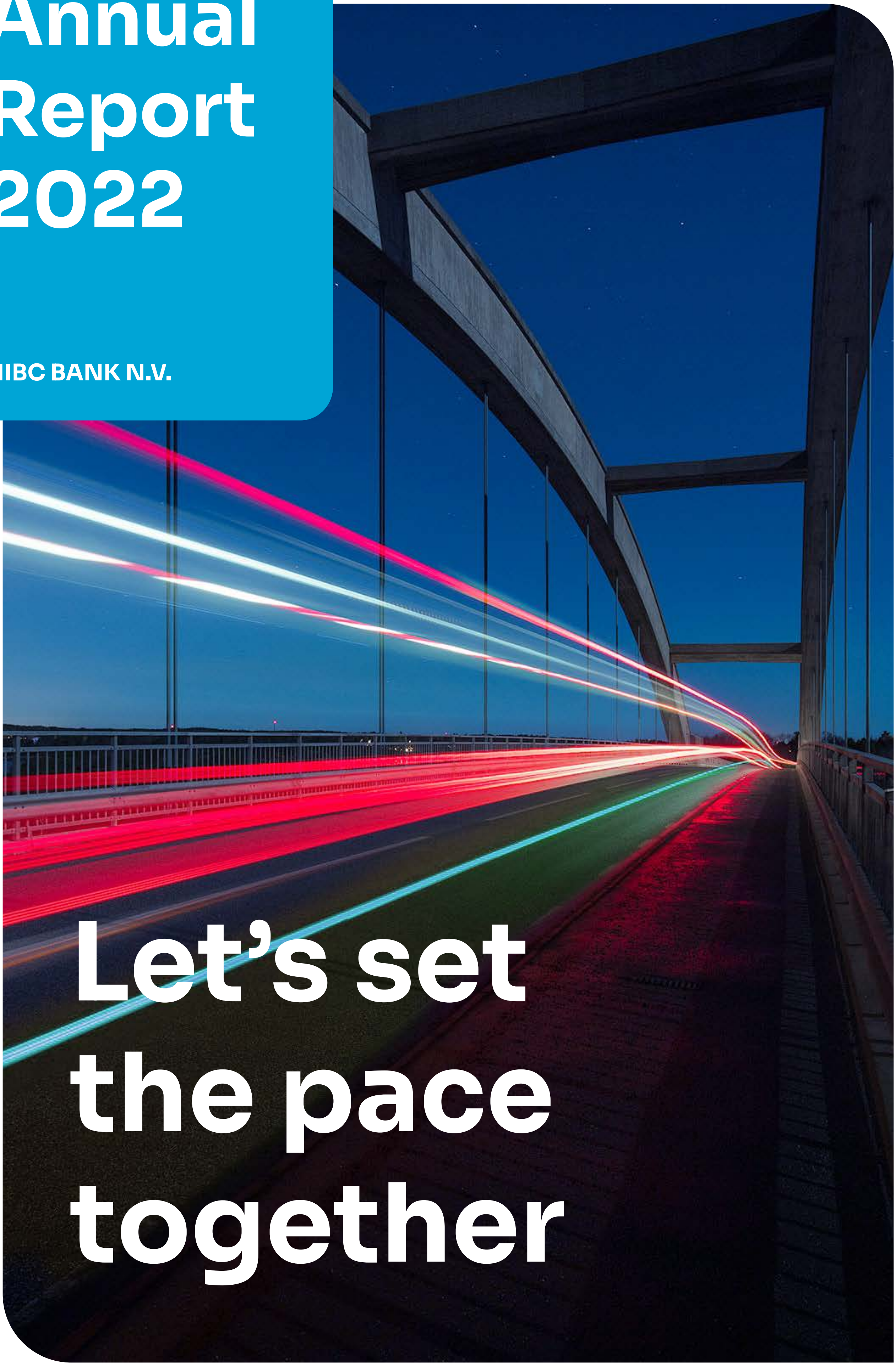
Annual Report 2022

NIBC BANK N.V.



Let’s set the pace together

NIBC
the entrepreneurial bank

This copy of the annual report for the year ended 31 December 2022 is not presented in the ESEF format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available at our website.

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At a glance

Who we are

OUR HERITAGE

NIBC was founded in 1945 to finance the visionary entrepreneurs who helped rebuild the Netherlands after World War II. Renowned for our entrepreneurial spirit, we are committed to always making a difference, for our clients and for society around us. We finance assets from private housing to rental property, commercial real estate, vessels, infrastructure, cars and equipment. As a professional and reliable partner, we build long-term relationships based on knowledge and expertise.

We are committed to cultivate our 'Think YES' mentality by being flexible and agile and by matching our clients' can-do attitude. Our people are our key assets and enable us to deliver our business strategy. They bring knowledge, skills and diversity to our teams. Over time NIBC has seen many milestones, such as the launch of NIBC Direct, Beequip, OIMIO, Lot Hypotheken and yesqar. Following the acquisition of the shares of NIBC Holding N.V. by Blackstone back in 2020, we continue to focus on niche markets where we have bespoke market knowledge in the Netherlands as well as the rest of Europe.

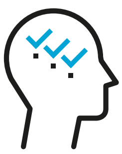
Shaped by more than 75 years of experience, we support our clients in realising their ambitions and actively helping to build a more sustainable, resilient and inclusive society for future generations.

OUR PURPOSE

Enabling Ambitions by financing assets

OUR VALUES

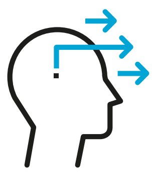
Our strategy is to create a sustainable franchise for the future by focusing on our greatest strengths. Our strategy is based on our corporate values, which have been updated in the second half of 2022.



Professional
We have in-depth product knowledge and provide expert financial solutions for our clients as the foundation of our success.

Adaptive
For more than 75 years, change has been in our DNA; committed to respond effectively to clients' needs and new developments in society.

Collaborative
We believe in a personal approach, working together to make a difference and realise sustainable impact for our clients and the world around us.



Entrepreneurial
We are a sound, enterprising financier focused on delivering smart asset financing solutions for our clients. We are thoughtful, take responsibility and get things done.

What we do

OUR BUSINESS MODEL

We deliver smart asset financing solutions for corporates businesses and individuals. For individuals we offer mortgages, online savings and brokerage products that are accessible, easy to understand and fairly priced. We support corporates in building their businesses by offering financing solutions across selected sectors in which we have strong expertise and market positions. The market in which we operate is dynamic by nature and requires a bank that can respond quickly and in a highly flexible way. Our focus is on mid-market corporates across different sectors in which we have deep-seated knowledge and relationships that enable us to provide clear solutions for our clients' challenges. Our main product offering is organised in three core segments: Mortgages, Asset-Backed Finance and Platforms, which includes yesqar.

MORTGAGES

- Private housing (on-balance)
- Originate-to-manage (off-balance)
- Rental property (buy-to-let)

Exposure **25.5** EUR billion

Typical ticket size **0.1 – 2.5** EUR million

ASSET-BACKED FINANCE

- Commercial real estate
- Shipping
- Infrastructure

Exposure **4.5** EUR billion

Typical ticket size **0.1 – 50** EUR million

PLATFORMS

- Automotive businesses (yesqar)

Exposure **0.3** EUR billion

Typical ticket size **0.75 – 10** EUR million

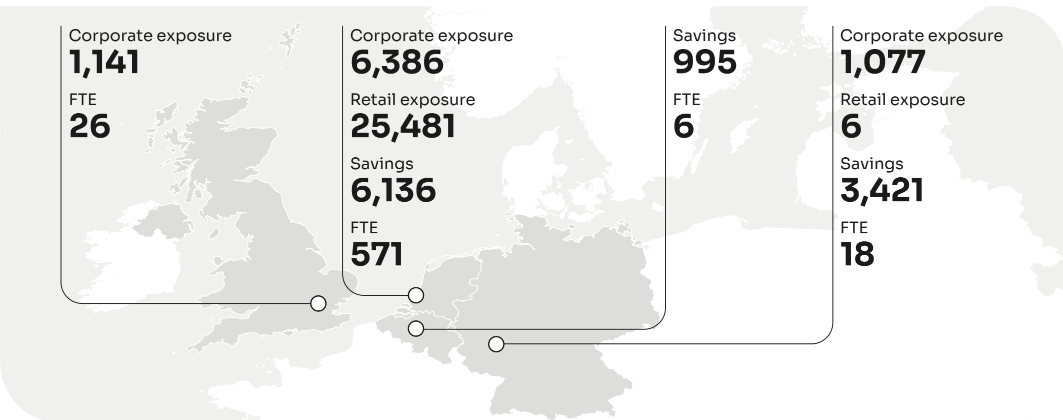
TREASURY & ASSET LIABILITY MANAGEMENT

RISK MANAGEMENT / CORPORATE CENTRE

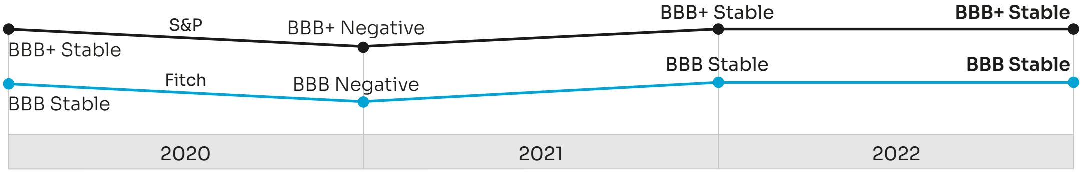
OUR MARKETS

Focus on Europe

in EUR millions



RATING (NIBC BANK)



Non-Financial Highlights

NIBC Direct customer survey score – Mortgages

2022

8.5

2021: 8.1 2020: 8.0

Corporate lending NPS score

2022

+86%

2021: +59% 2020: +30%

NIBC Direct customer survey score – Savings

2022

8.1

2021: 7.6 2020: 7.9

Screening corporate loans

2022

100%

2021: 100% 2020: 100%

Sustainability ratings

2022

ISS

C+

/Prime

Sustainalytics

18.3

Low risk

RepRisk

AA

MSCI[1]

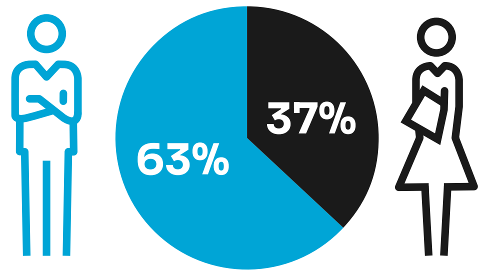
AA

S&P

E-2, S-2, G-2

Male/female ratio

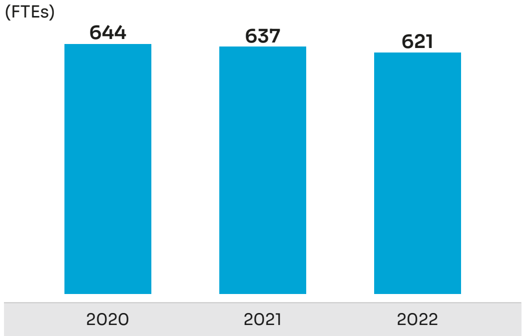
2022



2021: 65% / 35% 2020: 67% / 33%

Number of employees

(FTEs)

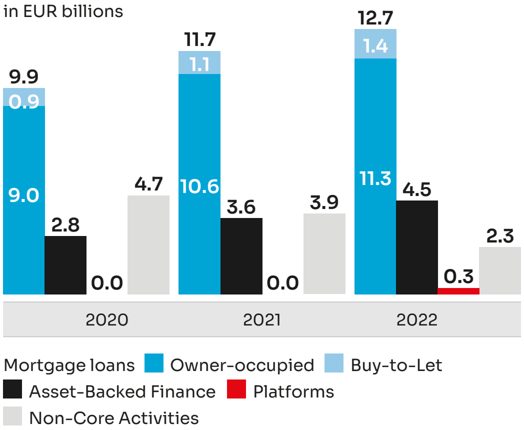


[1] On February 24, 2023 the MSCI rating was updated to A.

Financial Highlights

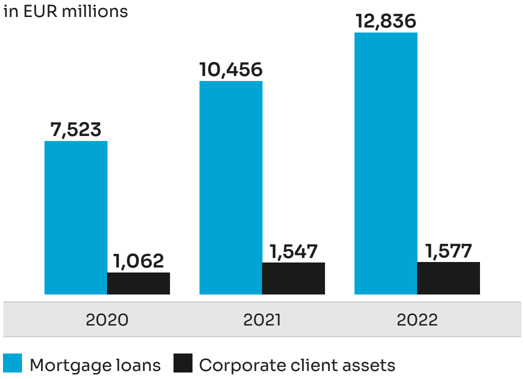
Client assets own book

in EUR billions



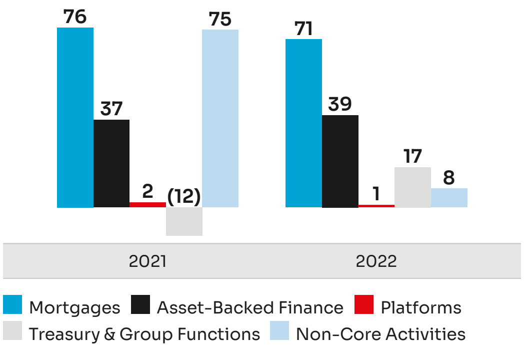
Client assets Originate-to-Manage

in EUR millions

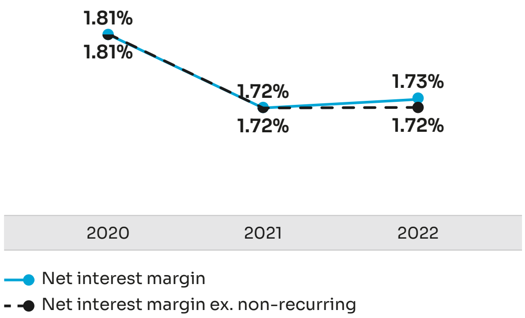


Segment performance (net profit)

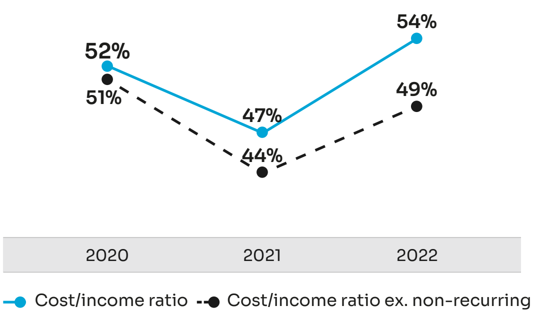
in EUR millions



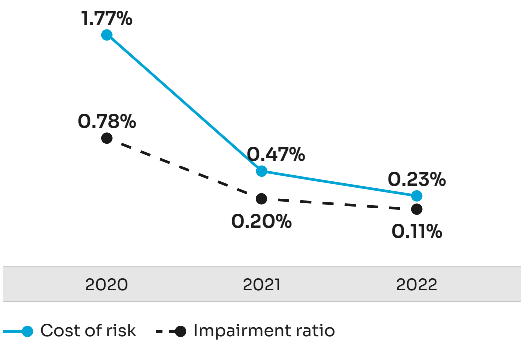
Net interest margin



Cost/income ratio

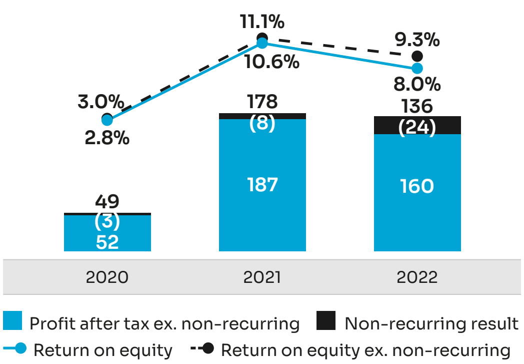


Cost of risk/impairment ratio

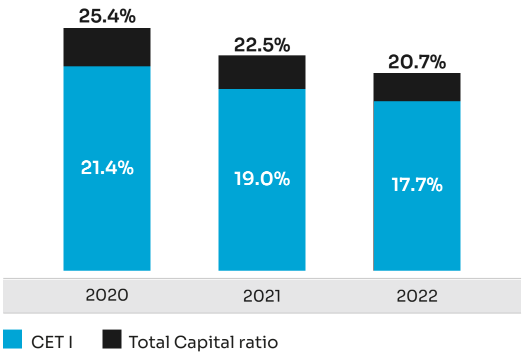


Profit after tax attributable to shareholders and return on equity

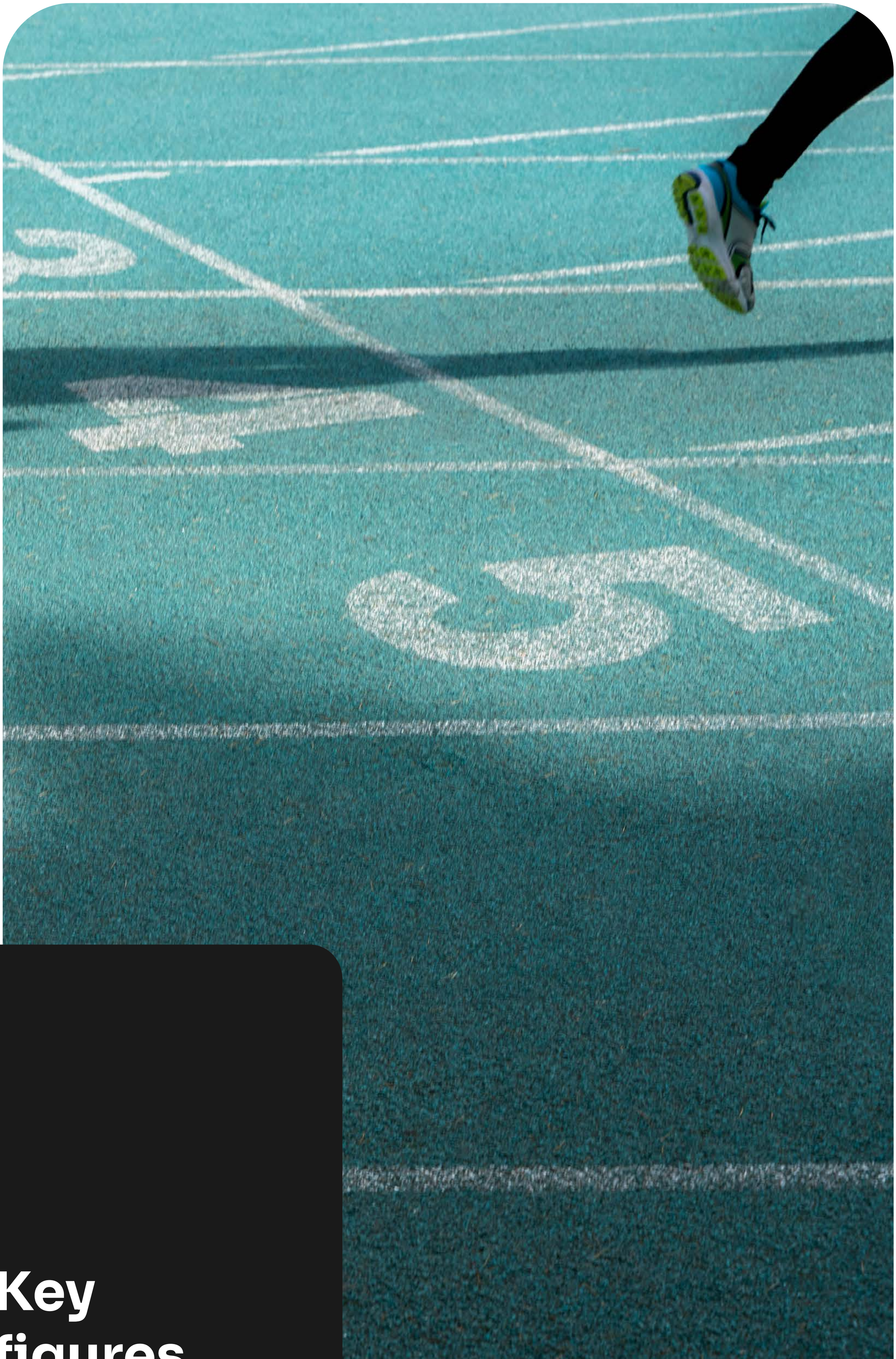
in EUR millions



Solvency ratios[1]



[1] Solvency ratios are based on full implementation of CRR.



Key figures

Key figures

Earnings

	2022	ex. non-recurring 2022	2021	ex. non-recurring 2021	2020	ex. non-recurring 2020
Operating income	431	467	497	489	407	407
Operating expenses	232	229	235	216	210	206
Profit after tax attributable to shareholders	136	160	178	187	49	52
Dividend pay-out ratio[1]	100%	-	100%	-	100%	-
Cost/income ratio[1]	54%	49%	47%	44%	52%	51%
Net interest margin[1]	1.73%	1.72%	1.72%	1.72%	1.81%	1.81%
Return on equity[1]	8.0%	9.3%	10.6%	11.1%	2.8%	3.0%
Return on equity at 14% CET1[1]	9.8%	11.5%	16.7%	17.5%	4.1%	4.3%

1 Items are Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.

Performance per segment 2022

in EUR millions	Mortgages	Asset-Backed Finance	Platforms	Treasury & Group functions	Core Activities	Non-Core Activities	Total Consoli-dated
Operating income	166	95	3	112	376	55	431
Operating expenses	69	37	1	81	189	43	232
Credit loss expense	1	8	(0)	(1)	7	14	21
Income tax	25	11	0	3	39	(10)	30
Profit after tax	**71**	**39**	**1**	**29**	**141**	**8**	**148**
Attributable to:							
Shareholders of the company	**71**	**39**	**1**	**17**	**129**	**8**	**136**
Holders of capital securities	-	-	-	12	12	-	12

Performance per segment 2021

in EUR millions	Mortgages	Asset-Backed Finance	Platforms	Treasury & Group functions	Core Activities	Non-Core Activities	Total Consoli-dated
Operating income	158	77	3	89	327	170	497
Operating expenses	58	34	-	96	188	47	235
Credit loss expense	(3)	(3)	-	(1)	(6)	42	35
Income tax	26	9	1	(6)	30	6	37
Profit after tax	**76**	**37**	**2**	**(0)**	**115**	**75**	**190**
Attributable to:							
Shareholders of the company	**76**	**37**	**2**	**(12)**	**103**	**75**	**178**
Holders of capital securities	-	-	-	12	12	-	12

CLARIFICATION OF THE NON-RECURRING AND NON-CORE CONCEPTS

Non-recurring results refer to results related to one-off, special items, usually related to strategic choices and projects of the company (for 2022, this relates to expenses and transaction results of disposals and held-for-sale assets), but they do not include income and expenses recognised on such items or portfolios during the normal course of business. For a further description of the non-recurring results in 2022, please refer to the Financial performance section. Non-Core Activities is the separate segment in which NIBC has combined those activities that are no longer part of its strategic focus and which are managed separately with the aim to reduce exposures and operations. For more information on segment reporting, please refer to note 1 Segment reporting.

Portfolio

	2022	2021	2020
Mortgages			
Owner-occupied mortgage loans – Netherlands	11,277	10,556	8,986
Buy-to-let mortgage loans	1,367	1,100	861
Owner-occupied mortgage loans – Germany	6	9	13
Originate-to-Manage mortgage loans	12,836	10,456	7,523
Total Mortgages	**25,487**	**22,121**	**17,383**
Asset-Backed Finance			
Commercial Real Estate	1,603	1,379	1,030
OIMIO	254	144	67
Digital Infrastructure	1,545	1,190	821
Shipping	1,115	914	856
Total Asset-Backed Finance	**4,517**	**3,628**	**2,773**
Platforms			
yesqar[1]	252	-	-
Total Platforms	**252**	**-**	**-**
Total Core Activities	**30,256**	**25,749**	**20,156**
Non-Core Activities			
Loans[2]	1,954	3,560	4,462
Equity investments[3]	273	259	252
Originate-to-Manage corporate assets	1,577	1,547	1,062
Other Lease receivables	31	31	31
Total Non-Core Activities	**3,835**	**5,397**	**5,806**
Total Core and Non-Core Activities	**34,091**	**31,146**	**25,962**
Total own book per region			
Netherlands	16,153	15,182	13,224
Germany	1,083	1,370	1,461
United Kingdom	1,141	1,315	1,334
Other	1,300	1,277	1,358
Total own book per region (drawn & undrawn)	**19,677**	**19,143**	**17,377**
Retail client savings			
Netherlands	6,136	5,525	5,108
Germany	3,421	3,576	3,606
Belgium	995	1,097	1,100
Total retail client savings	**10,552**	**10,198**	**9,815**

1 In July 2022 yesqar was transferred to NIBC Bank N.V.
2 Held for Sale portfolio included in loans is EUR 111 million at 31 December 2022.
3 Held for Sale portfolio included in equity investments is EUR 91 million at 31 December 2022.

Portfolio Asset Quality

	2022	2021	2020
Asset quality			
Cost of risk (on average RWA)[1]	0.23%	0.47%	1.77%
Impairment ratio[1]	0.11%	0.20%	0.78%
Impairment coverage ratio[1]	38%	28%	37%
NPL ratio[1]	2.1%	2.6%	2.1%
Top-20 exposure / Common Equity Tier 1	65%	63%	63%
Exposure corporate arrears > 90 days[2]	1.4%	1.8%	2.3%
Exposure residential mortgage loans arrears > 90 days	1.0%	0.1%	0.2%
Loan-to-value Dutch residential mortgage loans	55%	56%	64%
Loan-to-value BTL mortgage loans	53%	53%	53%

1 Items are Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.
2 As from 2020 this ratio includes the lease receivables.

Solvency information

	2022	2021	2020
Equity attributable to shareholders of the company	1,845	1,828	1,803
AT1 and subordinated liabilities	402	463	478
Group capital base	2,247	2,291	2,280
Common Equity Tier 1 capital	1,621	1,630	1,631
Balance sheet total	22,692	22,658	21,055
Risk Weighted Assets	9,187	8,572	7,640
Common Equity Tier 1 ratio	17.7%	19.0%	21.4%
Tier 1 ratio	19.8%	21.4%	24.0%
Total capital ratio	20.7%	22.5%	25.4%
Leverage ratio	7.6%	8.4%	9.2%

Funding & liquidity

	2022	2021	2020
LCR	206%	184%	216%
NSFR	135%	129%	129%
Loan-to-deposit ratio[1]	163%	163%	150%
Asset encumbrance ratio	27%	28%	26%
Retail savings/total funding	45%	47%	47%
Secured funding/total funding	22%	23%	21%

1 Item is Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.

Letter from the CEO

Dear reader,

The successful execution of our focused strategy is reflected in the growth of our core activities: Mortgages, Asset-Backed Finance and Platforms. Across these asset classes, exposure increased by a total of EUR 4.5 billion, also adding new clients. Furthermore, our retail savings grew by EUR 0.4 billion. On the other hand, our non-core activities were reduced by EUR 1.6 billion. On behalf of NIBC, I am thankful for the trust of all clients, existing and new, as they have chosen us to support them in achieving their ambitions.

Looking back at 2022, I am proud that NIBC has been able to make these major steps. These positive developments were achieved against the backdrop of economic uncertainty with flaring inflation, hampered supply chains and the global tensions following the war in Ukraine. Looking at the composition of our balance sheet, we have made good progress in transforming NIBC into a true asset-based financier. In light of this transformation, I am happy to introduce NIBC's new brand proposition, which reflects our modern and to-the-point approach to fulfilling our purpose, which is to enable ambitions by financing assets.

With this transformation in mind, I am even more proud to report a strong financial performance as well. A net profit of EUR 160 million or a return on equity of 9.3% excluding non-recurring results illustrates that our focus on asset-based financing provides an outstanding basis for future growth.

Together with our strong capital position, reflected in a CET I ratio of 17.7%, we are well-positioned to continue to provide asset financing to both individuals and companies ranging from private housing to rental property, commercial real estate, vessels, data centres, fibre networks, cars and equipment.

Based on our core values (professional, adaptive, collaborative, entrepreneurial), we are and will continue to be an entrepreneurial financing partner to our clients. Recognition of our commitment to servicing our clients is illustrated by the increased client satisfaction scores from both retail and corporate clients as well as by receiving the 'best mortgage lenders of 2022' for both NIBC Direct and Lot Hypotheken, awarded by market professionals. In 2022, we saw our Mortgage Loan portfolio increase further to EUR 25.5 billion, an increase of 15%. Loan exposures within the Asset-Backed Finance segment increased by 25%, driven by strong origination and double-digit growth in all of its asset classes. Our financing platforms, including Beequip, the largest alternative financier of equipment in the Netherlands, and yesqar, a financier to the automotive businesses, continued their strong growth with a year-on-year increase of 53% in these portfolios, passing the EUR 1 billion milestone in 2022 and growing to EUR 1.4 billion.

The non-recurring result relates to the steps taken to reduce exposure in the non-core portfolios. Through portfolio transactions, we have sold both the Offshore Energy and the Leveraged Finance portfolios and additionally, we have sold several structured finance exposures. The non-recurring result includes both the related transaction results and the incurred costs to execute these transactions. We have also decided that our CLO platform and the investment franchise (NIBC investment Partners) are no longer considered as core activities. Hence, the costs incurred in relation to the anticipated sale of both the CLO platform and NIP are included. In combination with our continued efforts to further reduce our non-core exposures in active dialogue with our clients, we have been able to reduce the non-core exposures by 29%, to EUR 3.8 billion, with the ambition to further reduce this in 2023 to below EUR 2.0 billion. These steps have led to further de-risking of the balance sheet of NIBC. As a consequence, we have decided to adjust our medium-term objective for the CET I ratio, as lower risks translate into lower capital requirements. Going forward, we will steer on a CET I ratio of 13% as our new medium-term objective.

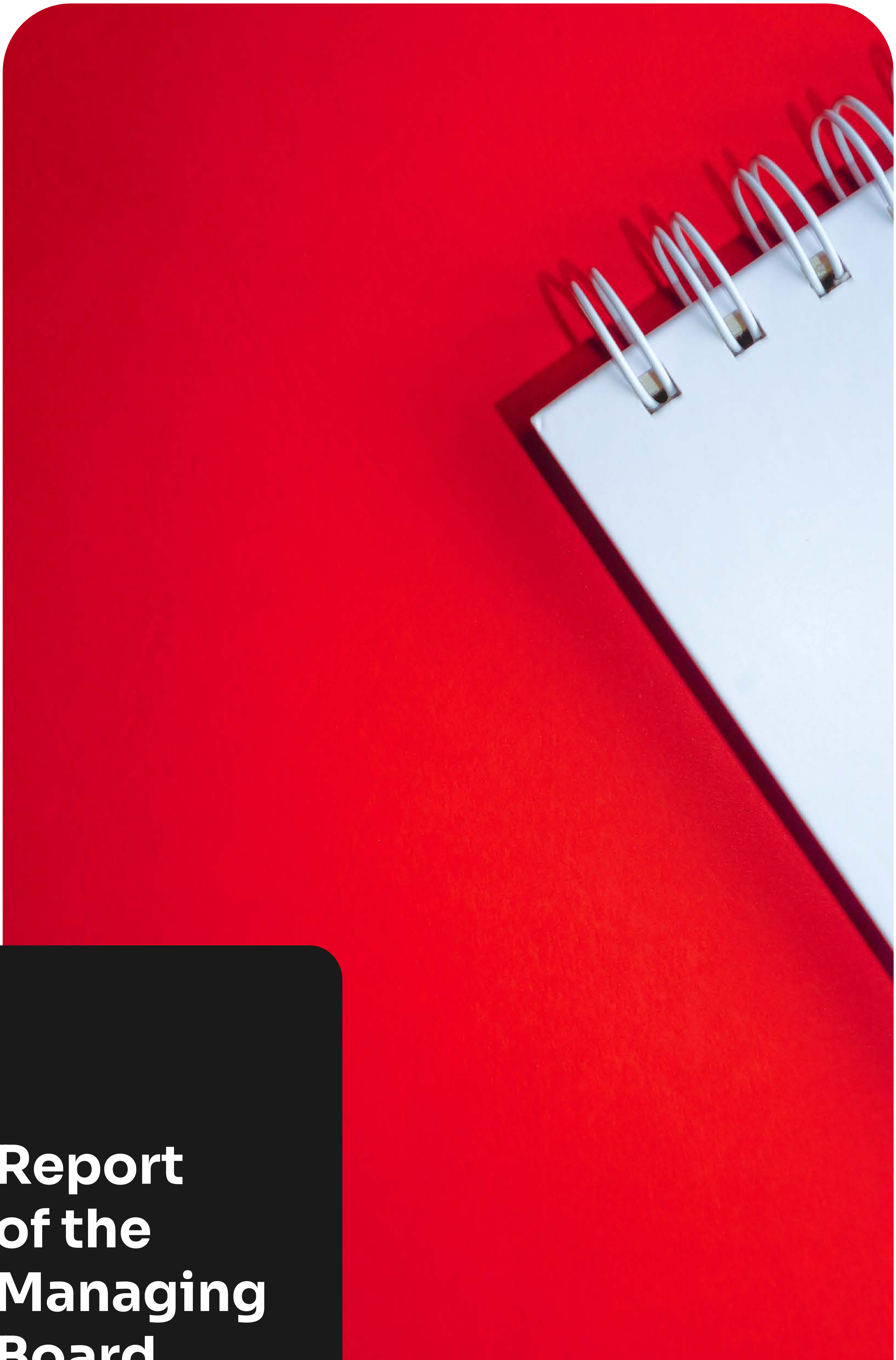
We are well positioned to contribute to a more sustainable, resilient and inclusive future for the communities we serve. In 2022, we have sold our Offshore Energy portfolio, taking an important step towards our net-zero ambition by putting our promises in the Climate Action Plan into practice. Our 'green' mortgage label Lot was nominated for the SEH Sustainability Award, as one of the most progressive mortgage lenders to actively incorporate sustainability into its mortgage policy. In April, our North Westerly CLO VII was awarded European ESG Deal of the Year. Through all these steps, we continue to align our activities and portfolios with our overall business strategy, which integrates a balanced ESG approach.

I would like to thank Herman Dijkhuizen for his contribution to the development of NIBC over the past 9.5 years. He has had a major contribution to bringing NIBC where it is today, a well-performing and well-capitalised bank. I look forward to working with Claire Dumas, who will succeed Herman Dijkhuizen as Chief Financial Officer and member of NIBC's Managing Board per 1 April 2023.

I am grateful for the commitment and dedication of our people towards their work and our clients.

The past year has, in different and unexpected ways, been demanding for our people as well as our clients. Looking ahead, we understand the nature of the challenges before us as well as the opportunities. Economic conditions are likely to remain challenging. Nevertheless, NIBC is wellpositioned to face these challenges and continue the execution of its business strategy as a focused asset-based financier. Supported by our 'Think Yes' mentality, the entrepreneurial spirit of our people and today's results, we are moving into 2023 with confidence. We will continue to be there for our clients, now and in the future.

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



Report of the Managing Board

Report of the Managing Board

The current chapter, together with the At a glance chapter, Key figures chapter, Corporate Governance chapter and the In Control Report, are considered part of the Report of the Managing Board, as referred to in Part 9 of Book 2 of the Dutch Civil Code.

Vision and strategy

Purpose and corporate values

In Q4 2022, we have launched NIBC's updated purpose and corporate values reflecting both our strategic direction and the changing environment in which we operate.

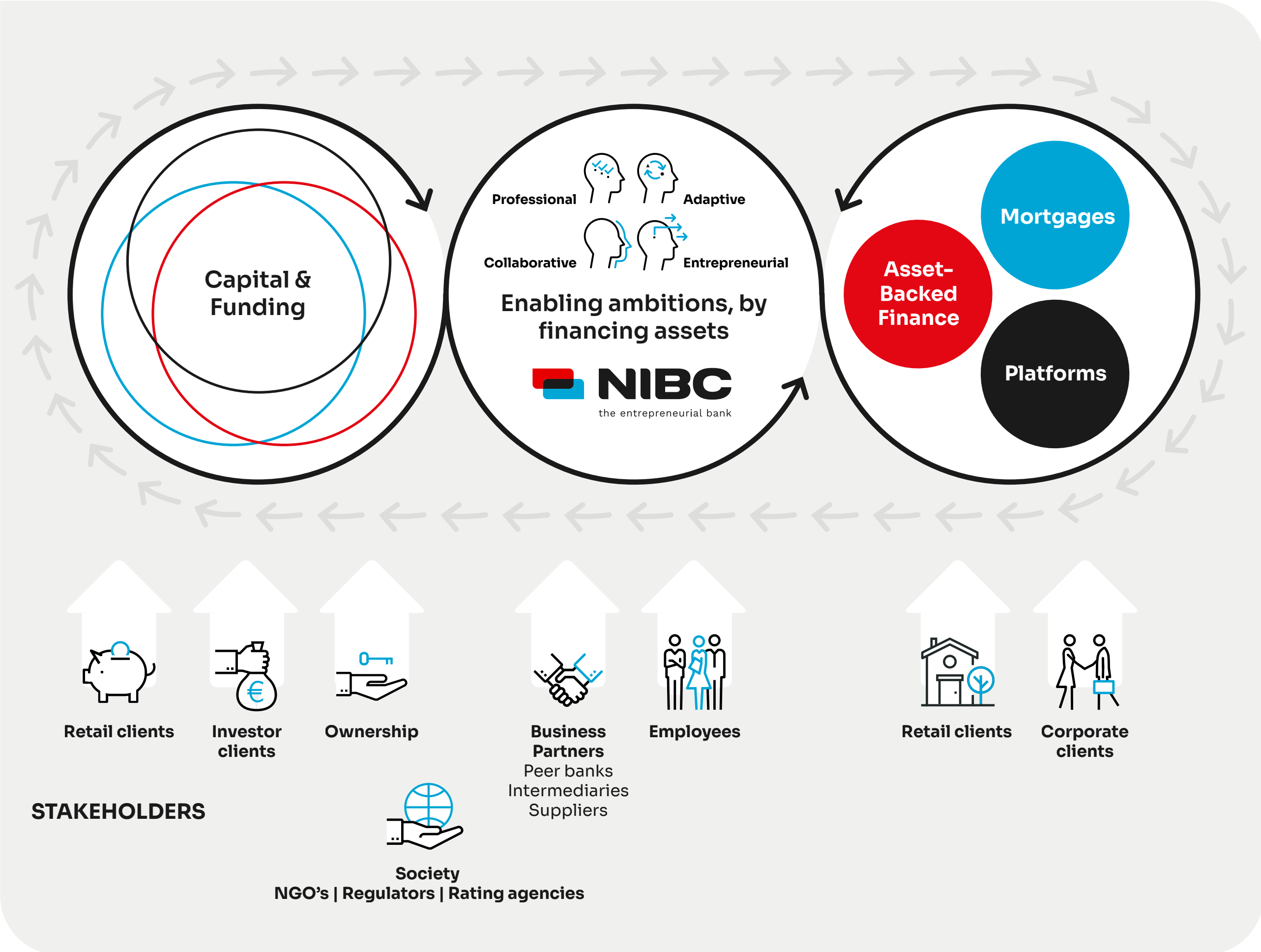
Our purpose is to enable ambition by financing assets.

Assets have value which enable future benefits, including those beyond material wealth such as facilitating diverse communities, driving growth, catalysing entrepreneurship, generating financial security and connecting people and businesses. By focusing on ambitions and assets, we aim to contribute to building a sustainable, resilient and inclusive society for generations to come. Our everyday decisions and actions are guided by our four corporate values, with which we aim to differentiate ourselves in the market:

1. **Professional:** We have in-depth product knowledge and provide expert financial solutions for our clients as the foundation of our success.
2. **Adaptive**: For more than 75 years, change has been in our DNA; committed to respond effectively to clients' needs and new developments in society.
3. **Collaborative**: We believe in a personal approach, working together to make a difference and realise sustainable impact for our clients and the world around us.
4. **Entrepreneurial**: We are a sound, enterprising financier focused on delivering smart asset financing solutions for our clients. We are thoughtful, take responsibility and get things done.

Each of NIBC's business units are responsible for managing sustainability risks and opportunities as part of their regular activities. NIBC's subsidiaries, although operating with a certain degree of independence, follow the governance, compliance and sustainability approach of NIBC Bank. They have adapted this to their scale and complexity, applying proportionality, reasonableness and common sense as described in international standards.

Creating long-term value



NIBC's value creation story has its own uniqueness. Established in 1945 to help rebuild the Netherlands after the World War II, NIBC is strongly rooted in its obligations to create societal value and financial resilience.

NIBC is a company built on optimism and getting things done. Over time we have evolved to become an enterprising bank offering asset-based financing to entrepreneurial corporate and retail clients in North-western Europe. By continuing to transform our business and adapt to changing societal needs, we aim to continue our tradition of creating long-term value for stakeholders.

NIBC's approximately 600 employees serve over 450,000 retail clients and 450 corporate clients, professionally supporting companies and individuals in realising their dreams and ambitions with a sustainable future in mind.

As a mid-sized financial institution operating from the Netherlands, with satellites in the United Kingdom, Germany and Belgium, our business model is differentiated from peers in that we are foremost an asset-based financier that focuses on specific asset classes where we are able to add value. Within these asset classes we offer a focused product mix that deliberately does not include universal products such as current accounts, payment services, credit cards or other highly transactional activities. This business model fits our ability to innovate and rapidly adapt to changing credit markets.

Our operating context is increasingly dynamic. Social and economic impact of the energy crisis, climate change, inflation, the war in Ukraine, increased regulation and oversight and rapid technology advancements are among the developments influencing NIBC, our clients, investors, business partners and other stakeholders. NIBC's business model and this dynamic context is therefore reflected in our risk appetite and balanced decision-making.

Certain drivers enable our value creation model. Our relationships with retail and corporate clients are based on trust. Access to funding through retail savings, debt investors and shareholders enables us to execute our strategy. Our employees bring us the skills and knowledge needed to deliver our strategy. Our risk management systems and processes reduce the financial and non-financial risks in the execution of our product offering for both NIBC and our clients. Our technology and data capabilities help us to deliver a great client experience, to scale and to run as a modern financial institution without the need for brick and mortar branches. And our relationships with regulators, rating agencies and civil society organisations bring strength to our brand and reputation.

This creates tangible value to our stakeholders. Our corporate clients receive funding to grow their business. Our mortgage clients receive funding to purchase a home. Our savings clients can save for tomorrow and increase their financial resilience. Our workforce has good purposeful employment in a safe work environment. Our investors receive good returns enabling them to meet their goals. And the communities we serve are more resilient and strong, benefitting from the growth, services and opportunities we have helped to deliver.

Anything is possible when we put our minds to it and collaborate with partners, including progress towards the UN sustainable development goals. The asset classes supported by NIBC contribute to increasingly sustainable cities and communities, enable decent work and economic growth, support innovation and infrastructure, help to reduce inequalities and stimulate climate transition and adaptation actions.

2022 Material themes

NIBC recognises its responsibilities towards external and internal stakeholders, regularly engages with them and considers their interests in its day-to-day decisions and activities. Engaging with stakeholders in a proactive way and on a continuous basis is central to our way of working.

We define stakeholders as any group or individual affected directly or indirectly by our activities. We have identified our main stakeholders to include clients, institutional investors, shareholders, regulators, employees and civil society organisations. We actively seek these connections to the world around us to ensure we reflect on our business, understand our impact and to continue to innovate.

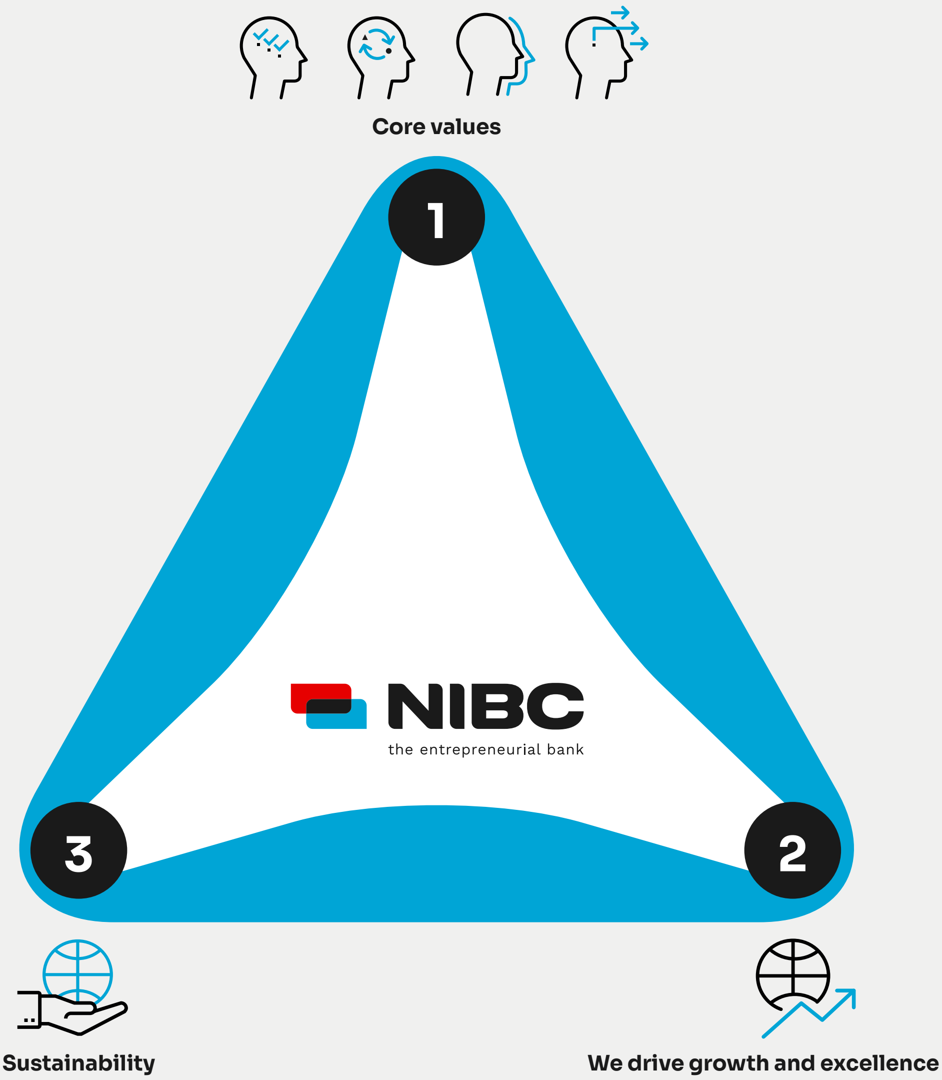
During 2022, stakeholders prioritised the following ESG themes:

- Climate change and resilience
- Business ethics, including integrity, culture and behaviour
- Regulatory change and compliance
- Information and Data security

Other themes that were discussed included client satisfaction, ESG risk management, product responsibility and fairness and diversity and inclusion. Our materiality assessment is available on NIBC's corporate website.

For sustainability risks and outcomes please refer to the Environment, Social & Governance chapter.

Our strategic priorities



We are working with three priorities that guide our everyday decisions:

1. Operate as **one bank** in a **professional, adaptive, collaborative** and **entrepreneurial** way to create a **healthy** and **thriving** business
2. With our **focused business model** drive growth and excellence in all of our **selected asset classes** and reduce exposure within non-core activities
3. **Fully committed** to do our part in the **continuous development** of **ESG**-related priorities

Financial review

PERFORMANCE SUMMARY

- Profit attributable to shareholders excl. non-recurring items amounts to EUR 160 million, reflecting a strong performance of our core activities. Growth in all core activities and improved funding costs have led to an increase of 6% in net interest income. Fee income slightly improved, as growth in core activities has compensated for absence of M&A fees and reduced lending-related fees. Without substantial exits, investment income has decreased compared to 2021, in which several successful exits were realised.
- Operating expenses excl. non-recurring increased to EUR 229 million, following

Income statement

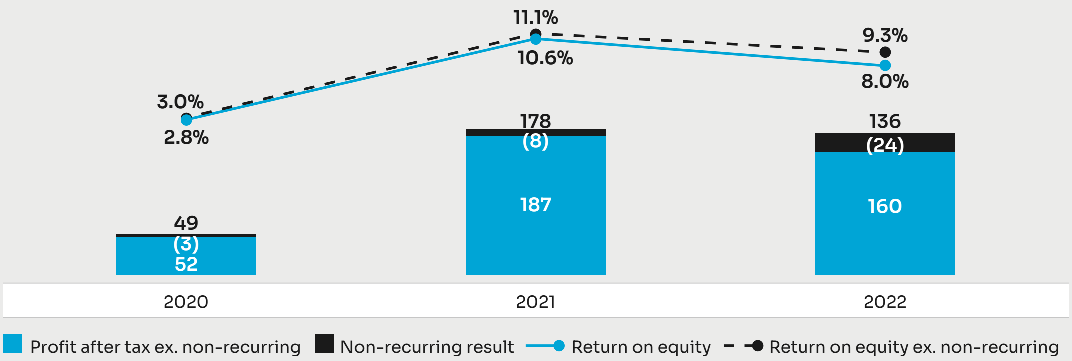
in EUR millions	2022	ex. non-recurring 2022	2021	ex. non-recurring 2021	2022 vs. 2021	ex. non-recurring 2022 vs. 2021
Net interest income	386	383	361	361	7%	6%
Net fee and commission income	47	47	46	46	4%	4%
Investment income	39	39	84	76	(53%)	(48%)
Other income	(42)	(2)	7	7	>100%	>100%
Operating income	**431**	**467**	**497**	**489**	**(13%)**	**(4%)**
Personnel expenses	95	95	111	94	(14%)	2%
Other operating expenses	113	111	99	97	14%	14%
Depreciation and amortisation	4	4	5	5	(17%)	(17%)
Regulatory charges and levies	19	19	20	20	(4%)	(4%)
Operating expenses	**232**	**229**	**235**	**216**	**(2%)**	**6%**
Net operating income	**199**	**238**	**262**	**273**	**(24%)**	**(13%)**
Impairments of financial and non financial assets	19	29	35	35	(44%)	(18%)
(Gains) or losses on disposal of assets	2	-	-	-	-	-
Income tax	30	37	37	39	(19%)	(5%)
Profit after tax	148	172	190	199	(22%)	(14%)
Profit attributable to non-controlling shareholders	12	12	12	12	0%	0%
Profit after tax attributable to shareholders of the company	136	160	178	187	(24%)	(14%)
Return on equity	**8.0%**	**9.3%**	**10.6%**	**11.1%**		

continued investments in strategic projects, technology and elevated outsourcing expenses due to increasing transaction volumes.

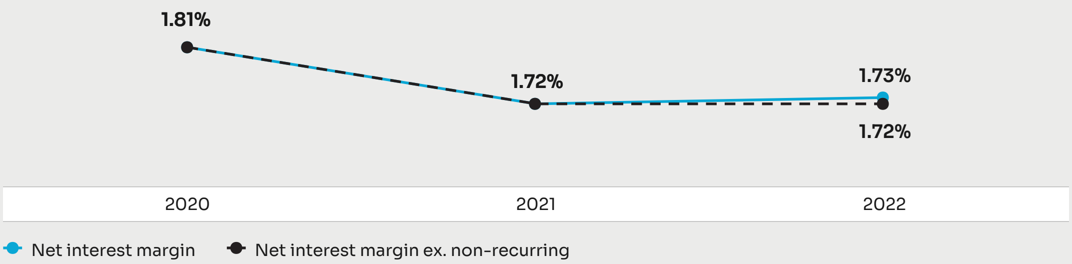
- Credit losses excl. non-recurring decreased from EUR 35 million in 2021 to EUR 29 million in 2022 mainly driven by less credit losses in the non-core activities segment.
- Non-recurring items report a net loss of EUR 23 million, and relate to the sale of various non-core portfolios and structured finance transactions and the transfer of both the CLO platform and NIP's investment franchise to held for sale.
- Please refer to note 1 for the income statement per segment.

Profit after tax attributable to shareholders and return on equity

in EUR millions

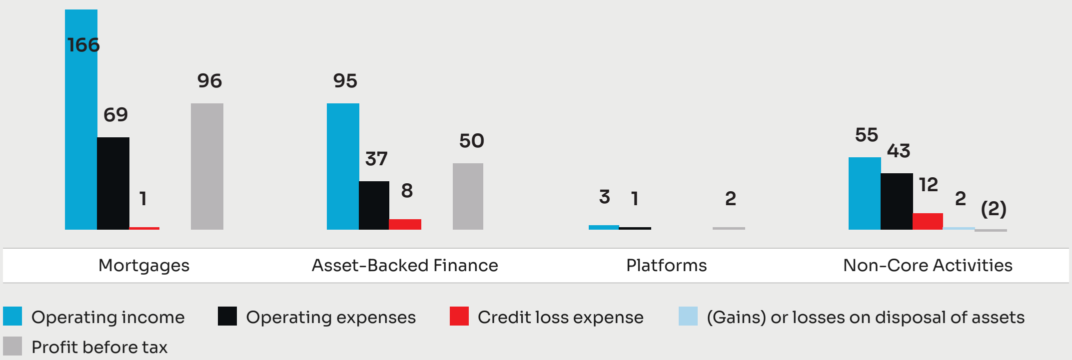


Net interest margin



Financial performance Segments 2022

In EUR millions



Financial performance

GENERAL DEVELOPMENTS

2022 can be characterized as a year in which a lot has happened. The geopolitical unrest has a significant impact also on the worldwide financial markets. The second order effects, with delays in the global supply chain, shortages in commodities and spiking energy prices, causing inflation to rise to new levels. As a counter-reaction the European Central Bank started with increasing their key interest rates starting in July 2022. With the first move of the ECB the interest rates entered positive territory again after years of negative interest rates. After that first move, the ECB has increased with larger steps the key interest rates to 2% by the end of 2022.

NIBC is well-positioned to operate within this new environment. With the strategic changes, the core business results in a much simpler organisation. Next to that, we have successfully derisked our business with the choice to exit the Offshore Energy and Leveraged Finance asset classes. We grew our core business in Mortgages, Asset-Backed Finance and Platforms.

NON-RECURRING ITEMS

- Several items have been earmarked as non-recurring items for 2022. This mainly consists of one-off results related to the sale of Offshore Energy and Leveraged Finance portfolios and the sale of some Structured Finance loans (predominantly transaction expenses and results of disposals). However, the definition of non-recurring does not include the income and expenses generated by these portfolios (for example net interest income) during the normal course of business for the 2022 period.
- The non-recurring items consist of net interest income (a gain of EUR 3 million), transaction losses in other income (EUR 40 million), other operating expenses (EUR 2 million), a release in credit loss expenses (EUR 9 million) and a loss on disposal of assets (EUR 2 million).
- NIBC anticipates to sell both its CLO platform and the NIP investment franchise. It is currently involved in advanced discussions on potential transactions for both activities. Key considerations in these processes are to safeguard the interests of and continuity of services to our clients, to entrust ownership of these activities to reputable parties and to provide positive prospects for further development and growth for the teams involved. If these processes lead to actual transactions, we do not expect a material impact on the income statement in 2023. Closing the anticipated transactions will, however, have a positive impact on NIBC's capital ratios, as it will lead to a reduction in RWA. The positive impact is estimated to be an increase of the CET 1 ratio by 1.0%-point.

OPERATING INCOME

- Strong origination in our core asset classes (+9%) and declining funding costs contributed to EUR 383 million in net interest income excluding non-recurring items, up 6% from 2021 (EUR 361 million). While in 2021 and the first half of 2022, we have had tailwind from elevated prepayment penalties, we have more than compensated this by higher volumes and lower funding costs.
- Net fee and commission income increased slightly to EUR 47 million (2021: EUR 46 million). Growth in Originate-to-Manage mortgages and Asset-Backed Finance segment compensates the loss of M&A-related income and reduced lending-related fees.
- The performance of the Equity Investment portfolio has normalised in 2022, after the strong results of 2021, which were driven by several successful exits. The full-year results amount to EUR 39 million (2021: EUR 76 million).
- The high interest rate volatility resulted in large fair value movements of hedging derivatives, which have been offset through effective hedge relationships. However, ineffectiveness within

the allowed bandwidth have led to a gain of EUR 8 million in other Income in 2022. Unrealised revaluation losses on fair value through profit or loss positions, mainly related to retained CLO positions, have offset this result, leading to a limited negative result in other income.

OPERATING EXPENSES

In absolute terms, operating expenses excluding non-recurring items have increased from EUR 216 million in 2021 to EUR 229 million in 2022. There is a reduction of operating expenses as a result of the execution of our sharpened strategy. This is offset by higher costs for external advisors on various strategic projects and increased IT expenses. Also, we have higher employee expenses as a result of additional training offered to staff and increased recruitment expenses to attract talent. Next to that, we have launched several campaigns to strenghten our brand position, especially for NIBC Direct and Lot Hypotheken, to support growth in the core asset classes.

IMPAIRMENTS OF FINANCIAL AND NON-FINANCIAL ASSETS

Impairments excluding non-recurring items have decreased by almost 20% to EUR 29 million (2021: 35 million) as a result of better performance of the portfolios and a reflection of our de-risking strategy that started a few years ago. Following increased uncertainty driven by increased energy prices and overall inflation rates, increasing interest rates, house price developments and supply chain issues, NIBC continues to apply a management overlay to reflect the risks not sufficiently covered in its ECL models. The total management overlay amounts to EUR 16 million as of 31 December 2022 (2021: EUR 13 million).

For more background regarding credit loss expenses and the management overlay, please refer to note 11 Credit loss expense and the Credit Risk section for the coverage ratios.

DIVIDEND

The Managing Board proposes a total pay-out of EUR 2.17 per share for 2022. This translates into a total distribution to shareholders of EUR 136 million, or a total dividend pay-out of 100%. In 2022, NIBC distributed EUR 0.67 per share as interim dividend. The total dividend proposal compares to EUR 2.84 dividend per share in 2021.

Taking into account the above, the proposed final dividend distribution amounts to EUR 94 million, reflecting EUR 1.50 per share. The proposed dividend pay-out is subject to approval by the annual general meeting of shareholders, scheduled on 23 March 2023.

MEDIUM-TERM OBJECTIVES

In 2022, performance is in line with our medium-term objective, even though some objectives are not completely met. Return on equity excluding non-recurring results is nearly at the target level, and the cost/income ratio is stable, even though we have continued to make considerable investments in our license to operate. Our CET 1 ratio is well above 14%, our rating is stable and we continue the development of a solid dividend pay-out practice.

For an update on our medium-term objectives, please refer to the Performance evaluationsection.

Medium-term objectives

	Medium-term objectives	2022	ex. non-recurring 2022	2021	2020
Return on equity	10-12%	8.0%	9.3%	10.6%	2.8%
Cost/income ratio[1]	<45%	54%	49%	47%	52%
CET 1[2]	≥14%	17.7%		19.0%	21.4%
Rating Bank	BBB+	BBB+ Stable		BBB+ Stable	BBB+ Negative
Dividend pay-out ratio	100%	100%		100%	100%

1 Cost/income ratio including non-recurring items.

2 As from 2019, non-Solvency ratios are based on full implementation of CRR. As from 2019, non-eligible profits attributable to the shareholders are no longer added to regulatory capital.

Taxes

Taxes reflect the profit reported over the full year. The effective tax rate of 18% is below the applicable corporate income tax rate in the Netherlands, mainly because of tax-exempted investment income. Other factors relate to expenses that are not tax deductible and different tax rates in other countries.

BALANCE SHEET DEVELOPMENT

- Total assets remained relatively stable. However, composition is reflecting the major change NIBC is going through, in line with our strategy to focus on asset-backed financing.
- Decline in corporate loans mainly driven by the sale of Offshore Energy and Leveraged Finance in the first half of 2022 and with the reduction of non-core activities. At the end of 2022, the decision was made to reclassify NIP and CLO business to held for sale further reducing corporate loans. The core corporate loan activities grew however by EUR 0.9 billion.
- The balance sheet development of mortgages is a reflection of growing client exposures (an increase of almost EUR 1 billion) and a decrease of the carrying value due to hedge adjustments related to the significant increase in interest rates.
- Cash and banks further increased, as NIBC is continuing its prudent approach to liquidity

Assets

in EUR millions	2022	2021	2020
Cash and banks	2,928	2,598	2,554
Loans	6,292	6,530	6,439
Lease receivables	5	8	16
Mortgage loans	11,990	11,940	10,245
Debt investments	876	924	977
Equity investments	166	237	226
Derivatives	162	334	494
Other assets	273	88	104
Total assets	**22,692**	**22,658**	**21,055**

Liabilities and equity

in EUR millions	2022	2021	2020
Retail funding	10,310	10,549	10,244
Funding from securitised mortgage loans	221	267	327
Covered bonds	4,016	4,011	3,004
ESF (including other deposits GE)	240	298	383
All other senior funding	5,344	4,977	4,630
Tier 1 and subordinated funding	202	263	278
Derivatives	232	154	100
All other liabilities	82	111	86
Total liabilities	**20,647**	**20,630**	**19,052**
Equity attributable to shareholders of the company	1,845	1,828	1,803
Capital securities (non-controlling interest)	200	200	200
Equity attributable to non-controlling interests	-	-	-
Total liabilities and shareholders' equity	**22,692**	**22,658**	**21,055**

management in these volatile markets. The reduction of non-core portfolios and the launch of our new Soft Bullet Covered Programme our liquidity was positively impacted.

- Increase in other assets due to reclassification of NIP and CLO business to held for sale assets.

Carrying values per ECL stage

31 December 2022		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost	Mortgage loans	11,741	131	73	46	11,990
	Loans	5,746	308	59	35	6,149
	Lease receivables	-	-	5	-	5
	Debt investments	25	-	-	-	25
Fair Value through OCI	Debt investments	850	3	-	-	852
Total		**18,361**	**442**	**137**	**81**	**19,021**

31 December 2021		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost	Mortgage loans	11,694	125	68	52	11,940
	Loans	5,645	531	163	43	6,381
	Lease receivables	-	-	8	-	8
	Debt investments	25	-	-	-	25
Fair Value through OCI	Debt investments	850	3	-	-	852
Total		**18,213**	**659**	**240**	**95**	**19,207**

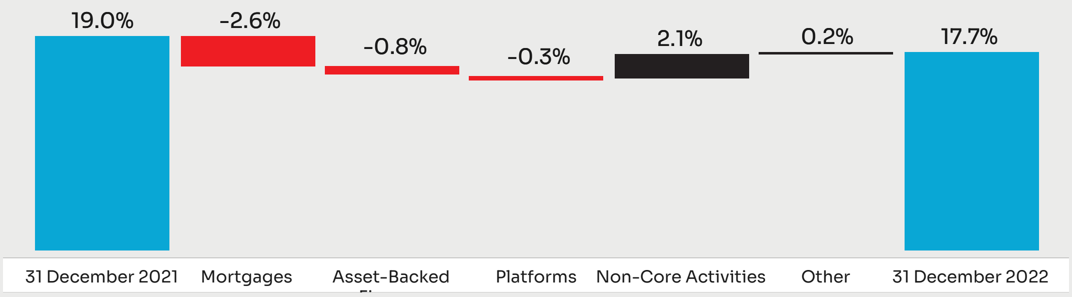
Credit quality ratios

	2022	2021	2020
Impaired coverage ratio	38%	28%	37%
NPL ratio	2.1%	2.6%	2.1%
Top-20 exposure/Common Equity Tier 1	65%	63%	63%

SOLVENCY AND LIQUIDITY

- NIBC has a strong capital position reflected in the CET 1 ratio of 17.7%.
- Implementation of the DNB mortgage floor, resulting in an increase in the effective risk weight for Dutch owner-occupied mortgage loans under the internal rating-based approach, negatively impacted the CET 1 ratio per 1 January 2022. In addition, the risk weights for the BtL mortgage portfolio under the standardised approach were increased. The combined effect of all developments in the Mortgage portfolios on the CET 1 ratio is a decrease of 2.6%-points.
- Growth in our other core activities, i.e. Asset-Backed Finance and Platforms led to an increase of risk-weighted assets (**RWA**) and consequently to a 1.1%-point decrease of the CET 1 ratio.
- In Non-Core Activities, the sale of the Offshore Energy and Leveraged Finance portfolios and further reductions within the portfolio have resulted in a RWA decrease of

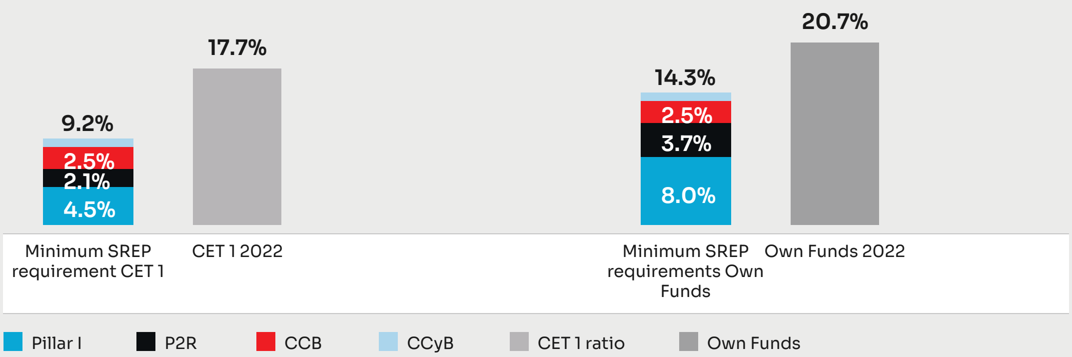
CET 1 development



Credit risk per exposure class

Exposures including Credit Conversion Factor in accordance with CRR	2022 Exposure	RWA	Average risk weight	2021 Exposure	RWA	Average risk weight
Corporate exposures	7,447	3,872	52%	7,777	4,220	54%
Mortgage loans	13,014	2,935	23%	12,055	1,643	14%
Institutions	758	150	20%	862	184	21%
Equity	273	1,011	370%	259	959	370%
Securitisation	714	176	25%	843	272	32%
Other including corporate derivatives	304	187	61%	477	264	55%
Central Government	2,174	0	0%	1,840	0	0%
Total	**24,685**	**8,331**	**34%**	**24,114**	**7,542**	**31%**

Capital ratios compared to SREP level



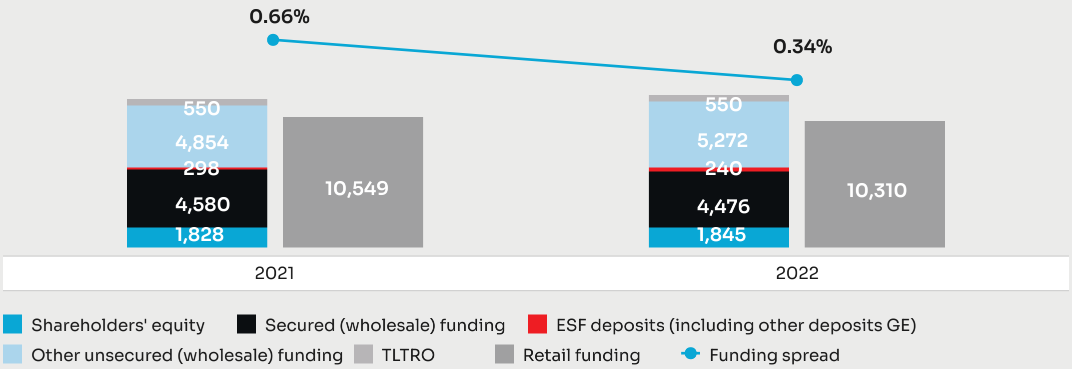
EUR 1 billion and an associated increase of the CET 1 ratio of 2.1%-point.
- The credit risk per exposure class table includes one significant aspect, which is the introduction of the mortgage floor, effectively increasing the minimum risk weight for this exposure class.
- Funding costs have decreased to 34 basis points. This downward trend is fueled by decreasing spreads for retail savings, as benchmark rates have been increasing faster than the rates for retail deposits, and the successful issuance of two covered bond transactions.
- NIBC actively manages its liquidity position, aiming for solid liquidity buffers. This is evidenced by a strong liquidity coverage ratio (LCR) at 206% and a solid net stable funding ratio (NSFR) of 135%.

Liquidity ratios

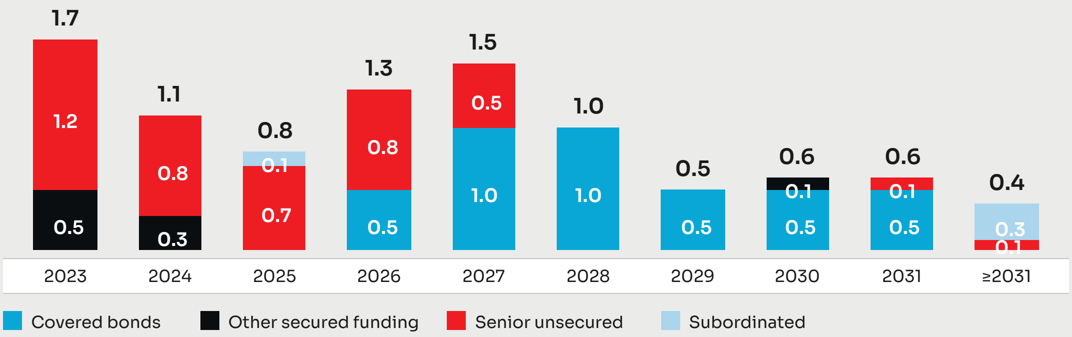
	2022	2021	2020
LCR	206%	184%	216%
NSFR	135%	129%	129%
Loan-to-deposit ratio[1]	163%	163%	150%
Asset encumbrance ratio	27%	28%	26%
Retail savings/total funding	45%	47%	47%
Secured funding/total funding	22%	23%	21%

1 Item is Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.

Funding composition and spread



Maturing wholesale funding



Capital adequacy

Basel IV

The Basel Committee on Banking Supervision (BCBS) reached an agreement on the finalisation of the Basel III reforms (Basel IV) in December 2017. In October 2021, the European Commission (EC) published its proposal to amend the Capital Requirements Regulation and Directive (CRR III/CRD VI) to implement Basel IV in the EU. While the negotiations are still ongoing, the EC aims to have the Basel IV standards fully implemented by January 2030.

While certain elements still require more clarification, based on our current assessment and interpretation of the expected EU implementation of the Basel IV Standards, NIBC estimates the impact to be well below 10% of RWA by 2028, compared to the RWA as determined at 31 December 2022. This analysis is based on the assumption that NIBC will successfully implement the required improvements in its model landscape prior to the implementation of Basel IV Standards. The estimated impact is therefore in addition to an anticipated impact of the model landscape improvements. This does not take into account possible management actions, nor potential changes to Pillar II requirements. This also assumes a portfolio composition in 2028 that is equal to the current portfolio, as well as risk weights that reflect the current economic environment.

An uncertainty for banks is that the Basel IV Standards will have to be incorporated into legislation within the European Union. The EU legislative process may take up to several years. During this process of transposition in EU and national law, adjustments may be implemented. NIBC aims to meet the final requirements early in the phase-in period while continuing to execute its client-focused strategy.

SREP requirements

Our actual solvency levels are well above the minimum required levels as set by DNB in the Supervisory Review and Evaluation Process (**SREP**).

	31 December 2022			31 December 2021		
	CET 1	Tier 1	Total capital	CET 1	Tier 1	Total capital
Pillar I	4.5%	6.0%	8.0%	4.5%	6.0%	8.0%
Pillar II	2.1%	2.8%	3.7%	2.2%	2.9%	3.9%
Subtotal	**6.6%**	**8.8%**	**11.7%**	**6.7%**	**8.9%**	**11.9%**
Capital Conservation Buffer (CCB)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical Capital Buffer (CCyB)	0.11%	0.11%	0.11%	0.05%	0.05%	0.05%
SREP requirement	**9.2%**	**11.4%**	**14.3%**	**9.2%**	**11.4%**	**14.4%**
Pillar II guidance	not disclosed			not disclosed		
Actual						
NIBC Bank transition	17.7%	19.8%	21.7%	18.8%	21.5%	23.6%
NIBC Bank fully loaded	17.7%	19.8%	20.7%	19.0%	21.4%	22.5%
Fully loaded capital (EUR)	1,621	1,821	1,905	1,630	1,830	1,928
Risk-weighted assets	9,187	9,187	9,187	8,572	8,572	8,572

Resolution

Under the Bank Recovery and Resolution Directive (BRRD), resolution authorities are required to assess whether – in case of a bank's failure – the resolution objectives are best achieved by winding down the bank under normal insolvency proceedings or resolving it. If it is the latter, a preferred resolution strategy is developed, including the use of appropriate resolution tools and powers as described in the BRRD. It is important to note that the legal entity under resolution supervision is NIBC Bank NV, all requirements related to resolution are at the level of NIBC Bank NV. For insight and completeness this information is also disclosed in the NIBC Holding NV annual report.

On 23 February 2023, De Nederlandsche Bank NV (DNB) as the Dutch national resolution authority, has informed NIBC Bank NV of the following changes to the resolution plan. If NIBC Bank NV meets the conditions for resolution pursuant to Article 18(1)(a) and (b) of the SRMR, NIBC Bank NV is expected to be wound down through normal insolvency proceedings. To this end, DNB argues that the application of resolution instruments and resolution powers will not be necessary in light of the public interest.

DNB is authorised to set MREL requirements with regard to Dutch banks that are not 'directly' supervised by the Single Resolution Board (SRB). MREL requirements are set to ensure that banks have sufficient own funds and eligible liabilities at all times so that resolution action can be taken in the event of failure or likely to fail in a manner consistent with the resolution objectives. The most important MREL requirement is a percentage of the total risk exposure amount (TREA) which is calculated in accordance with the Capital Requirements Regulation (CRR). The MREL TREA requirement for NIBC Bank NV has been established to be equal to the SREP requirement (excluding buffer requirements and Pillar II guidance) as established by DNB for NIBC Bank NV.

LEGACY INSTRUMENTS

In December 2021, the BRRD 2 has been implemented in Dutch legislation. This has provided clarity on the treatment of NIBC's outstanding legacy Tier 1 instruments. Following an updated analysis, NIBC's Managing Board has concluded that the new legislation has sufficiently addressed the risk of infection, preserving the quality of our regulatory capital position. The outstanding legacy instruments are not part of our own funds. These instruments do provide cushion for the senior preferred noteholders and contribute to rating agency buffers. NIBC expects to keep these instruments as regular funding, but will continue to monitor all relevant developments.

Dividend

The maximum distributable amount (**MDA**) is determined by comparing actual solvency levels to the minimum SREP requirements (excluding Pillar II guidance). Solvency ratios have to exceed the SREP requirements to allow distribution of dividends. To prevent limitations in distributions, the MDA which consists of the amount of CET 1 above the SREP requirement divided by the combined buffers (CCB and CCyB), must be above 100%. The present ratios provide sufficient room to execute NIBC's dividend policy.

Capital management (audited)

OVERVIEW

It is NIBC's policy to maintain a strong capital base, to meet regulatory capital requirements at all times and to support the development of its business by allocating capital efficiently. Capital is allocated to the business based on projected growth in combination with Regulatory Capital (**RC**) and Economic Capital (**EC**) consumption. EC is the amount of capital which NIBC allocates as a buffer against potential losses from business activities, based upon its assessment of risks. For Pillar I risk classes the EC figures are based on the regulatory capital calculations. For Pillar II risk classes, internally developed models are used. Tier 1 capital is allocated within the minimum capital ratios imposed by DNB. Total capital is allocated up to a buffer defined in NIBC's risk appetite framework. In practice this is done by establishing RWA and EC limits for the business.

Comparing the risk-based EC of each business to its profit delivers a risk-adjusted return on capital (**RAROC**) for that business. EC and RAROC are key tools in NIBC's capital allocation and usage process, allocating regulatory capital based on expectations of both risks and return. Usage of EC is assessed quarterly and reported to the Asset & Liability Committee (**ALCO**). The ALCO may adjust the EC allocation to and within each business, based on business expectations, NIBC's desired risk profile and regulatory requirements.

CAPITAL ALLOCATION

NIBC allocates EC to all its business activities in the form of limits set by the ALCO and calculates the amount of EC usage of each business based on the risk of its activities:

- For the Corporate Loan portfolio, NIBC calculates EC usage by means of a credit risk approach largely based upon the CRR RC formula. Capital add-ons are applied for credit concentration risk of corporate exposures and for fair value risk of Debt Investments;
- For the Mortgage Loan portfolio, NIBC calculates EC usage by means of a credit risk approach largely based upon the CRR RC formula. EC for IRRBB of prepayment and pipeline risk is factored in as well;
- For and Trading portfolios, and the interest rate mismatch position, NIBC uses a market risk approach to determine EC usage. EC usage for these portfolios is based on VaR, calculated with historical data and scaled to a one-year horizon; and
- NIBC uses fixed percentages for the equity investments.

CRR/CRD REGULATORY CAPITAL

The objective of CRR/CRD is to enhance the capital adequacy of the banking industry by making it more responsive to risk. CRR/CRD is structured on three pillars:

- Pillar I describes the capital adequacy requirements for three risk types, i.e. credit risk, market risk and operational risk, and Credit Value Adjustment (**CVA**);
- Pillar II describes the additional Supervisory Review and Evaluation Process (**SREP**), where regulators analyse the Internal Capital Adequacy Assessment Process (**ICAAP**) of the individual banks. Since the end of 2011, DNB also analyses the Internal Liquidity Adequacy Assessment Process (**ILAAP**);
- Pillar III describes the required risk disclosure standards, supporting additional market discipline in the international capital markets.

Under CRR/CRD and subject to approval from the regulator, banks have the option to choose between various approaches, each with a different level of sophistication in risk management, ranging from 'standardised' to 'advanced'.

For credit risk, NIBC adopted the AIRB approach as further specified in CRR/CRD for its retail and corporate exposure classes. NIBC started using the AIRB approach on 1 January 2008. Other exposures are measured using the standardised approach.

For market risk, NIBC adopted an internal model VaR approach.

For measuring operational risk, NIBC adopted the standardised approach, which is based on prescribed business-line activities.

The basis for Pillar II is NIBC's ICAAP, which is NIBC's self-assessment of risks not captured by Pillar I, i.e. the link between NIBC's risk profile, its risk management and risk mitigation, and NIBC's capital planning.

Under Pillar III, NIBC publishes its regulatory disclosures regarding its capital structure, capital adequacy, liquidity risk, risk management objectives/policies and RWAs each year. The Pillar III disclosures are published following the Annual Report on our website.

The following table displays the composition of regulatory capital as at 31 December 2022 and 31 December 2021. The regulatory capital is based on the CRR/CRD scope of consolidation, calculated for NIBC consolidated on a fully loaded base including the eligible profit after tax of the year. For 2022 no profit after tax is included in the CET 1 (2021: no profit after tax is included in the CET 1). NIBC complies with the CRR/CRD capital requirements as per 31 December 2022, which formally requires a minimum CET 1 ratio (including capital buffer) of 9.3%, a minimum Tier 1 ratio (including capital buffer) of 11.5% and a minimum Total Capital ratio (including capital buffer) of 14.5%.

in EUR millions	2022	2021
Equity attributable to the shareholders	**1,845**	**1,828**
Profit after tax not included in CET 1 capital	(148)	(190)
Regulatory adjustments	(75)	(7)
Common equity Tier 1 capital	**1,621**	**1,630**
Capital securities	200	200
Tier 1 capital	**1,821**	**1,831**
Qualifying subordinated liabilities	76	85
Regulatory adjustments	8	13
Total Tier 2 capital	**84**	**98**
Total BIS capital	**1,905**	**1,928**

PERFORMANCE MORTGAGES

- Within this segment, we achieved a higher operating income in 2022, mainly supported by higher fee income. This demonstrates the positive impact of our strategic focus on the Originate-to-Manage business, which has surpassed in volume the level of our own book. The total origination in 2022 amounted to EUR 6.1 billion (2021: EUR 6.0 billion).
- Higher net interest income is mainly driven by the higher volumes Buy-to-Let portfolio and is largely tempered by lower prepayment penalties (2022: EUR 12 million vs 2021: EUR 34 million). In 2022, we again saw strong competition in the mortgage market, resulting in continued pressure on spreads. Fortunately, we were able to improve the origination spread for owner-occupied mortgages back to more sustainable levels in the second half of the year.
- The rising interest rate environment requires agility to adjust to these new dynamics. With

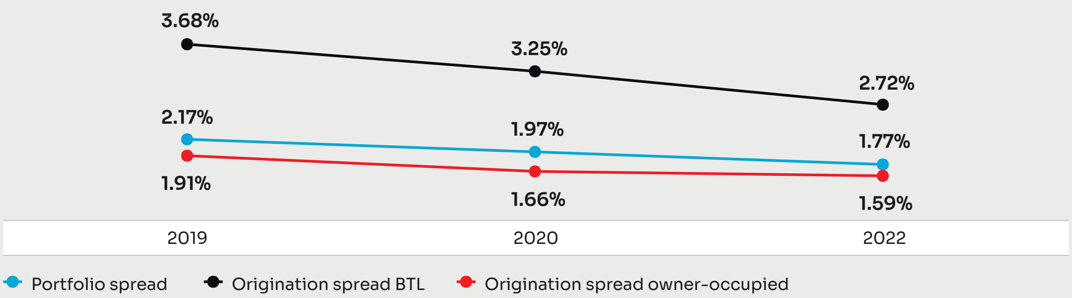
Income statement Mortgages

in EUR millions	2022	2021
Net interest income	127	125
Net fee income	39	33
Investment income	-	-
Other income	(0)	(1)
Operating income	**166**	**158**
Other operating expenses	69	58
Regulatory charges and levies	-	-
Operating expenses	**69**	**58**
Net operating income	**97**	**99**
Credit loss expense	1	(3)
(Gains) or losses on disposal of assets	-	-
Profit before tax	**96**	**102**
Income tax	25	26
Profit after tax	**71**	**76**

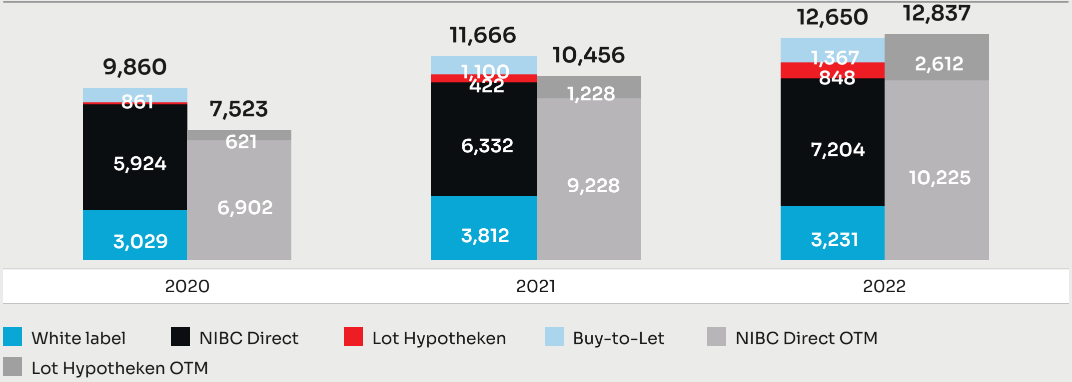
a broad product offering, agile processes and complementary brands, NIBC's mortgage business is well positioned to capitalize on this.

- The Originate-to-Manage portfolio further increased with an origination volume of EUR 3.2 billion, leading to a continued increase of net fee income to EUR 39 million (2021: EUR 33 million), supporting diversification of income and increasing the relative size of fee income within operating income.
- We are proud that in 2022, both NIBC's mortgage labels were rewarded with the award for 'best mortgage lenders of 2022' in their respective categories. By winning the 'gouden lotus award' in the category large originators and new entrants, NIBC Direct and Lot Hypotheken were named best mortgage lenders of 2022. Customer satisfaction continued to rise, as mortgage customers rate NIBC Direct's services at 8.5 (on a 10-point scale).

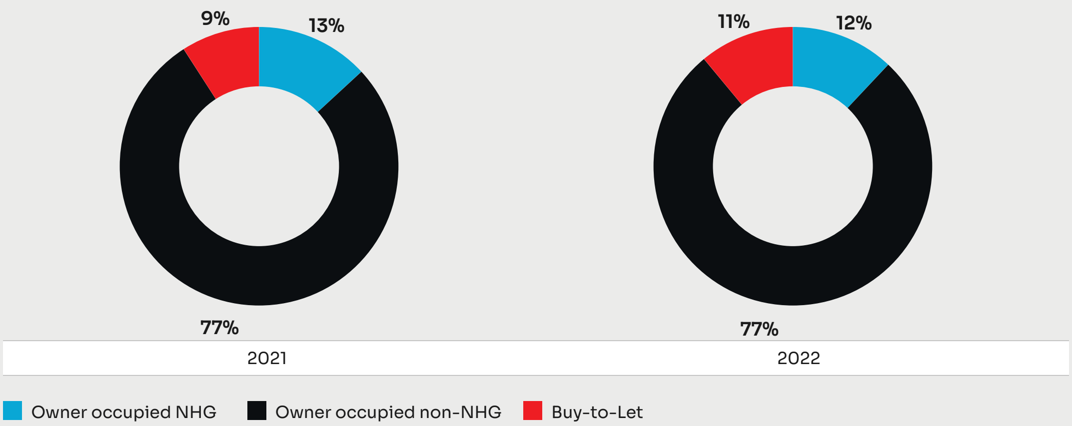
Mortgage spread above base



Mortgage Loan portfolio development



Mortgage Loan portfolio per product type



- Operating expenses increased by 18%, reflecting the integration costs of the acquired Finqus portfolio, higher expenses for outsourced business processes due to higher volumes, and new initiatives, such as investments in our data analytics capabilities.

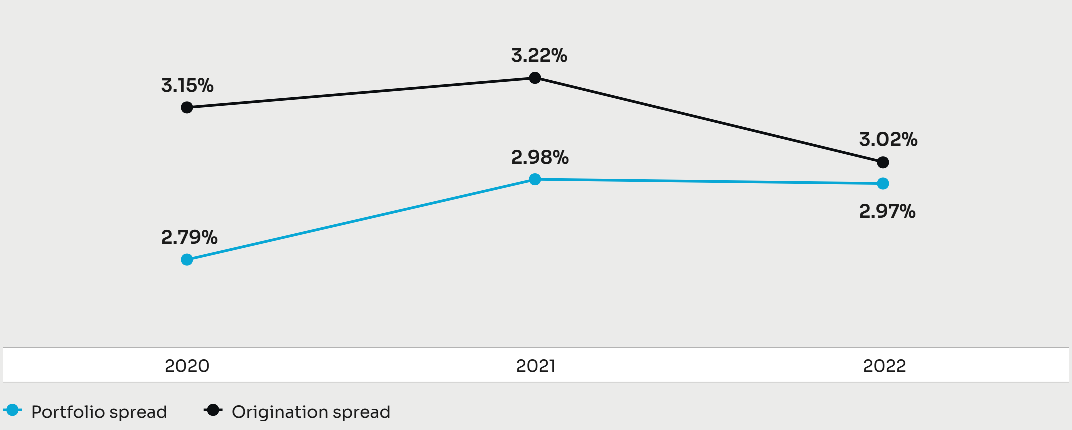
PERFORMANCE ASSET-BACKED FINANCE

- The Asset-Backed Finance segment further increased its portfolio in 2022 to EUR 4.5 billion (+25%), driven by growth in all asset classes, and reports a net profit of EUR 39 million (2021: EUR 37 million).
- Supported by the growth of the portfolio, net interest income increased to EUR 92 million (2021: EUR 70 million). The marginally lower portfolio spread above base is more than compensated by improved funding costs, leading to a better overall margin.
- Higher operating expenses reflect the investments made in these core asset classes.
- The impairment amount of EUR 8 million (2021: gain of EUR 3million) mainly relates to relatively small changes on stage 3 and POCI assets, complemented by increased expected credit losses for stage 1 and stage 2 assets.

Income statement Asset-Backed Finance

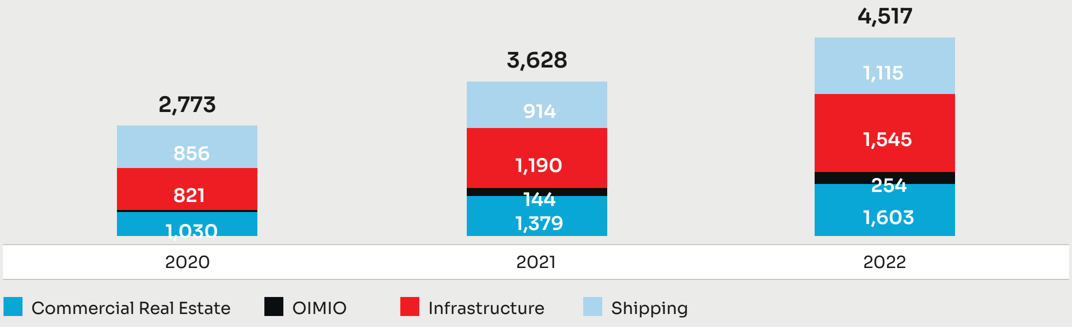
in EUR millions	2022	2021
Net interest income	92	70
Net fee income	2	(0)
Investment income	0	1
Other income	0	7
Operating income	**95**	**77**
Other operating expenses	37	34
Regulatory charges and levies	-	-
Operating expenses	**37**	**34**
Net operating income	**58**	**43**
Credit loss expense	8	(3)
(Gains) or losses on disposal of assets	-	-
Profit before tax	**50**	**46**
Income tax	11	9
Profit after tax	**39**	**37**

Corporate Loan portfolio spreads above base

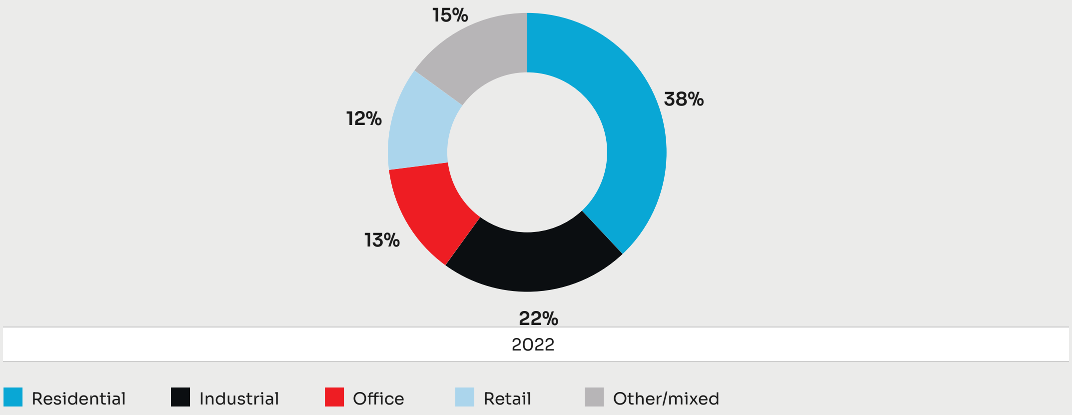


- As discussed in the ESG section, NIBC's ESG Scoring project has been launched to measure sustainability per asset class, to deepen our ESG risk analysis and to determine the way forward for each asset class.

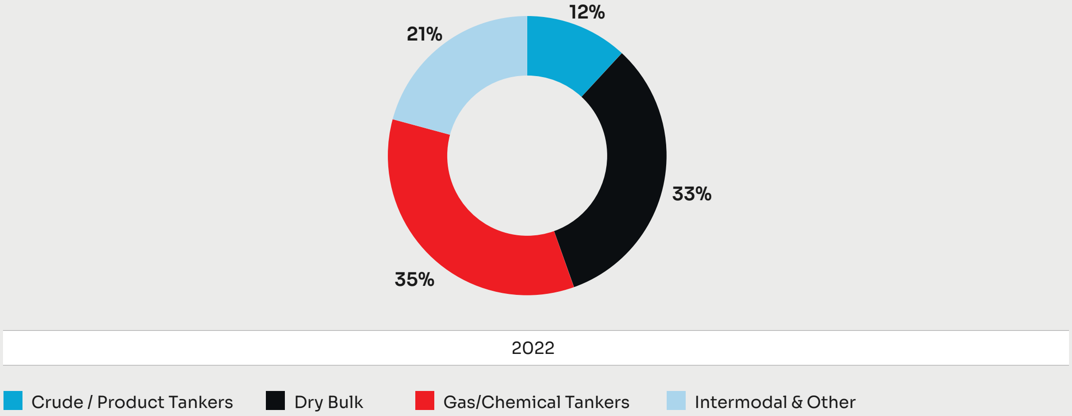
Asset-Backed Finance portfolio development



Commercial Real Estate portfolio per asset type split



Shipping portfolio per subsector split



PERFORMANCE PLATFORMS

- yesqar, a financial service provider which provides data driven asset-based financing solutions to SMEs in the automotive industry with exclusive focus on financing cars on stock and car leasing portfolios, successfully grew its portfolio in its second full year of operation with more than 200% from EUR 82 million to EUR 252 million. At the end of 2021, yesqar signed a partnership with Bovemij, a large insurance company in the Dutch automotive industry, which extended yesqar's network and boosted the growth in the second half of 2022. Furthermore, first clients in Belgium were serviced from the Netherlands with the same platform and team proving that yesqar is able to scale up efficiently, also in cross border financing of cars on stock with dealers.

Income statement Platforms

in EUR millions	2022[1]
Net interest income	3
Net fee income	-
Investment income	-
Other income	(0)
Operating income	**3**
Other operating expenses	1
Regulatory charges and levies	-
Operating expenses	**1**
Net operating income	**1**
Credit loss expense	(0)
(Gains) or losses on disposal of assets	-
Profit before tax	**2**
Income tax	0
Profit after tax	**1**

1 No reference data for 2021 included as yesqar has been transferred to NIBC Bank N.V. in July 2023.

PERFORMANCE TREASURY & GROUP FUNCTIONS

- The basis for net interest income of Treasury lies in the difference between the cost of funds on NIBC Bank's external funding (including hedging) and the internal cost of funds charged to the other segments, based on the matched funding principle. Internal fund transfer prices are based on the external funding costs plus various funding related expenses, such as servicing costs and costs related to the required liquidity buffers.
- Declining external funding costs throughout 2022 have supported the increase in net interest income to EUR 100 million (2021: EUR 79 million).
- The positive other income relates mainly to positive revaluation results not fully covered by hedge accounting, as volatility in the interest rate markets have led to large fair value movements.

Income statement Treasury & Group functions

in EUR millions	2022	2021
Net interest income	100	79
Net fee income	1	1
Investment income	-	0
Other income	11	9
Operating income	**112**	**89**
Other operating expenses	62	76
Regulatory charges and levies	19	20
Operating expenses	**81**	**96**
Net operating income	**31**	**(7)**
Credit loss expense	(1)	(1)
(Gains) or losses on disposal of assets	-	-
Profit before tax	**32**	**(6)**
Income tax	3	(6)
Profit after tax	**29**	**(0)**
Profit attributable to non-controlling shareholders	12	12
Profit after tax attributable to shareholders of the company	**17**	**(12)**

Risk management

In line with our business strategy, NIBC is predominantly exposed to credit risk and investment risk, while NIBC aims to reduce our interest rate, currency, liquidity and operational risk to an acceptable level. The risks NIBC takes are measured and monitored against our risk appetite, ensuring that NIBC is capable of executing its business activities in line with its strategy. NIBC remains committed to having sufficient liquidity and being well capitalised while at the same time helping our clients while finding the appropriate balance between risk and reward.

Risk Governance

THREE LINES OF DEFENSE

Our operations are structured along the three lines of defence risk management model. This implies that the first line of defence is within the commercial business units. They are accountable and responsible for day-to-day risk management activities such as managing each individual exposure on the balance sheet, with the exception of distressed assets at the corporate bank. Our second line of defence lies within the Risk, Legal, and Compliance. These departments monitor and evaluate risks versus the risk appetite framework. The second line of defence has an active advisory role in particular towards transactions and proposals. The third line of defence is the Internal Audit (**IA**) department. This department provides objective and independent assurance on the operations within the first and second lines of defence.

To support effective decision-making, the Managing Board has delegated decision-making authority regarding key risk management focus areas to a number of committees, amongst others:

- Engagement Committee is responsible for decision-making with regard to client engagement and conflicts of interest including assessment of the potential integrity risks when engaging with a client.
- Transaction Committee (**TC**) which has decision-making power with regards to credit transactions, assessment of credit proposals and the monitoring of credit related risks. The TC

approves and monitors transaction proposals which cause NIBC to assume credit risk. Further, the TC decides on impairments and write-offs and reviews all larger exposures at least annually.

- Investment Committee (**IC**) has the delegated authority to decide on equity, mezzanine, subordinated, and other equity related financial products. The IC assesses new investment proposals and periodically determines the valuation of our Equity portfolio.
- Strategic investment Committee has decision-making power on equity, mezzanine debt, subordinated debt and senior debt granted to new strategic participations and/or strategic investments.
- Risk Management Committee (**RMC**) decides on policies, measurement methods, monitoring, and controlling of all risk types. The role of the RMC is to safeguard our risk appetite by monitoring all risks NIBC is exposed to, thereby looking backwards as well as forwards.
- Asset & Liability Committee (**ALCO**) monitors and controls capital ratios, liquidity, earnings, interest rate risk and market risk. As ALCO is responsible for liquidity, as they also decide on funding plans and large funding transactions.
- Regulatory Change Committee which keeps central oversight of the implementation of new regulatory laws and regulations.

For a discussion on compliance, client privacy and data security, anti-fraud and anti-corruption and climate risk please see the Sustainability section of this Annual Report.

RISK APPETITE FRAMEWORK

Our strategy towards risk management is translated into the risk appetite framework. This framework is based on five pillars, which are rolled out throughout the organisation and incorporated in our policies, procedures , limits and action plans. NIBC has used these pillars to reposition the bank and adjust the underlying business drivers focusing on smaller ticket sizes and a more granular portfolio.

Our five pillars:

1. Solvency: be a credit-worthy partner for our clients and other stakeholders.
2. Profitability: aligned with business model and risk profile.
3. Liquidity & Funding: to have sufficient and appropriate liquidity and stable and diverse funding base at all times.
4. Asset quality: aligned with business objectives.
5. Non-financial: to maintain a solid licence to operate.

NIBC continuously monitors and evaluates the effectiveness of this framework and periodically updates this based on market developments and our environment. Future iterations of the Risk Appetite framework will also include climate risk as a driver of traditional financial risks.

Overview of main risk types

in EUR millions	Main risk types	2022	2021
Mortgage loans	Credit risk / Interest rate risk	12,650	11,665
Asset-Backed Finance[1]	Credit risk	5,739	4,592
Platforms	Credit risk	252	-
Non-Core Activities	Credit risk	1,985	3,591
Equity investments	Investment risk	273	259
Debt investments		951	953
Debt from financial institutions and corporate entities	Credit risk / Market risk	273	220
Securitisations	Credit risk / Market risk	679	733
Cash management	Credit risk	2,677	2,414
Derivatives[2]	Credit risk / Market risk	265	525
Funding	Liquidity risk	22,692	22,658
Total capital (based on full implementation of CRR)	Capital Adequacy risk	1,905	1,942

1 Includes financing to Beequip which is classified further under Corporate Treasury.
2 Exposure is based on a combination of netting and positive replacement values.

NIBC's risk approach entails that NIBC pursues credit risk and investment risk, while reducing our interest rate, currency, liquidity and operational risk to a level that is acceptable. For this reason the Risk Management chapter mainly focuses on assessing credit risk and investment risk. The risks NIBC takes are measured and monitored against our risk appetite, ensuring that NIBC is capable of executing its business activities in line with its strategy.

CREDIT RISK (AUDITED)

Credit risk is one of the risks inherent to our business model. By lending to our clients NIBC is exposed to the risk of the counterparty not being able to repay the loan. NIBC continuously monitors its clients' financial performance and take remedial action if NIBC believes the risk of a client defaulting on its obligation has increased. NIBC mitigates credit risk by placing emphasis on the collateral pledged to it in the transactions. In case a client defaults on its obligation, the option to collect and sell the collateral can be exercised as a last resort, thereby significantly reducing the amount of non-recoverable assets. Non-credit obligations fall under other risk types, such as market risk, and equity is subject to investment risk.
Figures may not always add up due to rounding. In presented tables where exposure is mentioned, a gross amount should be understood where exposure is drawn plus undrawn amounts. The Digital Infrastructure portfolio includes a small portion of other core infrastructure assets. Following NIBC's sharpened strategic focus, NIBC's non-core asset classes are grouped into Other Corporate client exposures throughout the credit risk paragraph. These non-core asset classes consist of Financial Sponsors, Fintech & Structured Finance, PFI Infrastructure, Mobility, Mid-Market Corporates and NIBC Investment Partners (investment loans). Please note that the management overlay for Expected Credit Loss is not included in the tables unless explicitly stated. Please see note 11 Credit loss expense for further information.
The following portfolios that contain credit risk have been identified:

- Mortgage Loans;
- Corporate/Investment Loans;
- Lease receivables;
- Debt Investments;
- Cash Management;
- Derivatives.

This credit risk paragraph, in its entirety, is an integral part of the Consolidated Annual Financial Statements and is covered by the Audit opinion.

Overview of credit quality measures

	2022						2021					
in EUR millions	Mortgages	Asset-Backed Finance	Platforms	Non-Core Activities	Total exposure		Mortgages	Asset-Backed Finance	Platforms	Non-Core Activities	Total exposure	
Defaulted exposure	98	95	-	209	403	2.0%	121	94	-	283	498	2.5%
Impaired exposure	98	79	-	232	409	2.0%	121	94	-	323	538	2.7%
Non-performing exposure	98	95	-	209	403	2.0%	121	94	-	283	498	2.5%
Forborne exposure	121	116	-	332	569	2.8%	207	159	-	462	827	4.2%

Credit quality measures by asset class

in EUR millions	2022 Non-performing exposure	2022 Impaired exposure	2022 Impairment coverage ratio[1]	2021 Non-performing exposure	2021 Impaired exposure	2021 Impairment coverage ratio[1]
Mortgages						
Mortgage loans	94	94	0.8%	117	117	1.0%
Buy-to-Let mortgages	4	4	0.0%	4	4	0.0%
Total mortgage loan exposures	**98**	**98**	**0.8%**	**121**	**121**	**1.0%**
Asset-Backed Finance						
Commercial Real Estate	60	60	26.0%	58	58	23.9%
Corporate Treasury	-	-	0.0%	-	-	0.0%
OIMIO	-	-	0.0%	-	-	0.0%
Digital Infrastructure	-	-	0.0%	-	-	0.0%
Shipping	35	19	50.2%	36	36	32.9%
Total Asset-Backed Finance	**95**	**79**	**31.8%**	**94**	**94**	**27.3%**
Platforms						
yesqar	-	-	0.0%	-	-	0.0%
Total Platforms	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Non-Core Activities						
Other	179[2]	202[3]	51.1%	252	292	35.2%
Other lease receivables	31	31	84.9%	31	31	73.1%
Total Non-Core Activities	**209**	**232**	**55.5%**	**283**	**323**	**38.8%**
Total exposures	**403**	**409**	**37.8%**	**498**	**538**	**28.3%**

1 Impairment coverage ratio includes IFRS 9 Stage 3 and POCI assets only.

2 Exposures in category 'Other' consist of EUR 83 million Financial Sponsors, EUR 49 million Fintech & Structured Finance, EUR 12 million Mid Market Corporates, EUR 7 million NIBC Investment Partners and EUR 27 million PFI.

3 Exposures in category 'Other' consist of EUR 31 million Energy, EUR 83 million Financial Sponsors, EUR 49 million Fintech & Structured Finance, EUR 4.5 million Mid Market Corporates, EUR 7 million NIBC Investment Partners and EUR 27 million PFI.

Methodology for quantifying credit quality

NIBC applies an internally-developed methodology under the Advanced Internal Ratings Based (**AIRB**) approach for quantifying the credit quality of corporate and retail counterparties. The AIRB methodology for corporate counterparties was approved by NIBC's regulatory authority, the DNB, in 2008 as is also the case for the owner occupied residential Mortgage Loan portfolio (excluding BtL mortgages which uses the standardised approach). In 2019, NIBC received an increase for Risk Weighted Assets (**RWAs**) on corporate exposures from the DNB pending approval of eventual additional measures to address the model observations raised by DNB in its Internal Model Investigation report. This add-on is still in place with respect to the current models where new model development is in process to address DNB's observations.

CORPORATE LOAN CREDIT APPROVAL PROCESS

All approvals of individual credit proposals are granted after risk management has made a credit risk assessment and has analysed proposals by taking into consideration, among others, aggregate limits per industry segment and per individual counterparty. The total one obligor exposure and related exposure are also taken into account. Individual credit and transaction proposals are then approved in the Transaction Committee (**TC**) or in the case of investment loans in the Investment Committee (**IC**). Proposals, credit reviews and amendments of smaller scale can be approved outside the TC or IC (as the case may be) by risk management. All counterparties and, subsequently, all facilities, are reviewed at least once a year.

CORPORATE CREDIT RATINGS

NIBC uses an internal through-the-cycle Corporate Credit Rating (**CCR**) scale for prudential reporting purposes which consists of 10 grades (1-10) and a total of 22 notches. For the purpose of calculating ECL amounts under IFRS these through-the-cycle CCRs are converted to point-in-time ratings. The internal rating table relates to the tables in note 11 Credit loss expense showing the credit quality and the maximum exposure to credit risk. The CCRs 9 and 10 are assigned to counterparties that have already defaulted and therefore carry a PD of 100%.

	Internal rating grade				Equivalent rating scale of Standard & Poor's	
Internal rating description	from	to	Low PD%	High PD%	from	to
Investment grade	1	4-	0.00%	0.425%		
Sub-investment grade	5+	8-	0.425%	100%		
Default grade	9	9				
Default grade (bankruptcy filing)	10	10				

RISK MEASUREMENT DUTCH MORTGAGE LOANS

The calculation of PD, LGD and EAD for owner- occupied mortgages is performed by an internally-developed CRR/CRD IV AIRB model (for BtL mortgages, Basel standardised approach for credit risk is used). The PD estimates are dependent on a variety of factors, of which the key factors are debt-to-income and loan-to-value ratios. Other factors include other mortgage loan and borrower characteristics and payment performance information. The PD scale is based on a continuous scale ranging from 0-100%. The validation of these estimates is performed on historical data and is carried out annually. For the PD, the estimates are back tested against realised defaults and realised losses. In this way, it is ensured that the model functions correctly in a changing economic environment.

RISK GOVERNANCE AND ARREARS MANAGEMENT DUTCH MORTGAGE LOANS

In order to control the credit risk in the origination of residential mortgage loans, an acceptance policy framework was formulated to screen residential mortgage applications. Acceptance depends on the following underwriting criteria:

- Conformity with the Code of Conduct on Mortgage Credits of the Dutch Bankers Association where applicable;
- A check of an applicant's credit history with the Dutch National Credit Register (Bureau Krediet Registratie or **BKR**), a central credit agency used by financial institutions in the Netherlands, which records five years of financial commitments and negative credit events;
- Mortgage loans are secured by first-ranking mortgage rights;
- Other criteria, such as type of property, maximum Loan-To-Market Value (**LTMV**), maximum Loan-to-Income (**LTI**) and minimum Debt Service Coverage Ratio (**DSCR**);
- Underwriting criteria for mortgage loans with an NHG guarantee are set in accordance with the general terms and conditions set by the Stichting Waarborgfonds Eigen Woningen (**WEW**, Social Housing Guarantee Fund). The WEW finances itself by a one-off up-front charge to the borrower as a percentage of the principal amount of the mortgage loan. The NHG guarantee

covers losses on the outstanding principal, accrued unpaid interest, and disposal costs, caused by foreclosure.

In order to control the credit risk in the Dutch Mortgage loan portfolio, NIBC has established procedures to manage all loan amounts in arrears in-house. This ensures a dedicated team focused on preventing and minimising credit losses. The Special Servicing Mortgages team is responsible for arrears, client retention, foreclosures, collecting remaining debts and visiting clients and the properties that serve as collateral.

The special servicing at NIBC is focused on intensive contact with its mortgage clients and tailor-made solutions. When amounts in arrears occur, NIBC contacts the client. Depending on the outcome of these contacts, a customer-specific approach is formulated on a case-by-case basis. In case of defaults, the Special Servicing team has to submit the file to the Arrears Management Committee for approval of the strategy to be followed. The Arrears Management Committee includes members from Risk Management, Operations, Portfolio Management and the Special Servicing team. NIBC bids for own foreclosed properties at auctions to ensure the proceeds are at arm’s length. If needed, NIBC acquires these properties.

NIBC has introduced a programme where vulnerable customers that may face potential future financial difficulties are approached pro-actively with the intention of identifying and resolving difficulties before actual arrears arise.

RISK MITIGATION AND COLLATERAL MANAGEMENT DUTCH MORTGAGE LOANS

Credit losses are mitigated in a number of ways:
- The underlying property is pledged as collateral;
- 11% of the Dutch own book portfolio and 31% of the securitised portfolio are covered by the NHG programme;
- For the part of the Dutch portfolio that has been securitised, credit losses higher than the retained positions, excess spread and reserve accounts are attributable to investors in the securitisation programmes.

For the portfolio not covered by the NHG programme, the underlying property is the primary collateral for any mortgage loan granted, though savings, life insurance and investment deposits may also serve as additional collateral.

FORBEARANCE AND NON-PERFORMING EXPOSURES

These exposures are governed by a bank-wide Forbearance Policy and Default Policy.
NIBC considers a client to be forborne if:
1. NIBC considers the obligor to be in financial difficulties, and
2. NIBC grants a concession to the obligor.

Financial difficulties are defined as a debtor facing or about to face difficulties meeting financial obligations. Concession refers to one of the following (per facility):
- Modification of terms or conditions of a troubled facility to allow sufficient debt service capacity (that would not be granted if the obligor were not in financial difficulties);
- (partial) Refinancing of a troubled facility (that would not be granted without financial difficulties).

Within the corporate client offering the forbearance process largely follows the credit approval process making use of delegated risk authority as well as submitting proposals to the TC. With respect to residential Mortgage Loan portfolio the Client Retention team of the Special Servicing department has the responsibility of assessing the nature and the expected duration of a client's financial distress, and will determine necessity of providing forbearance measures to that client and the conditions that should apply. Forbearance solutions are also submitted to the Arrears Management Committee for further approval

An obligor is considered non-performing if one or more of the following criteria are applicable:
- Material exposures are more than 90 days past due;
- The obligor is unlikely to pay its credit obligations in full, without realisation of collateral;
- A performing under probation (which have been previously defaulted) facility is extended additional forbearance measures during its probation period

The first two criteria are the same as the default criteria and therefore a defaulted obligor is always non-performing as well.

Capital Requirements Regulation/Capital Requirements Directive IV

In line with CRR/CRD IV regulations, the methodology consists of three elements:
- CCR, reflecting the through-the-cycle PD of the borrower. The default definition is in line with the CRR/CRD IV definition;
- LGD, defined as an anticipated loss in the event of default and under an economic downturn assumption, which takes into account the presence and the value of collateral;
- EAD, which is the amount that is expected to be outstanding at the moment a counterparty defaults.

The CRR/CRD IV PDs, LGDs and EADs that are calculated through NIBC's internal models are used for RC. Economic capital (**EC**), Risk-Adjusted Return on Capital (**RAROC)**, limit setting ECL and stress testing are additional areas which make use of these parameters, although the values and methodologies for EC, ECL and stress testing differ from those employed in Pillar I. PDs, LGDs and EADs are also used in the CRR/CRD IV solvency report to the regulator.

Annual backtests of the internal rating framework are carried out to assess the quality and the performance of the models.

NIBC enforces strict separation of responsibilities with respect to its internal rating methodologies and rating process, model development, model validation and IA. The roles and responsibilities of each department involved are explicitly set out in internal policies and manuals, also in conformity with the stipulations of CRR/CRD IV on model governance and model use.

Expected Credit Loss determination

In order to calculate the ECL, NIBC has transformed the CRD IV/CRR PD/LGD/EAD to unbiased and PiT best-estimates by applying probability-weighted forward-looking scenarios for relevant macroeconomic factors. For detail on ECL recognition and measurement refer to note 11 Credit loss expense.

SCENARIOS AND SCENARIO WEIGHTS

The determination of the probability weighted ECL requires evaluating a range of relevant future economic conditions. To accommodate this requirement, NIBC uses three different macroeconomic scenarios in the ECL calculation: a baseline, an upturn and a downturn scenario. Each scenario is represented by a specific scenario narrative, scenario probability and a set of macroeconomic factors. A weight is computed for each scenario by using a probabilistic econometric model that considers recent information as well as several decades of historical data. The determined weights constitute the probabilities that the respective macroeconomic developments will occur. The scenarios, including the narratives, the macroeconomic forecasts and the scenario weights, are further discussed, challenged and potentially refined by a team of NIBC-internal experts. The baseline scenario is aligned to the economic and market assumptions used for NIBC business planning purposes.

Economic scenarios and weights applied

	Assigned weights in %	
ECL SCENARIO	2022	2021
Upturn	10.0%	30.0%
Baseline	30.0%	32.5%
Downturn	60.0%	37.5%

MACROECONOMIC AND OTHER FACTORS

The range of macroeconomic, market and other factors that is modelled as part of the scenario determination is wide, and historical information is used to support the identification of the key factors. As the forecast horizon increases, the availability of information decreases and judgement increases. The macroeconomic forecast has an influence on PDs only during the first 5 years. During years 6-10 the model applies reversion to the mean (i.e. the PiT PD converges with the Through-the-Cycle (**TTC**) PD) and after year 11 the PDs are influenced only by the TTC matrix. The forward-looking macroeconomic assumptions used in the ECL calculation are derived from Moody's Data Buffet. NIBC has segmented the ECL calculations into different models to allow for specific risks and forecasts to be incorporated in the macroeconomic scenarios. These models are used for the different ECL calculations:

- Corporate General;
- Corporate Energy;
- Corporate Shipping; and
- Retail.

The following table discloses the macro-economic variables for the period 2023-2027 used in the 2022 year-end ECL calculation:

ECL SCENARIO	Macro-economic variables	2023	2024	2025	2026	2027
		% year-on-year change				
UPSIDE SCENARIO	NL GDP	2.7%	2.5%	1.3%	1.0%	1.0%
	GB GDP	0.7%	1.6%	1.1%	1.1%	1.4%
	DE GDP	2.0%	3.5%	2.8%	2.3%	1.3%
	NL House Price Index	-0.9%	1.6%	3.6%	3.7%	4.0%
	DE House Price Index	-1.4%	4.9%	4.3%	4.2%	4.2%
	Crude Oil WTI	-13.0%	-19.0%	-2.5%	0.2%	1.8%
BASELINE SCENARIO	NL GDP	0.9%	2.0%	1.6%	1.1%	1.0%
	GB GDP	-1.2%	0.8%	1.3%	1.2%	1.3%
	DE GDP	0.1%	3.0%	3.1%	2.4%	1.3%
	NL House Price Index	-1.9%	-1.1%	2.6%	4.0%	4.5%
	DE House Price Index	-2.5%	3.1%	4.1%	4.2%	4.2%
	Crude Oil WTI	-10.4%	-20.5%	-3.6%	0.2%	1.8%
DOWNSIDE SCENARIO	NL GDP	-0.6%	1.7%	2.1%	1.1%	1.0%
	GB GDP	-3.5%	0.3%	2.2%	1.2%	1.3%
	DE GDP	-1.4%	2.7%	3.6%	2.4%	1.3%
	NL House Price Index	-3.0%	-3.2%	2.4%	4.1%	4.5%
	DE House Price Index	-5.7%	4.6%	3.8%	4.0%	4.2%
	Crude Oil WTI	-18.2%	-25.7%	9.1%	2.8%	2.4%

The following table discloses the macro-economic variables for the period 2022-2026 used in the 2021 year-end ECL calculation:

ECL SCENARIO	Macro-economic variables	2022	2023	2024	2025	2026
		% year-on-year change				
UPSIDE SCENARIO	NL GDP	3.7%	2.8%	1.9%	1.2%	1.2%
	GB GDP	8.8%	2.9%	1.5%	1.1%	1.1%
	DE GDP	5.9%	3.9%	1.9%	1.1%	0.9%
	NL House Price Index	8.1%	3.3%	0.6%	-0.3%	-0.2%
	DE House Price Index	10.3%	8.1%	6.3%	5.2%	4.6%
	Crude Oil WTI	0.4%	-4.8%	2.3%	2.6%	4.2%
BASELINE SCENARIO	NL GDP	2.3%	1.5%	1.6%	1.5%	1.3%
	GB GDP	5.5%	3.5%	2.0%	1.0%	1.3%
	DE GDP	3.8%	2.8%	2.5%	1.6%	1.0%
	NL House Price Index	6.3%	0.7%	0.2%	0.1%	-0.1%
	DE House Price Index	7.8%	6.0%	5.3%	4.7%	4.1%
	Crude Oil WTI	-3.2%	-8.8%	1.5%	3.3%	4.1%
DOWNSIDE SCENARIO	NL GDP	1.1%	1.2%	1.5%	1.3%	1.2%
	GB GDP	2.7%	3.9%	2.5%	1.4%	1.6%
	DE GDP	2.4%	2.4%	2.8%	1.9%	1.2%
	NL House Price Index	5.2%	-1.2%	-1.0%	-0.3%	0.2%
	DE House Price Index	6.6%	4.5%	4.6%	4.1%	3.8%
	Crude Oil WTI	-20.2%	1.6%	5.6%	2.8%	4.4%

Scenarios and weights are updated semi-annually and submitted for approval to the ALCO of NIBC. NIBC has adjusted the macroeconomic scenarios to reflect geopolitical circumstances and economic conditions.

The ECL calculation consists of three elements:
- PD of the borrower, which is an estimate of the default rate over any specified horizon based on the current state of the credit cycle and the anticipated macroeconomic scenarios.
- LGD, defined as the unbiased loss estimate at a future default date, which takes into account the presence and the value of collateral;
- EAD, which is the estimation of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments and prepayments of principal and interest, and arrears and expected drawdowns on undrawn committed facilities.

The ECL is calculated on individual corporate and residential mortgage loans, and can be summarised per stage as follows:
- Stage 1 – For newly originated loans and loans with no significant increase in their credit risk, the ECL is determined on a 12-month horizon;
- Stage 2 – For loans with a SICR, ECL is determined on a lifetime basis.
- Stage 3 - For defaulted loans the ECL is determined on a lifetime basis and based on facility-specific cash flow scenarios. For residential mortgage loans ECL is measured as the difference between the EAD and the sale proceeds of the collateral through private sale or auction.

Asset quality

Asset quality has improved, partially as a result of the reduction of the non-core portfolio as well as improvements in NIBC's core business areas. With respect to the Mortgage Loan portfolio, a portion of the POCI assets in the Finqus portfolio that was purchased in 2021 is now classified as performing. From an IFRS 9 staging perspective the overall portfolio demonstrates improvements across the board with slight improvements in both the Mortgage Loan portfolio and Corporate Loan portfolio, despite a marginal increase in the relative stage 3 assets in the non-core portfolio.

The average coverage ratio for both stage 3 and POCI assets increased. We also observe that the stage 2 and stage 3 expected credit losses are largely dominated by the non-core activities which is also where new stage 3 impairments have been concentrated. From an absolute perspective the stage 2 expected credit losses have reduced significantly where as growth in our chosen segments has led to increases in stage 1 expected credit losses.

Other corporate exposures include NIBC's non-core asset classes, which consist of Financial Sponsors, Fintech & Structured Finance, Legacy Infrastructure, Mobility, Mid Market Corporates and NIBC Investment Partners (investment loans). The total Other corporate client exposures show a significant reduction with relatively stable stage ratio.

Coverage and IFRS 9 Stage ratios (excluding management overlay)

In EUR millions	2022 Exposure amount	2022 Expected credit loss	2022 Coverage ratio	2022 Stage ratio	2021 Exposure amount	2021 Expected credit loss	2021 Coverage ratio	2021 Stage ratio
Stage 1								
Mortgage Loan portfolio	**12,395**	**0**	**0.0%**	**98%**	**11,413**	**0**	**0.0%**	**98%**
Owner occupied mortgage loans - Netherlands	11,108	0	0.0%	98%	10,313	0	0.0%	98%
Buy-to-Let Mortgage loans	1,282	0	0.0%	99%	1,093	0	0.0%	99%
Owner occupied mortgage loans - Germany	5	0	0.0%	79%	7	0	0.0%	77%
Asset-Backed Finance	**5,319**	**12**	**0.2%**	**95%**	**4,208**	**7**	**0.2%**	**95%**
Commercial Real Estate	1,298	3	0.2%	93%	1,085	2	0.2%	92%
Corporate Treasury	1,222	-	0.0%	100%	964	-	0.0%	100%
OIMIO	247	1	0.3%	97%	144	0	0.2%	100%
Digital Infrastructure	1,486	2	0.2%	96%	1,160	2	0.2%	97%
Shipping	1,067	6	0.6%	97%	854	3	0.3%	93%
Platforms	**249**	**3**	**1.4%**	**99%**	**-**	**-**	**0.0%**	**0%**
yesqar	249	3	1.4%	99%	-	-	0.0%	0%
Non-Core Activities	**1,525**	**5**	**0.3%**	**78%**	**2,762**	**9**	**0.3%**	**77%**
Other[1]	1,525	5	0.3%	78%	2,762	9	0.3%	77%
Total stage 1	**19,487**	**20**	**0.1%**	**95%**	**18,382**	**16**	**0.1%**	**93%**
Stage 2								
Mortgage Loan portfolio	**136**	**0**	**0.0%**	**1%**	**130**	**0**	**0.0%**	**1%**
Owner occupied mortgage loans - Netherlands	128	0	0.0%	1%	126	0	0.0%	1%
Buy-to-Let Mortgage loans	7	-	0.0%	1%	3	-	0.0%	0%
Owner occupied mortgage loans - Germany	1	0	0.1%	13%	1	0	0.0%	12%
Asset-Backed Finance	**158**	**2**	**1.6%**	**3%**	**136**	**1**	**0.9%**	**3%**
Commercial Real Estate	79	1	0.7%	6%	82	1	0.8%	7%
Corporate Treasury	-	-	0.0%	0%	-	-	0.0%	0%
OIMIO	7	0	1.0%	3%	-	-	0.0%	0%
Digital Infrastructure	60	2	3.0%	4%	30	0	1.2%	3%
Shipping	12	0	0.6%	1%	25	0	0.6%	3%
Platforms	**3**	**0**	**3.7%**	**1%**	**-**	**-**	**0.0%**	**0%**
yesqar	3	0	3.7%	1%	-	-	0.0%	0%
Non-Core Activities	**197**	**6**	**3.2%**	**10%**	**493**	**22**	**4.5%**	**14%**
Other[2]	197	6	3.2%	10%	493	22	4.5%	14%
Total stage 2	**494**	**9**	**1.8%**	**2%**	**759**	**23**	**3.1%**	**4%**

1 Exposures in category 'Other' consist of EUR 24 million Financial Sponsors (EUR 0.5 million ECL), EUR 217 million Fintech & Structured Finance (EUR 0.5 million ECL), EUR 84 million NIBC Investment Partners (EUR nil ECL), EUR 537 million PFI (EUR 0.5 million ECL), EUR 287 million Mid Market Corporates (EUR 1 million ECL) and EUR 298 million Mobility (EUR 0.7 million ECL).

2 Exposures in category 'Other' consist of EUR 17 million Financial Sponsors (EUR 1.9 million ECL), EUR 41 million Fintech & Structured Finance (EUR 0.6 million ECL), EUR 44 million PFI (EUR 2 million ECL), EUR 57 million Mid Market Corporates (EUR 1.5 million ECL), EUR 33 million NIBC Investment Partners (EUR nil ECL) and EUR 6 Mobility (EUR nil ECL).

In EUR millions	2022 Exposure amount	2022 Expected credit loss	2022 Coverage ratio	2022 Stage ratio	2021 Exposure amount	2021 Expected credit loss	2021 Coverage ratio	2021 Stage ratio
Stage 3								
Mortgage Loan portfolio	**73**	**1**	**0.7%**	**1%**	**69**	**1**	**1.1%**	**1%**
Owner occupied mortgage loans - Netherlands	68	1	0.8%	1%	64	1	1.2%	1%
Buy-to-Let Mortgage loans	4	-	0.0%	0%	4	-	0.0%	0%
Owner occupied mortgage loans - Germany	1	-	0.0%	8%	1	-	0.0%	11%
Asset-Backed Finance	**37**	**13**	**35.1%**	**1%**	**54**	**15**	**28.1%**	**1%**
Commercial Real Estate	18	4	19.3%	1%	18	3	18.7%	2%
Corporate Treasury	-	-	0.0%	0%	-	-	0.0%	0%
OIMIO	-	-	0.0%	0%	-	-	0.0%	0%
Digital Infrastructure	-	-	0.0%	0%	-	-	0.0%	0%
Shipping	19	9	50.2%	2%	36	12	32.9%	4%
Platforms	**-**	**-**	**0.0%**	**0%**	**-**	**-**	**0.0%**	**0%**
yesqar	-	-	0.0%	0%	-	-	0.0%	0%
Non-Core Activities	**133**	**78**	**58.8%**	**7%**	**226**	**87**	**38.6%**	**6%**
Other[1]	102	52	51.0%	5%	195	65	33.2%	6%
Other lease receivables	31	26	84.9%	100%	31	22	73.1%	100%
Total stage 3	**243**	**92**	**37.8%**	**1%**	**348**	**103**	**29.6%**	**2%**
POCI								
Mortgage Loan portfolio	46	0	0.4%	0%	53	0	0.9%	0%
Asset-Backed Finance	58	12	20.7%	1%	40	11	26.3%	1%
Non-Core Activities	101	51	49.9%	5%	99	40	40.5%	3%
Total POCI	**206**	**63**	**30.5%**	**1%**	**192**	**51**	**26.6%**	**1%**
Loans at fair value through P&L	**195**				**166**			
TOTAL	**20,625**	**184**	**0.9%**		**19,848**	**193**	**1.0%**	

1 Exposures in category 'Other' consist of EUR 12 million Financial Sponsors (EUR 2 million ECL), EUR 49 million Fintech & Structured Finance (EUR 30 million ECL), EUR 7 million Mid Market Corporates (EUR 3 million ECL) and EUR 7 million NIBC Investment Partners (EUR nil ECL).

Mortgage loans

The credit risk exposure is equal to the exposures in note 23 Mortgage loans (amortised cost), note 24 Securitised mortgage loans (amortised cost) and the mortgage savings values in note 32 Deposits from customers.

Breakdown of Mortgage Loan portfolio

In EUR millions	2022	2021
Mortgage loan portfolio		
Owner occupied mortgage loans - Netherlands	11,277	10,556
Buy-to-Let Mortgage loans	1,367	1,100
Owner occupied mortgage loans - Germany (closed book)	6	9
Total Mortgage Loan portfolio	**12,650**	**11,665**

DUTCH MORTGAGE LOAN PORTFOLIO

The Dutch Mortgage Loan portfolio largely consists of owner occupied mortgages. These contain 'NIBC Direct' and 'Lot' loans originated by business partners since 2013, as well as white label mortgage loans that were also originated by business partners up to 2009 or acquired through third parties. Buy-to-Let (**BtL**) (NIBC Vastgoed Hypotheek) mortgages for investors were started in January 2015. This niche currently comprises approximately 11% of the total Mortgage Loan portfolio. Servicing and administration of the Mortgage Loan portfolio is outsourced to third-party servicers. Acceptance and special servicing is performed in-house.

At 31 December 2022, 11.7% of the Mortgage Loan portfolio (31 December 2021: 13.2%) had a National Mortgage Guarantee (**NHG guarantee**) in accordance with the general terms and conditions set by the WEW. This reduction of the percentage NHG mainly reflects the effects of the acquisition of the Finqus portfolio.

A part of the Dutch Mortgage Loan portfolio has been securitised to obtain external secured funding. NIBC generally retains the junior notes. As a result the securitisation programmes are consolidated on NIBC's balance sheet. The total amount of the retained positions at 31 December 2022 was EUR 28.9 million (31 December 2021: EUR 28.9 million).

At 31 December 2022, EUR 122 million was reported as forborne (31 December 2021: EUR 207 million).

The absolute growth of interest only mortgages is predominantly related to clients that refinance their existing interest only mortgage with NIBC, coming from other lenders. For the majority of these borrowers, they can continue to use interest only mortgages while preserving their tax deductibility. Moreover, these refinancings are typically at relatively low loan-to-values due to increased house prices in recent years. NIBC actively stimulates clients to convert interest only loans into redeeming loan types (aflossingsblij campaign). Overall, the relative size of the interest only portfolio remains stable, een though clients redeem on other parts of the portfolio. For new loan origination, interest only loans are capped at 50% of the loan-to-value for all borrowers.

Breakdown Dutch Mortgage Loan portfolio by loan type

in EUR millions	2022		2021	
Interest only (fully)	2,177	17%	1,984	17%
Interest only (partially)	4,563	36%	4,163.4	36%
Annuity	4,772	38%	4,265.1	37%
Linear	484	4%	463.8	4%
Savings	56	0%	69.9	1%
Life insurance/investments	593	5%	710.0	6%
Total	**12,644**	**100%**	**11,656**	**100%**

Arrears overview, Dutch Mortgage Loan portfolio

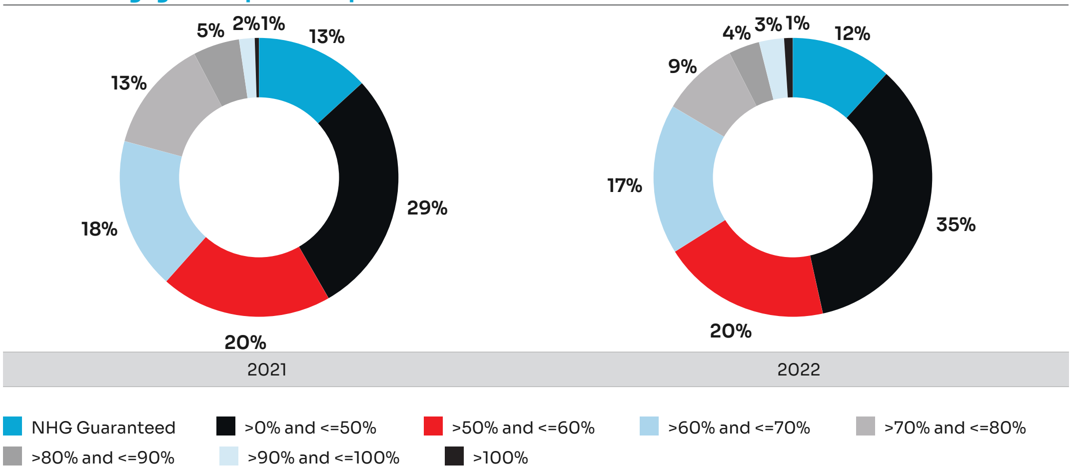
	Arrears allocation		IFRS 9 Stage 3		IFRS 9 Stage 1 and Stage 2	
in EUR millions	2022	2021	2022	2021	2022	2021
No payment in arrear	12,504	11,520	68	50	12,437	11,439
0-30 days	106	92	22	9	84	75
31-60 days	18	18	8	2	10	10
61-90 days	5	9	2	2	3	3
Over 90 days	11	17	11	5	-	1
Total	**12,644**	**11,656**	**111**	**68**	**12,534**	**11,529**

PD allocation of Dutch mortgage loans

	Own book Dutch mortgages loans		Securitised Dutch mortgage loans	
in %	2022	2021	2022	2021
<= 1%	97.5	96.0	99.4	99.0
1%> <=2%	0.7	1.2	-	0.0
2%> <=5%	0.3	0.3	0.4	0.1
5%> <100%	0.6	1.1	0.1	0.3
100%	0.9	1.5	0.1	0.5
Total	**100**	**100**	**100**	**100**

An indicator for potential losses, taking into account indexation of house prices and seasoning, is the Loan-to-Indexed-Market-Value (**LTIMV**). The indexation is made by using the CBS/Kadaster index, which is based on market observables. The Kadaster (national property register) is a public government register of real estate and their vested rights (e.g. ownership and mortgages). This register contains transaction data as well as CBS (Statistics Netherlands) data, which are used to construct a pricing index. The following graph shows a breakdown of the LTIMV for the total Dutch Mortgage Loan portfolio at the relevant measurement dates. The average seasoning of the total portfolio is approximately 6 years (6 years in 2021), 1.05% of the total portfolio has an LTIMV above 100%. For the remainder of the portfolio, the indexed collateral value is more than or equal to the nominal loan balance outstanding or is a NHG guaranteed mortgage loan.

Dutch Mortgage Loan portfolio per LTIMV bucket



GERMAN MORTGAGE LOAN PORTFOLIO

The non-core German Mortgage Loan portfolio amounted to EUR 6 million at 31 December 2022 (31 December 2021: EUR 9 million). The collateral value of this portfolio amounted to EUR 21 million at 31 December 2021 (31 December 2021: EUR 25 million). The majority of mortgage loans in Germany contain an annuity debt profile, leading to a lower outstanding balance during the lifetime of the loan.

Corporate loans

CORPORATE LOAN DISTRIBUTION

The following tables contain both the corporate loans and the investment loans. The investment loans are part of the non-core portfolio/other. Expected recovery in the following tables is calculated based on the LGD ratings. Consequently the difference between total exposure and expected recovery as disclosed indicates the shortfall if the total portfolio would be in default.

Corporate loan exposure per portfolio and region, 31 December 2022

in %	Commercial Real Estate	Corporate Treasury	OIMIO	Digital Infrastructure	Shipping	yesqar	Non-Core	Total	Total (in EUR millions)
The Netherlands	18	15	3	5	4	3	9	58	4,586
Germany	1	0	-	4	1	-	5	12	952
United Kingdom	1	-	-	4	1	-	7	14	1,110
The rest of Europe	0	-	0	6	5	0	2	13	1,060
Other	-	-	-	-	3	-	0	3	237
Total	**20**	**15**	**3**	**19**	**14**	**3**	**25**	**100**	**7,945**
Total (in EUR millions)	**1,603**	**1,222**	**254**	**1,545**	**1,115**	**252**	**1,954**		**7,945**
Expected Recovery[1]	**1,299**	**1,147**	**251**	**1,201**	**928**	**222**	**1,524**		**6,571**

1 Including the financial effect of collateral.

Corporate loan exposure per portfolio and region, 31 December 2021

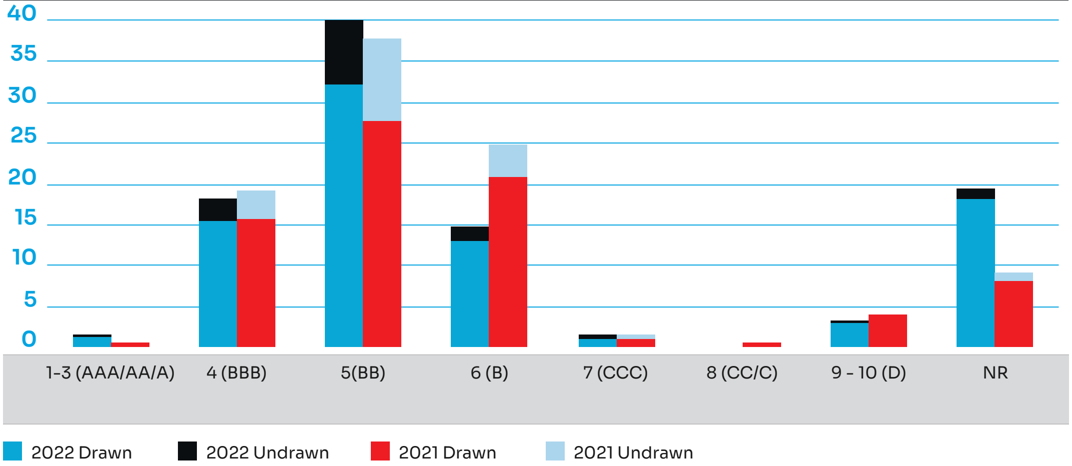
in %	Commercial Real Estate	Corporate Treasury	OIMIO	Digital Infrastructure	Shipping	yesqar	Non-Core	Total	Total (in EUR millions)
The Netherlands	16	12	2	4	3	-	17	53	4,361
Germany	1	0	-	3	1	-	11	15	1,259
United Kingdom	-	-	-	5	1	-	10	16	1,280
The rest of Europe	0	-	-	3	4	-	5	12	942
Other	-	-	-	-	3	-	1	4	310
Total	**17**	**12**	**2**	**15**	**11**	**-**	**44**	**100**	**8,152**
Total (in EUR millions)	**1,379**	**964**	**144**	**1,190**	**914**	**-**	**3,560**		**8,152**
Expected Recovery[1]	**1,136**	**879**	**139**	**896**	**792**	**-**	**2,718**		**6,561**

1 Including the financial effect of collateral.

The weighted average CCR of the non-defaulted clients improved to 5 with an average PD of 1.09% at 31 December 2022. (31 December 2021: 5- or 1.7%). The credit quality in terms of CCRs remained concentrated in the sub-investment grade categories 5 and 6 (BB and B categories in external rating agencies' scales).

The following graph shows the distribution of the drawn and undrawn corporate loan exposure per CCR. The numbers on the horizontal axis refer to NIBC's internal rating scale, whereas the letters in parentheses refer to the equivalent rating scale of Standard & Poor's. NR stands for not rated/not ratable and is assigned to entities for which NIBC's corporate rating models were not suitable at the time of rating or capital/RWA treatment is based on the standardised approach.

Drawn and undrawn corporate loan exposure per CCR rating base on %

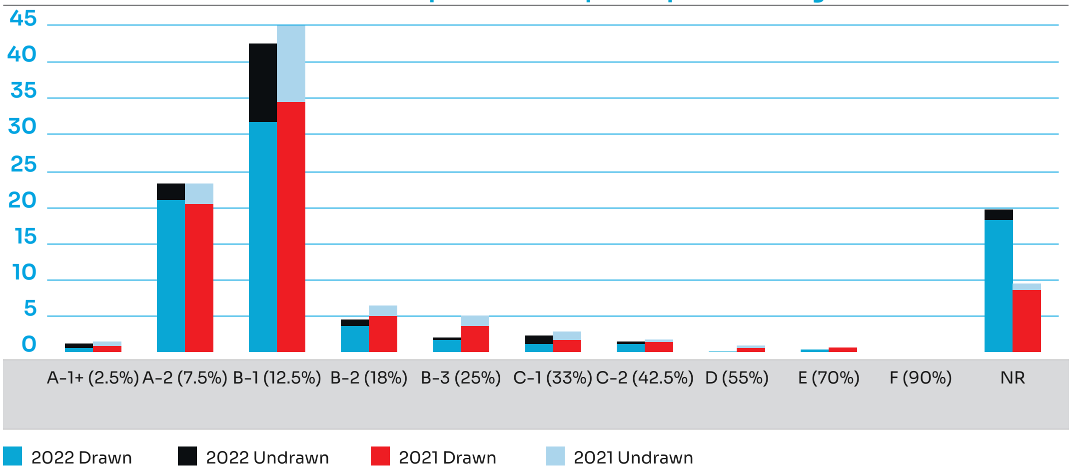


COLLATERAL AND LOSS GIVEN DEFAULT

NIBC's internal LGD scale consists of 7 grades (A-F) and 10 notches, each of which represents a different degree of recovery prospects and loss expectations. LGD ratings are facility-specific. The weighted average LGD remained stable at B-1 grade with slightly improved average LGD of 10.9% at 31 December 2022 (31 December 2021: 13%). The weighted average LGD is calculated for non-defaulted loans and is weighted by EAD. The asset classes that are part of NIBC's strategic focus are all well collateralised, the other facilities have some form of collateralisation, resulting in LGDs concentrated (at inception) in those LGD categories that correspond to high recoveries in the range of 80% and 90%.

The following graph shows the distribution of non-defaulted drawn and undrawn corporate loan exposures per LGD. The letters on the horizontal axis refer to NIBC’s LGD grades, whereas the numbers in parentheses refer to the loss percentage assigned to each LGD rating.

Drawn and undrawn non-defaulted corporate loan exposure per LGD rating



The most significant types of collateral securing the loan and derivative portfolios are tangible assets, such as real estate, vessels and equipment. Exposures in the shipping sector are primarily secured by moveable assets such as vessels. The Commercial Real Estate portfolio is primarily collateralised by mortgages on financed properties. The fair value of collateral affects the LGD and therefore indirectly affects the calculation of ECL and is generally assessed at inception and periodically re-assessed thereafter. Collateral value on a going concern basis is estimated using third-party appraisers, whenever possible, or valuation techniques based on common market practice. Realisable collateral value is determined as collateral value after haircuts for factors such as business cycle, location, asset construction status or guarantor counterparty rating. Other commercial exposures are, to a large extent, collateralised by assets such as inventory, debtors, lease and other receivables and third-party credit protection (e.g. guarantees).

ARREARS

An overview of the amounts in arrear per arrear bucket is provided in the tables below. The '% of On-balance' in the tables refer to drawn amounts only. The amounts in arrear are the actual amounts overdue at the measurement date. The column labelled ‘Impairment Amount’ includes stage 3 assets as well as Purchased Originated Credit Impaired (**POCI**) assets.

NIBC applies a threshold for determining whether a loan carries a non-material arrear. If the total of the sum of all individual arrears on facility level is lower than 1% of the loan amount outstanding and EUR 500, and the oldest due date of individual counterparty is less than 90 days, then the arrear is considered insignificant. If arrears fall within the threshold, the exposure is placed on the ‘no payment in arrear’ line. The application of this threshold does not influence the total arrears.

Corporate loan amounts in arrear, 31 December 2022

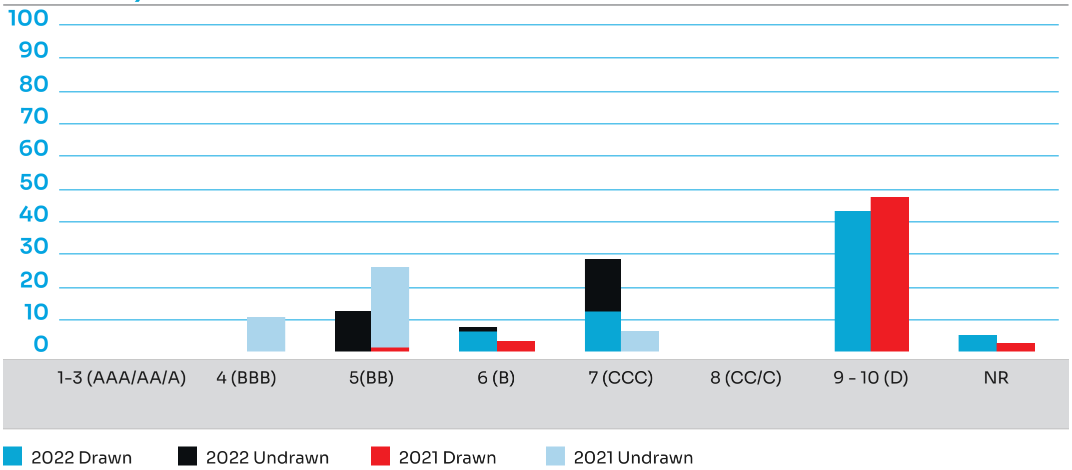
	Exposure						Amount in arrear		
in EUR millions	Total	% of Ex-posure	Stage 3 ECL	Stage 1 and Stage 2 ECL	POCI	FVtPL	Total	% of On-balance	Impair-ment amount
Age of payment in arrear									
1 - 5 days	91	1.2%	22	31	31	8	25	0.4%	5
6 - 30 days	5	0.1%	-	5	-	-	0	0.0%	-
31 - 60 days	24	0.3%	-	24	-	-	12	0.2%	-
61 - 90 days	-	0.0%	-	-	-	-	0	0.0%	-
Subtotal less than 90 days	**121**	**1.5%**	**22**	**60**	**31**	**8**	**37**	**0.6%**	**5**
Over 90 days	68	0.9%	55	7	-	6	57	0.9%	35
No payment in arrear	7,756	97.6%	62	7,383	129	181		0.0%	88
Total	**7,945**	**100.0%**	**139**	**7,450**	**160**	**195**	**94**	**1.4%**	**128**

Corporate loan amounts in arrear, 31 December 2021

	Exposure						Amount in arrear		
in EUR millions	Total	% of Ex-posure	Stage 3 ECL	Stage 1 and Stage 2 ECL	POCI	FVtPL	Total	% of On-balance	Impair-ment amount
Age of payment in arrear									
1 - 5 days	57	0.7%	-	45	12	-	0	0.0%	0
6 - 30 days	21	0.3%	0	21	-	-	0	0.0%	0
31 - 60 days	-	0.0%	-	-	-	-	0	0.0%	-
61 - 90 days	-	0.0%	-	-	-	-	0	0.0%	-
Subtotal less than 90 days	**78**	**1.0%**	**0**	**66**	**12**	**-**	**1**	**0.0%**	**0**
Over 90 days	96	1.2%	83	7	-	6	65	1.0%	36
No payment in arrear	7,978	97.9%	166	7,525	127	160		0.0%	92
Total	**8,152**	**100.0%**	**249**	**7,598**	**139**	**166**	**66**	**1.0%**	**128**

The rating distribution of the exposure amounts (expressed as the sum of drawn and undrawn amounts) of all loans with an amount in arrears is shown below. The total exposure amount at the end of 2022 was EUR 188 million (2021: EUR 174 million) and the total drawn amount was EUR 130 million (31 December 2021: EUR 100 million).

Distribution of drawn and undrawn amounts with an arrear per rating category (% of exposure with arrears)



The following tables provide the total forborne outstanding in NIBC's Corporate and Investment Loan portfolio per portfolios and per region. The forborne outstanding is divided in performing and non-performing outstanding.

Forborne exposure per region, 31 December 2022

In EUR millions	Exposure: Non-performing	Exposure: Performing	Total Exposure	Impairment amount
The Netherlands	64	109	174	37
Germany	130	62	192	66
United Kingdom	35	3	39	18
The rest of Europe	-	13	13	-
Other	0	-	0	0
Total	**230**	**188**	**417**	**120**

Forborne exposure per region, 31 December 2021

In EUR millions	Exposure: Non-performing	Exposure: Performing	Total Exposure	Impairment amount
The Netherlands	75	177	252	37
Germany	112	40	152	53
United Kingdom	12	40	53	2
The rest of Europe	80	36	116	22
Other	1	16	17	0
Total	**280**	**310**	**590**	**113**

Forborne exposure per ECL stage

	2022			2021		
In EUR millions	Exposure amount	Expected credit loss	Write-offs	Exposure amount	Expected credit loss	Write-offs
Stage 1						
Commercial Real Estate	-	-		4	0	
Corporate Treasury	-	-		-	-	
OIMIO	-	-		-	-	
Digital Infrastructure	-	-		-	-	
Shipping	-	-		21	0	
Other[1]	58	0		20	0	
Total stage 1	**58**	**0**	**-**	**45**	**0**	
Stage 2						
Commercial Real Estate	25	0		27	0	
Corporate Treasury	-	-		-	-	
OIMIO	-	-		-	-	
Digital Infrastructure	13	0		-	-	
Shipping	-	-		13	0	
Other[2]	91	3		211	12	
Total stage 2	**129**	**4**	**-**	**251**	**12**	
Stage 3						
Commercial Real Estate	18	4	-	18	3	-
Corporate Treasury	-	-	-	-	-	-
OIMIO	-	-	-	-	-	-
Digital Infrastructure	-	-	-	-	-	-
Shipping	19	9	-	36	12	-
Other[3]	81	48	8	135	52	11
Total stage 3	**118**	**61**	**8**	**188**	**67**	**11**
Total stages 1, 2 and 3	**304**	**65**	**8**	**484**	**80**	**11**
Other loans						
POCI	106	60	-	100	48	2-
FVtPL	7	-		6	-	
Total amounts	**417**	**124**	**8**	**590**	**128**	**9**

1 Exposures in category 'Other' consist of EUR 48 million Mid Market Corporates, EUR 6 million NIBC Investment Partners and EUR 3 million PFI.

2 Exposures in category 'Other' consist of EUR 17 million Financial Sponsors (EUR 2 million ECL), EUR 46 million Mid Market Corporates (EUR 1 million ECL) and EUR 29 million NIBC Investment Partners (EUR nil ECL)

3 Exposures in category 'Other' consist of EUR 12 million Financial Sponsors (EUR 2 million ECL), EUR 28 million Fintech & Structured Finance (EUR 25 million ECL), EUR 7 million Mid Market Corporates (EUR 3 million ECL), EUR 7 million NIBC Investment Partners (EUR nil ECL) and EUR 27 million PFI (EUR 18 million ECL).

ECL AMOUNTS

Refer to section 'Expected credit losses' in the 'Summary of significant accounting policies' for full detail on ECL determination. The table on the next page displays an overview of stage 1, stage 2 and stage 3 ECL amounts subdivided in regions. The column labelled 'Exposure' includes both drawn and undrawn amounts.

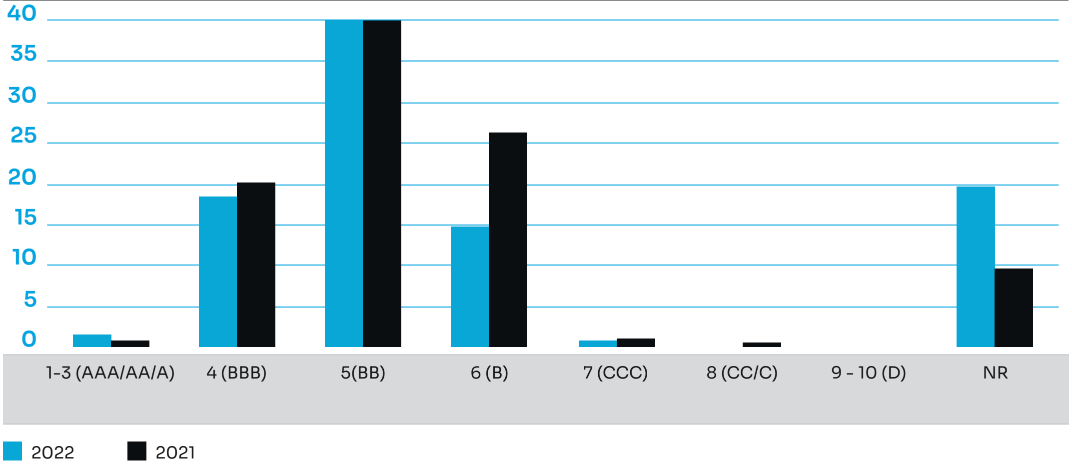
Expected credit losses per region

in EUR millions	2022 Exposure amount	2022 Expected credit loss	2022 Write-offs	2021 Exposure amount	2021 Expected credit loss	2021 Write-offs
Stage 1						
The Netherlands	4,142	11		3,843	8	
Germany	720	2		994	3	
United Kingdom	1,005	2		1,146	2	
The rest of Europe	1,025	4		745	2	
Other	200	1		241	1	
Total stage 1	**7,093**	**20**		**6,969**	**16**	
Stage 2						
The Netherlands	189	2		274	4	
Germany	73	3		113	6	
United Kingdom	69	4		121	8	
The rest of Europe	19	0		86	3	
Other	7	0		35	1	
Total stage 2	**358**	**9**	**-**	**629**	**23**	**-**
Stage 3						
The Netherlands	59	37	11	78	37	4
Germany	45	11	2	47	10	7
United Kingdom	35	18	2	12	3	11
The rest of Europe	0	0	9	111	29	0
Other	0	0	6	1	0	3
Total stage 3	**139**	**65**	**30**	**249**	**80**	**25**
Total of stages 1, 2 and 3						
The Netherlands	4,390	49	11	4,195	50	4
Germany	839	16	2	1,154	20	7
United Kingdom	1,110	23	2	1,280	13	11
The rest of Europe	1,044	5	9	942	34	0
Other	207	1	6	277	2	3
Total stages 1, 2 and 3	**7,590**	**94**	**30**	**7,847**	**119**	**25**
Other loans						
POCI	160	63	1	139	51	(2)
FVtPL	195	0	-	166	0	-
Total amounts	**7,945**	**157**	**32**	**8,152**	**169**	**23**

CORPORATE LOANS WITHOUT STAGE 3 ECL OR ARREARS

At 31 December 2022, the size of the corporate loan exposure carrying stage 1 and stage 2 credit losses equalled EUR 7,450 million or 93.8% of the total Corporate Loan portfolio (31 December 2021: EUR 7,598 million or 93.2%).

Distribution of gross exposure amount without impairments or arrears per rating category



Note that gross exposure amounts may include exposure accounted for at FVtPL, in which case no separate impairment will be recorded.

Lease receivables

Lease receivables exposure is related to a single counterparty with an exposure of EUR 31 million. This exposure is defaulted, non-performing and almost fully impaired.

Debt investments

NIBC defines credit risk in debt investments as issuer risk, which is the credit risk of losing the principal amount on products such as bonds. Issuer risk is calculated based on the book value.

RISK MONITORING AND MEASUREMENT

Risk is controlled by setting single issuer limits and, in some cases, programme limits. All single issuer limits are approved by the TC or by delegated authority to the Financial Markets Credit Risk (**FMCR**) department. Apart from single issuer limits, risk is also monitored by assessing credit spread risk. Both sensitivity analysis (basis point values, **BPV**s) and Value at Risk (**VaR**) numbers are used.

The Risk Paragraph (Market Risk) contains more information on these variables.
In the remainder of this section, the exposure has been divided into the following two sub-portfolios:

- Debt from financial institutions, corporate entities and sovereigns;
- Securitisations.

DEBT FROM FINANCIAL INSTITUTIONS AND CORPORATE ENTITIES

NIBC invests in debt (bonds) issued by financial institutions and corporate entities. Of the total exposure, 58% (31 December 2021: 63%) were covered bonds. The remaining 42% (31 December 2021: 37%) was senior unsecured debt.

The exposure amount of EUR 273 million at 31 December 2022 represents the maximum credit risk exposure, without taking into account the presence of any collateral that could be repossessed in case of default. The portfolio did not contain any credit default swap exposures.

Debt of financial institutions and corporate entities, 31 December 2022

In EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
Financial institutions	96	24	55	18	-	-	-	193
Corporate entities	-	-	-	-	-	-	-	-
Sovereigns	63	16	-	-	-	-	-	79
Total	**159**	**41**	**55**	**18**	**-**	**-**	**-**	**272**

Debt of financial institutions and corporate entities, 31 December 2021

In EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
Financial institutions	80	26	57	17	-	-	-	180
Corporate entities	-	-	-	-	-	-	-	-
Sovereigns	22	18	-	-	-	-	-	40
Total	**102**	**44**	**57**	**17**	**-**	**-**	**-**	**220**

At both 31 December 2022 and 31 December 2021, the portfolio of debt from financial institutions, corporate entities and sovereigns had no credit losses and contained no arrears.

Securitisations

NIBC has been an active participant on the securitisation market in the past decade, both as an originator and investor in securitisations. NIBC's securitisation exposure forms part of the broader Debt Investment portfolio in addition to financial institutions, corporate entities and sovereigns.

The following tables present an overview of NIBC’s total securitisation exposure resulting from its activities as investor in securitisations. The exposure relating to NIBC’s activities as an originator can be split into exposures related to consolidated and non-consolidated securitisations. If a securitisation programme is consolidated on NIBC’s balance sheet, the exposure to the underlying collateral is excluded from the securitisation exposure and included in the total exposures presented earlier with respect the credit risk of the residential Mortgage Loan portfolio. NIBC’s total exposure as an originator to consolidated securitisations was EUR 186 million at 31 December 2022 (31 December 2021 EUR 195 million).

NIBC distinguishes two Securitisation sub-portfolios: the portfolio of Western European Securitisations and the Liquidity Investments portfolio. The portfolio of investments in Western European securitisations also contains NIBC’s own non-consolidated securitisations which are subject to relevant (delegated) internal approval process. The Liquidity Investments portfolio invest part of NIBC’s excess liquidity where our investments are primarily AAA rated RMBS transactions backed by Dutch collateral or European ABS (e.e. French and German car loans and credit card receivables) and are eligible to be pledged as collateral with the European Central Bank (ECB). Apart from the strict mandate, each investment is pre-approved by Group Risk Management. NIBC no longer uses Fitch as a provider of external ratings and as such securitisations with only a rating of Fitch are classified as Not Rated (NR).

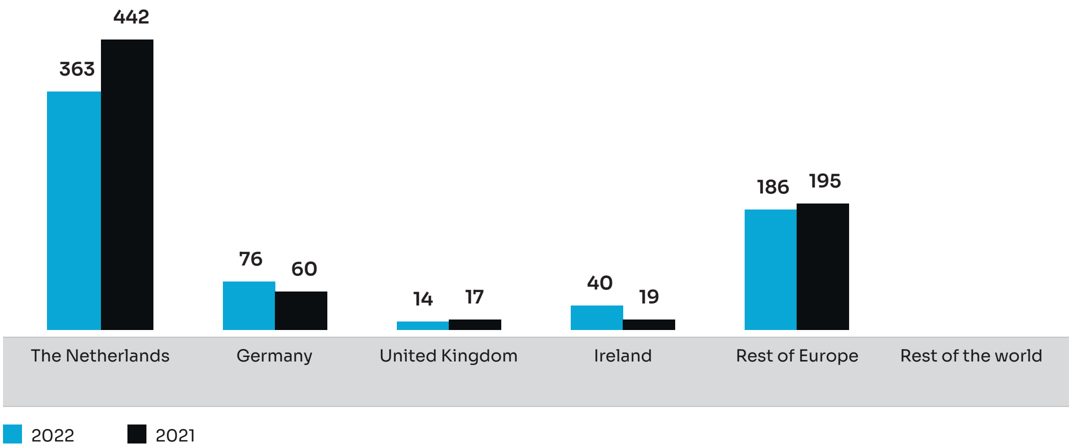
Exposure to securitised products, 31 December 2022

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
EU - ABS	-	-	-	-	-	1	-	1
EU - CDO	25	-	4	3	2	3	11	47
EU - CMBS	-	-	-	-	1	2	-	2
EU - RMBS	-	18	29	17	-	2	0	67
Total Western European securitisations	**25**	**18**	**33**	**20**	**3**	**7**	**11**	**116**
NL - RMBS AAA Liquidity portfolio	323	-	-	-	-	-	78	400
EU- ABS AAA Liquidity portfolio	143	-	-	-	-	-	19	162
Total securitisation exposure	**491**	**18**	**33**	**20**	**3**	**7**	**107**	**679**

Exposure to securitised products, 31 December 2021

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
EU - ABS	-	-	-	-	-	1	-	1
EU - CDO	25	-	4	3	2	3	17	54
EU - CMBS	-	-	-	-	-	3	-	3
EU - RMBS	-	18	37	10	-	2	-	67
Total Western European securitisations	**25**	**18**	**41**	**12**	**2**	**9**	**17**	**125**
NL - RMBS AAA Liquidity portfolio	358	-	8	-	-	-	84	450
EU- ABS AAA Liquidity portfolio	120	-	-	-	-	-	38	158
Total securitisation exposure	**503**	**18**	**49**	**12**	**2**	**9**	**139**	**733**

Geographic distribution of securitisations per region (based on where cash flows are generated)



EXPECTED CREDIT LOSSES ON SECURITISATIONS

The Securitisations portfolio is reported at amortised cost or fair value for accounting purposes and the respective assets are subject to a quarterly impairment monitoring process. ECL related to stage 3 are taken when the expected future cash flows are insufficient to meet the payment obligations. The stock of stage 3 credit losses remained at EUR 0 million at 31 December 2022 (31 December 2021: EUR 0 million).

Distribution of securitisation exposure without impairments, 31 December 2022

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
Securitisation exposure without impairments	491	18	33	20	3	6	107	678

Distribution of securitisation exposure without impairments, 31 December 2021

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
Securitisation exposure without impairments	503	18	49	12	2	9	139	733

Cash management

NIBC is exposed to credit risk as a result of cash management activities. In 2022, NIBC's risk management framework for cash management continued its conservative approach, taking into account the volatile financial markets.

RISK MONITORING AND MEASUREMENT

NIBC places its excess cash with the the Dutch Central Bank (DNB)/Dutch State Treasury Agency and with a selected number of investment-grade financial institutions. A monitoring process is in place within the Group Risk Management department for the approved financial institutions. Cash management exposures can be collateralised through reverse repo transactions or unsecured through interbank deposits and current accounts.

CORRESPONDENT BANKING AND THIRD-PARTY ACCOUNT PROVIDERS

Apart from the exposure in cash management, NIBC holds foreign currency accounts at correspondent banks and also utilises third-party account providers for internal securitisations.

EXPOSURES

The majority of funds are held at DNB, Deutsche Bundesbank, and the central bank in Belgium. Cash with corporate entities represents securitisation-related liquidity facilities. The Expected Credit Loss on this portfolio is not material given the high credit quality of counterparties.

Cash, 31 December 2022

In EUR millions	AAA	AA	A	≤BBB	Total
Cash and balances with central banks	2,078	10	-	-	2,088
Financial institutions	-	45	539	-	585
Corporate entities	4	-	-	-	4
Total	**2,082**	**55**	**539**	**-**	**2,677**

Cash, 31 December 2021

In EUR millions	AAA	AA	A	≤BBB	Total
Cash and balances with central banks	1,773	20	-	-	1,793
Financial institutions	-	-	616	-	616
Corporate entities	4	-	-	-	4
Total	**1,778**	**20**	**616**	**-**	**2,414**

Cash collateral has been excluded from the cash management exposure as this amount is restricted cash that relates to derivatives with a negative fair value. At both 31 December 2022 and 31 December 2021, this portfolio carried no impairments and no arrears.

Credit risk in derivatives

Credit risk in derivatives is the risk of having to replace the counterparty in derivative contracts. NIBC's credit risk in derivatives can be split into exposures to financial institutions and corporate entities. NIBC only enters into OTC contracts with central clearing counterparties and financial institutions that are investment grade or with corporate entities where the exposure is secured by some form of collateral.

RISK MONITORING AND MEASUREMENT

Credit risk in derivatives is based on the marked-to-market value and Potential Future Exposure (**PFE**) of the derivative. The PFE reflects a potential future change in marked-to-market value during the remaining lifetime of the derivative contract. For financial institutions, separate limits for credit risk are in place, based on the external credit rating. For corporate clients, NIBC enters into a derivative transaction as part of its overall relationship with the client. The credit approval process for these derivatives is closely linked with the credit approval process of the loan. Limit-setting proposals for both financial institutions and corporate counterparties are reviewed in the TC. For financial institutions, collateral postings under a CSA are taken into account. In 2022, NIBC continued the common practice to offset assets and liabilities with central clearing members. Derivatives with the same characteristics, being counterparty, maturity bucket and currency are netted for disclosure purposes. For corporate counterparties, both the loan and derivative are treated as a single package whereby the derivative often benefits from the security/collateral supporting the loan exposure.

COLLATERAL

NIBC enters into bilateral collateral agreements with financial institutions to mitigate credit risk in OTC derivatives by means of CSAs. Positive marked-to-market values can be netted with negative marked-to-market values and the remaining exposure is mitigated through bilateral collateral settlements (as in the tables below). Accepted collateral is mainly cash collateral, which is usually exchanged on a daily basis. The primary counterparties in these CSAs are large international banks with ratings of 'A' or better. NIBC generally carries out daily cash collateral exchanges to account for changes in the market value of the contracts included in the CSA.

Terms and conditions of these CSAs are in line with general ISDA credit support documents. Collateral from CSAs significantly decreases the credit exposure on derivatives, as presented further below under the Standardised Approach Counterparty Credit Risk (**SA-CCR**).

Derivative exposure including netting and collateral (SA-CCR:EAD), 31 December 2022

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total
												-
Financial institutions	-	1	100	-	-	-	-	-	-	-	-	100
Corporate entities	15	-	1	103	4	1	28	-	-	12	-	164
Total	**15**	**1**	**101**	**103**	**4**	**1**	**28**	**-**	**-**	**12**	**-**	**265**

Derivative exposure including netting and collateral (SA-CCR:EAD), 31 December 2021

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total
												-
Financial institutions	-	2	81	-	-	-	-	-	-	-	-	83
Corporate entities	20	-	3	295	88	7	-	29	-	-	-	442
Total	**20**	**2**	**84**	**295**	**88**	**7**	**-**	**29**	**-**	**-**	**-**	**525**

VALUATION OF CORPORATE DERIVATIVES (CREDIT AND DEBT VALUE ADJUSTMENTS)

CVA and DVA are incorporated into derivative valuations to reflect the risk of default of the counterparty as well as the own default risk of NIBC. The adjustments are applied to all OTC derivative contracts, except for those that benefit from a solid collateral agreement where cash collateral is regularly exchanged, mitigating the credit risk. In practice, this means that CVA and DVA are only applied to OTC derivative contracts that generate credit risk on corporate (i.e. non-financial) counterparties. For corporate derivatives NIBC's strategy is to hedge our position via reputable financial institutions.

Arrears

NIBC applies a threshold for determining whether a derivative carries a non-material arrear. The criteria for this threshold are the same as for the portfolio of corporate loans. If amounts in arrear fall below the threshold (EUR 100,000), they are considered insignificant and are therefore excluded. The application of the threshold does not influence the total arrears for 2022 and 2021.

There were no amounts in arrear for derivatives with financial institutions at 31 December 2022 and at 31 December 2021.

INTEREST RATE RISK IN THE BANKING BOOK (AUDITED)

NIBC defines Interest Rate Risk in the Banking Book (**IRRBB**) as the risk of losses from interest rate sensitive positions in non-trading activities due to movements in interest rates. Interest rate risk is measured both from an economic value perspective and an earnings perspective. The first perspective considers the impact on the market value, while the latter considers the impact on the net interest income.

Interest rate risk from an economic value perspective is mainly presented in the Mismatch book, as NIBC accepts a certain economic value risk exposure as part of its strategic mismatch exposure. This position is managed in the centralised Mismatch book. The Mismatch book exclusively contains interest rate swaps in EUR and GBP as these are, next to USD, the major currencies in which lending activities take place. The Mismatch book contained no USD position in 2022.
NIBC's banking book consists of:

- Corporate treasury
- Commercial treasury
- Mortgages
- Asset-Backed Finance
- Platforms
- Non-Core Activities

Risk appetite

The risk appetite for IRRBB from an economic value perspective is measured by the modified duration of equity and equal to 5 (with a tolerance of 7.5), while the risk appetite from an earnings perspective is measured by the impact on 1Y earnings and equal to EUR 18 million (assuming a shift in interest rates of 100 bps).

Risk monitoring and measurement

From an economic value perspective the impact of an instantaneous shift in interest rates on a static portfolio is considered. Interest BPV and interest VaR measures are calculated on a daily basis and reviewed by the Market Risk department:

- Interest BPV measures the sensitivity of the market value to an instantaneous change of one basis point in each time bucket of the interest rate curve. The BPV as displayed in the tables represents the sensitivity of the market value to a one-basis-point, parallel upward shift of the underlying curve;
- The interest VaR measures the threshold value, which daily marked-to-market losses with a confidence level of 99% will not exceed, based on four years of historical data for daily changes in interest rates. These daily changes are superimposed on the current market rates. The VaR is calculated by means of full valuation to take non-linearity into account. The VaR calculation is based on historical data.

In measuring BPV and VaR for the Banking book the (credit) spreads have been excluded from cash flows and discounting, in line with EBA guidelines.
From the earnings perspective changes in interest rates occur both instantaneously and gradually over time. Earnings at risk (**EaR**) is calculated by means of the following measure:

- 12 months earnings impact due to a 200 bps gradual upwards or downwards interest rate shock per currency.

EaR as displayed in the tables represents the 200 bps gradual upwards measure.

The interest rate risk analysis is complemented by a set of scenarios, including scenarios intended as stress testing and vulnerability identification, both based on historical events and on possible future events.

Limits are set on the above measures, both those from the economic value perspective and from an earnings perspective. The limits and utilisation are reported to the ALCO once every month. Any major breach of IRRBB limits is reported to the CRO immediately.

Interest rate risk

INTEREST RATE RISK IN THE BANKING BOOK

IRRBB from an economic value perspective is mainly present in the Mismatch book.

NIBC accepts a certain economic value risk exposure in the Mismatch book. We call this our mismatch exposure.

The Mismatch book exclusively contains interest rate swaps in EUR and GBP as these are, next to USD, the major currencies in which also lending activities take place. The Mismatch book contained no USD position in 2022. At 31 December 2022 the total notional position is EUR 1,482 million, with 95% of the mismatch position held in EUR and 5% in GBP. Duration based the relative positions would be 97% in EUR and 3% in GBP.

At 31 December 2022, the Mortgage loan book has a size of EUR 12.8 billion.

The Mortgage Loan portfolios are accounted on AC and notional hedging is applied to hedge the interest rate risk.

The Corporate Treasury book contains mainly the funding activities of NIBC. The Liquidity portfolio, Collateral portfolio and Debt Investments portfolio are part of the Banking Book and consist mainly of investments in financial institutions and securitisations.

The following tables illustrate (in EUR) the interest rate sensitivity for EUR, USD and GBP in the Mismatch and remaining Banking book at 31 December 2022 and 2021. For other currencies, the interest rate risk is minimal. The Earnings perspective number are the result of applying a gradual 200 bps upward shift. The increase in the BPV and EaR Mismatch compared to 2021 is driven by the increase in the euro mismatch position.

Interest rate statistics Banking book, 31 December 2022

	Economic value perspective (BPV)			Earnings perspective (EaR)		
IN EUR THOUSANDS	Mismatch	Other	Total	Mismatch	Other	Total
EUR	(305)	(297)	(602)	(9,769)	18,062	8,292
USD	-	(8)	(8)	-	478	478
GBP	(9)	(3)	(12)	(593)	(1,372)	(1,965)
Other	-	(3)	(3)	-	728	728
TOTAL	(314)	(310)	(624)	(10,363)	17,897	7,534

Interest rate statistics Banking book, 31 December 2021

	Economic value perspective (BPV)			Earnings perspective (EaR)		
IN EUR THOUSANDS	Mismatch	Other	Total	Mismatch	Other	Total
EUR	(128)	(65)	(193)	(2,814)	17,089	14,275
USD	-	(9)	(9)	-	151	151
GBP	(18)	(15)	(33)	(866)	(1,651)	(2,517)
Other	-	(1)	(1)	-	728	728
TOTAL	(146)	(90)	(236)	(3,679)	16,317	12,638

From the economic value perspective more detailed statistics with respect to the Mismatch book are presented in the following table. 1: Max: is value farthest from zero. 2: Min is value closest to zero.

Interest rate statistics Mismatch book

	2022		2021	
IN EUR THOUSANDS	Interest rate BPV	Interest rate VaR	Interest rate BPV	Interest rate VaR
Max[1]	(345)	3,718	(152)	1,396
Average	(295)	2,980	(122)	716
Min [2]	(146)	1,321	(100)	442
YEAR-END	**(314)**	**3,466**	**(146)**	**1,327**

In the following table the interest BPV statistics of the Banking Book are presented. Credit spreads were excluded from the calculation, in line with EBA guidelines. 1: Max: is value farthest from zero. 2:

Min is value closest to zero. Increase in the Banking Book interst rate BPV compared to 2021 is due to the increased mismatch position and adjustments to the prepayment model for mortgage loans.

Interest rate BPV statistics Banking book

	2022		2021	
IN EUR THOUSANDS	Banking Book	Banking Book excluding Mismatch	Banking Book	Banking Book excluding Mismatch
Max[1]	(631)	(310)	(236)	131
Average	(330)	(34)	(105)	17
Min [2]	(70)	2	4	0
YEAR-END	**(624)**	**(310)**	**(236)**	**(90)**

MARKET RISK (AUDITED)

NIBC defines market risk as:

- the risk of losses in the Trading book arising from adverse movements in market rates;
- the risk of losses in the Banking Book from NIBC's credit spread risk position; and
- the risk of losses in both the banking and trading book from adverse movements in currencies with respect to the Euro.

The predominant market risk drivers for NIBC are interest rate risk and credit spread risk.

In Money Markets & Trading, NIBC takes short-term positions in the EUR, GBP and USD yield curves. This book also contains interest rate risk related to derivative transactions of NIBC's clients.

Risk appetite

The risk appetite for market risk is moderate. For all market risk types limits are set and monitored on a daily basis.

Risk monitoring and measurement

From an economic value perspective the impact of an instantaneous shift in interest rates on a static portfolio is considered. Interest BPV and interest VaR is calculated and monitored on a daily basis by Market Risk Management, while credit spread BPV and credit spread VaR are calculated and monitored on a weekly basis. VaR is calculated using daily historical data and a confidence level of 99%. The VaR calculation is based on all historical data starting in 2008. The market risk analysis is complemented by a set of scenarios, including scenarios intended as stress testing and vulnerability identification, both based on historical events and on possible future events. Limits are set on the above measures. The limits and utilisation are reported to the ALCO once every month. Any major breach of market risk limits is reported to the CRO immediately.

Interest rate risk, credit spread risk and equity risk

Money Markets & Trading contains plain vanilla interest rate derivatives only. Figures per year-end 2022 versus 2021 are displayed in the following table. 1: Max is value fartherest from zero. 2: Min is value closest to zero.

Interest rate statistics Trading book NIBC

IN EUR THOUSANDS	2022 Interest rate BPV	2022 Interest rate VaR	2021 Interest rate BPV	2021 Interest rate VaR
Max[1]	(44)	349	(59)	481
Average	(6)	99	(3)	111
Min [2]	(0)	51	0	45
YEAR-END	**4**	**67**	**(27)**	**155**

NIBC's Banking Book has credit spread risk mainly in the Liquidity portfolio, Collateral portfolio, the Structured Credits portfolio and the fair value mortgages portfolio. Year-end 2022 credit spread risk figures versus 2021 are displayed in the following table.

Credit spread risk statistics Banking book

IN EUR THOUSANDS	2022 Credit spread BPV	2022 Credit spread VaR	2021 Credit spread BPV	2021 Credit spread VaR
Liquidity / Collateral	(153)	1,556	(184)	3,396
Structured Credits	(18)	1,707	(17)	1,712

Currency risk

NIBC manages its overall currency position based on the currency positions in the monthly balance sheets. The material exposures in foreign currencies for NIBC are USD and GBP. NIBC uses matched funding and other measures to apply its policy of not taking any currency positions. Any currency position which does show at month end is caused by movements in the fair value of assets or liabilities or interest income in foreign currencies and is hedged by entering into FX spot transactions. The total open foreign currency position, by nominal amount, was EUR 4.2 million at year-end 2022. This currency position is the position prior to hedging, which is always done shortly after month-end. Regulatory capital for currency risk is equal to EUR 0.3 million per year-end 2022.

Furthermore, the impact of a reasonably possible yearly change (in absolute terms) of EUR against other currencies was calculated. Per year-end 2022 the sum of the absolute values of the impact for all currencies is equal to around EUR 0.4 million for NIBC.

LIQUIDITY RISK (AUDITED)

NIBC defines liquidity risk as the inability of NIBC to fund its assets and meet its obligations as they become due, at acceptable cost.

Maintaining a sound liquidity position and funding profile is one of NIBC's most important risk management objectives. NIBC analyses and manages its liquidity position and expected development thereof by mapping all assets and liabilities into time buckets that correspond to their expected maturities and taking into account the strategic goals of the bank. Based on the asset and liability maturity profiles several liquidity stress tests are prepared and presented once every two weeks to the ALCO, in order to create continuous monitoring of the liquidity position.

ASSUMPTIONS

NIBC uses three liquidity stress scenarios: a market-wide stress, an institution-specific stress and a combined stress scenario. The main assumptions made in these scenarios are:

- Significant retail funding outflow;
- No access to wholesale funding;
- Lower loan prepayments;
- Additional draws on committed credit lines;
- Additional collateral outflows;
- Limited access to ECB funding; and
- Bank rating downgrade.

The stress tests are used to determine the survival period. The survival period is the period the liquidity position remains positive in stress. The survival period was consistently above 12 months in 2022.

The projection of NIBC's liquidity in this way is necessarily a subjective process and requires management to make assumptions about, for example, the fair value of eligible collateral and potential outflow of cash collateral placed by NIBC with derivative counterparties.

In light of these projections, NIBC is confident that sufficient liquidity is available to meet maturing obligations over the next 12 months.

MATURITY CALENDAR CONSOLIDATED BALANCE SHEET

The following tables present the cash flows payable by NIBC in respect of non-derivative financial liabilities relevant for liquidity risk by the remaining contractual maturities at 31 December. The amounts disclosed in the tables for the non-derivative financial liabilities are contractual future undiscounted cash flows. Financial liabilities at FVtPL are therefore restated to future nominal amounts. The financial assets relevant for managing liquidity risk are based on the fair value (discounted cash flows) for those assets which are classified at FVOCI.

1 Liquidity maturity calendar, 31 December 2022

in EUR millions	Not dated	Payable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Liabilities (undiscounted future cash flows)							
Due to other banks	-	19	693	250	312	-	1,274
Deposits from customers	-	7,399	782	1,426	1,096	63	10,766
Financial liabilities at fair value through profit or loss (including trading)							
Debt securities in issue structured	-	-	-	-	37	40	77
Deferred tax	-	-	-	-	-	6	6
Provisions	-	-	-	-	-	2	2
Accruals, deferred income and other liabilities	-	-	-	109	-	-	109
Liabilities held for sale	-	-	-	0	-	-	0
Financial liabilities at amortised cost							
Own debt securities in issue	-	-	288	817	3,357	2,582	7,045
Debt securities in issue related to securitised mortgages and lease receivables	-	-	-	-	-	221	221
Subordinated liabilities							
Fair value through profit or loss	-	-	-	-	-	246	246
Amortised cost	-	-	-	-	61	-	61
Total liabilities (excluding derivatives and interest cash flows	**-**	**7,418**	**1,763**	**2,602**	**4,863**	**3,160**	**19,807**
Total assets relevant for managing liquidity risk at fair value (excluding derivatives and interest cash flows)	**714**	**2,619**	**990**	**1,023**	**4,234**	**12,944**	**22,524**

2 Liquidity maturity calendar, 31 December 2021

in EUR millions	Not dated	Payable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Liabilities (undiscounted future cash flows)							
Due to other banks	-	44	673	70	562	-	1,349
Deposits from customers	-	7,593	1,103	1,121	1,274	95	11,188
Financial liabilities at fair value through profit or loss (including trading)							
Debt securities in issue structured	-	-	-	3	37	40	80
Deferred tax	-	-	-	-	4	-	4
Provisions	-	-	-	-	-	(2)	(2)
Accruals, deferred income and other liabilities	-	-	-	98	-	-	98
Financial liabilities at amortised cost							
Own debt securities in issue	-	-	687	520	3,261	3,100	7,568
Debt securities in issue related to securitised mortgages and lease receivables	-	-	-	-	-	267	267
Subordinated liabilities							
Fair value through profit or loss	-	-	-	-	-	246	246
Amortised cost	-	-	-	-	50	11	61
Total liabilities (excluding derivatives and interest cash flows)	**-**	**7,637**	**2,463**	**1,812**	**5,188**	**3,757**	**20,859**
Total assets relevant for managing liquidity risk at fair value (excluding derivatives and interest cash flows)	**547**	**2,388**	**903**	**758**	**4,825**	**12,898**	**22,319**

3 Liquidity maturity calendar of derivatives, 31 December 2022

LIQUIDITY MATURITY CALENDAR DERIVATIVES

The following tables present the derivative financial instruments that will be settled on a net basis into relevant maturity classes based on the contractual maturity date at 31 December 2022 and 2021. The amounts disclosed in the tables are the contractual undiscounted cash flows.

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Derivatives held for trading					
Interest rate derivatives (net settled)					
Inflow	124	679	1,599	1,069	3,472
Outflow	(171)	(725)	(1,519)	(678)	(3,092)
Credit derivatives					
Inflow	0	0	0	0	1
Derivatives used for hedging					
Interest rate derivatives (net settled)					
Inflow	1	45	0	-	46
Outflow	(0)	(44)	(0)	(0)	(45)
FX forwards					
Inflow	773	-	-	-	773
Outflow	(773)	-	-	-	(773)
Total inflow	**898**	**724**	**1,599**	**1,070**	**4,291**
Total outflow	**(944)**	**(769)**	**(1,519)**	**(678)**	**(3,910)**

4 Liquidity maturity calendar of derivatives, 31 December 2021

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Derivatives held for trading					
Interest rate derivatives (net settled)					
Inflow	337	578	1,061	383	2,359
Outflow	(305)	(293)	(814)	(239)	(1,650)
Credit derivatives					
Inflow	-	-	0	0	1
Outflow	-	-	-	-	-
Derivatives used for hedging					
Interest rate derivatives (net settled)					
Inflow	0	2	38	-	39
Outflow	-	-	(0)	(43)	(43)
FX forwards					
Inflow	473	-	-	-	473
Outflow	(474)	-	-	-	(474)
Total inflow	**810**	**579**	**1,099**	**384**	**2,872**
Total outflow	**(779)**	**(293)**	**(814)**	**(282)**	**(2,167)**

5 Liquidity maturity calendar off-balance sheet, 31 December 2022

LIQUIDITY MATURITY CALENDAR OFF-BALANCE SHEET

The following table shows the contractual maturity of NIBC's contingent liabilities and commitments.

Each undrawn loan or capital commitment is included in the time band containing the earliest date it can be drawn down.

For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Contract amount					
Committed facilities with respect to corporate loan financing	1,279	-	-	-	1,279
Committed facilities with respect to residential mortgages financing	295	-	-	-	295
Capital commitments	16	-	-	-	16
Guarantees granted	21	-	-	-	21
Irrevocable letters of credit	33	-	-	-	33
	1,643	**-**	**-**	**-**	**1,643**

6 Liquidity maturity calendar off-balance sheet, 31 December 2021

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Contract amount					
Committed facilities with respect to corporate loan financing	1,584	-	-	-	1,584
Committed facilities with respect to residential mortgages financing	598	-	-	-	598
Capital commitments	22	-	-	-	22
Guarantees granted	26	-	-	-	26
Irrevocable letters of credit	39	-	-	-	39
	2,269	**-**	**-**	**-**	**2,269**

OTHER RISK TYPES (AUDITED)

In 2022, the Equity portfolio remained stable. As the Equity portfolio is part of the non-core portfolio, NIBC aims to reduce the exposure going forward.

Country risk is the risk that an entity defaults due to political, social, economical or financial turmoil in its applicable jurisdiction(s). Country risk can potentially be an important cause of increased counterparty default risk since a large number of individual debtors could default at the same time. NIBC did not experience any counterparty defaults from this risk in 2022.

Environment, Social & Governance

At NIBC, we believe it is our responsibility to be a sustainable business for the benefit of future generations. We are convinced that as a business that takes its social and environmental responsibilities seriously, we are better able to manage our risks. Sustainability and innovation are themes which will lead to promising opportunities in our markets. Additionally, as a financial services provider, we are well aware of our responsibility in helping to ensure a resilient financial system and maintain trust in this industry.

Our day-to-day business decisions and interactions with clients are guided by established principles and policies set out in our Code of Conduct, Business Principles, Corporate Values, Compliance Framework and Sustainability Framework. These documents are available on our website. For many years, we have steadily developed our sustainability agenda in close consultation with our stakeholders.

Basis of preparation

Unless specified otherwise, this section includes environment, social and governance (**ESG**) figures and information for NIBC Bank N.V. including its international offices and wholly-owned subsidiaries established by NIBC for our business purposes. The content of this disclosure and the elements that have been reported are based on our materiality assessment and relevant legal and regulatory requirements.

In the preparation of this section, NIBC applies the EU definition of short-term (<1 year), medium-term (1 to 5 years) and long-term (> 5 years) time horizons unless otherwise stated. NIBC currently uses proxies and third party sources for value chain reporting.

Increasingly complex ESG-related regulatory requirements are influencing NIBC’s direct operating environment – our business strategy, product offerings, risk management processes, operations and reporting. The stakeholders within our operating environment, including retail and corporate clients, investors, shareholders and suppliers are also impacted by these developments.

ESG Governance

NIBC’s sustainability governance revolves around a system of checks and balances that ensures stakeholder perspectives are taken into account in our decision-making processes. We manage the sustainability impact of our financings through our Sustainability Framework. This describes governance, implementation and the roles and responsibilities within our organisation with regard to all sustainability risks. For additional information regarding NIBC's Risk Management approach, please also refer to the Risk Management section.

NIBC's Managing Board is ultimately responsible for all sustainability matters. Executive Committee (**ExCo**) members discuss and advise on ESG strategy, ambition, targets, planning and budget. The ExCo is also responsible for policies that impact NIBC’s culture and ethics, such as the Code of Conduct. Any significant updates to the compliance and sustainability frameworks and their underlying policies are reviewed and approved by NIBC’s Risk Management Committee (**RMC**). This approach is overseen by NIBC's Supervisory Board as part of their role in NIBC's two-tier board structure. The composition of our ExCo, Managing Board and Supervisory Board, classification of members, their responsibilities and their profiles can be found in the Corporate Governance chapter, the Report of the Supervisory Board chapter and on NIBC's website.

Updates are provided on at least a semi-annual basis to members of our Supervisory Board. Our ExCo receives formal periodic updates. Next to the formal reporting process, a lot of information-sharing takes place on ESG related initiatives and developments. These allow clear oversight of NIBC's progress. Sessions have also been organised with external parties to provide ongoing education on regulatory developments and supervisory expectations.

The NIBC sustainability agenda is led by a dedicated full-time senior Sustainability Officer who is responsible for catalysing sustainability and corporate social responsibility within the organisation. The officer reports to NIBC's Chief Financial Officer. Sustainability matters are monitored and reported periodically to the ExCo and the RPCC as well as to the AC regarding reporting-related topics.

Each business unit within NIBC is responsible for managing ESG risks and opportunities as part of their regular activities within NIBC's three line of defense operating model. For example, business units apply NIBC's compliance and sustainability policies in their client interactions, Facilities & Services manage NIBC's energy efficiency programme, Human Resources is responsible for ESG in our human resource activities, and our Procurement and IT vendor management teams manage our relationships with suppliers and vendors. Processes, roles and responsibilities are defined to manage possible ESG risks and take a precautionary approach.

Although the subsidiaries within the Platform segment operate relatively independently, they have to follow the governance, compliance, sustainability approach of NIBC. They have adapted this to the scale and complexity of their businesses, product offering, geographic footprint and their operations and supply chain.

Proportionality, reasonableness and common sense as described in international standards are applied given that yesqar is a fintech startup. Furthermore our subsidiary has full access to peers within NIBC to advise on sustainability, compliance or any specific issues as their business grows and develops.

NIBC is currently in the process of evaluating the impact of ESG on its performance management framework.

Our approach towards ESG due diligence and monitoring is appropriate for the assets that we finance, our clients and business partners, their operating context, and their value chains. NIBC applies techniques such as negative screening, norms-based screening, and positive screening within our overall integrated ESG approach. Due diligence is conducted in a manner proportionate to the size, nature and context of operations of clients and business partners.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Each business unit within NIBC is responsible for managing ESG risks and opportunities as part of their regular activities within NIBC's three line of defense internal control model. Our commercial teams are the first line of defence. Risk management, legal and compliance monitor activities as the second line of defense, and internal audit operates as our third line of defense. To support this, NIBC operates a robust Compliance Framework and a mature Operational Risk Framework in addition to our Sustainability Framework. The Operational Risk team monitors and reports on our "in-control" status.

NIBC's Sustainability Framework commits us to perform ESG due diligence and assessments of relevant and material social risks related to the activities we finance. This Framework operates alongside and within our overall Risk Management Framework which guides our approach across the enterprise. Business conduct aspects are guided by NIBC's Code of Conduct, our Supplier Code of Conduct, and our Compliance Framework and its underlying whistleblowing and complaints, anti-corruption, anti-fraud and bribery policies and procedures.

We utilise an integrated ESG assessment toolkit to assess the commitment, capacity and track-record of companies in regard to human rights and labour standards, climate biodiversity and environmental aspects, and corporate governance. As is indicated in sustainability indicators, an ESG assessment is performed for 100% of new corporate clients.

These assessments are used in a number of ways. For example, these are among the inputs used to ensure well-informed balanced decision making when considering approvals of corporate transactions by NIBC's Transaction Committee (**TC**) or Investment Committee (**IC**). ESG is also an integrated component of NIBC's know your client (**KYC**), know your vendor and supplier (**KYS**) process, new product approval and review process (**NPARP**), and significant change and approval process (SCARP). We strive to continuously improve our ESG due diligence, evidencing and monitoring efforts.

ESG STRATEGY AND BUSINESS MODEL

NIBC has evolved to become an enterprising bank offering asset-based financing services to entrepreneurial corporate and retail clients in northwestern Europe. By continuing to transform our business and adapt to changing societal needs, we aim to continue our tradition of creating long-term value for stakeholders.

NIBC's approximately 600 employees serve over 450,000 retail clients and 450 corporate clients who rely on us to deliver secure and reliable banking services. Our brands include NIBC, NIBC Direct, Lot Hypotheken, OIMIO, and yesqar. As a mid-sized financial institution operating from the Netherlands, the United Kingdom, Germany and Belgium, we are differentiated from peers in the markets we serve, in the product mix that we offer, in the granularity of our portfolios, and in our ability to adapt to changing market circumstances. Details of employees, exposures and customers served by location are shown in the At a glance section.

Our business model is being simplified and financially de-risked. The majority of NIBC's financial activities today are related to secured lending, highly granular and for specific purposes. For example to acquire a home, operate a vessel, develop student housing, build a modern logistics warehouse, to bring high-speed internet and communications to a rural community, or lease modern equipment. This asset basis and granularity reduces risks thereby giving assurance to funders and investors that they are making a meaningful investment in the community and can expect a reasonable return.

NIBC applies an integrated ESG strategy. We aim to apply and continuously improve our processes to identify , manage and mitigate ESG risks and identify, evaluate and pursue sustainable opportunities which create financial and non-financial value for our stakeholders. We support our retail and corporate customers to become more sustainable, and to help the communities that we serve to become more resilient. This is embodied in our purpose, enabling ambitions by financing assets.

Our strategy is guided by a common sense premise - sustainability and climate neutrality are everyone's responsibility and must become our business as usual. They should be among the considerations which are embedded and consistently applied in all business activities of our organisation. They should be balanced across environmental, social and governance factors. ESG should also be balanced with other considerations, recognising that it is one component among many. There are always trade-offs which we need to carefully weigh as part of any business decision.

NIBC has limited remaining exposures to EU-identified controversial sectors such as (controversial) weapons (0 mln), production of tobacco (0 mln), chemicals production (0 mln) and fossil fuel exploration and production (51 mln). NIBC's Shipping portfolio includes assets involved in transport of fossil fuels. NIBC's Infrastructure portfolio includes (renewable) energy storage assets. Exposures and revenues for each of our core activities are reported by sector in the Key Figures section of this report.

NIBC has pursued a goal of reducing fossil expsoures as part of our focus and accelerate strategy as well as a goal within our Climate Action Plan. During 2022, NIBC exited financing of fossil Offshore Energy exploration & production, achieving this goal. Leveraged finance was discontinued while certain other non-core activities were downsized. These steps are described in the Financial Review section within this Annual Report.

Our upstream value chain consists primarily of our savings customers, debt investors and Blackstone as our shareholder. professional services business partners. – IT, legal, audit and communications. Downstream NIBC's value chain involves asset-based financings such as mortgages, commercial real estate, ships, and infrastructure (digital and renewables). More information in regard to NIBC's value chain in reported in the Vision and Strategy section of this Annual Report.

Interests and views of stakeholders
NIBC recognises its responsibilities towards external and internal stakeholders, regularly engages with them and considers their interests in its day-to-day decisions and activities. Engaging with stakeholders in a proactive way and on a continuous basis is central to our way of working.

We define stakeholders as any group or individual affected directly or indirectly by our activities. We have identified our main stakeholders to include clients, institutional investors, shareholders, regulators & authorities, employees and civil society organisations. We actively seek these connections to the world around us to ensure we reflect on our business, understand our impact and to continue to innovate. If impacts arise, NIBC's ExCo and Supervisory Board are well-informed within regular structural updates on ESG, in regular on-going dialogue and/or as part of sessions led by external consultants.

During 2022 discussions were held with stakeholders across a wide range of ESG topics including climate risk & resilience, ESG regulatory disclosure standards, deforestation, ESG due diligence in value chains, modern slavery, gender pay equality, financial inclusion, circularity, and information security among others. These took place across a number of channels including face-to-face meetings, client & supplier reviews, hybrid meetings, and other events.

MATERIALITY
NIBC views ESG materiality through a double materiality lens – financial materiality as well as impact materiality. Responsible business conduct and employee satisfaction are material factors

for NIBC which are intrinsic to good financial performance, avoiding adverse impacts and ensure good outcomes for our stakeholders across short, medium and long-term time horizons. Adverse conduct and employee incidents are infrequent, perhaps due to high staff awareness and a compliant corporate culture .

In the short- to medium-term, ESG risks include transition risks related to macroeconomic, regulatory and political developments. Macroeconomic developments such as monetary policies, cost of living, high energy prices, and the war in Ukraine are impactful on NIBC and its stakeholders. Changing monetary policies have resulted in higher interest rates, resulting in a stagnation of hte growth in the mortgage market. Energy prices result in higher costs for NIBC in the energy we use in our operations. For our customers, increased costs have likely reduced their net cash flow. To date customers are proving resilient and this has not translated into increased mortgage arrears. Although it has been a year of extreme weather, this has had little to no direct impact on our portfolio. Floods or other acute events during 2022 had no financial impact on the assets financed by NIBC.

There are also many ESG regulatory developments and growing supervisory expectations in the markets we serve. Although NIBC is a small and focused financial institution, the expectations are often not applied in proportion to our size, our business context or our influence.

In the long-term, we expect that climate transition risks and both chronic and acute physical risks may pose challenges in the markets we serve and therefore become a driver of certain financial risks including credit risk. For the clients we serve, policy and technology developments will likely become increasingly important. Collateral values may be impacted by their energy efficiency and source of energy. Extreme weather and related events such as floods or drought may have an direct impact on the assets we finance, but are more likely to materialise as an indirect impact in areas such as client value chains, biodiversity and ecosystem services.

Importantly we believe that each of our core asset classes can and will manage the transition to net zero. This is one of the many factors guiding the implementation of our focus and accelerate strategy. It also brings confidence that if ESG risks occur, they can be absorbed due to our highly granular and secured lending business model. The actions that we have already taken have reduced risk of stranded assets and reduced adverse impacts related to NIBC’s financings.

Disclosure requirements
NIBC has engaged with our stakeholders to verify the focus of our sustainability strategy and materiality in reporting. This materiality assessment process and the outcomes are described here and form the basis for ESG disclosures in our Annual Report.

Engagement with stakeholders during 2022 was regular. To bring their inputs together, internal stakeholder representatives responsible for engagements with individual stakeholders were surveyed to collect topics discussed and their relevance. We also used other external inputs that we received such as research surveys, NGO reports, and social media mentions. We used our own judgement to carefully weigh these sources and determine the material themes for 2022.

We have determined materiality based on topics raised in regular dialogues with stakeholders and are guided by the SASB Materiality Framework maps applicable for commercial banks and mortgage providers. The most important ESG aspects for stakeholders were climate resilience, business conduct (including ethics, integrity, culture and behaviour), regulatory change and compliance and information and data security. Given their importance to stakeholders, NIBC has focused on these topics within our disclosure. Other aspects are also disclosed but in a more limited manner.

For NIBC, the principal regulatory requirements are contained in the Dutch Banking Code, the EU Taxonomy (Article 10 of Article 8 Delegated Act (EU) 2020/852), the Sustainable Finance Disclosure Regulation (SFDR) and the Dutch Decree on disclosure of non-financial information (Besluit bekendmaking niet-financiële informatie), which came into effect on 24 March 2017 as part of the transposition into Dutch law of the EU Non-Financial Reporting Directive (**NFRD**) (2014/95/EU, OJEU 201 330). Please see the Corporate Governance sector for more details.

NIBC aims to remain compliant with applicable laws and other regulatory requirements. We also want to operate in the spirit of the law and act in the best interests of our clients. This report has also been prepared in reference to the GRI Standards. We are also guided by additional relevant frameworks and standards such as the Sustainability Development Goals (**SDGs**), the principles of the Taskforce for Climate-related Financial Disclosures (**TCFD**), and the UN Guiding Principles on Business and Human Rights (**UNGP**) reporting framework.

Although the Corporate Sustainability Reporting Directive (**CSRD**) will become applicable in future years, NIBC is taking steps in its 2022 disclosure to comply. We also expect to show progress towards in our future disclosures. This does have impacts on the structure of this disclosure, the metrics we disclose and the definitions that are applied. Therefore any changes from past years are explained near the performance indicators provided.

Opportunities

NIBC is benefitting from numerous opportunities which we have developed related to sustainable finance. We anticipate that overall volume will grow, but the benefit will be more linked to their impact than financial benefit given that spread differentials between green and non-green assets are limited to a few basis points at most.

There are numerous definitions for sustainable finance, including the definitions provided by the EU Taxonomy, ICMA Green Bond Standards, LMA Green Loan Standards, among others.

At 31 December 2022, EUR 2.2 billion of NIBC's on-balance sheet Residential Mortgage portfolio were reported as having an EPC label of A or higher. This aligns with the energy performance criteria of the EU Taxonomy. EUR 605 mln of NIBC's commercial real estate portfolio was reported as having an EPC label of A or higher. Further, in our asset-backed finance activities, sustainability-linked loans are becoming more prevalent. NIBC's 5-years 750 million senior green preferred bond issuance is formulated based on the criteria set out in our Green Bond Framework. The Framework and reports related to the issued senior green preferred bond are disclosed on our corporate website. The green issuance is among the constituents of the MSCI EUR Corporates IG Climate Change ESG Select Index.

NIBC is the collateral manager for the North Westerly ESG CLO program. These collaterialised loan obligations are a form of securitisation and offered to institutional investors which are interested in this alternative asset class. These award-winning CLOs focus on ESG compliance and are helping to promote improved ESG compliance standards and transparency in the securitisation market.

Our attention for sustainability is helping NIBC to address changing customer needs. Retail customers want to protect themselves against energy price spikes, cost of living surges and other disruptive events. Our corporate customers want to grow their businesses, retain their talented workforces and develop future-proof business models. Developing products with this in mind enables us to support our customers in addressing these needs.

ESG and conduct policies

NIBC maintains a Sustainability Framework which includes an overall sustainability policy, a human rights policy and an environment and climate policy. These are further supported by sustainability sector policies relating to aspects which are material to our stakeholders. These policies outline NIBC's expectations for clients and suppliers and aim to foster sustainable and responsible business practices in NIBC's value chain.

Our ESG policies are guided by international frameworks and conventions such as the OECD Guidelines for Multinational Enterprises, the UNGPs, the Paris Agreement, the UN Principles for Responsible Investment (**UN PRI**), UN Global Compact (**UNGC**) and the UN SDGs. Our ESG policies are publicly available on our corporate website. The purpose is to mitigate and reduce risks, prevent harms, to promote respect for human rights, and to foster environmentally sustainable business practices across value chains in which NIBC is active.

NIBC maintains a Code of Conduct which was modernised in recent years to reflect developments in the changing world around us. NIBC also maintains a Compliance Framework underpinned by a robust set of policies which aims to ensure responsible conduct. Our compliance policy suite includes policies on Fraud Prevention, Anti-Bribery & Corruption, Whistleblowing, Complaints Handling, Conflicts of Interest, Sanctions, Gifts and Entertainment, and Prevention of Tax Evasion among others. The purpose is to ensure a culture of honesty and ethics within NIBC, a strong internal control environment, and high awareness.

These policies apply to all staff, including employees, non-employees and any person performing a service for or on behalf of NIBC. All of NIBC's business units are responsible for managing sustainability risks and opportunities as part of their regular activities. NIBC's subsidiaries, although operating relatively independently, follow the governance, compliance and sustainability approach of NIBC Bank. They have adapted this to their scale and complexity, applying proportionality, reasonableness and common sense as described in international standards.

Our corporate policies are reviewed and updated at least every two years. Most sustainability policies are reviewed annually and updated as necessary. During 2023 we are planning to rationalise any remaining ESG policies which are related to discontinued activities and may no longer be relevant. Changes to these policies are approved by NIBC's RMC and/or NIBC's ExCo.

Actions and resources

NIBC has published a Climate Action Plan which describes our main actions to address climate related impacts and risks related to the climate transition and physical climate changes. Our climate adaptation strategy is to mitigate potential climate, biodiversity and other environmental risks through client and transaction due diligence, stakeholder engagement, awareness initiatives and by supporting companies and consumers in their transitions toward a sustainable future.

Recent actions include our exit from fossil Offshore Energy, strengthening of our risk appetite framework and efforts toward structural collection of granular, asset-level ESG metrics and risk data. NIBC has integrated ESG as a driver of financial risk in our risk appetite Framework and has implemented stress testing to meet supervisory expectations. The exit from oil & gas exploration and production is viewed by most NGOs and other stakeholders as the most substantive step a bank can take. There are many additional smaller steps to take as we go forward.

Regulatory developments, political developments and supervisory expectations related to climate and other ESG topics are closely monitored. NIBC actively participates in expert groups at the NVB and EBF which provide sector feedback to authorities. We share our feedback on these topics with interested stakeholders.

NIBC is one of 138 financial institutions in 38 countries worldwide which have officially adopted the Equator Principles (**EPs**). The EPs are a risk management framework for determining, assessing and managing environmental and human rights risks in project finance transactions. During 2022 NIBC also joined UN PRI given our role as collateral manager for the North Westerly ESG CLO program.

Significant efforts are made to identify risks and perform due diligence and monitoring . Additional preventive measures such as education and awareness are an important element within NIBC's regular risk management program. For example, NIBC’s information security team and data protection office catalyse any necessary actions needed to ensure protections are in place against the latest threats which secure the data and information retained by NIBC

Metrics in relation to material sustainability matters
To provide readers with insight into our sustainability performance, NIBC aspires to provide metrics for material ESG aspects. These are presented alongside each topical narrative within this section.

ESG performance indicators

	2022	2021	2020
NIBC Direct customer survey score - Mortgages	8.5	8.1	8.0
NIBC Direct customer survey score - Savings	8.1	7.6	7.9
NPS score corporate lending clients	+86%	+59%	+30%
% of new corporate loans screened against sustainability policy	100%	100%	100%
Number of new corporate clients with increased sustainability risk assessment	15	21	14
Fines or sanctions for non-compliance with laws and regulations	0	0	0
Total number of FTEs end of financial period	621	637	644
Male/female ratio	63%/37%	65%/35%	67%/33%
Male/female ratio top management	73%/27%	77%/23%	83%/17%
Training expenses per employee (EUR)	4,001	2,773	1,882
Absenteeism (trend total)	3.6%	2.2%	1.6%
Employee turnover (employees started)	17.5%	16.1%	13.2%
Employee turnover (employees left)	21.0%	17.6%	16.9%

KPIS PURSUANT TO ARTICLE 10 OF ARTICLE 8 DELEGATED ACT (EU) 2020/852 (EU TAXONOMY)

Mandatory Disclosure in EUR millions Article 10		Total	Taxonomy Eligible	Taxonomy Non-eligible	% coverage
2a	Total Assets	22,692	11,995	10,696	100%
	of which trading portfolio and on-demand NFRD interbank loans	783		783	3%
	of "Other" Debt and other assets	1,532	247	1,286	6%
	of which exposure to NFRD companies - loans	49		49	0%
	of which exposure to NFRD companies - mezzanine equity	162		162	1%
2b	of which exposure to retail clients	11,749	11,749		52%
	Total exposure to central governments, central banks and supranational issuers	2,087		2,087	9%
2c	Total exposure to derivatives	162		162	1%
	Total on-demand non-NFRD interbank loans	56		56	0%
	Total exposure to non-NFRD companies	6,112		6,112	28%

We have designated mortgage lending activities (NACE activity L68) to be Taxonomy eligible on the basis of their energy performance certificate (EPC) label and have included these as part of the mandatory reporting disclosure. For asset-backed finance activities, we have determined NFRD companies based on the company's previous year's reporting and current NFRD criteria.

Within the mandatory reporting component, we have determined 52% of our balance sheet to be taxonomy-eligible and 48% to be non-eligible. NIBC has designated an activity as eligible under the EU Taxonomy if it is included in the list of activities covered by the Taxonomy based on our own judgement and the NACE records in our systems. For clarity this is irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts. The activities are designated as non-eligible if they are not described in the delegated act. The majority of NIBC's corporate activities are either asset-based or the activity being financed is clear.

For the annual reporting process, certain metrics have been internally reviewed by NIBC’s Internal Audit department and in certain cases externally assured. We are taking steps to build and organise our metrics with a view towards achieving limited external assurance of ESG apects in our 2023 Annual Report.

The allocation report regarding NIBC’s EUR 750 million 5-years green senior preferred bond issuance has been reviewed by an external auditor and an independent (external) impact report has also been commissioned. Annual reports for the North Westerly ESG CLO program are audited by an external auditor.

Several UN SDGs are prioritised within our approach. These SDGs include Clean Energy (SDG7),Economic Growth (SDG8), Industry & Innovation (SDG9), Sustainable Communities (SDG11), and Responsible Consumption and Production (SDG12). By focusing on these SDGs, we believe we will also continue to contribute towards several other goals including Climate Action (SDG13), Gender Equality (SDG5) and Good Health (SDG3). NIBC has embedded the SDGs in our

Green Bond Framework by aligning the eligible categories to the targets which underpin the 17 SDGs. This allows us to provide investors a quantitative impact assessment of the contribution towards the goals.

ESG ratings

	Rating
PROVIDER	
ISS	C+/Prime
Sustainalytics	18.3, low risk
RepRisk	AA
MSCI	AA
S&P	E-2, S-2, G-2

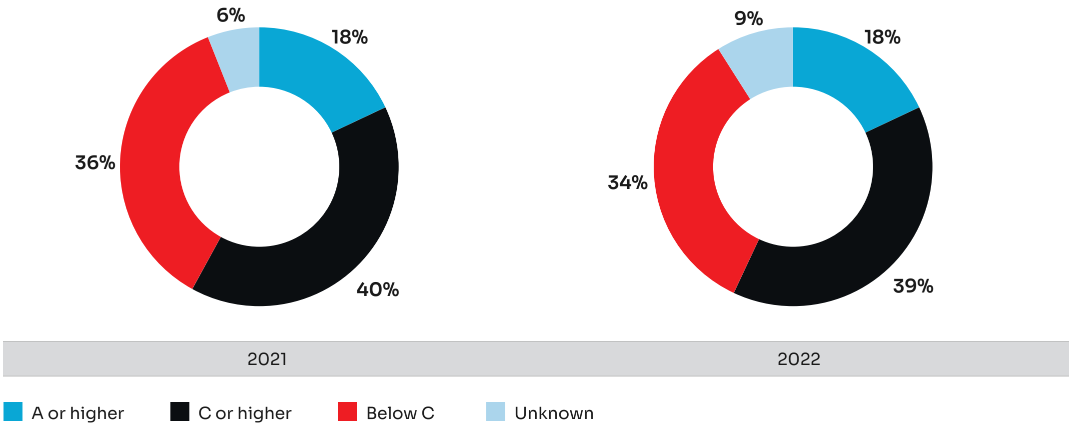
One of NIBC's ESG ambitions is to be ranked among the better performing banks globally in those ESG ratings where we are covered. We are pleased to be performing in line with this ambition.

Such a target allows NIBC to track the effectiveness of our policies and actions. Our sustainability policies and framework have been in place since 2010 and started with measurements of client satisfaction, responsible business conduct, and our operational impacts related to emissions, consumption, waste and our workforce.

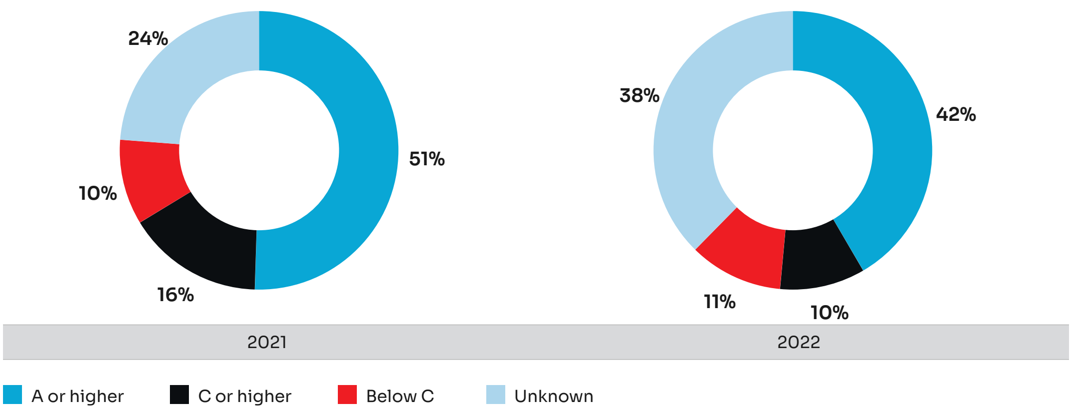
We are proud to have received strong sustainability ratings and appreciate the recognition we have from many of the main global sustainability rating providers. Our target is to maintain our position in the top quartile among our peers. We listen carefully to any feedback NIBC receives during rating reviews to improve our transparency and refine our sustainability strategy, policies and processes.

In more recent years we developed metrics related to the impacts of our financings, such as financed emissions, energy efficiency of our retail and Commercial Real Estate portfolios. These are disclosed in the table below and further described in the appropriate section of this disclosure.

Mortgage loan exposures by energy Label



CRE exposures (incl OIMIO) by energy Label



Climate change

NIBC's ambition is to support the transition to a sustainable economy with a goal of limiting global warming to 1.5 degrees in line with the Paris Agreement. Despite continued increasing global emissions and the resulting global warming effects, we believe it is important to maintain this 1.5 degree as our ambition.

NIBC'S CLIMATE ACTION PLAN

During 2022, NIBC published a Climate Action Plan within our public TCFD Report which describes steps we have taken and envision going forward to achieve our climate objectives. NIBC's decarbonisation targets have been to achieve a 55% reduction in CO2e emissions by 2030 and achieve net-zero before 2050. We plan to revisit and possibly set new intermediate targets given our substantive progress.

The main elements of our plan are 1) to measure using best available information and techniques; 2) to influence clients and business partners to transition and adapt; 3) to end support for activities that can not or will not transition; and 4) to set a good example and continue to progress in our own operations.

Many aspects are already embedded as part of our business as usual. We have an experienced ESG team in place, have set targets to reduce our emissions footprint, and have developed products which address impacts and help to build financial resilience. Reporting has been in place for many years. Our efforts to measure, decarbonise, transition and adapt also go back many years.

Our plan is guided by international frameworks such as the Paris Agreement, the Taskforce on Climate Related Financial Disclosures (**TCFD**) and the UNFCCC Climate Action Pathways which are relevant to asset classes where NIBC is active. Scientific research is showing that these current 1.5 degree pathways probably underestimate the speed at which fossil-related emissions must be cut. Our actions will therefore continue to be tangible, practical and also guided by common sense.

NIBC is involved in sectoral initiatives as part of our plan. As a signatory to the Climate Agreement of the Dutch Financial Sector we work with our peers to set and share best practices, overcome barriers and obstacles, support our clients and business partners, work with authorities, and learn wherever we can.

Unlike many larger peer financial institutions, ESG is not a separate business unit or pillar within NIBC. Instead it is integrated in the day-to-day processes and decision making within each NIBC business unit. This means that effectively our entire organisation is working towards our climate action plan and targets as part of their day to day business.

Progress and resource requirements are discussed periodically with NIBC's ExCo, Supervisory Board and/or related senior management committees. The risks are managed within NIBC's three line of defense risk management structure.

Climate policies

NIBC's main policies related to climate change mitigation are our Sustainability Policy and our Environment and Climate Policy. In these we commit ourselves to performing environmental due diligence, we act on the findings of our due diligence, and we exclude financing toward assets that we deem to be outside of our risk appetite.

NIBC has ended its financing of fossil fuel exploration and production. This followed policy updates implemented in 2021 during COP26 to our Sustainability Policy and our Environment and Climate Policy to exclude new financings of fossil fuel exploration and production. NIBC had already been reducing fossil exposures for several years to reduce risks related to cyclical exposures and climate impacts.

As part of our transition mitigation strategy, we encourage our corporate clients to develop climate action plans and to set Paris-aligned emissions targets. We support Shipping clients in their acquisition of dual-fuel vessels and/or use of reduced emission fuels. We encourage strategies which reduce fuel consumption and emissions such as slow steaming, regular hull cleaning and other actions. In commercial real estate, we support developers to acquire and renovate buildings. These efforts are helping to rapidly transform the energy efficiency of buildings. We offer energy-efficiency incentives to retail customers seeking mortgages to acquire and/or renovate. Retrofittings and innovations are likely to play a key role across each of the assets classes where we are active.

To the extent practical and possible we encourage clients and suppliers to include clauses on compliance with environmental criteria in their contracts with subcontractors and suppliers. These should be evidenced by the companies concerned where practicable via certifications, site visits, and/or audits to help ensure responsible practice throughout their supply chains.

Additional actions and resources

Our actions to achieve climate neutrality are increasingly publicly visible. NIBC focuses on asset-based finance in several core asset classes. These include Mortgage loans, Commercial Real Estate, Infrastructure, Shipping and our Platform activities. Each of these asset classes have their own pathway and timeline towards zero emissions.

In 2022, NIBC sold its remaining fossil Offshore Energy exposures, becoming the first Dutch bank to effectively exit oil and gas exploration and production financing among those involved in these activities. This step is part NIBC's focused business strategy. ESG is one of the many factors that are considered in our strategic decision-making. Such decisions are not purely ESG decisions and are not taken lightly.

Our exit from this asset class is expected to reduce the medium- to long-term financial risk to NIBC of stranded oil and gas assets and impact risk of locked-in GHG emissions . At the same time we cannot claim these are emissions that have truly been reduced or avoided for the planet. The related fossil exploration and production activities are likely continuing and emissions are likely still being produced – only without our involvement or ability to influence.

Looking ahead, we believe that our core activities and consequently also our clients are able to adapt and transition to net zero before 2050. There is more work to do to reduce emissions and the use of fossil fuels in our core asset classes. This is expected to require continuous effort and progress over the coming years from NIBC as well as from our clients.

NIBC's ESG Scoring Project
NIBC has launched a company-wide project which aims to address the many data and reporting requirements in the ESG space. This will allow us to continue to expand our reporting capabilities and to address the calls from supervisory authorities for deeper ESG risk analysis and more granular data. In the first stage of the project we have prioritised two of our most material asset classes - Mortgage loans and the Shipping portfolio.

The early results are quite promising and will likely bring new metrics to NIBC's future public disclosures. For example based on this internal evaluation:

Mortgage loans
- 57% of our on-balance sheet mortgage loan exposures are energy label C or higher;
- 6% of our on-balance sheet mortgage loan exposures may not have a registered fossil gas connection.

Shipping
- 90% of NIBC's Shipping loans include covenants addressing environmental aspects and/or environmental KPIs;
- 32% of NIBC's Shipping clients have a climate action plan.

Figures mentioned above are unaudited and will be further confirmed during 2023. We intend to continue to share findings from this exciting project in future disclosures.

Despite data improvement initiatives, the alignment of our financial activities with the EU Taxonomy will remain a challenge. Most of NIBC's corporate exposures are related to corporates which are technically SMEs and micro-enterprises not subject to NFRD or the upcoming CSRD. The Taxonomy technical screening criteria (**TSC**) and do no significant harm criteria (**DNSH**) are complex and may be difficult and disproportionately costly for SMEs to achieve. This increases the risk that these companies will be excluded from green finance. Therefore we are working with our clients on a practical implementation focused on the most material criteria of the Taxonomy.

Climate Targets
NIBC is enabling and promoting climate action. For example, we finance renovations that raise the energy performance of commercial and retail properties. We work with ship owners to reduce fuel consumption per km per tonne of cargo carried and to prepare for the capital investments that will be needed in new fuel and propulsion technologies. And we promote energy-efficient digital infrastructure and efforts within this asset class to increase the sourcing of renewables. In some cases, KPIs have been embedded in “sustainability linked” loans for corporate clients, requiring certain levels of performance tied to interest rate incentives

To date, NIBC has maintained three main targets related to climate mitigation and adaptation.

- Net zero emissions before 2050 related to our financings and operations (Paris aligned, 1.5o scenario);
- 55% reduction in emissions by 2030;
- End financing of fossil fuel exploration and production (achieved in 2022).

Given our progress in 2021-2022, we expect to revisit these and establish new intermediate targets in the next 12-18 months which are based in part on detailed data gathered as part of our ESG Scoring project.

We also have the ambition to reach a Partnership for Carbon Accounting Financials (**PCAF**) data quality score of 1 or near to 1 across each of our corporate asset classes within the next two years. Achieving this target will be a result of reducing our reliance on proxies, instead sourcing and confirming ESG data directly with clients.

Energy consumption and mix

Gross Scope 1, 2, 3 emissions

	2022	Units
ESTIMATED EMISSIONS[1]		
Scope 1: direct emissions - energy	322	tCO2e
Scope 2: indirect emissions- purchased electricity	0	tCO2e
Scope 3: other indirect emissions	4,536,629	tCO2e
GHG Category 1: Purchased goods & services	1	tCO2e
GHG Category 5: Waste	2,074	tCO2e
GHG Category 6: Business travel	278	tCO2e
GHG Category 7: Employee commuting	18	
GHG Category 15: Financings & Investments	3,584,525	
Total Scope 3	3,587,218	
Emissions intensity		
intensity per mln balance sheet assets[2]	158	tCO2e/mln
Resource Consumption		
Renewable electricity[3]	2,627,674	kWh
Gas[4]	165,188	m3
Water (municipal mains)[4]	3,649	m3

1 in tCO2e
2 in tCO2e/mln
3 in kWh
4 in m3

NIBC's emissions estimates are based on standard calculation and attribution methods. Our operational emissions (scope 1, 2 and non-financed scope 3 emissions) utilise Climate Neutral Group's CO2 calculator in order to ensure we are using independently sourced factors comparable with other Dutch organisations for each type of emission. Scope 3 estimated financed emissions are based on Partnership for Carbon Accounting Financials (**PCAF**) methods for calculating these figures. Financed emissions include Scope 1, 2 and 3 emissions derived from PCAF.

We have established a 2019 emissions baseline recalculated based on 2019 PCAF factors. Based on the availability of emissions data and quality of available data, we believe it is also a reasonable baseline for our disclosure targets. Peak financed emissions most likely occurred in years prior to

2019, when NIBC had larger exposures in higher emitting sectors. The baseline and our financed emissions figures exclude portfolio emissions related to yesqar, other financial institutions and liquidity management activities.

For mortgage loan exposures, we have used standardised factors per energy label, building type and volume in cases where the energy label was known. The quality level assigned by PCAF to these factors is level 3, on a scale of 1 to 5 (5 being highest).In cases where the energy label is not definitive, we conservatively assumed EPC label G level for performance and 4 for quality. For commercial real estate exposures used standardised factors per energy label, building type and size. The quality level is 4. In cases where the energy label was unknown or not yet assigned, we have applied a precautionary approach and applied the highest factors. For other asset classes we have used factors available for listed corporates of the same sector therefore the quality level is 4 to 5 depending on the activity.

Emissions estimates and screening of corporate loans are among the quantitative indicators which NIBC reports related to climate resilience. Over time we expect that our emissions estimates related to corporate asset classes will increasingly be sourced from our clients, reducing our current reliance on proxy factors. We are collaborating with peer institutions to also improve the quality of emission estimates for retail exposures.

NIBC has not utilised carbon credits or offsets in the accounting of emissions. Our clear priority is to first reduce actual emissions whether operational or financed. For operational emissions which we have not been able to eliminate, we purchase offsets from NGOs to compensate for our Scope 1 and 2 emissions and business-related travel. These offsets enable NIBC to be operationally carbon neutral. For 2021, these totalled 648.32 tonnes and were purchased from Utrecht-based Climate Neutral Group. These VCS REDD+ offsets supported reforestation and biodiversity restoration and protection projects. NIBC employees donated approximately 1500 tonnes of additional offsets, an indication of the increased importance of a sustainable transition to our workforce.

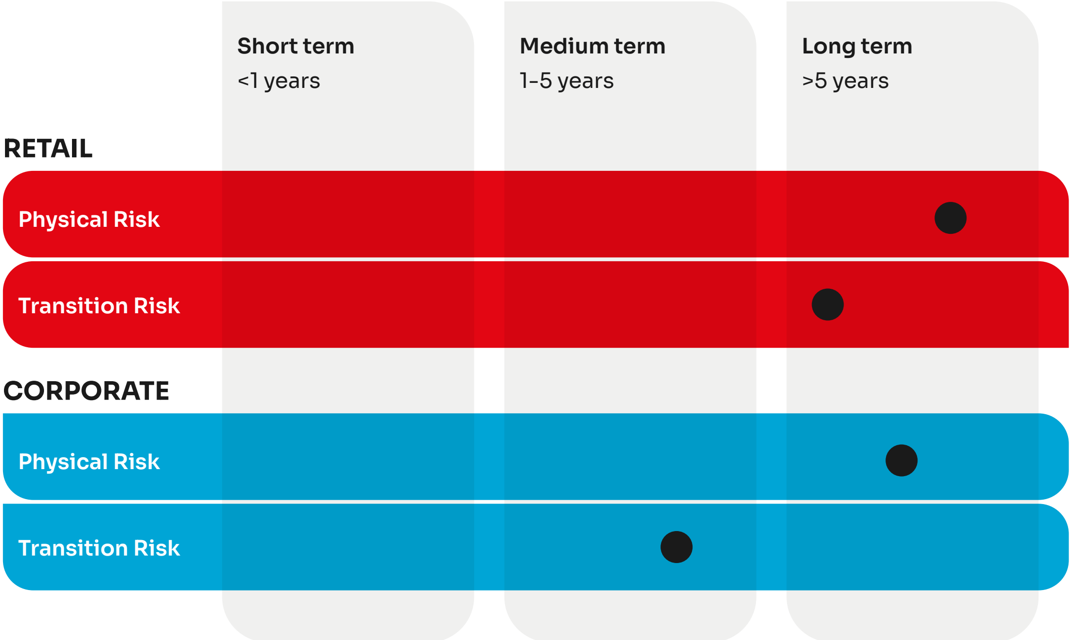
In our own operations, our Facilities & Services department oversaw recent renovations of NIBC's office buildings in The Hague resulting in improved energy performance labels during 2022. Several addresses improved to EPC A++ label. All other addresses within the complex are now at least at an EPC A level.

NIBC does not currently apply internal carbon pricing or assign a specific monetary value to the carbon emissions associated with our financings or operations. We do measure carbon emissions and utilise emissions, risk and impact mitigation measures and future plans in our decisioning processes. This allows us to ask questions during our due diligence, take tangible steps with clients to decarbonise, prepare for future regulatory and market developments and improve our sustainability performance.

Climate-related risks

At their most extreme, the potential effects from global warming and climate change are stark. If the world becomes uninhabitable, banks and other corporates including NIBC will no longer exist. This fact alone should motivate all stakeholders to make the systemic and behavioural changes that are needed.

Assessment of climate-related risk of our portfolios



In the short-term, the potential financial effects on NIBC from material physical and transition risks are most likely immaterial. The main driver is the pace of regulation change, introduction of subsidies and other incentives, and the introduction of disincentives such as carbon border taxes. Medium terms effects are also likely less material, with the exception of physical climate risk incidents such as a flood of cases of land subsidence.

Long-term financial effects are potentially material both in terms of physical risk and transition risk but only if NIBC and its clients do not take appropriate actions. For example collateral valuations may be impacted by events or changing demands.

Collateral valuation are important since they drives certain financial risk metrics, such as the loan-to-value ratio when originating and monitoring loans, or the loss given default (**LGD**). It is also a key component for calculating individual provisions. The long-term risk for NIBC would be higher if we had not already been acting to reduce financed emissions.

The main opportunities for NIBC are in the products and services that we can offer to clients and investors. Sustainable mortgages are important for the climate transition of homes and can enable the installation of heat pumps, insulation and removal of legacy fossil installations. Such actions can improve net cash flows for our retail customers, increasing their resilience to energy price increases and strengthen mortgage collateral value for NIBC. Sustainability-linked loans were increasingly popular for asset-based corporate loans. Our green senior preferred bond issuances under our Green Bond Framework could grow our funding base and attract responsible debt investors to NIBC. And our Originate-to-Manage (**OTM**) capabilities can give financial institutions access to transition financing in the asset classes we focus on.

NIBC strives to meet supervisory expectations on climate and environmental risk in proportion to our business model and operating environment. ESG, climate and environmental risks are a component of NIBC's ICAAP and ILAAP and form part of our regular dialogue with supervisory authorities..

Pollution

A theme within NIBC is that it begins with us and how we act in our own operations. We learn quite a lot about the challenges involved in improving operational efficiency and reducing climate risk and environmental risks as we undertake initiatives in our own operations. The lessons that we learn help to inform our approach in regard to our financings and investments.

NIBC's main policy related to pollution is our Environment and climate policy. This policy guides how we approach environmental issues such as pollution in our own operations as well as in our financings. Sector specific requirements are described in our sector sustainability policies.

Core elements of our policy are to reduce direct and indirect greenhouse gas emissions, utilise best available technologies, and avoid pollution to air, water and land. This includes reducing micro-plastics, avoiding ozone-depleting substances such as those listed in the Montreal Protocol, and eliminating direct emissions to water of priority substances identified by the EU.

Given the urgency of long-term global warming and climate impacts, NIBC's ESG priority in the short to medium term is action on emissions. Our actions and progress related to emissions are mentioned in the climate transition section. In our due diligence, NIBC also is addressing other pollution aspects. For example, due diligence for commercial real estate involves soil testing among the environmental aspects when considering new buildings or certain redevelopments. Sectoral pollution controls and certifications which meet IMO and other international standards are required for ships.

NIBC follows the LEAP approach proposed by the Taskforce for Nature-related Financial Disclosures (**TNFD**.) in regard to pollution and biodiversity. We identify the locations of operations as part of our due diligence and risk assessment processes. We are aiming to strengthen our assessments to better identify any further pollution-related dependencies, controls, mitigants and any remaining impacts which can not be mitigated or avoided.

NIBC's main targets in regard to pollution are the same as those for climate mitigation: a 55% reduction in emissions in 2030 and net zero before 2050. During 2022, we achieved our target of ending financings of fossil exploration and production. We may develop additional targets as the granularity of our data improves. Our long-term ambition is to reach zero pollution.

Greenhouse gas emissions related to our financings are the main source of pollutants for NIBC. Air emissions relate to heating and cooling of buildings in relation to mortgage loans and commercial real estate loans. Air and water emissions can also be relevant for ships and infrastructure. NIBC and its clients operate in a business environment where regulations incentivise and guide the mitigation and management processes in each activity area. For example, NIBC Shipping clients apply IMO guidelines, certifications, and reporting structures for pollution related to ships they own, operate or manage.

In our own operations, heating and cooling of our office facilities result in emissions to the air. Pollutants to water and soil are negligible since we operate in one owned and several leased office spaces which were pre-existing and are located in urban environments. In our main location in The Hague, NIBC uses a heat pump system to minimise of use of gas for heating and cooling. This has enabled NIBC to reduce its annual gas consumption by more than 50% since 2017. Internal awareness campaigns are being used to inform and raise awareness among employees.

Each of our locations has implemented measures to minimise waste, promote recycling of paper, plastics, glass and metals. These are visible in the form of separate waste bins and in other cases arranged with waste management service providers to be further separated and sorted after collection.

NIBC is not involved in the production, use, distribution, commercialisation and import/export of substances of concern and substances of very high concern on their own, in mixtures or in articles. If it continues to rise unabated pollution will have a long-term impact on all people and on all companies including NIBC. Global warming and climate change are just two of the possible impacts of rising pollution to air, water and soil. Risks include acute and chronic physical risks as well as transition risks related to technology, legal, reputation and regulation.

If unabated these could become material risks for NIBC in the long-term. These are mitigated as financial risks by the granularity of NIBC's portfolio, our agile business model, and through due diligence and other risk management practices.

Marine and water resources

All life is dependent on water – the economy, human life and the ecosystems and ecosystem services that we use depend upon water. Over two-thirds of Earth is covered with water, which is why it is known as the blue planet. NIBC's impact on marine and water-resources through our operations and our financings and investments are relatively low. This will remain the case only if we remain careful in our approach, diligent in our policies and due diligence, and continue to improve water management capabilities related to our financings and operations.

Water is needed in the day-to-day lives of our mortgage and commercial real estate customers. Water is often used in infrastructure to cool data centres for example. Ships rely on water management and adaptable infrastructure within harbours in order to safely load and unload their cargoes. Water resources are carefully managed in the main operating locations of NIBC.

NIBC and its clients operate in a business environment where regulations incentivise and guide the water management and pollution prevention processes in each activity area. For example, the IMO has substantial guidelines, certifications, and reporting structures in place for the shipping industry in regard to its impact on marine resources.

NIBC's main policies related to water and marine resources are our Sustainability Policy, our Environment and Climate policy and our sector sustainability policies, of which our Shipping policy and Infrastructure policy are probably the most relevant. NIBC's Sustainability Policy commits NIBC to avoid financing of projects and activities in Ramsar sites or in or near marine protected zones, nature reserves and other high conservation areas.

In our financings, we continue to take steps to improve our due diligence and measurements related to water in order to improve our policy approach. Ships in NIBC's portfolio undergo regular inspections, use approved marine coatings, and have regular hull cleanings. These measures help to ensure appropriate water and marine management. We are also implementing measurements of land-based collateral objects relative to sea level and ground water levels.

In our operations, we continue to work on reducing our water footprint and to take steps around our owned facilities. Our building in The Hague has several waterless urinals installed which have the capacity to reduce water usage by up to 20,000 liters each per year. Paving around the building allows rainwater to flow into the soil beneath, reducing the risk of land subsidence in the area.

NIBC's main targets with regard to water and marine resources are qualitative. We aim to carefully use water resources in our day-to-day operations. In our financing and investments, we aim to ensure water resources are carefully managed and to avoid adverse water and marine impacts. For example water usage efficiency (**WUE**) and water source are among the metrics which are examined when NIBC considers financing a data center.

During 2022, water usage increased to 3,774 m3 (2021: 1,740 m3) by comparison to 2021. We believe the increase is related to higher usage of NIBC facilities as employees and tenants increased their working days in the office. Figures include (external) commercial and civil society tenants of NIBC's facility in The Hague. The lower water usage in 2021 is likely related to the lower usage of the offices due to the pandemic.

Actual water usage is currently only reported for our main office in The Hague. Estimates are used to determine consumption for leased NIBC locations. In all locations, NIBC's offices are supplied from connections to municipal mains, the main local water supply. NIBC does not withdraw from groundwater or surface water in its own operations. No known discharges of pollutants to water were made in NIBC's operations during 2022

Water scarcity is a physical climate risk and a potential concern. The risk of a material impact is mitigated by advanced water management practices in NIBC's home country and strong practices in the other locations of financings.

Other financial effects from water and marine resources related impacts are likely immaterial across all time horizons provided that we continue to follow good practices in our operations and in our policies and their implementation.

Biodiversity

NIBC is committed to respecting biodiversity and the environment in each of its activities and to support our clients and suppliers in realising their environmental obligations. Our biodiversity plan to ensure that our business model and strategy remain compatible with the respect of planetary boundaries.

We recognise that impact on biodiversity and ecosystems is complex and can be driven by many factors. If not well-managed, NIBC financings could result in adverse effects on biodiversity and ecosystem services. Therefore, biodiversity and ecosystems are among the aspects which are considered as part of NIBC's due diligence and monitoring processes. These processes are described elsewhere within this Report.

To address these challenges, biodiversity is among the elements addressed within NIBC's sustainability policies and policy framework. Our Sustainability Policy and Environment and Climate policy provide and overarching and thematic policy approach and additional sector-specific sustainability policies are applied to the corporate activities financed by NIBC. Our environmental standards consider the Paris Agreement, the United Nations Framework Convention on Climate Change (**UN FCCC**), the Convention on Biological Diversity and International Union for Conservation of Nature (**IUCN**) standards.

A core principle is that we aim to avoid activities in or near high conservation zones on land or at sea. High conservation value forests and marine protection zones help to protect against biodiversity losses and diminishing ecosystem services.

Global warming and climate change have a long-term impact on biodiversity and ecosystems. NIBC's ESG priority in the short- to medium-term is action on emissions. Our actions and progress related to emissions are mentioned in the climate transition section of this report. We also work with clients, business partners and other stakeholders to prevent adverse biodiversity impacts and prevent deforestation. Such value chain due diligence is challenging, but we continue to make progress through best practice sharing and other knowledge initiatives.

Within the asset classes NIBC finances, we are taking additional actions together with our clients. For example, in Shipping, NIBC promotes compliance with IMO standards such as the use of ballast water treatment systems (**BWTS**) as well as regular hull cleaning in order to prevent pollution and the spread of invasive species across ecosystems. BWTS are appropriate for vessels which travel between different marine ecosystems. Based on early results from our ESG Scoring project, 68% of vessels financed by NIBC operate BWTS. The remainder will need to install these at their next drydock or special survey.

Land use change and its impact are an aspect that we increasingly assess in our due diligence. We monitor pressures on nature such as changes in green spaces, particulate pollution and emissions in the area nearby assets that we finance in order to further refine our approach. During 2022, certain corporate transactions were declined in part due to concerns regarding land use change and expected impacts on biodiversity.

NIBC's quantitative targets in regard to biodiversity and ecosystems are the same as those for climate mitigation: a 55% reduction in emissions in 2030 and net zero before 2050. We may develop additional targets as the granularity of our data improves. Our ambition is to protect biodiversity and preferably become biodiversity positive in future years. NIBC will continue to explore metrics to show our impact in regard to the theme of biodiversity and ecosystems for potential use in future disclosures.

Loss of biodiversity and ecosystem services present risk and are an area of potential concern particularly in their impacts on supply chains of clients. For example, building materials needed for constructing and renovating buildings are dependent on the availability of wood products and water and biodiversity needed to grow these products. The risk of a material impact is mitigated by our policy approach, certification systems and policies of corporates, and regulatory oversight and protections of biodiversity and ecosystem resources.

Circular Economy

NIBC recognises that the world's resources are finite and waste must be reduced. A global transition is underway from a linear economy and single use of products to a circular economy where materials are reused or recycled, not discarded. This transition is also supported by the Universal Declaration of Material Rights which advocates for a material passport and the right of materials to be preserved and not wasted.

In our due diligence we aim to identify material resources across the value chain in order to understand the current status of resource use and identifying opportunities for improvement. In our own operations we collect data to determine the current usage rate of material resources, our overall efficiency, and identify potential opportunities for improvement.

To address these challenges, circularity is among the elements addressed within NIBC's sustainability policies and policy framework. Our Sustainability Policy and Environment and climate policy provide an overarching and thematic policy approach and additional sector-specific sustainability policies are applied to the corporate activities financed by NIBC. For example, NIBC supports recycling, innovative and responsible waste management, and ending the production and use of single use plastics.

NIBC is taking a number of actions to boost circularity and encourage more efficient use of resources. For example, we co-founded the Responsible Ship Recycling Standards (**RSRS**) and continue to grow the group of financial institutions which are involved. These standards promote responsible recycling of ships at their end of life and aim to ensure that hazardous materials are clearly identified. In commercial real estate, we encourage the recycling and reuse of building materials. And we encourage reuse of heat generated from data centres as a heat source in nearby communities.

In our own operations, NIBC is largely paperless. We provide digital statements to customers. Recycling bins are provided throughout our offices which enable employees to separate waste. Our waste management vendor ensures that any excess waste materials are separated and recycled. Laptops and other electronic equipment are regularly donated to schools and other good causes after they have been securely cleaned in order that their life can be extended before ultimately recycling.

To date our targets related to resource use and circular economy have primarily focused on inflows and outflows of resources related to our own operations. For example, we have nearly succeeded to eliminate use of office paper in our operating environment, having cut our use of office paper by 98% since 2010. All statements are provided digitally to our clients, The limited amount of office paper we do use is recycled and/or FSC certified. During 2023 we are aiming to eliminate the use of single-use paper cups.

The financial effects from these actions are relatively immaterial year-on-year, but over time they do contribute to the overall cost efficiency of NIBC. These become visible over time in the form of reduced procurement costs.

Our people

As a bank built for entrepreneurs, we are committed to cultivate our 'Think YES' mentality by being flexible and agile and by matching our clients' can-do attitude. Our people are our key assets and enable us to deliver our business strategy. They bring knowledge, skills and diversity to our teams.

We also have a responsibility towards our employees, their health, well-being and ability to develop themselves. This year keeping our workforce healthy and safe has been a priority in part due to the pandemic. We have also continued to pursue efforts towards diversity, employee development and engagement. Although flexible working was already encouraged before the pandemic, one outcome of the pandemic is that hybrid and flexible working is the new normal. Technology investments made in previous years have enabled this way of working as our business as usual approach without critical interruptions.

The entrepreneurial mindset of our people has helped to make a success of flexible working and continue to feel part of an active and vibrant community. NIBC has continued to support these initiatives through a mix of online and in person initiatives including classes, vitality challenges, and other events. Our onboarding process for new colleagues allows for a safe arrival while also providing a personal welcoming moment.

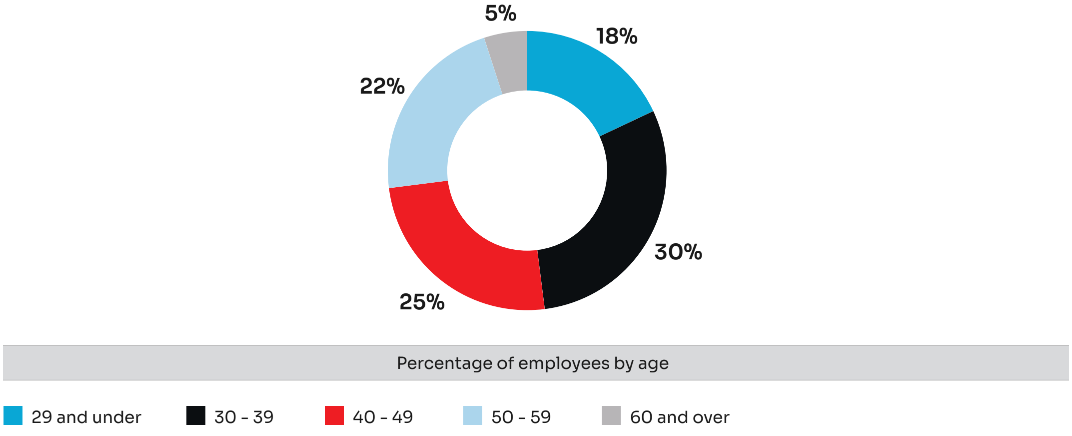
NIBC's main policies related to our workforce are our Managing Board, Supervisory Board and employee remuneration policies, our staff manual, our diversity policy, our health policy, our development policy, our employee screening policy, and our code of conduct.

Each month, the CEO and CRO lead the Bankers' Oath pledge with all new employees. We continued the Compliance and Integrity awareness programme, through mandatory e-learning on Compliance as well as Data privacy, for all new staff. Flexible working circumstances do not change the fact that we are mindful of our responsibility towards society. Sustainability and responsible business conduct are a regular part of introduction sessions for new staff.

When concerns arise, it is important to ensure appropriate internal channels are available for our workforce. Complaints may be raised through our managers, human resources, NIBC's whistleblowing process, or anonymously through NIBC's complaints mechanism. Designated trust representatives are available when other channels don't work or staff members are unsure how to proceed. Our policies offer protection for complainants against fear of reprisals or retaliation.

We are committed towards fostering and improving diversity within our organisation. Diversity at NIBC comprises different gender, nationalities, ages, cultures, as well as social or personal differences. We have a zero tolerance policy towards all forms of gender-based discrimination in employment and occupation and an active approach to make up for the disadvantage of women in regard to pay and promotions.

Diversity of employees by age



Diversity in our workforce is seen as an opportunity. Therefore NIBC has developed a coherent set of measures and targets – also incorporating a broader diversity scope – which will help us to deliver results. As a mid-sized organisation, the most senior positions in our organisation are limited. This means change in a handful of positions can positively or negatively influence gender diversity or gender pay ratios at the top. Our diversity policy sets an objective that 30% of NIBC's Supervisory Board, the Managing Board and the ExCo is comprised of women or men. We will achieve a 50/50 gender balance in our Managing Board in 2023, achieving our long-term objective of gender balance at the top.

In order to facilitate an appropriately diverse pool of candidates for management body positions NIBC has set an overall target of 30% women at all function levels and within each business unit.

Separate internal targets are set and monitored or inflow, career, outflow, to support reaching the overall target.

Diversity in general, and the male-female balance specifically, are explicitly considered in our talent programmes and performance management. To address gender imbalances, we have introduced engagements, like mentorships and dedicated workshops and programmes, aimed at retaining and further developing talented female employees. Furthermore, we work closely within networks such as Talent to the Top and Women in Financial Services (WIFS).

NIBC's Works Council is a body which represents employees in discussions with our Managing Board and Supervisory Board. The Council officially represents the employees on the Dutch payroll, but also acts for the benefit of all employees. They are the eyes and ears of employees and a critical sparring partner for company management. During 2022, inflation and cost of living, the employee engagement survey and the strategic focus were among the topics which were discussed. NIBC's Council is represented in the Dutch organisation for Works Councils for banks.

NIBC provides a modern set of employee benefits, which are flexible and well aligned with the realities of our business. An important aspect is the discretionary approach to compensation and benefits, which takes into account a range of considerations, including performance indicators, sustainability and country-wide benchmarks. This enables us to attract and reward our talented staff and retain them.

Among the benefits, NIBC offers a collective-defined contribution (CDC) pension scheme ensuring that employees build up a good pension, while also making pension costs predictable. Since 2014, NIBC has opted not to be part of the collective labour agreement for banking institutions in the Netherlands. Therefore, the Works Council – as the representative of all NIBC’s employees on the payroll in the Netherlands – became senior management’s direct interlocutor for negotiations in this important area.

Together, this package allows us to achieve low absenteeism, high engagement levels confirmed by our employment survey and continued improvement in our diversity indicators. Absenteeism increased but remained very low at 3.2% in 2022 (2021:1.6%) with a frequency of 0.74. No severe on-site injuries or deaths were reported.

We are dedicated to ensure that each of our people can grow and develop to make a difference. We rely on agile, frequent feedback sessions and training. At NIBC, each employee gets a personal development budget of EUR 2,500 for two years. Employees can choose from a wide variety of internally and externally organised offerings, allowing each employee tremendous flexibility to pursue their own career development goals. Overall the average spending on training during 2022 was EUR 4,001 per employee.

NIBC's Talent Programme and Dare to Develop programme are our dedicated training programmes for early and mid-career, employees. The Talent Programme is a one year talent development programme which we offer to recent university graduates to kick-start their career at NIBC. During 2022, the employees enrolled in the Talent Programme focused on a series of sustainability challenges designed to strengthen team-building, presentation skills, and developing products to address societal needs.

The Dare to Develop programme is a one year invitation-only programme aimed at our talented young professionals at mid-career level. The programme is developed in close cooperation with the participants and enhances personal effectiveness in influencing, consulting, negotiation and innovation.

Additional trainings were conducted at NIBC throughout 2022. These included phishing awareness, code of conduct, anti-bribery and corruption, prevention of fraud, incident reporting, and whistleblowing. Voluntary trainings and e-learnings available to staff within NIBC during 2022 included language courses, credit risk modeling, human rights, Equator Principles, climate and environmental risk, MIFID II, complaints handling, and biodiversity training. Good Habitz online e-learning trainings were offered to our workforce to provide quick, accessible training content on a diverse range of topics including personal health and vitality, sustainability, digital skills, language training, and soft skills.

We focus on ensuring a workplace environment in which employees can be who they are, where different views are respected and where every employee feels safe. We want everyone to be themselves and feel safe and comfortable, regardless of their race, ethnicity, gender, religion, age, disability, sexual orientation, gender identity or gender expression. We view this as one of the keys to our success. During 2022, no incidents of discrimination in our own workforce were reported.

NIBC's Diversity Committee plays an important role in identifying, mitigating and reducing social risks in our operations. Our Diversity Committee provides advice on diversity and inclusion to NIBC's ExCo and runs initiatives to promote awareness. For example, the committee monitors cultural diversity, gender diversity, gender pay gaps and ensuring a safe and inclusive workplace.

Diversity of workforce by nationality*

	2022	2021	2020
Dutch	76%	76%	88%
Non-dutch	24%	24%	12%
# of nationalities	37	33	36

*Figures for NIBC Bank only

During 2022 NIBC continued to focus extra attention on raising awareness that we are ensuring a safe workplace, attracting a diverse talent pool, and creating equal opportunities for women and the LGBTI+ community. NIBC and its employees were once again active in celebrating Pride. Different initiatives and activities were organised during the month of July in order to coincide with Pride celebrations in each of our operating locations. Employees shared their own stories. We also participated in the UNGC NL diversity week initiative to promote diversity and inclusion. A special flag was raised outside of NIBC to create public awareness and promote diversity in the workplace.

Internal programmes during 2022 promoted the importance of ensuring the potential perception from the point of view of the recipient and to protect each other, speaking up if there are situations when someone may not feel comfortable to do so themselves.

NIBC considers work-life balance an important factor in attracting and retaining employees. Having a balanced life means having enough time for leisure activities, pursuing hobbies, and spending quality time with family and friends. It also prevents burnout and stress, which can have negative impacts on employee physical and mental health.

NIBC also reports on gender pay gaps and when needed takes appropriate actions towards our goal of a near zero adjusted pay gap. NIBC has decided to report on several ratios:
- Equal Pay for Equal work, the adjusted pay gap taking into account the position and experience.
- Equal Pay, an unadjusted pay gap to show the average difference between the salaries of women and men, not considering the position, seniority, experience or part-time percentage.

Based on the figures (see below) it is concluded that NIBC is near its goal of equal pay for equal work. The overall adjusted gender pay gap (Equal Pay for Equal Work) is 1.3% for NIBC (Financial services: 0%- 5%), which means that on average women are paid 1.3% less than men. At several levels the gap is effectively zero or is a gap in favor of women (men are paid less than women). The residual gap is mostly due to the level of seniority of an employee (less time in job profile).

The unadjusted gender pay gap (Equal Pay) for women at NIBC in the Netherlands is 26.6% which means that on average women are paid 26.6% less than men at NIBC (Financial Services: 20%-40%). This unadjusted gender pay gap does not take into consideration the effect of full-time or part-time employment. Consequently, it is impacted by the observation that more women than men have opted for part-time roles at various levels within the company. 62.1% of part-time contracts at NIBC are held by female employees. More women have also joined in temporary roles, as 50% of temporary workers at NIBC are female by comparison to 35.2% overall on an FTE basis. Further, there are large variances in gender balance, seniority and experience at each level.

For additional information, please refer to the Remuneration report.

Workers in our value chain

Material impacts on value chain workers are well-considered in NIBC's approach. The use of toxic materials can also lead to potential health risks for workers, as well as environmental damage. The use of sustainable materials can help to reduce the impact to workers and the environment. Additionally, the use of materials that are specifically designed for labour intensive tasks can help to improve efficiency and increase the value that workers bring to the value chain.

NIBC pursues several approaches to address impacts on workers in our value chains. These aim to address the impacts which take place within asset classes where NIBC is active. For example, NIBC was one of three banks which founded the Responsible Ship Recycling Standards (**RSRS**), an initiative in the shipping sector which helps to address value chain impacts and circularity in the sector. RSRS aims to ensure decent working conditions and environmental protections are in place throughout the lifecycle of a vessel.

NIBC's main policies related to value chain workers are our Human Rights policy, our Code of Conduct, and or Supplier Code of Conduct. NIBC believes that respect for human rights is a basic responsibility, towards our own employees, as well as towards those people who are affected directly or indirectly by our actions. The rights to freedom of association and freedom of expression are encoded in our policies. Core social commitments include the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, ILO standards and core conventions and the UNGPs. These provide the standards we follow and expectations that we set out for clients and business partners.

Globally, there are not enough protections in corporate value chains against modern slavery, child labour, and the many forms of discrimination. Certain groups such as women and girls are more likely to be vulnerable. This increases the importance of a just transition which ensures equitable, safe, supportive, and inclusive working conditions throughout value chains.

Issues can and do occur in our value chain. Our main channels for engagement are through stakeholder representatives such as trade unions and NGOs in order to ensure in our business practices we are effectively promoting respect for human rights, fair living wages, and safe working conditions. For example, NIBC promotes the importance of decent work and human rights at sea in the shipping industry.

Taking action on material impacts on value chain workers is challenging for any business. Our distance to the impact often dictates the amount of influence that we have to mitigate the risks. We see such situations as opportunities for meaningful change. During 2022, we identified two allegations potentially related to deeper tiers of our value chain which we are pursuing with a client and our business partners in accordance with our responsibilities under the UNGPs and OECD Guidelines. Although these are very indirect cases, we are trying to understand if indeed these are linked to our extended value chain and if so to influence remediation and a better outcome for those adversely affected.

NIBC uses the frameworks and methods prescribed in these international human rights standards to understand our responsibility and take appropriate measures. The effectiveness of our actions is very difficult to measure. But this provides a secondary opportunity to gather feedback from stakeholder representatives and the feedback loop allows us to continue to refine our approach.

Most of NIBC's targets related to impacts on value chain workers are currently qualitative. Stakeholders have expressed that initiatives such as RSRS are having a meaningful and positive impact. We are taking steps to achieve quantitative measurements as part of our ESG Scoring project. We are encouraging clients and business partners to develop corporate policies and improve transparency and aim to be able to share our measurements in the future.

Affected communities

Communities can be affected by a variety of impacts. In NIBC's direct business environment, communities are affected by developments such as a rising cost of living, higher energy prices, lack of student housing, unaffordable home prices, an ageing population and a tight labour market. The war in Ukraine has created new circumstances in which our communities have welcomed and provided refuge for displaced populations. These are among the short-term and long-term factors that NIBC considers in our strategy and business model.

Such impacts can create social risks if not well-managed. They also represent opportunities for a just transition. For example, NIBC has supported the development of new student housing, the redevelopment of under-utilised properties in city centres, and the revitalisation of harbour areas. Such investments help to ensure that future needs will be met, communities are revitalised, buildings become more energy efficient, and that societal needs are met.

NIBC's main policies related to communities are our Sustainability policy, our Environment and Climate policy, our Human Rights policy, our Code of Conduct and our Supplier Code of Conduct. These provide the standards we follow and expectations that we set out for clients and business partners. We are guided in our approach by the goals of the Paris Agreement, the OECD Guidelines, ILO core conventions and UNGPs among others. Sector specific requirements are further described in our sector sustainability policies.

NIBC and our employees are active members in the communities that we serve. Although the pandemic affected in-personal activities, NIBC employees continued to find creative ways to continue to engage with our communities during 2022. Other channels for engagement with affected communities are through local charities, stakeholder representatives, including trade unions and NGOs.

In 2015, we launched the NIBC NGO Boulevard, a unique initiative that makes modern office space and professional facilities available to good causes. Civil society organisations in the NIBC NGO Boulevard include Maatschappelijke Alliantie, Stichting Vitalis, SDG Charter and Schulhulpmaatje Den Haag. One focus area for all of these organisations and NIBC has been to contribute to Dutch efforts towards the SDGs through activities and initiatives.

Our interactions, joint initiatives and workshops, and other activities have contributed to increased awareness at NIBC staff of human rights and environmental risks and impacts.. This approach creates numerous opportunities for community representatives to raise concerns and to find opportunities to remediate impacts.

Taking action on material impacts relies on good relations and open dialogue between NIBC, our clients and business partners and stakeholder representatives. We aim to build and maintain good working relationships in order to be able to work together to address and influence good outcomes for affected communities.

Consumers

NIBC's main product offerings for consumers are mortgages and savings accounts. Unlike many peers we do not offer current accounts, credit cards, or other high transactional volume products. This differentiates NIBC in its relationship with our retail clients, the types of impacts that might occur and the policies, procedures and other mechanisms that NIBC has in place to mitigate potential adverse impacts.

Consumers have been squeezed by numerous impacts such as affordability of housing, a structurally tight housing market, high inflation, high energy prices and rising interest rates. Rate increases and higher prices effectively reduce net income for most. Rate rises from the ECB have translated into higher borrowing costs in NIBC's mortgage offerings to new customers, but also higher returns for customers which use NIBC's savings products. Climate change poses growing risks to mortgage clients that their home may not increase in value as much as in the past or the risk of an acute physical climate risk event. It also poses risks which may impact different segments in society in terms of a just transition.

Several policies are related to NIBC's products and services for consumers. General conditions are provided in the local language of the consumer's location. Privacy statements describe NIBC's approach taking into account applicable laws and regulations.

Signing a mortgage loan contract is often the most important financial commitment made by a retail customer. NIBC's sustainability policy commits us to responsible retail lending practices and to offer its products and services in a truthful, responsible and fair manner. We are committed to responsible marketing practices and to avoid predatory retail lending or other practices that might impose unfair and abusive loan terms on borrowers or be perceived as mis-selling of products.

NIBC engages with consumers and end users about impacts through formal and informal channels and processes. These channels include direct communications, customer surveys, online feedback and complaints mechanisms, and via third parties. Whether positive or negative, we take all feedback seriously and act on these findings. Complaints are monitored within each business unit, by NIBC's compliance and risk teams and reported to NIBC's ExCo.

Annual corporate NPS and retail customer satisfaction surveys are performed and results disclosed as part of the ESG performance indicators provided within this report. Our corporate client NPS score also increased to +86% (2021:+59%). The average retail customer satisfaction score across mortgages improved to 8.5 (2021: 8.1) and savings improved to 8.1 (2021: 7.6) reflecting increased satisfaction by both our savings and mortgage customers in the Netherlands, Belgium and Germany compared to prior years.

NIBC offers several channels through which consumers and end-users can raise complaints. These include a call center, a retail complaints mechanism accessible from our retail web portals, and a general complaints mechanism available from our corporate website.

In providing these grievance mechanisms, NIBC is guided by international standards such as the OECD Guidelines for Multinationals and the UNGPs and other best practices for responsible business conduct. Our core criteria include legitimacy, accessibility, predictability, equitability and transparency aligned to these standards. NIBC is committed to cooperate in legitimate external grievances and remedy processes, to the extent reasonable and practical.

Individuals who are not satisfied with these complaints mechanisms and processes have the possibility of using alternative external dispute resolution mechanisms. Which authority is the right one depends on the country in which services have been received.

NIBC is highly concerned about any material impacts on consumers and end users and therefore takes steps to mitigate risks and influence positive actions. Consumers and end users are well-protected by the fact NIBC offers its retail products in a mature and highly regulated operating environment. Our internal policies establish requirements to assess borrowers creditworthiness before granting them a mortgage loan.

NIBC Direct provides savings offerings to help consumers build their financial resilience. We offer mortgage products which can also help to boost financial resilience, such as energy efficient mortgages. And we continue to develop new offerings for underserved groups such as Lot Hypotheek's new mortgage offering for seniors.

Compliance and responsible business conduct

The Managing Board of NIBC is ultimately responsible for ensuring adequate compliance within NIBC. Managing compliance risk and complying with applicable laws, regulations and standards in both personal and business conduct is the responsibility of every employee or contractor working for NIBC. Regular training and updates are provided to our staff in order to maintain awareness and address any emerging areas of concern.

Important national and international/European regulations applicable to NIBC include the Dutch Financial Supervision Act (Wft), anti-money laundering laws such as Wwft and AMLD4, as well as a.o. MiFID II, FATCA/CRS, GDPR and MAD/MAR.

NIBC’s anti-corruption, anti-fraud and and anti-bribery policies are well established and consistent with the United Nations Convention Against Corruption.. Environmental and social protections, including those ensuring animal welfare, are embedded in NIBC’s Sustainability policies and ESG sector policies.

Our Code of Conduct is a core policy which every new staff member signs when joining NIBC. Our Whistleblower policy provides safeguards for reporting any irregularities or suspicious behaviours.

These are designed to ensure non-retaliation against complainants. Trusted representatives are available to guide internal complainants and anonymous channels are also offered. NIBC's external complaints mechanism is available to all stakeholders and their legitimate representatives. When complaints are raised, NIBC is committed to investigate incidents promptly, independently and objectively.

Compliance and business conduct training is a mandatory component for all staff in NIBC's training regime. This is required for all new staff when they join NIBC. NIBC's Managing Board members oversee introduction sessions which emphasise responsible business conduct and corporate culture. Existing staff are required to perform renewed conduct training atleast every two years.

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

NIBC has several teams that manage our relationships with suppliers. Vendor management teams have been set up in the various business domains to manage relationships with the main vendors whereas the central Procurement team is involved in the contracting phase of key suppliers.

NIBC's strategic business partners and suppliers are largely professional services organisations providing legal, audit, communications, technology and other specialised services. These partners help NIBC to serve the needs of our stakeholders.

Technology services are provided by Cegeka. Our mortgage business back office is outsourced to Stater. Independent mortgage brokers such as De Hypotheker are used in the origination process of mortgage lending. Professional services are provided by parties such as Ernst & Young Accountants LLP which provides auditing services and KPMG which provides consultancy services. Cerrix provides a SAAS solution for operational risk management. Further business partners include Sopra, Fiducia and Collectric among others. Our partners vary in size, but each provides their services from operating locations based in the same countries as NIBC.

Due diligence is performed on our main suppliers as part of NIBC's Know Your Supplier (KYS) programme to ensure that our supplier and vendors meet NIBC's policy expectations and regulatory requirements. One potential human rights allegation was detected relative to IT sub-suppliers during 2022. The allegation continues to be investigated in accordance with our ESG policy commitments and international standards.

NIBC requires its vendors and suppliers to act in accordance with regulations, international conventions, standards and guidelines on human rights and the environment in their own operations and supply chains including subcontractors. Our Supplier Code of Conduct embedded in our standard outsourcing agreement embeds commitments to responsible business conduct, international human rights standards including the OECD Guidelines, and UNGPs in their operations and supply chains. It also embeds a commitment to act on emissions and meet the net zero target of the Paris Agreement.

PREVENTION AND DETECTION OF CORRUPTION OR BRIBERY

The most material processes to prevent and detect corruption or bribery are NIBC's Know Your Client (KYC) process, due diligence undertaken as part of transaction origination and review processes, our Whistleblowing procedures and complaints mechanisms.

These processes aim to prevent, detect and address allegations or incidents of bribery and corruption and are managed by NIBC's compliance team. A complaints committee oversees actual allegations and incidents when they arise and reports the outcomes to NIBC's ExCo and Supervisory Board. These are among the aspects addressed as part of NIBC's "in-control" assessment and the in-control statement in this report.

CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

No incidents of bribery or corruption were reported or detected in 2022 of the 874 complaints which were registered across NIBC's consumer and corporate complaints mechanisms. Most of these were quickly resolved and related to normal concerns. For 2021 similarly no bribery or corruption incidents were reported, to NIBC whereas one incident was detected as part of our due diligence and monitoring processes.

POLITICAL INFLUENCE

During 2022, NIBC made no direct political contributions (2021: 0) and did not have have any direct lobbying expenses (2021: 0). We are members of the Dutch Banking Association (**NVB**) and the Dutch Dutch Association of Covered Bond Issuers (**DACB**). We participate in sustainability and ESG risk working groups at the NVB and the European Banking Federation (**EBF**). NIBC currently chairs the ESG Risk taskforce group at the NVB. Through these industry fora, we continue to provide feedback on the many regulatory developments. Our focus is to contribute to efforts to strengthen transparency and to ensure practicality for our business partners and NIBC.

In our financings, NIBC screens and monitor potential transactions for politically exposed persons (PEP), as there may be an increased risk of bribery, corruption or other forms of fraud. This requirement is described in our Client Due Diligence policy. When a PEP is identified measures of Enhanced Due Diligence are required. Adequate and appropriate for the identified risk, measures need to be taken to establish the source of wealth and the source of funds that are used in the business relationship in order to ensure that these are not the proceeds from corruption or other criminal activity.

PAYMENT PRACTICES

Since 2018, NIBC has participated in Betaalme.nu, a Dutch SME initiative which has grown to more than 60 signatories. The initiative was established to shorten the payment term to SME entrepreneurs in order to reduce their vulnerability and therefore give them more financial room to invest.

As part of our commitment, we use payment terms of less than 30 days after the invoice date and encourage our suppliers to apply the same with regard to their suppliers and supply chain as related to SMEs and microenterprises.

TAX

NIBC proactively communicates with tax authorities, evidenced by its ongoing agreement on horizontal supervision with the Dutch tax authorities. NIBC has an administrative organisation, procedures and internal controls, to meet our tax compliance requirements. We consider tax risk in our decision-making with regard to clients, transactions and investments. Our aim is to avoid possible risks of tax base erosion and profit-shifting activities.

NIBC's Tax Position Statement on our corporate website summarises our approach. Our Statement is reviewed periodically in order to keep it up to date and in line with all relevant developments in rules and regulations, changes within the organisation and societal demands. We do not engage in transactions without economic substance or which are exclusively aimed at safekeeping or realising tax benefits for ourselves or our clients.

Information Security & data protection

When confidential or personal information belongs to a client and is entrusted to NIBC, we handle it with the utmost care. Cybercrime and loss of data more generally is a risk for NIBC as well as for all of our financial sector peers. With the increase of working from home this has further emphasised the relevance of sound systems and procedures. To ensure NIBC's cybersecurity measures are meeting all necessary requirements to provide a safe working environment we continue to focus on information security including the carrying out of tests and continuously assess our information security and data protection measures.

We investigate every identified data breach made known to us and report these in a timely manner to data subjects and to our data protection regulators when required. We have policies in place that require staff to ensure that we do not leave confidential or personal data unattended such as a clear desk policy, information security policies, and additional security controls. We facilitate the use of secure communication channels wherever possible and require staff to adhere to security considerations for sensitive or confidential information. Our approach is detailed in our Corporate Information Security Policy and our Data Protection Policy. We have a Record Keeping Policy in place to ensure we adhere to legal requirements with respect to the retention of data.

Information security, data protection, and cybersecurity are essential to NIBC's business continuity management. We manage information according to the need-to-know principle and establish controls through segregation of duties. Our approach is also detailed in our Corporate Information Security Policy and our Data Protection Policy.

We have a Record Keeping and Retention Policy in place to ensure we adhere to legal requirements with respect to the retention of data. NIBC invests in cybersecurity safeguards and has policies and controls in place to protect our clients and their data. We continuously test and monitor systems for vulnerabilities and to prevent attacks. When data breaches are detected, those people who are impacted are notified in a timely manner.

DATA PRIVACY & SECURITY

Third parties such as vendors were reviewed and monitored for adherence to standards such as ISO 27001. NIBC has a dedicated Corporate Information Security Officer supported by an internal Information Security Control Framework to ensure appropriate measures and controls are in place. Vulnerability assessments and security audits were performed of NIBC's systems and any practices affecting user data.

In 2022, 27 information security incidents occurred of which none resulted in a material impact for NIBC and/or its clients. All new employees completed mandatory information security and data privacy trainings during 2022. In addition, local trainings were conducted in Germany, Belgium and the UK. Phishing simulation exercises were also held involving all employees in order to inform employees of their responsibilities and to raise awareness. An innovative information security board game trialed and enjoyed within the risk management departments, leading to increased awareness of the threats and inspiration for potential future trainings.

Data privacy is overseen and monitored by NIBC's Data Privacy Officer. During 2022, NIBC incurred one reportable data privacy breach involving personal information. Whilst no legal consequences were identified, we take all data breaches – not just those which are reportable externally – very seriously. We analysed each one for lessons to be learned and took appropriate corrective actions. Often these were in the nature of reinforcing employee awareness of the need for constant attention to protecting client confidentiality and privacy. Additional adhoc training was carried out where necessary to supplement our regular awareness programme, which is mandatory for all employees.

Community engagement

NIBC wants to be a good corporate citizen by contributing to the well-being of the communities which we serve. We encourage our employees to volunteer their time and expertise to community projects and support their initiatives by matching the money they raise for good causes.

NIBC and our employees are active members in the communities that we serve. During 2022,engagement by NIBC employees with our communities largely returned to the pre-pandemic normal.

NIBC NGO BOULEVARD

In 2015, we launched the NIBC NGO Boulevard, a unique initiative that makes modern office space and professional facilities available to good causes. Civil society organisations in the NIBC NGO Boulevard include Maatschappelijke Alliantie, Stichting Vitalis, SDG Charter and Schulhulpmaatje Den Haag. One focus area for all of these organisations and NIBC has been to contribute to Dutch efforts towards the SDGs through activities and initiatives.

Our interactions, joint initiatives and workshops, and other activities have contributed to increased awareness at NIBC staff of human rights and environmental risks and impacts.

PREVENTING HUNGER

In 2022 NIBC and its employees expanded their efforts to support the local foodbanks. Additional food drives and fundraising efforts were organised. NIBC employees joined other corporates to pick several tonnes of apples in September. NIBC employees and board members continued their involvement in efforts to ensure no families across the Netherlands go hungry during the year-end holiday period. NIBC employees managed to pack food parcels for the holidays to support families which rely on the Dutch Foodbanks. Together with employees of other leading corporates such as Unilever, Mars, Shell, Dr Oetker and Upfield, holiday food parcels were prepared and distributed across the Netherlands.

SUPPORT FOR UKRAINE

NIBC and its employees undertook various initiatives to raise funds and donate materials for Ukrainian refugees. These efforts took many forms including direct monetary donations, donation of laptops to help refugee children continue their education, and funds for books to help refugees learn English and Dutch. Some employees provided direct support, providing shelter and food.

SUPPORTING VULNERABLE CHILDREN

For the 10th year in a row, NIBC employees supported Stichting Vitalis in an annual holiday tradition at the bank. Vitalis is a professional non-profit organisation that supports vulnerable children so they can avoid intensive professional youth counselling programmes. NIBC employees individually purchased personalised holiday gifts for about 100 children while taking appropriate precautions in a specially designed event.

FINANCIAL INCLUSION

Week van het Geld (Global Money Week) activities continued in 2022, This financial education, financial inclusion and youth entrepreneurship initiative aims to teach young people about money. About 700 primary school children participate in the "Bank voor de Klas" programme with NIBC staff and ExCo members.

Performance evaluation

In the following table, we measure NIBC's performance against our strategic priorities.

STRATEGIC PRIORITIES	PERFORMANCE
GROWING OUR CORE CLIENT OFFERING	+/+ The OTM proposition for mortgage loans continues to be diversified, leading to an increase in mandates to EUR 15.6 billion (+22%). + After successful introduction of mortgage label 'Lot Hypotheken', this label grew from 1.6 billion to 3.5 billion. +/+ Growth of our Asset-Backed Finance segment, increasing its exposure by 25% to EUR 4.5 billion. +/+ NPS for corporate clients increased to an ultimate high of +86% (2021: +59%). The customer satisfaction survey score for NIBC Direct mortgages increased to 8.5 (2021: 8.1), and our savings clients gave us a 8.1 (2021: 7.6).
EXECUTION ON REDUCTION OF NON-CORE PORTFOLIOS AND ACTIVITIES	+/+ Non-core activities reduced from EUR 5.4 billion to EUR 3.8 billion (-29%). + Successful execution of the Leveraged Finance and Offshore Energy portfolio sales. + Closing of our German corporate lending activities in 2022, with completed transfer of the remaining portfolio.
DIVERSIFICATION OF INCOME	+ The continued growth of our OTM mortgage offering in 2022 has supported NIBC's fee income, as the contribution from this activity increased to EUR 39 million fee income within the Mortgages segment (2021: EUR 33 million), more than compensating for the loss of M&A fee income.
ONGOING INVESTMENT IN PEOPLE, CULTURE AND INNOVATION	+ NIBC has been able to address the challenges of COVID-19 in an effective way, making use of the agility and creativity of the organisation. In the course of 2022, we have decided to implement a flexible way of working with around 60% at the office. + EUR 4,001 per employee spent on training and educational programmes (2021: EUR 2,773).

STRATEGIC PRIORITIES	PERFORMANCE
	+ Successful continuation of internal training programmes for junior and medior staff. + Support of our staff in working from home, facilitating them with relevant tools and hardware. +/- The war for talent also is a challenge for NIBC and combined with the high number of (regulatory) projects, this also puts pressure on the organisation. +/- The strategic focus provides opportunities to grow, however, it will be essential to engage on the broader agenda, therefore we introduced the new corporate values (PACE).
FURTHER OPTIMISATION CAPITAL AND DIVERSIFICATION OF FUNDING	+/+ Strong CET 1 ratio of 17.7%, absorbing the new prudential mortgage floor and providing room for future growth. +/+ Significant improvement of NIBC's funding spread, from 66 basis points to 34 basis points, mainly due to more attractive retail funding. + Strong LCR ratio at 206% and NSFR at 135%.

UPDATE MEDIUM-TERM OBJECTIVES

In 2018, we announced our medium-term performance objectives. These objectives were set before COVID-19 and the delisting. Following the steps taken in light of our strategic focus on asset-based financing, we have sharpened several of our medium-term objectives. Based on the effect of the successful reduction of non-core activities and exposures, the risk profile of NIBC has improved. In this light, NIBC has decided to adjust its medium-term objective for the CET 1 ratio from 14% to 13%, as the achieved de-risking warrants the adjusted target level of capitalisation. The return on equity objective will be related to target CET 1 ratio, to ensure an integrated approach. The objective for return on target CET 1 capital is set to equal or above 15%. To better reflect both our objective to remain cost efficient and our commitment to continuous development and investment, the objective for the cost/income ratio is adjusted to a range and is set at 40% to 45%.

	Updated medium-term objectives	Previous medium-term objectives
Return on target CET 1 capital	≥15%	n.a.
Return on equity	n.a.	10-12%
Cost/income ratio	40% - 45%	<45%
CET 1	≥13%	≥14%
Rating Bank	BBB+	BBB+
Dividend pay-out	100%	100%

Periodically, we will review these medium-term objectives and will inform the market accordingly. Performance on the medium-term objectives is discussed in the Financial review section.

GOING CONCERN STATEMENT

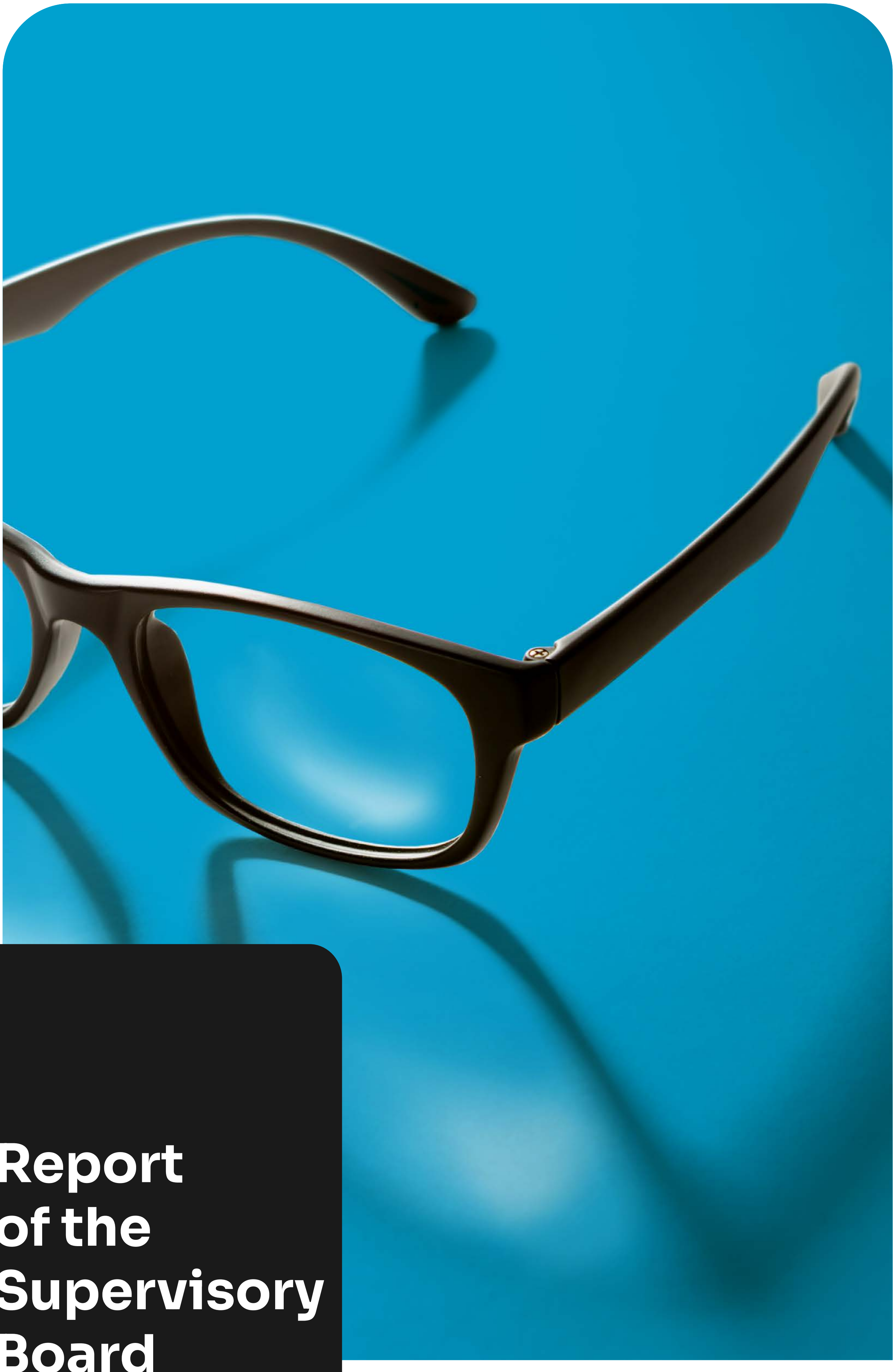
Based on the current state of affairs, the performance in 2022 in relation to both the strategic priorities and the medium-term objectives, preparation of the financial reporting on a goingconcern basis is justified.

SWOT analysis

As part of our annual planning cycle, we assess NIBC's position in the market and the opportunities and challenges present while also reflecting on the strengths and weaknesses of NIBC.

STRENGTHS	WEAKNESSES
■ A clear and focused business model; ■ Medium size allows for flexibility to adapt to a changing world and to respond to opportunities when these arise; ■ A professional, adaptive, collaborative and entrepreneurial workforce; ■ Proven track record to successfully set up and grow new financing platforms; ■ Strong capital base and liquidity positions, enabling us to absorb shocks and act on opportunities.	■ Limited market share reduces NIBC's ability to influence pricing, with a possible negative impact on net interest margin and net fee income; ■ No direct access to USD funding and dependency on cross-currency swaps.

OPPORTUNITIES	THREATS
■ Strong support from ownership for growth strategy; ■ Driving further growth in selected asset classes; ■ Creation of an ecosystem where flexibility and speed of fintechs are combined with the resources, reliability and financial backing of a regulated institution; ■ Rising interest rate environment leading to normalised earning potential for banks.	■ Uncertainty regarding geopolitical situation, with e.g. continuing war in Ukraine and increasing tension between the US and China, and economic developments, such as inflation, global supply chains and the impact on growth in the eurozone; ■ Continuous pressure of developing regulatory requirements, which are more geared towards large institutions, influence the license to operate.



Report of the Supervisory Board

Report of the Supervisory Board

The year is fully dominated by the geopolitical unrest as a consequence of the war in the Ukraine. These circumstances have a significant impact on the world economy resulting in high energy prices and inflation. During the year 2022, the company focused on the execution of its strategic choices. The Supervisory Board is proud that NIBC grew the client exposures of all its core activities (Mortgages, Asset-Backed Finance and Platforms) with in total EUR 4.5 billion or 18% to EUR 30.3 billion, while the non-core activities were reduced due to repayments as well as portfolio sales by 29% to a total exposure of EUR 3.8 billion. This all is a reflection of the successful execution of the chosen strategy.

The composition of the Supervisory Board remained unchanged in 2022 with in total 8 Supervisory Board members of which 5 are independent.

In order to further support the accelerated growth path, the Supervisory Board reviewed the top structure of the bank, leading to an expansion of the Managing Board and the Executive Committee. The Supervisory Board is pleased that with the appointment of Anke Schlichting as fourth member of the Managing Board and Chief Technology Officer the capabilities relating to data and technology are further enhanced. As per 1 January, Jurre Alberts joined as Executive Committee member responsible for Corporate Development, increasing NIBC's capability to explore opportunities for organic and inorganic growth. In March, Patrick Buxton joined as Executive Committee member and Chief Investment Officer, strengthening NIBC’s quantitative analysis across the Bank.

NIBC had a strong year with an underlying profit of EUR 160 million with a ROE of 9.3% on tangible equity. We are very pleased to see that net interest income further increased to EUR 420 million on the back of the volume growth as well as significant improvement of the overall funding costs. The strong capital position is demonstrated by a CET 1 ratio of 17.7%. In these uncertain times, liquidity management and access to different funding sources are critical, and NIBC manages this well, demonstrated by a LCR of 206% and NSFR of 135%. The bank has updated its medium-term objectives as from 2023, with e.g. a lower CET1 target of 13%, as a reflection of the continued de-risking of the balance sheet.

During the year, members of the Supervisory Board had several regular interactions with the Dutch Central Bank to discuss the developments within NIBC.

Managing Board and Executive Committee

In 2022, the Managing Board of NIBC expanded from three to four Managing Board members. As per 1 July 2022, Anke Schlichting joined as Chief Technology Officer, in which role she is responsible for the IT and Operations domains. Paulus de Wilt was reappointed in 2022 for a term of 4 years. As per 1 April 2023, Herman Dijkhuizen (CFO) will step down from the Managing Board and will be succeeded by Claire Dumas. The Supervisory Board thanks Mr Dijkhuizen for his pivotal role in building the strong organisation NIBC currently is and the inspiring and pleasant cooperation during his ten years as CFO.

The Executive Committee (ExCo) consists of the Managing Board members and non-statutory members. As per end 2022, the non-statutory ExCo members are Saskia Hovers (Asset-Backed

Finance), Michel Kant (Retail), Jurre Alberts (Corporate Development) and Patrick Buxton (Chief Investment Officer).

The members of the Managing Board attended all regular meetings of the Supervisory Board. The Supervisory Board has regular informal contacts with the non-statutory members of the Executive Committee and stays closely tuned with all developments throughout the focus areas of the individual ExCo members.

Composition of the Supervisory Board and changes in 2022

Throughout the year, NIBC's Supervisory Board has performed its duties towards the company's stakeholders, and had full access to all necessary information and company officers and staff members. We would like to extend our gratitude to all relevant stakeholders for providing us this information.

As per 31 December 2022, the Supervisory Board comprised of three female and five male members of various nationalities. Five members of the Supervisory Board are independent members. The other three are representatives of NIBC's shareholder.

As at 31 December 2022

Name	Year of birth	Nationality	Member since	End of term	Committee memberships[1]
Mr. D.M. Sluimers (Chairman)[2]	1953	Dutch	2016	2024	AC, RPCC, RNC, RPTC
Ms. A.G.Z. Kemna (Vice-Chair)[2]	1957	Dutch	2018	2026	AC, RPCC, RPTC
Mr. Q. Abbas	1976	British	2020	2025	RPCC
Ms. L.M.T. Boeren[2]	1963	Dutch	2021	2025	RNC
Mr. N.D.E.D. El Gabbani	1981	Canadian	2020	2025	RNC
Mr. J.J.M. Kremers[2]	1958	Dutch	2019	2023	AC, RPCC, RNC, RPTC
Mr. J.G. Wijn	1969	Dutch	2021	2025	AC, RPCC
Ms. S.M. Zijderveld[2]	1969	Dutch	2018	2026	AC, RNC, RPTC

1 AC - Audit Committee; RNC – Remuneration and Nominating Committee; RPCC – Risk Policy and Compliance Committee; RPTC – Related Party Transaction Committee.

2 Meets the independence criteria of the ESMA and EBA joint "Guidelines on the assessment of the suitability of members of the management body and key function holders".

As per 7 February 2023, Nadim El Gabbani, appointed on behalf of the shareholder, left the Blackstone Group and as a result stepped down from the Supervisory Board. The Supervisory Board is grateful for Mr El Gabbani's contribution and cooperation during the acquisition process by Blackstone and thereafter. Blackstone has designated a successor of Mr El Gabbani for nomination by the Supervisory Board, which appointment has been sent to DNB for approval.

Diversity and succession

The Supervisory Board is confident that its composition and that of its Committees fully contributes to fulfilling its tasks. The Supervisory Board is pleased with the knowledge and experience the representatives of the shareholder bring to the Supervisory Board as well as to the company. In the case of a vacancy, the regular policy is applied in which an Executive Search firm is asked to provide a shortlist with at least 50% female candidates, although final selection is ultimately based on the suitability for a specific position.

Additional functions

Since the Dutch Act on Management and Supervision came into force on 1 January 2013, we have been monitoring the number of supervisory functions held by our Supervisory Board members. The profile for the Supervisory Board and their relevant ancillary positions can be found on our website.

Meetings of the Supervisory Board

The Supervisory Board met on six regular occasions in 2022. This included four regular two-day meetings in March, June, September and November and one-day meetings in March and August to discuss the full year and the half year results. One member of the Supervisory Board was absent in one regular meeting in 2022. All other members of the Supervisory Board were present in all regular meetings in 2022.

One additional call was held with the full Supervisory Board during the year to discuss the mid term plan and related assumptions.

The members of the Managing Board attended all regular meetings of the Supervisory Board. Additionally, two members of the Supervisory Board attended two meetings between the Chief Executive Officer and the Works Council. These two members of the Supervisory Board also had one meeting with the Works Council without management being present.

During the meetings held in 2022, discussion took place on the succession planning for the Managing Board, different (strategic) topics such as the developments in NIBC's core asset classes, the development of NIBC's non-core portfolio, strategic initiatives, risk management, IT, the funding profile, remuneration and the increased regulatory requirements. The 2022 quarterly and interim results were discussed as well as the interim dividend 2022 and the budget for 2023.

The Supervisory Board also continued its permanent education (PE) programme, Topics discussed were developments in risk weighted assets, retail mortgages, developments in digital money formats, the PFI portfolio, the interest rate environment and the dividend policy. Topics for the Permanent Education sessions are chosen in cooperation with the Remuneration and Nominating Committee, also based on the input gained from assessing the competence and suitability matrix of the Supervisory Board.

The four Supervisory Board committees

Most of the regular discussions and decisions of the Supervisory Board were prepared in the four committees referred to below. The committees of the Supervisory Board each have an independent chair.

AUDIT COMMITTEE

The Audit Committee (**AC**) assists the Supervisory Board in monitoring NIBC's systems of financial risk management and internal control, the integrity of its financial reporting process and the content of its annual and semi-annual financial statements and reports. The Audit Committee also advises on corporate governance and internal governance.

The AC met on four regular occasions in 2022 (March, June, September and November) in presence of the members of the Managing Board. By mutual agreement the external auditor was represented at all meetings of the AC in 2022. The external auditor had regular meetings with the AC without the members of the Managing Board being present.

The chairman of the AC prepared the meetings in advance by having meetings and calls with NIBC's Chief Financial Officer (**CFO**), the head of Finance and the head of Internal Audit. In between meetings, NIBC also actively shared relevant information with the chairman.

In 2022, the AC extensively reviewed NIBC's quarterly financial highlights, interim and annual financial reports and related press releases. It discussed the draft reports of the external auditor, including its Audit Results Report, before the reports were discussed in the Supervisory Board meeting.

The AC had in-depth discussions about NIBC's financial performance, including the impact of the rapidly changing interest rate environment on the development of the bank's risk profile, net profit, business growth and margins and the development of the cost/income ratio. Furthermore, the AC reviewed NIBC's funding profile and the development of related liquidity and solvency ratios, and the development of savings and savings rates. The AC was informed specifically on developments in the area of ESG.

Specific topics discussed with the auditor dealt with loan loss provisioning including the management overlay, outsourcing monitoring, ESG, the sale of our non-core portfolios, the governance of platforms and new developments and their impact on financial figures. The Management Letter 2022 was discussed in the November meeting. Main topics in the Management Letter are the management overlay on ECL as well as macro hedge accounting and ESG impact.

Next to the regular topics mentioned before, the AC also discussed and has taken notice of management views and arguments on interpretation of EBA guidelines and budget 2023. The external auditor also reported on its independence towards the AC which was further discussed by the AC.

The AC took note of and discussed NIBC's interactions with DNB. As part of the yearly cycle, the AC discussed the main observations made by DNB in its annual SREP letter and the impact on the business and capital position of the bank, especially focusing on the differences between Bank solo and Holding. The AC took note of the follow-up of DNB's observations from previous on-site examinations.

The AC discussed the annual plan and quarterly reports of Internal Audit, and evaluated Internal Audit's charter. The AC continued to take note of the (timely remediation of) Measures of Improvement, which are generally based on observations by DNB, the external auditor and internal audit. Both the internal and external auditor reported on the quality and effectiveness of governance, internal control and risk management.

Since the fourth quarter, the CTO also reports to the AC on IT- and Operations-related topics and the relevant reports are discussed in the AC. In line with common practice within NIBC, the chair of the AC discusses the relevant topics with the CTO in preparation of the meetings.

RISK POLICY & COMPLIANCE COMMITTEE

The Risk Policy & Compliance Committee (**RPPC**) assists the Supervisory Board in overseeing NIBC's risk appetite, risk profile and risk policy. It covers amongst others credit, market, investment, liquidity, operational and compliance/regulatory risks, and any other material (non) financial risks to which NIBC is exposed. Next to these topics, also the rating of NIBC Bank and the annual review meetings with the rating agencies and the actions taken by the rating agencies were discussed. The RPCC met four times in 2022 in the presence of the members of the Managing Board.

During 2022, the RPCC extensively discussed NIBC's assets, liquidity and funding, stress tests and risk profile. The increasing regulatory demands including market sentiment, the general economic backdrop including inflationary pressure and the Ukraine situation as well as onsite investigations by regulators were frequent topics on the agenda of the RPCC. NIBC's operating environment and its internal processes and controls in light of mitigating potential risks remained important themes.

In 2022, the progress of NIBC's remedial actions with respect to the regulator's Internal Model Investigation were thoroughly discussed. The RPCC continued to focus on the operational risk profile and in-control environment, including amongst others specific risks such as information security, new product approvals, compliance and regulatory risk including the demanding regulatory environment. The committee also reviewed the risk assessments of new business initiatives, evaluated how risk awareness is embedded in NIBC's organisation, as well as its own functioning.

NIBC's long-term objectives as well as updates to the risk appetite framework, involving new metrics and revised limits remained on the agenda. Strategic planning and in particular the reduction of the non-core portfolio was a recurring subject as was the overall governance and management by NIBC's of its subsidiaries.

Besides risk appetite and the quarterly reporting on the subjects received by the committee, the RPCC discussed in all of its meetings segments of NIBC's corporate and retail credit portfolios, including appropriate risk measurement parameters for portfolio performance, and the bank's distressed portfolio. Other topics of particular relevance that the RPCC regularly reviewed included risks of the macroeconomic environment inflation, interest rates and availability of foreign currency funding.

Further, on the non-financial risk side, the RPCC reviewed NIBC's franchise as reflected in the experience of its customers, the relation with the regulators, the views of the rating agencies and regularly reviewed and discussed regulatory, societal, ESG and market developments and their impact on NIBC, such as systematic integrity risk analysis, sustainability, residential mortgage loans interest rates and general affordability of borrowers.

REMUNERATION AND NOMINATING COMMITTEE

The Remuneration and Nominating Committee (**RNC**) advises the Supervisory Board on the remuneration of the members of the Supervisory Board, the Managing Board and certain other senior managers. In addition, it provides the Supervisory Board with proposals for appointments and reappointments to the Supervisory Board, its committees and the Managing Board.

In the first half of 2022 serious time was spent on the search for the Chief Technology Officer, which led to the appointment of Anke Schlichting as per 1 July 2022. In the second half of the year, the step down and succession of Herman Dijkhuizen was discussed, resulting in the appointment of Claire Dumas as CFO as per 1 April 2023 after notification of the General Meeting.

The RNC also assesses the performance of the members of the Managing Board and the Supervisory Board and has at least annual meetings with the individual MB members on their performance and team work. Please refer to the Remuneration Report for further detail.

The RNC monitors the remuneration policy as well as the execution of it, which entails discussing the total remuneration and defining the collective and individual performance targets that form the basis for the total remuneration of individual members of the Managing Board. Furthermore, the committee oversees the remuneration of the so-called Identified Staff employees whose professional activities have a material impact on NIBC's risk profile and determines the remuneration of the control functions.

In 2022, the RNC held six meetings, all in the presence of NIBC's head of Human Resources and, in appropriate cases, of NIBC's CEO. Furthermore the RNC has had various calls with advisors and stakeholders in light of the new appointments to the Managing Board. Additionally, the chair, on behalf of the RNC, attended a meeting of the control functions. The RNC discussed the regular subjects regarding remuneration, risk and audit assessments, governance and variable income as well as, based on the evaluation of the composition of the Supervisory Board and its committees, the suitability policy and the requirements for the Supervisory Board and its committees were discussed.

Remuneration management

The RNC reviewed the Remuneration Policy this year, taking into account relevant legislation and guidelines, amongst others the European Banking Authority (EBA) guidelines on sound remuneration policies and (EBA) guidelines on internal Governance . Besides legislation, the RNC has taken market circumstances and developments into consideration. The positioning of NIBC in relevant labour markets was monitored by means of benchmark surveys.

Attention was also paid to broader developments in society, as the RNC is well aware of public views about remuneration including in the financial industry. The Supervisory Board amended the remuneration policy accordingly, fulfilling all legislative changes as proposed by the RNC. The RNC also discussed the performance of the Managing Board, the Executive Committee and its members. The Remuneration Policy was approved by the shareholders in April 2022.

Given the importance of the subject, the RNC extensively discussed the overall available funding for variable compensation and determined the proposed distribution to Identified Staff. In this respect, the risk assessments (including malus and clawback assessments) were discussed and taken into account in the decision-making. The surrounding governance and the developments in the area of governance and legislation were explicitly discussed in the RNC, given the sensitivity of the subject of remuneration. The RNC also determined the obligatory disclosures on the Identified Staff and on the remuneration policy. Next, the subject of gender neutral pay was discussed and a methodology for reporting was set. The results are shown in the remuneration report.

Succession management

In its meetings, the RNC has closely monitored management development and succession management throughout the bank. The Committee's chair held regular talks with senior managers to gain a deeper understanding of their professional development and of internal developments taking place within the bank.

RELATED PARTY TRANSACTIONS COMMITTEE

The Related Party Transactions Committee (**RPTC**) assists the Supervisory Board in assessing material transactions of any kind with a person or group of persons who hold, directly or indirectly, at least 10% of NIBC's issued and outstanding share capital, or at least 10% of the voting rights at the Annual General Meeting of shareholders. The same applies to any person affiliated with any such person(s) that meet(s) these criteria. A transaction will, in any event, be considered material if the amount involved exceeds EUR 10 million and/or that is considered inside information. The Supervisory Board has delegated the authority to approve such material transactions to the Related Party Transactions Committee.

In 2022, no meetings of the RPTC took place.

Financial statements

The company and consolidated financial statements have been drawn up by the Managing Board and audited by Ernst & Young Accountants LLP, who issued an unqualified opinion dated 2 March 2023. The Supervisory Board recommends that shareholders adopt the 2022 Financial Statements at the Annual General Meeting. The Supervisory Board also recommends that the Annual General Meeting of shareholders discharge the Managing Board and Supervisory Board for their respective management and supervision during the financial year 2022.

The Supervisory Board would like to express its gratitude to all stakeholders who continued supporting NIBC also in 2022, most notably to our over 700 highly professional, entrepreneurial and inventive employees. Thanks to their skills, expertise, agility and dedication NIBC could achieve these results in these challenging times.

The Hague, 2 March 2023

Supervisory Board

Mr. D.M. Sluimers, Chair
Ms. A.G.Z. Kemna, Vice-Chair
Mr. Q. Abbas
Ms. L.M.T. Boeren
Mr. J.J.M. Kremers
Mr. J.G. Wijn
Ms. S.M. Zijderveld

Corporate Governance

At NIBC, we endeavour to maintain a sound, transparent and effective governance system that is aligned to best practices in our industry.

NIBC's corporate governance structure has been organised to achieve effective corporate governance. In this structure we promote a constructive and transparent cooperation between our shareholders, the Supervisory Board and its subcommittees, the Managing Board and the Executive Committee.

This chapter contains some highlights of our governance structure in 2022. The structures and processes we have developed provide an effective basis for making and implementing decisions across our organisation, with its hierarchical and functional reporting lines.

Our website contains our articles of association, charters, relevant policies and other information on corporate governance and the compliance statement with respect to the Dutch Banking Code. To the extent applicable, NIBC also adheres to international governance standards such as the EBA Guidelines on Internal Governance.

Two-tier board structure

NIBC Bank N.V. , has voluntarily adopted a two-tier board structure. It has been agreed in the charter of the Supervisory Board that the composition of the Supervisory Board of NIBC Bank N.V. will be identical to the composition of the Supervisory Board of parent company NIBC Holding N.V.

As a result, NIBC maintains a two-tier board structure consisting of a Managing Board and a Supervisory Board. The Managing Board is responsible for the day-to-day management, which includes, among other things, formulating NIBC's strategy and policies and setting and achieving NIBC's objectives. The Supervisory Board supervises and advises the Managing Board. It is the Board's priority to protect the interests of the company and its operations, rather than the interests of any particular stakeholder.

Managing Board

In 2022, the Managing Board of NIBC expanded from three to four Managing Board members. As a collective, the Managing Board has thorough and in-depth knowledge of the financial sector in general and the banking sector in particular as well as deep knowledge of IT and Operations.

For the composition of the Managing Board as per 31 December 2022, refer to the following table:

2022	Year of birth	Nationality	Member since	End of term[1]
Mr. P.A.M. de Wilt (CEO, Chairman)	1964	Dutch	2014	2026
Mr. H.H.J. Dijkhuizen (CFO), Vice-Chairman)	1960	Dutch	2013	2023
Mr. R.D.J. van Riel (CRO)	1970	Dutch	2016	2024
Ms. A.H.T.M. Schlichting (CTO)	1969	Dutch	2022	2026

1 These are the dates until which the appointment as statutory director runs. They do not refer to the expiry of employment contracts.

As per 1 April 2023, Herman Dijkhuizen will step down as CFO and member of the Managing Board and will be succeeded by Claire Dumas.

In case of a vacancy in the Managing Board, the regular policy is applied and the Executive Search team is asked to provide a shortlist with at least 50% female candidates, although final selection is ultimately based on the suitability for the position. NIBC strives for a good gender balance at Managing Board level, which is at 25% at 31 December 2022 and will be at 50% per 1 April 2023.

Executive Committee

As at 1 January 2017 an Executive Committee was formed consisting of the Managing Board members and non-statutory members. End 2022, the Executive Committee consisted of two female members and six male members. The Managing Board and the Executive Committee, which meet weekly, represent and balance the interests of all stakeholders. The non-statutory Executive Committee members participate in the discussions in meetings, but are not entitled to a vote.

As per 1 January 2022, Jurre Alberts, joined NIBC as non-statutory member of the Executive Committee and head of Corporate Development. As per March 2022, Patrick Buxton, joined NIBC as non-statutory member of the Executive Committee and Chief Investment Officer.

In 2022, there were no transactions in which the members of the Managing Board or the members of the Executive Committee had a conflict of interest. More information about the Managing Board and the Executive Committee, including short biographies, can be found on our website.

Supervisory Board

On 31 December 2022, the Supervisory Board of NIBC consisted of eight members with extensive, international expertise in fields such as banking and finance, corporate governance and corporate management. For more information on our Supervisory Board, including a complete list of all members and Committees, please see the Report of the Supervisory Board in this Annual Report or visit our website. As per 7 February 2023, Nadim El Gabbani, appointed on behalf of the shareholder, stepped down from the Supervisory Board. Blackstone has designated a successor of Mr El Gabbani for nomination by the Supervisory Board, which appointment has been sent to DNB for approval.

Dutch Banking Code

The Dutch Banking Code, that came into effect as legislation on 1 January 2015, together with the introduction of the Social Charter and the implementation of the Bankers' Oath, is applicable to all employees of financial institutions in the Netherlands. NIBC supports the principles of the Banking Code to regain trust, ensure stability and protect the interests of our stakeholders.

NIBC has implemented all procedural and operational measures required under the Dutch Banking Code. Our governance is fully aligned with the Banking Code. We also aligned our remuneration policies for staff and Managing Board with the Banking Code. Ever since the code came into effect, we have been running a programme for lifelong learning and hold regular training sessions for the Managing Board and the Supervisory Board, as is required by the Banking Code.

Among other things the Banking Code requires banks to operate in a sound and ethical way. Our mission, strategy and objectives reflect this; they can be found on our website. Being in line with this are our corporate values: professional, adaptive, collaborative and entrepreneurial (PACE). Our corporate values are the foundation of all our company’s activities, including our products and services, as well as our general performance, behaviour, attitude and the targets we set for our employees. Integrity is considered an essential part of the core value 'professional'.

NIBC’s Code of Conduct guides us in the way we work at NIBC. Key themes are: doing the right thing, following the letter and the spirit of rules and doing what we say. You can find the Code of Conduct, including a one page abbreviation for daily use, on our website . A detailed explanation of the Dutch Banking Code and an overview of NIBC’s compliance with it can also be found on our website.

Capital structure

NIBC Bank's authorised share capital amounts to 183,597,500 shares. On 31 December 2022, a total of 62,586,794 ordinary shares were issued, all of which are owned by the parent company, NIBC Holding.

Remuneration Report

The Supervisory Board reviewed and amended NIBC's remuneration policies in 2022 for the Supervisory Board and Managing Board. The review took into account all relevant laws, regulations and guidelines; the Dutch Banking Code; the DNB Principles on Sound Remuneration Policies (DNB principles), EBA Guidelines on Sound Remuneration, EBA guidelines on Internal Governance and the Dutch remuneration legislation for financial services companies ((Wet Financieel Toezicht (WFT), Regeling beheerst beloningsbeleid van banken (RBB) and Wet beloningsbeleid financiële ondernemingen, (WBFO)).

NIBC's remuneration policies of the Managing Board and Supervisory Board for 2022 are outlined in this chapter. An overview of the remuneration components of other staff is also presented. Please see our website for further information about the remuneration policies of the Managing Board and Supervisory Board.

To avoid unnecessary duplication, we refer to note 8 Personnel expenses and share-based payments and 49 Related party transactions of the consolidated financial statements in this Annual Report for all relevant tables. These are considered to be an integral part of this Remuneration Report.

Remuneration principles

NIBC's remuneration policy is sustainable, balanced and in line with our chosen strategy, risk appetite and sustainability ambitions. It revolves around these six key principles: remuneration is (i) aligned with NIBC's business strategy, risk appetite and sustainability ambitions; (ii) appropriately balanced between short and long-term; (iii) differentiated and linked to the achievement of performance objectives and the results of NIBC; (iv) externally competitive and internally fair; (v) managed in an integrated manner that takes into account total compensation and (vi) is determined in a gender neutral manner.

Managing Board remuneration in 2022

In order to determine appropriate market levels of remuneration for the Managing Board, the Supervisory Board has identified in 2021 a benchmark peer group, consisting of comparable European financial institutions that are or were private equity-owned and is used since. The composition of this peer group reflects the labour market in which NIBC competes for talent on Managing Board level. As such, it is an objective measure not based on an individual data point selected by NIBC.

Throughout the cycle, total compensation for the CEO and members of the Managing Board is targeted just below the median of their peers in the amended peer group, based on benchmark data provided by external independent compensation consultants and publicly available information. The positioning just below the median of the peer group is in line with the Dutch Banking Code.

Base salaries

The base salaries of the Managing Board have not been amended in 2022. In 2022, the base salary for the CEO was EUR 1.481.868 gross per year. The base salary for the three other members of the Managing Board was EUR 1.077.723 gross per year. Base salaries are paid in 12 equal monthly payments.

Variable compensation

The CEO and the other members of the Managing Board are not eligible for an annual performance based variable compensation. However a sign-on compensation was granted to the new member of the Managing Board who started on 1 July 2022. The pay mix for Identified Staff has been applied on this compensation (30% cash, 20% deferred cash, 30% Phantom Share Units (**PSUs**) and 20% Restricted PSUs (**RPSUs**). For the Managing Board members a holding period of five years applies to the PSUs and RPSUs.

Pension

The CEO and other members of the Managing Board participate in the NIBC pension plan, in line with the arrangements available to all other employees. In 2022, the pension plan consisted of a) a collective defined-contribution pension arrangement (CDC arrangement) up to a (fiscal) maximum pensionable salary of EUR 114.866, and; b) an additional (gross) contribution of 25% up to their respective base salaries above the maximum pensionable salary. The retirement age for the CEO and other members of the Managing Board was 68 in 2022. There are no contractual early retirement provisions.

Over 2022, NIBC has paid a standard flat-rate contribution for the CDC arrangement of 27,0 % (for the Managing Board as well as for all other employees). All employees are required to make a personal contribution of 5,0% of their pensionable salary to the CDC arrangement. The gross contribution by NIBC for pensions above the (fiscal) maximum pensionable salary is set at 25%.

Other key benefits

The CEO and other members of the Managing Board are entitled to a company car up to a certain price limit or, if they prefer, the equivalent value of the lease car limit as a gross cash allowance. The CEO is entitled to the use of a permanent chauffeur from the chauffeurs pool whilst the other members of the Managing Board are entitled to the use of a chauffeur from the pool for business purposes only unless otherwise agreed by the Supervisory Board.

As is the case with all our employees, the members of the Managing Board are entitled to a contribution towards their disability insurance, accident insurance and permanent travel insurance.

Total Remuneration overview

The total amount of the remuneration of the Managing Board over 2022 is shown below:

In EUR	Base salary	%	Variable compen-sation	%	Pension	%	Other key benefits	%	Total	%
Managing Board	4,176,176	75.1	200,000	3.6	1,096,619	19.7	88,967	0.16	5,561,762	100

Employment contracts

The CEO and members of the Managing Board all have indefinite employment contracts. Their appointment to the Managing Board is for a maximum term of four years. The term can be renewed. Any severance payment is limited to 12 months' base salary.

Other staff remuneration

In line with the DNB Principles, employees whose professional activities have a material impact on NIBC's risk profile are designated Identified Staff. Specific remuneration conditions may apply to

Identified Staff (other than Managing Board members). The outlines of the remuneration policies for Identified Staff and other staff are given below. For further details on the policies for Identified Staff, please see our website.

Total compensation funding

Each year, based on a proposal by the Managing Board, the Supervisory Board decides, at its discretion, on the overall amount of money available for total compensation, the amount of money available for variable compensation and the specific forms in which variable compensation may be awarded.

Variable compensation

Selected employees eligible for variable compensation have a pre-agreed set of financial and non-financial (at least 50%) performance targets. Their performance assessments take into account the achievement of pre-agreed targets, how they have behaved according to NIBC's corporate values, as well as their contributions towards the bank's longer-term objectives. Non-financial performance aspects include client satisfaction, employee satisfaction, transparency, and sustainability. The Dutch Banking Code serves as a guideline for all employees.

Whether or not an employee actually receives a variable compensation for his or her performance, is wholly discretionary and depends on the overall financial and non-financial performance of the bank, of the respective business unit, personal performance and relevant market levels of remuneration.

Employees do not qualify for variable remuneration if their performance has been inadequate or poor, if they have failed to meet duty-of-care or compliance requirements, if they have displayed behaviour contrary to NIBC's policies and corporate values, or if they were subject to disciplinary action.

For employees the variable compensation, if any, is delivered in various components: cash, deferred cash, PSUs or RPSUs. The MB determines the precise split between cash and equity linked components, the proportion of deferred compensation and whether a threshold applies for the deferred component and, if so, how high that threshold is.

A Selected group of employees in an originator function in the Netherlands are eligible for the Originator bonus scheme. When awarded it will be delivered in a pre-defined mix of 40% in PSUs and 60% in RPSUs

For Identified Staff variable compensation is delivered in a pre-defined mix: 30% in cash, 20% in deferred cash, 30% in PSUs and 20% in RPSUs. In this way, NIBC complies with regulations that require Identified Staff to receive 50% of all variable compensation in the form of equity-linked instruments and for at least 40% of both the cash and equity linked component to be deferred. Since 2021, proportionality is introduced in the legislative framework with regards to remuneration.

Special situations

Only in exceptional cases and only in the first year of employment the Managing Board can offer sign-on or guaranteed minimum bonuses to new employees. Additionally, the Managing Board can decide, in exceptional cases, to offer retention bonuses to existing employees. In the unlikely event that these bonuses amount to more than 100% of the base salary of the individual employee concerned, procedures will be followed in accordance with the regulations; the maximum ratio between fixed and variable remuneration will be respected.

Any severance payment made when NIBC terminates employment without cause, is subject to local legislation. For the Netherlands, the prevailing transition formula and, in the case of reorganisation, NIBC's Social Protocol, are applicable. Special compensation plans for specific groups of employees are subject to prior approval by the Managing Board, which annually informs the Remuneration and Nominating Committee (RNC) and Supervisory Board about these arrangements.

Supervisory Board remuneration in 2022

The SB remuneration is laid down in the SB remuneration Policy. The remuneration level is based on the peer group of comparable European financial institutions that are or were private equity-owned. The SB remuneration consists of basic fees and attendance fees.

The Chair, the Vice-Chair and the other members of the SB are entitled to an annual basic fee. The Chair and the members of a subcommittee are also entitled to an annual basic fee. In addition to the annual basic fees, the Chair and other members of the SB are entitled to further fees for the attendance of meetings. The four regular quarterly SB and Committee meetings qualify for an attendance fee. Additional meetings qualify for an attendance fee in case the meeting lasts at least one hour, is planned in advance with an agenda, is minuted and if all members of the SB or subcommittee are invited.

The remuneration levels have not changed in 2022. Chair of the SB is entitled to an annual fee of EUR 135,000, the Vice-Chair of the SB is entitled to an annual fee of EUR 100,000 and the other members of the SB are entitled to an annual fee of EUR 75,000.

In addition, all Chairs of the AC, RPCC and RNC of the SB are entitled to an annual fee of EUR 20,000. Members of the AC, RPCC and RNC are entitled to an annual fee of EUR 10,000. The members of the RPTC are entitled to an annual fee of nil. Per meeting, an attendance fee is applicable. For the Chair of the SB this equals EUR 5,000, for members of the Supervisory Board this fee is EUR 4,000. For the Chair and members of a committee, it equals EUR 2,500. All members of the SB are entitled to reimbursement of genuine business expenses incurred while fulfilling their duties.

Remuneration governance

In line with the various recommendations and guidelines issued by regulators, NIBC has strengthened governance around the annual remuneration process and agreed upon key roles for the Human Resources, Risk Management, Compliance, Audit and Finance functions (control functions).

The Supervisory Board discussed the performance and remuneration of Identified Staff, as well as the performance and remuneration of control functions. The Supervisory Board also discussed the highest proposed variable compensations in 2022 Scenario analyses were conducted by Risk Management to assess the possible outcomes of the variable remuneration components on an individual and collective basis.

Any vested amounts of variable remuneration are subject to clawback by the Supervisory Board in the event they have been based on inaccurate financial or other data, fraud, or when the employee in question is dismissed 'for cause'. Moreover, in exceptional circumstances, the Supervisory Board has the discretion to adjust downwards any or all variable remuneration if, in its opinion, this remuneration could have unfair or unintended effects. In assessing performance against pre-agreed performance criteria, financial performance shall be adjusted to allow for estimated risks and capital costs. In addition to clawbacks, the concept of 'malus' is part of the remuneration policy. This is an arrangement that permits NIBC to prevent vesting of all or part of the amount of deferred compensation in relation to risk outcomes of performance. Malus is a form of ex-post risk adjustment, one of the key requirements in addition to ex-ante risk adjustments. If an employee resigns, any unvested amounts of variable compensation are forfeited. In 2022 no claw back of malus has been applied.

The internal report on compensation developments (Harrewijn) is discussed in the RNC as well as with the Works Council. This report provides information on the composition and development of compensation and benefits of its employees. Amongst others the report covers an internal pay ratio analysis.

In 2022, the base salary pay ratio of the CEO compared to the base salary of the other members of the Managing Board was 1.4 (2021: 1.4).

In 2022, the average base salary pay ratio of the total Managing Board compared to the base salary of the non-statutory members of the Executive Committee was 2.7 (2021: 2.9).

In 2022, the base salary pay ratio of the CEO compared to the median fulltime base salary of all employees was 18.8 (2021: 19.4).

NIBC also reports on gender pay gaps and when needed takes appropriate actions towards our goal of a near zero adjusted pay gap. NIBC has decided to report on two ratios:

- Equal Pay for Equal work, the adjusted pay gap taking in to account the position and experience.
- Equal Pay, an unadjusted pay gap to show the average difference between the salaries of women and men, not considering the position, seniority and experience.

Based on the figures (see below) it is concluded that NIBC is near its goal of equal pay for equal work. The overall adjusted gender pay gap (Equal Pay for Equal Work) is 1.3% for NIBC (Financial services: 0%- 5%), which means that on average women are paid 1.3% less than men. At several levels the gap is effectively zero or is a gap in favor of women (men are paid less than women). The residual gap is mostly due to the level of seniority of an employee (less time in job profile). The unadjusted gender pay gap (Equal Pay) for women at NIBC in the Netherlands is 26.6% which means that on average women are paid 26.6% less than men at NIBC (Financial Services: 20%-40%).

Conclusion

The RNC and the Supervisory Board believe NIBC's remuneration policy responsibly links performance and reward and is compliant with the applicable laws, regulations and guidelines. The Supervisory Board continues to believe in prudent management of remuneration whilst recognising that NIBC operates in a competitive market place where it needs to be able to attract, motivate and retain sufficient talent.

NIBC is determined to make a positive contribution towards fair compensation practices in the banking sector in consultation with its stakeholders. Furthermore, we aim to create the level playing field that regulators envisage with regard to variable compensation.

Disclosure on Dutch Remuneration Legislation for Financial Services Companies

The total amount of variable income granted in 2022 with respect to the performance over 2021, amounts to EUR 2.7 million. This grant consists of (direct and deferred) cash and (vested and unvested) equity-linked instruments (PSUs and RPSUs. In 2022, three employees were awarded a total compensation of more than EUR 1 million (2021: three employees).

In Control Report

The responsibilities of the Managing Board are anchored in the principles of the Dutch Financial Supervision Act (Wet op het financiële toezicht) and other regulations. These responsibilities include compliance with relevant legislation and the implementation and operation of risk management and control systems. These management and control systems aim to ensure reliable financial reporting and to control the downside risk to the operational and financial objectives of NIBC.

Risk management and control

In discharging its responsibility regarding internal risk management and control systems, the Managing Board acknowledges that in the normal course of business, shortcomings in processes and procedures arise. The Managing Board has made an assessment of the effectiveness of NIBC's internal control and risk management systems. Following identification of any shortcomings, mitigating controls are performed to determine that no material weaknesses or major control deficiencies remain. Based on this assessment and to the best of its knowledge, the Managing Board states that:

- the Report of the Managing Board in the Annual Report 2022 of NIBC provides a fair overview of and insight into the effectiveness as well as shortcomings of the internal risk management and control systems;
- NIBC's internal risk management and control systems provide reasonable assurance that NIBC's Annual Report 2022 does not contain any errors of material importance. To address identified weaknesses, additional mitigating controls have been performed where necessary;
- there is a reasonable expectation that NIBC Bank N.V. will be able to continue in operation and meet its liabilities for at least twelve months, as evidenced by the details included in the Performance evaluation section, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of NIBC Bank N.V.'s enterprise in the coming twelve months.

It should be noted that the above does not imply that these systems and procedures provide absolute assurance as to the realisation of operational and strategic business objectives, or that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliances with legislation, rules and regulations. Nor can they provide certainty that we will achieve our objectives.

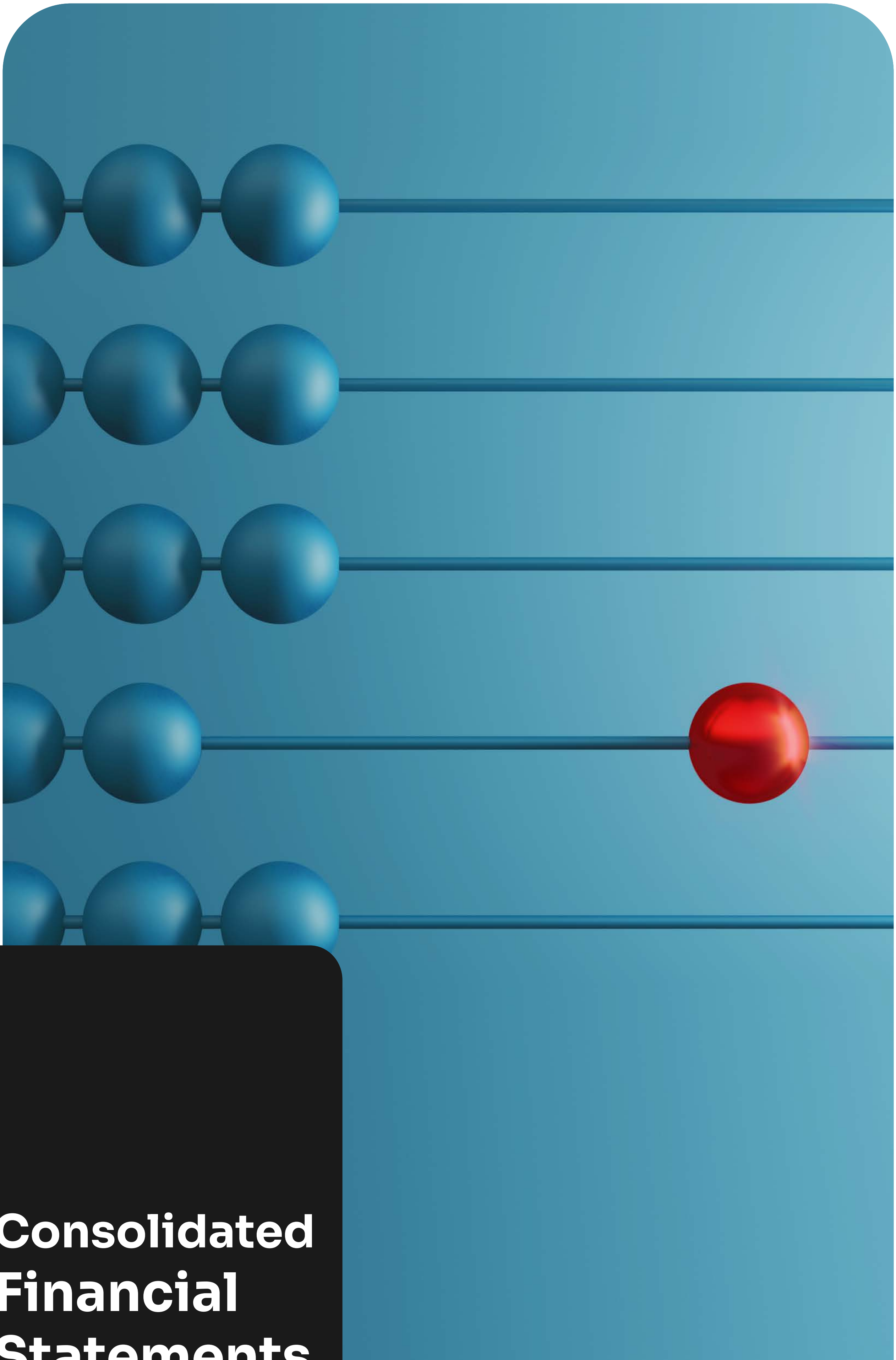
Responsibility statement

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

- The annual company and consolidated financial statements give a true and fair view of the assets, liabilities, financial position and income statement of NIBC and its consolidated group companies;
- The Report of the Managing Board gives a true and fair view of the situation on the balance sheet date and developments during the financial year of NIBC and its consolidated group companies;
- The Report of the Managing Board describes the material risks which NIBC faces.

The Hague, 2 March 2023

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



Consolidated Financial Statements

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Small differences are possible due to rounding

Consolidated income statement

for the years ended 31 December

in EUR millions	note	2022	2021
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	2	524	489
Interest income from financial instruments measured at fair value through profit or loss	2	10	10
Interest expense from financial instruments measured at amortised cost	2	141	134
Interest expense from financial instruments measured at fair value through profit or loss	2	7	4
Net interest income		**386**	**361**
Fee income	3	47	46
Net fee income		**47**	**46**
Investment income	4	39	84
Net trading income or (loss)	5	(8)	(0)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	6	7	14
Net gains or (losses) on derecognition of financial assets measured at amortised cost	7	(42)	(7)
Other operating income		0	0
Operating income		**431**	**497**
Personnel expenses and share-based payments	8	95	111
Other operating expenses	9	113	99
Depreciation and amortisation		4	5
Regulatory charges and levies	10	19	20
Operating expenses		**232**	**235**
Credit loss expense	11	19	35
(Gains) or losses on disposal of assets	30	2	-
Profit before tax		**178**	**226**
Income tax	12	30	37
Profit after tax		**148**	**190**
Attributable to:			
Shareholders of the company		136	178
Holders of capital securities		12	12

Consolidated statement of comprehensive income

for the years ended 31 December

in EUR millions	note	2022	2021
Profit after tax		**148**	**190**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and equipment	27	-	2
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss	40	55	(34)
Items that may be reclassified subsequently to profit or loss			
Net result of hedging instruments	40	(8)	(6)
Financial assets measured at fair value through other comprehensive income (FVOCI)			
Movement in revaluation for debt investments at FVOCI	19/40	(16)	(2)
Income tax effect on net current period change		6	1
Total other comprehensive income (net of tax)		**37**	**(39)**
Total comprehensive income		**185**	**151**
Total comprehensive income attributable to			
Shareholders of the company	40	173	139
Holders of capital securities	41	12	12
Total comprehensive income		**185**	**151**

Consolidated balance sheet

as at 31 December

in EUR millions	note	2022	2021
Assets			
Cash and balances with central banks	13	2,087	1,793
Due from other banks	14	841	804
Financial assets at fair value through profit or loss (including trading)			
Debt investments	15	15	47
Derivative financial instruments	16	162	334
Equity investments (including investments in associates)	17	162	221
Loans	18	143	148
Financial assets at fair value through other comprehensive income			
Debt investments	19	862	852
Financial assets at amortised cost			
Debt investments	20	-	25
Loans	21	6,149	6,381
Lease receivables	22	5	8
Mortgage loans	23	11,749	11,659
Securitised mortgage loans	24	241	281
Other			
Investment property	25	26	23
Investments in associates and joint ventures (equity method)	26	4	16
Property and equipment (including right-of-use assets)	27	28	31
Deferred tax assets	28	7	5
Other assets	29	10	28
Assets held for sale	30	202	-
Total assets		**22,692**	**22,658**

as at 31 December in EUR millions	note	2022	2021
Liabilities			
Due to other banks	31	744	702
Deposits from customers	32	11,227	11,333
Financial liabilities at fair value through profit or loss (including trading)			
Derivative financial instruments	16	232	154
Debt securities in issue structured	33	89	133
Current tax liabilities		1	3
Deferred tax liabilities	28	2	4
Provisions	34	6	6
Accruals, deferred income and other liabilities	35	73	98
Debt securities in issue at amortised cost			
Own debt securities in issue	36	7,850	7,667
Debt securities in issue related to securitised mortgages	37	221	267
Subordinated liabilities			
Fair value through profit or loss	38	136	196
Amortised cost	39	66	67
Total liabilities		**20,647**	**20,630**
Equity			
Share capital	40	80	80
Share premium	40	238	238
Revaluation reserves	40	116	79
Retained profit	40	1,411	1,431
Equity attributable to the shareholders		**1,845**	**1,828**
Capital securities	41	200	200
Total equity		**2,045**	**2,028**
Total liabilities and equity		**22,692**	**22,658**

Consolidated statement of changes in equity

in EUR millions	note	Attributable to Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2022		**80**	**238**	**79**	**1,431**	**1,828**	**200**	**2,028**
Total comprehensive income for the year ended 31 December 2022		-	-	37	136	173	12	185
Transfer of realised depreciation revalued property and equipment	40	-	-	-	1	1	-	-
Other		-	-	-	(3)	(3)	-	(3)
Distributions:								
Paid coupon on capital securities	41	-	-	-	-	-	(12)	(12)
Dividend paid during the year		-	-	-	(154)	(154)	-	(154)
Balance at 31 December 2022		**80**	**238**	**116**	**1,411**	**1,845**	**200**	**2,045**

in EUR millions	note	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**	**1,802**	**200**	**2,002**
Total comprehensive income for the year ended 31 December 2021		-	-	(39)	178	139	12	151
Transfer of realised depreciation revalued property and equipment	40	-	-	-	1	1	-	1
Distributions:								
Paid coupon on capital securities	41	-	-	-	-	-	(12)	(12)
Dividend paid during the year		-	-	-	(115)	(115)	-	(115)
Balance at 31 December 2021		**80**	**238**	**79**	**1,431**	**1,828**	**200**	**2,028**

Consolidated statement of cash flows

in EUR millions	note	2022	2021
Operating activities			
Profit before tax for the year		178	226
Tax		(30)	(37)
Profit after tax for the year		**148**	**190**
Adjustments for non-cash items			
Depreciation, amortisation and credit loss expenses	11/27	24	40
Share in result of associates and joint ventures	4	0	(1)
Total adjustments for non-cash items		**24**	**39**
Changes in operating assets and liabilities			
Derivative financial instruments	16	250	214
Operating assets		(18)	(1,934)
Operating liabilities (including deposits from customers)		(161)	(39)
Cash flows from operating activities		**244**	**(1,530)**
Investing activities			
Acquisition of property and equipment	27	(1)	(1)
Acquisition of equity investments	17	(25)	(24)
Disposal of equity investments	17	40	101
Cash flows from investing activities		**14**	**75**
Financing activities			
Proceeds from the issuance of own debt securities	36	1,332	1,916
Repayment of issued own debt securities	36	(1,124)	(247)
Proceeds from the issuance of subordinated liabilities	39/38	4	6
Repayment of issued subordinated liabilities	39/38	(1)	(52)
Repayment of issued debt securities structured	33	(31)	(38)
Proceeds from the issuance of debt securities related to securitised mortgages	37	(46)	(60)
Final and interim distribution	40	(154)	(115)
Coupon payments on capital securities	41	(12)	(12)
Cash flows from financing activities		**(32)**	**1,399**
Cash and cash equivalents at 1 January		**2,219**	**2,273**
Net foreign exchange difference		(1)	2
Net increase/(decrease) in cash and cash equivalents		226	(56)
Cash and cash equivalents at 31 December		**2,445**	**2,219**

in EUR millions	note	2022	2021
Reconciliation of cash and cash equivalents			
Cash and balances with central banks (maturity three months or less)	13	1,913	1,624
Due from other banks (maturity three months or less)	14	532	595
		2,445	**2,219**
Supplementary disclosure of operating cash flow information			
Interest paid		149	138
Interest received		535	499

Accounting policies

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of NIBC Bank N.V. (B64D6Y3LBJS4ANNPCU93) for the year ended 31 December 2022 were authorised for issue by the Supervisory Board and Managing Board on 2 March 2023. NIBC Bank N.V. is a public limited liability company, incorporated under Dutch law on 31 October 1945, and registered at Carnegieplein 4, 2517 KJ The Hague, the Netherlands (Chamber of Commerce number 27032036). NIBC Bank N.V. is a wholly-owned subsidiary of NIBC Holding N.V.

NIBC Bank N.V. together with its subsidiaries (**NIBC** or **the group**) provides a broad range of financial services to corporate and retail clients. Refer to the Segment report in these consolidated financial statements and the Report of the Managing Board in this Annual Report for more information on NIBC's business model and financial services.

SUMMARY OF MATERIAL ACCOUNTING POLICIES

The notes to the consolidated financial statements, including the audited information in the Risk Management section, are an integral part of these financial statements. This section describes NIBC's material accounting policies and critical accounting estimates or judgements to the financial statements. If an accounting policy or a critical accounting estimates relates to a specific note, it is included in the relevant note.

The accounting policies have been consistently applied to all the years presented, unless stated otherwise.

Statement of compliance

NIBC's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (together **IFRS-EU**) and with Title 9 of Book 2 of the Netherlands Civil Code, where applicable.

Basis of preparation

The Managing Board and Supervisory Board have, at the time of approving these consolidated financial statements, 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 changed macroeconomic situation (including inflation, increasing interest rates, the energy crisis and the war in Ukraine), 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 these consolidated financial statements.

The consolidated financial statements have been prepared on a historical cost basis, except for:

- Financial assets and liabilities (including derivative instruments, equity investments, investments in associates) and certain classes of (investment) property measured at fair value through profit or loss (**FVtPL**);
- Financial assets held for both collecting contractual cash flows and sale measured at fair value through other comprehensive income (**FVOCI**).

The financial statements are presented in euro rounded to the nearest million, except when otherwise indicated.

The preparation of consolidated financial statements in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying NIBC's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the relevant explanatory notes.

In 2022 the presentation of the cash flow statement has been altered to provide more relevant information (mainly by improved allocation of the net foreign exchange difference), and the segment report has been brought in line with the new operating segment structure, which is implemented in 2022 (refer to note 1 Segment report for full detail). The 2021 comparative figures of both the cash flow statement and the segment report have been changed accordingly.

Changes in accounting policies

CHANGES IN INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

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.

NIBC early adopted the 'Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies', effective for annual reporting periods beginning on or after 1 January 2023, for these the consolidated financial statements, by disclosing the material accounting policies rather than the significant accounting policies.

There are no other new standards or amendments to standards as adopted by the EU, and no other upcoming changes after 2022 published prior to 31 December 2022 that are material to NIBC.

Critical accounting estimates and judgements

Accounting policies for the most significant areas that require management to make judgements and estimates affecting reported amounts and disclosures are made in the following sections:

- Expected credit loss of financial instruments not measured at FVtPL (refer to note 11 Credit loss expense);
- Income taxes (refer to note 12 Income tax);
- Fair value of certain financial instruments (refer to note 42 Fair value of financial instruments and note 33 Debt securities in issue structured (designated at fair value through profit or loss)); and
- Consolidation of structured entities (refer to note 50 Principal subsidiaries and associates).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impact of macroeconomic situation

Uncertainty remains high in a changed macroeconomic situation, caused by e.g. inflation, increasing interest rates, the energy crisis and the war in Ukraine.

A management overlay has been recognised to reflect the increased uncertainty at 31 December 2022. For the full disclosure of the impact of the changed macroeconomic situation on the ECL and the management overlay for the different portfolios reference is made to note 11 Credit loss expense.

In 2022, there are no significant changes in the application of the accounting policies as a result of the these developments.

Interbank Offered Rate Reform (IBOR Reform)

For the GBP LIBOR portfolio, transition to SONIA or synthetic GBP LIBOR has been completed in 2022.

The USD LIBOR will cease to be published after 30 June 2023. All new contracts as from 1 January 2022 are based on the new benchmark, and NIBC has implemented transition language for the existing bilateral USD positions.

Conversions are handled by the responsible account managers of the asset class and the derivatives team if relevant. A set of processes is in place to ensure a correct transition.

At 31 December 2022 there are no derivatives in active hedging relationships with a LIBOR interest rate benchmark.

The following table shows the carrying amounts as per 31 December 2022 for contracts with a (synthetic) GBP or USD LIBOR interest benchmark. There are no outstanding undrawn loan commitments in GBP or USD LIBOR.

in EUR millions	GBP LIBOR	USD LIBOR	Total
Derivatives	1	851	852
Non-derivative financial assets	74	575	649
Non-derivative financial liabilities	-	84	84

Basis of consolidation

The consolidated financial statements are comprised of the financial statements of NIBC and its subsidiaries as at and for the years ended 31 December 2022 and 2021.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. The accounting policies of subsidiaries (including structured entities that the bank consolidates) have been changed where necessary to ensure consistency with the accounting policies adopted by NIBC.

Foreign currency translation

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign Exchange (**FX**) gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity (OCI net of tax) as qualifying net investment hedges.

Changes in the fair value of monetary loans denominated in foreign currency that are classified at FVOCI are distinguished between FX translation differences and other changes in the carrying amount of the loan. FX translation differences are recognised in the income statement and other changes in the carrying amount are recognised in OCI.

FX translation differences on non-monetary assets and liabilities that are stated at FVtPL are reported as part of the fair value gain or loss. Translation differences on non-monetary items classified at FVOCI are included in the revaluation reserve in OCI.

GROUP COMPANIES

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at weighted average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised as a separate component of OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Financial instruments

RECOGNITION AND CLASSIFICATION AND MEASUREMENT

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which NIBC commits to purchase or sell the asset.

On initial recognition, financial assets are classified as measured at amortised cost (**AC**), fair value through other comprehensive income (**FVOCI**) or fair value through profit or loss (**FVtPL**).

A debt instrument is measured at AC if it meets both of the following conditions:

- it is held within a business model that has an objective to hold financial assets to collect contractual cash flows;
- the contractual terms of the financial asset result in cash flows that are Solely Payments of Principal and Interest (**SPPI**) on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model, which aims to achieve its objectives by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset result in cash flows that are SPPI.

Equity instruments are accounted for at FVtPL. Other financial assets, not specifically mentioned above, are measured at FVtPL and consist of held for trading assets, assets mandatorily measured on a fair value basis and financial derivatives.

Forward purchases and sales other than those requiring delivery within the time frame established by regulation or market convention are treated as derivative forward contracts.

Business model assessment

NIBC determines the nature of the business model, for example if the objective is to hold the financial asset and collect the contractual cash flows, by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management.

Financial assets that are managed on a fair value basis are measured at FVtPL insofar as the associated business model is neither to hold the financial assets to collect contractual cash flows nor to hold to collect contractual cash flows and sell. NIBC mainly originates loans to hold to maturity. NIBC considers the activities of lending to hold and lending to sell as two separate business models.

Loans originated under Originate-to-Manage contracts for third parties are not recognised by NIBC.

NIBC decides to determine its business models at the combination of product and sector level, e.g., corporate loan facilities in the different sectors or residential mortgages in the Netherlands.

Contractual cash flow characteristics

In assessing whether the contractual cash flows are SPPI, NIBC considers whether the contractual terms of the financial asset contain a term that could change, in a material way, the timing or amount of contractual cash flows arising over the life of the instrument, which could affect whether the instrument is considered to meet the SPPI criteria.

The contractual provisions will pass the SPPI test as long as the interest/provisions reflects consideration for the time value of money, for the credit risk associated with the instrument during the term of the instrument and for other basic lending risks and costs, as well as profit.

A prepayment option which substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for the early termination of the contract, would result in contractual cash flows that are SPPI on the principal amount outstanding. This means that prepayment amounts will still meet the SPPI criteria even if it includes what is deemed reasonable and market-conform compensation for early repayment.

All financial instruments are initially measured at fair value. In the case of financial instruments subsequently measured at AC or FVOCI, the initial fair value is adjusted for directly attributable transaction costs.

Refer to note 11 Credit loss expense for the accounting policy on the measurement of expected credit losses on financial instruments measured at amortised cost and FVOCI.

Classification of assets and liabilities held for trading

Financial instruments held for trading include:

- all derivatives with a positive (asset) or a negative (liability) replacement value except those that are designated as effective hedging instruments;
- other financial assets acquired principally for the purpose of selling or repurchasing in the near term, or that are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Classification and measurement of financial liabilities
Financial instruments are classified as financial liabilities where the substance of the contractual arrangement results in NIBC having a present obligation to deliver either cash or another financial asset or to satisfy the obligation other than by the exchange of a fixed number of equity shares.

Issued liabilities qualify as subordinated debt if claims by the holders are subordinated to all other current and future liabilities.

Financial liabilities are initially recognised at their fair value and subsequently measured at amortised cost, except for the following instruments:
- Financial liabilities held for trading;
- Financial liabilities that NIBC has irrevocably designated at initial recognition as held at fair value through profit or loss, when the instruments are held to reduce an accounting mismatch, are managed on the basis of their fair value or include terms that qualify as an embedded derivative that cannot be separated.

Measurement of financial liabilities classified at FVtPL follows the same principles as for financial assets classified at FVtPL, except that the movement in the fair value of the financial liability that is attributable to changes in NIBC's own credit risk is presented in OCI.

DERECOGNITION, RESTRUCTURED AND MODIFIED FINANCIAL ASSETS
Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) NIBC transfers substantially all the risks and rewards of ownership, or (ii) NIBC neither transfers nor retains substantially all the risks and rewards of ownership and NIBC has not retained control.

When a counterparty is in financial difficulties or where default has already occurred, NIBC may restructure financial assets by providing concessions that would otherwise not be considered and that are outside of NIBC's normal risk appetite, such as preferential interest rates, extension of maturity and subordination. When a credit restructuring takes place, each case is considered individually and the counterparty is classified as defaulted until the loan is collected or written off, non-preferential conditions are granted that supersede the preferential conditions, or until the counterparty has recovered and the preferential conditions no longer exceed NIBC's risk appetite.

Concessions granted when there is no evidence of financial difficulties, or where changes to terms and conditions are within NIBC's usual risk appetite, are not considered to be a credit restructuring.

Modifications represent contract amendments that result in an alteration of future contractual cash flows and that can occur within NIBC's normal risk appetite or as part of a credit restructuring where a counterparty is in financial difficulties.

NIBC derecognises a financial asset, such as a loan, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised in the income statement. If the new discounted present value using the original effective interest rate (**EIR**) is at least 10% different from the original financial assets carrying value, NIBC considers the modification as substantial. Qualitative thresholds to indicate whether a modification may be substantial are for example a change in currency or change in counterparty. Where the modification does not result in a derecognition, any difference between the modified contractual cash flows discounted at the original EIR and the existing gross carrying value of a financial asset is recognised in profit or loss as a modification gain or loss. Furthermore, the subsequent SICR assessment is made by comparing the risk of default at the reporting date based on the modified contractual terms of the financial asset with the risk of default at initial recognition based on the original, unmodified contractual terms of the financial asset.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when, and only when, NIBC has currently a legally enforceable right to set-off the amounts and the group intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS.

Collateral

NIBC enters into master agreements and Credit Support Annexes (CSA) with counterparties whenever possible and appropriate. Master agreements provide that, if the master agreement is being terminated as a consequence of an event of default or termination event, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. In the case of a CSA with counterparties, the group has the right to obtain collateral for the net counterparty exposure.

NIBC obtains collateral in respect of counterparty liabilities when this is considered appropriate. The collateral normally takes the form of a pledge over the counterparty's assets and gives NIBC a claim on these assets for both existing and future liabilities.

NIBC also pays and receives collateral in the form of cash or securities in respect of other credit instruments, such as derivative contracts, in order to reduce credit risk. Collateral paid or received in the form of cash or cash equivalents is recorded on the balance sheet at amortised cost.

Statement of cash flows

The statement of cash flows, based on the indirect method of calculation, gives details of the source of cash and cash equivalents that became available during the year and the application of these cash and cash equivalents over the course of the year.

Cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash and non-restricted balances with central banks and net credit balances on current accounts with other banks.

The cash flows are analysed into cash flows from operating activities, including banking activities, investment activities and financing activities. Movements in loans and inter-bank deposits are included in the cash flow from operating activities. Investing activities are comprised of acquisitions, sales and redemptions in respect of financial investments, as well as investments in and sales of subsidiaries and associates, property, plant and equipment. The issuing of shares and the borrowing and repayment of long-term funds are treated as financing activities. Movements due to currency translation differences as well as the effects of the consolidation of acquisitions, where of material significance, are eliminated from the cash flow figures.

The comparative numbers were amended for updated 'Net foreign exchange difference'. Refer to the accounting policies, section 'basis of preparation'

Fiduciary activities

NIBC acts in fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets are excluded from these financial statements as they are not assets of the group. Related fee income arising thereon is recognised under fee income in the income statement.

Notes to the consolidated financial statements

1 SEGMENT REPORT

Accounting policy for segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Managing Board of NIBC.

Segment assets, income and results are measured based on NIBC's accounting policies and include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Liabilities are not allocated and reported to the chief operating decision-maker, but the related funding costs are allocated to the segments using an internal fund transfer pricing framework. NIBC reports interest income and expense on a net basis for the segments as NIBC uses the net interest income as a performance measure instead of gross interest income and expense. Transactions between segments are conducted on an arm's length basis.

Operating segments

In 2022, NIBC has reviewed and adjusted its operating segments, following the sharpened strategy as announced at the end of 2021. In previous year NIBC reported three operating segments: Corporate Client Offering (CCO), Retail Client Offering (RCO) and Treasury & Group Functions. The sharpened, asset-based financing strategy triggered the distinction of four reportable operating segments: Mortgages, Asset-Backed Finance, Platforms, Non-Core Activities and one reconciling item Treasury & Group functions. This adjustment primarily entails a further split of the previous commercial segments CCO and RCO.

NIBC's operating segment structure is brought in line with the allocation of resources in 2022. Consequently, the old operating segments CCO and RCO were divided into four commercial operating segments. The corresponding information for 2021 has been restated to the new set-up of NIBC's operating segment structure.

Below is a description of the new operating segments.

MORTGAGES

The Mortgages segment reflects all activities related to mortgage lending and includes our offering in Owner-Occupied mortgage loans (both for own book and as Originate-to-Manage) and Buy-to-Let mortgage loans. The mortgage loan products are offered in the Netherlands.

ASSET-BACKED FINANCE

The Asset-Backed Finance segment consists of our corporate asset classes that continue to be a key part of NIBC's business strategy. In this segment we focus on asset-backed lending within the asset classes Commercial Real Estate, Digital Infrastructure and Shipping. Products are mainly offered in North-western Europe.

PLATFORMS

The Platforms segment includes the ventures that NIBC has launched in recent years, which aim to provide alternative financing solutions to clients. yesqar has been successfully launched and show significant growth, leading to an increasing contribution to NIBC's overall performance. To support their differentiating client offering, tech-driven asset financing and growth ambitions, this subsidiary has implemented their own operating model.

NON-CORE ACTIVITIES

Following our strategic update in November 2021, a number of activities is considered to be noncore. Consequently, these activities are managed in a separate segment with a focus to reduce exposures and operations, and no new origination. The following asset classes are reported as non-core activities: Offshore Energy, PFI Infrastructure Lending, Mid Market Corporates, Leveraged Finance, Fintech & Structured Finance, and Mobility. In addition, the corporate originate-tomanage offering in the form of funds, managed accounts and CLOs, and equity financing / mezzanine through NIBC Investment Partners are part of the Non-Core Activities segment.

TREASURY & GROUP FUNCTIONS

Treasury & Group functions includes NIBC's treasury function, asset and liability management, risk management and the bank's Corporate Centre which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Information Technology, Finance, Tax and Corporate Development. In addition to that, our retail savings that were part of the RCO segment are now being reported under Treasury & Group functions. A substantial part of the operating expenses as well as FTEs of Group functions are allocated to the segments 'Mortgages', 'Asset-Backed Finance', 'Platforms' and 'Non-Core Activities'.

Interest expenses per segment are based on the matched funding principle with funding being provided by Treasury & Group functions. Fund transfer prices are determined per currency and different maturity buckets. Operational expenses are allocated based on an internal allocation model, in which a distinction is made between direct and indirect allocations. For indirect allocations, NIBC uses various keys, such as transaction volumes or FTEs, direct allocations are activity-based.

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 Mortgages, Asset-Backed Finance, Platforms and/or Non-Core Activities segments as they are managed on a group basis. These financial assets and liabilities are held within the segment Treasury & Group functions and mainly comprise cash, debt investments, derivative assets and liabilities as well as majority of the Group's funding, including retail savings. As the assets of the operating segments are funded internally with transfer pricing, the majority of NIBC's external funding is held within Treasury & Group functions.

Segment income statement

The following table presents the segment report consisting of a summary of our internal management report and the reconciliation to the consolidated results under IFRS for the year ended 31 December 2022:

	For the year ended 31 December 2022					
in EUR millions	Mortgages	Asset-Backed Finance	Platforms	Non-Core Activities	Treasury & Group functions	Total (consolidated financial statements)
Net interest income	127	92	3	64	100	386
Net fee income	39	2	-	6	1	47
Investment income	-	0	-	39	-	39
Net trading income or (loss)	(0)	0	(0)	(7)	(0)	(8)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(0)	0	-	(5)	12	7
Net gains or (losses) on derecognition of financial assets measured at amortised cost	-	(0)	-	(41)	-	(42)
Other operating income	-	0	-	0	0	0
Operating income	**166**	**95**	**3**	**55**	**112**	**431**
Other operating expenses	69	37	1	43	62	213
Regulatory charges and levies	-	-	-	-	19	19
Operating expenses	**69**	**37**	**1**	**43**	**81**	**232**
Net operating income	97	58	1	12	31	199
Credit loss expense	1	8	(0)	12	(1)	19
(Gains) or losses on disposal of assets	-	-	-	2	-	2
Profit before tax	**96**	**50**	**2**	**(2)**	**32**	**178**
Income tax	25	11	0	(10)	3	30
Profit after tax	**71**	**39**	**1**	**8**	**29**	**148**
Attributable to						
Shareholders of the company	71	39	1	8	17	136
Holders of capital securities	-	-	-	-	12	12
FTEs	168	146	10	136	160	621
Segment assets	12,650	3,563	198	1,961	4,320	22,692

Other operating expenses include all operating expenses except regulatory charges and levies.

The following table presents the segment report consisting of a summary of our internal management report and the reconciliation to the consolidated results under IFRS for the year ended 31 December 2021:

	For the year ended 31 December 2021					
in EUR millions	Mortgages	Asset-Backed Finance	Platforms	Non-Core Activities	Treasury & Group functions	Total (consolidated financial statements)
Net interest income	125	70	3	84	79	361
Net fee income	33	(0)	-	11	1	46
Investment income	-	1	-	83	0	84
Net trading income or (loss)	(0)	1	-	2	(3)	(0)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(1)	6	-	(3)	12	14
Net gains or (losses) on derecognition of financial assets measured at amortised cost	-	0	-	(7)	-	(7)
Other operating income	-	0	-	0	0	0
Operating income	**158**	**77**	**3**	**170**	**89**	**497**
Other operating expenses	58	34	-	47	76	215
Regulatory charges and levies	-	-	-	-	20	20
Operating expenses	**58**	**34**	**-**	**47**	**96**	**235**
Net operating income	99	43	3	123	(7)	262
Credit loss expense	(3)	(3)	-	42	(1)	35
Profit before tax	**102**	**46**	**3**	**81**	**(6)**	**226**
Income tax	26	9	1	6	(6)	37
Profit after tax	**76**	**37**	**2**	**75**	**(0)**	**190**
Attributable to						
Shareholders of the company	76	37	2	75	(12)	178
Holders of capital securities	-	-	-	-	12	12
FTEs	148	147	-	189	154	637
Segment assets	11,665	9	-	3,154	7,830	22,658

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

The following table presents the income and expenses incurred at each location for the year ended 31 December 2022:

in EUR millions	For the year ended 31 December 2022 The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	402	16	7	5	431
Operating expenses	216	9	4	3	232
Credit loss expense	19	(0)	-	-	19
(Gains) or losses on disposal of assets	2	-	-	-	2
Profit before tax	**165**	**7**	**4**	**2**	**178**
Income tax	30	(1)	1	0	30
Profit after tax	**136**	**8**	**3**	**2**	**148**
FTEs	571	18	26	6	621
Segment assets	22,686	6	-	-	22,692

The following table presents the income and expenses incurred at each location for the year ended 31 December 2021:

in EUR millions	For the year ended 31 December 2021 The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	470	17	4	5	497
Operating expenses	204	25	4	2	235
Credit loss expense	35	(0)	-	-	35
Profit before tax	**231**	**(8)**	**0**	**3**	**226**
Income tax	35	0	0	1	37
Profit after tax	**196**	**(8)**	**0**	**2**	**190**
FTEs	562	44	25	6	637
Segments assets	22,649	9	-	-	22,658

2 NET INTEREST INCOME

Accounting policy for interest income and expenses

Interest income and expense on financial instruments are recognised using the effective interest rate (**EIR**) method to the gross carrying amount, except for those financial instruments measured at FVtPL, or credit-impaired financial assets.

The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. Interest income from financial assets measured at FVtPL is recognised applying the contractual interest rates. Interest income from credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the financial asset, i.e., the gross carrying amount less the expected credit loss. Negative interest from liabilities is recognised as interest income and negative interest from financial assets are recognised as interest expense. Penalty interest is directly recognised under interest income in case of early redemption or an interest rate reset.

In accordance with IFRS 16 Leases, revenue from finance lease contracts are included in interest income and revenue from operating lease contracts in other operating income.

in EUR millions	2022	2021
Interest and similar income		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	**524**	**489**
Cash and balances central banks	9	2
Due from other banks	1	1
Debt investments	5	1
Derivatives related to assets at amortised cost	(51)	(16)
Loans	244	203
Lease receivables	9	(0)
Mortgage loans	308	299
Interest income from financial instruments measured at fair value through profit or loss	**10**	**10**
Debt investments	4	3
Derivatives	0	1
Loans	6	6
	535	**499**
Interest expense and similar charges		
Interest expense from financial instruments measured at amortised cost	**141**	**134**
Cash and balances central banks	7	10
Due to other banks	3	4
Deposits from customers	49	51
Debt investments	1	2
Loans	2	-
Debt securities	79	65
Derivatives related to liabilities at amortised cost	(3)	(1)
Subordinated liabilities	2	3
Other	2	1
Interest expense from financial instruments measured at fair value through profit or loss	**7**	**4**
Debt securities	4	6
Derivatives	(5)	(7)
Subordinated liabilities	8	5
	149	**138**
	386	**361**

Hedge accounting is applied for the derivatives related to assets or liabilities at AC. For further details on hedge accounting refer to note 16 Derivative financial instruments (FVtPL).

Interest income includes negative interest from liabilities for an amount of EUR 23 million (2021: EUR 50 million). This amount mainly relates to derivatives and includes negative interest received for the TLTRO program in the first half of 2022.

Per balance sheet date, NIBC has a total drawn amount outstanding under the TLTRO III program of EUR 550 million (2021: EUR 550 million). This position consists of a drawn amount of EUR 250 million that matures in June 2023 and a drawn amount of EUR 300 million that matures in December 2024.

Interest expense includes negative interest from financial assets for an amount of EUR 70 million (2021: EUR 68 million). This amount mainly relates to derivatives and includes negative interest paid on cash and balances central banks in the first half of 2022.

The increase in interest income on loans relates to the positive development in the Asset-Backed Finance segment. The increase in the interest income in the Mortgage Loan portfolio is driven by an increase in the Mortgage Loan portfolio as well as increasing interest rates. In 2022, net interest income benefitted from the full year contribution of the Mortgage Loan portfolio of EUR 1.1 billion that was acquired at the end of 2021. The growing Lease Receivables portfolio contributes to higher interest income on lease receivables AC. For both cash and balances from central banks and debt investments the interest income increased, which mainly follows from the increased interest rates.

3 NET FEE INCOME

Accounting policy for fee income and expenses

After identifying contracts and their performance obligations, fee income is recognised when a service is provided to a client. The transaction price is allocated to each performance obligation. Fee income is measured based on consideration specified in a legally enforceable contract with a client, taking into account discounts and rebates.

Fee income can be divided into two categories:

- fees earned from services that are provided over a certain period of time, such as (Originate-to-Manage) asset or investment management, which are recognised ratably over the period provided;
- fees earned from point in time services such as underwriting and performance-linked fees from investment management activities, which are recognised when the service has been completed.

in EUR millions	2022	2021
Originate-to-Manage loans	5	4
Lending related fees	3	6
M&A fees	-	2
Originate-to-Manage mortgages	39	34
Other mortgage fees	1	1
	47	**46**

The decrease of the lending-related fees is mainly due to the decision to stop providing structured finance solutions. As a consequence, NIBC receives fewer structuring fees. As NIBC has also decided to discontinue its M&A services, there are no M&A fees to report in 2022.

The increase of fees in the Originate-to-Manage mortgages is a reflection of both the larger Originate-to-Manage portfolio during the period and the continued high origination volumes.

The Originate-to-Manage mortgage fees consist of an origination fee of EUR 11 million (2021: EUR 13 million) and a management fee of EUR 28 million (2021: EUR 21 million).

4 INVESTMENT INCOME

Accounting policy for investment income

Investment income includes the following:

- Realised and unrealised (revaluations) gains or losses from associates, joint-ventures and equity investments at fair value through profit or loss, whereby dividend income is recognised when NIBC's right to receive payment is established.
- Share in result of associates using the equity method. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in NIBC's share of the investees net assets. NIBC's profit or loss includes its share of the investees profit or loss.

in EUR millions	2022	2021
Share in result of associates and joint ventures accounted for using the equity method	(0)	1
Equity investments (fair value through profit or loss)		
Gains less losses from associates	14	31
Gains less losses from other equity investments	26	51
	39	**84**

Investment income in 2022 includes EUR 27 million of realised income due to divestments of equity funds, sales of direct equity investments (of which EUR 7 million relates to the FinTech Equity portfolio) and dividend income.

5 NET TRADING INCOME OR (LOSS)

Accounting policy for net trading income or (loss)

Net trading income includes all gains and losses from financial assets and liabilities held for trading.

in EUR millions	2022	2021
Financial instruments mandatory measured at fair value through profit or loss		
Debt investments held for trading	(7)	2
Other assets and liabilities held for trading	0	(3)
Other net trading income	(1)	0
	(8)	**(0)**

The debt investments held for trading include a fair value movement of EUR 7 million (loss) on the retained non-rated positions of the outstanding CLO transactions (2021 gain of EUR 1 million). The fair market value of these transactions decreased during 2022 due to market conditions, as markets have repriced these assets in response to the new macro-economic environment.

6 NET GAINS OR (LOSSES) FROM ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy for gains or (losses) from assets and liabilities at fair value through profit or loss

The net gains or (losses) from assets and liabilities at fair value through profit or loss includes all gains and losses from financial instruments measured at fair value through profit or loss, excluding those presented under:

- investment income;
- net trading income;
- the results from movements in the fair value of financial liabilities that are attributable to changes in NIBC's own credit risk; and
- foreign exchange gains and losses.

in EUR millions	2022	2021
Financial instruments		
Financial instruments mandatory at fair value through profit or loss other than those included in net trading income		
Debt securities	(1)	3
Derivatives held for hedge accounting		
Fair value hedges of interest risk rate	24	6
Cash flow hedges of interest risk rate	1	(0)
Interest rate instruments	(15)	2
Loans	(5)	2
Other		
Foreign exchange	2	1
Non-financial instruments		
Investment property - revaluation result	0	1
	7	**14**

Fair value hedges of interest rate risk report a gain of EUR 24 million (2021: gain of EUR 6 million). This includes a gain of EUR 413 million on the hedging instruments (2021: gain of EUR 85 million) and a loss of EUR 389 million on the hedged items (2021: loss of EUR 79 million). Cash flow hedges report a gain of EUR 1 million (2021: nil).

Interest rate instruments (economic hedge without hedge accounting) reports a loss of EUR 15 million (2021: gain of EUR 2 million). This result includes a loss of EUR 18 million due to hedges that cannot be included in hedge accounting (2021: nil), a loss of EUR 1 million Credit Value Adjustment (**CVA**) (2021: gain of EUR 2 million), and a gain of EUR 1 million in cross currency swaps (2021: nil).

On loans, NIBC reports a loss of EUR 5 million (2021: gain of EUR 3 million), which only includes (unrealised) revaluation results. The fair value result for consumer loans is nil (2021: loss of EUR 1 million), see note 18 Loans at FVtPL.

Investment property revaluation includes land and buildings revalued as of 31 December 2022 based on an independent external appraisal. Land and buildings with the available for rent status only marginally increased in value, leading to a reported gain of nil in 2022 (2021: gain of EUR 1 million net of tax).

7 NET GAINS OR (LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

Accounting policy for gain or (losses) on derecognition of financial assets measured at amortised cost

The net gains/(losses) on derecognition of financial assets measured at amortised cost includes gains and losses recognised on the sale or derecognition of these financial assets, calculated as the difference between the carrying amount (which is the amortised cost adjusted for the updated expected credit loss allowance) and the proceeds received.

in EUR millions	2022	2021
Loans	(42)	(7)
	(42)	**(7)**

The result includes financial assets sold against a price lower than the carrying value. The main cause for the reported loss lies in the portfolio sales executed to reduce NIBC's non-core portfolio.

8 PERSONNEL EXPENSES AND SHARE-BASED PAYMENTS

Accounting policy for personnel expenses and share-based payments

Salaries, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

NIBC operates a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to NIBC by the employees.

NIBC operates cash-settled share-based compensation plans.

CASH-SETTLED TRANSACTIONS

For the cash-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of share-based compensation is recognised as a liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in the income statement in personnel expenses. The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

PROFIT-SHARING AND BONUS PLANS

A liability is recognised for cash-settled bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to our shareholder after certain adjustments. NIBC recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

in EUR millions	2022	2021
Salaries	62	63
Severance payments[1]	2	14
Compensation external employees	7	5
Variable compensation		
Cash bonuses	2	2
Share-based, cash-settled and deferred bonuses	2	2
One-off retention package	-	6
Pension and other post-retirement charges		
Defined-contribution plan[2]	15	14
Other post-retirement charges/(releases) including own contributions of employees	(2)	(2)
Social security charges	7	7
Other staff expenses	0	1
	95	**111**

1 2021 includes severance payments to multiple staff members following the announced sharpening of NIBC's focus on asset-backed financing.

2 2022 includes an one-off employer contribution of EUR 0.6 million to the pension plan of its employees.

Personnel

The number of FTEs decreased from 637 at 31 December 2021 to 621 at 31 December 2022 following the materialisation of the focused strategy. The average number of FTEs decreased from 641 in 2021 to 621 in 2022. The number of FTEs outside of the Netherlands decreased from 75 at 31 December 2021 to 50 at 31 December 2022.

Salaries

The decrease of salary expenses following the focused strategy has been offset in 2022 by a mix of factors, i.e. a combination of an increase of base salaries and the extension of senior management (the ExCo committee has been extended from 6 to 8 members in 2022).

Severance payments

The total staff reduction costs in 2022 amounts to EUR 2 million, a material reduction compared to 2021 (EUR 13.5 million). In 2021, elevated expenses related to the implementation of the strategic focus on asset-backed financing, leading to a reduction of staff.

One-off retention package

To ensure the necessary stability and continuity of the Company following the acquisition of NIBC Holding N.V. by Flora Acquisition B.V., a one-off retention package was introduced for the Managing Board members, the ExCo members and a limited group of key staff. This one-off retention package, a cash settled arrangement with a magnitude of EUR 5.7 million, was unconditionally granted on 30 December 2021. Consequently, the one-off retention package has been fully expensed in 2021.

In 2022, three employees were awarded a total compensation of more than EUR 1 million (2021: three employees).

Expenses related to Statutory Board

in EUR	2022	2021
The breakdown of the total remuneration of the Statutory Board is as follows[1]		
Cash compensation (base salary)	4,176,176	3,637,314
Severance payments[2]	1,077,723	-
Short-term incentive compensation (sign-on cash bonus)[3]	60,000	-
Short-term incentive compensation (sign-on phantom share units)[3]	60,000	-
One-off retention package unconditionally granted on 30 December 2021	-	4,434,587
Vesting of prior years' short-term deferred share awards compensation[4]	43,188	71,172
Pension costs	1,096,619	952,179
Other remuneration elements	88,967	122,502
	6,602,672	**9,217,754**

1 Statutory Board is equal to Managing Board.
2 Agreed-upon severance payment as the current Chief Financial Officer will leave NIBC at 30 June 2023.
3 Agreed-upon sign-on bonus for the Chief Technology Officer, who has joined NIBC per 1 July 2022.
4 Expensed through the income statement in the current year, related to vesting of share related awards in prior year(s).

As of 1 July 2022 the Managing Board consist of four members due to the appointment of Mrs A. Schlichting as Chief Technology Officer.

Following his successful membership of the Managing Board during a period of almost 10 years, Mr. H.H.J. Dijkhuizen will hand over his responsibilities as Chief Financial Officer of NIBC to Ms. C. Dumas on 1 April 2023. The Supervisory Board has announced that it will nominate Mrs. C. Dumas to be appointed as member of the Managing Board at the 2023 AGM of 23 March 2023 for a period of four years. For the anticipated appointment of Ms. C. Dumas at the 2023 AGM NIBC has already obtained the approval of the Dutch Central Bank and the positive advice of the Works Council. To ensure a smooth and effective transition, Mr. H.H.J. Dijkhuizen will continue his employee agreement with NIBC until 30 June 2023.

in EUR	2022	2021
Total remuneration of the Supervisory Board is as follows[1]		
Annual fixed fees, committee fees	997,500	872,183
Value added tax charged on Supervisory Board remuneration	-	4,566
	997,500	**876,749**

1 In 2021, the Supervisory Board has been extended from 7 to 8 members.

Components of variable compensation

Only staff in the international offices and some specific, predetermined departments in the Netherlands are eligible for variable compensation.

The following table gives an overview of the current and former components of variable compensation and their main characteristics:

Components of variable compensation	Share based	Equity/Cash-settled	Vesting conditions
Phantom Share Unit (PSU)[1]	Yes	Yes	None
Restricted Phantom Share Unit (RPSU)[1]	Yes	Yes	4 years pro rata vesting[2]
Deferred cash	No	Yes	4 years pro rata vesting

1 Continued service of the employee until vesting is not a requirement for granting of the different instruments part of the one-off retention packages.

2 Granted (R)PSU before 1/1/2021 have a 3 years pro rata vesting period.

ONE-OFF RETENTION PACKAGE EXCO MEMBERS RELATED TO THE ACQUISITION OF NIBC HOLDING N.V. BY FLORA ACQUISITIONS B.V.

To ensure the necessary stability and continuity of the Company following the acquisition of NIBC Holding N.V. by Flora Acquisition B.V., a one-off retention package was introduced for the Managing Board members, the ExCo members and a limited group of key staff. This one-off retention package, a cash settled arrangement with a magnitude of EUR 5.7 million, was unconditionally granted on 30 December 2021.

The granted components of this retention package were split in Cash (20%), Deferred Cash (30%), PSUs (20%) and RPSUs (30%). Deferred Cash and RPSU will be vested1) in a 4 years period (1/4 per year), starting 30 December 2021. For Managing Board members the granted PSUs and RPSUs under the retention package have a holding period of five years. For other ExCo members the holding period for vested PSUs and vested RPSUs is one year.[1]

PHANTOM SHARE UNITS (PSUS) AND RESTRICTED PHANTOM SHARE UNITS (RPSUS)

The short-term compensation in share-related awards consists of PSUs and/or RPSUs. RPSU awards are subject to a four-year vesting with one fourth vesting each year on 1 April. All PSUs and RPSUs are subject to a one-year retention period as measured from the date of vesting. For the Statutory Board the lock-up period of the equity-linked instruments is five years. RPSUs are not eligible for dividend.

The valuation of the (R)PSUs is based on the mark-up factor on the acquisition price of NIBC Holding N.V. that is used by shareholder to value its investment in NIBC Holding N.V.

1 Continued service until vesting is not a requirement for vesting.

This short-term compensation in share related awards can be converted into cash immediately after the taking into account the applicable vesting rules and retention period and therefore is recognised as cash-settled.

Share plans

PHANTOM SHARE UNITS

At 31 December 2022, 368,250 (2021: 343,032) PSUs had been issued to employees. The total outstanding position is cash-settled.

	Phantom Share Units (in numbers)		Weighted average fair value at grant date (in EUR)	
	2022	2021	2022	2021
Changes in phantom share units				
Balance at 1 January	**343,032**	**283,317**	**7.80**	**7.54**
Granted	61,732	16,100	8.75	7.98
Granted as part of one-off retention package 30 December 2021	-	149,992	-	7.70
Vesting of RPSUs	105,322	77,269	7.60	7.69
Exercised	(141,836)	(183,646)	7.75	7.53
Balance at 31 December	**368,250**	**343,032**	**7.89**	**7.80**

RESTRICTED PHANTOM SHARE UNITS

At 31 December 2022, 287,026 (2021: 316,627) RPSUs had been issued to employees. The total outstanding position is cash-settled.

	Restricted Phantom Share Units (in numbers)		Weighted average fair value at grant date (in EUR)	
	2022	2021	2022	2021
Changes in restricted phantom share units				
Balance at 1 January	**316,627**	**169,061**	**7.66**	**7.91**
Granted	75,721	11,051	8.75	7.98
Granted as part of one-off retention package 30 December 2021	-	224,982	-	7.70
Vesting of RPSUs	(105,322)	(77,269)	7.64	7.69
Forfeited	-	(11,198)		7.33
Balance at 31 December	**287,026**	**316,627**	**7.98**	**7.66**

RESULT RECOGNITION

With respect to all components of variable compensation (cash, deferred cash, PSUs and RPSUs), an amount of EUR 4 million was expensed through personnel expenses in 2022 (2021: EUR 10 million). For cash-settled instruments (deferred cash, PSUs and RPSUs), the amount expensed during the vesting period through the income statement is based on the number of instruments originally granted outstanding at balance sheet date, their fair value at balance sheet date, the vesting period and estimates of the number of instruments that will forfeit during the remaining vesting period. The liability at balance sheet date with respect to cash-settled instruments is EUR 7 million (31 December 2021: EUR 8 million).

9 OTHER OPERATING EXPENSES

Accounting policy for other operating expenses

Costs are recognised in the period in which services have been provided to NIBC.

in EUR millions	2022	2021
Other operating expenses		
Project expenses and consultants	30	23
Marketing and communication expenses	5	4
Other employee expenses	4	4
ICT and data expenses	30	29
Process outsourcing	28	24
Fees of auditors	3	3
Other	12	12
	113	**99**

The increase in other operating expenses is mainly explained by higher costs for external consultants as a result of the increased project activity compared to 2021. In addition, the execution of the sharpened strategy as announced in November 2021 has led to additional expenses for external legal and strategic advice. Increased origination levels of mortgage loans resulted in higher process outsourcing expenses.

Fees of auditors 2022 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of auditors				
Audit of financial statements	2,561	87	205	2,853
Other audit-related services	120	-	39	159
Other non-audit related services	91	-	14	105
Tax services	-	-	27	27
	2,771	**87**	**285**	**3,144**

Fees of auditors 2021 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of auditors				
Audit of financial statements	2,422	49	113	2,584
Other audit-related services	311	48	73	432
Other non-audit related services	9	-	1	10
Tax services	-	-	29	29
	2,742	**97**	**216**	**3,055**

The audit fees relate to the financial year to which the financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year.

The fees listed above relate to the procedures applied to NIBC and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

10 REGULATORY CHARGES AND LEVIES

Accounting policy for regulatory charges and levies

Regulatory charges and levies are recognised when the related payments becomes legally enforceable.

in EUR millions	2022	2021
Resolution levy	6	5
Deposit Guarantee Scheme	13	15
	19	**20**

The decrease in the Deposit Guarantee Scheme contribution is explained by the lower regulatory supplementation charges as NIBC's relative position in guaranteed saving deposits has decreased in relation to the market.

11 CREDIT LOSS EXPENSE

Accounting policy for Expected Credit Losses (ECL)

NIBC recognises loss allowances for ECL on financial assets measured at AC or FVOCI, loan commitments and financial guarantee contracts as credit loss expenses.

NIBC calculates ECL based on three probability-weighted scenarios (baseline, upturn and downturn) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to NIBC in accordance with the contract and the cash flows that NIBC expects to receive. 12-month ECL (**12M-ECL**) and Lifetime ECL (**LT-ECL**) are calculated as a probability weighted-average over the three macroeconomic scenarios and are based on the unbiased and Point-in-Time (**PiT**) estimates of PD, LGD and Exposure at Default (**EAD**).

Refer to the Risk Management section for full disclosure on scenarios and scenario weights as well as used macroeconomic and other factors.

ECL changes are recognised within the income statement in credit loss expense, with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at AC on the balance sheet. For financial assets measured at FVOCI, the carrying value is not reduced, but an accumulated amount is recognised in other comprehensive income.

For loan commitments and other credit facilities in scope of ECL, expected cash shortfalls are determined by considering expected future drawdowns during the contractual life of the instruments. For loan commitments relating to revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For fully undrawn loan commitments and letters of credit, the ECL is presented within provisions.

NIBC's liability under a financial guarantee contracts is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, NIBC estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The calculation is made using a probability weighting of the three scenarios. The ECLs related to financial guarantee contracts are presented within provisions.

NIBC has a portfolio of lease receivables. NIBC elected to apply the general, not the simplified, ECL approach for lease receivables.

NIBC applies the low credit risk exemption for part of the debt investments, being the liquidity portfolio. NIBC considers a debt investment to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'.

RECOGNITION AND MEASUREMENT OF ECL

- 12M-ECL is recognised from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in stage 1. For instruments with a remaining maturity of less than 12 months, ECL is determined for this shorter period.
- LT-ECL is recognised if a significant increase in credit risk (**SICR**) is detected subsequent to the instrument's initial recognition, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in stage 2. The moment SICR is no longer observed, the instrument moves back to stage 1. The stage 2 EIR calculation for the corporate exposures consists of the current base rate plus an add-on. This rate is fixed to discount the cash-flows over the remaining life of the loan until its legal maturity. This rate applies to the different financial instruments, including undrawn loan commitments and financial guarantees. The EIR calculation for retail mortgage loans is based on the current coupon rate. The rate is fixed over the remaining life of the loan until its contractual maturity date.
- LT-ECL is also recognised for credit-impaired financial instruments, referred to as instruments in stage 3. NIBC recognises the LT-ECL, based on individual cash flow estimates at facility level determined by the Restructuring & Distressed Assets (**RDA**) department. RDA applies at least three scenarios (unless it is 100% impaired) and assigns probabilities to each of these scenarios. Focus is on recovery of the client, while in parallel an enforcement strategy, a loan trade or sale of the company are usually considered as alternative scenarios. The method is conceptually similar to that for stage 2 assets, but requires an individual assessment. For the purpose of the impairment calculation, the EIR is approximated by the sum of the applicable swap rate plus the original contractual margin.
- Changes in LT-ECL since initial recognition are also recognised for assets that are purchased or originated credit impaired (**POCI**) financial assets. POCI assets are initially recognised at fair value. NIBC only recognises the cumulative changes in LT-ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR. POCI assets include financial instruments that are newly recognised following a substantial restructuring and remain a separate ECL-category until maturity.

Credit-impaired exposures may include positions for which no loss has occurred or no allowance has been recognised, because they are expected to be fully recoverable through the collateral held.

EXPECTED CREDIT LOSS MEASUREMENT PERIOD

The maximum period for which the ECL is determined is the contractual life of a financial instrument unless NIBC has the legal right to call it earlier. For revolving facilities the ECL is measured over the period NIBC is exposed to credit risk.

SIGNIFICANT INCREASE IN CREDIT RISK

Financial instruments subject to ECL is monitored on an on-going basis which includes an assessment whether SICR has occurred. The assessment criteria include both quantitative and qualitative factors. Qualitative factors are forbearance measures, watch list and/or managed by RDA and the quantitative factor is an increase in probability of default (**PD**) since initial recognition.

The following table discloses the SICR triggers for the three major asset classes subject to ECL determination. The Watchlist consists of obligors that are not managed by RDA but have experienced decreased credit quality and as a result require closer monitoring.

SICR trigger	Corporate loans	Residential mortgage loans	Debt investments
Significant change in lifetime PD since initial recognition	Yes, threshold is a number of notches downgrade (between 1 and 7 notches downgrade depending on the rating at initial recognition).	Yes, threshold is an increase of 30% of lifetime PD.	Yes, based on 3 notch change in external rating, to a rating below Investment Grade (<BBB-).
Facility is forborne	Yes	Yes	Yes
Client is on the Watch List or Trigger List (Debt Investments)	As determined by the managing department applying watch list triggers.	n/a	Individually assessed.
Client is transferred to RDA (not yet defaulted)	Yes, determined by managing department.	n/a	n/a
Facility is 30 days past due (unless rebutted)	Yes, indirectly as it is a Watch List trigger. Materiality threshold is set at 1% of the exposure with a minimum of EUR 500.	Yes (1 month arrear)	Yes
Fraud indicator	Yes, indirectly as it is a Watch List trigger.	Yes	n/a

The following table discloses the SICR trigger for corporate loans following significant change in lifetime PD since initial recognition. The PD rating corporate loans are scaled over 22 notches. SICR triggers for lease receivables follow a similar methodology as for the corporate loans.

PD Rating Corporate Loans	SICR Trigger determined by number of notches downgrade	Remark
1	-7	
2+	-6	
2	-5	
2-	-4	
3+ to and including 4	-3	
4- to and including 6-	-2	
7+ to and including 7-	-1	
8	not applicable	a downgrade will lead to a default rating and per definition to stage 3
9 and 10	not applicable	rating 9 and 10 are per definition stage 3

As soon as the payment in arrear has been resolved or settled and no other impairment trigger is applicable, the borrower can become non-defaulted again after a probation period of at least three months in case all arrears have been cured by payments. However, if the defaults are resolved by agreeing an amendment (restructuring) a longer probation period applies of at least one year. The forbearance probation period is two years.

DEFAULT AND CREDIT IMPAIRMENT

NIBC has fully aligned the implementation of the prudential definition of default, the supervisory definition of Non-Performing exposures and the accounting definition of credit-impaired exposures in NIBC's definitions of default, processes, IT, monitoring and reporting.

An obligor or credit facility is considered to be in default when either one or both events have taken place:

1. NIBC considers that the obligor is unlikely to pay its credit obligations to NIBC in full, without recourse by NIBC to actions such as seizing collateral;
2. The obligor/facility is past due more than 90 days on any material credit obligation to NIBC.

An instrument is classified as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

1. significant financial difficulty of the issuer or the client;
2. a breach of contract, such as a default or past due event;
3. NIBC, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the client a concession(s) that NIBC would not otherwise consider;
4. it is becoming probable that the client will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties; or
6. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Once a financial asset is classified as defaulted/credit-impaired (except POCI assets), it remains as such unless all past due amounts have been rectified, additional payments have been made on time, the position is not classified as credit-restructured, and there is general evidence of credit recovery. If a financial asset 'cures', so that it is transferred back to stage 2 or stage 1, the adjustment required to bring the loss allowance to the amount required is presented as a credit loss recovery in the consolidated income statement.

WRITE-OFF

A write-off is made when all or part of a financial asset is deemed uncollectible or forgiven (e.g. in cases of bankruptcy or distressed restructuring). Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are credited to credit loss expense. Write-offs and partial write-offs represent derecognition / partial derecognition events.

Critical accounting estimates and judgements

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are made. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECL to be recognised.

DETERMINATION OF A SICR

IFRS 9 does not include a definition of what constitutes SICR. NIBC assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative reasonable and supportable forward-looking information that includes significant management judgment.

SCENARIOS, SCENARIO WEIGHTS AND MACROECONOMIC FACTORS

ECL reflects an unbiased and probability-weighted amount, which NIBC determines by evaluating a range of possible outcomes. Management selects forward-looking scenarios and scenario weights to be used in the ECL calculation. Changes in the scenarios and weights, the corresponding set of macroeconomic variables and the assumptions made around those variables for the forecast horizon could have a significant effect on the ECL.

The macroeconomic projections in the baseline scenario are the most important determinant of the final ECL amount. The combined impact of macroeconomic scenarios, applied to the corporate loan and mortgage loan portfolios, on the ECL is limited.

EXPECTED CREDIT LOSS MEASUREMENT PERIOD

Lifetime ECL are determined based upon the contractual maturity of the transaction (other than revolving facilities), which significantly affects ECL. The ECL calculation is therefore sensitive to any extension of contractual maturities triggered by business decisions, customer payment discipline or an increased number of stage 2 positions.

MODELLING AND MANAGEMENT ADJUSTMENTS

A number of models have been developed or modified to calculate ECL. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. Management adjustments, based on counterparty details, can be applied when deemed necessary. The models are governed by NIBC’s risk management department, supporting independent verification. Changes to the assumptions in the models are subject to approval by the Risk Management Committee (RMC) or the Asset & Liability Committee (ALCO) of NIBC.

ANALYSIS ON SENSITIVITY

Refer to the table 'Sensitivity analysis ECL stages 1 and 2 Corporate loans (drawn and undrawn, excluding management overlay)' in this note.

Credit loss expense on- and off-balance financial assets

in EUR millions	2022	2021
Financial assets at amortised cost/fair value through other comprehensive income		
Cash and banks	(0)	0
Debt investments	(0)	(1)
Loans	16	30
Lease receivables	4	8
Mortgage loans	1	(3)
Debtors	0	0
Total for on-balance sheet financial assets (in scope of ECL requirements)	**20**	**35**
Off-balance sheet financial instruments and credit lines		
Committed facilities with respect to mortgage loans	(0)	(0)
Irrevocable loan commitments and guarantees	(1)	0
Total for off-balance sheet financial assets (in scope of ECL requirements)	**(1)**	**0**
Non-financial assets	**(0)**	**-**
	19	**35**

Effects on the income statement

The following table discloses the movement of the credit loss allowances including management overlays in 2022 per financial instrument and ECL stage.

in EUR millions	Balance at 1 January 2022	Movements with no impact on credit loss allowances of financial assets in the income statement	Movements with impact on credit loss allowances of financial assets in the income statement	Balance at 31 December 2022
Stage 1				
Debt investments FVOCI	(0)	-	0	(0)
Loans AC	14	(2)	10	22
Lease receivables AC	-	-	-	-
Mortgage loans AC	2	0	3	5
Off-balance	3	(0)	0	2
Stage 2				
Debt investments FVOCI	(0)	-	0	(0)
Loans AC	26	(11)	(7)	9
Lease receivables AC	-	-	-	-
Mortgage loans AC	7	0	(0)	7
Off-balance	1	(0)	0	1
Stage 3				
Loans AC	80	(19)	4	65
Lease receivables AC	22	-	4	26
Mortgage loans AC	1	2	(2)	1
Off-balance	(0)	-	-	(0)
POCI				
Loans AC	50	3	9	62
Mortgage loans AC	0	-	(0)	0
Off-balance	1	(0)	0	1
	205	**(27)**	**21**	**200**

in EUR millions	Balance at 1 January 2021	Movements with no impact on credit loss allowances of financial assets in the income statement	Movements with impact on credit loss allowances of financial assets in the income statement	Balance at 31 December 2021
Stage 1				
Debt investments FVOCI	(1)	(0)	1	(0)
Loans AC	17	0	(3)	14
Lease receivables AC	-	-	-	-
Mortgage loans AC	2	0	(1)	2
Off-balance	2	0	0	3
Stage 2				
Debt investments FVOCI	(0)	-	0	(0)
Loans AC	27	(2)	1	26
Lease receivables AC	-	-	-	-
Mortgage loans AC	8	0	(2)	7
Off-balance	1	0	(0)	1
Stage 3				
Loans AC	72	(20)	28	80
Lease receivables AC	14	-	8	22
Mortgage loans AC	1	(1)	0	1
Off-balance	-	-	(0)	(0)
POCI				
Loans AC	43	4	3	50
Off-balance	1	0	(0)	1
	185	**(15)**	**35**	**205**

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

The credit losses decreased to EUR 20 million (2021: EUR 35 million) due to sales of non-core portfolio sales. The credit losses for loans related to stage 1, 3 and POCI assets (EUR 29 million) are partially offset by a gain on stage 2 assets (EUR 12 million). This result includes the effects of macroeconomic scenarios and updated scenario weights (loss of EUR 4 million) and an increase in the management overlay (loss of EUR 2 million). Credit loss expenses for lease receivables of EUR 4 million relate to an increased impairment in stage 3 (2021: EUR 7 million). The credit loss expenses on mortgage loans increased due to an addition to the management overlay amounting of EUR 1 million.

The movements with no impact on credit loss allowances in the income statement contain EUR 32 million of write-offs and restructurings (2021: EUR 23 million) and EUR 1 million of foreign exchange movements (2021: EUR 11 million).

The contractual amounts outstanding that were written off and are still subject to enforcement activity amount to EUR 31 million (2021: EUR 45 million), and relate entirely to mortgage loans.

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

Management overlay

1. Corporate exposures

As the ECL modelling outcome is the result of assumptions and inputs, the outcome may not fully reflect all risks and circumstances as they are present at reporting date. Management concluded that these circumstances are not fully captured in the predictive value of the model, nor are they included in the historical data on which the models have been constructed. In this period of increased uncertainty, especially with respect to economic and geopolitical developments and potential effects of inflation, house price developments, shortage of building material supply and a changing environment in public financing activities, a management overlay has been recognised to correctly reflect all risks and uncertainties per 31 December 2022. The nature of the management overlay focuses on sectors with elevated risk exposures, which are mainly part of non-core portfolios. The ECL management overlay for corporate exposures amounts to EUR 5 million (2021: EUR 5 million). Compared to 2021, the ECL management overlay in stage 2 decreased from EUR 4 million to EUR 1 million due to the sale of several non-core portfolios. The ECL management overlay in stage 1 increased from EUR 1 million to EUR 4 million mainly on non-core portfolios exposed to the above described uncertainties.

2. Mortgage loans

The increasing house prices in the last years resulted in further decreasing LGDs, and consequently further decreasing estimated credit losses. NIBC considered the current uncertainty on future developments in the house prices together with elevated inflation. With elevated inflation levels and increases in interest rates there is additional uncertainty on the portfolio risk for mortgages. NIBC performed an analysis to assess the affordability of its outstanding mortgage loans for its clients. The outcome of this analysis was one of the considerations to include the ECL management overlay on mortgage loans. The ECL management overlay for mortgage loan exposures amounts to EUR 11 million (2021: EUR 8 million). The increase is due to the elevated macroeconomic uncertainties.

The resulting coverage ratios are presented in the following table.

Coverage ratios including overlay (drawn) at 31 December 2022

	Stage 1	Stage 2	Stage 3 & POCI
Mortgages			
Mortgage loans	0.04%	4.78%	0.59%
Asset-Backed Finance			
Commercial Real Estate	0.43%	0.81%	25.99%
OIMIO	0.27%	0.97%	0.00%
Infrastructure	0.25%	2.89%	0.00%
Shipping	0.62%	0.61%	57.19%
Investment loans	1.99%	2.52%	0.00%
Platforms			
yesqar	0.64%	0.00%	0.00%
Non-core Activities			
Leveraged Finance	1.60%	12.00%	78.07%
Fintech & Structured Finance (including Mobility)	0.28%	2.06%	66.23%
Mid-Markets Corporates	0.67%	4.63%	38.28%
Public Finance Initiative	0.80%	5.10%	67.14%
Lease receivables	0.00%	0.00%	84.88%

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. The ECL management overlay is a post-model adjustment.

Macroeconomic scenarios

NIBC updates the macroeconomic scenarios twice a year. For 2022 ECL calculations, NIBC has adjusted the macroeconomic scenarios. Key changes to macroeconomic assumptions and the related economic scenarios which affect the ECL estimate are disclosed below.

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

year-on-year changes	2023	2024	2025	2026	2027
GDP (NL)	0.9%	2.0%	1.6%	1.1%	1.0%
GDP (UK)	-1.2%	0.8%	1.3%	1.2%	1.3%
GDP (DE)	0.1%	3.0%	3.1%	2.4%	1.3%
Oil Price	-10.4%	-20.5%	-3.6%	0.2%	1.8%
House Price Index (NL)	-1.9%	-1.1%	2.6%	4.0%	4.5%
House Price Index (DE)	-2.5%	3.1%	4.1%	4.2%	4.2%

NIBC has considered the number of scenarios and weights assigned to individual scenarios and decided to adjust the scenario weights in June 2022, to better reflect the increased risk of a downturn. In summary, the updates of the macroeconomic scenarios and weights during 2022 have led to an increase in ECL of EUR 4 million.

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

SCENARIO	Macroeconomic variables	2023 % year-on-year change	2024	Unweighted ECL stages 1 and 2 in EUR million	Probability weighted %	Reported ECL stages 1 and 2 in EUR million
UPSIDE SCENARIO	GDP (NL)	2.7%	2.5%	25	10.0%	
	GDP (UK)	0.7%	1.6%			
	GDP (DE)	2.0%	3.5%			
	Oil Price	-13.0%	-19.0%			
BASELINE SCENARIO	GDP (NL)	0.9%	2.0%	28	30.0%	30
	GDP (UK)	-1.2%	0.8%			
	GDP (DE)	0.1%	3.0%			
	Oil Price	-10.4%	-20.5%			
DOWNSIDE SCENARIO	GDP (NL)	-0.6%	1.7%	32	60.0%	
	GDP (UK)	-3.5%	0.3%			
	GDP (DE)	-1.4%	2.7%			
	Oil Price	-18.2%	-25.7%			

SCENARIO	Macroeconomic variables	2022 % year-on-year change	2023	Unweighted ECL stages 1 and 2 in EUR million	Probability weighted %	Reported ECL stages 1 and 2 in EUR million
UPSIDE SCENARIO	GDP (NL)	3.7%	2.8%	36	30.0%	
	GDP (UK)	8.8%	2.9%			
	GDP (DE)	5.9%	3.9%			
	Oil Price	0.4%	-4.8%			
BASELINE SCENARIO	GDP (NL)	2.3%	1.5%	39	32.5%	40
	GDP (UK)	5.5%	3.5%			
	GDP (DE)	3.8%	2.8%			
	Oil Price	-3.2%	-8.8%			
DOWNSIDE SCENARIO	GDP (NL)	1.1%	1.2%	42	37.5%	
	GDP (UK)	2.7%	3.9%			
	GDP (DE)	2.4%	2.4%			
	Oil Price	-20.2%	1.6%			

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

SCENARIO	Macroeconomic variables	2023	2024	Unweighted ECL stages 1 and 2	Probability weighted	Reported ECL stages 1 and 2
		% year-on-year change		in EUR million	%	in EUR million
UPSIDE SCENARIO	NL House Price Index (y-o-y change)	-0.9%	1.6%	1	10.0%	
	DE House Price Index (y-o-y change)	-1.4%	4.9%			
BASELINE SCENARIO	NL House Price Index (y-o-y change)	-1.9%	-1.1%	1	30.0%	1
	DE House Price Index (y-o-y change)	-2.5%	3.1%			
DOWNSIDE SCENARIO	NL House Price Index (y-o-y change)	-3.0%	-3.2%	1	60.0%	
	DE House Price Index (y-o-y change)	-5.7%	4.6%			

SCENARIO	Macroeconomic variables	2022	2023	Unweighted ECL stages 1 and 2	Probability weighted	Reported ECL stages 1 and 2
		% year-on-year change		in EUR million	%	in EUR million
UPSIDE SCENARIO	NL House Price Index (y-o-y change)	8.1%	3.3%	0	30.0%	
	DE House Price Index (y-o-y change)	10.3%	8.1%			
BASELINE SCENARIO	NL House Price Index (y-o-y change)	6.3%	0.7%	1	32.5%	1
	DE House Price Index (y-o-y change)	7.8%	6.0%			
DOWNSIDE SCENARIO	NL House Price Index (y-o-y change)	5.2%	-1.2%	1	37.5%	
	DE House Price Index (y-o-y change)	6.6%	4.5%			

Rating of carrying values per ECL stage

The following tables present the credit quality based on NIBC's internal credit rating system or PD for mortgages and year-end stage classification. Details of NIBC's internal rating system are explained in the Risk Management Paragraph.

in EUR millions	Investment	Sub-investment	Default	Default grade (bankruptcy filing)	Unrated	Total 2022
Stage 1						
Debt investments FVOCI	859	-	-	-	-	859
Loans AC	907	3,634	-	-	1,206	5,746
Off-balance:						
Undrawn commitments	175	913	-	-	88	1,176
Other	6	19	-	-	0	25
Stage 2						
Debt investments FVOCI	-	2	-	-	-	2
Loans AC	16	293	-	-	(1)	308
Off-balance:						
Undrawn commitments	4	27	-	-	-	31
Stage 3						
Loans AC	-	-	55	4	-	59
Lease receivables AC	-	-	-	-	5	5
Off-balance:						
Undrawn commitments	-	-	0	-	-	0
POCI						
Loans AC	-	-	35	-	-	35
Off-balance:						
Undrawn commitments	-	3	18	-	-	21
Other	-	28	-	-	0	28
	1,968	**4,919**	**108**	**4**	**1,297**	**8,296**

Off-balance 'Other' refers to guarantees granted and irrevocable letters of credit.

in EUR millions	Investment	Sub-investment	Default	Default grade (bankruptcy filing)	Unrated	Total 2021
Stage 1						
Debt investments FVOCI	850	-	-	-	-	850
Debt investments AC	25	-	-	-	-	25
Loans AC	1,354	3,690	-	-	600	5,645
Off-balance:						
Undrawn commitments	375	1,059	-	-	18	1,451
Other	1	35	-	-	0	36
Stage 2						
Debt investments FVOCI	-	3	-	-	-	3
Loans AC	-	521	-	-	10	531
Off-balance:						
Undrawn commitments	-	69	-	-	-	69
Other	-	0	-	-	-	0
Stage 3						
Loans AC	-	-	157	6	-	163
Lease receivables AC	-	-	-	-	8	8
Off-balance:						
Undrawn commitments	-	-	1	0	-	1
POCI						
Loans AC	-	8	34	-	-	43
Off-balance:						
Undrawn commitments	-	10	-	-	-	10
Other	-	28	-	-	-	28
	2,605	**5,422**	**192**	**6**	**637**	**8,862**

in EUR millions	<= 1%	1%> <=2%	2%> <=5%	5%> <100%	100%	Total 2022
Stage 1						
Mortgage loans AC	11,391	78	20	12	-	11,502
Securitised mortgage loans AC	239	-	0	-	-	239
Stage 2						
Mortgage loans AC	51	3	14	56	4	129
Securitised mortgage loans AC	1	-	1	0	-	2
Stage 3						
Mortgage loans AC	1	-	-	-	71	72
Securitised mortgage loans AC	-	-	-	-	0	0
POCI						
Mortgage loans AC	16	1	0	3	26	46
	11,698	**82**	**36**	**71**	**102**	**11,990**

in EUR millions	<= 1%	1%> <=2%	2%> <=5%	5%> <100%	100%	Total 2021
Stage 1						
Mortgage loans AC	11,337	48	10	20	-	11,415
Securitised mortgage loans AC	278	-	0	-	-	278
Stage 2						
Mortgage loans AC	60	2	13	42	5	123
Securitised mortgage loans AC	2	0	0	-	-	3
Stage 3						
Mortgage loans AC	1	-	-	0	67	68
POCI						
Mortgage loans AC	19	1	0	6	27	52
	11,697	**51**	**24**	**69**	**99**	**11,940**

Movement schedule of carrying values per ECL stage

The following tables show the movement of the financial assets at FVOCI and AC, as well as the undrawn commitments, and guarantees granted and irrevocable letters of credit ('other'), per ECL stage.

in EUR millions	Balance at 1 January 2022	Originated or purchased	Derecog-nised	Write-offs	Loss allowance	FX and other	Transfer to held for sale	Stage transfers	Balance at 31 December 2022
Stage 1									
Debt investments FVOCI	850	251	(221)	-	-	(20)	-	-	859
Debt investments AC	25	-	-	-	-	-	(25)	-	0
Loans AC	5,645	2,608	(2,235)	3	(3)	(174)	(37)	(60)	5,746
Lease receivables AC	-	-	-	-	-	-	-	-	-
Mortgage loans AC	11,415	2,998	(2,861)	-	(3)	0	-	(49)	11,502
Securitised mortgage loans AC	278	-	(40)	-	-	-	-	0	239
Off-balance:									
Undrawn commitments	1,451	-	(278)	-	-	(8)	-	10	1,176
Other	36	-	(11)	-	-	1	-	(1)	25
Stage 2									
Debt investments FVOCI	3	0	(0)	-	-	0	-	-	2
Loans AC	531	19	(307)	5	7	5	(5)	54	308
Lease receivables AC	-	-	-	-	-	-	-	-	-
Mortgage loans AC	123	(0)	(31)	-	(0)	0	-	37	129
Securitised mortgage loans AC	3	-	(0)	-	-	-	-	(0)	2
Off-balance:									
Undrawn commitments	69	-	(28)	-	-	(0)	-	(9)	31
Other	0	-	(2)	-	-	(0)	-	1	-
Stage 3									
Loans AC	163	0	(112)	23	(14)	1	(7)	5	59
Lease receivables AC	8	-	-	-	(4)	-	-	-	5
Mortgage loans AC	68	(0)	(8)	-	0	0	-	12	72
Off-balance:									
Undrawn commitments	1	0	-	-	-	-	-	(1)	0
Other	0	-	-	-	-	-	-	-	0
POCI									
Loans AC	43	4	-	1	(7)	(7)	-	-	35
Mortgage loans AC	52	-	(7)	-	0	0	-	-	46
Off-balance:									
Undrawn commitments	10	11	-	-	-	-	-	-	21
Other	28	-	(2)	-	-	2	-	-	28
	20,802	**5,892**	**(6,141)**	**32**	**(24)**	**(200)**	**(74)**	**(1)**	**20,286**

in EUR millions	Balance at 1 January 2021	Originated or purchased	Derecog- nised	Write- offs	Loss allowance	FX and other	Transfer to held for sale	Stage transfers	Balance at 31 December 2021
Stage 1									
Debt investments FVOCI	883	268	(302)	-	-	1	-	-	850
Debt investments AC	22	12	(10)	-	-	0	-	-	25
Loans AC	5,461	1,968	(1,747)	-	3	151	-	(191)	5,645
Lease receivables AC	-	-	-	-	-	-	-	-	-
Mortgage loans AC	9,707	3,622	(1,881)	-	0	1	-	(35)	11,415
Securitised mortgage loans AC	339	-	(59)	-	-	-	-	(1)	278
Off-balance:									
Undrawn commitments	1,234	242	-	-	-	12	-	(38)	1,451
Other	35	-	(5)	-	-	1	-	5	36
Stage 2									
Debt investments FVOCI	3	-	(0)	-	-	0	-	-	3
Loans AC	679	18	(240)	0	(1)	18	-	56	531
Lease receivables AC	-	-	-	-	-	-	-	-	-
Mortgage loans AC	190	(0)	(40)	-	1	0	-	(28)	123
Securitised mortgage loans AC	4	-	(2)	-	-	-	-	1	3
Off-balance:									
Undrawn commitments	44	-	(14)	-	-	1	-	38	69
Other	6	-	(0)	-	-	-	-	(5)	0
Stage 3									
Loans AC	104	2	(77)	25	(25)	0	-	134	163
Lease receivables AC	16	-	-	-	(8)	-	-	-	8
Mortgage loans AC	5	1	0	-	(1)	0	-	62	68
Off-balance:									
Undrawn commitments	2	-	(0)	-	-	(0)	-	0	1
Other	1	-	(1)	-	-	0	-	-	0
POCI									
Loans AC	66	10	(28)	(2)	(2)	(3)	-	-	43
Mortgage loans AC	-	51	0	-	(0)	1	-	-	52
Off-balance:									
Undrawn commitments	7	2	-	-	-	0	-	-	10
Other	29	-	(3)	-	-	2	-	-	28
	18,837	**6,199**	**(4,411)**	**23**	**(32)**	**186**	**-**	**(1)**	**20,802**

12 INCOME TAX

Accounting policy for income tax

Tax consists of current and deferred tax. Tax is recognised in the income statement and in the statement of other comprehensive income in the period in which it arises.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates (and laws) enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when NIBC intends to settle on a net basis and a legal right of offset exists.

Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

Critical accounting estimates and judgements

Deferred tax assets are included only if it is probable that taxable profits will be realised in the coming four years against which these temporary differences can be offset. When determining future taxable profits, estimates are used since these are subject to uncertainty.

in EUR millions	2022	2021
Current tax	40	54
Deferred tax	(11)	(17)
	30	**37**

Further information on deferred tax is presented in note 28 Deferred tax. The actual tax charge on NIBC's profit before tax differs from the theoretical amount that would arise using the basic tax rate, as follows:

in EUR millions	2022	2021
Tax reconciliation:		
Profit before tax	**178**	**226**
Tax calculated at the nominal Dutch corporate tax rate of 25.8% (2021: 25.0%)	46	57
Impact of income not subject to tax	(13)	(20)
Impact of expenses not tax deductible	1	-
Effect of different tax rates other countries	0	(1)
Actualisation including true-ups and revaluations	(4)	0
	30	**37**

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

The amount mentioned under the actualisation is the result of updates to the Dutch and German tax positions of NIBC resulting from the filing of tax returns in the year 2022. During the year the Dutch fiscal unity tax return for the year 2021 has been filed and those for 2019 and 2020 have been refiled following review and dialogue with the Dutch tax authorities. As a result, a tax provision has been released.

Income tax expense is recognised based on management's best estimate of the expected annualised income tax rate for the full financial year, as well as discrete items recognised in 2022. This results in an effective tax rate of 16.7% for the year ended 31 December 2022 (for the year ended 31 December 2021: 16.1%).

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 unity.

13 CASH AND BALANCES WITH CENTRAL BANKS

Accounting policy for cash and balances with central banks

Cash and balances at central banks are held at amortised cost, and include cash on hand and mandatory reserve deposits.

in EUR millions	2022	2021
Cash and balances with central banks can be categorised as follows		
Receivable on demand	1,913	1,624
Not receivable on demand (due to mandatory reserve deposits with central banks)	174	169
	2,087	**1,793**

Cash and balances with central banks were EUR 1,913 million on the current account balance held with Dutch Central Bank at 31 December 2022 (31 December 2021: EUR 1,624 million).

Cash and banks further increased, as NIBC is continuing its prudent approach to liquidity management in these uncertain times, with the reduction of non-core portfolios and the launch of NIBCs new Soft Bullet Covered Programme.

Balances held with central banks are interest-bearing.

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature of the underlying assets.

The total credit loss allowance for cash and balances with central banks is limited to stage 1 and amounts to nil (2021: nil).

14 DUE FROM OTHER BANKS

Accounting policy for due from other banks

Amounts due from other banks are held at amortised cost.

in EUR millions	2022	2021
Current accounts	532	599
Deposits with other banks	309	205
	841	**804**
Due from other banks can be categorised as follows		
Receivable on demand	532	595
Cash collateral placements posted under CSA agreements	276	209
Not receivable on demand	33	(0)
	841	**804**

There were no subordinated loans included in due from other banks in 2022 and 2021.

The total credit loss allowance for due from other banks is limited to stage 1, and amounts to nil (2021: nil).

The non-receivable on demand relates to a pending settlement of a funding transaction.

15 DEBT INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)

Accounting policy for debt investments (fair value through profit or loss)

These debt investments are are managed on a fair value basis and are consequently measured at fair value through profit or loss, with gains and losses in the changes of the fair value recognised under net trading income in the income statement.

Movement explanation

The decrease in debt investments from EUR 47 million to EUR 15 million is mainly due to a reclassification of EUR 22 million to held for sale as these positions consist of the retained CLO notes. The decrease includes a revaluation loss of EUR 7 million on these positions, prior to the reclassification of these investments to held for sale.

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

16 DERIVATIVE FINANCIAL INSTRUMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)

Accounting policy for derivative financial instruments (fair value through profit or loss)

Derivative financial instruments are measured at fair value through profit and loss.

NIBC uses derivative financial instruments both for trading and hedging purposes, and consist of:

- Interest rate swaps to hedge the interest rate risk of the Mortgage portfolio;
- Interest rate swaps to hedge to fair value interest rate risk of fixed rate funding;
- Foreign exchange and cross-currency swaps to fund the non-euro loans to customers or to transform non-euro funding into euros;
- Client-driven derivative transactions;
- Money market trading.

Economically, all these derivatives, with the exception of the money market trading and client-driving transactions, are used to hedge interest rate or foreign exchange risk. The money market trading is controlled by a relatively low Value at Risk (VaR) limit of EUR 2.25 million. For further details see Risk Management paragraph.

Gains and losses from changes in the fair value of derivatives held for trading are recognised in the income statement in net trading income, while gains and losses from changes in the fair value of derivatives held for hedging purposes are recognised in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss.

Accounting policy for hedge accounting

When derivatives are designated as hedges, NIBC classifies them as either (i) a fair value hedge of interest rate risk ('portfolio fair value hedges'); (ii) a fair value hedge of interest rate risk or FX rate risk ('micro fair value hedges'); (iii) a cash flow hedge of the variability of highly probable cash flows ('cash flow hedges'). Hedge accounting is applied to derivatives designated as hedging instruments, provided the criteria of IAS 39 are met.

At the inception of a hedging relationship, NIBC documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge. NIBC also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting changes attributable to the hedged risk in the fair value or cash flows of the hedged items.

NIBC uses settle-to-market derivatives for hedge accounting purposes.

NIBC discontinues hedge accounting prospectively when:

- It is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- The derivative expires, or is sold, terminated or exercised;
- The hedged item matures, or is sold or repaid;
- A forecast transaction is no longer deemed highly probable; or
- It voluntarily decides to discontinue the hedge relationship.

FAIR VALUE HEDGE

NIBC applies portfolio fair value hedge accounting and fair value hedge accounting on a micro level. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss together with changes in the fair value of the hedged items attributable to the hedged risk.

If a hedge relationship no longer meets the criteria for hedge accounting, the cumulative fair value adjustment to the carrying amount of the hedged item is amortised to the income statement over the remaining period to maturity using the effective interest method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss.

PORTFOLIO FAIR VALUE HEDGE

NIBC applies portfolio fair value hedge accounting to the interest rate risk arising on (amortised cost) portfolios of mortgage loans, fixed rate corporate loans and funding and the interest rate risk from retail deposits.

In order to apply portfolio fair value hedge accounting, the cash flows arising on the portfolios are scheduled into time buckets based upon when the cash flows are expected to occur. For the first two years, cash flows are scheduled using monthly time buckets; thereafter annual time buckets are used. Hedging instruments are designated for each time bucket, together with an amount of assets or liabilities that NIBC is seeking to hedge. Designation and de-designation of hedging relationships is undertaken on at least a monthly basis, together with an assessment of the effectiveness of the hedging relationship at a portfolio level, across all time buckets.

MICRO FAIR VALUE HEDGE

NIBC applies micro fair value hedge accounting to the interest rate risk and/or the foreign exchange risk arising from debt investments at fair value through other comprehensive income and fixed interest rate funding.

(Cross-currency) interest rate swaps are used as hedging instruments. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement together with changes in the fair value of the hedged items attributable to the hedged risks.

CASH FLOW HEDGE

Cash flow hedge accounting is applied to hedge the variability arising on expected future cash flows due to interest rate risk on loans at amortised cost with floating interest rates. As interest rates fluctuate, the future cash flows on these instruments also fluctuate. NIBC uses interest rate swaps to hedge the risk of such cash flow fluctuations. Cash flow hedges are always on portfolio level.

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income as net result of hedging instruments. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods in which the hedged item will affect the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in other comprehensive income at that time remains in other comprehensive income until the forecast cash flow is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

HEDGE EFFECTIVENESS TESTING

To qualify for hedge accounting, NIBC requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness). Actual effectiveness (retrospective effectiveness) must also be demonstrated on an ongoing basis.

The documentation of each hedging relationship describes how effectiveness will be assessed. For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the bandwidth of 80% - 125% for the hedge to be deemed effective.

Sources of ineffectiveness are the behaviour of the curve shift, the volatility of the basis spread over the curve and the distribution of cash flows of assets and liabilities compared to the hedging derivatives. Hedge ineffectiveness is recognised in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss. Ineffectiveness outside the 80% - 125% bandwidth is recognised by not posting a hedge adjustment to the hedged item.

Derivatives used for hedge accounting and other

in EUR millions	2022	2021
Derivative financial assets		
Derivative financial assets used for hedge accounting	18	2
Derivative financial assets - other	144	332
	162	**334**
Derivative financial liabilities		
Derivative financial liabilities used for hedge accounting	7	1
Derivative financial liabilities - other	225	153
	232	**154**

The carrying amounts for derivatives used for hedge accounting consist mainly of interest rate swaps in portfolio fair value hedges.

Hedge accounting - fair value hedges

FAIR VALUE ADJUSTMENTS HEDGED ITEMS

In the following tables NIBC sets out the accumulated fair value adjustments in the hedged items arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the years.

		Carrying amount of hedged items at 31 December 2022		Accumulated amount of fair value adjustments on the hedged items at 31 December 2022	
in EUR millions	Hedged items	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges					
Micro fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	271	-	7
Micro fair value hedge of Liquidity portfolio debt investments	Debt investments at FVOCI	74	-	5	-
		74	**271**	**5**	**7**
Portfolio fair value hedges					
Portfolio fair value hedge of assets and liabilities	Deposits from customers and Mortgage loans	6,849	4,427	710	512
		6,849	**4,427**	**710**	**512**
		6,924	**4,698**	**715**	**519**

in EUR millions	Hedged items	Carrying amount of hedged items at 31 December 2021		Accumulated amount of fair value adjustments on the hedged items at 31 December 2021	
		Assets	Liabilities	Assets	Liabilities
Micro fair value hedges					
Micro fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	295	-	2
Micro fair value hedge of Liquidity portfolio debt investments	Debt investments at FVOCI	18	-	(0)	-
		18	**295**	**(0)**	**2**
Portfolio fair value hedges					
Portfolio fair value hedge of assets and liabilities	Deposits from customers and Mortgage loans	4,207	3,418	43	34
		4,207	**3,418**	**43**	**34**
		4,225	**3,713**	**43**	**36**

HEDGE INEFFECTIVENESS FAIR VALUE HEDGES

The following tables set out the changes in the fair value of the hedged items and hedging instruments in the current year, used as the basis for recognising ineffectiveness.

in EUR millions	Gains/(losses) attributable to the hedged risk at 31 December 2022		Hedge ineffective-ness at 31 December 2022	Gains/(losses) attributable to the hedged risk at 31 December 2021		Hedge ineffective-ness at 31 December 2021
Hedged items (hedge instruments)	Hedged items	Hedging instruments		Hedged items	Hedging instruments	
Micro fair value hedge relationships hedging assets						
Micro fair value hedge of the Liquidity portfolio debt investments (interest rate swaps)	(5)	6	1	(0)	1	1
	(5)	**6**	**1**	**(0)**	**1**	**1**
Micro fair value hedge relationships hedging liabilities						
Micro fair value hedge of plain vanilla funding (interest rate swaps)	10	(10)	(0)	10	(10)	(0)
	10	**(10)**	**(0)**	**10**	**(10)**	**(0)**
Total micro fair value hedge	**5**	**(3)**	**1**	**10**	**(9)**	**1**

in EUR millions	Gains/(losses) attributable to the hedged risk at 31 December 2022		Hedge ineffective-ness at 31 December 2022	Gains/(losses) attributable to the hedged risk at 31 December 2021		Hedge ineffective-ness at 31 December 2021
Hedged items (hedge instruments)	Hedged items	Hedging instruments		Hedged items	Hedging instruments	
Portfolio fair value hedges hedging assets						
Portfolio fair value hedge of assets (interest rate swaps)	(932)	941	9	(139)	152	13
	(932)	**941**	**9**	**(139)**	**152**	**13**
Portfolio fair value hedges hedging liabilities						
Portfolio fair value hedge of liabilities (interest rate swaps)	548	(525)	23	68	(58)	10
	548	**(525)**	**23**	**68**	**(58)**	**10**
Total portfolio fair value hedge	**(384)**	**416**	**32**	**(71)**	**94**	**23**

Hedge accounting - cash flow hedges

The following tables set out the outcome of NIBC's hedging strategy, in particular, the notional and the carrying amounts of the derivatives NIBC uses as hedging instruments and their changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions.

Hedge accounting - cash flow hedges at 31 December 2022

			Changes in fair value of hedging instruments used for measuring hedge ineffectiveness				
	Carrying value		Effective portion	Hedge ineffectiveness	In total	Reclassified into income statement as	
in EUR millions	Assets	Liabilities	Recognised in OCI	Recognised in the income statement in gains or (losses) from assets and liabilities at FVtPL		Other interest gains or (losses)	Gains or (losses) from assets and liabilities at FVtPL
Cash flow hedges							
Interest rate swaps	0	0	(3)	(1)	(4)	2	2
	0	**0**	**(3)**	**(1)**	**(4)**	**2**	**2**

The underlying hedged items of the cash flow hedges are the floating rate coupons of the Corporate Loan portfolio.

Hedge accounting - cash flow hedges at 31 December 2021

in EUR millions	Carrying value: Assets	Carrying value: Liabilities	Changes in fair value of hedging instruments used for measuring hedge ineffectiveness: Effective portion: Recognised in OCI	Hedge ineffectiveness: Recognised in the income statement in gains or (losses) from assets and liabilities at FVtPL	In total	Reclassified into income statement as: Other interest gains or (losses)	Reclassified into income statement as: Gains or (losses) from assets and liabilities at FVtPL
Cash flow hedges							
Interest rate swaps	-	-	(2)	(2)	(4)	3	2
	-	**-**	**(2)**	**(2)**	**(4)**	**3**	**2**

in EUR millions	Change in fair value of hedged item in the year 2022 used for ineffectiveness measurement	Cash flow hedge reserve at 31 December 2022: Continuing hedges	Cash flow hedge reserve at 31 December 2022: Discontinued hedges	Change in fair value of hedged item in the year 2021 used for ineffectiveness measurement	Cash flow hedge reserve at 31 December 2021: Continuing hedges	Cash flow hedge reserve at 31 December 2021: Discontinued hedges
Cash flow hedges						
Floating rate notes	5	(1)	(2)	2	(7)	(5)
	5	**(1)**	**(2)**	**2**	**(7)**	**(5)**

Hedge accounting impact on equity

in EUR millions	2022	2021
Opening balance cash flow hedging reserve as at 1 January	**(11)**	**(17)**
Cash flow hedges		
Effective portion of changes in fair value arising from:		
Interest rate swaps	3	2
Net amount reclassified to profit or loss into		
Other interest expense/income	2	3
Gains or (losses) from assets and liabilities at FVtPL	2	2
Other	0	(1)
Closing balance cash flow hedging reserve as at 31 December	**(4)**	**(11)**

At 31 December 2022 the cash flow hedge reserve consists of an amount of EUR 1 million (2021: EUR 7 million) relating to continuing hedges and an amount of EUR 2 million (2021: EUR 5 million) to hedging relationships for which hedge accounting is no longer applied.

Remaining life of notionals per derivative

Derivative financial instruments used for hedge accounting at 31 December 2022

in EUR millions	Notional amount with remaining life of: Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Carrying value: Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products							
Average fixed rate	-	1.59%	0.61%	1.09%	0.85%		
Interest rate swaps	-	644	7,478	5,651	13,773	18	7
	-	**644**	**7,478**	**5,651**	**13,773**	**18**	**7**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products							
Average fixed rate	-	2.00%	2.10%	-	2.13%		
Interest rate swaps	-	23	45	-	68	0	0
	-	**23**	**45**	**-**	**68**	**0**	**0**
Total derivatives used for hedge accounting	**-**	**667**	**7,523**	**5,651**	**13,841**	**18**	**7**

Derivative financial instruments used for hedge accounting at 31 December 2021

in EUR millions	Notional amount with remaining life of: Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Carrying value: Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products							
Average fixed rate	0.00%	-	0.07%	0.43%	0.21%		
Interest rate swaps	595	-	4,751	3,724	9,070	2	1
	595	**-**	**4,751**	**3,724**	**9,070**	**2**	**1**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products							
Average fixed rate	0.00%	-	2.14%	-	1.07%		
Interest rate swaps	95	-	95	-	190	-	-
	95	**-**	**95**	**-**	**190**	**-**	**-**
Total derivatives used for hedge accounting	**690**	**-**	**4,846**	**3,724**	**9,260**	**2**	**1**

Derivative financial instruments - other at 31 December 2022

in EUR millions	Notional amount with remaining life of: Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Carrying value: Assets	Liabilities
Interest rate derivatives							
OTC products							
Interest rate swaps	1,785	7,636	3,659	4,361	17,441	52	70
Interest rate options (purchase)	14	149	320	15	498	21	-
Interest rate options (sale)	14	148	320	5	487	-	19
	1,814	**7,933**	**4,299**	**4,381**	**18,427**	**73**	**89**
Currency derivatives							
OTC products							
Interest currency rate swaps	58	370	780	-	1,208	12	73
Currency/cross-currency swaps	139	-	-	-	139	2	0
	197	**370**	**780**	**-**	**1,347**	**14**	**73**
Other derivatives (including credit derivatives)							
OTC products							
Credit default swaps (guarantees received)	4	-	-	-	4	-	0
Other swaps	-	-	3	11	14	57	62
	4	**-**	**3**	**11**	**18**	**57**	**63**
Total derivatives - other	**2,014**	**8,303**	**5,082**	**4,392**	**19,792**	**144**	**225**

Derivative financial instruments - other at 31 December 2021

in EUR millions	Notional amount with remaining life of Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Carrying value Assets	Liabilities
Interest rate derivatives							
OTC products							
Interest rate swaps	2,715	6,580	4,553	5,194	19,042	275	49
Interest rate options (purchase)	-	191	434	15	640	2	-
Interest rate options (sale)	-	136	424	5	565	-	2
	2,715	**6,907**	**5,411**	**5,214**	**20,246**	**277**	**51**
Currency derivatives							
OTC products							
Interest currency rate swaps	270	460	794	-	1,524	13	55
Currency/cross-currency swaps	125	-	-	-	125	0	1
	395	**460**	**794**	**-**	**1,649**	**14**	**57**
Other derivatives (including credit derivatives)							
OTC products							
Credit default swaps (guarantees received)	-	-	-	4	4	-	0
Other swaps	-	-	-	14	14	41	44
	-	**-**	**-**	**18**	**18**	**41**	**45**
Total derivatives - other	**3,109**	**7,367**	**6,204**	**5,232**	**21,913**	**332**	**153**

The average remaining maturity (in which the related cash flows are expected to enter into the determination of profit or loss) is six years (2021: six years).

FAIR VALUE HEDGES OF INTEREST RATE RISK

The following table discloses the fair value of the swaps designated in fair value hedging relationships:

in EUR millions	2022	2021
Fair value pay - fixed swaps (hedging assets) | assets	18	1
Fair value pay - fixed swaps (hedging assets) | liabilities	(0)	(1)
	17	**(0)**
Fair value pay - floating swaps (hedging liabilities) | assets	0	1
Fair value pay - floating swaps (hedging liabilities) | liabilities	(7)	(0)
	(7)	**1**

PORTFOLIO FAIR VALUE HEDGE ACCOUNTING OF ASSETS AND LIABILITIES

To mitigate accounting mismatches, NIBC has defined a portfolio fair value hedge for the assets and liabilities with a contractual duration longer than three months and the corresponding hedging transactions.

The hedged risk is the benchmark interest rate (RFRs up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2022 was EUR 10 million debit (2021: EUR nil). The gains on the hedging instruments were EUR 416 million (2021: gain of EUR 94 million). The losses on the hedged items attributable to the hedged risk were EUR 384 million (2021: loss of EUR 71 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness and pipeline hedging. The pipeline consists of mortgage loans offered to customers but which have not yet been accepted.

MICRO FAIR VALUE HEDGE ACCOUNTING OF PLAIN VANILLA FUNDING

To mitigate accounting mismatches, NIBC has defined a micro fair value hedge for fixed rate plain vanilla funding and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (RFRs up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2022 is nil (2021: nil). The losses on the hedging instruments were EUR 10 million (2021: loss of EUR 10 million). The gains on the hedged items attributable to the hedged risk were EUR 10 million (2021: gain of EUR 10 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

MICRO FAIR VALUE HEDGE ACCOUNTING OF THE LIQUIDITY PORTFOLIO DEBT INVESTMENTS

To mitigate accounting mismatches, NIBC has defined a micro fair value hedge for fixed rate debt investments and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (RFRs up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2022 is nil (2021: nil). The gains on the hedging instruments were EUR 6 million (2021: gain of EUR 1 million). The losses on the hedged items attributable to the hedged risk were EUR 5 million (2021: nil). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

CASH FLOW HEDGES

NIBC has classified a large part of its corporate loans as loans and receivables. Therefore, variability in the cash flows of the floating rate corporate loans is accounted for in future periods, when the coupons are recorded in the income statement on an AC basis. Interest rate swaps are used to hedge the floating cash flows of its floating corporate loans (in GBP). These swaps are reported at FVtPL. This accounting mismatch creates volatility in the income statement of NIBC. Therefore NIBC applies hedge accounting on these positions. Hedge accounting is applied to all swaps that are used to hedge the cash flow risk of the floating corporate loans by defining a macro cash flow hedge relationship with the floating corporate loans.

The variability in interest cash flows arising on floating rate corporate loans is hedged on a portfolio basis with interest rate swaps that receive fixed and pay floating (generally one, three and six months floating rates). The highly probable cash flows being hedged relate both to the highly probable cash flows on outstanding corporate loans and to the future reinvestment of these cash flows. NIBC does not hedge the variability of future cash flows of corporate loans arising from changes in credit spreads.

Interest rate swaps with a net fair value of nil (2021: nil) were designated in a cash flow hedge relationship. The cash flow on the hedged item will be reported in income over the next three years. In 2022 the ineffectiveness recognised in the income statement that arose from cash flow hedges was a loss of EUR 1 million (2021: loss of EUR 2 million).

Some macro cash flow hedging relationships were de-designated during 2022. The hedged items are still recognised in the balance sheet of the company and therefore the related cumulative hedge adjustment as from that date is being amortised over the remaining contractual maturity of the hedged item.

The amount that was recognised in equity for the year 2022 was EUR 3 million debit (2021: EUR 2 million debit). The amount that was transferred from equity to the income statement in 2022 was a gain of EUR 4 million net of tax (2021: gain of EUR 4 million).

17 EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS, INCLUDING INVESTMENTS IN ASSOCIATES)

Accounting policy for equity investments (fair value through profit or loss, including investments in associates)

The equity investments (including investments in associates) managed on a fair value basis are measured at fair value through profit or loss, with gains and losses in the changes of the fair value recognised under investment income in the income statement.

Critical accounting estimates and judgements

NIBC estimates the fair value of its equity investments using valuation models, and it applies the valuation principles set forth by the International Private Equity and Venture Capital Valuation Guidelines to the extent that these are consistent with IFRS 9.

Refer to note 42 Fair value of financial instruments for more detail.

in EUR millions	2022	2021
Movement schedule of investments in associates		
Balance at 1 January	**97**	**118**
Additions	23	12
Disposals	(8)	(65)
Changes in fair value	13	31
Transfer to assets held for sale	(84)	-
Balance at 31 December	**41**	**97**
Movement schedule of other equity investments		
Balance at 1 January	**124**	**93**
Additions	2	12
Disposals	(32)	(35)
Changes in fair value	26	51
Other (including exchange rate differences)	1	3
Balance at 31 December	**121**	**124**

During 2022, the investments in associates portfolio decreased due to a reclassification of several associates to the held for sale.

At the end of 2022 and 2021, all investments in associates and other equity investments were unlisted. Other disclosure requirements for associates are presented in note 50 Principal subsidiaries and associates.

18 LOANS (FAIR VALUE THROUGH PROFIT OR LOSS)

Accounting policy for loans (fair value through profit or loss)

This line item includes loans that are mandatorily measured at fair value through profit or loss because the loans are held within a business model whose objective is to sell the loans and/or the contractual terms of the loans result in cash flows that are not solely payments of principal and interest (**SPPI**) on the principal amount outstanding. Gains and losses from the changes of the fair value are recognised under net gains or (losses) from assets and liabilities at fair value through profit or loss in the income statement.

in EUR millions	2022	2021
Corporate loans	133	131
Consumer loans	10	17
	143	**148**
Legal maturity analysis of corporate loans		
Three months or less	11	1
Longer than three months but not longer than one year	28	46
Longer than one year but not longer than five years	94	83
Longer than five years	-	-
	133	**131**
Movement schedule of corporate loans		
Balance at 1 January	**131**	**130**
Additions	30	48
Disposals	(8)	(75)
Changes in fair value	4	28
Transfer to assets held for sale	(24)	-
Balance at 31 December	**133**	**131**

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

The cumulative change in fair value included in the balance sheet amount attributable to changes in interest rates and credit risk amounts to a gain of EUR 2 million (2021: loss of EUR 1 million).

The portion of fair value changes in 2022 included in the balance sheet amount as at 31 December 2022 relating to the movements in market interest rates and credit spreads amounted close to nil (2021: nil).

The maximum corporate exposure to credit risk without taking into account of any collateral or other credit enhancement for this financial asset amounts to EUR 183 million as per 31 December 2022 (2021: EUR 183 million). This credit risk exposure is mitigated by the collateral held as security and other credit enhancements on these assets, for which the fair value amounts as per 31 December 2022 to EUR 139 million (2021: EUR 135 million).

The most significant types of collateral securing these corporate loans are tangible assets, such as real estate, vessels, rigs and equipment.

During 2022, the reported Loan portfolio decreased due to a reclassification of several exposures to assets held for sale.

19 DEBT INVESTMENTS (FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME)

Accounting policy for debt investments (fair value through other comprehensive income)

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling debt investments;
- the contractual terms of the debt investment result in cash flows that are solely payments of principal and interest.

Unrealised gains and losses are recognised in other comprehensive income. Upon derecognition, any accumulated balances in other comprehensive income are reclassified to the income statement and reported within investment income.

Refer to note 11 Credit loss expense for the accounting policies for ECL and disclosures on ECL staging.

in EUR millions	2022	2021
Legal maturity analysis of debt investments		
Three months or less	21	21
Longer than three months but not longer than one year	124	88
Longer than one year but not longer than five years	630	671
Longer than five years	86	73
	862	**852**

At 31 December 2022 EUR 862 million of debt investments was listed (2021: EUR 852 million) and includes EUR 79 million of government bonds (2021: EUR 22 million).

20 DEBT INVESTMENTS (AMORTISED COST)

Accounting policy for financial assets at amortised cost

A financial asset is measured at amortised cost (i.e. fair value at initial recognition adjusted for transaction costs) if it meets both of the following conditions:

- it is held within a business model that has an objective to hold financial assets to collect contractual cash flows;
- the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition to debt investments at amortised costs, NIBC holds the following financial assets at amortised cost:

- cash and balances at central banks;
- due from other banks;
- loans;
- lease receivables;
- mortgage loans;
- securitised mortgage loans.

Refer to note 11 Credit loss expense for measuring allowances for credit losses, and disclosures on ECL staging.

Movement explanation

The maximum credit risk exposure including undrawn credit facilities arising on debt investments at AC amounted to nil (2021: EUR 25 million).

During 2022, the Debt Investments portfolio was reduced to nil due to a reclassification of the exposures to assets held for sale.

21 LOANS (AMORTISED COST)

in EUR millions	2022	2021
Corporate loans	5,005	5,456
Loans with group companies	1,144	926
	6,149	**6,381**
Legal maturity analysis of corporate loans		
Three months or less	913	865
Longer than three months but not longer than one year	799	564
Longer than one year but not longer than five years	3,325	3,895
Longer than five years	1,112	1,058
	6,149	**6,381**

The legal maturity analysis is based upon the earliest contractual cash flows which best represents the short and long-term nature of the cash flows. The expected prepayments within the coming 12 months varies in the range between 3% and 28% of the outstanding corporate exposure.

The decrease in corporate loans at AC reflects NIBC's successful execution of its strategy, which focusses on asset-backed financing.

There are no contractual amounts outstanding on loans that were written off and are still subject to enforcement activity for 2022 and 2021.

The maximum credit risk exposure including undrawn corporate credit facilities arising on loans at AC amounts to EUR 6,820 million per 31 December 2022 (2021: EUR 7,506 million).

The total amount of corporate subordinated loans in this item amounted to EUR 32 million in 2022 (2021: EUR 84 million).

As per 31 December 2022, EUR 16 million of corporate loan exposure (2021: EUR 30 million) was guaranteed by the Dutch State.

22 LEASE RECEIVABLES (AMORTISED COST)

Accounting policy for lease receivables (amortised cost)

A lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. Otherwise a lease is classified as an operating lease (refer to note 27 Property and equipment).

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

Refer to note 11 Credit loss expense for measuring allowances for credit losses, and disclosures on ECL staging.

in EUR millions	2022	2021
Lease receivables	5	8
	5	**8**

The Lease Receivables portfolio consists of granular exposures and relatively small ticket sizes and short maturities. Positions are fully collateralised by the underlying equipment.

Lease receivables exposure is related to a single counterparty with an exposure of EUR 31 million. This exposure is defaulted, non-performing and partially impaired.

23 MORTGAGE LOANS (AMORTISED COST)

in EUR millions	2022	2021
Owner occupied mortgage loans	10,382	10,559
Buy-to-Let mortgage loans	1,367	1,100
	11,749	**11,659**
Legal maturity analysis of mortgage loans		
Three months or less	9	7
Longer than three months but not longer than one year	51	30
Longer than one year but not longer than five years	184	170
Longer than five years	11,505	11,451
	11,749	**11,659**

On 17 November 2021 NIBC acquired a Mortgage Loan portfolio from financial services provider Finqus B.V. for an amount of EUR 1.4 billion.

NIBC believes that the legal maturity analysis based upon the earliest contractual cash flows best represents the term nature of the cash flows. The contractual maturity may be extended over a longer period. The expected prepayments within the coming 12 months varies in the range between 5% and 12% of the outstanding exposure.

Relating to committed facilities with respect to mortgage loans no release has been recognised in 2022 (2021: nil).

The contractual amount outstanding on mortgage loans that were written off and are still subject to enforcement activity amounts to EUR 31 million (2021: EUR 45 million).

The maximum credit exposure including committed but undrawn facilities was EUR 12,075 million at 31 December 2022 (31 December 2021: EUR 12,377 million).

24 SECURITISED MORTGAGE LOANS (AMORTISED COST)

in EUR millions	2022	2021
Legal maturity analysis of securitised mortgage loans		
Three months or less	0	0
Longer than three months but not longer than one year	0	0
Longer than one year but not longer than five years	1	1
Longer than five years	240	280
	241	**281**

25 INVESTMENT PROPERTY

Accounting policy for investment property

Investment property relates to part of NIBC's buildings which are rented or available for rent to third parties, and is initially measured at cost and subsequently at fair value with any change therein recognised in the income statement within net gains or (losses) from assets and liabilities at fair value through profit or loss.

Movement explanation

In 2022 the relative distribution of the square meters of Land and buildings between the available for rent status (Investment Property) and in own use (Property and equipment) have been brought in line with the new NEN 2580 measurement report. Based upon this new NEN 2580 measurement report land and buildings were revalued as of 31 December 2022 based on an independent external appraisal. Beside the limited financial effect of the one-off reallocation of the square meters from property and equipment to investment property the revaluation of Land and buildings with the available for rental status increased in value, leading to a gain of EUR 0.5 million in 2022.

in EUR millions	2022	2021
Investment property	26	23
	26	**23**
Movement schedule of investment property		
Balance at 1 January	**23**	**21**
Reclassification from property and equipment	-	1
Additions	2	1
Changes in fair value	0	1
Balance at 31 December	**26**	**23**

26 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (EQUITY METHOD)

Accounting policy for investments in associates and joint ventures (equity method)

Associates and joint ventures (equity method) include strategic investments held by NIBC.

Associates are all entities over which the group has significant influence but not control. Significant influence generally results from a shareholding of between 20% and 50% of the voting rights, but also is the ability to participate in the financial and operating policies through situations including, but not limited to one or more of the following:

- Representation in the board of directors;
- Participation in the policy making process;
- Interchange of managerial personnel.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost, and the carrying amount is increased or decreased to recognise the group’s share of the profit or loss of the associate or joint venture after the date of acquisition.

in EUR millions	2022	2021
Investments in associates	4	13
Investments in joint ventures	-	3
	4	**16**
Movement schedule of investments in associates		
Balance at 1 January	**13**	**12**
Disposals	(4)	-
Share in result	(3)	2
Dividend received	4	-
Transfer to assets held for sale	(6)	-
Balance at 31 December	**4**	**13**
Movement schedule of investments in joint ventures		
Balance at 1 January	**3**	**3**
Share in result	(1)	(0)
Transfer to assets held for sale	(2)	-
Balance at 31 December	**-**	**3**

At the end of 2022 and 2021, all investments in associates and joint ventures were unlisted.

The cumulative impairment losses amount to nil for 2022 and 2021.

The reclassification to assets held for sale reflects NIBC's successful execution of its strategy, which focusses on asset-backed financing. Rebalancing the portfolio has led to a reduction of exposures in specific, non-core asset classes. Effort to rebalance the portfolios, in which reduction of exposure in specific sub portfolios.

Other disclosure requirements for associates and joint ventures which are equity accounted are included in note 50 Principal subsidiaries and associates.

27 PROPERTY AND EQUIPMENT

Accounting policy for property and equipment

Offices and land are measured at fair value (revaluation model). This fair value is based on the most recent appraisals by independent registered appraisers, less straight-line depreciation for offices over the estimated economic life taking into account any residual value. Land is not depreciated. Offices in own use are valued at market value on an unlet or let basis. If arm's length lease agreements have been concluded between NIBC group companies, the office is recognised at its value as a let property. If there is no lease agreement, the office is recognised as vacant property. Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the office, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the office's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to NIBC and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising from revaluation of offices are credited to other reserves in shareholder's equity. Decreases that offset previous increases of the same office are charged against other reserves directly in other comprehensive income; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the re-valued carrying amount of the office charged to the income statement and depreciation based on the office's original cost is transferred from other reserves to retained earnings.

Leases

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

Lessee accounting

Upon lease commencement NIBC recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which reflects the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs. The initial lease liability is equal to the sum of the fixed lease payments, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, NIBC uses its incremental borrowing rate.

NIBC applies the following recognition exemptions:

- short-term leases (no right-of-use assets and lease liabilities are recognised for lease terms of 12 months or less at commencement date);
- low value assets (this includes, leases for which the underlying assets have a value lower or equal to EUR 5,000; leases leading to recognition of a right-of-use asset lower or equal to EUR 10,000; leases of similar underlying assets (like e.g. printers) leading to a total right-of-use

asset of lower or equal to EUR 50,000, or leases of a group of assets whereby the costs and benefits of right-of-use asset recognition do not justify the reporting requirements).

Lease payments for assets complying to these recognition exemptions are recognised directly in other operating expenses.

Lessor accounting
NIBC classifies each lease as an operating lease or a finance lease. A lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred (refer to note 22 Lease receivables (amortised cost). Otherwise a lease is classified as an operating lease.

Rental income from operating leases is recognised in other operating income on a straight line basis over the lease term net of discounts.

Depreciation of property and equipment

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Depreciation
Offices	30 - 50 years
Machinery	4 - 10 years
Furniture, fittings and equipment	3 - 10 years
Right-of-use assets: Offices	5 - 20 years
Assets under operating leases	1 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

in EUR millions	2022	2021
Land and buildings	25	26
Other fixed assets	1	2
Right-of-use assets	2	3
	28	**31**

Land and buildings were revalued as of 31 December 2022 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 0.7 million net of tax is credited to revaluation reserves in equity.

Buildings in use by NIBC are insured for EUR 70 million (2021: EUR 64 million). Other fixed assets are insured for EUR 27 million (2021: EUR 25 million).

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.

28 DEFERRED TAX

Accounting policy for deferred tax

The accounting policy for deferred tax is included in note 12 Income tax.

Critical accounting estimates and judgements

Deferred tax assets are included only if it is probable that taxable profits will be realised in the coming four years against which these temporary differences can be offset. When determining future taxable profits, estimates are used since these are subject to uncertainty.

in EUR millions	2022	2021
Deferred tax assets	7	5
Deferred tax liabilities	2	4
	5	**2**
Amounts of deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction		
Property and equipment	1	1
Debt investments	4	-
Tax losses carried forward	1	4
	6	**5**
Amounts of deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction		
Cash flow hedges	1	3
	1	**3**
	5	**2**

in EUR millions	2022	2021
Gross movement on the deferred income tax account may be summarised as follows		
Balance at 1 January	**2**	**(0)**
Debt investments		
Fair value remeasurement charged/(credited) to revaluation reserve	4	1
Cash flow hedges		
Fair value remeasurement charged/(credited) to hedging reserve	2	1
Tax losses carried forward	(3)	(0)
Balance at 31 December	**5**	**2**

DTA and DTL are measured for all temporary differences using the liability method.

DTA recognised in respect of carry forward losses can only be utilised if taxable profits are realised in the future. To measure DTA, NIBC takes a management best estimate regarding future compensation of carry forward losses. On 31 December 2022 it was highly probable that sufficient taxable profits would be generated within the applicable periods for the recognised DTA based on internal forecasts over the coming four years.

The effective tax rate in the Netherlands for measuring deferred tax is 25.8% at 31 December 2022 (2021: 25.8%) for tax losses carried forward. The most significant part of the recognised DTA relates to carry forward losses in the Netherlands.

29 OTHER ASSETS

in EUR millions	2022	2021
Pending settlements	-	4
Other accruals and receivables	10	24
	10	**28**

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature of its related assets.

30 ASSETS HELD FOR SALE

Accounting policy for non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is highly probable within 12 months. Assets and liabilities held for sale (including disposal groups) other than financial instruments are valued at the lower of its carrying value and its fair value less costs to sell. Assets and liabilities held for sale are presented separately in the consolidated balance sheet.

In 2022 NIBC committed to a plan to sell its UK collateral management franchise and its NIBC Investment Partners franchise, including a significant part of the investment portfolio. The equity and debt investments in scope have been classified as assets held for sale. NIBC is currently involved in advanced discussions on potential transactions for both activities. If these processes lead to actual transactions, we do not expect a material impact on the income statement in 2023.

Assets classified as held for sale at 31 December 2022

in EUR millions	2022	2021
Debt investments (FVtPL)	22	-
Equity investments (including investments in associates)	91	-
Loans (FVtPL)	17	-
Debt investments (AC)	25	-
Loans (AC)	49	-
Transaction costs	(2)	
	202	**-**

The costs to sell incurred relating to the anticipated divestment of NIBC Investment Partners franchise amounts EUR 2 million in 2022.

31 DUE TO OTHER BANKS

Accounting policy for due to other banks

Amounts due to other banks are classified at amortised cost.

in EUR millions	2022	2021
Due to other banks	194	154
Due to central banks	550	548
	744	**702**
Due to other banks		
Payable on demand	20	15
Not payable on demand	723	687
	744	**702**
Legal maturity analysis of due to other banks not payable on demand		
Three months or less	21	40
Longer than three months but not longer than one year	356	70
Longer than one year but not longer than five years	346	562
Longer than five years	-	15
	723	**687**

Interest is recognised in interest expense on financial instruments measured at AC on an effective interest basis.

At 31 December 2022, an amount of EUR 21 million (2021: EUR 40 million) relates to cash collateral received from third parties.

According to management's best estimate achieving the conditions attached to the TLTRO-loans, especially achievement of the lending performance thresholds, during the term of the TLTRO-loans is considered remote at 31 December 2022. NIBC considers the applicable interest rate on the outstanding TLTRO III loans to be comparable to rates on other secured funding instruments.

Interest payments will be settled in arrears. The collateral for the TLTRO-program consists of Dutch Central Bank (**DNB**) eligible debt investments and securitised mortgage loans. The interest conditions for TLTRO III were set in June 2020. Until 30 June 2022, the interest rate was fixed. From 1 July 2022 until maturity, the rate was based on a modified average rate. In October 2022, the ECB adjusted the expansionary monetary policy to a restrictive monetary policy, and related to the change in policy, it has adjusted the mechanism to apply a variable interest rate for all outstanding TLTRO III tranches as from 23 November 2022. NIBC considered this a substantial modification of the terms of the TLTRO III tranches and derecognised these loans and recognised new loans. The associated basis adjustment was derecognised leading to a loss of EUR 11.5 million, recognised in Net gains or (losses) from assets and liabilities at fair value through profit or loss.

The carrying amount of the TLTRO loans, including the accrued interest payable, is EUR 550 million at 31 December 2022 (2021: EUR 548 million). The legal maturity date of the current TLTRO-loans lies between June 2023 (TLTRO III.4) and December 2024 (TLTRO III.10), although there is a voluntary redemption option starting one year after the settlement date of the respective TLTRO participation.

The fair value does not materially differ from its face value.

32 DEPOSITS FROM CUSTOMERS

Accounting policy for deposits from customers

Deposits from customers are classified at amortised cost.

in EUR millions	2022	2021
Retail deposits	10,307	10,549
Institutional/corporate deposits	919	783
	11,227	**11,333**
Deposits from customers		
On demand	7,968	7,752
Term deposits	3,259	3,581
	11,227	**11,333**
Legal maturity analysis of term deposits		
Three months or less	498	1,069
Longer than three months but not longer than one year	1,583	1,121
Longer than one year but not longer than five years	1,098	1,276
Longer than five years	80	114
	3,259	**3,581**

Interest is recognised in interest expense on financial instruments measured at AC on an effective interest basis.

The total amount of savings value with respect to mortgage loans in this item amounted to EUR 133 million at 31 December 2022 (2021: EUR 144 million).

33 DEBT SECURITIES IN ISSUE STRUCTURED (DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS)

Accounting policy for financial liabilities designated at fair value through profit or loss

Hybrid or structured financial liabilities are irrevocably designated upon initial recognition to be measured at fair value through profit or loss, when the instruments are held to reduce an accounting mismatch, are managed on the basis of their fair value or include terms that qualify as an embedded derivative that cannot be separated.

Measurement of financial liabilities designated at fair value through profit or loss follows the same principles as for financial assets classified at fair value through profit or loss, except that the movement in the fair value of the financial liability that is attributable to changes in NIBC's own credit risk is presented in other comprehensive income.

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 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.

Critical accounting estimates and judgements

NIBC estimates its own credit risk from market observable data such as NIBC senior unsecured issues, NIBC subordinated issues and secondary prices for its traded debt, and the valuation is sensitive to the estimated credit spread used to discount future expected cash flows.

Refer to note 42.7 Own credit adjustments on financial liabilities designated at fair value for the sensitivity analysis.

in EUR millions	2022	2021
Legal maturity analysis of debt securities in issue structured		
Three months or less	-	-
Longer than three months but not longer than one year	-	20
Longer than one year but not longer than five years	35	40
Longer than five years	54	74
	89	**133**
Movement schedule of debt securities in issue structured		
Balance at 1 January	**133**	**171**
Additions	0	0
Disposals	(31)	(38)
Changes in fair value	(14)	(1)
Other (including exchange rate differences)	1	1
Balance at 31 December	**89**	**133**

The carrying amount is measured at FV, currently FV adjustment is lower than contractual amounts. The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 98 million at 31 December 2022 (2021: EUR 127 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 2 million (2021: loss of EUR 8 million). The change for 2022 is a gain of EUR 10 million recognised in other comprehensive income (2021: loss of EUR 4 million). See note 42.7 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 2022 include redemptions at the scheduled maturity date to an amount of EUR 31 million (2021: EUR 25 million) and repurchases of debt securities before the legal maturity date to an amount of nil (2021: EUR 13 million).

The changes in fair value reflects movements due to both market interest rate changes and market 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 4 million was recognised on debt securities in issue structured liabilities during 2022 (2021: EUR 6 million).

34 PROVISIONS

Accounting policy for provisions

A provision is recognised when NIBC has a legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be remote.

Provisions are measured at the present value of the expected required expenditure to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Refer to note 11 Credit loss expense for the accounting policy and disclosures of the ECL allowances for off-balance sheet financial instruments.

in EUR millions	2022	2021
ECL allowances for off-balance sheet financial instruments	4	4
Employee benefits	2	2
	6	**6**

Employee benefit obligations of EUR 0.6 million at 31 December 2022 are related to payments to be made in respect of other leave obligations (2021: EUR 1 million).

in EUR millions	2022	2021
The amounts of pension charges recognised in personnel expenses in the income statement were as follows		
Collective Defined Contribution plans		
Employer's contribution	15	14
Participants' contributions	(2)	(2)
	13	**13**

In 2022 NIBC committed itself to a one-off employers contribution of EUR 0.6 million to the pension plan of its employees.

Employer's contributions in 2022 includes EUR 4 million (2021: EUR 3 million) intended to compensate for the pension gap that arose as a result of changed tax rules that became effective as of 1 January 2015.

Obligations and expense under pension plans

A Collective Defined Contribution (**CDC**) plan is a pension plan under which NIBC each year pays a fixed percentage of the salaries of the members into the scheme. The size of the fund on retirement will be determined by how much was contributed to the scheme and the investment return achieved.

For defined-contribution plans, NIBC pays contributions directly into the member's scheme. NIBC has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The CDC-plan is based on an average salary plan. The retirement age is set at 68 years as per 1 January 2018. Under the CDC-plan the annual pension contributions are calculated according to a fixed contribution calculation mechanism. As from 1 January 2021 the annual pension contribution payable by NIBC is maximised at 32% of the pensionable salary (salary minus a social security deductible). By paying the agreed fixed annual contribution NIBC is released from all its obligations. NIBC has agreed with the Works Council the contribution by both the employer and the employees. As from 1 January 2021, the withholding payable in this CDC-plan for the employees is set at 5% per annum and consequently the net contribution borne by NIBC is 27%.

Until 1 August 2021 the CDC Plan of NIBC was executed by Stichting Pensioenfonds NIBC in liquidation. As per that date all assets and pension liabilities were transferred via a collective value transfer to Stichting De Nationale Algemeen Pensioenfonds Kring B. This has no impact on the CDC plan itself nor on the pension premium paid.

35 ACCRUALS, DEFERRED INCOME AND OTHER LIABILITIES

Accounting policy for accruals, deferred income and other liabilities

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. NIBC recognises a liability when it becomes legally enforceable.

Refer to note 27 Property and equipment for the accounting policy on lease liabilities. All contractual payments are included in the calculation of the lease liabilities, and

- no variable lease payments are included in the measurement of the lease liabilities,
- no amounts are expected to be payable by NIBC under residual value guarantees,
- no purchase options are expected to be exercised,
- no payments of penalties for terminating the lease are included, and
- no restrictions or covenants are applicable on the lease liabilities.

in EUR millions	2022	2021
Payables	40	66
Lease liabilities	2	4
Other accruals (including earn-out commitments)	23	19
Taxes and social securities	8	9
	73	**98**
Legal maturity analysis of lease liabilities		
Three months or less	0	0
Longer than three months but not longer than one year	0	1
Longer than one year but not longer than five years	1	1
Longer than five years	0	1
	2	**4**
Movement schedule of lease liabilities		
Balance at 1 January	**4**	**5**
Repayments	(1)	(2)
Balance at 31 December	**2**	**4**

Taxes and social securities relate to EUR 1 million VAT (2021: EUR 2 million), EUR 4 million payroll tax (2021: EUR 4 million), and EUR 3 million with Bank tax (2021: EUR 3 million).

36 OWN DEBT SECURITIES IN ISSUE (AMORTISED COST)

in EUR millions	2022	2021
Legal maturity analysis of own debt securities in issue		
Three months or less	106	485
Longer than three months but not longer than one year	859	521
Longer than one year but not longer than five years	4,050	3,271
Longer than five years	2,835	3,390
	7,850	**7,667**
Movement schedule of own debt securities in issue		
Balance at 1 January	**7,667**	**5,954**
Additions	1,332	1,916
Matured/redeemed	(1,124)	(247)
Other (including exchange rate differences)	(25)	44
Balance at 31 December	**7,850**	**7,667**

In 2022 NIBC issued an EUR 500 million fixed rate senior preferred bond with a maturity of five years and a Soft bullet Covered bond of EUR 500 million with a maturity of five years. Additionally four senior preferred floating notes were issued (EUR 185 million) with maturities from two to five years and five fixed rate senior preferred notes (EUR 124 million) with maturities within two years.

The disposals of own debt securities in issue at amortised cost for 2022 include redemptions at the scheduled maturity date to an amount of EUR 1,067 million (2021: EUR 197 million) and (temporary) buyback of positions for EUR 45 million (2021 : EUR 50 million). The disposals include an EUR 12 million decrease of the cumulative hedge adjustment (2021: increase of EUR 19 million in additions).

Interest expense of EUR 78 million was recognised on own debt securities in issue at amortised cost liabilities during 2022 (2021: EUR 65 million).

37 DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES (AMORTISED COST)

in EUR millions	2022	2021
Legal maturity analysis of debt securities in issue related to securitised mortgage loans		
Three months or less	1	0
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	221	267
	221	**267**
Movement schedule of debt securities in issue related to securitised mortgage loans		
Balance at 1 January	**267**	**327**
Matured/redeemed	(46)	(60)
Balance at 31 December	**221**	**267**

The disposals of own debt securities related to securitised mortgages at amortised cost for 2022 include repayments of debt securities before the legal maturity date to an amount of EUR 46 million (2021: EUR 60 million).

38 SUBORDINATED LIABILITIES (DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS)

in EUR millions	2022	2021
Non-qualifying as grandfathered additional Tier 1 capital	46	72
Subordinated loans other	90	124
	136	**196**
Legal maturity analysis of subordinated liabilities		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than ten years	136	196
	136	**196**
Movement schedule of subordinated liabilities		
Balance at 1 January	**196**	**165**
Additions	4	2
Changes in fair value	(70)	23
Other (including exchange rate differences)	5	6
Balance at 31 December	**136**	**196**

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

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 273 million at 31 December 2022 (2021: EUR 262 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 114 million (2021: gain of EUR 67 million). The change for 2022 is a gain of EUR 45 million recognised in other comprehensive income (2021: loss of EUR 30 million). See note 42.7 for further information with respect to own credit risk.

Interest expense of EUR 8 million was recognised on subordinated liabilities in 2022 (2021: EUR 5 million). In 2022 and 2021 no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

39 SUBORDINATED LIABILITIES (AMORTISED COST)

in EUR millions	2022	2021
Legal maturity analysis of subordinated liabilities		
One year or less	-	-
Longer than one year but not longer than five years	66	52
Longer than five years but not longer than ten years	-	15
Longer than ten years	-	-
	66	**67**
Movement schedule of subordinated liabilities		
Balance at 1 January	**67**	**113**
Additions	-	4
Matured/redeemed	(1)	(52)
Other (including exchange rate differences)	0	2
Balance at 31 December	**66**	**67**

Interest expense of EUR 2 million was recognised on subordinated liabilities (AC) during 2022 (2021: EUR 3 million).

The total disposals include EUR 0.8 million decrease of the cumulative hedge adjustment (2021: an increase of EUR 4 million in additions).

40 EQUITY

Accounting policy for equity

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

Flora Holdings III Limited and Flora Acquisition B.V. are the legal holders of 100% in the ordinary shares of NIBC Holding N.V. at 31 December 2022 (31 December 2021: 99.02%).

in EUR millions	2022	2021
Equity attributable to the equity holders		
Share capital	80	80
Share premium	238	238
Revaluation reserves		
Revaluation reserve - hedging instruments	3	9
Revaluation reserve - debt investments	(11)	1
Revaluation reserve - property	14	14
Revaluation reserve - own credit risk	110	55
Retained profit	1,411	1,431
	1,845	**1,828**

Share capital

The issued share capital is fully paid-up.

	2022	2021	2022	2021
	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
	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 REVALUATION

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 use by NIBC (net of tax).

REVALUATION RESERVE – OWN CREDIT RISK

This reserve includes the cumulative changes in the fair value of the financial liabilities designated at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss (net of tax).

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 group companies are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company. Refer to note 26 of the company financial statements for detailed information regarding the Legal Reserves.

In 2022 a total dividend of EUR 154 million has been distributed.

Changes in share premium and revaluation reserves in 2022

in EUR millions	Share premium	Revaluation reserves: Hedging revaluation	Revaluation reserves: Debt investments	Revaluation reserves: Property	Revaluation reserves: Own credit risk	Total
Balance at 1 January 2022	**238**	**9**	**1**	**14**	**55**	**317**
Net result on hedging instruments	-	(6)	-	-	-	(6)
Revaluation/remeasurement (net of tax)	-	-	(12)	0	55	43
Total recognised directly through other comprehensive income in equity during the year	**-**	**(6)**	**(12)**	**0**	**55**	**37**
Balance at 31 December 2022	**238**	**3**	**(11)**	**14**	**110**	**354**

Changes in share premium and revaluation reserves in 2021

in EUR millions	Share premium	Revaluation reserves: Hedging revaluation	Revaluation reserves: Debt investments	Revaluation reserves: Property	Revaluation reserves: Own credit risk	Total
Balance at 1 January 2021	**238**	**13**	**3**	**13**	**89**	**356**
Net result on hedging instruments	-	(4)	-	-	-	(4)
Revaluation/remeasurement (net of tax)	-	-	(2)	1	(34)	(34)
Total recognised directly through other comprehensive income in equity during the year	**-**	**(4)**	**(2)**	**1**	**(34)**	**(39)**
Balance at 31 December 2021	**238**	**9**	**1**	**14**	**55**	**317**

Information on NIBC's solvency ratios is included in the Solvency & Liquidity section of this Annual Report.

41 CAPITAL SECURITIES

Accounting policy for capital securities

The capital securities are perpetual and have no expiry date, and, as there is no formal obligation to (re)pay the principal or to pay a dividend, are recognised as equity. Issue costs or dividends paid are consequently also directly recognised in equity.

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. The capital securities are 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 five-year euro swap rate +5.564%. Any payments including coupon payments are fully discretionary.

in EUR millions	2022	2021
Capital securities issued by NIBC	200	200
	200	**200**

Movement schedule of capital securities issued by NIBC

	2022	2021
Balance at 1 January	**200**	**200**
Profit after tax attributable to holders of capital securities	12	12
Paid coupon on capital securities	(12)	(12)
Balance at 31 December	**200**	**200**

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting policy for determination of fair value

DETERMINATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell or paid to transfer a particular asset or liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which NIBC has access at that date.

FAIR VALUE HIERARCHY LEVELS

A financial instruments is reported as level 1 in the fair value hierarchy, when the fair value is determined either by reference to quoted market prices or dealer price quotations (without adjustment for transaction costs) in an active market. The fair value measurement is based upon the bid price for financial assets and the ask price for financial liabilities. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of financial instruments not quoted in an active market is determined using appropriate valuation techniques. These valuation techniques are applied using, where possible, relevant market observable inputs (level 2) or unobservable inputs (level 3). Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant models.

The fair value of level 3 financial instruments is determined using a valuation technique based on NIBC's best estimate of the most appropriate assumptions and that has been calibrated against actual market transactions. Outcomes are adjusted to reflect the spread for bid and ask prices (both from independent sources), to reflect costs to close out positions, where necessary for counterparty credit and liquidity spread, and for any other limitations in the technique.

The level within the fair value hierarchy at which an instrument measured at fair value is categorised is determined on the basis of the lowest level input that is significant to the measurement of fair value in its entirety.

Profit or loss, calculated upon initial recognition (day one profit or loss), is deferred unless the calculation is based on solely market observable inputs, in which case it is immediately recognised. Deferred day one profit or loss is amortised to income over the contractual life until maturity or settlement.

Critical accounting estimates and judgements

NIBC's fair value methodology and the governance over its models include 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.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those who prepared them. All models are reviewed prior to use and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent possible, models use only observable data; however, in areas such as applicable credit spreads (both own credit spread and counterparty credit spreads), volatilities and correlations may require management to estimate inputs. However, the use of different models or assumptions could affect the reported fair values for level 2 and level 3 financial instruments.

42.1 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 31 December 2022

in EUR millions	Level 1	Level 2	Level 3	2022
Financial assets at fair value through profit or loss (including trading)				
Debt investments	-	14	1	15
Derivative financial assets	-	162	-	162
Equity investments (including investments in associates)	-	-	162	162
Loans	10	130	3	143
	10	**306**	**165**	**481**
Financial assets at fair value through other comprehensive income				
Debt investments	764	97	0	862
	764	**97**	**0**	**862**
	775	**403**	**165**	**1,343**

in EUR millions	Level 1	Level 2	Level 3	2022
Financial liabilities at fair value through profit or loss (including trading)				
Derivative financial liabilities	-	232	-	232
Debt securities in issue structured	-	89	-	89
Subordinated liabilities	-	136	-	136
	-	**458**	**-**	**458**

Fair value of financial instruments at 31 December 2021

in EUR millions	Level 1	Level 2	Level 3	2021
Financial assets at fair value through profit or loss (including trading)				
Debt investments	-	46	1	47
Derivative financial assets	-	334	-	334
Equity investments (including investments in associates)	-	-	221	221
Loans	-	144	5	148
	-	**523**	**227**	**750**
Financial assets at fair value through other comprehensive income				
Debt investments	810	42	-	852
	810	**42**	**-**	**852**
	810	**565**	**227**	**1,602**

in EUR millions	Level 1	Level 2	Level 3	2021
Financial liabilities at fair value through profit or loss (including trading)				
Derivative financial liabilities	-	154	-	154
Debt securities in issue structured	-	133	-	133
Subordinated liabilities	-	196	-	196
	-	**483**	**-**	**483**

42.2 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 and at fair value through other comprehensive income

DEBT INVESTMENTS - LEVEL 1

For the determination of fair value at 31 December 2022, NIBC used market-observable prices. 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 31 December 2022, NIBC applied market-observable prices, interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

DERIVATIVES FINANCIAL ASSETS AND LIABILITIES (HELD FOR TRADING AND USED FOR HEDGING) – LEVEL 2

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

LOANS – LEVEL 2 AND 3

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

DEBT INVESTMENTS – LEVEL 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.

The fair value of equity investments is established by applying capitalisation multiples to maintainable earnings. Maintainable earnings are estimated based on the normalised last 12 months' Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**). Capitalisation multiples are derived from the enterprise value and the normalised last 12 months EBITDA. 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 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 FVtPL and is reported on the face of the balance sheet under the following headings:
- Debt securities in issue structured (financial liabilities at FVtPL);
- Subordinated liabilities (financial liabilities at FVtPL).

The fair value of the notes issued and the back-to-back hedging swaps (refer to note 33 Debt securities in issue structured (designated at fair value through profit or loss)) 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 FVtPL, the expected cash flows are discounted to present value using market observed credit spread rates.

42.3 Transfers between level 1 and level 2

Transfers between levels are reviewed semi-annually at the end of the reporting period. In 2022 and 2021 there were no transfers between level 1 and level 2.

42.4 Movements in level 3 financial instruments measured at fair value

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 2022	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	At 31 December 2022
Financial assets at fair value through profit or loss (including trading)							
Debt investments	1	(1)	-	-	-	-	1
Equity investments (including investments in associates)	221	40	25	(40)	-	(84)	162
Loans	5	3	20	-	(1)	(24)	3
	227	**42**	**45**	**(40)**	**(1)**	**(108)**	**165**

in EUR millions	At 1 January 2021	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	At 31 December 2021
Financial assets at fair value through profit or loss (including trading)							
Debt investments	1	1	0	-	(1)	1	1
Equity investments (including investments in associates)	212	86	24	(101)	-	-	221
Loans	33	(3)	(1)	(17)	(10)	3	5
	245	**84**	**24**	**(118)**	**(12)**	**4**	**227**

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

	For the years ended							
	31 December 2022				31 December 2021			
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)	1	-	-	1
Equity investments (including investments in associates)	0	-	39	40	-	-	86	86
Loans	-	3	-	3	-	(3)		(3)
	(1)	**3**	**39**	**42**	**1**	**(3)**	**86**	**84**

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 years ended			
	31 December 2022		31 December 2021	
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)	-	1
Equity investments (including investments in associates)	38	1	58	28
Loans	3	-	(3)	-
	41	**1**	**55**	**29**

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 relate to level 3 assets and liabilities are included in the income statement as follows:

	For the years ended					
	31 December 2022			31 December 2021		
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)	-	17	17	-	41	41
Loans	3	-	3	(3)	-	(3)
	3	**17**	**20**	**(3)**	**41**	**37**

42.5 Impact of valuation adjustments

The following table shows the movement in the aggregate profit not recognised when financial instruments were initially recognised (Day-1 profit).

in EUR millions	2022	2021
Movement schedule of day-1 profit		
Balance at 1 January	**8**	**10**
Subsequent recognition due to amortisation	2	(1)
Balance at 31 December	**10**	**8**

42.6 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 years ended			
	31 December 2022		31 December 2021	
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	0
Equity investments (including investments in associates)	162	8	221	11
Loans	3	0	5	0

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 sensitivity in unobservable input parameters, such as the change in discount factor due to macroeconomic developments, company specific risk profile and yield offer vs. demand in sector is determined as 5%.

In 2022, there were no significant changes in the business or economic circumstances, that affect the fair value of the NIBC's financial assets and liabilities and there were no reclassifications of financial assets.

42.7 Own credit adjustments on financial liabilities designated at fair value

Changes in the fair value of financial liabilities designated at FVtPL related to own credit are recognised in OCI 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	2022	2021
Recognised during the period (before tax)		
Unrealised gain/(loss)	55	(34)
	55	**(34)**
Unrealised life-to-date gain/(loss)	109	55
	109	**55**

A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would change the fair value of financial liabilities at 31 December 2022 by EUR 1 million (31 December 2021: EUR 2 million).

42.8 Non-financial assets valued at fair value

PROPERTY AND EQUIPMENT/INVESTMENT PROPERTY

NIBC's land and buildings (for-own-use) are valued at fair value through equity, the carrying amount (level 3) at 31 December 2022 is EUR 25 million (31 December 2021: EUR 26 million).

NIBC's investment property (available-for-rental) are valued at FVtPL, the carrying amount (level 3) at 31 December 2022 is EUR 26 million (31 December 2021: EUR 23 million). The fair value of the right-of-use assets does not materially deviate from the carrying amount.

42.9 Fair value of 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 31 December 2022				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost					
Loans	-	6,149	-	6,149	6,157
Lease receivables	-	5	-	5	5
Mortgage loans	-	-	11,749	11,749	11,039
Securitised mortgage loans	-	-	241	241	233
Financial liabilities at amortised cost					
Own debt securities in issue	-	7,850	-	7,850	7,173
Debt securities in issue related to securitised mortgages	-	-	221	221	221
Subordinated liabilities	-	66	-	66	66

	Fair value information at 31 December 2021				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost					
Debt investments	-	25	-	25	25
Loans	-	6,381	-	6,381	6,302
Lease receivables	-	8	-	8	8
Mortgage loans	-	-	11,659	11,659	11,930
Securitised mortgage loans	-	-	281	281	297
Financial liabilities at amortised cost					
Own debt securities in issue	-	7,667	-	7,667	7,830
Debt securities in issue related to securitised mortgages	-	-	267	267	269
Subordinated liabilities	-	67	-	67	68

The fair value disclosed for the mortgage loans is based on the retail spread. The retail spread in turn is determined by taking into account the mortgage rates of newly originated loans in the consumer market. The offered mortgage rate is determined by collecting mortgage rates from other professional lenders sorted by product, Loan-to-Value (**LtV**) class and the fixed-rate period.

The discount spread is derived by comparing the offered mortgage rate to the market interest rates taking into account various upfront costs embedded in the offered mortgage rate. Where deemed necessary, surcharges are added to reflect the illiquidity of certain sub-portfolios.

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.

43 FINANCIAL ASSETS SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

	At 31 December 2022					
				Related amounts not set off in the balance sheet		
in EUR millions	Gross amount of recognised financial assets	Gross amount of recognised financial assets set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Financial instruments collateral	Cash collateral paid	Net amount
Assets						
Derivative financial assets	162	-	162	-	21	141
	162	**-**	**162**	**-**	**21**	**141**
Liabilities						
Derivative financial liabilities	232	-	232	-	276	(44)
	232	**-**	**232**	**-**	**276**	**(44)**

	At 31 December 2021					
				Related amounts not set off in the balance sheet		
in EUR millions	Gross amount of recognised financial assets	Gross amount of recognised financial assets set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Financial instruments collateral	Cash collateral paid	Net amount
Assets						
Derivative financial assets	334	-	334	-	40	293
	334	**-**	**334**	**-**	**40**	**293**
Liabilities						
Derivative financial liabilities	154	-	154	-	209	(55)
	154	**-**	**154**	**-**	**209**	**(55)**

Related amounts which cannot be offset in the balance sheet position are amounts which are part of International Swaps and Derivatives Association (**ISDA**) netting agreements. The related amounts are reported on the asset side and the liability side of the balance sheet as the ISDA agreements do not meet all requirements for offsetting in IAS 32.

44 REPURCHASE AND RESALE AGREEMENTS AND TRANSFERRED FINANCIAL ASSETS

REPURCHASE AND RESALE AGREEMENTS

As per 31 December 2022 NIBC did not have any repurchase and resale agreement related positions as described in this note (2021: nil).

TRANSFERRED FINANCIAL ASSETS

This disclosure provides insight into the relationship between these transferred financial assets and associated financial liabilities in order to understand which risks NIBC is exposed to when the assets are transferred.

If transferred financial assets continue to be recognised on the balance sheet, NIBC is still exposed to changes in the fair value of the assets.

TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

If transferred financial assets continue to be recognised on the balance sheet, NIBC is still exposed to changes in the fair value of the assets.

The following table shows transferred financial assets that are not derecognised in their entirety:

	2022		2021	
	RMBS programme	Covered Bond programme	RMBS programme	Covered Bond programme
in EUR millions	Securitised mortgage loans (AC)	Mortgage loans own book (AC)	Securitised mortgage loans (AC)	Mortgage loans own book (AC)
Securitisations				
Carrying amount transferred assets	241	4,263	281	4,638
Carrying amount associated liabilities	221	1,002	267	999
Fair value of assets	241	3,945	281	4,771
Fair value of associated liabilities	221	940	269	1,012
Net position	**21**	**3,005**	**13**	**3,759**

RESIDENTIAL MORTGAGE-BACKED SECURITIES (RMBS) PROGRAMME

NIBC uses securitisations as a source of funding whereby the SE issues debt securities. Pursuant to a securitisation transaction utilising true sale mechanics, NIBC transfers the title of the assets to SEs. When the cash flows are transferred to investors in the notes issued by consolidated securitisation vehicles, the assets (residential mortgage loans) are considered to be transferred.

THE COVERED BOND PROGRAMME

Under NIBC's Covered Bond programme, notes are issued by NIBC from its own balance sheet. Bond holders are protected from suffering a loss in the event that NIBC defaults because at the moment the notes were issued, NIBC also transferred the legal title of a portfolio of mortgages to an SE to act as collateral manager for the covered bond investors. From a legal perspective, the SE guarantees the repayment of the Covered Bonds. The title transfer of the mortgages has been achieved by NIBC providing an intercompany loan on the same terms and conditions as the external bonds to the SE. The SE used the proceeds to purchase the Mortgage portfolio. The net result is that the SE retains the legal title, but proceeds from the mortgages are passed through the intercompany loan to the covered bond holders. NIBC consolidates the SE on the basis that, in addition to having power as the sole owner, NIBC also is entitled to substantial variable returns through the over-collateralised portion of the sold mortgages.

CONTINUING INVOLVEMENT IN TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

NIBC does not have any material transferred assets that are derecognised in their entirety, but where NIBC has continuing involvement.

45 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Accounting policy for commitments and contingent assets and liabilities

COMMITMENTS

At any time, NIBC has outstanding commitments to extend credit. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one to three months.

Commitments extended to customers related to mortgages at fixed-interest rates or fixed spreads are hedged with interest rate swaps recorded at fair value. These commitments are designated upon initial recognition at FVtPL.

FINANCIAL GUARANTEES

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

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	2022	2021
Contract amount		
Committed facilities with respect to corporate loan financing	1,279	1,584
Committed facilities with respect to mortgage loans	295	598
Capital commitments with respect to equity investments	16	22
Guarantees granted (including guarantees related to assets held for sale)	21	26
Irrevocable letters of credit	33	39
	1,643	**2,269**

Committed facilities with respect to corporate loan financing contains EUR 50 million of committed facilities for corporate loans at FVtPL (2021: EUR 54 million). Refer to note 11 Credit loss

expense for the ECL-allowances on off-balance sheet financial instrument positions classified at AC or FVOCI.

in EUR millions	2022	2021
Remaining legal maturity analysis of issued financial guarantees & commitments loans		
One year or less	402	772
Longer than one year but not longer than five years	819	958
Longer than five years but not longer than ten years	363	375
Longer than ten years	59	164
	1,643	**2,269**

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

Details of concentrations of credit risk including concentrations of credit risk arising from commitments and contingent liabilities as well as NIBC's policies for collateral for loans are set out in the Risk Management paragraph and in note 11 Credit loss expense

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-a-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 (**KYC**) 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 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.

46 ASSETS TRANSFERRED OR PLEDGED AS COLLATERAL

in EUR millions	2022	2021
Assets have been pledged as collateral in respect of the following liabilities and contingent liabilities		
Liabilities		
Due to other banks/Own debt securities in issue	4,547	4,555
Debt securities in issue related to securitised loans and mortgages	470	555
Derivative financial liabilities	150	117
	5,167	**5,227**
Details of the carrying amounts of assets pledged as collateral		
Assets pledged		
Debt investments/Mortgage loans own book	5,298	5,425
Securitised loans and mortgages	456	684
Cash collateral (due from other banks)	286	209
	6,041	**6,319**

As part of NIBC's funding and credit risk mitigation activities, the cash flows of selected financial assets are transferred or pledged to third parties. Furthermore, NIBC pledges assets as collateral for derivative transactions. Substantially all financial assets included in these transactions are mortgage loans, other loan portfolios, debt investments and cash collateral. The extent of NIBC's continuing involvement in these financial assets varies by transaction.

The asset encumbrance ratio (encumbered assets and total collateral received re-used divided by total assets and total collateral re-used) at 31 December 2022 was 27% (2021: 28%).

47 ASSETS UNDER MANAGEMENT

NIBC provides collateral management services, whereby it holds and manages assets or invests funds received in various financial instruments on behalf of customers. NIBC receives fee income for providing these services. Assets under management are not recognised in the consolidated balance sheet. NIBC is not exposed to any credit risk relating to these assets, as it does not guarantee these investments.

in EUR millions	2022	2021
Assets held and managed by NIBC on behalf of customers	14,416	12,006
	14,416	**12,006**

Assets under management consist of the following activities:
- Credit Management manages external investors' funds invested in sub- investment grade secured and unsecured debt. Credit Management focuses predominantly on European leveraged loans, infrastructure debt and high yield bonds;
- Under OTM mandates, NIBC's Retail Client Offering manages external investors' funds invested in Dutch mortgages;
- Asset management activities at NIBC level consist of collateral management activities of a legacy portfolio of structured investments (such as RMBS and CLOs), predominantly in the US.

Refer to note 3 Net fee income for related investment management and OTM fee income.

NIBC's sustainability policy framework, including applicable sector policies, is also applicable to the investments made under these programmes.

For more information please see our website.

48 BUSINESS COMBINATIONS AND DIVESTMENTS

ACQUISITIONS IN 2022

In 2022 NIBC Bank N.V. acquired 100% shares of FinQuest B.V. from NIBC Investments N.V. which is a subsidiary of NIBC Holding N.V.

ACQUISITIONS AND DIVESTMENTS IN 2021

In 2021 there were no business combinations and no divestments.

49 RELATED PARTY TRANSACTIONS

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

During 2022, there were no new significant related party relationships, as well as no significant related party transactions, other than dividend distribution of EUR 154 million, that are relevant for disclosure to get an understanding of the changes in the consolidated financial position and performance of NIBC, since the end of the last annual reporting period.

Transactions with other entities controlled by NIBC's shareholders

In 2022 and 2021 there were no transactions between NIBC and other entities controlled by NIBC's shareholders.

in EUR millions	2022	2021
Transactions involving NIBC's shareholder		
Assets	724	425
Income received	11	0

Transactions with other entities controlled by the parent company

in EUR millions	2022	2021
Transactions involving NIBC's shareholder		
Assets	420	501
Liabilities	(50)	(37)
Off-balance sheet commitments	43	123
Income received	4	4

All intended deals with related parties, are (pre)discussed in the Related Party Transaction Committee.

Transactions related to associates

in EUR millions	2022	2021
Transactions related to associates		
Assets	36	61
Off-balance sheet commitments	5	7
Income received	4	10

Key management personnel compensation

NIBC's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel is defined at those persons having authority and responsibility for planning, directing and controlling the activities of NIBC (directly and indirectly). Key management personnel for remuneration disclosure purposes of NIBC consist of the ExCo members (including Statutory Board members). The (indirect) shareholdings under the Management Investment Plan ('MIP') in NIBC Holding N.V. are disclosed for key management personnel and other selected senior staff who participate in the MIP.

Details of the different reward components of the remuneration and holdings in NIBC Choice instruments of the Statutory Board members and details of the remuneration of the Supervisory Board members are also disclosed as part of the Related party transactions note. For details of holdings of other staff in NIBC Choice instruments reference is made to note 8 Personnel expenses and share-based payments.

Transactions with key management personnel and related parties

IAS 24 'Related party disclosures' requires the following additional information for key management compensation (i.e. ExCo, including the Statutory Board).

INTRODUCTION

In 2022, the average number of members of the Statutory Board appointed under the articles of association was three and a half (2021: three). For the total regular annual remuneration costs (including pension costs) of the Statutory Board reference is made to note 8 Personnel expenses and share-based payments. On 1 July 2022, Mrs A. Schlichting joined the Statutory Board. As per 1 January 2022 Mr. J. Alberts joined the Executive Board (not Statutory Board) and as per 23 March 2022 Mr. P. Buxton joined the Executive Board (not Statutory Board).

REMUNERATION OF THE STATUTORY BOARD MEMBERS

The Supervisory Board reviewed and amended NIBC's Remuneration Policy in 2022. The review took account of all relevant laws, regulations and guidelines: the Dutch Corporate Governance Code, the Dutch Banking Code, the DNB Principles on Sound Remuneration Policies (DNB Principles), including additional DNB guidance on the implementation of the DNB Principles and the Committee of European Banking Supervisors Guidelines (CEBS Guidelines) on Remuneration Policies and Practices and CRD IV and the Dutch remuneration legislation for Financial Service Companies (Wet beloning Financiële ondernemingen (Wbfo)). In order to determine appropriate market levels of remuneration for the MB, an analysis is made of comparable European financial institutions that are or were Private Equity-owned. As a result of this evaluation the base salary for the Statutory Board remain unchanged in 2022.

Compensation of ExCo-members awarded over the year 2022

	Short term incentive compensation					
in EUR	Base salary	One-off sign-on bonus Cash	Severance payment	Pension related short term allowance[1]	Other remuneration elements	Total short-term incentive compen-sation
Current Statutory Board	4,176,176	60,000	-	943,871	88,967	5,269,013
Current and Former Executive Board, not Statutory board	1,798,735	120,000	247,042	329,085	126,906	2,621,768
Total Executive Committee	**5,974,911**	**180,000**	**247,042**	**1,272,956**	**215,873**	**7,890,782**

1 A collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 114,866.

in EUR	Long-term (incentive) compensation Post employment contribution	One-off sign-on bonus Deferred Cash	 (Restricted)Phantom Share Units	Total
Current Statutory Board	152,748	40,000	100,000	5,561,761
Current and Former Executive Board, not Statutory board	150,478	80,000	200,000	3,052,247
Total Executive Committee	**303,227**	**120,000**	**300,000**	**8,614,008**

Compensation of ExCo-members awarded over the year 2021

		Short term incentive compensation			
in EUR	Base salary	Cash bonus	Pension related short term allowance[1]	Other remuneration elements	Total short-term incentive compen-sation
Current Statutory Board	3,637,314	886,917	825,447	122,502	5,472,180
Current and Former Executive Board, not Statutory board	1,270,503	127,051	233,744	87,474	1,718,771
Total Executive Committee	**4,907,817**	**1,013,968**	**1,059,190**	**209,976**	**7,190,951**

1 A collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 112,189.

in EUR	Long-term (incentive) compensation Post employment contribution	One-off retention package Deferred Cash	 (Restricted)Phantom Share Units	Total
Current Statutory Board	126,732	1,330,377	2,217,293	9,146,582
Current and Former Executive Board, not Statutory board	103,039	190,578	317,627	2,330,015
Total Executive Committee	**229,771**	**1,520,955**	**2,534,920**	**11,476,597**

Under IFRS, certain components of variable remuneration are not recognised in the income statement directly, but are allocated over the vesting period of the award.

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members consists of annual fixed fees and committee fees and relates to their position within NIBC Holding and NIBC Bank. The total remuneration of (former) Supervisory Board members for the year 2022 amounts to EUR 997.500 (2021: EUR 881,315). During 2021 the Supervisory Board was extended from 7 to 8 members.

As at 31 December 2022 and 31 December 2021, no loans, advance payments or guarantees had been provided by the company to Supervisory Board members.

(Restricted) Phantom Share Units

PHANTOM SHARE UNITS

Since 2010, an equity-linked reward instrument is part of the Short-Term Incentive (STI) plan. The short-term compensation in share-related awards consists of PSUs and/or RPSUs. RPSU awards are subject to a four-year vesting1) with one fourth vesting each year on 1 April. All PSUs and RPSUs are subject to a one-year retention period as measured from the date of vesting. For the Statutory Board the lock-up period of the equity-linked instruments is five years. RPSUs are not eligible for dividend. This short-term compensation can be converted into cash immediately after the retention period and therefore is recognised as cash-settled.

Holdings of NIBC Choice instruments of ExCo-members at 31 December 2022

[1]	Number of phantom share units	Number of restricted phantom share units
Mr. Paulus de Wilt	95,219	54,441
Mr. Herman Dijkhuizen	68,857	39,593
Mr. Reinout van Riel	68,857	39,593
Mw. Anke Schlichting	7,326	4,884
Current Statutory Board	240,259	138,511
Current and former Executive Board, not Statutory board	26,858	31,659
Total Executive Committee	**267,117**	**170,170**

1 Including the number of (restricted) phantom share units that has been granted under the one-off retention package on 30 December 2021.

Holdings of NIBC Choice instruments of ExCo-members at 31 December 2021

	Number of phantom share units	Number of restricted phantom share units
Mr. Paulus de Wilt	83,175	75,029
Mr. Herman Dijkhuizen	59,758	54,566
Mr. Reinout van Riel	61,737	54,566
Mw. Anke Schlichting	-	-
Current Statutory Board	204,670	184,161
Current and former Executive Board, not Statutory board	24,552	33,453
Total Executive Committee	**229,222**	**217,614**

Related party transactions

The Group has not granted any loans, guarantees or advances to members of the Managing Board. ExCo members and other selected senior staff have participated in a Management Investment Plan (**MIP**), of which the details are provided in the following section.

MANAGEMENT INVESTMENT PLAN

Selected members of NIBC management, consisting of the Managing Board, ExCo members and other selected senior staff, (the participants) have been provided with an opportunity in 2021 and 2022 to make an indirect investment with own funds in NIBC Holding N.V. through a Management Investment Plan (MIP). To facilitate the allocation of the MIP investment to individual employees, the investment in the MIP is held indirectly via a management holding company ('ManCo'). ManCo issues shares to a specially incorporated foundation (Stichting Administratiekantoor Management NIBC) that issues depositary receipts to each participant as evidence of the investment. These depositary receipts entitle a participant to the full economic benefit of the underlying shares held by ManCo in an indirect parent company of NIBC Holding N.V.. The ability of a participant to dispose of the share investment is linked to the Blackstone Group's exit. Typically, a participant will be able to sell a proportion of the investment equal to the proportion sold at exit. Furthermore, there are specific provisions governing an exit through an IPO where the ability to dispose of shares may be restricted by customary lock-up periods. ManCo is capitalised with ordinary B shares. The company or another Group entity will under no circumstances be required to settle in cash. Accordingly, there is no impact on the Group's results or its financial position from the MIP.

When Flora Holding III Limited exits its investment in NIBC Holding N.V., the ordinary B shares held by the participants in the MIP will share in the excess return above a certain threshold according to a predefined formula.

The movements in the number of ordinary B shares that the participants have indirectly acquired under the MIP are as follows:

Number of ordinary B shares acquired under the Management Investment Plan

	2022	2021
Changes in ordinary B shares		
Balance at 1 January[1]	**68,640,000**	**-**
Issued	1,760,000	68,640,000
(Re)purchased	(4,400,000)	-
Balance at 31 December	**66,000,000**	**68,640,000**

1 Preference B shares are not entitled to dividend.

In total, the participants have indirectly invested an amount of EUR 1.0 million via ManCo in NIBC Holding N.V.. The Statutory Board has made a total cash investment of EUR 0.6 million.

CDR HOLDINGS OF EXCO-MEMBERS IN ORDINARY A2 SHARES FLORA HOLDINGS III LIMITED

Due to regulatory restrictions the 470,488 NIBC shares (consisting of 376.355 CDR's related to the one off retention package concerning the IPO of NIBC Holding N.V. on 23 March 2018 and of 94,133 CDR's related to investments with own funds) held by ExCo members related to CDRs held by ExCo members were exchanged by Stichting Administratiekantoor NIBC Holding N.V. like for like into 3.002.444 and 750.964 ordinary A2 shares of Flora Holdings III Limited in January 2021.

The movements in the number of CDRs related to ordinary A2 shares Flora Holdings III Ltd. held by ExCo members is as follows:

Number of CDRs related to ordinary A2 shares Flora Holdings III Limited

	2022	2021
Changes in CDRs		
Balance at 1 January[1]	**3,670,716**	**-**
After exchange CDRs into ordinary A2 shares	-	3,753,408
CDRs ordinary A2 shares sold to Flora Holdings III Limited	-	(284,919)
New investments in CDRs of ordinary A2 shares Flora Holdings III Limited	-	202,227
Balance at 31 December	**3,670,716**	**3,670,716**
Breakdown		
Current Statutory Board	2,703,414	2,703,414
Current and former Executive Board, not Statutory board	967,302	967,302
	3,670,716	**3,670,716**

1 Ordinary A2 shares (if vested) are entitled to dividend.

The fair value used for the conversion of CDRs with ordinary shares NIBC Holding N.V. as underlying into CDRs with ordinary A2 shares of Flora Holdings III Limited as underlying is equal to the share-price paid by Flora Acquisition B.V. at transaction date 30 December 2020. Prior to the transaction the fair value of CDRs with ordinary shares NIBC Holding N.V. as underlying was equal to the listed share price of NIBC Holding. The fair value per share NIBC Holding N.V. at 31 December 2020 was EUR 7.00.

50 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Accounting policy for subsidiaries and associates

SUBSIDAIRIES

The group's subsidiaries are those entities (including structured entities) which it directly or indirectly controls. Control over an entity is evidenced by the group's ability to exercise its power in order to affect any variable returns that the group is exposed to through its involvement with the entity.

When assessing whether to consolidate an entity, the group evaluates a range of control factors, namely:

- the purpose and design of the entity;
- the relevant activities and how these are determined;
- whether the group's rights result in the ability to direct the relevant activities;
- whether the group has exposure or rights to variable returns;
- whether the group has the ability to use its power to affect the amount of its returns.

Where voting rights are relevant, the group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities, as indicated by one or more of the following factors:

- another investor has the power over more than half of the voting rights by virtue of an agreement with the group;
- another investor has the power to govern the financial and operating policies of the investee under a statute or an agreement;

- another investor has the power to appoint or remove the majority of the members of the board of directors or equivalent governing body and the investee is controlled by that board or body; or
- another investor has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of that entity is by this board or body.

Potential voting rights that are deemed to be substantive are also considered when assessing control. Likewise, the group also assesses the existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the group the power to direct the activities of the investee.

Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

The group reassesses the consolidation status at least at each financial reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation.

ASSOCIATES
Refer to note 26 Investments in associates and joint ventures (equity method) and note 17 Equity investments (fair value through profit or loss, including investments in associates).

Critical accounting estimates and judgements

Determining whether NIBC has control of an entity is generally straightforward, based on ownership of the majority of the voting rights. However, in certain instances this determination will involve significant judgement, particularly in the case of SEs where voting rights are often not the determining factor in decisions over the relevant activities. This judgement may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether NIBC, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over SEs. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, NIBC may conclude that the managers of the SE are acting as its agent and therefore NIBC will consolidate the SE.

An interest in equity voting rights exceeding 50% (or in certain circumstances large minority shareholding) would typically indicate that NIBC has control of an entity. However certain entities are excluded from consolidation because NIBC does not have exposure to their variable returns and/or are managed by external parties and consequently are not controlled by NIBC. Where appropriate, interests relating to these entities are included in note 51 Structured entities.

Information on principal subsidiaries

COMPOSITION OF NIBC

NIBC consists of 39 (2021: 45) consolidated entities, including 12 (2021: 11) consolidated SEs (for further details see note 51 Structured entities). 27 (2021: 34) of the entities controlled by NIBC are directly or indirectly held by NIBC at 100% of the ownership interests (share of capital). Third parties also hold ownership interests in 12 (2021: 11) of the consolidated entities (non-controlling interests).

PRINCIPAL SUBSIDIARIES

NIBC's principal subsidiaries are set out in the following table. This includes those subsidiaries that are most significant in the context of NIBC's business, results or financial position.

	Principal place of business	Country	Nature of company	Percentage of voting rights held
Subsidiaries of NIBC Bank N.V.				
Parnib Holding N.V.	The Hague	Netherlands	Financing	100%
Counting House B.V.	The Hague	Netherlands	Financing	100%
B.V. NIBC Mortgage-Backed Assets	The Hague	Netherlands	Financing	100%
NIBC Principal Investments B.V.	The Hague	Netherlands	Financing	100%
NIBC Financing N.V.	The Hague	Netherlands	Financing	100%
Fin Quest B.V.	Eindhoven	Netherlands	Financing	100%

SIGNIFICANT RESTRICTIONS TO ACCESS OR USE NIBC'S ASSETS

Legal, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of NIBC to access and transfer assets freely to or from other entities within NIBC and to settle liabilities of NIBC.

Since NIBC did not have any material non-controlling interests at the balance sheet date, any protective rights associated with these did not give rise to significant restrictions.

Restrictions impacting NIBC's ability to use assets:

- NIBC has pledged assets to collateralise its obligations under repurchase agreements, securities financing transactions, collateralised loan obligations and for margining purposes of OTC derivative liabilities;
- The assets of consolidated SEs are held for the benefit of the parties that have bought the notes issued by these entities;
- Regulatory and central bank requirements or local corporate legislation may restrict NIBC's ability to transfer assets to or from other entities within NIBC in certain jurisdictions.

Carrying amounts of restricted assets

	At 31 December 2022		At 31 December 2021	
in EUR millions	Assets	Restricted assets	Assets	Restricted assets
Cash and balances with central banks	2,087	169	1,793	138
Due from other banks	841	741	804	719
Financial assets at fair value through profit or loss (including trading)				
Debt investments	15	-	47	-
Equity investments (including Investments in associates)	162	114	221	107
Loans	143	-	148	-
Financial assets at fair value through other comprehensive income				
Debt investments	862	-	852	-
Financial assets at amortised cost				
Debt investments	-	-	25	-
Loans	6,149	445	6,381	713
Lease receivables	5	-	8	-
Mortgages own book	11,749	6,229	11,659	7,090
Securitised mortgage loans	241	241	281	281
Other				
Investments in associates and joint ventures (equity method)	4	3	16	9
Assets held for sale	202	4	-	-
	22,459	**7,945**	**22,237**	**9,058**

The previous table excludes assets which are solely subject to restrictions in terms of their transferability within NIBC, caused by e.g. local lending requirements or similar regulatory restrictions. Regulatory minimum liquidity requirements are also excluded from the table. NIBC identifies the volume of liquidity reserves in excess of local stress liquidity outflows. The aggregate amount of such liquidity reserves that are considered restricted for this purpose is EUR 169 million and EUR 138 million as per 31 December 2022 and 2021, respectively.

A list of participating interests and companies for which a statement of liability have been issued has been filed at the Chamber of Commerce in The Hague.

Information on associates

NIBC holds interests in 26 (2021: 34) associates. Three associates are considered to be material to NIBC, based on the carrying value of the investment and NIBC's income from these investees. There are no joint arrangements which are considered individually significant.

Accounting classification and carrying value

in EUR millions	2022	2021
Investments in associates (FVtPL)	41	97
Investments in associates and joint ventures (equity method)	4	16
	45	**113**

ASSOCIATES MATERIAL TO NIBC

The following tables present the summarised financial information of NIBC's investments in associates with a material carrying value.

	Principal place of business	Country	Nature of company	Percentage of voting rights held
Name of the associate				
Outward VC Fund LLP	London	United Kingdom	Technology	21%
Cooperatie Rotterdam Port Fund UA	Rotterdam	Netherlands	Shipping	45%
NIBC Growth Capital Fund II C.V.	Amsterdam	Netherlands	Various SME	11%

The amounts shown in the following table are of the investees, not just NIBC's share for the year ended 31 December 2022.

in EUR millions	Assets	Liabilities	Operating income	Other comprehensive income	Total comprehensive income[1]
Outward VC Fund LLP	55	7	11	-	11
Cooperatie Rotterdam Port Fund UA	34	0	3	-	3
NIBC Growth Capital Fund II C.V.	44	1	(5)	-	(5)

1 The figures are based on the latest available financial information of the investee.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (EQUITY METHOD)

NIBC’s investments in associates and joint ventures (equity method) are EUR 4 million for the year ended 31 December 2022 (31 December 2021: EUR 16 million).

Associates

in EUR millions	2022	2021
Profit or loss from continuing operations	5	1
	5	**1**

in EUR millions	2022	2021
Aggregated amount of NIBC's share of profit/(loss) from continuing operations	1	1
	1	**1**

Unrecognised share of the losses of individually immaterial associates was nil in 2022 and 2021.

Other information on associates

NIBC's associates are subject to statutory requirements such that they cannot make remittances of dividends or make loan repayments to NIBC without agreement from the external parties.

NIBC's share of contingent liabilities or capital commitments of its associates and joint ventures was nil in 2022 and 2021.

51 STRUCTURED ENTITIES

Accounting policy for structured entities

A structured entity (**SE**) is an entity in which voting or similar rights are not the dominant factor in deciding control. SEs are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

The principal use of SEs is to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitising financial assets. SEs may be established as corporations, trusts or partnerships. SEs generally finance the purchase of assets by issuing notes that are collateralised by and/or indexed to the assets held by the SEs. The notes issued by SEs may include tranches with varying levels of subordination.

SEs are consolidated when the substance of the relationship between NIBC and the SEs indicate that the SEs are controlled by NIBC, as discussed in the accounting policies and critical accounting estimates and judgements of note 50 Principal subsidiaries and associates. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

NATURE, PURPOSE AND EXTENT OF NIBC'S INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

Securitisation vehicles

NIBC primarily has contractual arrangements for securitisation vehicles which may require it to provide financial support. NIBC uses securitisation as a source of financing and a means of risk transfer. At 31 December 2022, there were no significant outstanding loan commitments to these entities (2021: immaterial).

NIBC has not provided any non-contractual financial support during 2022 and 2021 and does not anticipate providing non-contractual support to consolidated SEs in the future.

Unconsolidated structured entities

NATURE, PURPOSE AND EXTENT OF NIBC'S INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The SEs covered by this section are not consolidated since NIBC does not has control them through voting rights, contract, funding agreements and/or other means. The extent of NIBC's interests in unconsolidated SEs will vary depending on the type of SE. Examples of interests in unconsolidated SEs include debt or equity investments, liquidity facilities and guarantees in which NIBC is absorbing variability of returns from the SEs.

Securitisation vehicles

NIBC establishes securitisation vehicles which purchase diversified pools of assets, including fixed-income securities, corporate loans, and asset-backed securities (predominantly commercial, residential and mortgage-backed assets). The securitisation vehicles fund these purchases by issuing multiple tranches of notes.

Third-party fund entities

NIBC provides funding to SEs that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralised by the asset in the SEs. NIBC's involvement involves predominantly equity investments.

Income derived from involvement with unconsolidated structured entities

NIBC earns management fees and, occasionally, performance-based fees for its investment management services in relation to funds. Interest income is recognised on the funding provided to SEs. Movements in the value of different types of notes held by NIBC in SEs are recognised in net trading income.

Maximum exposure to unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated SE. The maximum exposure for loans and trading instruments is reflected in their carrying amounts in the consolidated balance sheet. The maximum exposure for off-balance sheet instruments such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by NIBC, is reflected by the notional amounts. Such amounts do not reflect the economic risks faced by NIBC because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred.

At 31 December 2022 off-balance sheet instruments amount to EUR 16 million (2021: EUR 22 million). There were no derivatives linked to structured unconsolidated entities.

SIZE OF STRUCTURED ENTITIES

NIBC provides a different measure for the size of SEs depending on their type. The following measures have been considered as appropriate indicators for evaluating the size of SEs:

- Securitisations – notional of notes in issue when NIBC derives its interests through notes its holds and notional of derivatives when NIBC's interests is in the form of derivatives;
- Third party fund entities – total assets in entities. For third party fund entities, size information is based on the latest available investor reports and financial statements.

SUMMARY OF INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The following table shows, by type of unconsolidated SE, the carrying amounts of NIBC's interests recognised in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the SEs.

in EUR millions	Securitisations	Third party fund entities	2022
Financial assets at fair value through profit or loss (including trading)			
Equity investments (including investments in associates)	-	119	119
Financial assets at fair value through other comprehensive income			
Debt investments	66	-	66
Total assets	**66**	**119**	**185**
Off-balance sheet exposure	-	16	16
Total maximum exposure to loss	**66**	**134**	**201**
Size of structured entities	4,037	32,336	36,372

in EUR millions	Securitisations	Third party fund entities	2021
Financial assets at fair value through profit or loss (including trading)			
Equity investments (including investments in associates)	-	107	107
Financial assets at fair value through other comprehensive income			
Debt investments	175	-	175
Total assets	**175**	**107**	**282**
Off-balance sheet exposure	-	22	22
Total maximum exposure to loss	**175**	**129**	**303**
Size of structured entities	8,878	33,999	42,877

As at 31 December 2022, NIBC had no loans (2021: nil) consisting of investments in securisation tranches and loans to third-party funds.

No debt investments are collateralised by the assets contained in these entities.

Equity investments of EUR 134 million (2021: EUR 129 million) primarily consist of investments of EUR 80 million, EUR 16 million and EUR 15 million in JCF IV Coinvest Neptun I L.P.,Outward VC Fund L.P. and Cooperatie Rotterdam Port Fund UA. respectively.

EXPOSURE TO LOSSES

NIBC's exposure to losses related to securitisations depends on the level of subordination of the interest which indicates the extent to which other parties are obliged to absorb credit losses before NIBC. This is summarised in the following table. There is no significant level of subordination relating to third-party funding.

in EUR millions	Subordinated interests	Mezzanine interests	Senior interests	Most senior interests	2022
Securitisations					
I) Maximum exposure to loss	-	-	-	66	66
II) Potential losses held by other investors	-	76	160	3,788	4,025

in EUR millions	Subordinated interests	Mezzanine interests	Senior interests	Most senior interests	2021
Securitisations					
I) Maximum exposure to loss	-	-	-	175	175
II) Potential losses held by other investors	-	166	604	7,934	8,704

INCOME FROM INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The following table presents NIBC's total income received from its interests in unconsolidated SEs:

in EUR millions	Securitisations	Third party entities	2022
Net income unconsolidated structured entities			
Investment income	-	32	32
	-	**32**	**32**

in EUR millions	Securitisations	Third party entities	2021
Net income unconsolidated structured entities			
Investment income	-	28	28
	-	**28**	**28**

FINANCIAL SUPPORT PROVIDED OR TO BE PROVIDED TO UNCONSOLIDATED STRUCTURED ENTITIES

NIBC has not provided any non-contractual financial support during the period and does not intend to provide non-contractual support to unconsolidated SEs in the future.

SPONSORED UNCONSOLIDATED STRUCTURED ENTITIES

As a sponsor, NIBC is involved in the legal structure and marketing of the entity and supports the entity in different ways, namely:

- transferring assets to the entities;
- providing operational support to ensure the entity's continued operation.

NIBC is also deemed a sponsor for a SE if market participants would reasonably associate the entity with NIBC. Additionally, the use of the NIBC name for the SE indicates that NIBC has acted as a sponsor.

Income from sponsored unconsolidated SEs in which NIBC did not hold an interest as per 31 December 2022 amounted to nil (31 December 2021: nil).

ASSETS TRANSFERRED TO UNCONSOLIDATED SPONSORED STRUCTURED ENTITIES

The carrying amounts of assets transferred to sponsored unconsolidated SEs during the period were nil.

Company Financial Statements

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Company income statement

for the years ended 31 December

in EUR millions	note	2022	2021
Interest and similar income	1	554	431
Interest expense and similar charges	1	281	198
Net interest income		**273**	**234**
Fee income	2	37	33
Fee expense	2	-	-
Net fee income		**37**	**33**
Income from investments	13	24	31
Income from interests in group companies	15	97	159
Income from group companies and (other) equity investments		**121**	**190**
Results from financial transactions	3	(40)	5
Total operating income		**391**	**462**
Personnel expenses	4	95	111
Depreciation and amortisation		4	4
Other operating expenses	5	110	99
Credit loss expense	6	11	40
(Gains) or losses on disposal of assets	19	2	-
Regulatory charges and levies	7	19	20
Total operating expenses		**240**	**274**
Profit from ordinary operations before tax		**151**	**189**
Income tax	8	2	(1)
Profit after tax		**148**	**190**

Company statement of comprehensive income

for the years ended 31 December

in EUR millions	2022	2021
Profit for the year	**148**	**190**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of property and equipment	-	2
Revaluation of own credit risk reserve	55	(34)
Items that may be reclassified subsequently to profit or loss		
Net result on hedging instruments	(8)	(6)
Financial assets measured at fair value through other comprehensive income		
Movement in revaluation for debt investments at FVOCI	(16)	(2)
Income tax effect on net current period change	6	1
Total other comprehensive income	**37**	**(39)**
Total comprehensive income	**185**	**151**
Total comprehensive income attributable to		
Shareholder of the company	173	139
Holders of capital securities	12	12
Total comprehensive income	**185**	**151**

Company balance sheet

before profit appropriation, as at 31 December

in EUR millions	note	2022	2021
Assets			
Cash and balances with central banks	9	2,087	1,793
Due from other banks	10	396	273
Interest-bearing securities	11	876	924
Loans and advances to customers	12	24,919	22,466
Equity investments	13	79	57
Derivative financial instruments	14	462	633
Interests in group companies	15	215	1,382
Investment property	16	18	15
Property and equipment	17	19	21
Other assets	18	14	31
Assets held for sale	19	73	-
Total assets		**29,158**	**27,595**
Liabilities and equity			
Due to other banks	20	744	702
Customer deposits and other fund on deposit	21	17,875	16,539
Debt securities in issue	22	7,940	7,800
Derivative financial instruments	14	300	195
Provisions	23	7	10
Other liabilities	24	46	58
Subordinated liabilities	25	202	263
Total liabilities		**27,114**	**25,567**
Equity			
Share capital	26	80	80
Share premium	26	238	238
Revaluation reserves	26	116	79
Retained earnings	26	1,263	1,241
Profit after tax for the year	26	148	190
Equity attributable to shareholder of the company		**1,845**	**1,828**
Capital securities	27	200	200
Total parent equity		**2,045**	**2,028**
Total liabilities and equity		**29,158**	**27,595**
Contingent liabilities	28	47	58
Irrevocable liabilities	28	1,183	1,599

Company statement of changes in equity

in EUR millions	Share capital	Share premium	Revaluation reserves	Retained earnings including net profit	Equity of the parent company	Capital securities	Total equity
	Attributable to						
Balance at 1 January 2022	**80**	**238**	**79**	**1,431**	**1,828**	**200**	**2,028**
Net profit for the year	-	-	-	136	136	12	148
Total comprehensive income for the period ended 31 December 2022	-	-	37	-	37	-	37
Transfer of realised depreciation revalued property and equipment	-	-	-	(0)	(0)	-	(0)
Other	-	-	-	(2)	(2)	-	(2)
Distributions:							
Paid coupon on capital securities	-	-	-	-	-	(12)	(12)
Dividend paid during the year	-	-	-	(154)	(154)	-	(154)
Balance at 31 December 2022	**80**	**238**	**116**	**1,411**	**1,845**	**200**	**2,045**

in EUR millions	Share capital	Share premium	Revaluation reserves	Retained earnings including net profit	Equity of the parent company	Capital securities	Total equity
	Attributable to						
Balance at 1 January 2021	**80**	**238**	**118**	**1,367**	**1,803**	**200**	**2,003**
Net profit for the year	-	-	-	178	178	12	190
Total comprehensive income for the period ended 31 December 2021	-	-	(39)	-	(39)	-	(39)
Transfer of realised depreciation revalued property and equipment	-	-	-	1	1	-	1
Distributions:							
Paid coupon on capital securities	-	-	-	-	-	(12)	(12)
Dividend paid during the year	-	-	-	(115)	(115)	-	(115)
Balance at 31 December 2021	**80**	**238**	**79**	**1,431**	**1,828**	**200**	**2,028**

Company Accounting Policies

Basis of preparation

The principal accounting policies applied in the preparation of the company financial statements are set out in the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The company financial statements have been prepared in accordance with the legal requirements for financial statements contained in Title 9 of Book 2 of the Netherlands Civil Code. NIBC applies the provisions in Section 362, paragraph 8, Title 9 of Book 2 of the Netherlands Civil Code that make it possible to prepare the company financial statements in accordance with the accounting policies (including those for the presentation of financial instruments as equity or liability) used in its consolidated financial statements.

All figures are rounded to the nearest eur million, except when otherwise indicated. The euro is the functional and presentation currency of NIBC .

Summary of material accounting policies

Except as set forth below, the accounting policies applied in the company financial statements are the same as those for the consolidated financial statements.

INTERESTS IN GROUP COMPANIES

Interests in group companies, as defined in the basis of consolidation section of the accounting policies section of the consolidated financial statements, are measured at net asset value. Net asset value is determined by measuring the assets, provisions, liabilities and income based on the accounting policies used in the consolidated financial statements. The company's share of its group companies profits or losses is recognised in the income statement.

The bank applies paragraph 107a of the Dutch Accounting Standard 100. Under this paragraph the bank eliminates the expected credit losses on loans to subsidiaries in the same line item.

If losses of group companies that are attributable to the company exceed the carrying amount of the interest in the group company (including separately presented goodwill, if any, and including other unsecured receivables), further losses are not recognised unless the company has incurred obligations or made payments on behalf of the group company to satisfy obligations of the group company. In such a situation, NIBC recognises a provision up to the extent of its obligation.

Neither IFRS 3 Business Combinations nor any other IFRS require or prohibit the application of a specific approach for transactions under common control. By absence thereof NIBC defines its own accounting policy for transactions under common control. The predecessor value method (carry-over accounting) for legal mergers within NIBC or the group is consistently applied.

Notes to the company financial statements

For a specification of segment information, please see note 1 of the consolidated financial statements.

1 NET INTEREST INCOME

Interest income consists of interest income on loans and advances to customers, interest-bearing securities and other interest and similar income.

Interest expense consists of interest expense on liabilities, whether or not embodied in debt securities, and derivatives, as well as commissions having an interest nature, penalty interest on early redemptions, premiums and discounts. Premiums and discounts on debts, whether or not embodied in debt securities, not stated at fair value are recognised using the effective interest method, together with the relevant interest expense.

in EUR millions	2022	2021
Interest and similar income		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	545	423
Interest income from financial instruments measured at fair value through profit or loss	9	9
	554	**431**
Interest expense and similar charges		
Interest expense from financial instruments measured at amortised cost	274	194
Interest expense from financial instruments measured at fair value through profit or loss	7	4
	281	**198**
	273	**234**

Interest income from debt and other fixed-income instruments at fair value through profit or loss is recognised in interest and similar income at the effective interest rate.

2 NET FEE INCOME

in EUR millions	2022	2021
Fee income of major service lines		
Originate-to-Manage loans	5	4
Lending related fees	4	6
M&A fees	-	2
Originate-to-Manage mortgages	28	22
Other mortgage fees	1	-
	37	**33**

3 RESULTS FROM FINANCIAL TRANSACTIONS

This item relates to gains and losses and fair value movements from financial transactions, other than related to financial fixed assets and neither related to interest income and similar income.

in EUR millions	2022	2021
Debt securities (designated at FVtPL)	(1)	3
Debt investments (FVtPL)	(7)	2
Loans (FVtPL)	(4)	3
Assets and liabilities held for trading	0	(3)
Cross currency swaps	1	(0)
Interest rate Instruments (derivatives)	(15)	1
Foreign exchange	3	(2)
Fair value hedges of interest rate risk	24	6
Cash flow hedges of interest rate risk	1	1
Other net trading income	(1)	0
Net gains or (losses) on derecognition of financial assets measured at AC	(42)	(7)
	(40)	**5**

4 PERSONNEL EXPENSES

in EUR millions	2022	2021
Salaries	68	68
Severance payments	2	14
Variable compensation		
Cash bonuses	2	2
Share-based and deferred bonuses including expenses relating to previous years' grants	2	2
One-off retention package	-	6
Pension and other post-retirement charges		
Defined-contribution plan	15	14
Other post-retirement charges/(releases) including own contributions of employees	(2)	(2)
Social security charges	7	7
Other staff expenses	0	1
	95	**111**

The number of FTEs decreased from 637 at 31 December 2021 to 611 at 31 December 2022. The average number of FTEs decreased from 641 in 2021 to 615 in 2022. The number of FTEs outside of the Netherlands decreased from 75 at 31 December 2021 to 50 at 31 December 2022.

5 OTHER OPERATING EXPENSES

in EUR millions	2022	2021
Other operating expenses		
Project expenses and consultants	30	23
Marketing and communication expenses	4	4
Other employee expenses	4	4
ICT and data expenses	30	29
Process outsourcing	25	22
Fees of auditors	3	3
Other	13	14
	110	**99**

Fees of auditors 2022 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of the external independent auditors can be categorised as follows				
Audit of financial statements	2,561	87	68	2,716
Other audit-related services	120	-	22	142
Other non-audit related services	91	-	-	91
Tax services	-	-	26	26
	2,771	**87**	**116**	**2,974**

Fees of auditors 2021 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of the external independent auditors can be categorised as follows				
Audit of financial statements	2,422	25	4	2,452
Other audit-related services	311	-	30	340
Other non-audit related services	9	-	1	10
Tax services	-	-	29	29
	2,742	**25**	**64**	**2,831**

The fees listed above relate to the procedures applied to NIBC and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The audit fees relate to the financial year to which the financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year.

6 CREDIT LOSS EXPENSE

This item relates to credit loss expense of loans and advances to customers and banks, interest-bearing securities classified at amortised cost or at fair value through other comprehensive income. In addition it is also related to expected credit losses of off-balance sheet commitments.

Financial assets

in EUR millions	2022	2021
Credit loss expense		
Loans and advances to customers		
Loans classified at amortised cost	12	40
Interest-bearing interests		
Debt investments classified at fair value through other comprehensive income	(0)	(1)
	11	**40**
Other	(1)	0
	11	**40**

7 REGULATORY CHARGES AND LEVIES

in EUR millions	2022	2021
Resolution levy	6	5
Deposit Guarantee Scheme	13	15
	19	**20**

8 INCOME TAX

in EUR millions	2022	2021
Current tax	8	5
Deferred tax	(6)	(5)
	2	**(1)**

9 CASH AND BALANCES WITH CENTRAL BANKS

This item consists of balances with De Nederlandsche Bank N.V. (the Dutch Central Bank) as well as balances with foreign central banks in countries where NIBC operates.

in EUR millions	2022	2021
Cash and balances with central banks can be categorised as follows		
Receivable on demand	1,913	1,624
Not receivable on demand	174	169
	2,087	**1,793**

Balances held with central banks are interest-bearing.

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature.

10 DUE FROM OTHER BANKS

This item represents loans and advances to other banks, other than in the form of interest-bearing securities.

in EUR millions	2022	2021
Current accounts with other banks	87	64
Deposits with other banks	309	209
	396	**273**
Due from other banks can be categorised as follows		
Receivable on demand	87	64
Cash collateral placements posted under CSA agreements	276	209
Not receivable on demand	33	(0)
	396	**273**

There were no subordinated loans outstanding due from other banks in 2022 and 2021.

The fair value of this balance sheet item does not materially differ from its face value due to the short-term nature of the underlying assets and the credit quality of the counterparties.

No credit losses were recognised in 2022 and 2021 on the amounts due from other banks at AC. The not receivable on demand relates to a pending settlement of a funding transaction.

11 INTEREST-BEARING SECURITIES

The following table displays the IFRS accounting classification of interest-bearing securities.

in EUR millions	2022	2021
Amortised cost	(0)	25
Fair value through other comprehensive income	862	852
Fair value through profit or loss	15	47
	876	**924**

All interest-bearing securities are non-government, except for EUR 79 million, and are issued by third parties.

in EUR millions	2022	2021
Interest-bearing securities analysed by listing		
Listed	876	924
	876	**924**
Legal maturity analysis of interest-bearing securities		
Three months or less	21	22
Longer than three months but not longer than one year	124	89
Longer than one year but not longer than five years	631	672
Longer than five years	100	142
	876	**924**
Movement schedule of interest-bearing securities		
Balance at 1 January	**924**	**977**
Additions	253	289
Disposals	(225)	(346)
Gains or (losses) from changes in fair value recognised in the income statement	(29)	2
Other (including exchange rate differences)	(0)	2
Transfer to assets held for sale	(46)	-
Balance at 31 December	**876**	**924**

There were no subordinated loans outstanding in interest-bearing interests in 2022 and 2021.

As at 31 December 2022, interest-bearing interests from group companies amounted to nil (2021: nil).

12 LOANS AND ADVANCES TO CUSTOMERS

This item consists of loans and advances arising in the course of business operations, other than receivables from banks and interest-bearing securities.

in EUR millions	2022	2021
Amortised cost	3,861	5,305
Fair value through profit or loss	130	127
Group companies - amortised cost	20,928	17,033
	24,919	**22,466**
Legal maturity analysis of loans		
Three months or less	20,450	16,782
Longer than three months but not longer than one year	787	602
Longer than one year but not longer than five years	3,256	3,921
Longer than five years	427	1,161
	24,919	**22,466**
Movement schedule of loans		
Balance at 1 January	**22,466**	**18,897**
Additions	5,909	5,700
Disposals	(2,511)	(2,137)
Other (including exchange rate differences)	(945)	6
Balance at 31 December	**24,919**	**22,466**
Movement schedule of credit loss allowances on loans		
Balance at 1 January	**199**	**165**
Additional allowances	43	53
Write-offs / disposals	(21)	(23)
Amounts released	(21)	(5)
Unwinding of discount adjustment	(5)	(4)
Other (including exchange rate differences)	14	14
Balance at 31 December	**210**	**199**

The total amount of subordinated loans in this item amounted to EUR 40 million in 2022 (2021: EUR 38 million).

As a policy, NIBC does not provide loans to its key management personnel (see note 32).

13 EQUITY INVESTMENTS

in EUR millions	2022	2021
Fair value through profit or loss	79	57
	79	**57**
Movement schedule of equity investments		
Balance at 1 January	**57**	**33**
Additions	2	9
Disposals (sales and/or capital repayments)	(3)	(16)
Changes in fair value through income statement	23	31
Balance at 31 December	**79**	**57**

The traded equity investments have a maturity shorter than twelve months and the other equity investments longer than twelve months.

14 DERIVATIVE FINANCIAL INSTRUMENTS

in EUR millions	2022	2021
Derivative financial assets		
Derivative financial assets used for hedge accounting	18	2
Derivative financial assets - other	445	631
	462	**633**
Derivative financial assets can be broken down as follows		
Derivatives with third parties	162	334
Derivatives with group companies	300	299
	462	**633**
Derivative financial liabilities		
Derivative financial liabilities used for hedge accounting	7	1
Derivative financial liabilities - other	293	193
	300	**195**
Derivative financial liabilities can be broken down as follows		
Derivatives with third parties	236	142
Derivatives with group companies	65	52
	300	**195**

Derivative financial assets and liabilities used for hedge accounting are derivatives designated in hedge accounting relationships as defined in IAS 39. The derivative financial assets and liabilities in the category 'other' are classified as held for trading.

Derivative financial assets used for hedge accounting are products that are settled to market.

The derivatives consist of:
- Interest rate swaps to hedge the interest rate risk of the Mortgage portfolio;
- Interest rate swaps to hedge to fair value interest rate risk of fixed rate funding;
- FX and cross-currency swaps to fund the non-euro loans to customers or to transform non-euro funding into euros;
- Client-driven derivative transactions;
- Limited money market trading.

Economically all these derivatives, with the exception of the money market trading and client-driving transactions, are used to hedge interest rate or FX risk. The money market trading is controlled by a relatively low Value at Risk (VaR) limit of EUR 2.25 million. For further details see Risk Management paragraph of the consolidated financial statements.

Derivatives used for hedging are assigned in a hedge accounting relationship, which can be ineffective retrospectively. Sources of ineffectiveness are the behaviour of the curve shift, the volatility of the basis spread over the curve and the distribution of cash flows of assets and liabilities compared to the hedging derivatives.

Derivative financial instruments used for hedge accounting at 31 December 2022

	Notional amount with remaining life of						
in EUR millions	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products:							
Interest rate swaps	-	644	7,478	5,651	13,773	18	7
	-	**644**	**7,478**	**5,651**	**13,773**	**18**	**7**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	-	23	45	-	68	0	0
	-	**23**	**45**	**-**	**68**	**0**	**0**
Total derivatives used for hedge accounting	**-**	**667**	**7,523**	**5,651**	**13,841**	**18**	**7**

Derivative financial instruments used for hedge accounting at 31 December 2021

	Notional amount with remaining life of						
in EUR millions	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products:							
Interest rate swaps	595	-	4,751	3,724	9,070	2	1
	595	**-**	**4,751**	**3,724**	**9,070**	**2**	**1**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	95	-	95	-	190	0	0
	95	**-**	**95**	**-**	**190**	**0**	**0**
Total derivatives used for hedge accounting	**690**	**-**	**4,846**	**3,724**	**9,260**	**2**	**1**

Derivative financial instruments- other at 31 December 2022

in EUR millions	Notional amount with remaining life of Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Interest rate derivatives							
OTC products:							
Interest rate swaps	2,334	9,952	10,620	11,924	34,830	346	132
Interest rate options (purchase)	14	179	320	15	528	21	-
Interest rate options (sale)	14	148	320	5	487	-	19
	2,363	**10,278**	**11,260**	**11,944**	**35,845**	**367**	**151**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	58	370	780	-	1,208	12	73
Currency/cross-currency swaps	139	-	-	-	139	2	0
	197	**370**	**780**	**-**	**1,347**	**14**	**73**
Other derivatives (including credit derivatives)							
OTC products:							
Credit default guarantees received	4	-	-	-	4	-	-
Other swaps	-	-	6	11	17	63	68
	4	**-**	**6**	**11**	**21**	**63**	**68**
Total derivatives - other	**2,563**	**10,649**	**12,046**	**11,954**	**37,213**	**445**	**293**

Derivative financial instruments- other at 31 December 2021

in EUR millions	Notional amount with remaining life of Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Interest rate derivatives							
OTC products:							
Interest rate swaps	3,213	8,475	10,401	11,467	33,555	578	94
Interest rate options (purchase)	-	191	434	15	640	2	-
Interest rate options (sale)	-	136	424	5	565	-	2
	3,213	**8,802**	**11,258**	**11,487**	**34,760**	**580**	**96**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	270	460	794	-	1,524	13	55
Currency/cross-currency swaps	125	-	-	-	125	0	1
	395	**460**	**794**	**-**	**1,649**	**14**	**57**
Other derivatives (including credit derivatives)							
OTC products:							
Credit default guarantees received	-	-	-	4	4	-	0
Other swaps	-	-	-	17	17	37	40
	-	**-**	**-**	**21**	**21**	**37**	**40**
Total derivatives - other	**3,608**	**9,262**	**12,052**	**11,508**	**36,430**	**631**	**193**

FAIR VALUE HEDGES OF INTEREST RATE RISK

The interest rate risk of financial assets with a fixed interest rate classified at available-for-sale or at amortised costs are hedged with interest rate swaps under which NIBC pays a fixed rate and receives floating rates. Fair value hedge accounting is applied to these hedge relationships.

Interest rate swaps under which NIBC pays a floating rate and receives a fixed rate are used in fair value hedges of fixed-interest rate liabilities (as far as not held for trading purposes or designated at fair value through profit or loss).

The following table discloses the fair value of the swaps designated in fair value hedging relationships:

in EUR millions	2022	2021
Fair value pay - fixed swaps (hedging assets) | assets	18	1
Fair value pay - fixed swaps (hedging assets) | liabilities	(0)	(1)
	17	**(0)**
Fair value pay - floating swaps (hedging liabilities) | assets	0	1
Fair value pay - floating swaps (hedging liabilities) | liabilities	(7)	(0)
	(7)	**1**

The average remaining maturity (within which the related cash flows are expected to enter into the determination of profit and loss) is six years (2021: six years).

15 INTERESTS IN GROUP COMPANIES

in EUR millions	2022	2021
Interests in group companies	215	1,382
	215	**1,382**
Movement schedule of interests in group companies		
Balance at 1 January	**1,382**	**1,221**
Purchases and investments	143	-
Revaluation	1	1
Income from interests in group companies	97	159
Dividends received	(1,407)	-
Balance at 31 December	**215**	**1,382**

List of principal interests of NIBC	2022
Parnib Holding N.V., The Hague	100%
Counting House B.V., The Hague	100%
B.V. NIBC Mortgage Backed Assets, The Hague	100%
NIBC Principal Investments B.V., The Hague	100%
NIBC Financing N.V., The Hague	100%
Fin Quest B.V., Eindhoven	100%

16 INVESTMENT PROPERTY

in EUR millions	2022	2021
Investment property	18	15
	18	**15**
Movement schedule of investment property		
Balance at 1 January	**15**	**14**
Reclassification from property and equipment	-	1
Additions	2	1
Balance at 31 December	**18**	**15**

17 PROPERTY AND EQUIPMENT

in EUR millions	2022	2021
Land and buildings	16	16
Other fixed assets	1	2
Right-of-use assets	2	3
	19	**21**
Movement schedule of land and buildings		
Balance at 1 January	**16**	**17**
Reclassification to investment property	-	(1)
Additions	1	0
Revaluation	0	1
Depreciation	(2)	(2)
Balance at 31 December	**16**	**16**
Gross carrying amount	63	62
Accumulated depreciation	(48)	(46)
	16	**16**
Movement schedule of revaluation surplus		
Balance at 1 January	**9**	**9**
Revaluation	0	1
Depreciation	(0)	(1)
Balance at 31 December	**9**	**10**
Movement schedule of other fixed assets		
Balance at 1 January	**2**	**2**
Additions	1	1
Depreciation	(1)	(1)
Balance at 31 December	**1**	**2**
Gross carrying amount	28	29
Accumulated depreciation	(27)	(28)
	1	**2**

in EUR millions	2022	2021
Right-of-use assets[1]		
Rented offices	2	3
	2	**3**
Movement schedule of right-of-use asset: offices		
Balance at 1 January	**3**	**5**
Depreciation	(1)	(2)
Balance at 31 December	**2**	**3**

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

Buildings in use by NIBC and the investment property are insured for EUR 70 million (2021: EUR 64 million).

There is no property and equipment pledged as security for liabilities.

There were no contractual commitments for the acquisition of property and equipment at 31 December 2022 and 31 December 2021.

NIBC's land and buildings in own use were revalued as of 31 December 2022 based on an external appraisal (a valuation is carried out every 6 months).

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

18 OTHER ASSETS

This item relates to goods and warehouse receipts, current and deferred tax assets and assets that cannot be classified under any other heading.

in EUR millions	2022	2021
Deferred tax assets	8	6
SWAP Arrears	1	-
Accrued income and repayments	5	25
	14	**31**
Deferred tax assets	8	6
Deferred tax liabilities[1]	2	4
	6	**3**

1 Deferred tax liabilities are presented in note 23 Provisions.

in EUR millions	2022	2021
Deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction		
Debt investments	4	-
Property and equipment	2	2
Tax losses carried forward	1	4
	7	**6**
Deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction		
Debt investments	-	1
Cash flow hedges	1	3
	1	**3**
	6	**3**

in EUR millions	2022	2021
Gross movement on the deferred income tax account		
Balance at 1 January	**3**	**1**
Debt investments (reported at fair value through other comprehensive income)		
Fair value remeasurement charged/(credited) to revaluation reserve	4	1
Cash flow hedges		
Fair value remeasurement charged/(credited) to hedging reserve	2	1
Tax losses carried forward	(3)	(0)
Balance at 31 December	**6**	**3**

The DTA is recognised to the extent that taxable profit will be available against which the temporary differences can be utilised.

The effective tax rate in the Netherlands for measuring deferred tax is 25.8% at year-end 2022 for tax losses carried forward.

19 ASSETS HELD FOR SALE

ASSETS HELD FOR SALE AT 31 DECEMBER 2022

In 2022 NIBC committed to a plan to sell its UK collateral management franchise. The debt investments and loans in scope have been classified as assets held for sale.

Assets classified as held for sale

in EUR millions	2022	2021
Debt investments (FVtPL)	22	-
Loans (FVtPL)	16	-
Debt investments (AC)	25	-
Loans (AC)	12	-
Costs to sell	(2)	-
	73	**-**

The costs to sell incurred relating to the anticipated divestment of NIBC Investment Partners franchise amounts EUR 2 million in 2022.

20 DUE TO OTHER BANKS

This item represents amounts owed to credit institutions, other than debt securities and subordinated debt, of which:

in EUR millions	2022	2021
Due to other banks	194	154
Due to central banks	550	548
	744	**702**
Due to other banks		
Payable on demand	20	15
Note payable on demand	723	687
	744	**702**
Legal maturity analysis of due to other banks not payable on demand		
Three months or less	21	40
Longer than three months but not longer than one year	356	70
Longer than one year but not longer than five years	346	562
Longer than five years	-	15
	723	**687**

Interest is recognised in interest expense from financial instruments measured at AC on an effective interest basis.

At 31 December 2022, an amount of EUR 21 million (2021: EUR 40 million) related to cash collateral received from third parties.

According to management's best estimate achieving the conditions attached to the TLTRO-loans, NIBC considers the applicable interest rate on the outstanding TLTRO III loans to be comparable to rates on other secured funding instruments. Consequently, the drawings under the existing TLTRO-program are accounted for as financial instruments in line with IFRS 9.

Interest payments will be settled in arrears. The collateral for the TLTRO-program consists of Dutch Central Bank (**DNB**) eligible debt investments and securitised mortgage loans. The interest conditions for TLTRO III were set in June 2020. Until 30 June 2022, the interest rate was fixed. From 1 July 2022 until maturity, the rate was based on a modified average rate. In October 2022, the ECB adjusted the expansionary monetary policy to a restrictive monetary policy, and related to the change in policy, it has adjusted the mechanism to apply a variable interest rate for all outstanding TLTRO III tranches as from 23 November 2023. NIBC considered this a substantial modification of the terms of the TLTRO III tranches and derecognised these loans and recognised new loans. The associated basis adjustment was derecognised leading to a loss of EUR 11.5 million, recognised in Net gains or (losses) from assets and liabilities at fair value through profit or loss.

21 CUSTOMER DEPOSITS AND OTHER FUNDS ON DEPOSIT

This item consists of amounts due to customers other than debt securities in issue.

in EUR millions	2022	2021
Customer deposits and other funds on deposit	17,875	16,539
	17,875	**16,539**
Customer deposits and other funds on deposit		
Certificates of deposits	3,186	3,160
Due to customers	14,690	13,379
	17,875	**16,539**
Customer deposits and other funds on deposit		
Payable on demand	14,288	12,641
Not payable on demand	3,588	3,898
	17,875	**16,539**
Legal maturity analysis of deposits from customers and other funds on deposit		
Three months or less	15,351	13,746
Longer than three months but not longer than one year	1,562	1,121
Longer than one year but not longer than five years	893	1,280
Longer than five years	70	393
	17,875	**16,539**

Interest is recognised in interest expense and similar charges on an effective interest basis.

The balance sheet item included EUR 6,990 million (2021: EUR 5.627 million) in respect of deposits from customers to group companies.

The balance sheet item includes all non-subordinated liabilities other than debt securities and amounts owed to credit institutions.

22 DEBT SECURITIES IN ISSUE

This item relates to non-subordinated bonds and other interest-bearing securities and fair value hedge accounting adjustments.

in EUR millions	2022	2021
Bonds and notes issued - amortised costs	7,848	7,654
Bonds and notes issued - through profit or loss	89	133
Fair value hedge adjustment on amortised cost bonds and notes issued	2	13
	7,940	**7,800**
Legal maturity analysis of debt securities in issue		
Three months or less	106	485
Longer than three months but not longer than one year	859	541
Longer than one year but not longer than five years	4,086	3,310
Longer than five years	2,889	3,464
	7,940	**7,800**

This item relates to non-subordinated bonds and other interest-bearing securities and fair value hedge accounting adjustments.

23 PROVISIONS

in EUR millions	2022	2021
ECL allowances for off-balance sheet financial instruments	3	4
Deferred tax liabilities[1]	2	4
Employee benefits	2	2
	7	**10**

1 Deferred tax assets and liabilities are disclosed in note 19 Other assets.

24 OTHER LIABILITIES

This item includes liabilities that cannot be classified under any other heading, such as liabilities for staff costs and taxes.

in EUR millions	2022	2021
Lease liabilities	2	5
Accruals	23	20
Current tax liabilities	9	12
Payables	12	22
	46	**58**

25 SUBORDINATED LIABILITIES

in EUR millions	2022	2021
Amortised cost	66	67
Designated at fair value through profit or loss	136	196
	202	**263**
Legal maturity analysis of subordinated liabilities at amortised cost:		
One year or less	-	-
Longer than one year but not longer than five years	-	52
Longer than five years but not longer than ten years	66	15
Longer than ten years	-	-
	66	**67**

The subordinated loans classified at amortised cost are subordinated to the other liabilities of NIBC. Interest expense of EUR 2 million was recognised on subordinated liabilities at amortised cost during 2022 (2021: EUR 3 million). In 2022 and 2021, no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

The subordinated liabilities at amortised cost reflect two transactions (2021: two transactions), with a total of EUR 66 million (2021: EUR 67 million).

Subordinated liabilities - designated at fair value through profit or loss

in EUR millions	2022	2021
Subordinated loans other	136	196
	136	**196**
Legal maturity analysis of subordinated liabilities designated at fair value through profit or loss:		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than ten years	136	196
	136	**196**

Interest expense of EUR 8 million was recognised on Subordinated liabilities (FVtPL) during 2022 (2021: EUR 5 million).

The subordinated liabilities at fair value through profit or loss reflect five transactions (2021: five transactions), of which the largest three total EUR 90 million (2021 largest three: EUR 138 million).

In 2022 and 2021, no gains or losses were realised on the repurchase of subordinated liabilities.

26 EQUITY

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

in EUR millions	2022	2021
Equity attributable to the shareholder		
Share capital	80	80
Share premium	238	238
Revaluation reserves		
Revaluation reserve - hedging instruments	3	9
Revaluation reserve - debt investments	(11)	1
Revaluation reserve - property	14	14
Revaluation reserve - own credit risk	110	55
Retained earnings including net profit	1,411	1,431
	1,845	**1,828**

Share capital

The issued share capital is fully paid-up.

	2022	2021	2022	2021
	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 A 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	2022	2021
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 REVALUATION

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 (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 at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss (net of tax).

Retained earnings

Retained earnings reflect 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.

Changes in share premium and revaluation reserves 2022

		Revaluation reserves				
in EUR millions	Share premium	Hedging revaluation	Debt investments	Property	Own credit risk	Total
Balance at 1 January 2022	**238**	**9**	**1**	**14**	**55**	**317**
Net result on hedging instruments		(6)				(6)
Revaluation/remeasurement (net of tax)			(12)	0	55	43
Total recognised directly through other comprehensive income in equity	**238**	**3**	**(11)**	**14**	**110**	**354**
Transfer to retained earnings	-	-	-	-	-	-
Balance at 31 December 2022	**238**	**3**	**(11)**	**14**	**110**	**354**

Changes in share premium and revaluation reserves 2021

		Revaluation reserves				
in EUR millions	Share premium	Hedging revaluation	Debt investments	Property	Own credit risk	Total
Balance at 1 January 2021	**238**	**13**	**3**	**13**	**89**	**355**
Net result on hedging instruments	-	(4)	-	-	-	(4)
Revaluation/remeasurement (net of tax)	-	-	(2)	1	(34)	(34)
Total recognised directly through other comprehensive income in equity	**238**	**9**	**1**	**14**	**55**	**317**
Transfer to retained earnings	-	-	-	-	-	-
Balance at 31 December 2021	**238**	**9**	**1**	**14**	**55**	**317**

Information on NIBC's solvency ratios or capital ratios is included in the Risk Management paragraph of this Annual Report.

Legal reserves

This concerns the reserve for unrealised fair value changes on certain non-listed trading assets related to these non-listed trading assets and on associates at fair value through profit or loss .

Available distributable amount as at 31 December (subject to DNB approval)

in EUR millions	2022	2021
Equity attributable to the equity holder	1,845	1,828
Share capital	(80)	(80)
Legal reserves		
Within retained earnings	(4)	(21)
Revaluation reserves	(17)	(24)
Total legal reserves	**(21)**	**(45)**
Total available distributable amount	**1,744**	**1,703**

27 CAPITAL SECURITIES

For a specification of the capital securities, see note 41 of the consolidated financial statements.

28 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

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	2022	2021
Contract amount		
Undrawn facilities and capital commitments	1,183	1,599
Guarantees and letters of credit	47	58
	1,230	**1,656**

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

Details of concentrations of credit risk including concentrations of credit risk arising from commitments and contingent liabilities as well as NIBC's policies for collateral for loans are set out in note 45 of the consolidated financial statements.

Guarantees within the meaning of Section 403 Title 9 of Book 2, of the Netherlands Civil Code have been given on behalf of De Nationale Maatschappij voor Industriële Financieringen B.V., Parnib Holding N.V. and B.V. NIBC Mortgage Backed Assets. A complete list of the companies on behalf of which NIBC has given guarantees within the meaning of Section 403 Title 9 of Book 2, of the Netherlands Civil Code has been filed with the Chamber of Commerce in The Hague.

29 OTHER

NIBC is, together with other group companies and participating interests, a member of the fiscal unity NIBC Holding N.V. for corporate income tax purposes in the Netherlands. Besides NIBC Bank N.V. and NIBC Holding N.V., the principal other members are B.V. NIBC Mortgage Backed Assets, Parnib Holding N.V., Vredezicht 's-Gravenhage 110 B.V. and NIBC Principal Investments Mezzanine B.V.

30 ASSETS PLEDGED AS SECURITY

For a specification of the assets pledged as security, please see note 46 of the consolidated financial statements.

31 ASSETS UNDER MANAGEMENT

NIBC provides collateral management services, whereby it holds and manages assets or invests funds received in various financial instruments on behalf of the customer. NIBC receives fee income for providing these services. Assets under management are not recognised in the consolidated balance sheet. NIBC is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

At 31 December 2022, the total assets held by NIBC on behalf of customers were EUR 14,416 million (2021: EUR 12,006 million).

32 RELATED PARTY TRANSACTIONS

For a specification of the related party transactions, see note 49 of the consolidated financial statements.

33 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

For a specification of the principal subsidiaries and associates, see note 50 of the consolidated financial statements.

34 FINANCIAL RISK MANAGEMENT

See the Risk Management paragraph for NIBC's risk management policies.

35 REMUNERATION

The remuneration of the Statutory Board members and Supervisory Board members are included in the Related Party transactions note.

At 31 December 2022 and 31 December 2021, there were no receivables outstanding with current and former members of the Statutory Board and Supervisory Board.

36 PROFIT APPROPRIATION

in EUR millions	2022
Result available for distribution to holders of the company	148
	148
Final and interim dividend	136
Holders of capital securities	12
Transferred from retained earnings	-
	148

The Hague, 2 March 2023

Managing Board

Paulus de Wilt, Chief Executive Officer and Chairman
Herman Dijkhuizen, Chief Financial Officer and Vice-Chairman
Reinout van Riel, Chief Risk Officer
Anke Schlichting, Chief Technology Officer

Supervisory Board

Mr. D.M. Sluimers, Chair
Ms. A.G.Z. Kemna, Vice-Chair
Mr. S.Q. Abbas
Ms. L.M.T. Boeren
Mr. J.J.M. Kremers
Mr. J.G. Wijn
Ms. S.M. Zijderveld

Other information

Independent auditor's report

To: the shareholders and Supervisory Board of NIBC Bank N.V.

Report on the audit of the financial statements 2022 included in the annual report

OUR OPINION

We have audited the financial statements 2022 of NIBC Bank N.V. based in The Hague. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of NIBC Bank N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of NIBC Bank N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated balance sheet as at 31 December 2022
- the following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the material accounting policy information and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022
- the company profit and loss account for 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.We are independent of NIBC Bank N.V. (hereafter: NIBC, the company or the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the “Wet toezicht accountantsorganisaties” (Wta, Audit firms supervision act), 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

NIBC is a commercial bank in the Netherlands offering corporate and retail banking products and services. For retail customers, NIBC offers mortgages, online savings and brokerage products. For corporate businesses, NIBC offers financing products across selected sectors with a focus on mid-market corporates in Northwest Europe. NIBC operates in four commercial segments (Mortgages, Asset-Backed Finance, Platforms, Non-core activities) and a reconciling segment Treasury & Group functions. We tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	
Materiality	EUR 15 million (2021: EUR 15 million)
Benchmark applied	0.75% of total equity (2021: 0.75% of total equity)
Explanation	Based on our professional judgement, a benchmark based on total equity is an appropriate quantitative indicator of materiality as it best reflects the focus of users of the financial statements on the financial position of the company.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 750 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

NIBC Bank N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We assigned a full scope to the banking activities which are managed centrally and audited by the group audit team. Our group scope resulted in a nearly full audit coverage of total equity and total assets.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists
We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a bank. We included specialists in the areas of IT audit, forensics, sustainability, tax, credit risk modelling, macroeconomic forecasting, regulatory reporting and have made use of our own experts in the areas of valuation of derivatives, hedge accounting, financial investments and private equity.

Our focus on climate-related risks and the energy transition
Management reported in the section Environment, Social & Governance in the Report of the Managing Board how the company is addressing risks related to climate change, energy transition and the environment, thereby taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions. Furthermore, we read the other information in the annual report and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

OUR FOCUS ON FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risksWe identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to the section Environment, Social & Governance, specifically Compliance and responsible business conduct paragraph, and to Risk management section of the Managing Board report for management's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 11 ‘Expected credit loss’ and Note 17 ‘Equity investments (fair value through profit and loss, including investments in associates)’ to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions.

We did not identify a risk of fraud in revenue recognition.

These risks did however not require significant auditor’s attention. The following fraud risks identified required significant attention during our audit:

Risks of material misstatement as a result of fraudulent reporting	
Fraud risk	When identifying and assessing fraud risks we considered the risks of fraudulent financial reporting. In our audit approach we considered that this risk would primarily impact the determination of expected credit losses (ECL) and measurement of equity investments as a result of management override of controls, including management bias that may represent a risk of material misstatement due to fraud: ■ For ECL as disclosed in note 11 'Expected credit loss', corporate loans classification in risk stages 1 and 2 may be incorrect due to incorrect conclusion on model assessment and/or incorrect management overlay applied for corporate loans and mortgage loans ■ For ECL as disclosed in note 11 'Expected credit loss', corporate loans individually assessed in risk stage 3 may be incorrect where the opportunity exists to deviate from approved loan impairment allowances by the Transaction Committee. ■ For the fair value changes of equity investments as disclosed in note 17 'Equity investments (fair value through profit and loss, including investments in associates)', may be incorrect and inconsistent with the outcome as determined by the Investment Committee. ■ For the carrying value of assets classified as held for sale as disclosed in note 30 'Assets and liabilities held for sale', may be incorrect.
Our audit approach	We describe the audit procedures responsive to the risk of management override in the determination of expected credit losses in the description of our audit approach for the key audit matter 'Credit losses on corporate and mortgage loans'. For fair value changes of equity investments, we audited fair values with the use of our own experts. Further to the fraud risk above, we reconciled the fair values as approved by the Investment Committee to the financial statements ensuring that there were no adjustments applied by management.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, risk management and the Supervisory Board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

OUR AUDIT RESPONSE RELATED TO RISKS OF NON-COMPLIANCE WITH LAWS AND REGULATIONS

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Managing Board, reading minutes, inspection of internal audit and compliance reports, inspection of communication with external regulators and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section ‘Basis of preparation’ in the Accounting Policies to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for the foreseeable future. We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management’s going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company’s ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed. In comparison with previous year, our key audit matters did not change.

Credit losses on corporate and mortgage loans	
Risk	At 31 December 2022, NIBC Bank reported Loans (amortised cost) (as disclosed in note 21) and Lease receivables (amortised cost) (as disclosed in note 22) of EUR 6,111 million (2021: EUR 6,306 million), net of credit loss allowance of EUR 191 million (2021: EUR 170 million credit loss allowance) for ECL. The mortgage loans (as disclosed in note 23) amount to EUR 11,749 million (2021: EUR 11,659 million) net of credit loss allowances of EUR 12 million (2021: EUR 9 million). The impairment allowance represents the bank's best estimate of ECL on the loans at the balance sheet date. The ECL of risk stage 1 and risk stage 2 loans is calculated collectively. The ECL of risk stage 3 loans is assessed individually. The determination of impairment allowances is a key area of judgment for management and in our risk assessment we considered the risk of management override of controls, including management bias that may represent a risk of material misstatement due to fraud. The determination of the individual or collective recoverability of loans and advances to customers is subject to inherent estimation uncertainty. This also involves setting assumptions and determining scenarios for macro-economic developments, geopolitical trends, climate and other environmental related factors. Uncertainty associated with economical and geopolitical developments and its implications on default and recovery assumptions and the impact of government intervention has increased the level of judgement required to calculate ECL. Management's estimates in respect of the timing and measurement of ECL which required significant judgement include: ■ Allocation of loans to risk stage 1, 2, or 3 using criteria in accordance with IFRS 9, including the impact of economical and geopolitical developments and related support measures on customer behaviours and the identification of underlying significant deterioration in credit risk; ■ Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECL, including the impact of economical and geopolitical developments on model performance; ■ Inputs and assumptions used to estimate the impact of multiple economic scenarios particularly those impacted by economical and geopolitical developments; ■ Appropriateness, completeness and valuation of material model adjustments including any economical and geopolitical developments adjustments; ■ Measurement of individual provisions including the assessment of multiple scenarios and impact of economical and geopolitical developments; and ■ The completeness, presentation and preparation of disclosures considering the key judgments and sources of data. Given the materiality of the corporate loans and mortgage loans portfolio of NIBC, the complex accounting requirements with respect to calculating ECL and the subjectivity involved in the judgments made, we considered this to be a key audit matter. Reference is made to Note '11 Credit loss expense' and Credit Risk (audited) in the Risk Management section of the annual report.

Credit losses on corporate and mortgage loans	
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of NIBC's accounting policies related to expected credit losses according to IFRS 9 "Financial Instruments" and whether these have been applied consistently. In addition, we evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of internal controls across the processes relevant to the ECL. This included the allocation of assets into risk stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, collective and individual provisions, journal entries and disclosures. We performed an overall assessment of the ECL provision levels by risk stage to determine if they are reasonable considering NIBC's portfolio, risk profile and credit risk management practices. We performed an assessment of the impact of the economical and geopolitical developments on a sample of credit files, on the identification of high-risk sectors and macroeconomic environment. We considered trends in the economy and industries to which NIBC is exposed. We reviewed the back testing procedures to confirm that the criteria used to allocate a financial asset to risk stage 1, 2 or 3 are in accordance with IFRS 9. We reperformed the allocation of assets in risk stage 1, 2 and 3 to assess if they were allocated to the appropriate risk stage. For collectively assessed loan impairment allowances, we tested assumptions, inputs and formulas used in a sample of ECL models with the support of our modelling specialists. This included the appropriateness of model design and formulas used and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models. We also assessed the completeness of these adjustments and their appropriateness the data, judgments, methodology, sensitivities, and governance of these ECL models as well as considering their shortcomings. Further, we assessed the selected macro-economic scenarios used with the support of our economic specialists. We considered the latest developments related to economical and geopolitical developments and assessed whether forecasted macroeconomic variables were appropriate, such as GDP, oil price and house price index. With the support of our modelling specialists we assessed the correlation and the overall impact of the macroeconomic factors to the ECL.

Credit losses on corporate and mortgage loans	
	For individually assessed loan impairment allowances, we reconciled the allowances to the approved loan impairment allowances from NIBC's Transaction Committee and we examined a selection of loan exposures to assess the expected credit loss provision for risk stage 3 loans. We applied professional judgment in selecting those exposures for our detailed inspection, placing an emphasis on exposures with low coverage ratios. For selected loan exposures we recalculated individually assessed provisions and challenged the recovery scenarios and probability weights assigned. We tested the management overlays applied as a result of economical and geopolitical developments. We assessed the completeness of these adjustments and their appropriateness by considering the data, judgments, methodology, sensitivities, and governance. We tested the data flows used to populate the disclosures and assessed the adequacy of disclosures for compliance with the accounting standards. Finally, we evaluated the adequacy of the related disclosures, as included in the financial statements and in the credit risk section of the annual report. In particular we evaluated that the disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes under the different economic scenarios.
Key observations	Based on our procedures performed we consider the estimation of and disclosures on the ECL for corporate loans and mortgage loans to be reasonable and in accordance with EU-IFRS.

Reliability and continuity of the information technology and systems	
Risk	As described in the risk management section in the annual report, NIBC is highly dependent on the reliability and the continuity of information technology due to the significant number of transactions that are processed daily and the reliance on IT applications to support initiation through reporting of those transactions. An adequate IT infrastructure ensures the reliability and continuity of the bank's business processes and accuracy of financial reporting. As the reliability and continuity of the IT systems may have an impact on automated data processing and financial reporting and given the pervasive nature of IT general controls on the internal control environment, we consider this a key audit matter.
Our audit approach	IT audit specialists are an integral part of the engagement team and assessed the reliability and continuity of automated data processing (only) to the extent necessary for the scope of our audit of the financial statements. In this context, we evaluated the design of the IT processes and tested the operating effectiveness of general IT controls. We tested application controls over automated data processing, data feeds and interfaces when relevant for financial reporting. Further, we obtained an understanding of the cyber security procedures and reporting. A particular area of attention is related to logical access management, including access rights and role-based access. We tested logical access rights to the extent relied upon for the audit of the financial statements. This resulted in the identification of certain control deficiencies with respect to access rights. We performed procedures over management's remediation activities and we performed additional substantive audit procedures to mitigate the related audit risk. As NIBC has outsourced a part of their IT organization we also evaluated the outsourced IT processes and IT general controls from the relevant service providers in the context of the financial audit of NIBC. Furthermore, we inspected the SOC reports from these service providers, evaluated testing exceptions and how complementary user entity control considerations have been addressed.
Key observations	Our testing of the general IT controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement
We were engaged by the Supervisory Board as auditor of NIBC Bank N.V. on 10 April 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)
NIBC Bank N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the partially marked-up consolidated financial statements as included in the reporting package by NIBC Bank N.V., complies in all material respects with the RTS on ESEF.

The Managing Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Managing Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:
- obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF

- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

RESPONSIBILITIES OF THE MANAGING BOARD AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication
We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 2 March 2023

Ernst & Young Accountants LLP

Signed by R. Koekkoek

Profit appropriation

The provision and appropriation of the profit after tax is based upon the Articles of Association of 30 December 2020.

Distribution of profits pursuant to Article 41 and 42 of the Articles of Association shall be made following the adoption of the annual report, which shows that such distribution is allowed.

The General Meeting resolves whether dividends shall be paid on one or more series of the preference shares. If the General Meeting resolves to pay dividends on one or more series of the preference shares, to the extent possible, the dividend due to each of the holders of preference shares pursuant to Article 41 paragraph 3 and paragraph 4 shall be paid at times and dates established under Article 42 paragraph 2 under b.

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 IFRS, CRR and 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 payout ratio, %
- Cost/income ratio, %
- Return on equity, %
- Return on Common Equity Tier 1 capital at 14%, %
- Cost of risk (on average RWA), %
- 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 our website.

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 pay-out 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	2022	2021	2020
Dividend pay-out 2022	136		
Profit after tax 2022	136		
Dividend pay-out ratio 2022 (%)	**100**		
Dividend pay-out 2021		178	
Profit after tax 2021		178	
Dividend pay-out ratio 2021 (%)		**100**	
Dividend pay-out 2020			49
Profit after tax 2020			49
Dividend pay-out ratio 2020 (%)			**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	2022	2021	2020
Operating expenses 2022	232		
Operating income 2022	431		
Cost/income ratio 2022 (%)	**54**		
Operating expenses 2021		235	
Operating income 2021		497	
Cost/income ratio 2021 (%)		**47**	
Operating expenses 2020			210
Operating income 2020			407
Cost/income ratio 2020 (%)			**52**

RETURN ON EQUITY

Return on equity (**ROE**) 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. ROE is calculated as the ratio of (i) (annualised) net profit attributable to parent shareholder to (ii) post proposed dividend total shareholder's equity at the start of the financial year. All elements of the ROE reconcile to NIBC's consolidated financial statement.

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

Return on equity	2022	2021	2020
Annualised Net profit attributable to parent shareholder	136		
Total shareholder's equity at the start of financial year	1,713		
Return on equity 2022 (%)	**8.0**		
Annualised Net profit attributable to parent shareholder		178	
Total shareholder's equity at the start of financial year		1,688	
Return on equity 2021 (%)		**10.6**	
Net profit attributable to parent shareholder			49
Total shareholder's equity at the start of financial year			1,756
Return on equity 2020 (%)			**2.8**

RETURN ON CET 1 CAPITAL AT 14%

The return on Common Equity Tier 1 capital at 14% measures net profit in relation to the medium-term-objective of a minimum of 14% of Common Equity Tier 1 capital. 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. It is calculated as the ratio of (i) (annualised) net profit attributable to parent shareholder to (ii) the Common Equity Tier 1 capital at 14% at the beginning of the fiscal year.

$$\textbf{Return on Common Equity Tier 1 capital at 14\%} = \frac{\textbf{Annualised net profit attributable to parent shareholder}}{\textbf{Common Equity Tier 1 capital at 14\% at start of the financial year}}$$

Return on Common Equity Tier 1 capital at 14%	2022	2021	2020
Net profit attributable to parent shareholder	136		
Common Equity Tier 1 capital at 14% at start of the financial year	1,390[1]		
Return on Common Equity Tier 1 capital at 14% 2022 (%)	**9.8%**		
Net profit attributable to parent shareholder		178	
Common Equity Tier 1 capital at 14% at start of the financial year		1,070	
Return on Common Equity Tier 1 capital at 14% 2021 (%)		**16.7%**	
Net profit attributable to parent shareholder			49
Common Equity Tier 1 capital at 14% at start of the financial year			1,204
Return on Common Equity Tier 1 capital at 14% 2020 (%)			**4.1%**

1 RWAs at the start of the year include an increase due to the implementation of the DNB mortgage floor and an increase for the BtL mortgage portfolio under the standardised approach.

RETURN ON ASSETS

Return on Assets (**ROA**)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. ROA 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 ROA 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	2022	2021	2020
Annualised Net profit attributable to parent shareholder	136		
Total assets at the beginning of the financial year	22,658		
Return on assets 2022 (%)	**0.60**		
Net profit attributable to parent shareholder		178	
Total assets at the beginning of the financial year		21,055	
Return on assets 2021 (%)		**0.85**	
Net profit attributable to parent shareholder			49
Total assets at the beginning of the financial year			22,407
Return on assets 2020 (%)			**0.22**

COST OF RISK (ON AVERAGE RWA)

The cost of risk compares the total credit losses included in the income statement to the total RWAs. 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 (annualised) impairments and the credit losses on the fair value mortgage loans and loans (as part of the net trading income) and to (ii) the total RWAs averaged over the reporting period. With the exception of the credit losses on the fair value mortgage loans and loans, the elements of the cost of risk reconcile to our financial statements and regulatory reporting. The credit losses on the fair value mortgage loans are calculated in accordance with the applicable financial reporting framework and form part of the net trading income.

$$\text{Cost of Risk} = \frac{\text{Annualised impairments and the credit losses on fair value residential mortgages and loans (as part of net trading income)}}{\text{Average risk weighted assets (Basel III regulations)}}$$

Cost of risk (on average RWA)	2022	2021	2020
Credit losses on AC loans	19		
Credit losses FVTPL loans	1		
Total credit losses	21		
Risk-weighted assets 2022	9,187		
Risk-weighted assets 2021	8,572		
Average risk-weighted assets 2022	8,880		
Cost of risk 2022 (%)	**0.23**		
Credit losses on AC loans		35	
Credit losses FVTPL loans		3	
Total credit losses		38	
Risk-weighted assets 2021		8,572	
Risk-weighted assets 2020		7,640	
Average risk-weighted assets 2021		8,106	
Cost of risk 2021 (%)		**0.47**	
Credit losses on AC loans			134
Credit losses FVTPL loans			10
Total credit losses			144
Risk-weighted assets 2020			7,640
Risk-weighted assets 2019			8,597
Average risk-weighted assets 2020			8,118
Cost of risk 2020 (%)			**1.77**

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 mortgage loans. All elements of the impairment ratio reconcile to NIBC's income statement and the consolidated balance sheet.

$$\text{Impairment ratio} = \frac{\text{Annualised impairment expenses}}{\text{Average financial assets regarding loans and residential mortgages}}$$

Impairment ratio	2022	2021	2020
Credit losses on amortised cost loans and mortgage loans	19		
Average financial assets at amortised cost: loans[1]	6,271		
Average financial assets at amortised cost: mortgage loans[1]	11,965		
Average financial assets regarding loans and mortgage loans (total)	18,237		
Impairment ratio 2022 (%)	**0.11**		
Credit losses on amortised cost loans and mortgage loans		35	
Average financial assets at amortised cost: loans[1]		6358	
Average financial assets at amortised cost: mortgage loans[1]		11092	
Average financial assets regarding loans and mortgage loans (total)		17,450	
Impairment ratio 2021 (%)		**0.20**	
Credit losses on amortised cost loans and mortgage loans (page 134 annual report NIBC Bank N.V.)			134
Average financial assets at amortised cost: loans (page 136 annual report NIBC Bank N.V.)[1]			6,993
Average financial assets at amortised cost: mortgage loans (page 136 annual report NIBC Bank N.V.)[1]			10,144
Average financial assets regarding loans and mortgage loans (total)			17,138
Impairment ratio 2020 (%)			**0.78**

1 Loans and residential mortgages are represented post IFRS 9 implementation

NON-PERFORMING LOANS RATIO

The non-performing loans (**NPL**) ratio compares the non-performing exposure (as defined by the European Banking Authority) of corporate loans, retail loans and lease receivables 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 corporate loans, mortgage loans and lease receivables by the total exposure for corporate loans, mortgage loans and lease receivables. The elements of the NPL ratio reconcile to the consolidated financial statements and the regulatory reporting of NIBC.

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

NPL ratio	2022	2021	2020
Non performing exposure ABF and Non-core	305		
Non performing exposure Retail	98		
Non performing exposure Platforms	-		
Non performing exposure 2022	403		
Total Asset-Backed Finance and Non-core exposure	6,502		
Total Retail exposure	12,650		
Total Platforms exposure	252		
Total exposure 2022	19,404		
NPL ratio 2022 (%)	**2.1**		
Non performing exposure corporate loans 2021		346	
Non performing exposure lease exposure 2021		31	
Non performing exposure mortgage loans 2021		121	
Non performing exposure 2021		**498**	
Total corporate loans drawn and undrawn 2021		7,188	
Total lease exposure 2021		31	
Total retail client assets 2021		11,665	
Total exposure 2021		**18,884**	
NPL ratio 2021 (%)		**2.6**	
Non performing exposure corporate loans 2020			307
Non performing exposure lease exposure 2020			31
Non performing exposure mortgage loans 2020			19
Non performing exposure 2020			356
Total corporate loans drawn and undrawn 2020			7,235
Total lease exposure 2020			31
Total retail client assets 2020			9,860
Total exposure 2020			17,126
NPL ratio 2020 (%)			**2.1**

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.

$$\textbf{Impairment coverage ratio} = \frac{\textbf{Total impairments on corporate and retail loans}}{\textbf{Total exposure of impaired corporate and retail loans}}$$

Impairment coverage ratio	2022	2021	2020
Balance stage 3 credit losses on loans (loans, leases and mortgages)	155		
Total stage 3 credit impaired exposure 2022	409		
Impairment coverage ratio 2022 (%)	**38**		
Balance stage 3 credit losses on loans (loans, leases and mortgages)		152	
Total stage 3 credit impaired exposure 2021		538	
Impairment coverage ratio 2021 (%)		**28**	
Balance stage 3 credit losses on loans			130
Total stage 3 credit impaired exposure 2020			356
Impairment coverage ratio 2020 (%)			**37**

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 mortgage loans 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	2022	2021	2020
Financial assets at amortised cost: loans	6,149		
Financial assets at amortised cost: residential mortgages	11,749		
Financial assets at amortised cost: securitised residential mortgages	241		
Financial assets at fair value through profit or loss: loans	143		
Financial assets regarding loans and residential mortgages (total)	18,282		
Deposits from customers	11,227		
Loan to deposit ratio 2022 (%)	**163**		
Financial assets at amortised cost: loans		6,390	
Financial assets at amortised cost: residential mortgages		11,659	
Financial assets at amortised cost: securitised residential mortgages		281	
Financial assets at fair value through profit or loss: loans		148	
Financial assets regarding loans and residential mortgages (total)		**18,478**	
Deposits from customers		**11,333**	
Loan to deposit ratio 2021 (%)		**163**	
Financial assets at amortised cost: loans			6,326
Financial assets at amortised cost: residential mortgages			9,902
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)			**16,700**
Deposits from customers			**11,137**
Loan to deposit ratio 2020 (%)			**150**

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	2022	2021	2020
Sum interest income last 12 Months	385		
12 Month average interest bearing assets	22,229		
Net interest margin 2022 (%)	**1.73**		
Sum interest income last 12 Months		361	
12 Month average interest bearing assets		20950	
Net interest margin 2021 (%)		**1.72**	
Sum interest income last 12 Months 2020			386
12 Month average interest bearing assets			21,321
Net interest margin 2020 (%)			**1.81**

Corporate responsibility reporting scope

This Annual Report is an integrated report. We have chosen to combine all our financial, economic, social and environmental information into one document because all these factors are integral to NIBC's strategy and operations. By providing this additional information we aim to increase transparency for all of our stakeholders and to allow them to make a more informed assessment of NIBC and how we are creating and sustaining value.

The non-financial key figures for this report were confirmed by the departments that are responsible for the data. The reported non-financial key figures were reviewed by IA. IA confirmed that nothing has come to the attention that causes them to believe that the reported non-financial key figures for NIBC Bank N.V. are inadequately presented, in all material respects, in accordance with the reporting criteria.

Scope

Unless specified otherwise, this report includes figures and information for NIBC Bank N.V. (including all international offices and wholly-owned subsidiaries established by NIBC for our business purposes).

NIBC is a signatory to the UN Global Compact. The NIBC Bank N.V. Annual Report contains details of our progress as regards the 10 Global Compact principles.

Criteria

The contents of this Annual Report and the selection of non-financial key figures are based on the following criteria:

- Assessment of materiality. We report on NIBC's strategy and the elements that we have identified as most relevant for us as a company and for our stakeholders. Please see our Materiality Assessment report and materiality matrix for an overview of these elements;
- Legal and regulatory requirements. For NIBC, the principal regulatory requirements are contained in the Dutch Corporate Governance Code, the Dutch Banking Code the EU Taxonomy (Article 10 of Article 8 Delegated Act (EU) 2020/852), the Sustainable Finance Disclosure Regulation (**SFDR**) and the Dutch Decree on disclosure of non-financial information (Besluit bekendmaking niet-financiële informatie), which came into effect on 24 March 2017 as part of the transposition into Dutch law of the EU Non-Financial Reporting Directive (**NFRD**) (2014/95/EU, OJEU 201 330). Please see the Corporate Governance sector for more details.

NIBC aims to remain compliant with applicable laws and other regulatory requirements. We also want to operate in the spirit of the law and act in the best interests of our clients. Rapidly growing regulatory requirements are increasingly influencing NIBC's direct operating environment – our business strategy, product offerings, risk management processes, operations and reporting. The stakeholders within our operating environment including retail and corporate customers, investors, shareholders and suppliers are also impacted.

Accountability and reporting standards

NIBC follows the reporting criteria and guidelines of the latest Global Reporting Initiative (**GRI**) Standards. This report has been prepared in accordance with the GRI Standards: Core option. The

GRI content index and glossary of definitions can be found in the appendices available on our website.

The methodology used for the calculation of indicators for 2021 is the same as for 2020 unless otherwise stated in the definitions for non-financial key figures.

In providing this non-financial report and other disclosures, NIBC reiterates its continued commitment to the UN Global Compact (**UNGC**) and the UN Sustainable Development Goals (**SDGs**) The ten principles and seventeen SDGs frame our sustainability policies, Code of Conduct and our reporting approach. NIBC has been a signatory to UNGC since 2010.

Elements concerning Taskforce for Climate-related Financial Disclosures (**TCFD**) reporting are summarised in this Annual Report,,whereas additional details and indicators are available in our Sustainability Report and TCFD Report. Our Sustainability Report also contains a reference index for our disclosures related to the UN Principles for Responsible Banking.

Materiality Assessment

We engaged with our stakeholders to verify the focus of our sustainability strategy and materiality in reporting. This materiality assessment process and the outcomes are described here and form the basis for our Annual Report.

We have determined materiality based on topics raised in regular dialogues with stakeholders and guided by the SASB Materiality Framework maps applicable for commercial banks and mortgage providers.

The boundary for ESG aspects is broad and is framed for NIBC by international standards such as the OECD Guidelines for Multinationals. We define stakeholders as any group or individual affected directly or indirectly by our activities. We have identified our main stakeholders to include clients, institutional investors, shareholders, regulators, employees and civil society organisations. We actively seek these connections to the world around us to ensure we reflect on our business, understand our impact and to continue to innovate.

Similar to 2020 but unlike prior years, most meetings with stakeholders were virtual due to the pandemic. To bring their inputs together, internal stakeholder representatives responsible for engagements with individual stakeholders were surveyed to collect topics discussed and their relevance. We also used other external inputs that we received such as research surveys, NGO reports, and social media mentions. We used our own judgement to carefully weigh these sources and determine the material themes for 2021.

The most important aspects for stakeholders were financial performance, climate resilience, business ethics (including integrity, culture & behaviour), regulatory change & compliance and data security. Given their importance to stakeholders, NIBC has included these topics within our disclosure. We are committed to continue our efforts across the ESG aspects which stakeholders find to be most material or salient, to promote human rights and environmental awareness with our client and business partners, and to work together our stakeholders.

EU-Directive NIBC Bank N.V. Annual Report 2022

EU Directive 2014/95/EU

Non-financial & Diversity information

Topic	Sub topic	Chapter / Section
Business model	N.A.	· Vision and strategy
		· Business Review
		· ESG / ESG strategy and business model
Relevant social and personal matters (including human rights, diversity, employee engagement)	A description of the policies pursued, including due diligence	· Vision and strategy
		· ESG / ESG and conduct policies
		· ESG / Our people
		· ESG / Workers in the value chain
		· ESG/ Affected communities
	The outcome of those policies	· ESG / Our people
		· ESG / Workers in the value chain
		· ESG/ Affected communities
	Principle risks in own operations and within value chain	· ESG / Our people
		· ESG / Workers in the value chain
		· ESG/ Affected communities
	How risks are managed	· Risk Management
		· ESG / Risk management and internal control system
		· ESG / Our people
		· ESG / Workers in the value chain
		· ESG/ Affected communities
	Non-Financial Key Performance indicators	· ESG / ESG performance indicators
		· ESG / Our people
		· ESG / Workers in the value chain
		· ESG/ Affected communities
Relevant environmental matters (e.g. environment, climate and biodiversity)	A decription of the policies pursued, including due diligence	· Vision and strategy
		· ESG / ESG and conduct policies
		· ESG / Climate change
		· ESG / Climate change
		· ESG / Pollution
		· ESG/ Biodiversity
	The outcome of those policies	· ESG / Climate change
		· ESG / Pollution
		· ESG/ Biodiversity

Topic	Sub topic	Chapter / Section
	Principle risks in own operations and within value chain	· ESG / Climate change · ESG / Pollution · ESG/ Biodiversity
	How risks are managed	· Risk Management · ESG / Risk management and internal control system · ESG / Climate change · ESG / Pollution · ESG/ Biodiversity
	Non-Financial Key Performance indicators	· ESG / ESG performance indicators · ESG / Climate change · ESG / Pollution · ESG/ Biodiversity
Relevant matters with respect to anticorruption and bribery (incl business ethics, integrity, corporate culture)	A decription of the policies pursued, including due diligence	· Vision and strategy · Risk Management · ESG Strategy and business model · ESG / ESG and conduct policies · ESG / Compliance and responsible business conduct
	The outcome of those policies	· Business Review · Risk Management · ESG / Consumers · ESG / Compliance and responsible business conduct
	Principle risks in own operations and within value chain	· Business Review · Risk Management · ESG / Consumers · ESG / Compliance and responsible business conduct
	How risks are managed	· Risk Management · ESG / Risk management and internal control system · ESG / Consumers · ESG / Compliance and responsible business conduct
	Non-Financial Key Performance indicators	· ESG / ESG performance indicators · ESG / Consumers · ESG / Compliance and responsible business conduct
Insight into diversity (managing board and supervisory board)	A decription of the policies pursued, including due diligence	· ESG / Governance

Topic	Sub topic	Chapter / Section
		· ESG / Our people · Report of the Supervisory Board · Corporate Governance · Remuneration report
	Diversity targets	· ESG / Governance · ESG / Our people · Report of the Supervisory Board · Corporate Governance · Remuneration report
	Description of how the policy is implemented	· ESG / Governance · ESG / Our people · Report of the Supervisory Board · Corporate Governance · Remuneration report
	Results of the diversity policy	· ESG / ESG performance indicators · ESG / Our people · Report of the Supervisory Board · Corporate Governance · Remuneration report

SASB Index 2022 NIBC Bank N.V.

NIBC publishes this Sustainability Accounting Standards Board (SASB) Index to provide structured ESG information determined by SASB to be material for commercial banks. In doing so, we aim to provide transparency for our stakeholders across the sustainability dimensions of economic, ecological and social performance.

Disclosure Topic	Accounting Metric	Code	Disclosure reference
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB550a.1	NIBC is not categorised as a globally systemic important bank.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB550a.2	Risk Management ESG - ESG Governance - Risk management and internal control systems - Actions and resources (stress testing) - ESG strategy and business model
Incorporation of ESG Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB410a.1	Risk Management ESG - ESG Governance - ESG strategy and business model
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB4101a.2	Risk Management ESG - ESG Governance - Risk management and internal control systems - ESG & conduct policies - ESG Strategy and business model

Disclosure Topic	Accounting Metric	Code	Disclosure reference
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB230a.1	Risk Management ESG - Information security & data protection
	Description of approach to identifying and addressing data security risks	FN-CF230a.2	Risk Management ESG - Information security & data protection
Financial Inclusion and Capacity Building	-(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB240a.1	Not relevant. These activities are outside of the asset classes served by NIBC
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB240a.2	Not relevant. These activities are outside of the asset classes served by NIBC
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB240a.3	Not relevant. Unlike most commercial banks, NIBC does not offer current account (checking accounts) or transaction banking services.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB240a.4	ESG - Financial inclusion
Business Ethics	Total amount of monetary losses as a result of legal proceedings	FN-CB-	ESG - Compliance and responsible business conduct
	Description of whistleblower policies and procedures	FN-CB510a.2	ESG - Financial inclusion - Our people - Compliance and responsible business conduct

Definitions for ESG performance indicators

The following definitions have been used for the non-financial key figures presented in NIBC's annual report.

Net Promoter Score

Outcome of Net Promoter Score (**NPS**) survey with corporate lending and advisory clients, who executed a (lending) deal/deals with NIBC Corporate Banking during the reporting period, and for existing lending and advisory clients of NIBC.

Stakeholders view this as a material indicator of client satisfaction of our corporate lending and advisory clients as well as an indicator of integrity & culture within NIBC.

The NPS methodology is a widely used methodology in which scores from 0 to 6 are classified as 'detractor', scores. 7 or 8 are classified as 'passive' and only those scores that are 9 or 10 are classified as 'promoters'. The result is calculated by the percentage of promoters minus the percentage of detractors, giving the NPS. The NPS can therefore range from -100% to +100%.

The NPS is measured over a 12 month period, from the 1st December to the 30th November each year. It takes place in four batches and each respondent weighs the same in the score. It is calculated over the corporate lending and advisory client base, where we are in direct contact with the client, excluding distressed asset clients, internal clients and certain legacy clients. In case of multiple deals for one client, the client is counted once. When the online survey is sent to multiple contact persons for a client, only the first response is included.

The total population of NIBC Bank's corporate clients in scope is 550 clients in the 12 month period. 372 clients fall within the definition described above and were surveyed, 54 responses were received. NIBC considers this to be representative of the total population. The online surveys are sent by a third party service provider, which transfers the raw results back to NIBC.

NIBC Direct Customer Satisfaction Score

The results of the latest, annual online Customer Satisfaction Survey (**CSS**) for the bank's retail clients, i.e. NIBC Direct Savings Netherlands (NL, including Mortgages), Belgium (BE) and Germany (GE, also including Brokerage clients), that was completed in the reporting period.

The digital surveys were conducted in October 2021through a third party, using a random selection of NIBC's new and existing Dutch NIBC Direct Mortgage and Savings clients, Belgian NIBC Direct Savings clients and German NIBC Direct Savings and Brokerage clients. Clients were selected based amongst other criteria on country and product. The average scores per country and product are totaled and divided by the total number of clients in the population.

2021 score per product: Netherlands Mortgages 8.1; Netherlands Savings 7.6; Germany Savings 7.7; Germany Brokerage 8.0; Belgium Savings 7.7.

Stakeholders view this as a material indicator of client satisfaction of our retail clients as well as an indicator of integrity and culture within NIBC.

The population of NIBC Direct CSS was approx. 348000 clients in October 2021, of which 30000 have been surveyed (10,000 per country), and around 2370 responses were received.. NIBC considers this to be representative for the population.

Percentage of new Corporate loans screened against sustainability policy framework

New corporate deals which have been assessed for social and environmental risks during the reporting period. A deal may include one or more underlying facilities with different tenors as part of a deal or loan structure. Amendments to existing deals are excluded from this figure.

Stakeholders view this as a material indicator in regard to our climate risk, human rights and business ethics in our financings. Sustainability impacts and good corporate governance are among the financial and non-financial aspects taken into consideration during NIBC's corporate client engagement and financing decision processes.

Screenings were performed by Corporate Banking account managers as part of NIBC's ongoing and mandatory due diligence process using a third party toolkit system.

Number of new clients/transactions with increased sustainability risk assessment

Number of new (potential) clients/transactions for which increased sustainability risks were identified using a third party toolkit assessment. This does not include monitoring of existing client files with sustainability risks nor clients for which a sustainability risk assessment has not (yet) been completed as the transaction is still in an early stage or was cancelled in an early stage.

Stakeholders view this as a material indicator of stakeholder engagement on potential sustainability issues such as climate resilience and human rights.

In these situations, NIBC performs enhanced sustainability due diligence into potential material environmental, social, and governance aspects that are of potential concern.

Fines or sanctions for non-compliance with laws and regulations

Number of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations. The definition is limited to fines from a regulator. This excludes any pending claims and/or litigation. Significant: values of fine > EUR 10.000 (in line with category 2 and 3 fines of AFM).

Stakeholders view this as a material indicator of regulatory compliance, corporate governance and business ethics of NIBC's own operations and day-to-day business.

NIBC includes non-punitive fines agreed as part of settlement of regular tax audits within its interpretation of the definition for this indicator.

Number of Full-Time Equivalents end of year

Number of FTEs of NIBC worldwide at the end of the year. Only employees on NIBC's payroll and having an 'internal' position are accounted for. NIBC Bank N.V. includes all its international offices, though excludes minor participations of the bank.

A FTE represents, per employee, the total number of contract hours per week related to the maximum number of contract hours per week (e.g. 40 hours). This maximum can differ per NIBC office (depending on local guidelines) and kind of job contract.

Male/female ratio

Percentage of number of male and female for NIBC worldwide, at the end of the year.

The number of males and females is based upon headcount as reported from NIBC's human resources information management system at the end of the year.

Stakeholders view this metric as a material indicator for gender diversity in the company. NIBC supports all types of diversity and aspires to further diversify its workplace.

Male/female ratio top management

Percentage of number of male and female for NIBC worldwide, at the end of the year. Top management consists of management with corporate title 'Director' or 'Managing Director'.

Stakeholders view this metric as a material indicator for gender diversity in the company and of top management.

Gender pay ratio

Ratio of the basic salary and remuneration of women to men for each employee category.

Training expenses per employee

Total of training and education expenses, incurred in the current year based on average headcount calculated by taking the headcount at the beginning and end of the year. For employees traveling for training, this includes travel costs and any related expenses.

Stakeholders view this metric as a material indicator of the bank's commitment to employee development and future employability.

Absenteeism

Absenteeism is the rolling average of the latest absenteeism percentage, annualized for NIBC's employees in The Netherlands. The absenteeism percentage is the number of workdays lost to absenteeism divided by the total number of available workdays, expressed as a percentage. In case of partial absenteeism, the absenteeism percentage only reflects the actual absenteeism (non-working hours). Maternity leave is not included in the figure.

Absenteeism rate may change as the year progresses due to previously unreported cases of absenteeism and/or confirmation of the employee's recovery.

Notifications of illness and recovery are submitted by NIBC to a 3rd party ARBO service organization. NIBC uses its 3rd party health & safety services organization to report on absenteeism figures. The absenteeism percentage relates to the absenteeism in the Netherlands only: absenteeism in Germany, Belgium and United Kingdom is not accounted for in this figure.

Employee turnover (employees started & left)

Employee turnover consists of inflow of new employees ('started') and outflow of existing employees ('left').

Started: The number of employees that joined NIBC worldwide throughout the current calendar year (hire date between 1-1-20 and 31-12-20), divided by total number of employees at the start of the year.

Left: The number of employees that left NIBC worldwide throughout the calendar year divided by the total number of employees at the start of the year.

Stakeholders view this metric as a material indicator of employee engagement of existing employees and further as an indicator of the bank's position as an attractive employer.

Contact information

Our website, www.nibc.com, offers a wide range of information about NIBC, financial information, corporate information, corporate calendar, press releases and sustainability information. The information is available on our English, Dutch and German website. Financial information (annual reports, full-year and half-year results releases and trading updates) is available in English.
To receive press releases and other NIBC news, please subscribe to our e-mail service by sending an e-mail to info@nibc.com.

Questions and remarks

We invite all stakeholders to ask their questions and share their remarks.

- General questions and remarks can be addressed to Corporate Communications, telephone +31 70 342 56 25/e-mail info@nibc.com;
- Questions and remarks related to bond investments can be addressed to Debt Investor Relations, Toine Teulings, telephone +31 70 342 98 36/e-mail toine.teulings@nibc.com;
- Questions and remarks related to ESG can be addressed to the CSR department, e-mail csr@nibc.com;
- You can find NIBC's complaints procedures here. For NIBC Direct in the Netherlands you can find our complaints procedures here, for NIBC Direct Germany here, and for NIBC Direct Belgium you can find our complaints procedure here (Dutch) or here (French).

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Disclaimer

Presentation of information

This annual report of NIBC Bank N.V. (**NIBC**) has been prepared in accordance with IFRS-EU and with Title 9 of Book 2 of the Netherlands Civil Code.

The Annual Report is presented in euros (EUR), rounded to the nearest million (unless otherwise stated). Certain figures may not tally due to rounding. Percentages have been calculated using unrounded figures.

Cautionary statement regarding forward-looking statements

Certain statements in this Annual Report are not historical facts and are 'forward-looking' statements that relate to, among other things, NIBC's business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof. These statements are based on NIBC's current view with respect to future events and financial performance. Words such as 'believe', 'anticipate', 'estimate', 'expect', 'intend', 'predict', 'project', 'could', 'may', 'will', 'plan', 'forecast', 'target' and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve uncertainties and are subject to certain risks, including, but not limited to (i) general economic conditions, in particular in NIBC's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets (ix) changes in law and regulations, including taxes (x) changes in policies of governments and/or regulatory authorities, (xi) the results of our strategy and investment policies and objectives, and (xii) the risks and uncertainties as addressed in this Annual 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 Annual Report, whether as a result of new information, future events or otherwise. Neither do NIBC nor any of its directors, officers or employees make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

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Abbreviations

12M-ECL	12-month ECL
AC	Audit Committee
AC	Amortised Cost
AIRB	Advanced Internal Ratings Based
ALCO	Asset & Liability Committee
ALM	Asset & Liability management
AML	Anti-money laundering
APMs	Alternative Performance Measures
BKR	Bureau Krediet Registratie (Dutch National Credit Register)
BPV	Basis Point Value
BtL	But-to-Let
CCR	Counterparty Credit Rating
CCyB	Countercyclical Capital Buffer
CDC	Collective Defined Contribution
CDD	Client Due Dilligence
CDRs	Common Depositary Receipts
CEBS Guidlines	Committee of European Banking Supervisors Guidlines
CEO	Chief Executive Officer
CET I	Common Equity Tier 1 ratio
CFO	Chief Financial Officer
CGUs	Cash-Generating Units
CRE	Commercial Real Estate
CRO	Chief Risk Officer
CSA	Credit Support Annexes
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CVAs and DVAs	Credit Valuation Adjustments & Debit Valuation Adjustments
DNB	Dutch Central Bank
DRs	Depositary Receipt
DSCR	Debt Service Coverage Ratio
DTA	Deferred Tax Assets
EAD	Exposure at Default
EatR	Earnings at risk
EBA	European Banking Authority
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EC	Engagement Committee
EC	Economic Capital
ECB	European Central Bank
ECL	Expected Credit Loss
EL	Expected loss
EONIA	EuroOvernight Index Average
EPs	Equator Principles
EPS	Earnings per share
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ExCo	Executive Committee
FMCR	Financial Markets Credit Risk
FTEs	Full-Time Equivalents
FVtPL	Fair value through profit or loss
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
IA	Internal Audit
IC	Investment Committee
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IPO	Initial public offering
IRRBB	Interest Rate Risk in the Banking book
ISDA	International Swaps and Derivatives Association
KYC	Know Your Customer
KYS	Know Your Supplier
LCR	Liquidty Coverage Ratio
LGD	Loss Given Default
LT-ECL	Lifetime ECL
LTI	Loan-to-Income
LTIMV	Loan-to-Indexed-Market-Value
LTMV	Loan-to-Market Value
LtV	Loan-to-Value
M&A	Mergers and Acquisitions
MIP	Management Investment Plan
MtM	Marked-to-Market Value
NACE	Statistical Classification of Economic Activities in the European Community
NEIF	NIBC European Infrastructure Fund I C.V.
NHG Guarantee	National Mortgage Guarantee
NIBC	NIBC Bank N.V.

NIBC Holding Funds	Funds set up and managed by NIBC
NPL	Non-performing Loans
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
OTC	Over The Counter
OTM	Originate-to-Manage
PFE	Potential Future Exposure
PiT	Point-in-Time
POCI	Purchased or originated credit impaired assets
PSUs	Phantom Share Units
RAROC	Risk-adjusted return on capital
RC	Regulatory capital
RDA	Restructuring & Distressed Assets
RFR	Risk Free Rate
RMBS	Residential Mortgage-Backed Securities
RMC	Risk management committee
RNC	Remuneration and Nominating Committee
ROA	Return on Assets
ROE	Return on Equity
RPCC	Risk Policy & Compliance Committee
RPSUs	Restricted Phantom Share Units
RSRS	Responsible Ship Recycling Standards
RWA	Risk Weighted Assets
S&P	Standard & Poor's
SDGs	Sustainable development goals
SE	Structured Entity
SFDR	Sustainable Finance Disclosure Regulation
SIC	Strategic Investment Committee
SICR	Significant increase in credit risk
SME	Small and medium-sized enterprise
SONIA	Sterling Overnight Index Average
SREP	Supervisory review and evaluation process
STAK	Stichting Administratiekantoor
STI	Short-Term Incentive
TC	Transaction Committee
TCFD	Taskforce for Climate-related Financial Disclosures
TLTRO II	Targeted Longer Term Refinancing Operation
TTC	Through-the-cycle
UN PRI	UN Principles for Responsible Investments
UNGC	United Nations Global Compact
UNGP	UN Guiding Principles for Business and Human Rights
VaR	Value at Risk
VAT	Value Added Tax
Wbfo	Wet beloning financiële ondernemingen
WEW	Stichting Waarborgfonds Eigen Woningen (Social Housing Guarantee Fund)