NIBC

BANKING IN A CHANGING WORLD

NIBC INTERIM REPORT

2014

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Half Year Report of the Managing Board

NIBC achieved healthy underlying growth in the first half of 2014. Our profit was EUR 27 million, equalling H1 2013, excluding the SNS levy of EUR 12 million. Net interest income amounted to EUR 100 million, an increase of more than 40% compared to H1 2013, driven by improved funding conditions.

The economic recovery triggered growing demand from new and existing clients, benefiting our Corporate Banking activities. In our Consumer Banking operations, meantime, customer demand for retail savings and new mortgages saw healthy growth both of which demonstrate the confidence our customers have in NIBC Direct products.

In Germany, our second home market, we grew both autonomously and through the acquisition of Gallinat-Bank. This demonstrates our long-term commitment to the German market and further diversifies our funding mix. We also took other steps to continue diversifying our funding in the first half, and we maintained our strong capital position.

"Economic recovery reflected in H1 results"

Paulus de Wilt, CEO of NIBC Bank, said:
"We are seeing the first signs of improvements in the economic climate reflected in our H1 2014 results. Impairments were lower and repayments on our corporate loan portfolio remained stable. NIBC's business performance showed healthy underlying growth.

This year, we are seeing that growth in overall corporate banking deals is gaining further momentum as companies increasingly explore investment opportunities and seek financial transactions. This is also underlined in H1 by a substantial increase in new corporate lending transactions. Typical examples of our tailor-made solutions for medium-sized companies, NIBC's core market, include deals with several clients, such as Koninklijke Van den Boer Groep, Dura Vermeer and Vroon. On the consumer side, NIBC Direct mortgages showed healthy growth. NIBC Direct savings expanded further to EUR 8.9 billion.

We continued to diversify our funding with another EUR 500 million issue of our conditional pass-through covered bond, as well as various senior unsecured funding transactions.

I am glad to have joined NIBC in April 2014 with the opportunity to help further shape the bank's future, amid the changing financial markets and banking landscape. In coming months, we will focus on identifying the actions required to ensure sustainable growth as an entrepreneurial bank. Our sector expertise and structuring knowledge will remain key to supporting clients in achieving their goals."

Client transactions

NIBC was involved in important transactions across its key sectors and markets in H1 2014. For example, our Infrastructure & Renewables team created a new three-year EUR 213.5 million facilities package for Dura Vermeer Groep NV. NIBC was the lead arranger and is acting as facility agent in this club deal.

In the Industries & Manufacturing sector, NIBC was exclusive financial advisor to management on the management buyout of Royal Burger Group's port agency activities. The MBO was backed by investor AEG Invest. In Oil & Gas Services, we provided a senior secured facility for Singapore-based Energy Drilling for the delivery financing of two tender-drilling rigs, which are being built in China.

Our Commercial Real Estate department supplied a EUR 50 million liquidity facility for ASR Woningfonds (new client ASR Vastgoed), a fund comprising a EUR 850 million Dutch residential properties portfolio. The facility enables the fund to acquire newly-built properties. In the Shipping & Intermodal sector, we provided a five-year bilateral USD 30 million senior secured credit facility to refinance two LPG carriers and finance a new eco-fuel LPG carrier for existing client StealthGas Inc.

In Food, Agri & Retail, we arranged a bilateral working capital facility for family-owned Reinhard Wolf GmbH & Co, one of the top five meat and sausage processing companies in Germany, while in the Technology, Media & Services sector, we did a transaction with new client Koninklijke Van den Boer Groep that enabled the family shareholders to regain full control of their 100-year-old family business.

Our Leveraged Finance team acted as mandated lead arranger in a GBP 235 million all-senior financing package supporting the buyout of Burton Biscuits by Ontario Teachers' Pension Plan.

Financial Performance

Income statement

In EUR millions	**H1 2014**	**FY 2013**	H2 2013	H1 2013
Net interest income	100	148	78	71
Net fee and commission income	12	17	10	8
Dividend income	2	2	2	
Net trading income	3	56	(15)	71
Gains less losses from financial assets	17	1	9	(8)
Share in result of associates		(1)	(1)	
Other operating income				
Operating income	**134**	**225**	**83**	**142**
Personnel expenses	(44)	(82)	(39)	(43)
Other operating expenses	(25)	(48)	(24)	(23)
Depreciation and amortisation	(3)	(5)	(3)	(2)
Operating expenses	**(72)**	**(134)**	**(66)**	**(68)**
Impairments of financial assets	(28)	(62)	(26)	(36)
SNS levy (Net)	(12)			
Total expenses	**(112)**	**(196)**	**(92)**	**(104)**
Profit before tax	**22**	**29**	**(9)**	**38**
Corporate tax	(7)	(6)	4	(11)
Profit after tax	**15**	**22**	**(5)**	**27**
Result attributable to non-controlling interests				
Net profit attributable to parent shareholder	**15**	**22**	**(5)**	**27**

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

Financial results NIBC Bank in H1 2014

We made a profit of EUR 27 million, excluding payment of the state-imposed SNS levy of EUR 12 million. Our net interest income improved by more than 40% compared to H1 2013, mainly driven by improved funding conditions, the repayment of EUR 0.6 billion of state-guaranteed bonds and a new pass-through covered bond issue.

Our net trading income included revaluation of structured funding and our mortgage portfolio valued at fair value through P&L.

Operating expenses increased by 6% compared to H1 2013, including the acquisition of Gallinat-Bank. NIBC maintained tight cost control, underlined by a solid cost-to-income ratio of 54%. Impairments decreased compared to first-half 2013.

Capital & liquidity position

NIBC's capital position remains strong with a Common Equity Tier-1 ratio[1] of 16.3% at Bank level (16.5% at 30 June 2013) and 15.5% at Holding level (15.3% at 30 June 2013). NIBC Bank has a Tier-1 ratio of 18.0% and a BIS ratio of 19.5% (19.5% and 20.5% respectively at 30 June 2013).

Our strong liquidity position is evidenced by a Basel III Liquidity Coverage Ratio of 235% - including a liquidity buffer to repay the last part of state-guaranteed bonds in December of this year - and a Net Stable Funding Ratio of 112%.

We further diversified our funding in H1 by issuing a EUR 500 million conditional pass-through covered bond and conducting a number of senior unsecured transactions. In addition, we increased NIBC Direct savings from EUR 8.4 billion at 31 December 2013 to EUR 8.9 billion at 30 June 2014.

The acquisition of Gallinat-Bank provides access to German institutional savings under the Einlagensicherungsfonds (ESF).

[1] Common Equity Tier-1 ratio (previously core Tier-1 ratio) based on Basel III as of 1 January 2014. Till 31 December 2013 all capital ratios were based on Basel II.

Risk Management

The size of our Corporate Loan portfolio increased due to strong new deal inflow and increases of existing exposures, on the back of higher customer demand. The more positive economic environment and outlook also helped to improve the overall credit quality of our Loan portfolio compared with the end of 2013. Impairments decreased compared to the first-half of 2013. Also the residential mortgage book overall saw growth with the new NIBC Direct product being taken up well in the first half year; credit losses went up slightly but remain modest.

We retained our strong liquidity profile and further diversified our funding. A second tranche of our successful pass-through covered bond transaction was well received in the market in April, a few smaller unsecured bonds were privately placed at appropriate tenors and pricing and retail savings were up with EUR 500 million. The acquisition of Gallinat-Bank gives NIBC further access to an appealing new funding source of corporate / institutional deposits (guaranteed by the German ESF - Einlagensicherungsfonds). We again prepaid a part of the Government guaranteed bonds, with the remaining EUR 0.4 billion maturing in December this year.

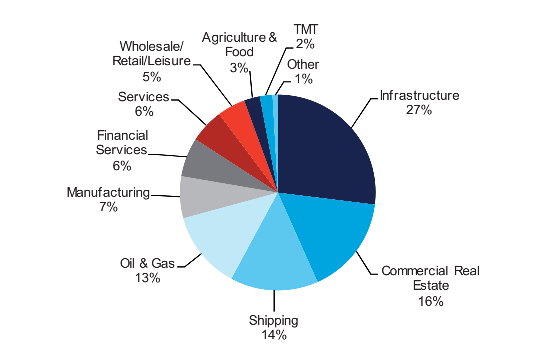
The following pages provide further details on NIBC's portfolios per 30 June 2014.

Credit Risk Management

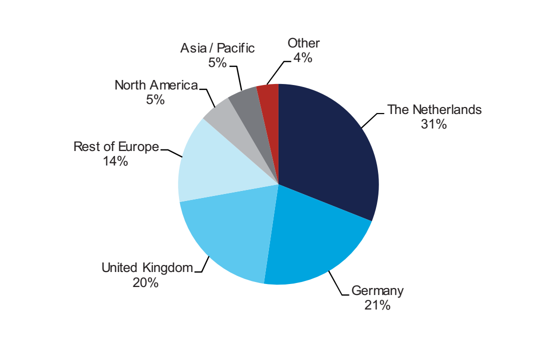
Corporate loans

Total exposure amounted to EUR 7,859 million at 30 June 2014 (31 December 2013: EUR 7,412 million). The term 'exposure' includes both drawn and undrawn (on- and off-balance sheet) amounts and applies to all graphs in this section. The following graphs show the portfolio split in industry sectors and regions.

Corporate Loan portfolio per sector at 30 June 2014
(EUR 7,859 million)



Corporate Loan portfolio per region at 30 June 2014
(EUR 7,859 million)



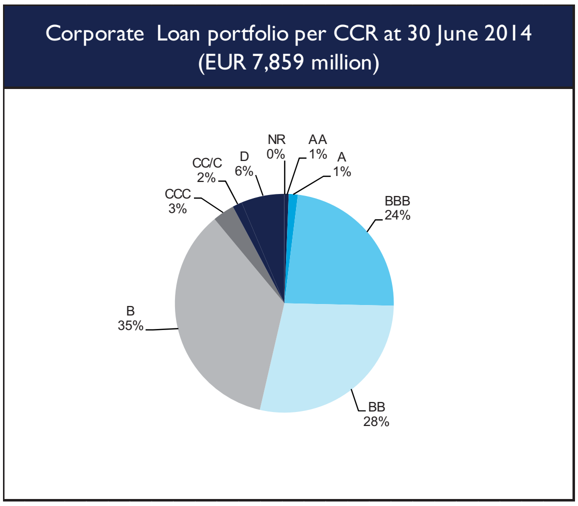
- The industry sector *Infrastructure* comprises various infrastructure projects such as the construction of roads, railways, energy plants, schools and hospitals, with a focus on Renewables. This sector is now 27% of the loan portfolio (31 December 2013: 27%) and the projects/assets are located across North Western Europe, with some concentration in the United Kingdom.

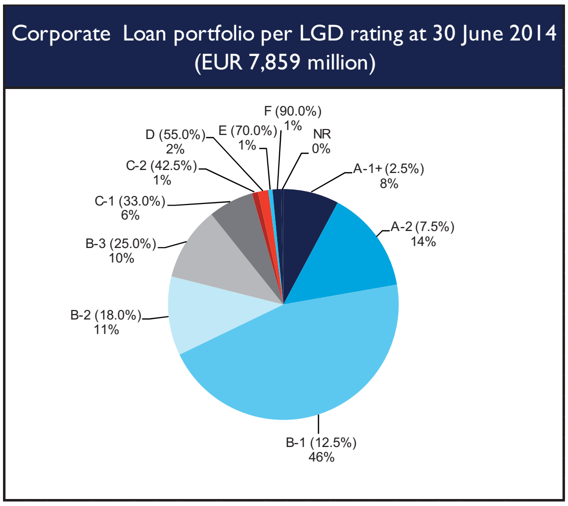
- The *Commercial Real Estate* industry sector (now 16% of the loan portfolio; 31 December 2013: 18%) is split in two sub-sectors, Commercial Real Estate (CRE) and Residential Commercial Real Estate (RCRE). CRE primarily consists of offices, retail properties and hotel financing and comprises 34% of this sector. The RCRE sub-sector (66% of the total real estate sector) comprises residential property financing, which significantly reduces the concentration risk in the underlying collateral pool. The Real Estate portfolio is purely based in Germany and The Netherlands.

- The exposures within the other industry sectors of the Corporate Loan portfolio remained relatively stable compared to 31 December 2013. In terms of regional distribution, NIBC's corporate loan exposure is predominantly in the Netherlands, Germany and the United Kingdom.

In the first half of 2014 the total of new and increased impairments amounted to EUR 28 million and comprised of impairments for exposures mainly in the industry sectors *Commercial Real Estate*, *Infrastructure* and *Manufacturing*. There were only a few write offs (EUR 11 million).

The graph below displays the distribution of the Corporate Loan portfolio per counterparty credit rating (CCR). The fact that NIBC's Corporate Loan exposures are concentrated in sub-investment grade CCRs is counterbalanced by collateralization in some form and substance for most, ie risk transformation through structuring expertise. Loans can be collateralised by mortgages on real estate and ships, by (lease) receivables, pledges on machinery and equipment, or by third-party (bank) guarantees and other similar agreements. As a result, NIBC's Loss Given Defaults (LGDs) are concentrated in those categories that correspond to recoveries in the range of 80% - 90%.



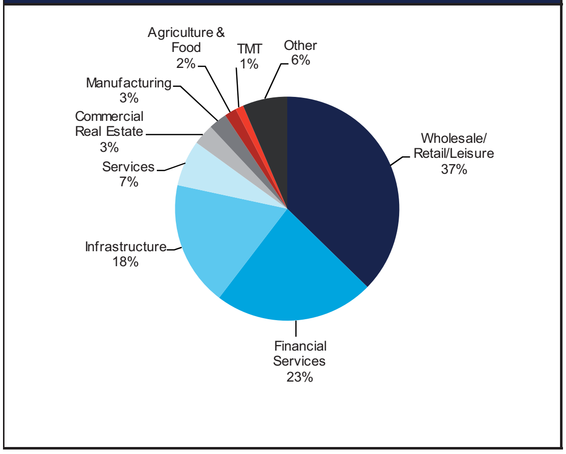


NIBC continued its selective strategy in pursuing new deals for our chosen clients, focusing on sound business and appropriate credit / structure quality. The weighted average CCR (excluding defaulted counterparties) improved to a rating of 6+ in NIBC's internal rating scale (B+ in external rating agencies' scales) at 30 June 2014 (31 December 2013: 6). In line with Basel regulation, NIBC's (generally) strong collateral position is not taken into account in the determination of the CCR. Recovery expectations in the Corporate Loan portfolio, which are reflected in the LGD rating, also improved in the first half year of 2014 (weighted average LGD: B-1 (12.5%)).

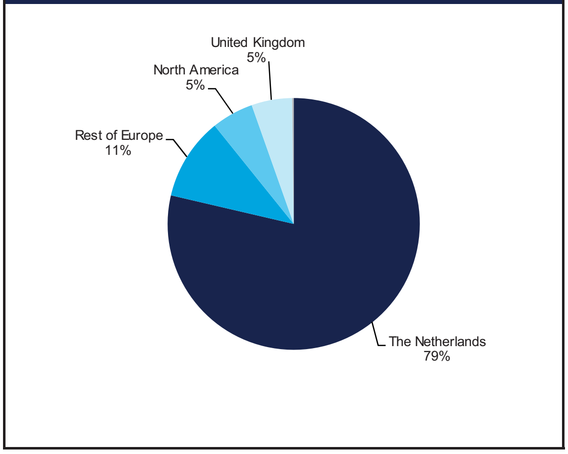
Investment loans and Equity investments

The total exposure of the Investment loans and Equity investments was EUR 496 million at 30 June 2014 and is concentrated in Western Europe. Investment loans are unsecured, subordinated loans that may contain equity characteristics such as attached warrants or conversion features. Equity investments are positions in private equity, infrastructure equity and real estate equity. Investment loans amounted to EUR 133 million at 30 June 2014 and equity investments to EUR 364 million at 30 June 2014 (31 December 2013: Investment loans: EUR 126 million; Equity investments: EUR 340 million).

Investment loans and equity investments per sector at 30 June 2014 (EUR 496 million)



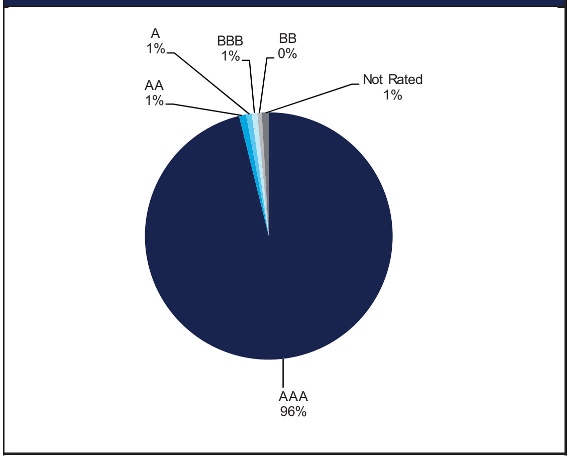
Investment loans and equity investments per region at 30 June 2014 (EUR 496 million)



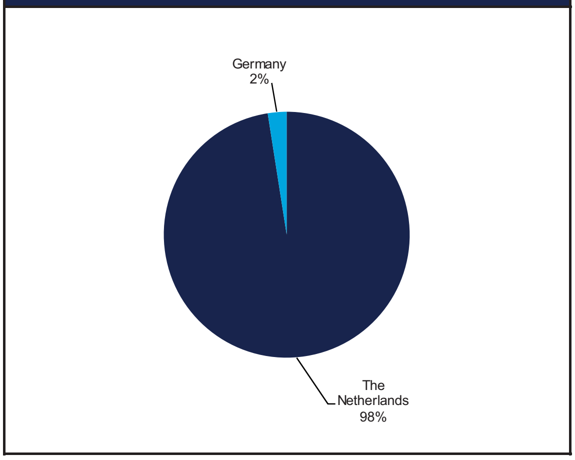
Residential mortgages

NIBC has a Dutch and German Residential Mortgage portfolio of EUR 7,719 million (31 December 2013: EUR 7,564 million), with Germany only a small part of EUR 192 million. The portfolio increase is predominantly due to new originations in the Netherlands under the NIBC Direct label which more or less compensated for regular repayments and prepayments. The credit losses in the first half of 2014 amount to EUR 4.1 million for the Dutch mortgage portfolio. The following table shows the internal rating class allocation of the Residential Mortgage portfolio, based on NIBC's internal rating methodology for tranching a portfolio of residential mortgages.

Residential Mortgage exposure by implied rating at 30 June 2014 (EUR 7,719 million)



Residential Mortgage exposure by region at 30 June 2014 (EUR 7,719 million)

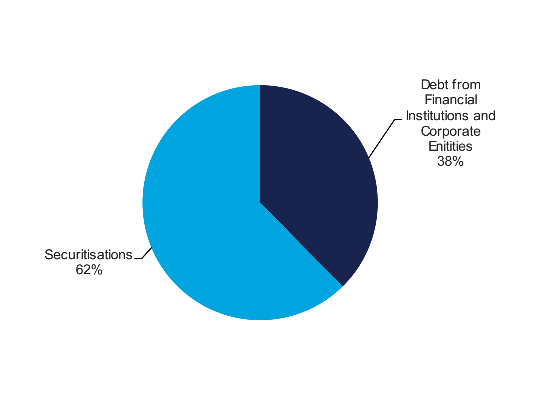


Debt investments

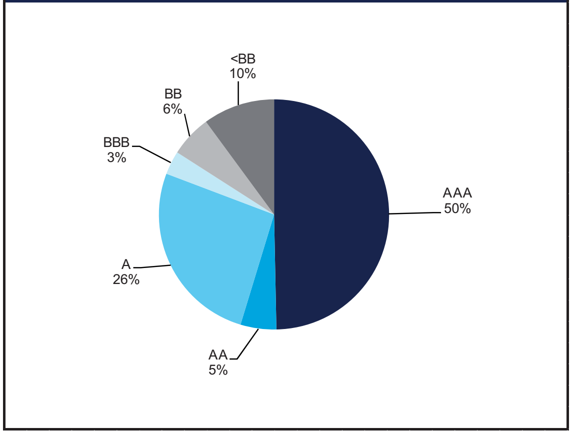
The total Debt Investments portfolio amounted to EUR 1,508 million at 30 June 2014 (31 December 2013: EUR 1,691 million). EUR 941 million of this is related to Securitisation exposure (31 December 2013: EUR 980 million) and EUR 567 million (31 December 2013: 711 million) to debt from Financial Institutions. The total Debt Investments portfolio consists for 50% of AAA investments. Investments in Spain, Portugal, Italy, Ireland and Greece are very limited and amount to EUR 30 million (less than 3% of the total portfolio).

The Securitisations portfolio consists of 55% residential mortgage-backed securities (RMBS), 20% commercial mortgage-backed securities (CMBS), 14% asset-backed securities (ABS) and 11% collateralised debt obligations (CDO). 75% of the Securitisations portfolio is Investment Grade and 63% has a rating of AA or higher. Approximately 58% of the total securitisation exposure is related to the Liquidity portfolio. Investments in this portfolio are restricted to AAA-rated asset-backed securities, mostly backed by residential mortgages and car loans/receiveables.

Debt Investment exposure by product at 30 June 2014 (EUR 1,508 million)



Debt Investment exposure by rating at 30 June 2014 (EUR 1,508 million)



Market Risk Management

The main risk drivers in terms of market risk for NIBC are interest rate risk and credit spread risk. NIBC's interest rate sensitivity was -/- EUR 69 thousand (per bp) at 30 June 2014, and moved in the range -/- EUR 125 thousand and + EUR 115 thousand. The interest rate risk is concentrated in the Mismatch portfolio (long-term view), the Trading book (short-term view), while the Banking book occasionally has interest rate positions.

The Trading book is used mainly for facilitating derivative transactions with corporate clients. To a lesser extent this book is also used to taking short-term trading positions in interest rates. From a regulatory perspective this book is subject to a capital requirement for market risk. For this book a VaR limit of EUR 2.25 million applies, while the capital requirement at 30 June 2014 was EUR 12 million.

The Mismatch book contains the long-term interest rate positon. The interest sensitivity of this book was -/- EUR 189 thousand (per bp) as of 30 June 2014.

The Banking book contains a number of portfolios predominantly the funding of the bank, loans to customers, the liquidity portfolio and investments of NIBC. Interest rate risk is actively hedged and reduced at a level deemed acceptable.

Credit spread is mainly present in the Mortgage portfolio, which is accounted on fair value. The credit bpv of this portfolio stood at -/- EUR 2,050 thousand (per pb). However as newly originated mortgages are accounted on amortised cost, this number (in absolute terms) will decrease over time.

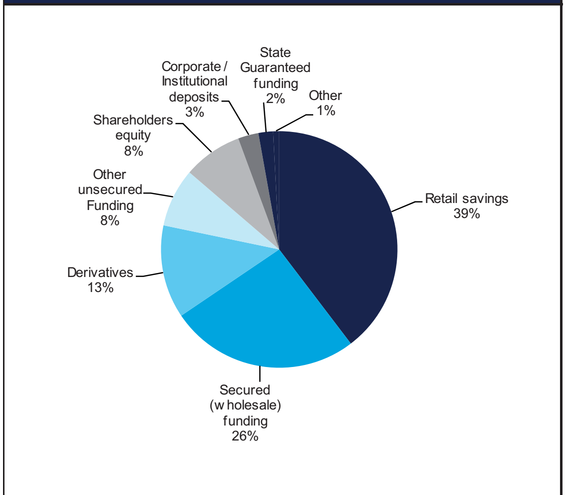
NIBC is also exposed to currency risk, which is the current or prospective threat to earnings or capital as a result of adverse movements in exchange rates. As this risk is fully hedged, FX risk is not a major risk factor for NIBC.

Liquidity Risk Management

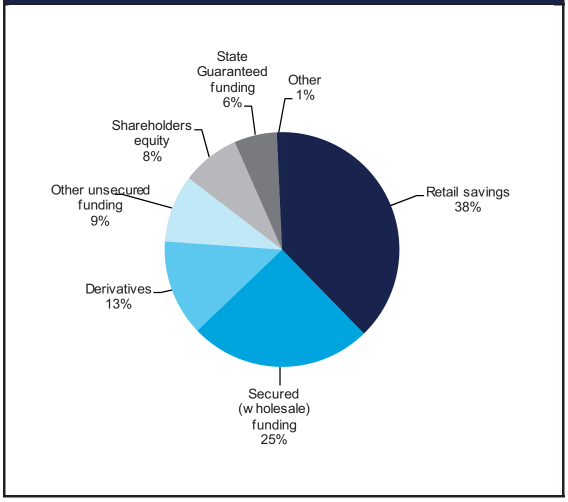
NIBC's liquidity profile remained strong. We further diversified our funding by doing a second transaction under our pass-through covered bond program of EUR 0.5 billion, by increasing our retail savings with EUR 0.5 billion, by issuing EUR 0.1 billion of senior unsecured bonds across several private placements and by the acquisition of Gallinat-Bank. The acquisition gives access to an appealing new funding source in corporate / institutional deposits guaranteed by the ESF. The solid cash and liquidity position allowed NIBC to buy back / redeem EUR 0.9 billion of Government guaranteed bonds and to redeem a Covered Bond of EUR 0.5 billion. Even in extremely stressed market conditions, where funding markets are closed, NIBC can meet its financial obligations in the coming year and beyond.

The breakdown of the funding portfolio as at 30 June 2014 and 31 December 2013 is as follows:

Funding portfolio per funding type at 30 June 2014
(EUR 22,412 million)



Funding portfolio per funding type at 31 December 2013
(EUR 22,321million)



Operational Risk Management

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed processes or systems, from human error, fraud, or external events including legal risk. NIBC also includes reputation, regulatory, compliance and strategic business risk as operational risks.

NIBC adopts a forward-looking, proactive attitude and structured approach to managing operational risk across all three lines of defence:

1. Risk & Control Self-Assessments and declaring ourselves In Control takes place twice a year; in these assessments all business units in the group analyse their key activities, processes, risks and controls, challenged by risk management and audit.
2. New products are pre-discussed and approved before launch, to ensure the operational impact is accurately assessed, client interests and product suitability are safeguarded and NIBC can offer the product without disruptions or other operational failures. There were no new products introduced in the first half of this year but various initiatives are in progress at this moment.
3. We use forward-looking scenario analysis (hypothetical external or internal scenarios with which it is ensured that a plan exists in case these events occur) and assess impact and potential remedies. Examples of such scenarios include business continuity plans for buildings, key technology systems and key processes of the bank, stress in the Dutch banking sector, large-scale staff unavailability due to e.g. a pandemic, and other hypothetical events for which a forward-looking action plan is necessary.

In a rapidly changing environment, a forward-looking approach to the development of risks allows us to assess and identify the areas that require attention in time.

The operational risk profile of the bank remained stable compared to year-end 2013. In line with the banking industry, our main operational risks lie in ensuring our IT systems remain uncompromised, safe and available for our clients, in managing our human talent quantitatively and qualitatively in an optimal way and in maintaining fit-for-purpose and efficient internal processes, to serve client interest optimally.

Responsibility statement

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

I. The Condensed Consolidated Interim Financial Report for the six months ended 30 June 2014, which has been prepared in accordance with IAS 34 'Interim Financial Reporting', gives a true and fair view of the assets, liabilities, financial position and profit or loss of NIBC Bank N.V. and its consolidated group companies;

II. The Half Year Report of the Managing Board includes a fair review of information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act.

The Hague, 25 August 2014

Managing Board

Paulus de Wilt, *Chairman, Chief Executive Officer*
Herman Dijkhuizen, *Chief Financial Officer*
Petra van Hoeken, *Chief Risk Officer*
Rob ten Heggeler, *Chief Client Officer*

Condensed consolidated interim financial report for the six months period ended 30 June 2014

NIBC Bank N.V.

Reviewed

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Condensed consolidated interim financial report

Interim consolidated income statement
for the six months period ended 30 June 2014

IN EUR MILLIONS	NOTE	For the period ended 30-Jun-14	For the period ended 30-Jun-13
Net interest income		100	71
Net fee and commission income		12	8
Dividend income		2	-
Net trading income	2	3	71
Gains less losses from financial assets	3	17	(4)
Share in result of associates		-	-
Other operating income		10	9
OPERATING INCOME		**144**	**155**
Personnel expenses	4	48	48
Other operating expenses		29	28
Depreciation and amortisation		5	4
OPERATING EXPENSES		**82**	**80**
Impairments of financial assets	5	28	36
SNS Levy (Net)	6	12	-
TOTAL EXPENSES		**122**	**116**
PROFIT BEFORE TAX		**22**	**39**
Tax	7	7	12
PROFIT AFTER TAX		**15**	**27**
Result attributable to non-controlling interests		-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER		**15**	**27**

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

Interim consolidated statement of comprehensive income
for the six months period ended 30 June 2014

IN EUR MILLIONS	For the period ended 30-Jun-14 Before tax	For the period ended 30-Jun-14 Tax charge/ (credit)	For the period ended 30-Jun-14 After tax	For the period ended 30-Jun-13 Before tax	For the period ended 30-Jun-13 Tax charge/ (credit)	For the period ended 30-Jun-13 After tax
PROFIT FOR THE PERIOD	**22**	**7**	**15**	**39**	**12**	**27**
OTHER COMPREHENSIVE INCOME						
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
Remeasurements of defined-benefit plans	(11)	(3)	(8)	-	-	-
Revaluation of property, plant and equipment	-	-	-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS						
Net result on hedging instruments	5	(1)	6	(15)	(4)	(11)
Revaluation of equity investments	4	1	3	(2)	(1)	(1)
Revaluation of debt investments	9	2	7	(1)	-	(1)
TOTAL OTHER COMPREHENSIVE INCOME	**7**	**(1)**	**8**	**(18)**	**(5)**	**(13)**
TOTAL COMPREHENSIVE INCOME	**29**	**6**	**23**	**21**	**7**	**14**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
Parent shareholder	29	6	23	21	7	14
Non-controlling interests	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	**29**	**6**	**23**	**21**	**7**	**14**

Interim consolidated balance sheet
at 30 June 2014

IN EUR MILLIONS	NOTE	30-Jun-14	31-Dec-13
Assets			
FINANCIAL ASSETS AT AMORTISED COST			
Cash and balances with central banks		865	1,150
Due from other banks		1,843	1,796
Loans and receivables			
Loans	8	6,594	6,186
Debt investments	9	367	415
Residential mortgages own book	10	459	98
FINANCIAL ASSETS AT AVAILABLE-FOR-SALE			
Equity investments		48	47
Debt investments	11	1,232	1,300
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Loans	12	443	480
Residential mortgages own book	13	3,469	3,586
Securitised residential mortgages	14	3,791	3,878
Debt investments	15	49	81
Equity investments (including investments in associates)		280	257
Derivative financial assets		2,702	2,800
OTHER			
Investments in associates (equity method)		8	8
Intangible assets		45	47
Property, plant and equipment		44	45
Current tax		2	2
Other assets		163	142
Deferred tax		8	5
TOTAL ASSETS		**22,412**	**22,323**

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

Interim consolidated balance sheet
at 30 June 2014

IN EUR MILLIONS	NOTE	30-Jun-14	31-Dec-13
Liabilities			
FINANCIAL LIABILITIES AT AMORTISED COST			
Due to other banks		903	1,017
Deposits from customers		9,516	8,639
Own debt securities in issue	16	2,507	3,108
Debt securities in issue related to securitised mortgages and lease receivables	17	3,531	3,525
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Own debt securities in issue	18	32	35
Debt securities in issue structured	19	785	794
Derivative financial liabilities		2,858	2,957
OTHER FINANCIAL LIABILITIES			
Other liabilities		149	137
Current tax		8	8
Employee benefits		27	16
SUBORDINATED LIABILITIES			
Amortised cost	20	57	57
Fair value through profit or loss	21	230	241
TOTAL LIABILITIES		**20,603**	**20,534**
SHAREHOLDER'S EQUITY			
Share capital	23	80	80
Other reserves		294	286
Retained earnings		1,420	1,437
Net profit attributable to parent shareholder		15	22
Interim and final dividend paid		-	(36)
TOTAL PARENT SHAREHOLDER'S EQUITY		**1,809**	**1,789**
Non-controlling interests		-	-
TOTAL SHAREHOLDER'S EQUITY		**1,809**	**1,789**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**22,412**	**22,323**

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

Interim consolidated statement of changes in shareholder's equity

	Attributable to parent shareholder								
IN EUR MILLIONS	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
Net investment hedge foreign entities	-	-	(3)	-	-		(3)	-	(3)
Other	-	1	1	-	-	-	2	(1)	1
Dividend paid [2]	-	-	(20)	-	-	(16)	(36)	-	(36)
BALANCE AT 31 DECEMBER 2013	**80**	**295**	**1,417**	**(9)**	**22**	**(16)**	**1,789**	**-**	**1,789**

	Attributable to parent shareholder								
IN EUR MILLIONS	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 2014	**80**	**295**	**1,417**	**(9)**	**22**	**(16)**	**1,789**	**-**	**1,789**
Transfer of net profit 2013 to retained earnings	-	-	6	-	(22)	16	-	-	-
Total comprehensive income for the six months period ended 30 June 2014	-	16	-	(8)	15	-	23	-	23
Net investment hedge foreign currency	-	-	(2)	-	-	-	(2)		(2)
Other	-	-	(1)	-	-	-	(1)	-	(1)
BALANCE AT 30 JUNE 2014	**80**	**311**	**1,420**	**(17)**	**15**	**-**	**1,809**	**-**	**1,809**

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

Interim condensed consolidated statement of cash flows

for the six months period ended 30 June 2014

IN EUR MILLIONS	For the period ended 30-Jun-14	For the period ended 30-Jun-13
Cash flows from operating activities	472	1,921
Cash flows from investing activities	(2)	1
Cash flows from financing activities	(624)	(2,123)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(154)**	**(201)**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**1,603**	**2,237**
Net increase / (decrease) in cash and cash equivalents	(154)	(201)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**1,449**	**2,036**
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and balances with central banks	771	1,450
Due from other banks (maturity three months or less)	678	586
	1,449	**2,036**

General information – most significant critical accounting estimates and judgements

General information

NIBC Bank N.V., together with its subsidiaries (***NIBC or the group***), is incorporated and domiciled in the Netherlands, and is a 100% subsidiary of NIBC Holding N.V. (***NIBC Holding***). NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment 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.

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

The condensed consolidated interim financial report was approved by the Managing Board on 25 August 2014.

The published 2014 figures as included in this condensed consolidated interim financial report have been reviewed. The corresponding figures for the six months period ended 30 June 2013 are not reviewed.

Basis of preparation
The condensed consolidated interim financial report for the six months period ended 30 June 2014 does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with NIBC's consolidated financial statements for the year ended 31 December 2013. NIBC's Annual Report for 2013 is available on NIBC's website.

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

The same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as were applied in the preparation of the consolidated financial statements for the year ended 31 December 2013, except, where applicable, for the impact of the adoption of the (amendments to / improvements in) standards and interpretations noted below.

New and amended standards adopted by NIBC:

- 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 1January 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;
- IAS 32 'Offsetting Financial Assets and Financial Liabilities' (Amendment) – is effective as from 1 January 2014; and
- IFRIC 21 'Levies' – is effective as from 1 January 2014.

In accordance with the transitional provisions of IFRS 10, NIBC reassessed its control conclusions as of 1 January 2014. The adoption of IFRS 10, the introduction of amendments to the criteria for consolidation, has no impact on the consolidation circle of NIBC, i.e. no new entities are consolidated and or previously consolidated entities are de-consolidated. As the implementation of IFRS 10 has no impact on shareholder's equity, net profit attributable to parent shareholder and other comprehensive income no additional disclosures and or tables with the impact on the consolidated balance sheet, consolidated income statement are included.

As a result of IFRS 12 expanded disclosures about its interests in subsidiaries and involvement with unconsolidated structured entities will be included in NIBC's Annual Report 2014.

There are no other IFRSs that are applied for the first time for the financial year beginning 1 January 2014 that have a significant effect on the financial position or performance on NIBC or the group.

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

SNS Levy
In 2014 a one-off levy related to the SNS Reaal Nationalisation to a total amount of EUR 18 million (not tax deductible) is payable to the State of the Netherlands. An amount of EUR 12 million is included in the consolidated income statement (separate line SNS Levy (Net) is introduced in the consolidated income statement) over the period ended 30 June 2014 (no comparison figure in 2013).

The information provided as of the reclassification dates (see note 22) relates only to financial assets remaining on the balance sheet as of the reporting date 30 June 2014.

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

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

Fair value of certain financial instruments
The fair value of financial instruments is determined based on quoted market prices in an active market or, where no active market exists, by using valuation techniques. In cases where valuation techniques are used, the fair values are estimated from market observable data, if available, or by using models. Where market-observable inputs are not available, they are estimated based on appropriate assumptions.

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those who prepared them. All models are reviewed prior to use and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent possible, models use only observable data; however, in areas such as applicable credit spreads (both own credit spread and counterparty credit spreads), volatilities and correlations may require management to estimate inputs.

Changes in assumptions could affect the reported fair value of financial instruments.

Own liabilities designated at fair value through profit or loss
At 30 June 2014, the fair value of these liabilities was estimated to be EUR 1,047 million (31 December 2013: EUR 1,071 million). This portfolio is designated at fair value through profit or loss and is reported on the face of the balance sheet under the following headings:

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

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

The valuation of all the above classes of financial liabilities designated at fair value through profit or loss is sensitive to the estimated credit spread used to discount future expected cash flows. A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would increase or decrease the fair value of these own financial liabilities at 30 June 2014 by EUR 6.7 million (31 December 2013: EUR 5.9 million).

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

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

The CVA and DVAs are sensitive to changes in credit quality of respectively counterparties and NIBC, as well as to changes in interest rates affecting current exposure. Based on the current composition of the portfolio, the CVA, in general, reduces when interest rates rise while DVA increases while interest rates rise.

Impairments of corporate loans

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

If, as at 30 June 2014, for each of NIBC's impaired corporate loans, the net present value of the estimated cash flows had been 5% lower or higher than estimated, NIBC would have recognised an additional impairment loss or gain of EUR 13.5 million (31 December 2013: EUR 17.8 million).

Notes to the condensed consolidated interim financial report

1. Segment report

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

The 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 30 June 2014 and 30 June 2013.

	Internal management report operating segment NIBC Bank		Consolidation effects		Total (condensed consolidated interim financial report)	
	For the six months period ended 30 June					
IN EUR MILLIONS[1]	2014	2013	2014	2013	2014	2013
Net interest income	100	71	-	-	100	71
Net fee and commission income	12	8	-	-	12	8
Dividend income	2	-	-	-	2	-
Net trading income	3	71	-	-	3	71
Gains less losses from financial assets	17	(8)	-	4	17	(4)
Share in result of associates	-	-	-	-	-	-
Other operating income	-	-	10	9	10	9
OPERATING INCOME	**134**	**142**	**10**	**13**	**144**	**155**
OPERATING EXPENSES	**72**	**68**	**10**	**12**	**82**	**80**
Impairments of financial assets	28	36	-	-	28	36
SNS Levy (Net)	12	-	-	-	12	-
TOTAL EXPENSES	**112**	**104**	**10**	**12**	**122**	**116**
PROFIT BEFORE TAX	**22**	**38**	**-**	**1**	**22**	**39**
Tax	7	11	-	1	7	12
PROFIT AFTER TAX	**15**	**27**	**-**	**-**	**15**	**27**
Result attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER	**15**	**27**	**-**	**-**	**15**	**27**
Average allocated economic capital	1,221	1,180	-	-	1,221	1,180
Average unallocated capital	441	499	-	-	441	499
	30-jun-14	**31-dec-13**	**30-jun-14**	**31-dec-13**	**30-jun-14**	**31-dec-13**
Segment assets	22,318	22,229	94	94	22,412	22,323
Segment liabilities	20,534	20,466	69	68	20,603	20,534

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

NIBC generated 100% of its revenues in the Netherlands (six months period ended 30 June 2013: 90%) and 0% abroad (six months period ended 30 June 2013: 10%).

2. Net trading income

IN EUR MILLIONS	For the period ended 30-Jun-14	For the period ended 30-Jun-13
Assets and liabilities designated at fair value through profit or loss (including related derivatives)	15	76
Assets and liabilities held for trading	1	8
Other net trading income	(13)	(13)
	3	**71**

Total net trading income in the first six months period ended 30 June 2014 and 30 June 2013 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	For the period ended 30-Jun-14	For the period ended 30-Jun-13
EQUITY INVESTMENTS		
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)		
Net gain/(losses) on disposal	1	-
Impairment losses equity investments	(2)	-
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)		
Gains less losses from associates	14	(5)
Gains less losses from other equity investments	2	-
	15	**(5)**
DEBT INVESTMENTS		
GAINS LESS LOSSES FROM DEBT INVESTMENTS (AVAILABLE-FOR-SALE)	2	1
	2	**1**
	17	**(4)**

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

The number of *Full Time Equivalents* (**FTEs**) (excluding FTEs of non-financial companies included in the consolidation) increased from 616 at 30 June 2013 to 647 at 30 June 2014. The increase is a result of the acquisition of Gallinat-Bank AG (53 FTE).

5. Impairments of financial assets

IN EUR MILLIONS	For the period ended 30-Jun-14	For the period ended 30-Jun-13
IMPAIRMENTS		
Loans classified at amortised cost	28	41
Debt investments classified at amortised cost	1	2
Debt investments classified at available-for-sale	1	1
	30	**44**
REVERSALS OF IMPAIRMENTS		
Loans classified at amortised cost	(1)	(7)
Debt investments classified at amortised cost	(1)	-
Debt investments classified at available-for-sale	-	(1)
	(2)	**(8)**
Other	-	-
	28	**36**

6. SNS Levy (Net)

IN EUR MILLIONS	30-Jun-14	31-Dec-13
SNS Levy (Net)	12	-
	12	**-**

In 2014 a one-off levy related to the SNS Reaal Nationalisation to a total amount of EUR 18 million (not tax deductible) is payable to the State of the Netherlands. An amount of EUR 12 million is included in the income statement over the period ended 30 June 2014.

7. Tax

IN EUR MILLIONS	For the period ended 30-Jun-14	For the period ended 30-Jun-13
TAX DIFFERENCES CAN BE ANALYSED AS FOLLOWS:		
PROFIT BEFORE TAX	**22**	**39**
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2013: 25.0%)	6	10
Impact of income not subject to tax	1	2
Impact of expenses not deductible for tax purposes	-	-
Effect of different tax rates in other countries	-	-
Result final tax assessment previous years	-	-
	7	**12**
Effective tax rate	**30.4%**	**30.6%**

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.

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Loans	6,594	6,186
	6,594	**6,186**
THE LEGAL MATURITY ANALYSIS OF LOANS IS AS FOLLOWS:		
Three months or less	385	403
Longer than three months but not longer than one year	450	492
Longer than one year but not longer than five years	3,511	3,257
Longer than five years	2,248	2,034
	6,594	**6,186**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN IMPAIRMENTS MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**109**	**138**
Additional allowances	28	68
Write-offs / disposals	(11)	(90)
Amounts released	(1)	(9)
Unwinding of discount adjustment	(5)	(4)
Other (including exchange rate differences)	1	6
BALANCE AT 30 JUNE / 31 DECEMBER	**121**	**109**

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 30 June 2014	Fair value as per 30 June 2014
Loan portfolio reclassified from available-for-sale category	1,015	1,028	970

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 1,033 million. Ranges of effective interest rates were determined based on weighted average rates.

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Debt investments	367	415
	367	**415**
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS AS FOLLOWS:		
Three months or less	-	-
Longer than three months but not longer than one year	1	-
Longer than one year but not longer than five years	52	208
Longer than five years	314	207
	367	**415**

In the first six months of 2014 there was an additional impairment on the debt investments at amortised cost of EUR 1 million and a total reversal of impairment of EUR 1 million (first six months of 2013: impairment of EUR 2 million).

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 30 June 2014	Fair value as per 30 June 2014
DEBT INVESTMENTS RECLASSIFIED FROM:			
Held for trading category	240	144	124
Available-for-sale category	38	36	36

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 380 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 61 million. Ranges of effective interest rates were determined based on weighted average rates.

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

Residential mortgages own book

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Loans	459	98
	459	**98**
THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS AS FOLLOWS:		
Three months or less	3	1
Longer than three months but not longer than one year	36	2
Longer than one year but not longer than five years	6	8
Longer than five years	414	87
	459	**98**

The maximum credit exposure including committed but undrawn facilities was EUR 640 million at 30 June 2014 (31 December 2013: EUR 454 million).

No impairments were recorded in the first six months of 2014 and 2013 on residential mortgages own book at amortised cost.

11. Financial assets (available-for-sale)
Debt investments

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Debt investments	1,232	1,300
	1,232	**1,300**
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS AS FOLLOWS:		
Three months or less	49	96
Longer than three months but not longer than one year	150	175
Longer than one year but not longer than five years	363	387
Longer than five years	670	642
	1,232	**1,300**

In the first six months of 2014, there was an additional impairment on debt investments at available-for-sale of EUR 1 million (first six months of 2013: impairment of EUR 1 million and reversal of EUR 1 million).

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 30 June 2014	Fair value as per 30 June 2014
Debt investments reclassified from held for trading category	23	1	1

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.

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Loans to corporate entities	443	480
	443	**480**
THE LEGAL MATURITY ANALYSIS OF LOANS IS AS FOLLOWS:		
Three months or less	48	1
Longer than three months but not longer than one year	-	223
Longer than one year but not longer than five years	21	24
Longer than five years	374	232
	443	**480**

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Residential mortgages own book	3,469	3,586
	3,469	**3,586**
THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS AS FOLLOWS:		
Three months or less	19	26
Longer than three months but not longer than one year	9	15
Longer than one year but not longer than five years	63	58
Longer than five years	3,378	3,487
	3,469	**3,586**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN RESIDENTIAL MORTGAGES OWN BOOK MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**3,586**	**3,675**
Additions (including transfers from consolidated SPEs)	2	10
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(164)	(84)
Changes in fair value	45	(15)
BALANCE AT 30 JUNE / 31 DECEMBER	**3,469**	**3,586**

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 3,470 million (31 December 2013: EUR 3,588 million).

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Securitised residential mortgages	3,791	3,878
	3,791	**3,878**

THE LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES IS AS FOLLOWS:		
Three months or less	2	1
Longer than three months but not longer than one year	2	3
Longer than one year but not longer than five years	35	28
Longer than five years	3,752	3,846
	3,791	**3,878**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN SECURITISED RESIDENTIAL MORTGAGES MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**3,878**	**4,512**
Additions	-	529
Disposals (sale and/or redemption including transfers to own book)	(132)	(1,121)
Changes in fair value	45	(42)
BALANCE AT 30 JUNE / 31 DECEMBER	**3,791**	**3,878**

At 30 June 2014 the balance sheet carrying amounts for residential mortgages own book and securitised residential mortgages include a total revaluation adjustment of EUR 478 million debit (31 December 2013: EUR 393 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 2014 included in the balance sheet amount relating to the movement in credit spreads on residential mortgages own book (see note 13 Residential mortgages own book) and securitised residential mortgages amounted to EUR 13 million debit at 30 June 2014, being an increase in the carrying amount (31 December 2013: EUR 83 million debit, being an increase in the carrying amount).

The carrying amount includes an EUR 178 million credit (31 December 2013: EUR 176 million credit) related to mortgage savings amounts.

The maximum credit exposure was EUR 3,791 million at 30 June 2014 (31 December 2013: EUR 3,878 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 278 million (31 December 2013: EUR 349 million) of notes issued by the SPEs, overcollateralisation provided to the SPEs amounted to nil (31 December 2013: nil) and reserve accounts amounted to EUR 18 million (31 December 2013: EUR 19 million).

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Held for trading	32	31
Designated at fair value through profit or loss	17	50
	49	**81**

All debt investments are non-government.

IN EUR MILLIONS	30-Jun-14	31-Dec-13
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IS AS FOLLOWS:		
Three months or less	10	22
Longer than three months but not longer than one year	-	20
Longer than one year but not longer than five years	-	1
Longer than five years	7	7
	17	**50**

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Bonds and notes issued	2,507	3,108
	2,507	**3,108**
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	458	1,730
Longer than one year but not longer than five years	1,423	766
Longer than five years	626	611
	2,507	**3,108**

The Dutch State has unconditionally and irrevocably guaranteed payment of all amounts of principal and interest due by NIBC up to EUR 449 million (31 December 2013: EUR 1,303 million) of the issued notes according and subject to (i) the Rules governing the 2008 Dutch State's Credit Scheme and (ii) the Guarantee Certificate issued under those Rules in respect of these notes. These Rules and that Guarantee Certificate are available at www.dsta.nl. In the first six months of 2014, losses of EUR 1 million were realised on the repurchase of own debt securities in issue at amortised cost (31 December 2013: loss of EUR 26 million). The legal maturity of these notes is 1 December 2014.

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**3,108**	**4,314**
Additions	672	1,214
Disposals	(1,282)	(2,392)
Other movements and exchange rate differences	9	(28)
BALANCE AT 30 JUNE / 31 DECEMBER	**2,507**	**3,108**

The disposals of own debt securities in issue at amortised cost for 2014 include redemptions at the scheduled maturity date to an amount of EUR 1,037 million (2013: EUR 342 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 245 million (2013: EUR 2,050 million). The remaining legal maturity at time of repurchase of these debt securities was between zero month and two years.

17. Financial liabilities (amortised cost)
Debt securities in issue related to securitised mortgages and lease receivables

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Bonds and notes issued	3,531	3,525
	3,531	**3,525**
THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES AND LEASE RECEIVABLES IS AS FOLLOWS:		
Three months or less	5	5
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	15	16
Longer than five years	3,511	3,504
	3,531	**3,525**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES AND LEASE RECEIVABLES MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**3,525**	**4,470**
Additions	78	461
Additions (acquisition Gallinat-Bank AG)	90	-
Disposals	(162)	(1,406)
BALANCE AT 30 JUNE / 31 DECEMBER	**3,531**	**3,525**

18. Financial liabilities (designated at fair value through profit or loss) Own debt securities in issue

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Bonds and notes issued	32	35
	32	**35**
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	-	-
Longer than five years	32	29
	32	**35**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**35**	**34**
Additions	1	-
Disposals	(6)	-
Changes in fair value	2	1
BALANCE AT 30 JUNE / 31 DECEMBER	**32**	**35**

The disposals of own debt securities in issue designated at fair value through profit or loss in the first six months of 2014, 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.

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Bonds and notes issued	785	794
	785	**794**
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	43	45
Longer than one year but not longer than five years	172	217
Longer than five years	570	528
	785	**794**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN DEBT SECURITIES IN ISSUE STRUCTURED MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**794**	**1,654**
Additions	12	38
Disposals	(70)	(782)
Changes in fair value	10	(52)
Exchange rate differences	39	(64)
BALANCE AT 30 JUNE / 31 DECEMBER	**785**	**794**

The disposals of debt securities in issue designated at fair value through profit or loss for 2014 include redemptions at the scheduled maturity date to an amount of EUR 69 million (2013: EUR 772 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 1 million (2013: EUR 9 million). The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated by results on financial derivatives.

20. Subordinated liabilities - amortised cost

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Subordinated loans qualifying as Tier-I capital	45	44
Other subordinated loans	12	13
	57	**57**
THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - AMORTISED COST IS AS FOLLOWS:		
One year or less	-	-
Longer than one year but not longer than five years	1	1
Longer than five years but not longer than ten years	-	-
Longer than ten years	56	56
	57	**57**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN SUBORDINATED LIABILITIES - AMORTISED COST MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**57**	**83**
Additions	-	1
Disposals	-	(25)
Exchange rate differences	-	(2)
BALANCE AT 30 JUNE / 31 DECEMBER	**57**	**57**

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

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Subordinated loans qualifying as Tier-I capital	139	133
Other subordinated loans	91	108
	230	**241**
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	16	15
Longer than five years but not longer than ten years	-	-
Longer than ten years	214	205
	230	**241**

IN EUR MILLIONS	2014	2013
THE MOVEMENT IN SUBORDINATED LIABILITIES - FAIR VALUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**241**	**264**
Additions	1	1
Disposals	(21)	(3)
Changes in fair value	7	(13)
Exchange rate differences	2	(8)
BALANCE AT 30 JUNE / 31 DECEMBER	**230**	**241**

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.

22. 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:

	For the six months period ended 30 June			
	2014		2013	
IN EUR MILLIONS	After reclassification	Before reclassification	After reclassification	Before reclassification
Net interest income	15	13	23	21
Net trading income	(4)	9	(5)	3
Impairment of financial assets	(8)	(8)	(3)	(1)

If the reclassifications had not been made in 2008, the income statement for the first six months of 2014 would have included an additional net of tax profit on the reclassified financial assets of EUR 8 million (first six months of 2013: net of tax gain of EUR 6 million) mainly due to year-to-date fair value increases of debt investments. On the reclassified financial assets there would have been no additional net of tax gain in the first six months of 2014 (net of tax gain in the first six months of 2013: EUR 7 million) in other comprehensive income (revaluation reserve) representing unrealised fair value gains and losses on the reclassified financial assets available for sale which are not impaired.

23. Capital and shares

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

Share capital

IN EUR MILLIONS	30-Jun-14	31-Dec-13
Paid-up capital	80	80
	80	**80**

	30-Jun-14	31-Dec-13
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.

24. Fair value of financial instruments

The following table provides disclosures for financial instruments that are measured at fair value in the balance sheet. The disclosure of each class of financial assets and liabilities within a three-level hierarchy, referring to the respective basis of fair value measurement is as follows:

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

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

Fair value of financial instruments at 30 June 2014

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-14
FINANCIAL ASSETS AVAILABLE-FOR-SALE				
Equity investments (unlisted)	-	-	48	48
Debt investments	-	1,215	17	1,232
	-	**1,215**	**65**	**1,280**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	-	443	-	443
Residential mortgages own book	-	3,469	-	3,469
Securitised residential mortgages	-	3,791	-	3,791
Debt investments	-	49	-	49
Equity investments (including investments in associates)	-	-	280	280
Derivative financial assets	-	2,702	-	2,702
	-	**10,454**	**280**	**10,734**
	-	**11,669**	**345**	**12,014**

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-14
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Own debt securities in issue	-	32	-	**32**
Debt securities in issue structured	-	785	-	**785**
Derivative financial liabilities	-	2,858	-	**2,858**
Subordinated liabilities	-	230	-	**230**
	-	**3,905**	**-**	**3,905**

Fair value of financial instruments at 31 December 2013

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-13
FINANCIAL ASSETS AVAILABLE-FOR-SALE				
Equity investments (unlisted)	-	-	47	**47**
Debt investments	-	1,282	18	**1,300**
	-	**1,297**	**50**	**1,347**
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	-	480	-	**480**
Residential mortgages own book	-	3,586	-	**3,586**
Securitised residential mortgages	-	3,878	-	**3,878**
Debt investments	-	81	-	**81**
Equity investments (including investments in	-	-	257	**257**
Derivative financial assets	-	2,800	-	**2,800**
	-	**10,825**	**257**	**11,082**
	-	**12,122**	**307**	**12,429**

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-13
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Own debt securities in issue	-	35	-	**35**
Debt securities in issue structured	-	794	-	**794**
Derivative financial liabilities	-	2,957	-	**2,957**
Subordinated liabilities	-	241	-	**241**
	-	**4,027**	**-**	**4,027**

During the six months ended 30 June 2014, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Financial instruments recorded at fair value

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

Financial assets available-for-sale

Equity investments (unlisted) - level 3

The fair value of investments in equity funds is determined based on the net asset value reported by the managers of these funds. These net asset values are analysed for reasonableness, so as to ascertain that the reported net asset value has been appropriately derived using proper fair value principles as part of a robust process. To approximate the fair value at the reporting date, the net asset value is adjusted, where appropriate, for factors such as, subsequent capital contributions and fund distributions, movements in exchange rate and subsequent changes in the fair value of the underlying investee companies, where these are known to NIBC.

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

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

Debt investments - level 2

For the determination of fair value at 30 June 2014, NIBC used market-observable prices (including broker quotes), interest rates and credit spreads derived from market-verifiable data. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Debt investments - level 3

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

Financial assets at fair value through profit or loss

Loans - level 2

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

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

Residential mortgages (own book and securitised) - level 2

NIBC determines the fair value of residential mortgages (both those NIBC holds on its own book and those NIBC has securitised) by using a valuation model developed by NIBC. To calculate the fair value, NIBC discounts expected cash flows (after expected prepayments) to present value using inter-bank zero-coupon rates, adjusted for a spread that principally takes into account the credit spread risk of the mortgages and uncertainty relating to prepayment estimates.

The RMBS spread is determined by collecting RMBS spreads from publicly issued Dutch RMBS-transactions. The discount spread is derived by adding related RMBS costs to the RMBS spread.

Sensitivity analysis carried out on the prepayment rates used in the valuation model of the residential mortgages showed that the variability in these rates does not have a significant impact on the total value of the Residential Mortgage portfolio.

Debt investments - level 2

For the determination of fair value at 30 June 2014, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Equity investments (including investments in associates) - level 3

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

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

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

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

Own liabilities designated at fair value through profit or loss - level 2

This portfolio was designated at fair value through profit or loss and is reported on the face of the balance sheet under the following headings:

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

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

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

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

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

IN EUR MILLIONS	For the period ended 30-Jun-14 Gains less losses from financial assets recognised in the income statement	30-Jun-14 Revaluation of equity investments included in the other comprehensive income	30-jun-13 Gains less losses from financial assets recognised in the income statement	30-jun-13 Revaluation of equity investments included in the other comprehensive income
AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Equity investments (unlisted)	(1)	4	-	(2)
Debt investments	(1)	-	-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Equity investments (including investments in associates)	16	-	(6)	-
	14	**4**	**(6)**	**(2)**

The unrealised gains or (losses) included in the profit or loss of equity investments (unlisted) categorised on level 3 amounted to EUR 9 million.

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

IN EUR MILLIONS	30-Jun-14 Carrying amount	30-Jun-14 Effect of reasonably possible alternative assumptions	31-dec-13 Carrying amount	31-dec-13 Effect of reasonably possible alternative assumptions
AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Equity investments (unlisted)	48	2	47	2
Debt investments	17	1	18	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Equity investments (including investments in associates)	280	14	257	13

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

- For equity investments, the material unobservable input parameter is the capitalisation multiple that is applied to the maintainable earnings to determine fair value. NIBC adjusted the capitalisation multiples by increasing and decreasing the capitalisation multiples by 5 per cent, which is considered by NIBC to be within a range of reasonably possible alternatives based on capitalisation multiples of companies with similar industry and risk profiles; and
- For the debt investments, NIBC adjusted the weighted average calculated model price by 100 basis points as a reasonably possible alternative outcome. The primary unobservable input in the calculated model price is the applicable credit spread.

In 2014, there were no significant changes in the business or economic circumstances that affect the fair value of the NIBC's financial assets and liabilities.

In the first six months of 2014 there were no reclassifications of financial assets.

Fair value information about financial instruments not measured at fair value

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

IN EUR MILLIONS	Fair value information at 30 June 2014 Level 1	Level 2	Level 3	Carrying value	Fair value
FINANCIAL ASSETS AT AMORTISED COST[1]					
Loans	-	6,593	-	6,593	6,562
Debt investments	-	367	-	367	335
Residential mortgages own book	-	459	-	459	489
FINANCIAL LIABILITIES AT AMORTISED COST					
Own debt securities in issue	-	2,507	-	2,507	2,352
Debt securities in issue related to securitised mortgages and lease receivables	-	3,531	-	3,531	3,561
Subordinated liabilities	-	57	-	57	36

1 The fair value reflects movements due to both interest rate changes and credit spread changes. NIBC hedges its interest rate risk from these assets.

IN EUR MILLIONS	Fair value information at 31 December 2013 Level 1	Level 2	Level 3	Carrying	Fair value
FINANCIAL ASSETS AT AMORTISED COST[1]					
Loans	-	6,459	-	6,459	6,401
Debt investments	-	415	-	415	310
Residential mortgages own book	-	98	-	98	102
FINANCIAL LIABILITIES AT AMORTISED COST					
Own debt securities in issue	-	3,108	-	3,108	3,068
Debt securities in issue related to securitised mortgages and lease receivables	-	3,525	-	3,525	3,543
Subordinated liabilities	-	57	-	57	36

1 The fair value reflects movements due to both interest rate changes and credit spread changes. NIBC hedges its interest rate risk from these assets.

Financial instruments for which carrying value approximates fair value

Certain financial instruments that are not carried at fair value are carried at amounts that approximate fair value, due to their short-term nature and generally negligible credit risk. These financial instruments include cash and balances with central banks, due from other banks, due to other banks, deposits from customers and other financial liabilities. These financial instruments are not included in the previous table.

Non-financial assets valued at fair value

NIBC's land and buildings are valued at fair value. The carrying amount of NIBC's land and buildings (level 3) as of 30 June 2014 was EUR 38 million (31 December 2013: EUR 40 million). The land and buildings were last revalued as of 31 December 2011 based on external appraisal. No fair value movements were recognised in the statement of comprehensive income or the income statement in respect of NIBC's land and buildings in the first half of 2014 and 2013.

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

IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of recognised financial liabilites set off in the	Net amount of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments collateral	Related amounts not set off in the balance sheet: Cash collateral received	Net amount
	At 30 June 2014					
ASSETS						
Derivative financial assets	2,702	-	**2,702**	1,139	-	**1,563**
Reverse repurchase agreements	411	(400)	**11**	11	-	**-**
	3,113	**(400)**	**2,713**	**1,150**	**-**	**1,563**

IN EUR MILLIONS	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the	Net amount of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet: Financial instruments collateral	Related amounts not set off in the balance sheet: Cash collateral pledged	Net amount
	At 30 June 2014					
LIABILITIES						
Derivative financial assets	2,858	-	**2,858**	156	-	**2,702**
Repurchase agreements	785	(400)	**385**	406	-	**(21)**
	3,643	**(400)**	**3,243**	**562**	**-**	**2,681**

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

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

26. Related party transactions

Transactions involving NIBC's shareholders

At 30 June 2014, NIBC had EUR 224 million of net exposure (assets minus liabilities) to its parent and to entities controlled by its parent entity (31 December 2013: EUR 205 million). The interest received and paid on this exposure was at arm's length.

Transactions related to associates

As at 30 June 2014, NIBC had EUR 128 million of loans advanced to its associates (31 December 2013: EUR 55 million). Besides net interest income on these loans, NIBC earned no fees from these associates in the first six months of 2014 and 2013.

27. Legal proceedings

There were a number of legal proceedings outstanding against NIBC at 30 June 2014. No provision has been made as at 30 June 2014, as legal advice indicates that it is unlikely that any significant loss will arise.

28. Business combinations

Acquisition of Gallinat-Bank AG in 2014

On 12 April 2014, NIBC obtained control of Gallinat-Bank AG, a bank located in Hamburg, by acquiring 100% of the share capital and voting interests in the company. Gallinat-Bank AG offers financing and leasing products to German medium-sized companies. The acquisition of Gallinat-Bank AG –approved by the appropriate regulatory authorities- directly increases NIBC's presence in one of its domestic markets. In July 2014 Gallinat-Bank AG started the process to change the name of Gallinat-Bank AG into NIBC Bank Deutschland AG.

The following table summarises the consideration paid for Gallinat-Bank AG, the fair value of assets acquired, liabilities assumed at 30 April 2014:

Consideration at 30 April 2014

IN EUR MILLION	30-Apr-2014
Cash	15.1
Contingent consideration	-
Total consideration transferred	15.1
Recognised amounts of identifiable assets and liabilities assumed	
Assets	
Cash and cash equivalents	3.3
Loans	503.6
Other Assets	1.5
Liabilities	
Deposits from customers	402.7
Debt securities in issue related to securitised receivables	86.2
Other liabilities	4.3
Total identifiable net assets	15.2
Badwill	0.1

Acquisition related costs of EUR 1.4 million have been charged to other operating expenses in the consolidated income statement for the period ended 30 June 2014.

The fair value of the loans is EUR 504 million. The gross contractual amount for the loans due is EUR 564 million, of which EUR 28 million is expected to be uncollectable.

There are no material intangible assets identified related to the acquisition of Gallinat-Bank AG.

There are no material contingent liabilities identified related to the acquisition of Gallinat-Bank AG.

From the date of acquisition to 30 June 2014 Gallinat-Bank AG contributed a net profit of EUR 0.1 million to NIBC's results. If this acquisition had occurred on 1 January 2014, management estimates that the result from this financial company included in the consolidation would have been EUR 0.3 million profit.

Other

At 30 June 2014, 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.

There were no other business combinations completed in the period ended 30 June 2014.

29. 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 period.

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	30-Jun-14	31-Dec-13
Contract amount		
Committed facilities with respect to corporate loan financing (including investment management loans)	1,279	910
Committed facilities with respect to residential mortgages financing	196	359
Capital commitments with respect to equity investments	30	38
Guarantees granted	106	99
Irrevocable letters of credit	5	6
	1,616	**1,412**

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.

30. Important events and transactions

Acquisition of Gallinat-Bank AG
On 12 April 2014, NIBC obtained control of Gallinat-Bank AG, a bank located in Hamburg, by acquiring 100% of the share capital and voting interests in the company. Gallinat-Bank AG offers financing and leasing products to German medium-sized companies. The acquisition of Gallinat-Bank AG –approved by the appropriate regulatory authorities- directly increases NIBC's presence in one of its domestic markets. In July 2014 Gallinat-Bank AG started the process to change the name of Gallinat-Bank AG into NIBC Bank Deutschland AG. For further information see note 28 Business combinations.

Buy-back and redemption of Government-guaranteed bonds
In the first half of 2014 USD and EUR denominated Government-guaranteed bonds to the equivalent notional amount of EUR 842 million were bought back and or redeemed at maturity date. These transactions were completed on 3 January 2014 and on 7 April 2014. A loss of EUR 2 million was recognized on the bonds which have been bought back before maturity date in the first half of 2014.

Second conditional pass through covered bonds issue of EUR 500 million
On 1 April 2014 NIBC successfully launches its second EUR 500 million AAA rated conditional pass through covered bond. NIBC's conditional pass through covered bond program is Dutch law based and backed by a pool of Dutch residential mortgage loans.

One-Off SNS Levy
In 2014 a one-off levy related to the SNS Reaal Nationalisation to a total amount of EUR 18 million (not tax deductible) is payable to the State of the Netherlands. An amount of EUR 12 million is included in the consolidated income statement over the period ended 30 June 2014.

31. Subsequent events

There are no subsequent events.

The Hague, 25 August 2014

Managing Board
Paulus de Wilt, *Chairman, Chief Executive Officer*
Herman Dijkhuizen, *Chief Financial Officer*
Petra van Hoeken, *Chief Risk Officer*
Rob ten Heggeler, *Chief Client Officer*

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Review report

To: the Managing Board and Supervisory Board of NIBC Bank N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2014 of NIBC Bank N.V., Den Haag, which comprises the condensed balance sheet as at 30 June 2014, the condensed income statement, the condensed statement of comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows and the selected explanatory notes for the six-month period then ended. The Managing Board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

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Corresponding figures not audited or reviewed

We have not audited or reviewed the condensed consolidated interim financial report for the six-month period ended 30 June 2013. Consequently the corresponding figures in the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholder's equity, the condensed consolidated statement of cash flows and the selected explanatory notes thereto, have not been audited or reviewed.

Amsterdam, 25 August 2014
PricewaterhouseCoopers Accountants N.V.

Original signed by R.E.H.M. van Adrichem RA

Disclaimer

Presentation of information

The Annual Accounts of NIBC Bank N.V. (‘NIBC’) are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS-EU’) and with Title 9 of Book 2 of The Netherlands Civil Code. In preparing the financial information in this condensed consolidated interim financial report (NIBC Bank N.V.) for the six months period ended 30 June 2014 (the ‘Financial Report’), the same accounting principles are applied as in the 2013 NIBC’s Annual Accounts, save for any change described in the paragraph ‘General information, most significant critical accounting estimates and judgements’. All 2014 figures in this Financial Report have been reviewed. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

Certain statements in the 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’ 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, 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.