# Condensed consolidated financial report for the year ended 31 December 2013

NIBC Bank N.V.
12 March 2014

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## Condensed consolidated financial report

# Consolidated income statement
## for the year ended 31 December 2013

| IN EUR MILLIONS | NOTE | 2013 | 2012 |
|---|---|---|---|
| Net interest income | | 148 | 126 |
| Net fee and commission income | | 17 | 17 |
| Dividend income | | 2 | 8 |
| Net trading income | 2 | 57 | 94 |
| Gains less losses from financial assets | 3 | 8 | 28 |
| Share in result of associates | | (1) | (1) |
| Other operating income | | 14 | 22 |
| **OPERATING INCOME** | | **245** | **294** |
| Personnel expenses | 4 | 90 | 98 |
| Other operating expenses | | 56 | 60 |
| Depreciation and amortisation | | 9 | 10 |
| **OPERATING EXPENSES** | | **155** | **168** |
| Impairments of financial assets | 5 | 62 | 45 |
| **TOTAL EXPENSES** | | **217** | **213** |
| **PROFIT BEFORE TAX** | | **28** | **81** |
| Tax | 6 | 6 | 8 |
| **PROFIT AFTER TAX** | | **22** | **73** |
| Result attributable to non-controlling interests | | - | - |
| **NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER** | | **22** | **73** |

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

# Consolidated statement of comprehensive income

## for the year ended 31 December 2013

| IN EUR MILLIONS | 2013 Before tax | 2013 Tax charge/ (credit) | 2013 After tax | 2012 Before tax | 2012 Tax charge/ (credit) | 2012 After tax |
|---|---|---|---|---|---|---|
| **PROFIT FOR THE YEAR** | **28** | **6** | **22** | **81** | **8** | **73** |
| OTHER COMPREHENSIVE INCOME | | | | | | |
| ***ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS*** | | | | | | |
| Remeasurements of defined-benefit plans | (3) | (1) | (2) | (3) | - | (3) |
| Revaluation of property, plant and equipment | - | - | - | 1 | - | 1 |
| ***ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS*** | | | | | | |
| Net result on hedging instruments | (30) | (8) | (22) | (30) | (7) | (23) |
| Revaluation of loans and receivables | - | - | - | 4 | 1 | 3 |
| Revaluation of equity investments | 3 | - | 3 | (10) | (1) | (9) |
| Revaluation of debt investments | 2 | 1 | 1 | 24 | 6 | 18 |
| **TOTAL OTHER COMPREHENSIVE INCOME** | **(28)** | **(8)** | **(20)** | **(14)** | **(1)** | **(13)** |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **(2)** | **2** | **67** | **7** | **60** |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | | | | | | |
| Parent shareholder | - | (2) | 2 | 67 | 7 | 60 |
| Non-controlling interests | - | - | - | - | - | - |
| **TOTAL COMPREHENSIVE INCOME** | **-** | **(2)** | **2** | **67** | **7** | **60** |

# Consolidated balance sheet
## at 31 December 2013

| IN EUR MILLIONS | NOTE | 2013 | 2012 |
|---|---|---|---|
| **Assets** | | | |
| FINANCIAL ASSETS AT AMORTISED COST | | | |
| Cash and balances with central banks | | 1,150 | 1,604 |
| Due from other banks | | 1,796 | 2,123 |
| Loans and receivables | | | |
| Loans | 7 | 6,186 | 7,954 |
| Debt investments | 8 | 415 | 366 |
| Residential mortgages own book | 9 | 98 | - |
| FINANCIAL ASSETS AT AVAILABLE-FOR-SALE | | | |
| Equity investments | | 47 | 49 |
| Debt investments | 10 | 1,300 | 985 |
| FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING) | | | |
| Loans | 11 | 480 | 515 |
| Residential mortgages own book | 12 | 3,586 | 3,675 |
| Securitised residential mortgages | 13 | 3,878 | 4,512 |
| Debt investments | 14 | 81 | 124 |
| Equity investments (including investments in associates) | | 257 | 215 |
| Derivative financial assets | | 2,800 | 3,917 |
| OTHER | | | |
| Investments in associates (equity method) | | 8 | 10 |
| Intangible assets | | 47 | 50 |
| Property, plant and equipment | | 45 | 47 |
| Current tax | | 2 | 2 |
| Other assets | | 142 | 94 |
| Deferred tax | | 5 | 2 |
| **TOTAL ASSETS** | | **22,323** | **26,244** |

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

# Consolidated balance sheet
## at 31 December 2013

| IN EUR MILLIONS | NOTE | 2013 | 2012 |
|---|---|---|---|
| **Liabilities** | | | |
| FINANCIAL LIABILITIES AT AMORTISED COST | | | |
| Due to other banks | | 1,017 | 1,026 |
| Deposits from customers | | 8,639 | 8,347 |
| Own debt securities in issue | 15 | 3,108 | 4,314 |
| Debt securities in issue related to securitised mortgages | 16 | 3,525 | 4,470 |
| FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING) | | | |
| Own debt securities in issue | 17 | 35 | 34 |
| Debt securities in issue structured | 18 | 794 | 1,654 |
| Derivative financial liabilities | | 2,957 | 4,046 |
| OTHER FINANCIAL LIABILITIES | | | |
| Other liabilities | | 137 | 159 |
| Current tax | | 8 | 9 |
| Employee benefits | | 16 | 13 |
| SUBORDINATED LIABILITIES | | | |
| Amortised cost | 19 | 57 | 83 |
| Fair value through profit or loss | 20 | 241 | 264 |
| **TOTAL LIABILITIES** | | **20,534** | **24,419** |
| SHAREHOLDER'S EQUITY | | | |
| Share capital | 22 | 80 | 80 |
| Other reserves | | 286 | 305 |
| Retained earnings | | 1,437 | 1,385 |
| Net profit attributable to parent shareholder | | 22 | 73 |
| Interim and final dividend paid | | (36) | (19) |
| **TOTAL PARENT SHAREHOLDER'S EQUITY** | | **1,789** | **1,824** |
| Non-controlling interests | | - | 1 |
| **TOTAL SHAREHOLDER'S EQUITY** | | **1,789** | **1,825** |
| **TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY** | | **22,323** | **26,244** |

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

# Consolidated statement of changes in shareholder's equity

| IN EUR MILLIONS | Attributable to parent shareholder | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other reserves[1] | Retained earnings | Remeasurements of defined benefit plans | Net profit | Distribution charged to net profit | Total | Non-controlling interests | Total shareholder's equity |
| **BALANCE AT 1 JANUARY 2012** | **80** | **322** | **1,361** | **-** | **68** | **(22)** | **1,809** | **1** | **1,810** |
| Changes in accounting policies relating to IAS 19R Employee Benefits (Revised) | - | - | - | (4) | - | - | (4) | - | (4) |
| **RESTATED BALANCE AT 1 JANUARY 2012** | **80** | **322** | **1,361** | **(4)** | **68** | **(22)** | **1,805** | **1** | **1,806** |
| Transfer of net profit 2011 to retained earnings | - | - | 46 | - | (68) | 22 | - | - | - |
| Total comprehensive income for the year ended 31 December 2012 | - | (10) | - | (3) | 73 | - | 60 | - | 60 |
| Dividend paid [2] | - | - | (22) | - | - | (19) | (41) | - | (41) |
| **BALANCE AT 31 DECEMBER 2012** | **80** | **312** | **1,385** | **(7)** | **73** | **(19)** | **1,824** | **1** | **1,825** |

| IN EUR MILLIONS | Attributable to parent shareholder | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Other reserves[1] | Retained earnings | Remeasurements of defined benefit plans | Net profit | Distribution charged to net profit | Total | Non-controlling interests | Total shareholder's equity |
| **BALANCE AT 1 JANUARY 2013** | **80** | **312** | **1,385** | **(7)** | **73** | **(19)** | **1,824** | **1** | **1,825** |
| Transfer of net profit 2012 to retained earnings | - | - | 54 | - | (73) | 19 | - | - | - |
| Total comprehensive income for the year ended 31 December 2013 | - | (18) | - | (2) | 22 | - | 2 | - | 2 |
| Dividend paid [2] | - | - | (20) | - | - | (16) | (36) | - | (36) |
| Net investment hedge foreign currency | - | - | (3) | - | | | (3) | | (3) |
| Other | - | 1 | 1 | - | - | - | 2 | (1) | 1 |
| **BALANCE AT 31 DECEMBER 2013** | **80** | **295** | **1,417** | **(9)** | **22** | **(16)** | **1,789** | **-** | **1,789** |

1. Other reserves include share premium, hedging reserve and revaluation reserves.
2. Ordinary interim and final dividend paid in 2013 and 2012 to the shareholder.

# Condensed consolidated statement of cash flows
## for the year ended 31 December 2013

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Cash flows from operating activities | 1,601 | 1,900 |
| Cash flows from investing activities | 18 | 70 |
| Cash flows from financing activities | (2,150) | (2,943) |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **(531)** | **(973)** |
| | | |
| **CASH AND CASH EQUIVALENTS AT 1 JANUARY** | **2,134** | **3,107** |
| Net increase / (decrease) in cash and cash equivalents | (531) | (973) |
| **CASH AND CASH EQUIVALENTS AT 31 DECEMBER** | **1,603** | **2,134** |
| | | |
| **RECONCILIATION OF CASH AND CASH EQUIVALENTS:** | | |
| Cash and balances with central banks | 1,044 | 1,501 |
| Due from other banks (maturity three months or less) | 559 | 633 |
| | **1,603** | **2,134** |

# General information and Basis of preparation

## General information

NIBC Bank N.V., together with its subsidiaries (NIBC or the group), is incorporated and domiciled in the Netherlands, and is a 100% subsidiary of NIBC Holding N.V. (NIBC Holding). NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment in the sectors Food, Agri & Retail, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. Consumer Banking offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

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

## Basis of preparation

### Statement of IFRS compliance

NIBC prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In preparing the financial information in this condensed consolidated financial report over the financial year 2013, the same accounting principles are applied as in NIBC's consolidated financial statements for the year ended 31 December 2012, except for the impact of the adoption of the standards and interpretations and amendments to standards and interpretations described below. NIBC's Annual Report for 2012 is available on NIBC's website.

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

**New and amended standards adopted by NIBC in 2013:**
The following new or revised standards and interpretations and amendments to standards and interpretations issued by the *International Accounting Standards Board* (**IASB**) and endorsed by the EU became effective in 2013 and or are early adopted by NIBC:

- Amendments to IAS 1 'Presentation of Financial Statements - Presentation of Items of *Other Comprehensive Income*
- IFRS 13 'Fair Value Measurement';
- IFRS 7 'Disclosures, Offsetting Financial Assets and Financial Liabilities' (Amendment);
- IAS 19 'Employee Benefits' (Revised);
- Improvements to IFRS 2009 – 2011 Cycle;
- IAS 39 'Novation of Derivatives and Continuation of Hedge Accounting' (Amendment) / early adopted;
- IAS 36 'Impairment of assets', on the recoverable amount disclosures for non-financial assets (Amendment).

IAS 19 Employee Benefits (Revised) requires that actuarial gains and losses arising from defined benefit pension schemes are recognised in full. Previously NIBC deferred these over the remaining average service lives of the employees (the 'corridor' approach). From 1 January 2013, in accordance with amendments to IAS 19, the balance sheet will fully reflect the pension liability or asset, including any previously unrecognised actuarial losses or gains. Retrospectively as of 1 January 2012, in accordance with the amendments to IAS 19, the balance sheet fully reflects the pension liability, including any previously unrecognised actuarial losses or gains. As of 1 January 2012 NIBC no longer recognises the amortisation of unrecognised actuarial gains or losses. As at 31 December 2013 the amendment to IAS 19 leads to the recognition of EUR 9 million (net of tax) negative cumulative re-measurements of defined benefit plans in shareholder's equity (31 December 2012: negative EUR 7 million (net of tax)).

There are no IFRSs that are applied for the first time for the financial year beginning 1 January 2013 that have a significant effect on the financial position or performance on NIBC or the group.

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

The following standards, amendments and interpretations to existing standards issued by the IASB and endorsed by the EU are mandatory for accounting periods beginning on or after 1 January 2014 or later periods, but NIBC has not early-adopted them:

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

The impact of adopting of new standards, amendments and or transition guidance to IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28 and IAS 32 is not expected to be material on NIBC's financial position or performance.

The information provided as of the reclassification dates (various notes) relates only to financial assets remaining on the balance sheet as of the reporting date 31 December 2013.

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

# Notes to the condensed consolidated financial report

## 1. Segment report

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

The items displayed under 'consolidation effects' refer to the non-financial entities over which NIBC has control. IFRS requires NIBC to consolidate these entities. The internal management report differs from this, as the investments in these entities are non-strategic and the activities of these entities are non-financial. Therefore, in the income statement of NIBC, only NIBC's share in the net result of these entities is included in the line-item 'gains less losses from financial assets'. Subsequently, under 'consolidation effects' this is eliminated and replaced by the figures of these entities used in the consolidated financial statements.

The following table presents the results of the single operating segment, being NIBC Bank, including a reconciliation to the consolidated results under IFRS for the periods ended 31 December 2013 and 31 December 2012.

| | Internal management report operating segment NIBC Bank | | Consolidation effects | | Total (condensed consolidated financial report) | |
|---|---|---|---|---|---|---|
| IN EUR MILLIONS [1] | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Net interest income | 148 | 127 | - | (1) | 148 | 126 |
| Net fee and commission income | 17 | 18 | - | - | 17 | 17 |
| Dividend income | 2 | 8 | - | - | 2 | 8 |
| Net trading income | 56 | 94 | - | - | 57 | 94 |
| Gains less losses from financial assets | 1 | 27 | 7 | 2 | 8 | 28 |
| Share in result of associates | (1) | (1) | - | - | (1) | (1) |
| Other operating income | - | - | 14 | 22 | 14 | 22 |
| **OPERATING INCOME** | **225** | **272** | **21** | **22** | **245** | **294** |
| **OPERATING EXPENSES** | **134** | **146** | **21** | **21** | **155** | **168** |
| Impairments of financial assets | 62 | 45 | - | - | 62 | 45 |
| **TOTAL EXPENSES** | **196** | **192** | **21** | **1** | **217** | **213** |
| **PROFIT BEFORE TAX** | **29** | **80** | **-** | **1** | **28** | **81** |
| Tax | 6 | 7 | - | 1 | 6 | 8 |
| **PROFIT AFTER TAX** | **22** | **73** | **-** | **-** | **22** | **73** |
| Result attributable to non-controlling interests | - | - | - | - | - | - |
| **NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER** | **22** | **73** | **-** | **-** | **22** | **73** |
| Average allocated economic capital | 1,180 | 1,418 | - | - | 1,180 | 1,418 |
| Average unallocated capital | 494 | 237 | - | - | 494 | 237 |
| Segment assets | 22,229 | 26,140 | 94 | 104 | 22,323 | 26,244 |
| Segment liabilities | 20,466 | 24,350 | 68 | 69 | 20,534 | 24,419 |

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

NIBC generated 82% of its revenues in the Netherlands (2012: 86%) and 18% abroad (2012: 14%).

## 2. Net trading income

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Assets and liabilities designated at fair value through profit or loss (including related derivatives) | 53 | 84 |
| Assets and liabilities held for trading | 23 | 30 |
| Other net trading income | (19) | (20) |
| | **57** | **94** |

Total net trading income in 2013 and 2012 reflects realised net gains and or losses on disposals of assets and liabilities (including repurchased liabilities) and net gains and or losses due to mark to market movements on assets and liabilities held for trading or designated at fair value through profit or loss.

## 3. Gains less losses from financial assets

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| EQUITY INVESTMENTS | | |
| ***GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)*** | | |
| Net gain/(losses) on disposal | 8 | 34 |
| Impairment losses equity investments | (2) | - |
| ***GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)*** | | |
| Gains less losses from associates | 2 | (3) |
| Gains less losses from other equity investments | (2) | (3) |
| | **6** | **28** |
| DEBT INVESTMENTS | | |
| ***GAINS LESS LOSSES FROM DEBT INVESTMENTS (AVAILABLE-FOR-SALE)*** | 2 | - |
| | **2** | **-** |
| | **8** | **28** |

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

## 4. Personnel expenses and share-based payments

The number of *Full Time Equivalents* (**FTEs**) (excluding FTEs of non-financial companies included in the consolidation) decreased from 627 at 31 December 2012 to 596 at 31 December 2013.

## 5. Impairments of financial assets

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **IMPAIRMENTS** | | |
| Loans classified at amortised cost | 68 | 45 |
| Debt investments classified at amortised cost | 3 | 8 |
| Debt investments classified at available-for-sale | 1 | 1 |
| | **72** | **54** |
| **REVERSALS OF IMPAIRMENTS** | | |
| Loans classified at amortised cost | (9) | (8) |
| Debt investments classified at amortised cost | (1) | - |
| Debt investments classified at available-for-sale | (1) | (2) |
| | **(11)** | **(10)** |
| Other | 1 | 1 |
| | **62** | **45** |

## 6. Tax

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **TAX DIFFERENCES CAN BE ANALYSED AS FOLLOWS:** | | |
| **PROFIT BEFORE TAX** | **28** | **81** |
| Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2012: 25.0%) | 7 | 20 |
| Impact of income not subject to tax | 1 | (13) |
| Impact of expenses not deductible for tax purposes | - | 1 |
| Effect of different tax rates in other countries | - | (1) |
| Result final tax assessment previous years | (2) | 1 |
| | **6** | **8** |
| **Effective tax rate** | **23.1%** | **9.4%** |

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

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

### Loans

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Loans | 6,186 | 7,954 |
| | **6,186** | **7,954** |
| **THE LEGAL MATURITY ANALYSIS OF LOANS IS AS FOLLOWS:** | | |
| Three months or less | 403 | 332 |
| Longer than three months but not longer than one year | 492 | 396 |
| Longer than one year but not longer than five years | 3,257 | 4,376 |
| Longer than five years | 2,034 | 2,850 |
| | **6,186** | **7,954** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN IMPAIRMENTS MAY BE SUMMARISED AS FOLLOWS:** | | |
| **BALANCE AT 1 JANUARY** | **138** | **130** |
| Additional allowances | 68 | 45 |
| Write-offs / disposals | (90) | (28) |
| Amounts released | (9) | (8) |
| Unwinding of discount adjustment | (4) | (7) |
| Other (including exchange rate differences) | 6 | 6 |
| **BALANCE AT 31 DECEMBER** | **109** | **138** |

As of 1 July 2008, NIBC reclassified financial assets (application of amendments to IAS 39 and IFRS 7) from available-for-sale to loans and receivables. At the date of reclassification NIBC had the intention and ability to hold these reclassified loans and receivables for the foreseeable future or until maturity. NIBC believes that the deterioration of the world's financial markets that occurred during the course of 2008 represents a rare circumstance that allows such a reclassification.

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

| IN EUR MILLIONS | Fair value on date of reclassification | Carrying amount as per 31 December 2013 | Fair value as per 31 December 2013 |
|---|---|---|---|
| Loan portfolio reclassified from available-for-sale category | 1,103 | 1,214 | 1,156 |

The effective interest rates on financial assets reclassified into loans and receivables as at the date of reclassification - 1 July 2008 - ranged from 5% to 9% with expected undiscounted recoverable cash flows of EUR 1,218 million. Ranges of effective interest rates were determined based on weighted average rates.

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

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Debt investments | 415 | 366 |
| | **415** | **366** |
| **THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS AS FOLLOWS:** | | |
| Three months or less | - | 1 |
| Longer than three months but not longer than one year | - | - |
| Longer than one year but not longer than five years | 208 | 66 |
| Longer than five years | 207 | 299 |
| | **415** | **366** |

In 2013 there was an additional impairment on the debt investments at amortised cost of EUR 3 million and a total reversal of impairment of EUR 1 million (2012: impairment of EUR 8 million).

As of 1 July 2008, NIBC reclassified financial assets (application of amendments to IAS 39 and IFRS 7) from held for trading and available-for-sale to loans and receivables. At the date of reclassification NIBC had the intention and ability to hold these reclassified financial assets for the foreseeable future or until maturity. NIBC believes that the deterioration of the world's financial markets that occurred during the course of 2008 represents a rare circumstance that allows such a reclassification.

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

| IN EUR MILLIONS | Fair value on date of reclassification | Carrying amount as per 31 December 2013 | Fair value as per 31 December 2013 |
|---|---|---|---|
| **DEBT INVESTMENTS RECLASSIFIED FROM:** | | | |
| Held for trading category | 310 | 195 | 164 |
| Available-for-sale category | 54 | 52 | 51 |

The effective interest rates on held for trading assets reclassified into debt investments at amortised cost as at the date of reclassification - 1 July 2008 - ranged from 5% to 20% with expected undiscounted recoverable cash flows of EUR 481 million.

The effective interest rates on available-for-sale debt investments as at the date of reclassification - on 1 July 2008 - ranged from 5% to 8% with expected undiscounted recoverable cash flows of EUR 84 million. Ranges of effective interest rates were determined based on weighted average rates.

## 9. Financial assets - Loans and receivables (amortised cost)
### Residential mortgages own book

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Loans | 98 | - |
| | **98** | **-** |
| **THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS AS FOLLOWS:** | | |
| Three months or less | 1 | - |
| Longer than three months but not longer than one year | 2 | - |
| Longer than one year but not longer than five years | 8 | - |
| Longer than five years | 87 | - |
| | **98** | **-** |

The maximum credit exposure including committed but undrawn facilities was EUR 454 million at 31 December 2013 (31 December 2012: nil).

No impairments were recorded in 2013 on residential mortgages own book at amortised cost.

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

### Debt investments

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Debt investments | 1,300 | 985 |
| | **1,300** | **985** |
| **THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS AS FOLLOWS:** | | |
| Three months or less | 96 | 99 |
| Longer than three months but not longer than one year | 175 | 132 |
| Longer than one year but not longer than five years | 387 | 261 |
| Longer than five years | 642 | 493 |
| | **1,300** | **985** |

In 2013, there was an additional impairment on debt investments at available-for-sale of EUR 1 million and a total reversal of impairment of EUR 1 million (2012: impairment of EUR 1 million and reversal of EUR 2 million).

As of 1 July 2008, NIBC reclassified non-derivative trading financial assets (application of amendments to IAS 39 and IFRS 7), which do not meet the definition of loans and receivables and are no longer held for the purpose of selling them in the near term, from held for trading to available-for-sale. NIBC believes that the deterioration of the world's financial markets that occurred in the course of 2008 represents a rare circumstance that allows such a reclassification.

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

| IN EUR MILLIONS | Fair value on date of reclassification | Carrying amount as per 31 December 2013 | Fair value as per 31 December 2013 |
|---|---|---|---|
| Debt investments reclassified from held for trading category | 23 | 3 | 3 |

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

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

### Loans

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Loans to corporate entities | 480 | 515 |
| | **480** | **515** |
| **THE LEGAL MATURITY ANALYSIS OF LOANS IS AS FOLLOWS:** | | |
| Three months or less | 1 | 13 |
| Longer than three months but not longer than one year | 223 | 21 |
| Longer than one year but not longer than five years | 24 | 314 |
| Longer than five years | 232 | 167 |
| | **480** | **515** |

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

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Residential mortgages own book | 3,586 | 3,675 |
| | **3,586** | **3,675** |
| **THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS AS FOLLOWS:** | | |
| Three months or less | 26 | 33 |
| Longer than three months but not longer than one year | 15 | 24 |
| Longer than one year but not longer than five years | 58 | 41 |
| Longer than five years | 3,487 | 3,577 |
| | **3,586** | **3,675** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN RESIDENTIAL MORTGAGES OWN BOOK MAY BE SUMMARISED AS FOLLOWS:** | | |
| **BALANCE AT 1 JANUARY** | **3,675** | **3,185** |
| Additions (including transfers from consolidated SPEs) | 10 | 1,269 |
| Disposals (sale and/or redemption, including replenishment of consolidated SPEs) | (84) | (864) |
| Changes in fair value | (15) | 85 |
| **BALANCE AT 31 DECEMBER** | **3,586** | **3,675** |

The changes in fair value in the previous table reflect movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these assets, the movement due to interest rate changes is compensated with results on financial derivatives.

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

The maximum credit exposure including committed but undrawn facilities was EUR 3,588 million (2012: EUR 3,681 million).

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

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Securitised residential mortgages | 3,878 | 4,512 |
| | **3,878** | **4,512** |
| **THE LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES IS AS FOLLOWS:** | | |
| Three months or less | 1 | 1 |
| Longer than three months but not longer than one year | 3 | 3 |
| Longer than one year but not longer than five years | 28 | 17 |
| Longer than five years | 3,846 | 4,491 |
| | **3,878** | **4,512** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN SECURITISED RESIDENTIAL MORTGAGES MAY BE SUMMARISED AS FOLLOWS:** | | |
| **BALANCE AT 1 JANUARY** | **4,512** | **5,560** |
| Additions | 529 | 527 |
| Disposals (sale and/or redemption including transfers to own book) | (1,121) | (1,625) |
| Changes in fair value | (42) | 50 |
| **BALANCE AT 31 DECEMBER** | **3,878** | **4,512** |

At 31 December 2013 the balance sheet carrying amounts for residential mortgages own book and securitised residential mortgages include a total revaluation adjustment of EUR 393 million debit (2012: EUR 450 million debit) related to both interest rates and credit spreads. As NIBC hedges its interest rate risk from these assets, the movement due to interest rate changes is compensated by results on financial derivatives.

The portion of fair value changes in 2013 included in the balance sheet amount relating to the movement in credit spreads on residential mortgages own book (see note 12 Residential mortgages own book) and securitised residential mortgages amounted to EUR 83 million debit at 31 December 2013, being an increase in the carrying amount (2012: EUR 36 million credit, being an reduction in the carrying amount).

The carrying amount includes an EUR 176 million credit (2012: EUR 164 million credit) related to mortgage savings amounts.

The maximum credit exposure was EUR 3,878 million at 31 December 2013 (31 December 2012: EUR 4,512 million).

Securitised residential mortgages are recognised on NIBC's balance sheet based on the risks and rewards NIBC retains in the SPEs issuing the mortgage-backed notes. Risks and rewards can be retained by NIBC by retaining issued notes, providing overcollateralisation to the SPEs or implementing reserve accounts in the SPEs. At the balance sheet date, NIBC retained EUR 349 million (2012: EUR 461 million) of notes issued by the SPEs, overcollateralisation provided to the SPEs amounted to nil (2012: EUR 21 million) and reserve accounts amounted to EUR 19 million (2012: EUR 18 million).

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

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Held for trading | 31 | 49 |
| Designated at fair value through profit or loss | 50 | 75 |
| | **81** | **124** |

All debt investments are non-government.

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IS AS FOLLOWS:** | | |
| Three months or less | 22 | - |
| Longer than three months but not longer than one year | 20 | 23 |
| Longer than one year but not longer than five years | 1 | 45 |
| Longer than five years | 7 | 7 |
| | **50** | **75** |

## 15. Financial liabilities (amortised cost)
### Own debt securities in issue

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Bonds and notes issued | 3,108 | 4,314 |
| | **3,108** | **4,314** |
| **THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS AS FOLLOWS:** | | |
| Three months or less | 1 | - |
| Longer than three months but not longer than one year | 1,730 | 220 |
| Longer than one year but not longer than five years | 766 | 4,024 |
| Longer than five years | 611 | 70 |
| | **3,108** | **4,314** |

The Dutch State has unconditionally and irrevocably guaranteed payment of all amounts of principal and interest due by NIBC up to EUR 1,303 million (2012: EUR 3,311 million) of the issued notes according and subject to (i) the Rules governing the 2008 Dutch State's Credit Scheme and (ii) the Guarantee Certificate issued under those Rules in respect of these notes. These Rules and that Guarantee Certificate are available at www.dsta.nl. In 2013, losses of EUR 26 million were realised on the repurchase of own debt securities in issue at amortised cost (2012: loss of EUR 12 million).

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS** | | |
| **BALANCE AT 1 JANUARY** | **4,314** | **7,096** |
| Additions | 1,214 | 312 |
| Disposals | (2,392) | (3,041) |
| Other movements and exchange rate differences | (28) | (53) |
| **BALANCE AT 31 DECEMBER** | **3,108** | **4,314** |

The disposals of own debt securities in issue at amortised cost for 2013 include redemptions at the scheduled maturity date to an amount of EUR 342 million (2012: EUR 2,488 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 2,050 million (2012: EUR 553 million). The remaining legal maturity at time of repurchase of these debt securities was between zero month and two years.

## 16. Financial liabilities (amortised cost)

### Debt securities in issue related to securitised mortgages

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Bonds and notes issued | 3,525 | 4,470 |
| | **3,525** | **4,470** |
| **THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES IS AS FOLLOWS:** | | |
| Three months or less | 5 | 6 |
| Longer than three months but not longer than one year | - | - |
| Longer than one year but not longer than five years | 16 | 16 |
| Longer than five years | 3,504 | 4,448 |
| | **3,525** | **4,470** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES MAY BE SUMMARISED AS FOLLOWS:** | | |
| **BALANCE AT 1 JANUARY** | **4,470** | **5,416** |
| Additions | 461 | 483 |
| Disposals | (1,406) | (1,429) |
| **BALANCE AT 31 DECEMBER** | **3,525** | **4,470** |

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

### Own debt securities in issue

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Bonds and notes issued | 35 | 34 |
| | **35** | **34** |
| **THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS AS FOLLOWS:** | | |
| Three months or less | - | - |
| Longer than three months but not longer than one year | 6 | - |
| Longer than one year but not longer than five years | - | 6 |
| Longer than five years | 29 | 28 |
| | **35** | **34** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS** | | |
| **BALANCE AT 1 JANUARY** | **34** | **41** |
| Additions | - | 1 |
| Disposals | - | (11) |
| Changes in fair value | 1 | 3 |
| **BALANCE AT 31 DECEMBER** | **35** | **34** |

The disposals of own debt securities in issue designated at fair value through profit or loss in 2013 and 2012, reflect the redemptions at the scheduled maturity date. The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives.

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

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Bonds and notes issued | 794 | 1,654 |
| | **794** | **1,654** |
| **THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE STRUCTURED IS AS FOLLOWS:** | | |
| Three months or less | 4 | - |
| Longer than three months but not longer than one year | 45 | 690 |
| Longer than one year but not longer than five years | 217 | 307 |
| Longer than five years | 528 | 657 |
| | **794** | **1,654** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN DEBT SECURITIES IN ISSUE STRUCTURED MAY BE SUMMARISED AS** | | |
| **BALANCE AT 1 JANUARY** | **1,654** | **1,733** |
| Additions | 38 | 56 |
| Disposals | (782) | (133) |
| Changes in fair value | (52) | 45 |
| Exchange rate differences | (64) | (47) |
| **BALANCE AT 31 DECEMBER** | **794** | **1,654** |

The disposals of debt securities in issue designated at fair value through profit or loss for 2013 include redemptions at the scheduled maturity date to an amount of EUR 772 million (2012: EUR 112 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 9 million (2012: EUR 21 million). The remaining legal maturity at time of repurchase of these debt securities is 12 years. The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives.

## 19. Subordinated liabilities - amortised cost

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Subordinated loans qualifying as Tier-I capital | 44 | 46 |
| Other subordinated loans | 13 | 37 |
| | **57** | **83** |
| **THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - AMORTISED COST IS AS FOLLOWS:** | | |
| One year or less | - | 25 |
| Longer than one year but not longer than five years | 1 | - |
| Longer than five years but not longer than ten years | - | - |
| Longer than ten years | 56 | 58 |
| | **57** | **83** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN SUBORDINATED LIABILITIES - AMORTISED COST MAY BE SUMMARISED AS FOLLOWS:** | | |
| **BALANCE AT 1 JANUARY** | **83** | **85** |
| Additions | 1 | - |
| Disposals | (25) | (1) |
| Exchange rate differences | (2) | (1) |
| **BALANCE AT 31 DECEMBER** | **57** | **83** |

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

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Subordinated loans qualifying as Tier-I capital | 133 | 144 |
| Other subordinated loans | 108 | 120 |
| | **241** | **264** |
| **THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - FAIR VALUE IS AS FOLLOWS:** | | |
| One year or less | 21 | - |
| Longer than one year but not longer than five years | 15 | 40 |
| Longer than five years but not longer than ten years | - | - |
| Longer than ten years | 205 | 224 |
| | **241** | **264** |

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| **THE MOVEMENT IN SUBORDINATED LIABILITIES - FAIR VALUE MAY BE SUMMARISED AS FOLLOWS:** | | |
| **BALANCE AT 1 JANUARY** | **264** | **296** |
| Additions | 1 | 1 |
| Disposals | (3) | (31) |
| Changes in fair value | (13) | 1 |
| Exchange rate differences | (8) | (3) |
| **BALANCE AT 31 DECEMBER** | **241** | **264** |

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

## 21. Impact reclassification financial assets on comprehensive income (application of amendments to IAS 39 and IFRS 7)

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

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

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

| | | 2013 | | 2012 |
|---|---|---|---|---|
| IN EUR MILLIONS | **After reclassification** | **Before reclassification** | **After reclassification** | **Before reclassification** |
| Net interest income | 39 | 37 | 74 | 69 |
| Net trading income | 8 | 33 | (7) | 40 |
| Impairment of financial assets | (16) | (14) | (18) | (11) |

## 22. Capital and shares

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

**Share capital**

| IN EUR MILLIONS | 2013 | 2012 |
|---|---|---|
| Paid-up capital | 80 | 80 |
| | **80** | **80** |

| | 2013 | 2012 |
|---|---|---|
| **THE NUMBER OF AUTHORISED SHARES IS SPECIFIED AS FOLLOWS:** | | |
| Number of authorised shares [1] | 183,597,500 | 183,597,500 |
| Number of shares issued and fully paid [2] | 62,586,794 | 62,586,794 |
| Par value per A share | 1.28 | 1.28 |
| Par value class B, C, D, E1 and E3 preference share | 1.00 | 1.00 |
| Par value class E4 preference share | 5.00 | 5.00 |

1. The authorised capital amounts to EUR 214.9 million and is divided into 110,937,500 A shares of EUR 1.28 nominal value each, 72,600,000 of different classes of preference shares with a nominal value of EUR 1.00 and 60,000 of preference shares with a nominal value of EUR 5.00 each.
2. The shares issued and fully paid consist of A-shares.

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

| IN EUR MILLIONS | At 31 December 2013 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the balance sheet | | |
| **ASSETS** | Gross amount of recognised financial assets | Gross amount of recognised financial liabilites set off in the balance sheet | Net amount of financial assets presented in the balance sheet | Financial instruments collateral | Cash collateral received | Net amount |
| Derivative financial assets | 2,800 | - | **2,800** | - | 1,199 | **1,601** |
| Reverse repurchase agreements | 415 | (400) | **15** | 15 | - | **-** |
| Other financial instruments | - | - | **-** | - | - | **-** |
| | **3,215** | **(400)** | **2,815** | **15** | **1,199** | **1,601** |

| IN EUR MILLIONS | At 31 December 2013 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the balance sheet | | |
| **LIABILITIES** | Gross amount of recognised financial liabilities | Gross amount of recognised financial assets set off in the balance sheet | Net amount of financial liabilities presented in the balance sheet | Financial instruments collateral | Cash collateral pledged | Net amount |
| Derivative financial assets | 2,957 | - | **2,957** | - | 267 | **2,690** |
| Repurchase agreements | 784 | (400) | **384** | 480 | - | **(96)** |
| Other financial instruments | - | - | **-** | - | - | **-** |
| | **3,741** | **(400)** | **3,341** | **480** | **267** | **2,594** |

Related amounts which cannot be set off in the balance sheet position are amounts which are part of ISDA netting agreements. The related amounts are reported on the asset side and the liability side of the balance sheet as the ISDA agreements does not meet all requirements for offsetting in IAS 32.

| IN EUR MILLIONS | At 31 December 2012 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the balance sheet | | |
| **ASSETS** | Gross amount of recognised financial assets | Gross amount of recognised financial liabilites set off in the balance sheet | Net amount of financial assets presented in the balance sheet | Financial instruments collateral | Cash collateral received | Net amount |
| Derivative financial assets | 3,929 | - | **3,929** | - | 1,664 | **2,265** |
| Reverse repurchase agreements | 421 | (400) | **21** | 21 | | **-** |
| Other financial instruments | - | - | **-** | - | | **-** |
| | **4,350** | **(400)** | **3,950** | **21** | **1,664** | **2,265** |

| IN EUR MILLIONS | At 31 December 2012 | | | | | |
|---|---|---|---|---|---|---|
| | | | | Related amounts not set off in the balance sheet | | |
| **LIABILITIES** | Gross amount of recognised financial liabilities | Gross amount of recognised financial assets set off in the balance sheet | Net amount of financial liabilities presented in the balance sheet | Financial instruments collateral | Cash collateral pledged | Net amount |
| Derivative financial liabilities | 4,046 | - | **4,046** | - | 466 | **3,580** |
| Repurchase agreements | 784 | (400) | **384** | 411 | - | **(27)** |
| Other financial instruments | - | - | **-** | - | - | **-** |
| | **4,830** | **(400)** | **4,430** | **411** | **466** | **3,553** |

## 24. Related party transactions

At 31 December 2013, NIBC had EUR 205 million of net exposure (assets less liabilities) to its parent and to entities controlled by its parent entity (2012: EUR 307 million). The interest received and paid on this exposure was at arm's length.

**Transactions related to associates**

As at 31 December 2013, NIBC had EUR 55 million of loans advanced to its associates (2012: EUR 56 million). In addition to net interest income on these loans, NIBC did not earn fees from these associates in 2013 and 2012.

## 25. Legal proceedings

There were a number of legal proceedings outstanding against NIBC at 31 December 2013. No provision has been made as at 31 December 2013, as legal advice indicates that it is unlikely that any significant loss will arise.

## 26. Business combinations

There were no new business combinations acquired in the year ended 31 December 2013 and 2012.

At 31 December 2013, NIBC has the potential obligation to sell a minority stake (less than 10%) in Olympia Nederland Holding B.V. to a third party. No material gain or loss is expected on this disposal.

## 27. Commitments and contingent assets and liabilities

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

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

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

The amounts for guarentees 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 | 2013 | 2012 |
|---|---|---|
| **Contract amount** | | |
| Committed facilities with respect to corporate loan financing (including investment management loans) | 910 | 1,153 |
| Committed facilities with respect to residential mortgages financing | 359 | 6 |
| Capital commitments with respect to equity investments | 38 | 43 |
| Guarantees granted | 99 | 95 |
| Irrevocable letters of credit | 6 | 34 |
| | **1,412** | **1,331** |

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

## 28. Important events and transactions

**Nationalisation SNS Reaal N.V.**

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

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

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

**Buy back of Government-guaranteed bonds**

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

## 29. Subsequent events

**Transaction after balance sheet date**

Currently NIBC is in the process of acquiring the entire share capital of GALLINAT BANK AG, a small bank located in Hamburg, Germany from the ALBIS Group. GALLINAT BANK AG provides mainly financing facilities to leasing companies within the ALBIS Group. The potential acquisition of GALLINAT BANK AG directly increases NIBC's presence in one of its domestic markets. The purchase price allocation process for this potential acquisition of which the impact on the financial position and performance of NIBC will not be material will be finalised after receipt of approvals by the appropriate regulatory authorities.

The Hague, 11 March 2014

**Managing Board**

Jeroen Drost, *Chairman, Chief Executive Officer*
Herman Dijkhuizen, *Chief Financial Officer*
Rob ten Heggeler, *Chief Client Officer*
Petra van Hoeken, *Chief Risk Officer*

## Disclaimer

**Presentation of information**
The Annual Accounts of NIBC Bank N.V. (‘NIBC’) has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS-EU’) and with Title 9 of Book 2 of The Netherlands Civil Code. In preparing the financial information in this condensed consolidated financial report for the year ended 31 December 2013 (the ‘Financial Report’), the same accounting principles are applied as in the 2012 Annual Accounts, save for any changes described in the paragraph ‘Accounting Principles’. All figures in this Financial Report have not been subject to audit or review. However, the financial information included therein is derived from the audited 2013 financial statements of NIBC Bank N.V. Small differences are possible in the tables due to rounding.

**Cautionary statement regarding forward-looking statements**
Certain statements in this Financial Report are not historical facts and are ‘forward-looking’ statements that relate to, among other things, NIBC’s business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof. These statements are based on NIBC’s current view with respect to future events and financial performance. Words such as ‘believe’, ‘anticipate’, ‘estimate’, ‘expect’, ‘intend’, ‘predict’, ‘project’, ‘could’, ‘may’, ‘will’, ‘plan’, ‘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 Financial Report, the occurrence of which could cause NIBC’s actual results and/or performance to differ from those predicted in such forward-looking statements and from past results.

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