would generate an unreliable measure as these impairments do not relate to impaired assets.

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

Impairment coverage ratio	H1 2021	2020	2019
Balance stage 3 credit losses on loans (loans, leases and mortgages)	137		
Total stage 3 credit impaired exposure 2021 (page 50 annual report NIBC Bank N.V.)	398		
Impairment coverage ratio 2021 (%)	**34**		
Balance stage 3 credit losses on loans (loans, leases and mortgages) (page 193, 198 and 200 annual report NIBC Bank N.V.)		130	
Total stage 3 credit impaired exposure 2020		356	
Impairment coverage ratio 2020 (%)		**37**	
Balance stage 3 credit losses on loans			140
Total stage 3 credit impaired exposure 2019 (page 66 annual report NIBC Bank N.V.)			418
Impairment coverage ratio 2019 (%)			**33**

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	H1 2021	2020	2019
Financial assets at amortised cost: loans	6142		
Financial assets at amortised cost: residential mortgages	10031		
Financial assets at amortised cost: securitised residential mortgages	312		
Financial assets at fair value through profit or loss: loans	145		
Financial assets regarding loans and residential mortgages (total)	16630		
Deposits from customers	**11427**		
Loan to deposit ratio 2021 (%)	**1.46**		
Financial assets at amortised cost: loans		6326	
Financial assets at amortised cost: residential mortgages		9902	
Financial assets at amortised cost: securitised residential mortgages		343	
Financial assets at fair value through profit or loss: loans		130	
Financial assets regarding loans and residential mortgages (total)		16700	
Deposits from customers		11137	
Loan to deposit ratio 2020 (%)		**1.50**	
Financial assets at amortised cost: loans (page 136 annual report NIBC Bank N.V.)			7,661
Financial assets at amortised cost: residential mortgages (page 136 annual report NIBC Bank N.V.)			9,637
Financial assets at amortised cost: securitised residential mortgages (page 136 annual report NIBC Bank N.V.)			407
Financial assets at fair value through profit or loss: loans (page 136 annual report NIBC Bank N.V.)			142
Financial assets regarding loans and residential mortgages (total)			**17,848**
Deposits from customers (page 137 annual report NIBC Bank N.V.)			**11,397**
Loan to deposit ratio 2019 (%)			**157**

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.

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

Net interest margin	H1 2021	2020	2019
Sum interest income last 12 Months	363		
12 Month average interest bearing assets	20,578		
Net interest margin 2021 (%)	**1.77**		
Sum interest income last 12 Months (page 106 annual report NIBC Bank N.V.)		386	
12 Month average interest bearing assets		21,321	
Net interest margin 2020 (%)		**1.81**	
Sum interest income last 12 Months 2019 (page 134 annual report NIBC Bank N.V.)			417
12 Month average interest bearing assets			20,916
Net interest margin 2019 (%)			**1.99**

DISCLAIMER

Presentation of information

The Annual Accounts of NIBC Bank N.V. ('NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with Title 9 of Book 2 of The Dutch Civil Code. In preparing the financial information in this Condensed Consolidated Interim Report for the six months period ended 30 June 2021 (the 'Financial Report'), the same accounting principles are applied as in NIBC's 2020 Annual Accounts, save for any change described in the Accounting policies. The figures in this Financial Report have been reviewed by NIBC's external auditor. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

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

The forward-looking statements speak only as of the date hereof. NIBC does not undertake any obligation to update or revise forward-looking statements contained in this Financial Report, whether as a result of new information, future events or otherwise. None of NIBC, its directors, officers and/or employees make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. 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.