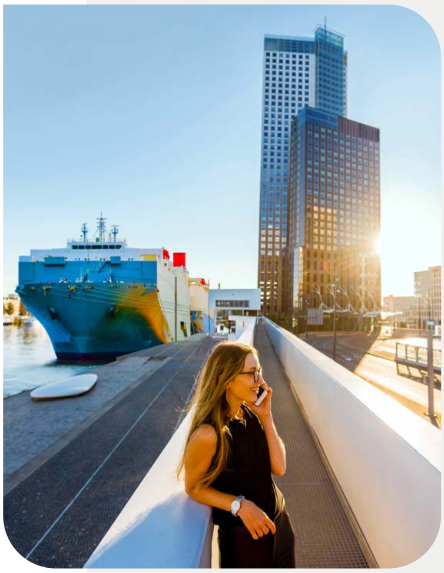
Annual Report 2023

NIBC BANK N.V.



Enabling Ambitions

NIBC
the entrepreneurial bank

This copy of the annual report for the year ended 31 December 2023 is not presented in the ESEF format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The ESEF single reporting package is available at our website.

Table of contents

At a glance

Who we are

OUR HERITAGE

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

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

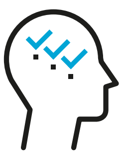
Shaped by more than 75 years of experience, we support our clients in realising their ambitions and actively helping to build a more sustainable, resilient and inclusive society for future generations.

OUR PURPOSE

Enabling Ambitions by financing assets

OUR VALUES

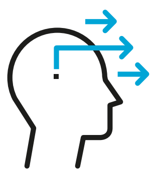
Our strategy is to create a sustainable franchise for the future by focusing on our greatest strengths. Our strategy is based on our corporate values, which have been updated in the second half of 2022.



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

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

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



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

What we do

OUR BUSINESS MODEL

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

MORTGAGES

- Private housing (on-balance)
- Originate-to-Manage (off-balance)
- Rental property (Buy-to-Let)

Exposure **26.9** EUR billion
Typical ticket size
0.1 – 2.5 EUR million

ASSET BASED FINANCE

- Commercial Real Estate
- Shipping
- Digital Infrastructure

Exposure **4.7** EUR billion
Typical ticket size
5 – 50 EUR million

PLATFORMS

- Automotive financing (yesqar)

Exposure **0.4** EUR billion
Typical ticket size
0.75 – 10 EUR million

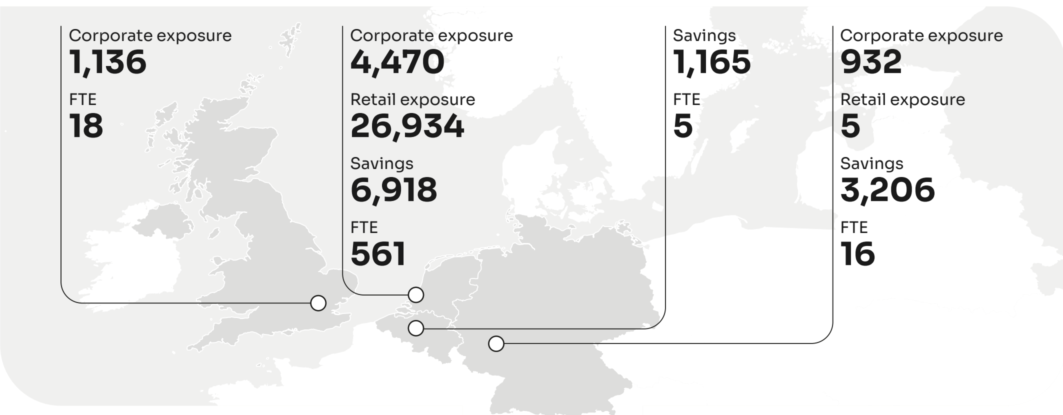
TREASURY & ASSET LIABILITY MANAGEMENT

RISK MANAGEMENT / CORPORATE CENTRE

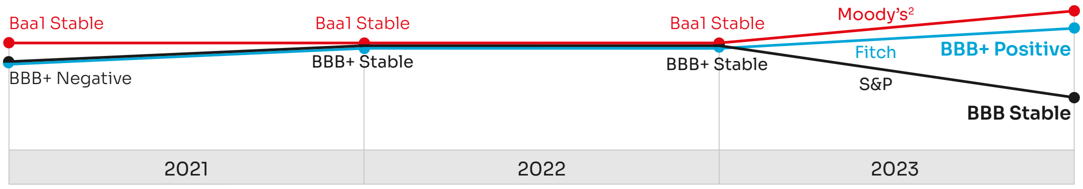
OUR MARKETS

Focus on Europe

in EUR millions



RATING[1]



[1] Reported ratings are based on NIBC's senior preferred debt ratings.
[2] The rating of Moody's is unsolicited.

Non-Financial Highlights

NIBC customer survey score – Mortgages

2023

8.3

2022: 8.5 2021: 8.1

Corporate lending NPS score

2023

+87%

2022: +86% 2021: +59%

NIBC customer survey score – Savings

2023

8.0

2022: 8.1 2021: 7.6

Screening corporate loans

2023

100%

2022: 100% 2021: 100%

Sustainability ratings

2023

ISS

C+

/Prime

Sustainalytics

18.3

Low risk

RepRisk

AA

MSCI

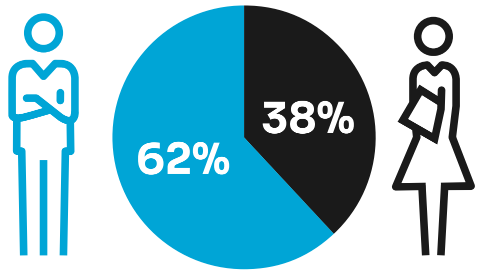
A

Moody's

CIS-2, E-3, S-3, G-2

Male/female ratio

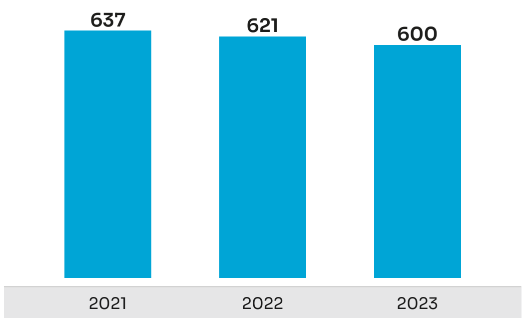
2023



2022: 63% / 37% 2021: 65% / 35%

Number of employees

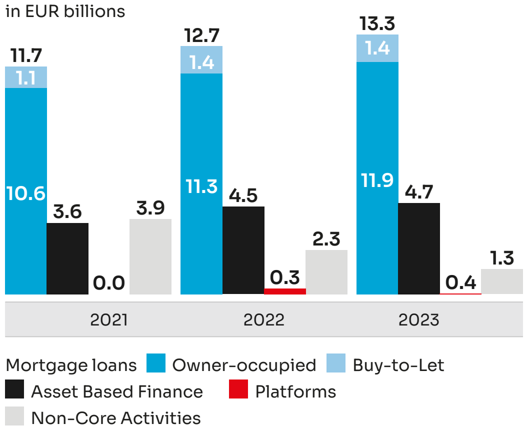
(FTEs)



Financial Highlights

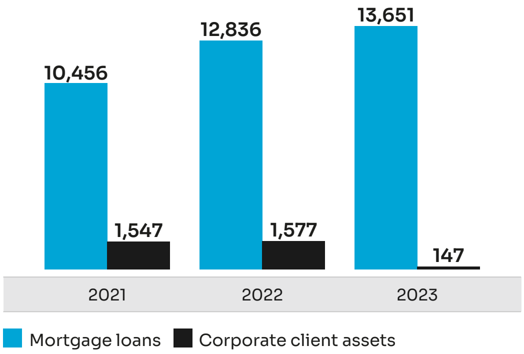
Client exposure own book

in EUR billions



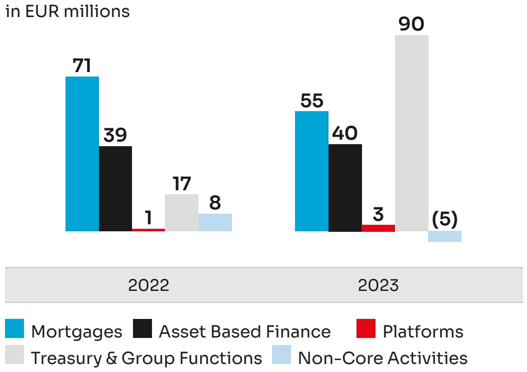
Client exposure Originate-to-Manage

in EUR millions

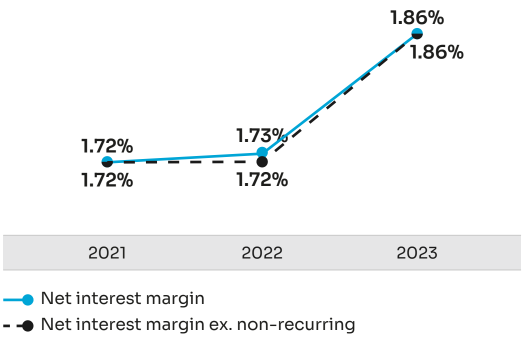


Segment performance (net profit)

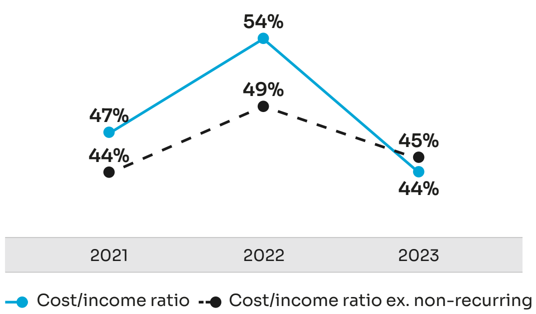
in EUR millions



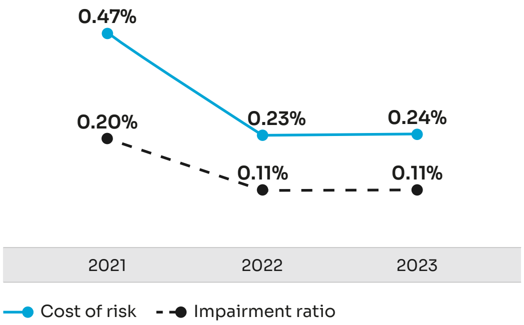
Net interest margin



Cost/income ratio

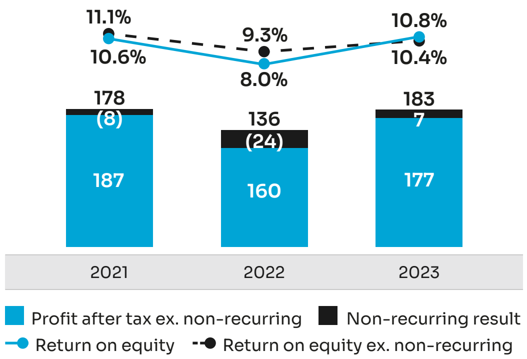


Cost of risk/impairment ratio

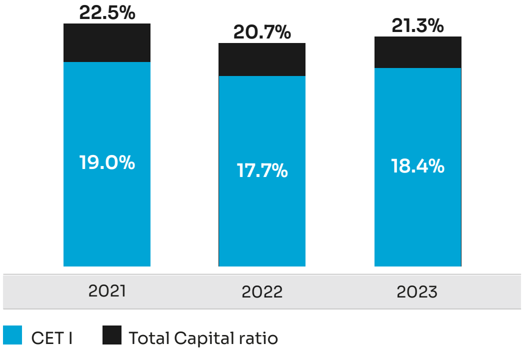


Profit after tax attributable to shareholders and return on equity

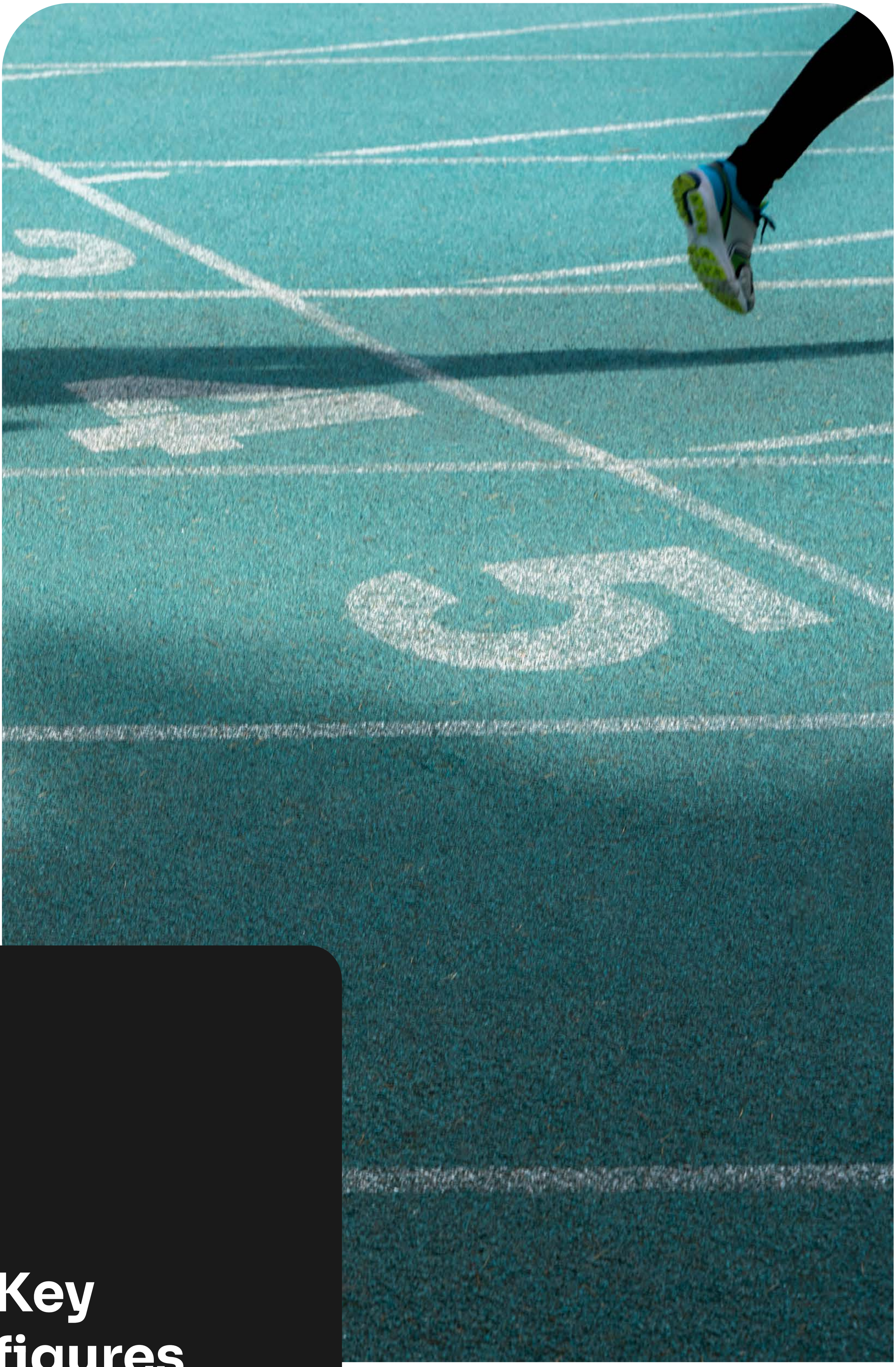
in EUR millions



Solvency ratios[1]



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



Key figures

Key figures

Earnings

	2023	ex. non-recurring 2023	2022	ex. non-recurring 2022	2021	ex. non-recurring 2021
Operating income	495	494	431	467	497	489
Operating expenses	220	220	232	229	235	216
Profit after tax attributable to shareholders	183	177	136	160	178	187
Dividend pay-out ratio[1]	75%	-	100%	-	100%	-
Cost/income ratio[1]	44%	45%	54%	49%	47%	44%
Net interest margin[1]	1.86%	1.86%	1.73%	1.72%	1.72%	1.72%
Return on equity[1]	10.8%	10.4%	8.0%	9.3%	10.6%	11.1%
Return on equity at 13% CET1[1]	15.3%	14.8%	10.6%	12.4%	18.0%	18.8%

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

Performance per segment 2023

in EUR millions	Mortgages	Asset Based Finance	Platforms	Treasury & Group functions	Core Activities	Non-Core Activities	Total Consoli-dated
Operating income	138	99	8	213	458	36	495
Operating expenses	64	45	3	78	190	30	220
Credit and other loss expenses	1	0	(0)	(0)	1	12	13
Income tax	19	14	1	32	67	(0)	66
Profit after tax	**55**	**40**	**3**	**102**	**200**	**(5)**	**195**
Attributable to:							
Shareholders of the company	**55**	**40**	**3**	**90**	**188**	**(5)**	**183**
Holders of capital securities	-	-	-	12	12	-	12

Performance per segment 2022

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

CLARIFICATION OF THE NON-RECURRING AND NON-CORE CONCEPTS

Non-recurring results refer to results related to one-off, special items, usually related to strategic choices and projects of the company. For 2023, this relates to expenses and transaction results of disposals and held-for-sale assets, but they do not include income and expenses recognised on such items or portfolios during the normal course of business. For a further description of the non-recurring results in 2023, please refer to the Financial performance section. Non-Core Activities is the separate segment in which NIBC has combined those activities that are no longer part of its strategic focus and which are managed separately with the aim to reduce exposures and operations. For more information on segment reporting, please refer to note 1 Segment report.

Portfolio

in EUR millions	2023	2022	2021
Mortgages			
Owner-occupied mortgage loans – Netherlands	11,929	11,277	10,556
Buy-to-Let mortgage loans	1,354	1,367	1,100
Owner-occupied mortgage loans – Germany	5	6	9
Originate-to-Manage mortgage loans	13,651	12,836	10,456
Total Mortgages	**26,939**	**25,487**	**22,121**
Asset Based Finance			
Commercial Real Estate	1,843	1,857	1,523
Digital Infrastructure	1,893	1,545	1,190
Shipping	955	1,115	914
Total Asset Based Finance	**4,691**	**4,517**	**3,628**
Platforms			
Automotive financing[1]	385	252	-
Total Platforms	**385**	**252**	**-**
Total Core Activities	**32,015**	**30,256**	**25,749**
Non-Core Activities			
Loans	1,176	1,954	3,560
Equity investments	132	273	259
Originate-to-Manage corporate assets	147	1,577	1,547
Other Lease receivables	7	31	31
Total Non-Core Activities	**1,462**	**3,835**	**5,397**
Total Core and Non-Core Activities	**33,477**	**34,091**	**31,146**
Total own book per region			
Netherlands	16,390	16,153	15,182
Germany	938	1,083	1,370
United Kingdom	1,136	1,141	1,315
Other	1,215	1,300	1,277
Total own book per region (drawn & undrawn)	**19,679**	**19,677**	**19,143**
Retail client savings			
Netherlands	6,918	6,136	5,525
Germany	3,206	3,421	3,576
Belgium	1,165	995	1,097
Total retail client savings	**11,289**	**10,552**	**10,198**

1 In July 2022 yesqar was transferred to NIBC Bank N.V.

Portfolio Asset Quality

	2023	2022	2021
Asset quality			
Cost of risk (on average RWA)[1]	0.24%	0.23%	0.47%
Impairment ratio[1]	0.11%	0.11%	0.20%
Impairment coverage ratio[1]	31%	38%	28%
NPL ratio[1]	1.7%	2.1%	2.6%
Top-20 exposure/Common Equity Tier 1 capital	58%	65%	63%
Exposure corporate arrears > 90 days	1.4%	1.4%	1.8%
Exposure residential mortgage loans arrears > 90 days	0.1%	0.1%	0.1%
Loan-to-value Dutch residential mortgage loans	59%	55%	56%
Loan-to-value BTL mortgage loans	56%	53%	53%

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

Solvency information

	2023	2022	2021
Equity attributable to shareholders of the company	1,785	1,845	1,828
AT1 and subordinated liabilities	425	402	463
Group capital base	2,210	2,247	2,291
Common Equity Tier 1 capital	1,630	1,621	1,630
Balance sheet total	23,050	22,692	22,658
Risk Weighted Assets	8,865	9,187	8,572
Common Equity Tier 1 ratio	18.4%	17.7%	19.0%
Tier 1 ratio	20.6%	19.8%	21.4%
Total capital ratio	21.3%	20.7%	22.5%
Leverage ratio	7.7%	7.6%	8.4%

Funding & liquidity

	2023	2022	2021
LCR	240%	206%	184%
NSFR	133%	135%	129%
Loan-to-deposit ratio[1]	162%	163%	163%
Asset encumbrance ratio	27%	27%	28%
Retail savings/total funding	48%	45%	47%
Secured funding/total funding	22%	22%	23%

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

Letter from the CEO

Dear reader,

In 2023, we have continued to execute our focused strategy as an entrepreneurial asset based financier. Backed by the launch of the new brand positioning at the beginning of the year, we have further strengthened our asset based finance proposition, resulting in growth in all core segments. In addition, we have successfully found a new setting for both our CLO platform and our equity investment activities, enabling both teams to pursue further growth outside of NIBC.

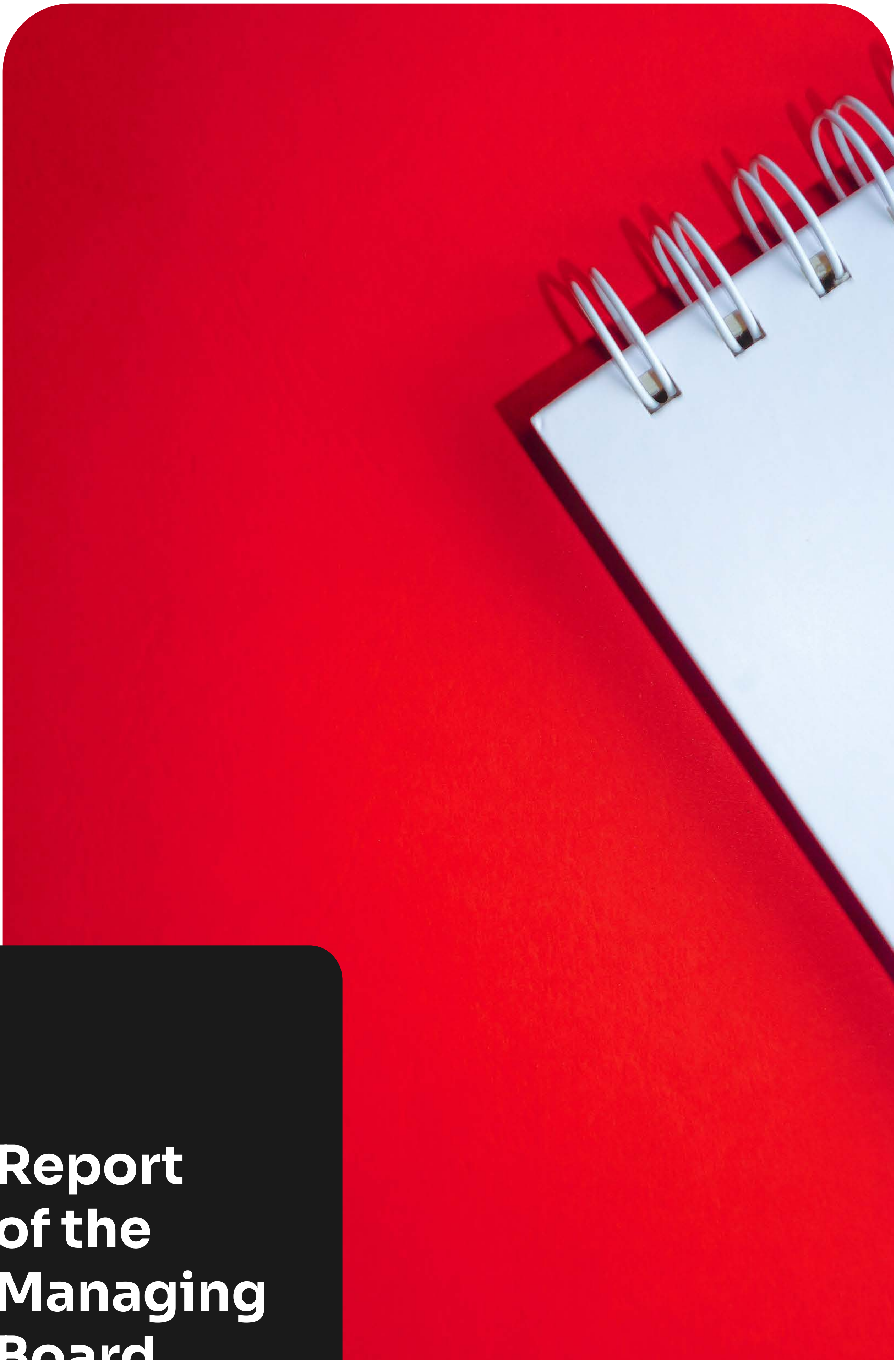
In a dynamic world with significant changes in economic circumstances, monetary policy-making and consequently in financial markets, we have again proven our ability to adapt to a changing context. With shifting preferences in the Dutch mortgage market, we have been able to use our broad and flexible offering to meet changed customer demand. With our attractive savings products, we have welcomed approximately 15,000 new Dutch savings clients, growing the savings portfolio to EUR 11.3 billion, up 7% from last year. Within Asset Based Finance, we continue to explore new financing opportunities, often with a focus on contributing to sustainable goals such as redevelopment of offices into modern residential property. Our platform offering continues to report double digit growth of the portfolio and contribute positively to NIBC's performance.

On the back of these developments, we deliver a strong financial performance, as return on target CET 1 capital improved to 15.3%. This follows from a 34% increase of net profit to EUR 183 million, proving that our focused strategy is paying off. Performance is driven by the positive development of the bank's net interest income, fueled by growth in all core segments and reduced funding costs. Additionally, strict cost management has helped reduce the bank's cost/income ratio to 44%, even though the bank continues to invest in further enhancing its technological capabilities. Following active de-risking of the portfolios and portfolio choices, credit losses remain moderate, with negligible losses in core asset classes.

With our CET 1 ratio increasing to 18.4%, the bank remains well-capitalised.

I am proud of the commitment and dedication of our people, working hard to execute on our strategy and to deliver value to our stakeholders. Looking ahead, we will continue to use our corporate PACE (professional, adaptive, collaborative and entrepreneurial) to enable ambitions and support our clients. Even though economic conditions are likely to remain challenging and uncertain, I am confident that NIBC is well-positioned to adapt to changing circumstances and make use of the opportunities that this will bring for both our clients and the bank itself. Backed by the strong results we report today and using our 'Think Yes' mentality and entrepreneurial spirit, I look forward to continue to support our clients in 2024.

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



Report of the Managing Board

Report of the Managing Board

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

Vision and strategy

Purpose and corporate values

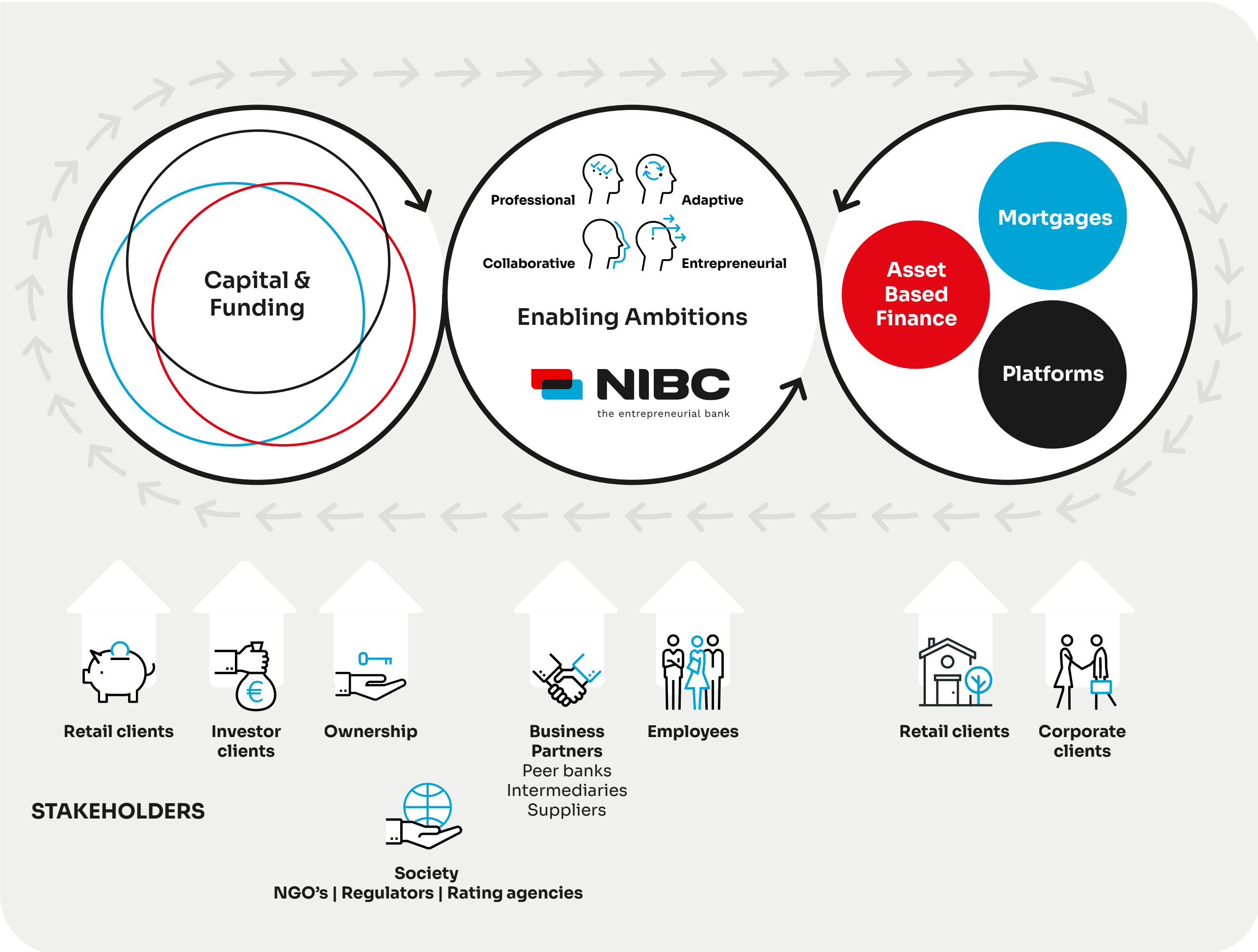
Our purpose is to enable ambitions by financing assets.

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

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

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

Creating long-term value



NIBC's value creation is built on the bank's history. Established in 1945 to help rebuild the Netherlands after the World War II, NIBC is strongly rooted in its obligations to create societal value and financial resilience. This background has made NIBC a company built on optimism and getting things done. Over time we have evolved to become an enterprising bank offering asset-based financing to entrepreneurial corporate and retail clients in North-western Europe. By continuing to transform our business and to adapt to changing societal needs, we aim to continue our tradition of creating long-term value for our stakeholders.

NIBC's approximately 600 employees serve over 450,000 retail clients and almost 500 corporate clients, professionally supporting companies and individuals in realising their dreams and ambitions with a sustainable future in mind.

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

Social and economic impact of the war in Ukraine and the conflict in Israel and Gaza, climate change and of rapid technology advancements are among the developments that make our operating context increasingly dynamic. Also regulation and oversight responds to these changes, leading to additional challenges. NIBC, our clients, investors, business partners and other stakeholders are all impacted by these developments. NIBC steers through this context using its corporate values, its risk appetite framework and balanced decision-making as key factors for success.

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

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

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

2023 Material themes

NIBC recognises its responsibilities towards external and internal stakeholders, regularly engages with them and considers their interests in its day-to-day decisions and activities. Proactive engagement with stakeholders on a continuous basis is a part of our business as usual. We have assessed materiality from an impact materiality perspective. Our assessment of materiality has taken into account NIBC's business context, stakeholder engagement, and impacts and influence in value chains.

We have identified our main stakeholders to include clients, investors, our shareholder, regulators and authorities, employees and civil society. In our latest assessment, NIBC has determined the following themes to be material:

- Client satisfaction
- Climate change
- Workforce satisfaction
- Business conduct
- Regulatory change

For sustainability risks and outcomes please refer to the Sustainability chapter.

Our strategic priorities

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

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

Financial review

PERFORMANCE SUMMARY

- NIBC delivers strong performance over 2023 due to growth of net interest income and good cost control, resulting in higher profit. Profit attributable to shareholders has grown by 34% to EUR 183 million (2022: EUR 136 million).
- Net interest income has grown by 8% compared to 2022, supported by increased exposure in all core segments and improved margins due to lower cost of funds. These positive developments have more than offset the impact of the reduced exposure of our Non-Core Activities and the continued

Income statement

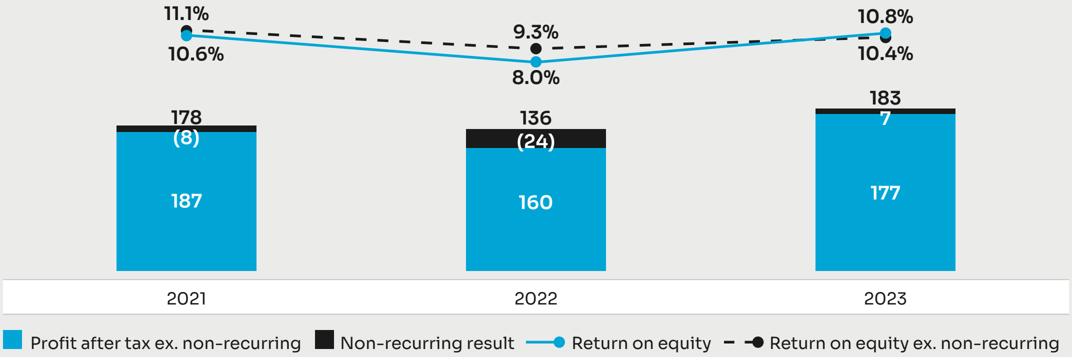
in EUR millions	2023	ex. non-recurring 2023	2022	ex. non-recurring 2022	2023 vs. 2022	ex. non-recurring 2023 vs. 2022
Net interest income	419	419	386	383	8%	9%
Net fee and commission income	41	41	47	47	(13%)	(13%)
Investment income	(2)	(2)	39	39	(>100%)	(>100%)
Other income	37	36	(42)	(2)	>100%	>100%
Operating income	**495**	**494**	**431**	**467**	**15%**	**6%**
Personnel expenses	95	95	95	95	(1%)	(1%)
Other operating expenses	102	102	113	111	(9%)	(8%)
Depreciation and amortisation	4	4	4	4	(10%)	(10%)
Regulatory charges and levies	19	19	19	19	(1%)	(1%)
Operating expenses	**220**	**220**	**232**	**229**	**(5%)**	**(4%)**
Net operating income	**275**	**274**	**199**	**238**	**38%**	**15%**
Credit loss expense	20	21	19	29	2%	(26%)
Gains or (losses) on disposal of assets	7	(0)	(2)	-	>100%	0%
Income tax	66	64	30	37	>100%	71%
Profit after tax	**195**	**189**	**148**	**172**	**32%**	**10%**
Profit attributable to non-controlling shareholders	12	12	12	12	0%	0%
Profit after tax attributable to shareholders of the company	**183**	**177**	**136**	**160**	**34%**	**11%**
Return on equity	**10.8%**	**10.4%**	**8.0%**	**9.3%**		

pressure on mortgage loan margins. Overall this resulted in an increase of 13 basis points in net interest margin to 1.86%.

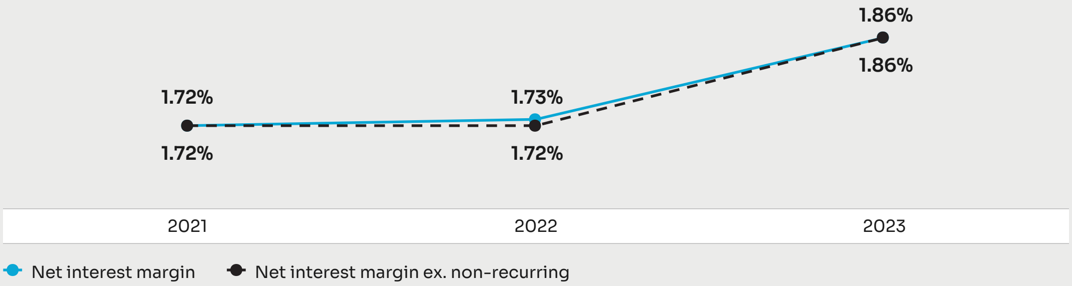
- The decline in investment income is mainly the result of the successful sale of the portfolio of direct equity investments together with our equity investment franchise.
- Due to strict cost management, despite inflationary pressure, operating expenses decreased by EUR 12 million to EUR 220 million (2022: EUR 232 million).
- Credit losses remained moderate at EUR 20 million (2022: EUR 19 million) with reduced impairments in core portfolios and some additional losses in Non-Core Activities.
- Please refer to note 1 for the income statement per segment.

Profit after tax attributable to shareholders and return on equity

in EUR millions

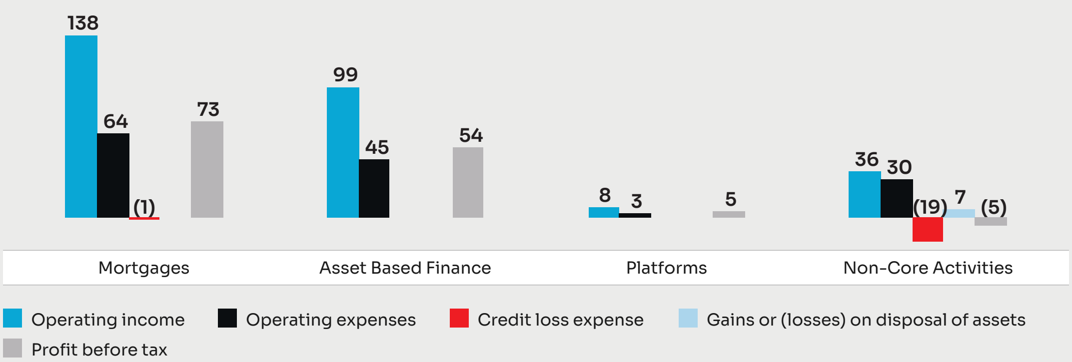


Net interest margin



Financial performance Segments 2023

In EUR millions



Financial performance

GENERAL DEVELOPMENTS

2023 is characterised by ongoing uncertainty regarding development of inflation, changing interest rates and geopolitical and global economic developments. Even though inflation has decreased somewhat, uncertainty remains. In response to the inflationary environment, the ECB continued increasing its key interest rates leading to a deposit facility rate of 4.0% in September 2023.

NIBC successfully improved its interest rate margin within this continuously changing environment, executing its business strategy by continuing to focus on its core activities and derisking the balance sheet. Within the Non-Core Activities, we have succesfully exited our CLO platform and our equity investment activities, and continuously worked to reduce the remaining exposure.

NON-RECURRING ITEMS

The non-recurring items for 2023 consist of the one-off result related to the sale of our CLO platform, the cost related to the sale of our equity investment activities and the sale of the remainder of our Leveraged Finance portfolio. However, the definition of non-recurring does not include the income and expenses generated by these portfolios (for example net interest income) during the normal course of business within 2023. The non-recurring items consist of transaction gains in other income (EUR 0.9 million), a release in credit loss expenses (EUR 1.2 million) and a gain on disposal of assets (EUR 6.8 million).

OPERATING INCOME

- Growth in our core asset classes and further declining funding spreads supported a 8% increase in net interest income, as it amounts to EUR 419 million (2022: EUR 386 million). Margins have sufficiently benefited from lower cost of funds to offset the continued downward pressure on the margins for mortgage loans, as the market has remained quite competitve.
- Net fee and commission income decreased to EUR 41 million (2022: EUR 47 million), which is mainly a consequence of the sale of the CLO platform and lower origination of Originate-to-Manage mortgage loans, leading to lower origination fees. This is partly offset by the continued growth of the Originate-to-Manage mortgage loan portfolio, leading to higher (recurring) management fees.
- Investment income is lower, given that the Investment portfolio has substantially reduced due to the sale of our equity investment activities.
- Other Income contains realised and unrealised fair value results, income from operating leases and revaluation results of our investment property (own office building available for rent).

Volatile income

The increased volatility in financial markets, especially with regards to interest rates, also causes additional volatility in the income statement, specifically related to items recognised within other income. To illustrate the impact of these items, which do not directly reflect client-related activities, these are separately grouped as volatile income. Items included are hedge accounting and specific positions recognised and measured at fair value through profit or loss and currency revaluation.

- Hedge accounting
  Given the increased volatility in interest rates, the residual result after application of hedge accounting has also become more volatile. For the reporting period, the impact is a gain of EUR 33 million (2022: a gain of EUR 2 million) recognised in other income. Given the increased

volatility, NIBC continues to review its hedge accounting models and processes to improve its ability to offset fair value related income on hedging positions through effective hedge relationships.

- Currency revaluation and impact of basis spreads on cross currency interest rate swaps
The use of cross currency interest rate swaps, recognised at fair value through profit or loss, leads to volatility in the income statement, as the fair value of these instruments is impacted by movements of the basis spread between currencies. The limited currency positions, managed within narrow limits, can still generate some additional result, recognised in other income.
Together, these items led to a gain of EUR 2 million (2022: a gain of EUR 2 million).

OPERATING EXPENSES

Due to tight cost control, operating expenses decreased from EUR 232 million in 2022 to EUR 220 million in 2023, despite the upward pressure from inflation. The decrease is mainly driven by lower expenses on consultants and projects and a decrease in process outsourcing expenses due to lower origination volumes within the mortgage portfolios. Although personnel expenses within our core business increased, this was fully compensated by the decrease of personnel expenses following the successful reduction of non-core activities.

In 2023, NIBC's total FTE decreased to 600 (2022: 621 FTE). The decrease is mainly the consequence of the reduction in our Non-Core Activities, partly offset by higher FTEs within the Asset Based Finance segment.

IMPAIRMENTS OF FINANCIAL AND NON-FINANCIAL ASSETS

Impairments remained moderate at EUR 20 million (2022: EUR 19 million) with reduced impairments in core portfolios reflecting our de-risking strategy and continued focus on core activities. NIBC continues to apply a management overlay to address uncertainties and risks not sufficiently covered in its ECL models. The total management overlay amounts to EUR 18 million as of 31 December 2023 (2022: EUR 16 million).

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

DIVIDEND

The Managing Board proposes a total pay-out of EUR 2.19 per share for 2023. This ratio translates into a total distribution to shareholders of EUR 137 million, or a total dividend pay-out of 75%. It is proposed to add the remainder of EUR 46 million to the other reserves. In 2023, NIBC distributed EUR 1.10 per share as interim dividend. The total dividend proposal compares to EUR 2.17 dividend per share in 2022.

Taking into account the above, the proposed final dividend distribution amounts to EUR 68 million, or EUR 1.09 per share. The proposed dividend pay-out is subject to approval by the annual general meeting of shareholders, scheduled on 12 March 2024.

MEDIUM-TERM OBJECTIVES

In 2023, we have met all medium-term objectives. Due to tight cost control and increased net interest income we were able to lower our Cost/income ratio to within our medium term objectives. Consequently this also had a positive impact on the return on target CET 1 capital, increasing from 10.6% in 2022 to 15.3% currently. The CET 1 ratio remained strong with growth in our core asset classes partly offset by a reduction in Non-Core Activities. In 2023, NIBC has reviewed its dividend policy and adjusted the medium-term objective to ≥50%.

Medium-term objectives

	Medium-term objectives	2023	2022	2021
Return on target CET 1 capital	≥15%	15.3%	10.6%	18.0%
Cost/income ratio	40% - 45%	44%	54%	47%
CET 1	≥13%	18.4%	17.7%	19.0%
Rating Bank[1]	BBB+	BBB+	BBB+	BBB+
Dividend pay-out ratio	≥50%	75%	100%	100%

1 Reported rating is based on the average of the senior preferred debt rating as issued by the different rating agencies (current rating: Fitch: BBB+ Positive, Moody's: A3 Stable, S&P: BBB Stable).

TAX

Income tax reflects the profit reported over the full year. The effective tax rate of 25% (2022: 18%) is more in line with the applicable corporate income tax rate in the Netherlands. This change is mainly driven by the strong reduction of tax-exempted investment income.

DEVELOPMENT OF THE FINANCIAL POSITION

- Total assets increased by EUR 0.4 billion as our focus on core asset classes provided growth that has more than offset the active reduction of non-core exposures.
- Loans increased slightly, but was partly tempered by execution of the strategy to further reduce the Non-Core Activities. The exposure of the core loan activities grew however by EUR 0.3 billion.
- The carrying value of the mortgage loans increased due to an increase of EUR 0,6 billion in the underlying exposure. Increasing interest rates over 2023 affected the Dutch mortgage market with lower origination, refinancing and prepayments. Nevertheless, NIBC has been able to show solid growth of the mortgage portfolio in 2023.
- Cash and banks still at a solid level and reflecting NIBC's prudent approach to liquidity management. Despite a growth of core assets, liquidity buffers have been kept

Assets

in EUR millions	2023	2022	2021
Cash and banks	2,532	2,928	2,598
Loans	6,342	6,292	6,530
Lease receivables	5	5	8
Mortgage loans	12,911	11,990	11,940
Debt investments	908	876	924
Equity investments	124	166	237
Derivatives	156	162	334
Other assets	73	273	88
Total assets	**23,050**	**22,692**	**22,658**

Liabilities and equity

in EUR millions	2023	2022	2021
Retail funding	11,148	10,310	10,549
Funding from securitised mortgage loans	0	221	267
Covered bonds	4,529	4,016	4,011
ESF (including other deposits DE)	159	240	298
All other senior funding	4,803	5,344	4,977
Tier 1 and subordinated funding	224	202	263
Derivatives	129	232	154
All other liabilities	73	82	111
Total liabilities	**21,065**	**20,647**	**20,630**
Equity attributable to shareholders of the company	1,785	1,845	1,828
Capital securities (non-controlling interest)	200	200	200
Equity attributable to non-controlling interests	-	-	-
Total liabilities and shareholders' equity	**23,050**	**22,692**	**22,658**

at a comfortable level mainly due to the issuance from our Soft Bullet Covered Bond Programme, the growth of retail savings and the reduction of non-core portfolios. The decrease in all other senior funding also includes the successful tender on two legacy perpetual funding transactions.

- The decrease of other assets mainly relates to the successful sale of both our CLO platform and our equity investment activities, which were classified as held for sale assets per year-end 2022.

Carrying values per ECL stage

31 December 2023		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost	Mortgage loans	12,661	122	88	41	12,911
	Loans	5,875	235	58	20	6,189
	Lease receivables	-	-	5	-	5
Fair Value through OCI	Debt investments	895	2	-	-	897
Total		**19,431**	**359**	**151**	**61**	**20,002**

31 December 2022		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost	Mortgage loans	11,741	131	73	46	11,990
	Loans	5,746	308	59	35	6,149
	Lease receivables	-	-	5	-	5
Fair Value through OCI	Debt investments	859	2	-	-	862
Total		**18,361**	**442**	**137**	**81**	**19,021**

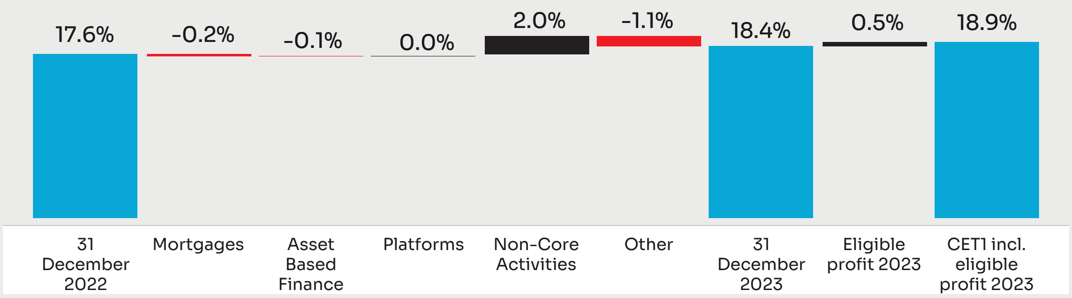
Credit quality ratios

	2023	2022	2021
Impaired coverage ratio	31%	38%	28%
NPL ratio	1.7%	2.1%	2.6%
Top-20 exposure/Common Equity Tier 1 capital	58%	65%	63%

SOLVENCY AND LIQUIDITY

- NIBC has a strong capital position reflected in the CET 1 ratio of 18.4%.
- Mortgages contributed to a decline of 0.2%-point in the CET 1 ratio. This is mainly driven by the implementation of the newly developed internal model under the Advanced Internal Ratings Based (AIRB) approach for Dutch owner-occupied mortgage loans (decrease of 0.7%-point) and the application of the SME Supporting Factor to the Buy-to-Let mortgages loans (0.5%-point increase).
- Growth in our other core activities, i.e. Asset Based Finance and Platforms, led to an increase in RWA and consequently to a 0.1%-point decrease of the CET 1 ratio.
- Reduction of the Non-Core Activities contributed to a increase of 2.0%- point in the CET 1 ratio. This is driven by the sale of the equity investment activities (0.7%-point), the sale of the North Westerly CLOs

CET 1 development

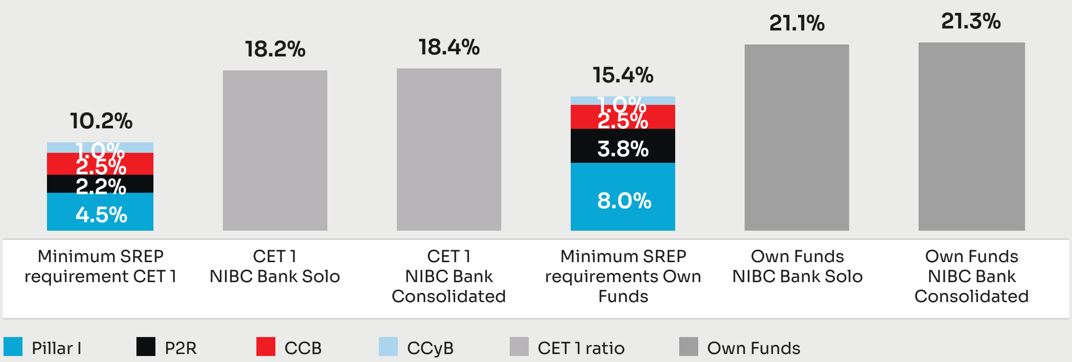


Credit risk per exposure class

Exposures incl. Credit Conversion Factor in accordance with CRR[1]	2023 Exposure	RWA	Average risk weight	2022 Exposure	RWA	Average risk weight
Corporate exposures	7,227	4,056	56%	7,447	3,872	52%
Mortgage loans	13,555	3,032	22%	13,014	2,935	23%
Institutions	678	124	18%	758	150	20%
Equity	132	487	370%	273	1,011	370%
Securitisation	603	114	19%	714	176	25%
Other including corporate derivatives	302	184	61%	304	187	61%
Central Government	2,082	0	0%	2,174	0	0%
Total	**24,579**	**7,998**	**33%**	**24,685**	**8,331**	**34%**

1 Exposure amounts include positions classified as 'Held for sale assets' in their original asset class.

2023 Capital ratios compared to SREP level



(0.1%-point), the remainder of the Leveraged Finance portfolio (0.2%-point) and the reduction of other Non-Core Activities (1.0%- point).

- Increase of the additional risk weight factor for corporate exposures in anticipation of the update of the internal model landscape has led to an RWA increase and consequently to a 0.9%-point decrease of the CET 1 ratio.
- NIBC actively manages its liquidity position, keeping its solid liquidity buffers in place. This is evidenced by a strong liquidity coverage ratio (**LCR**) at 240% and a solid net stable funding ratio (**NSFR**) of 133%.

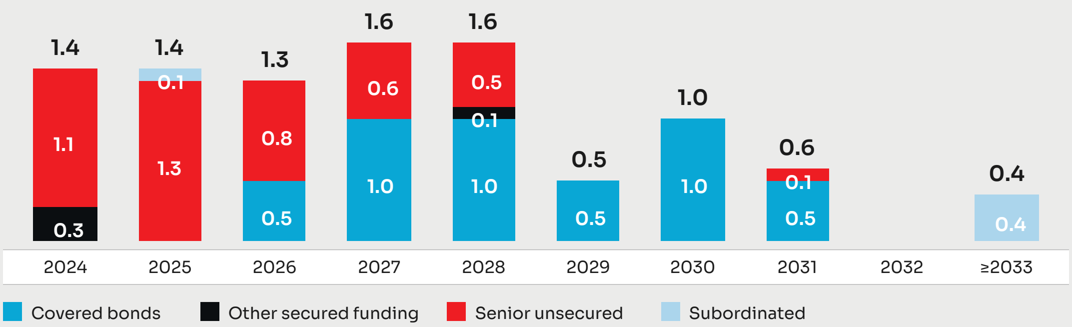
Liquidity ratios

	2023	2022	2021
LCR	240%	206%	184%
NSFR	133%	135%	129%
Loan-to-deposit ratio[1]	162%	163%	163%
Asset encumbrance ratio	27%	27%	28%
Retail savings/total funding	48%	45%	47%
Secured funding/total funding	22%	22%	23%

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

Maturing wholesale funding

In EUR billions



Capital adequacy

GENERAL DEVELOPMENTS

In the first half of 2023, NIBC has implemented its newly developed internal model for the use of Advanced Internal Ratings Based (AIRB) approach for Dutch owner-occupied mortgage loans. In addition to the floor for Dutch mortgages, this has led to an increase in risk weights and consequently a decrease of the CET 1 ratio of 0.7%-point. The bank has also implemented the use of the SME supporting factor for various portfolios. This has led to a decrease in RWA, increasing the CET 1 ratio by 0.6%-point.

Currently, the bank is preparing an update of its model landscape for its corporate exposures. Expectation is that the newly developed corporate models will be implemented in the second half of 2024. This is expected to lead to an increase in risk weights, as the future model landscape will use either the slotting approach or the permanent partial use option to apply the standardised approach to specific asset classes.

The Basel Committee on Banking Supervision (BCBS) reached an agreement on the finalisation of the Basel III reforms (Basel IV) in December 2017. In October 2021, the European Commission (EC) published its proposal to amend the Capital Requirements Regulation and Directive (CRR III/CRD VI) to implement Basel IV in the EU and in June 2023 the European Council and the European Parliament reached a provisional agreement on amendments to CRR and CRD with aim to start implementation of the new rules per January 2025, and to have the Basel IV standards fully implemented by January 2030.

Impact of implementing both the new model landscape and Basel IV is estimated at an increase of RWA of 15-20% and a corresponding decrease of the CET 1 ratio between 3.0 and 3.7%-point, compared to 31 December 2023, which will be realised in two sequential steps.

- Implementation of the updated internal models for corporate exposures will lead to an increase of total RWA in the range of 30-35% compared to the RWA as determined at 31 December 2023.
- NIBC estimates the impact of the implementation of (fully loaded) Basel IV at a decrease of RWA in the range of 15-20% compared to the RWA as determined per 31 December 2023. The estimated impact is in addition to the anticipated impact of the model landscape improvements. This estimate is based on our current assessment and interpretation of the expected EU implementation of the Basel IV Standards.

NIBC is exploring options to simplify its group structure through the execution of a legal merger between NIBC Bank N.V. as acquiring company and NIBC Holding N.V. as disappearing company. The intended merger has the aim of further streamlining the organisation and removing inefficiencies in the capital structure. Such a legal merger would be subject to approval from the regulators and shareholders of the companies.

These estimations do not take into account possible management actions, further reduction of non-core portfolios nor potential changes to Pillar I and Pillar II requirements. They also assume a future portfolio composition that is equal to the current portfolio, as well as risk weights that reflect the current economic environment. An uncertainty for banks is that the incorporation of the Basel IV Standards into EU legislation via CRR III and CRD VI is not completed yet. During this process of transposition in EU and national law, further adjustments may be implemented. Additional regulation, e.g. in the form of EBA technical standards and Guidelines, may also affect the impact on NIBC's RWA. NIBC aims to meet the final requirements early in the phase-in period while continuing to execute its client-focused strategy.

SREP REQUIREMENTS

Our actual solvency levels are well above the minimum required levels as set by DNB in the Supervisory Review and Evaluation Process (**SREP**). The following table presents the actual figures based on the prudential reporting scope of NIBC Bank Solo.

	31 December 2023			31 December 2022		
	CET 1	Tier 1	Total capital	CET 1	Tier 1	Total capital
Pillar I	4.5%	6.0%	8.0%	4.5%	6.0%	8.0%
Pillar II	2.2%	2.9%	3.8%	2.1%	2.8%	3.7%
Subtotal	**6.7%**	**8.9%**	**11.8%**	**6.6%**	**8.8%**	**11.7%**
Capital Conservation Buffer (CCB)	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Countercyclical Capital Buffer (CCyB)[1]	1.0%	1.0%	1.0%	0.1%	0.1%	0.1%
SREP requirement	**10.2%**	**12.4%**	**15.4%**	**9.2%**	**11.4%**	**14.3%**
Pillar II guidance	not disclosed			not disclosed		
Actual						
NIBC Bank Solo transition	18.2%	20.4%	22.1%	17.7%	19.8%	21.7%
NIBC Bank Solo fully loaded	18.2%	20.4%	21.1%	17.7%	19.8%	20.7%
Fully loaded capital (in EUR millions)	1,629	1,829	1,891	1,621	1,821	1,905
Risk-weighted assets	8,961	8,961	8,961	9,184	9,184	9,184

1 Presented figure is a weighted average of all current CCyB rates per 31 December 2023 and does not incorporate announced but not yet applicable rates.

RESOLUTION

De Nederlandsche Bank NV (DNB) is the Dutch national resolution authority and supervises NIBC for bank resolution purposes under the Bank Recovery and Resolution Directive (BRRD). DNB has determined that if NIBC Bank meets the conditions for resolution pursuant to Article 18(1)(a) and (b) of the SRMR, NIBC Bank is expected to be wound down through normal insolvency proceedings. This means that in DNB's expectation, the application of resolution instruments and resolution powers will not be necessary in light of the objectives of the BRRD. DNB has considered this in setting NIBC's MREL target.

The total risk exposure amount based MREL requirement for NIBC Bank has been established to be equal to the SREP requirement (excluding buffer requirements and Pillar II guidance) as established by DNB for NIBC Bank.

LEGACY INSTRUMENTS

In December 2023 NIBC repurchased USD 57.3 million and EUR 28.5 million of the two legacy hybrid Tier 1 securities in a public any-and-all tender, thus offering liquidity to its noteholders. After the tender, notional values of USD 33.2 million respectively EUR 21.5 million remain outstanding. On 12 January 2024, NIBC started a consent solicitation for the USD bond with a proposal to change the coupon in line with market practice (ARCC-method) to a SOFR-linked coupon and offered investors who vote (either in favor or against) a solicitation success fee of 0.5%. On 21 February the consent solicitation was voted against. As a result, future coupon rates are expected to be set according to the original documentation, whereby the ultimate fallback is expected to be the last known coupon rate.

The legacy Tier 1 instruments continue to contribute to the rating agency buffers and form a cushion for the senior preferred noteholders. NIBC expects to keep these instruments as regular funding, but will continue to monitor all relevant developments.

DIVIDEND

The maximum distributable amount (**MDA**) is determined by comparing actual solvency levels to the minimum SREP requirements (excluding Pillar II guidance). Solvency ratios have to exceed the SREP requirements to allow distribution of dividends. The transitional CET 1 ratio level below which distributions in the form of dividend payments, variable remuneration and distributions to holders of AT1 instrument (**MDA Trigger Level**) are restricted is 11.4%. The distance to the MDA Trigger Level is 6.7%. The present ratios provide sufficient room to execute NIBC's dividend policy and allow for AT1 distributions.

Capital management (audited)

OVERVIEW

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

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

CAPITAL ALLOCATION

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

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

CRR/CRD REGULATORY CAPITAL

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

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

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

- For credit risk, NIBC adopted the AIRB approach as further specified in CRR/CRD for its main retail and corporate exposure classes. NIBC started using the AIRB approach on 1 January 2008. Other exposures are measured using the standardised approach;
- For market risk, NIBC adopted an internal model VaR approach; and
- For measuring operational risk, NIBC adopted the standardised approach, which is based on prescribed business-line activities.

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

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

The following table displays the composition of regulatory capital as at 31 December 2023 and 31 December 2022. The regulatory capital for NIBC consolidated is calculated on a fully loaded base including the eligible profit after tax of the year. For 2023 no profit after tax is included in the CET 1 (2022: no profit after tax is included in the CET 1). NIBC complies with the CRR/CRD capital requirements as per 31 December 2023, which formally requires a minimum CET 1 ratio (including capital buffer) of 10.2%, a minimum Tier 1 ratio (including capital buffer) of 12.4% and a minimum Total Capital ratio (including capital buffer) of 15.4%.

in EUR millions	2023	2022
Equity attributable to the shareholders	**1,785**	**1,845**
Profit after tax not included in CET 1 capital	(195)	(148)
Regulatory adjustments	40	(75)
Common equity Tier 1 capital	**1,630**	**1,622**
Capital securities	200	200
Tier 1 capital	**1,830**	**1,822**
Qualifying subordinated liabilities	62	76
Regulatory adjustments	-	8
Total Tier 2 capital	**62**	**84**
Total capital	**1,892**	**1,906**

PERFORMANCE MORTGAGES

- We have been able to grow our mortgage portfolios by 6% to EUR 26.9 billion (2022: EUR 25.5 billion) despite limited refinancing activity in 2023.
- The changed Dutch mortgage market resulted in lower net interest income. Prepayment penalties in 2023 were close to zero (2022: EUR 12 million) and increased competition put pressure on the origination spreads. In addition, customer appetite has shifted towards shorter fixed rate periods and more use of the NHG guarantee, increasing downward pressure on margins.
- The Buy-to-Let portfolio remained stable. Market activity slowed markedly as a result of higher interest rates, regulation, and fiscal treatment. Despite reduced market activity, loan origination almost offset re- and prepayments.
- The Originate-to-Manage portfolio further increased with an origination volume of EUR 1.5 billion (2022: EUR 3.2 billion). The

Income statement Mortgages

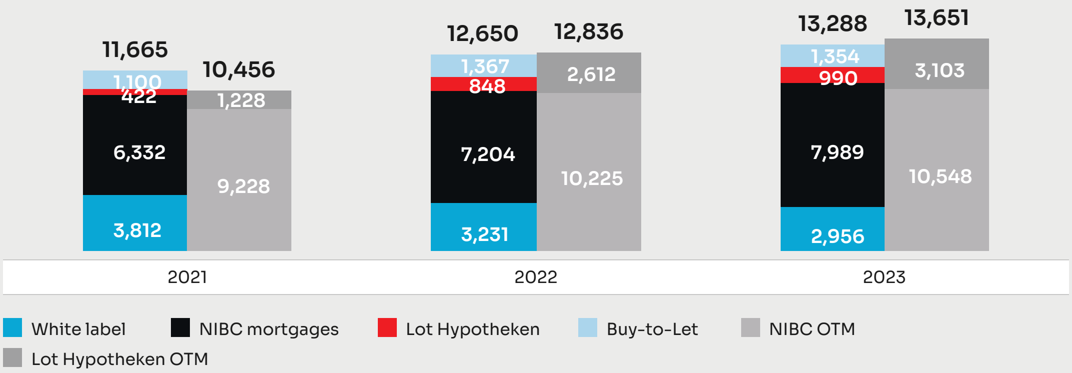
in EUR millions	2023	2022
Net interest income	102	127
Net fee income	36	39
Investment income	-	-
Other income	(0)	(0)
Operating income	**138**	**166**
Other operating expenses	64	69
Regulatory charges and levies	-	-
Operating expenses	**64**	**69**
Net operating income	**75**	**97**
Credit loss expense	1	1
Gains or (losses) on disposal of assets	-	-
Profit before tax	**73**	**96**
Income tax	19	25
Profit after tax	**55**	**71**

shift in the market to mortgage loans with shorter fixed rate periods has put some pressure on origination for institutional investors. Consequently, origination fees decreased. This is largely compensated by higher servicing fees from the growing portfolio.

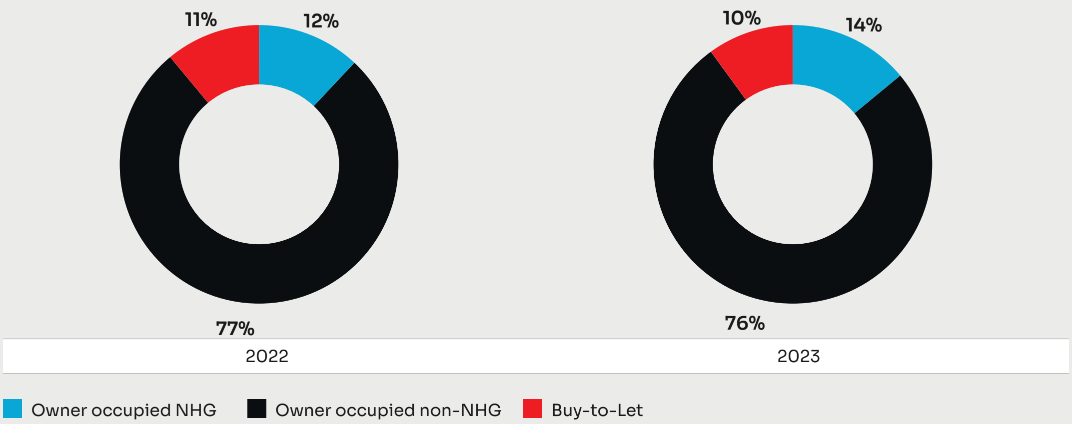
- Despite high inflation we managed to decrease operating expenses by 7%. This is the result of both lower expenses for outsourced business processes and strict cost control.
- We are proud that, for the second time in a row, in May 2023 Lot Hypotheken has won the 'Gouden Lotus Award' in the category new entrants. In the same category they also won the Sustainability award the 'Groene Lotus Award' in Q4 2023. The jury agreed that the label has taken steps towards making sustainability affordable and distinguishes itself through its innovative capabilities. Customer satisfaction remained high, as mortgage customers rate NIBC's services at 8.3 out of 10.

Mortgage Loan portfolio development

In EUR millions



Mortgage Loan portfolio per product type



PERFORMANCE ASSET BASED FINANCE

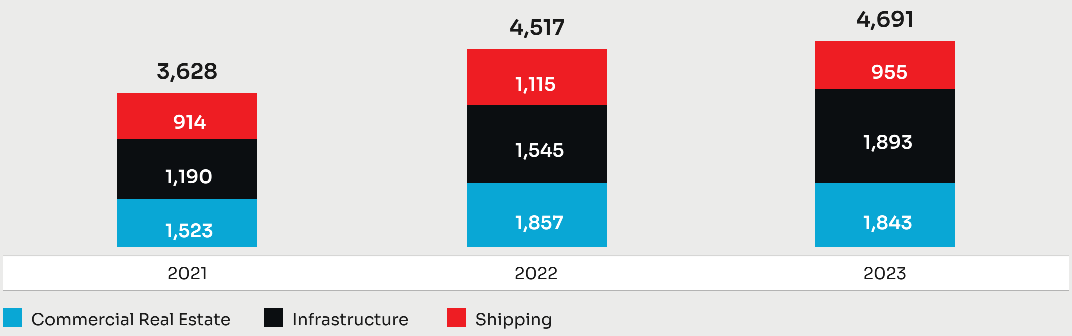
- The Asset Based Finance portfolio grew in 2023 by 4% to EUR 4.7 billion (2022: EUR 4.5 billion) leading to an increase of net interest income by 6% to EUR 98 million (2022: EUR 92 million).
- Despite higher prepayments in Shipping, the total Asset Based Finance portfolio increased mainly due to a strong growth of 22% within Digital Infrastructure.
- The Commercial Real Estate portfolio remained stable in a challenging market on the back of a wide origination focus including financing of European Residential Real Estate and use transformation projects.
- Overall, the Asset Based Finance team has been successful in originating EUR 1.7 billion over 2023, which is more than enough to offset the higher than normal prepayments in part of its portfolio.
- Besides successfully growing the portfolio, the credit quality of the portfolio has also been improved, which is illustrated by the

Income statement Asset Based Finance

in EUR millions	2023	2022
Net interest income	98	92
Net fee income	1	2
Investment income	(1)	0
Other income	1	0
Operating income	**99**	**95**
Other operating expenses	45	37
Regulatory charges and levies	-	-
Operating expenses	**45**	**37**
Net operating income	**54**	**58**
Credit loss expense	0	8
Gains or (losses) on disposal of assets	-	-
Profit before tax	**54**	**50**
Income tax	14	11
Profit after tax	**40**	**39**

Asset Based Finance portfolio development

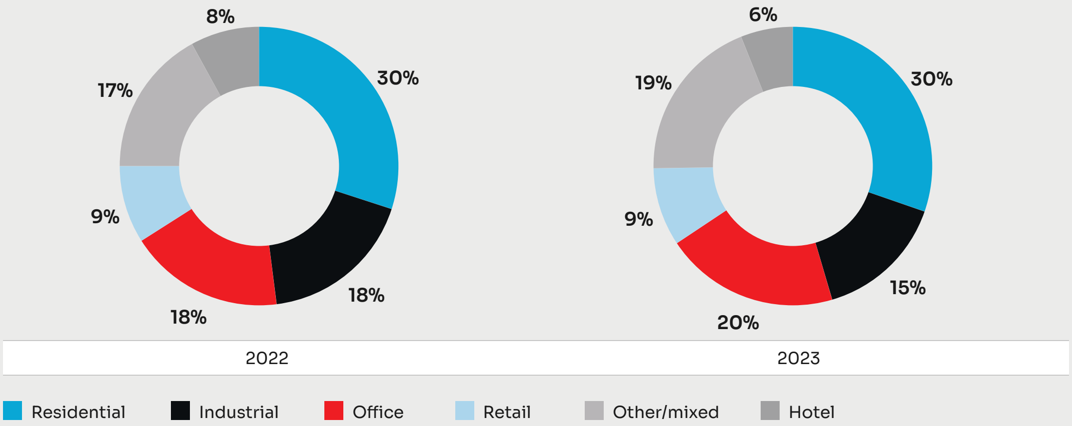
In EUR millions



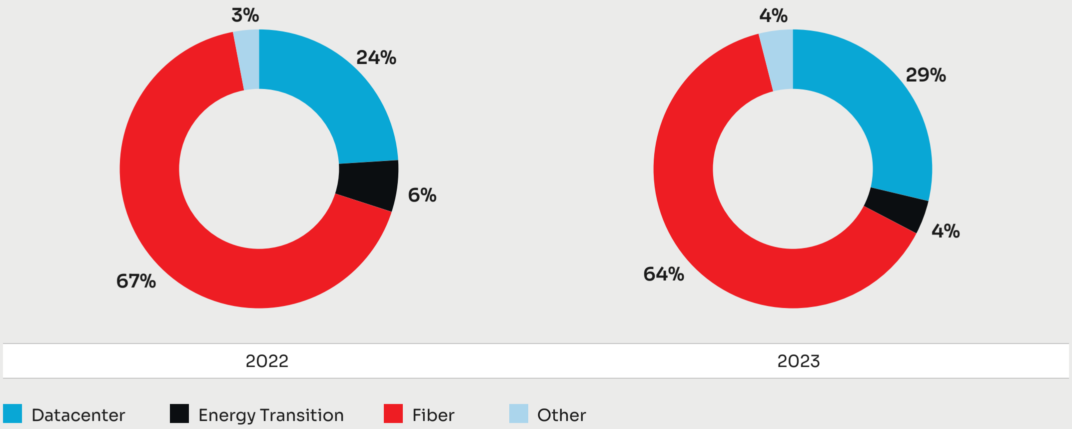
the lack of credit losses in the segment in 2023 (2022: EUR 8 million).

- The Net Promotor Score (**NPS**) remained stable with a strong score of +87% (2022: +86%) showing our corporate client satisfaction.
- We engage with our clients on their sustainability transition and our role as facilitator in that process. As discussed within the Sustainability section, we gather data required to measure and report on the sustainability of our clients' assets that we finance, allowing us to monitor and steer these developments.

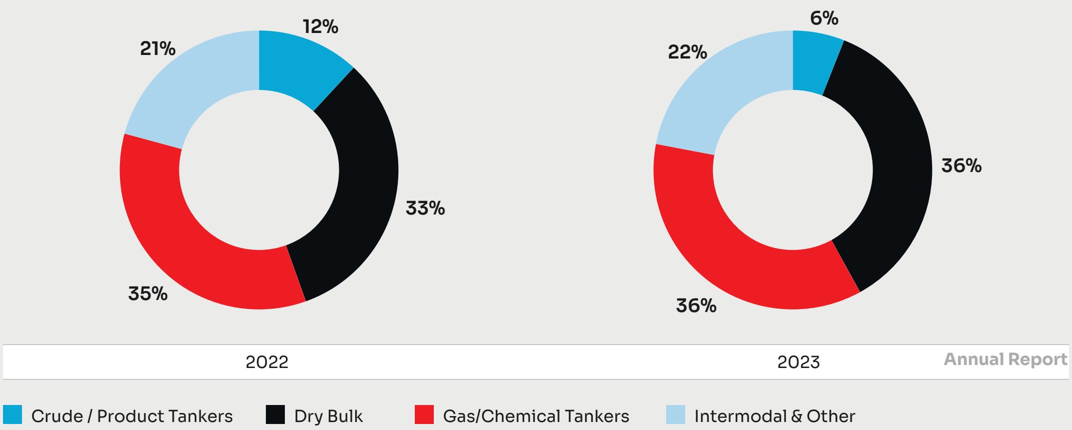
Commercial Real Estate portfolio per asset type split



Digital Infrastructure portfolio per subsector split



Shipping portfolio per subsector split



PERFORMANCE PLATFORMS

- yesqar is a financial service provider which provides data driven asset-based financing solutions to SMEs in the automotive industry with exclusive focus on financing cars on stock and car leasing portfolios. Yesqar successfully grew its portfolio in its third full year of operation with more than 50% from EUR 252 million to EUR 385 million and now positively contributes to the net result of NIBC. The credit quality of this portfolio is solid, as there were no defaults observed. The partnership with Bovemij, a large insurance company in the Dutch automotive industry, was further extended to yesqar's lease funding solution and supported the growth further in 2023.

Income statement Platforms

in EUR millions	2023	2022
Net interest income	8	3
Net fee income	-	-
Investment income	-	-
Other income	0	(0)
Operating income	**8**	**3**
Other operating expenses	3	1
Regulatory charges and levies	-	-
Operating expenses	**3**	**1**
Net operating income	**5**	**1**
Credit loss expense	(0)	(0)
Gains or (losses) on disposal of assets	-	-
Profit before tax	**5**	**2**
Income tax	1	0
Profit after tax	**3**	**1**

PERFORMANCE TREASURY & GROUP FUNCTIONS

- Treasury mainly earns net interest income based on the difference between the cost of funds on NIBC Bank's external funding (including retail funding, wholesale funding and hedging) and the internal cost of funds charged to the other segments, based on the matched funding principle. Internal fund transfer prices are based on the external funding costs plus various funding related expenses, such as costs related to the required liquidity buffers
- The further decline in external funding spread throughout 2023 has supported the increase in net interest income by 84% compared to 2022.
- The positive other income relates mainly to positive revaluation results not fully covered by hedge accounting, as volatility in the interest rate markets have led to large fair value movements.
- Funding costs have decreased to 18 basis points driven by the fact that benchmark

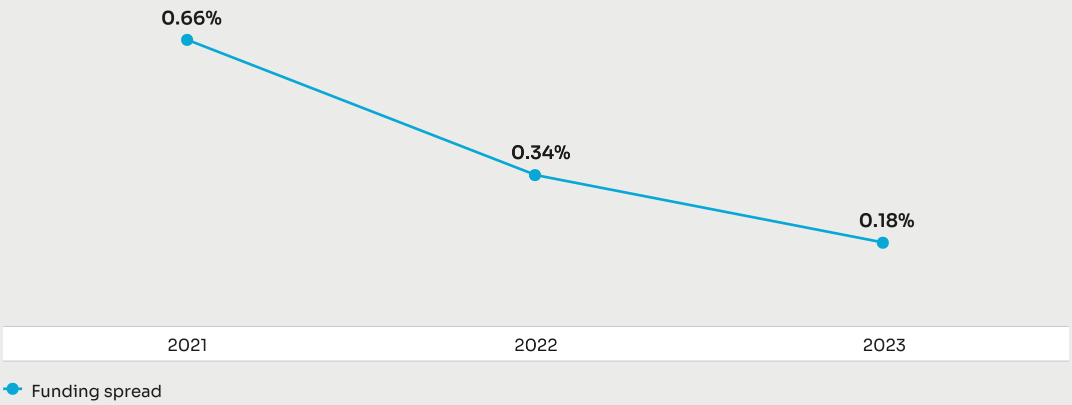
Income statement Treasury & Group functions

in EUR millions	2023	2022
Net interest income	184	100
Net fee income	1	1
Investment income	(0)	-
Other income	29	11
Operating income	**213**	**112**
Other operating expenses	60	62
Regulatory charges and levies	19	19
Operating expenses	**78**	**81**
Net operating income	**134**	**31**
Credit loss expense	(0)	(1)
Gains or (losses) on disposal of assets	-	-
Profit before tax	**134**	**32**
Income tax	32	3
Profit after tax	**102**	**29**
Profit attributable to non-controlling shareholders	12	12
Profit after tax attributable to shareholders of the company	**90**	**17**

rates have been increasing faster than the rates for retail deposits.

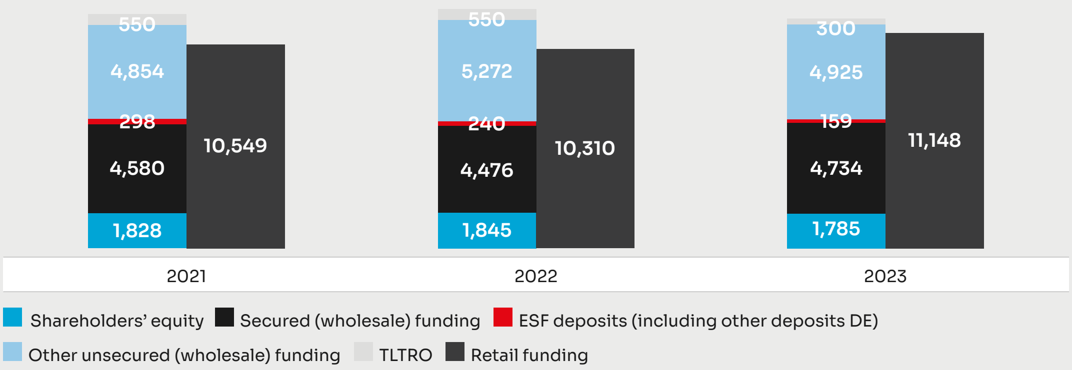
- The increase in funding volumes is mainly driven by the large inflow from retail deposits, which are for 92% covered by the deposit guarantee scheme. The increase is partly balanced by the outflow in senior unsecured funding. The unsecured funding category as shown below includes EUR 350 million (2022: EUR 507 million) of corporate deposits.

Funding spread



Funding composition

in EUR millions



Risk management

In line with its business strategy, NIBC is predominantly exposed to credit risk , while NIBC manages its interest rate, currency, liquidity and operational risk to within an acceptable, limited range. The non-core activities still contain some investment risk which we will continue to reduce. The risks NIBC takes are measured and monitored against our risk appetite, ensuring that NIBC is capable of executing its business activities in line with its strategy. NIBC remains committed to having sufficient liquidity and being well capitalised so that we can continue to support our clients while maintaining the appropriate balance between risk and reward.

Risk Governance

THREE LINES OF DEFENCE

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

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

- Engagement Committee is responsible for decision-making with regard to client engagement and conflicts of interest including assessment of the potential integrity risks when engaging with a client.

- Transaction Committee (**TC**) which has decision-making power with regards to credit transactions, assessment of credit proposals and the monitoring of credit related risks. The TC approves and monitors transaction proposals which cause NIBC to assume credit risk. Further, the TC decides on impairments and write-offs and reviews all larger exposures at least annually.
- Investment Committee (**IC**) has the delegated authority to decide on equity, mezzanine, subordinated, and other equity related financial products. The IC periodically determines the valuation of our Equity portfolio.
- Risk Management Committee (**RMC**) decides on policies, measurement methods, monitoring, and controlling of all risk types. The role of the RMC is to safeguard our risk appetite by monitoring all risks NIBC is exposed to, thereby looking backwards as well as forwards.
- Asset & Liability Committee (**ALCO**) monitors and controls capital ratios, liquidity, earnings, interest rate risk and market risk. As ALCO is responsible for liquidity, as they also decide on funding plans and large funding transactions.
- Regulatory Change Committee (**RCC**) which keeps central oversight of the implementation of new regulatory laws and regulations.

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

RISK APPETITE FRAMEWORK

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

Our five pillars:

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

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

Overview of main financial risk types

in EUR millions	Main risk types	2023	2022
Mortgage loans	Credit risk/Interest rate risk	13,288	12,650
Asset Based Finance[1]	Credit risk	6,027	5,739
Platforms - Leases/Loans	Credit risk	385	252
Non-Core Activities - Loans/Leases	Credit risk	1,183	1,985
Non-Core Activities - Equity investments	Investment risk	132	273
Debt investments		907	951
Debt from financial institutions and corporate entities	Credit risk/Market risk	328	273
Securitisations	Credit risk/Market risk	579	679
Cash management	Credit risk	2,441	2,677
Derivatives[2]	Credit risk/Market risk	262	265
Funding	Liquidity risk	23,050	22,692
Total capital (based on full implementation of CRR)	Capital Adequacy risk	1,891	1,905

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

NIBC's risk approach entails that NIBC pursues credit risk, while reducing our investment, interest rate, currency, liquidity and operational risk to a level that is acceptable. For this reason the Risk Management chapter mainly focuses on assessing credit risk. After discussing the financial risks, a separate section will discuss NIBC's management of non-financial risks.

CREDIT RISK (AUDITED)

Credit risk is one of the risks inherent to our business model. By lending to our clients NIBC is exposed to the risk of the counterparty not being able to repay the loan. NIBC continuously monitors its clients' financial performance and take remedial action if NIBC believes the risk of a client defaulting on its obligation has increased. NIBC mitigates credit risk by placing emphasis on the collateral pledged to it in the transactions. In case a client defaults on its obligation, the option to collect and sell the collateral can be exercised as a last resort, thereby significantly reducing the amount of non-recoverable assets. Non-credit obligations fall under other risk types, such as market risk, and equity is subject to investment risk.
Presented exposures consist of both drawn and undrawn amounts. The Digital Infrastructure portfolio includes a small portion of other core infrastructure assets. Following NIBC's sharpened strategic focus, NIBC's non-core asset classes are grouped into Other Corporate client exposures throughout the credit risk paragraph. Please note that the management overlay for Expected Credit Loss is not included in the tables unless explicitly stated. Please see note 11 Credit loss expense for further information.
The following positions that contain credit risk have been identified:
- Mortgage Loans;
- Corporate/Investment Loans;
- Lease receivables;
- Debt Investments;
- Cash Management;
- Derivatives.

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

Reconcilation between balance sheet and risk exposure:

In EUR milliions	note	2023 Mortgage loans	Corporate loans[1]	Lease receivables	Debt investments
Exposure		**13,288**	**7,588**	**7**	**907**
Undrawn commitments	40	-	(1,080)	-	-
Savings value mortgages		129	-	-	-
Gross carrying amount		**13,417**	**6,508**	**7**	**907**
Expected Credit Loss including management overlay	11	(15)	(135)	(3)	-
Base adjustment (Hedge accounting)		(517)	2	-	-
Other		26	(39)	-	1
Carrying amount	**17/18/19/20/21**	**12,911**	**6,336**	**5**	**908**

1 Excluding consumer loans

In EUR milliions	note	2022 Mortgage loans	Corporate loans[1]	Lease receivables	Debt investments
Exposure		**12,650**	**7,945**	**31**	**951**
Undrawn commitments	40	-	(1,279)	-	-
Savings value mortgages		133	-	-	-
Gross carrying amount		**12,783**	**6,666**	**31**	**951**
Expected Credit Loss including management overlay	11	(12)	(158)	(26)	-
Base adjustment (Hedge accounting)		(814)	2	-	-
Held for sale		-	(77)	-	(46)
Other		33	(97)	-	(29)
Carrying amount	**17/18/19/20/21**	**11,990**	**6,336**	**5**	**876**

1 Excluding consumer loans

Overview of credit quality measures

	2023						2022					
in EUR millions	Mortgages	Asset Based Finance	Platforms	Non-Core Activities	Total exposure		Mortgages	Asset Based Finance	Platforms	Non-Core Activities	Total exposure	
Defaulted exposure	110	13	-	210	333	1.6%	98	95	-	209	403	2.0%
Impaired exposure	110	13	-	240	364	1.7%	98	79	-	232	409	2.0%
Non-performing exposure	110	13	-	210	333	1.6%	98	95	-	209	403	2.0%
Forborne exposure	128	22	-	193	342	1.6%	121	116	-	332	569	2.8%

Credit quality measures by asset class

in EUR millions	2023 Non-performing exposure	2023 Impaired exposure	2023 Impairment coverage ratio[1]	2022 Non-performing exposure	2022 Impaired exposure	2022 Impairment coverage ratio[1]
Mortgages						
Mortgage loans	107	107	1.8%	94	94	0.8%
Buy-to-Let mortgages	3	3	0.0%	4	4	0.0%
Total mortgage loan exposures	**110**	**110**	**1.7%**	**98**	**98**	**0.8%**
Asset Based Finance						
Commercial Real Estate	-	-	0.0%	60	60	26.0%
Corporate Treasury	-	-	0.0%	-	-	0.0%
Digital Infrastructure	13	13	25.2%	-	-	0.0%
Shipping	-	-	0.0%	35	19	50.2%
Total Asset Based Finance	**13**	**13**	**25.2%**	**95**	**79**	**31.8%**
Platforms						
Automotive financing	-	-	0.0%	-	-	0.0%
Total Platforms	**-**	**-**	**0.0%**	**-**	**-**	**0.0%**
Non-Core Activities						
Other	203	233	44.4%	179	202	51.1%
Other lease receivables	7	7	35.1%	31	31	84.9%
Total Non-Core Activities	**210**	**240**	**44.1%**	**209**	**232**	**55.5%**
Total exposures	**333**	**364**	**30.6%**	**403**	**409**	**37.8%**

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

Methodology for quantifying credit quality

NIBC applies an internally-developed methodology under the Advanced Internal Ratings Based (**AIRB**) approach for quantifying the credit quality of corporate and retail counterparties. The AIRB methodology for Dutch owner-occupied mortgage loans (excluding Buy-to-Let mortgage loans which uses the standardised approach) was updated and following DNB approval, the updated regulatory capital methodology is applied as of the first quarter of 2023. In 2019, NIBC received an increase for Risk Weighted Assets (**RWAs**) on corporate exposures from the DNB pending approval of eventual additional measures to address the model observations raised by DNB in its Internal Model Investigation report. This add-on is updated in 2023 and is still in place with respect to the current models as we are still in a dialogue with DNB regarding the regulatory capital set-up for corporate loan assets to address their observations.

CORPORATE LOAN CREDIT APPROVAL PROCESS

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

CORPORATE CREDIT RATINGS

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

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

RISK MEASUREMENT DUTCH MORTGAGE LOANS

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

RISK GOVERNANCE AND ARREARS MANAGEMENT DUTCH MORTGAGE LOANS

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

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

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

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

NIBC has introduced a programme where vulnerable customers (e.g. Those with interest only mortgage loans) that may face potential future financial difficulties are approached pro-actively with the intention of identifying and resolving difficulties before actual arrears arise.

RISK MITIGATION AND COLLATERAL MANAGEMENT DUTCH MORTGAGE LOANS

Credit losses are mitigated by way of the underlying property which is mortgaged as collateral and 13.8% of the Dutch own book portfolio is covered by the NHG program. Savings, life insurance and investment deposits may also serve as additional collateral.

FORBEARANCE AND NON-PERFORMING EXPOSURES

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

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

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

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

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

Capital Requirements Regulation/Capital Requirements Directive

In line with CRR/CRD regulations, the methodology consists of three elements:

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

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

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

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

Expected Credit Loss determination

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

SCENARIOS AND SCENARIO WEIGHTS

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

Economic scenarios and weights applied

ECL SCENARIO	Assigned weights in % 2023	2022
Upturn	10.0%	10.0%
Baseline	30.0%	30.0%
Downturn	60.0%	60.0%

MACROECONOMIC AND OTHER FACTORS

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

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

The following table discloses the macro-economic variables for the period 2024-2028 used in the 2023 year-end ECL calculation:

ECL SCENARIO	Macro-economic variables	2024	2025	2026	2027	2028
		% year-on-year change				
UPTURN SCENARIO	NL GDP	2.3%	2.7%	1.4%	1.1%	0.9%
	GB GDP	2.9%	2.0%	1.2%	1.3%	1.7%
	DE GDP	2.6%	2.1%	1.3%	1.5%	1.5%
	NL House Price Index	0.2%	4.1%	5.5%	5.5%	4.3%
	DE House Price Index	1.5%	3.7%	3.4%	4.5%	4.6%
	Crude Oil WTI	6.8%	-13.6%	-3.8%	0.8%	0.3%
BASELINE SCENARIO	NL GDP	0.6%	1.7%	1.7%	1.1%	0.9%
	GB GDP	0.4%	0.8%	1.2%	1.4%	1.6%
	DE GDP	0.6%	1.6%	1.6%	1.5%	1.5%
	NL House Price Index	-1.8%	2.4%	6.2%	5.9%	4.4%
	DE House Price Index	-0.4%	2.8%	3.8%	4.3%	4.4%
	Crude Oil WTI	3.5%	-11.9%	-2.7%	0.8%	0.3%
DOWNTURN SCENARIO	NL GDP	-0.6%	1.2%	2.2%	1.2%	0.9%
	GB GDP	-2.0%	0.3%	2.0%	1.4%	1.6%
	DE GDP	-0.9%	1.3%	2.1%	1.5%	1.5%
	NL House Price Index	-3.5%	1.2%	6.3%	6.3%	4.6%
	DE House Price Index	-1.9%	2.6%	3.9%	3.8%	4.2%
	Crude Oil WTI	-7.3%	-13.1%	6.3%	3.4%	0.9%

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

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

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

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

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

Asset quality

Asset quality has improved, partially as a result of the reduction of the non-core portfolio, improvements in NIBC's core business areas as well as write-offs. From an IFRS 9 staging perspective the overall portfolio demonstrates slight improvements in the Mortgage Loan portfolio, BtL and the Asset Based Finance portfolio, despite an increase in the relative stage 3 assets in the non-core portfolio while noting a nominal reduction here as well as in the overall non-core portfolio.

The average coverage ratio for both stage 3 and POCI assets decreased, largely due to write-offs. We observe that the stage 2, stage 3 and POCI expected credit losses mainly relate to the non-core activities which is also where new stage 3 impairments have been concentrated. From an absolute perspective the stage 3 and POCI expected credit losses have decreased significantly whereas origination in our chosen segments has led to a stable stage 1 expected credit losses.

Other corporate exposures include NIBC's non-core asset classes. The total Other corporate client exposures shows a significant reduction with relatively stable Stage ratio.

Coverage and IFRS 9 Stage ratios (excluding management overlay)

	2023				2022			
In EUR millions	Exposure amount	Expected credit loss	Coverage ratio	Stage ratio	Exposure amount	Expected credit loss	Coverage ratio	Stage ratio
Stage 1								
Mortgage Loan portfolio	**13,031**	**1**	**0.0%**	**98%**	**12,395**	**0**	**0.0%**	**98%**
Owner occupied mortgage loans - Netherlands	11,757	1	0.0%	98%	11,108	0	0.0%	98%
Buy-to-Let Mortgage loans	1,270	0	0.0%	99%	1,282	0	0.0%	99%
Owner occupied mortgage loans - Germany	4	0	0.0%	72%	5	0	0.0%	79%
Asset Based Finance	**5,700**	**14**	**0.2%**	**97%**	**5,319**	**12**	**0.2%**	**95%**
Commercial Real Estate	1,563	4	0.2%	91%	1,544	3	0.2%	94%
Corporate Treasury	1,336	-	0.0%	100%	1,222	-	0.0%	100%
Digital Infrastructure	1,850	4	0.2%	98%	1,486	2	0.2%	96%
Shipping	952	6	0.7%	100%	1,067	6	0.6%	97%
Platforms	**385**	**2**	**0.6%**	**100%**	**249**	**3**	**1.4%**	**99%**
Automotive financing	385	2	0.6%	100%	249	3	1.4%	99%
Non-Core Activities	**792**	**2**	**0.3%**	**68%**	**1,525**	**5**	**0.3%**	**78%**
Other	792	2	0.3%	68%	1,525	5	0.3%	78%
Total stage 1	**19,908**	**19**	**0.1%**	**96%**	**19,487**	**20**	**0.1%**	**95%**
Stage 2								
Mortgage Loan portfolio	**127**	**0**	**0.0%**	**1%**	**136**	**0**	**0.0%**	**1%**
Owner occupied mortgage loans - Netherlands	120	0	0.0%	1%	128	0	0.0%	1%
Buy-to-Let Mortgage loans	6	0	0.0%	0%	7	-	0.0%	1%
Owner occupied mortgage loans - Germany	1	0	0.0%	17%	1	0	0.1%	13%
Asset Based Finance	**180**	**2**	**1.0%**	**3%**	**158**	**2**	**1.6%**	**3%**
Commercial Real Estate	147	1	0.8%	9%	86	1	0.7%	5%
Corporate Treasury	-	-	0.0%	0%	-	-	0.0%	0%
Digital Infrastructure	30	1	1.9%	2%	60	2	3.0%	4%
Shipping	3	0	1.0%	0%	12	0	0.6%	1%
Platforms	**-**	**-**	**0.0%**	**0%**	**3**	**0**	**3.7%**	**1%**
Automotive financing	-	-	0.0%	0%	3	0	3.7%	1%
Non-Core Activities	**125**	**5**	**4.1%**	**11%**	**197**	**6**	**3.2%**	**10%**
Other	125	5	4.1%	11%	197	6	3.2%	10%
Total stage 2	**433**	**7**	**1.6%**	**2%**	**494**	**9**	**1.8%**	**2%**

In EUR millions	2023 Exposure amount	2023 Expected credit loss	2023 Coverage ratio	2023 Stage ratio	2022 Exposure amount	2022 Expected credit loss	2022 Coverage ratio	2022 Stage ratio
Stage 3								
Mortgage Loan portfolio	**89**	**2**	**1.7%**	**1%**	**73**	**1**	**0.7%**	**1%**
Owner occupied mortgage loans - Netherlands	85	1	1.8%	1%	68	1	0.8%	1%
Buy-to-Let Mortgage loans	3	-	0.0%	0%	4	-	0.0%	0%
Owner occupied mortgage loans - Germany	1	0	1.4%	11%	1	-	0.0%	8%
Asset Based Finance	**13**	**3**	**25.2%**	**0%**	**37**	**13**	**35.1%**	**1%**
Commercial Real Estate	-	-	0.0%	0%	18	4	19.3%	1%
Corporate Treasury	-	-	0.0%	0%	-	-	0.0%	0%
Digital Infrastructure	13	3	25.2%	1%	-	-	0.0%	0%
Shipping	-	-	0.0%	0%	19	9	50.2%	2%
Platforms	**-**	**-**	**0.0%**	**0%**	**-**	**-**	**0.0%**	**0%**
Automotive financing	-	-	0.0%	0%	-	-	0.0%	0%
Non-Core Activities	**120**	**55**	**45.6%**	**10%**	**133**	**78**	**58.8%**	**7%**
Other	113	52	46.3%	10%	102	52	51.0%	5%
Other lease receivables	7	2	35.1%	100%	31	26	84.9%	100%
Total stage 3	**222**	**60**	**26.8%**	**1%**	**243**	**92**	**37.8%**	**1%**
POCI								
Mortgage Loan portfolio	41	0	1.2%	0%	46	0	0.4%	0%
Asset Based Finance	-	-	0.0%	0%	58	12	20.7%	1%
Non-Core Activities	120	51	42.2%	10%	101	51	49.9%	5%
Total POCI	**162**	**51**	**31.7%**	**1%**	**206**	**63**	**30.5%**	**1%**
Loans at fair value through P&L	**159**				**195**			
TOTAL	**20,884**	**137**	**0.7%**		**20,625**	**184**	**0.9%**	

Mortgage loans

Breakdown of Mortgage Loan portfolio

In EUR millions	2023	2022
Mortgage loan portfolio		
Owner occupied mortgage loans - Netherlands	11,929	11,277
Buy-to-Let Mortgage loans	1,354	1,367
Owner occupied mortgage loans - Germany (closed book)	5	6
Total Mortgage Loan portfolio	**13,288**	**12,650**

DUTCH MORTGAGE LOAN PORTFOLIO

The Dutch Mortgage Loan portfolio largely consists of owner occupied mortgages. These contain 'NIBC' and 'Lot Hypotheken' loans originated by business partners since 2013, as well as white label mortgage loans that were also originated by business partners up to 2009 or acquired from third parties, as part of a portfolio purchase. Buy-to-Let (**BtL**) (NIBC Vastgoed Hypotheek) mortgages for investors were started in January 2015. This niche currently comprises approximately 10% of the total Mortgage Loan portfolio. Servicing and administration of the Mortgage Loan portfolio is outsourced to third-party servicers. Acceptance and special servicing is performed in-house.

At 31 December 2023, 13.8% of the Mortgage Loan portfolio (31 December 2022: 11.7%) had a National Mortgage Guarantee (**NHG guarantee**) in accordance with the general terms and conditions set by the WEW. This reduction of the percentage NHG mainly reflects the effects of the acquisition of the Finqus portfolio.

A part of the Dutch Mortgage Loan portfolio can be used for securitisation to obtain external secured funding. NIBC generally retains the junior notes. As a result the securitisation programmes are consolidated on NIBC's balance sheet. The total amount of the retained positions at 31 December 2023 was zero (31 December 2022: EUR 28.9 million).

At 31 December 2023, EUR 128 million was reported as forborne (31 December 2022: EUR 121 million).

There is a small reduction in interest only mortgage loans. NIBC actively stimulates clients to convert interest only loans into redeeming loan types (a.o. through the 'aflossingsblij' campaign). Overall, the relative size of the interest only portfolio reduced slightly even though clients redeem on other parts of the portfolio. For new loan origination, interest only loans are capped at 50% of the loan-to-value for all borrowers.

Breakdown Dutch Mortgage Loan portfolio by loan type

in EUR millions	2023		2022	
Interest only (100%)	2,138	16%	2,177	17%
Interest only (partially)	4,554	34%	4,563	36%
Annuity	5,552	42%	4,772	38%
Linear	464	3%	484	4%
Savings	48	0%	56	0%
Life insurance/investments	528	4%	593	5%
Total	**13,284**	**100%**	**12,644**	**100%**

Breakdown Dutch Mortgage loan Interest only (100%) portfolio per loan-to-value bucket

in EUR millions	2023		2022	
NHG	58	3%	59	3%
<=50%	1,646	77%	1,773	81%
>50% and <=70%	369	17%	267	12%
>70% and <=100%	46	2%	49	2%
>100%	19	1%	28	1%
Total	**2,138**	**100%**	**2,177**	**100%**

Arrears overview, Dutch Mortgage Loan portfolio

	Arrears allocation		IFRS 9 Stage 3		IFRS 9 Stage 1 and Stage 2	
in EUR millions	2023	2022	2023	2022	2023	2022
No payment in arrear	13,179	12,504	93	68	13,086	12,437
0-30 days	80	106	19	22	61	84
31-60 days	13	18	7	8	6	10
61-90 days	3	5	2	2	1	3
Over 90 days	9	11	9	11	0	0
Total	**13,284**	**12,644**	**130**	**111**	**13,154**	**12,534**

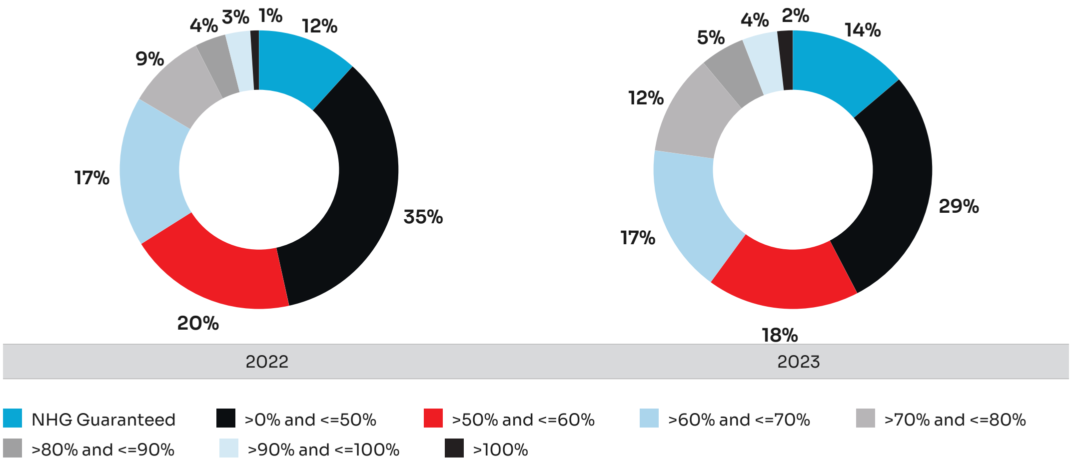
PD allocation of Dutch mortgage loans

	Own book Dutch mortgage loans			Securitised Dutch mortgage loans	
in %	2023	2022[1]	2022	2023	2022
<= 1%	90.3	89.1	97.5	-	99.4
1%> <=2%	3.4	4.2	0.7	-	-
2%> <=5%	2.4	2.5	0.3	-	0.4
5%> <100%	3.0	3.2	0.6	-	0.1
100%	0.9	0.9	0.9	-	0.1
Total	**100**	**100**	**100**	**-**	**100**

1 For our probability of default (PD) estimates, a new improved model was introduced during 2023. For comparison reasons of results of the old and new model presented side by side per 2022FY. The PD distribution changed primarily due to a new model which captures the PD (including the new definition of default) more accurately.

An indicator for potential losses, taking into account indexation of house prices and seasoning, is the Loan-to-Indexed-Market-Value (**LTIMV**). The indexation is made by using the CBS/Kadaster index, which is based on market observables. The Kadaster (national property register) is a public government register of real estate and their vested rights (e.g. ownership and mortgages). This register contains transaction data as well as CBS (Statistics Netherlands) data, which are used to construct a pricing index. The following graph shows a breakdown of the LTIMV for the total Dutch Mortgage Loan portfolio at the relevant measurement dates. The average seasoning of the total portfolio is approximately 7 years (6 years in 2022), 1.8% of the total portfolio has an LTIMV above 100%. For the remainder of the portfolio, the indexed collateral value is more than or equal to the nominal loan balance outstanding or is a NHG guaranteed mortgage loan.

Dutch Mortgage Loan portfolio per LTIMV bucket



GERMAN MORTGAGE LOAN PORTFOLIO

The German Mortgage Loan portfolio, which is a closed book, amounted to EUR 5 million at 31 December 2023 (31 December 2022: EUR 6 million). The collateral value of this portfolio amounted to EUR 19 million at 31 December 2023 (31 December 2022: EUR 21 million). The majority of mortgage loans in Germany contain an annuity debt profile, leading to a lower outstanding balance during the lifetime of the loan.

Corporate loans

CORPORATE LOAN DISTRIBUTION

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

Corporate loan exposure per portfolio and region, 31 December 2023

in %	Commercial Real Estate	Corporate Treasury	Digital Infrastructure	Shipping	Automotive financing	Non-Core	Total	Total (in EUR millions)
The Netherlands	22	18	5	3	5	5	58	4,393
Germany	-	0	6	2	-	4	12	878
United Kingdom	1	-	6	1	-	6	15	1,104
The rest of Europe	1	-	9	5	0	0	14	1,083
Other	-	-	-	1	-	0	2	130
Total	**24**	**18**	**25**	**13**	**5**	**15**	**100**	**7,588**
Total (in EUR millions)	**1,843**	**1,336**	**1,893**	**955**	**385**	**1,176**		**7,588**
Expected Recovery[1]	**1,569**	**1,291**	**1,508**	**799**	**354**	**893**		**6,414**

1 Including the financial effect of collateral.

Corporate loan exposure per portfolio and region, 31 December 2022

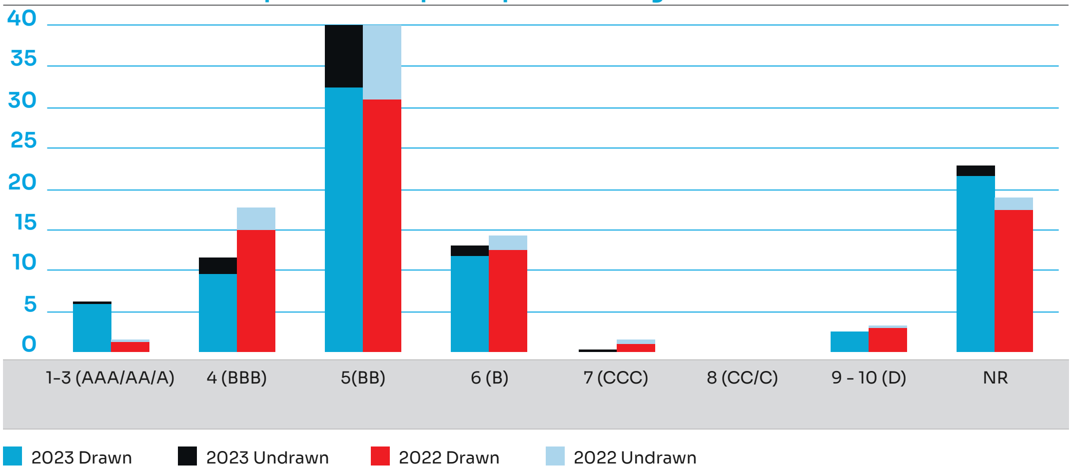
in %	Commercial Real Estate	Corporate Treasury	Digital Infrastructure	Shipping	Automotive financing	Non-Core	Total	Total (in EUR millions)
The Netherlands	21	15	5	4	3	9	58	4,586
Germany	1	0	4	1	-	5	12	952
United Kingdom	1	-	4	1	-	7	14	1,110
The rest of Europe	1	-	6	5	0	2	13	1,060
Other	-	-	-	3	-	0	3	237
Total	**23**	**15**	**19**	**14**	**3**	**25**	**100**	**7,945**
Total (in EUR millions)	**1,857**	**1,222**	**1,545**	**1,115**	**252**	**1,954**		**7,945**
Expected Recovery[1]	**1,550**	**1,147**	**1,201**	**928**	**222**	**1,524**		**6,571**

1 Including the financial effect of collateral.

The weighted average CCR of the non-defaulted clients improved to 5 with an average PD of 1.24% at 31 December 2023. (31 December 2022: 5- or 1.37%). The credit quality in terms of CCRs remained concentrated in the sub-investment grade categories 5 and 6 (BB and B categories in external rating agencies' scales).

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

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

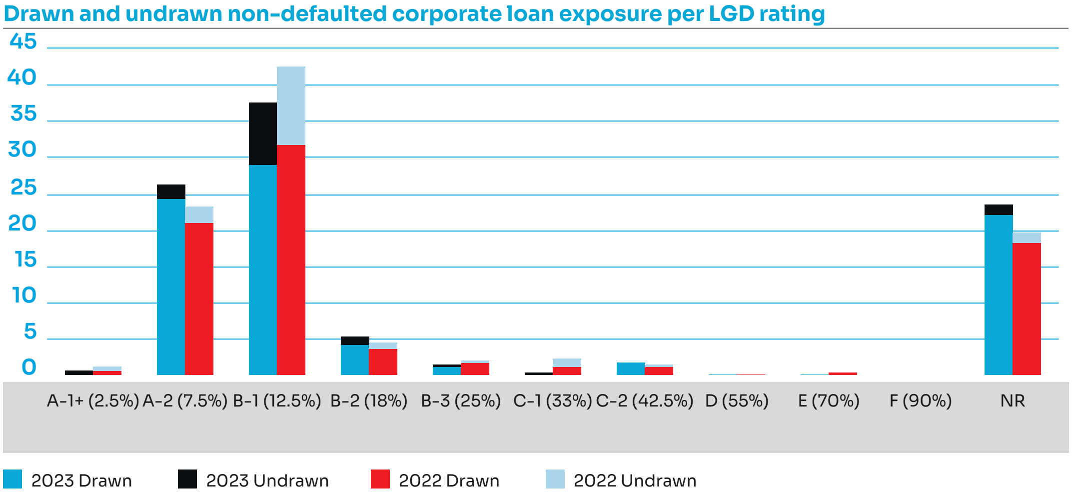


COLLATERAL AND LOSS GIVEN DEFAULT

NIBC's internal LGD scale consists of 7 grades (A-F) and 10 notches, each of which represents a different degree of recovery prospects and loss expectations. LGD ratings are facility-specific. The weighted average LGD remained stable at B-1 grade with slightly improved average LGD of 12.9% at 31 December 2023 (31 December 2022: 13.7%). The weighted average LGD is calculated for non-defaulted loans and is weighted by EAD. The asset classes that are part of NIBC's strategic focus are all well collateralised, the other facilities have some form of collateralisation, resulting in LGDs concentrated (at inception) in those LGD categories that correspond to high recoveries in the range of 80% and 90%.

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

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



The most significant types of collateral securing the loan and derivative portfolios are tangible assets, such as real estate, vessels and equipment. Exposures in the shipping sector are primarily secured by moveable assets such as vessels. The weighted average loan-to-value of the shipping portfolio is 41%. The Commercial Real Estate portfolio is primarily collateralised by mortgages on financed properties. The weighted average loan-to-value of the commercial real estate portfolio is

55%. The fair value of collateral affects the LGD and therefore indirectly affects the calculation of ECL and is generally assessed at inception and periodically re-assessed thereafter. Collateral value on a going concern basis is estimated using third-party appraisers, whenever possible, or valuation techniques based on common market practice. Realisable collateral value is determined as collateral value after haircuts for factors such as business cycle, location, asset construction status or guarantor counterparty rating. Other commercial exposures are, to a large extent, collateralised by assets such as inventory, debtors, lease and other receivables and third-party credit protection (e.g. guarantees).

ARREARS

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

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

Corporate loan amounts in arrear, 31 December 2023

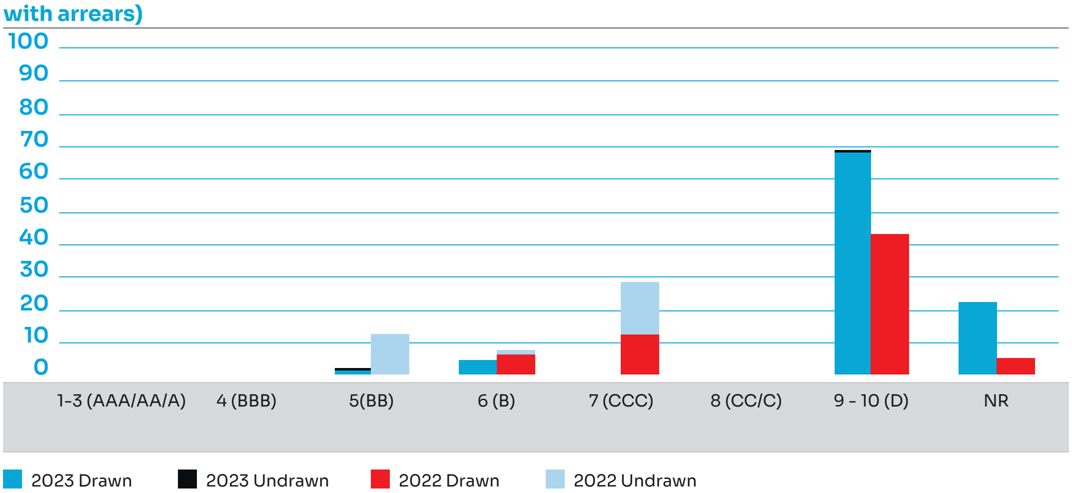
	Exposure						Amount in arrear		
in EUR millions	Total	% of Ex-posure	Stage 3 ECL	Stage 1 and Stage 2 ECL	POCI	FVtPL	Total	% of On-balance	Impair-ment amount
Age of payment in arrear									
1 - 5 days	4	0.0%	-	4	-	-	2	0.0%	-
6 - 30 days	13	0.2%	13	-	-	-	0	0.0%	3
31 - 60 days	30	0.4%	-	30	-	-	31	0.5%	-
61 - 90 days	-	0.0%	-	-	-	-	0	0.0%	-
Subtotal less than 90 days	**47**	**0.6%**	**13**	**34**	**-**	**-**	**33**	**0.5%**	**3**
Over 90 days	85	1.1%	74	7	3	0	50	0.8%	37
No payment in arrear	7,456	98.3%	39	7,142	117	159		0.0%	66
Total	**7,588**	**100.0%**	**126**	**7,182**	**120**	**159**	**83**	**1.3%**	**107**

Corporate loan amounts in arrear, 31 December 2022

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

The rating distribution of the exposure amounts of all loans with an amount in arrears is shown below. Arrears in 2023 are concenrated in the defaulted portfolio. Given the high percent of the portfolio with no payment arrears, movements within the arrears portfolio between ratings is more visible.

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



The following tables provide the total forborne outstanding in NIBC's Corporate and Investment Loan portfolio per portfolio and per region. The forborne outstanding is divided in performing and non-performing outstanding. The forborne exposure has reduced largely due to the reduction of the non-core portfolio.

Forborne exposure per region, 31 December 2023

In EUR millions	Exposure Non-performing	Exposure Performing	Total Exposure	Impairment amount
The Netherlands	49	9	58	29
Germany	117	17	134	60
United Kingdom	3	-	3	3
The rest of Europe	13	-	13	3
Other	0	-	0	0
Total	**182**	**26**	**208**	**95**

Forborne exposure per region, 31 December 2022

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

Forborne exposure per ECL stage

In EUR millions	2023 Exposure amount	2023 Expected credit loss	2023 Write-offs	2022 Exposure amount	2022 Expected credit loss	2022 Write-offs
Stage 1						
Commercial Real Estate	9	0	-	-	-	-
Corporate Treasury	-	-	-	-	-	-
Digital Infrastructure	-	-	-	-	-	-
Shipping	-	-	-	-	-	-
Other	-	-	-	58	0	-
Total stage 1	**9**	**0**	**-**	**58**	**0**	**-**
Stage 2						
Commercial Real Estate	-	-	-	25	0	-
Corporate Treasury	-	-	-	-	-	-
Digital Infrastructure	-	-	-	13	0	-
Shipping	-	-	-	-	-	-
Other	17	0	-	91	3	-
Total stage 2	**17**	**0**	**-**	**129**	**4**	**-**
Stage 3						
Commercial Real Estate	-	-	-	18	4	-
Corporate Treasury	-	-	-	-	-	-
Digital Infrastructure	13	3	-	-	-	-
Shipping	-	-	-	19	9	-
Other	86	44	23	81	48	8
Total stage 3	**99**	**48**	**23**	**118**	**61**	**8**
Total stages 1, 2 and 3	**125**	**48**	**23**	**304**	**65**	**8**
Other loans						
POCI	83	47	-	106	60	-
FVtPL	0	-	-	7	-	-
Total amounts	**208**	**95**	**23**	**417**	**124**	**8**

ECL AMOUNTS

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

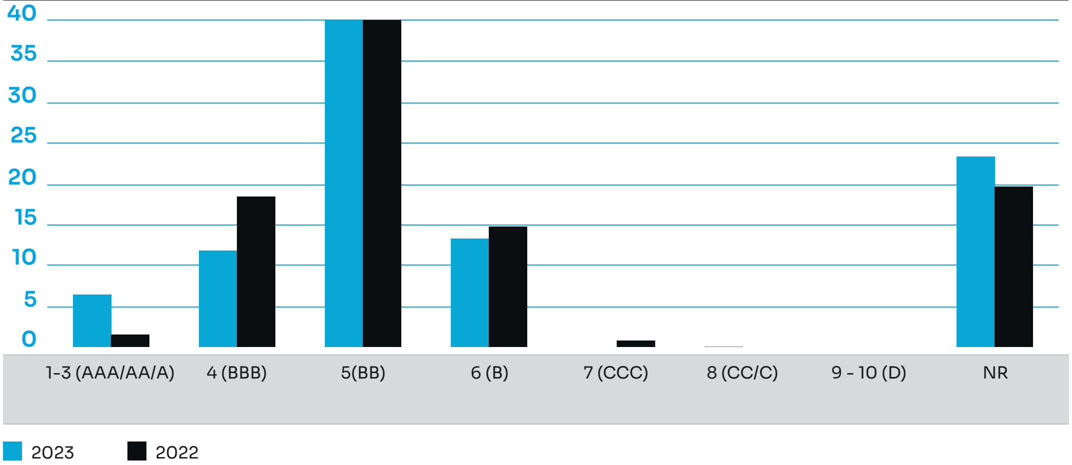
Expected credit losses per region

in EUR millions	2023 Exposure amount	2023 Expected credit loss	2023 Write-offs	2022 Exposure amount	2022 Expected credit loss	2022 Write-offs
Stage 1						
The Netherlands	4,029	9	-	4,142	11	-
Germany	698	3	-	720	2	-
United Kingdom	1,045	2	-	1,005	2	-
The rest of Europe	1,009	4	-	1,025	4	-
Other	96	0	-	200	1	-
Total stage 1	**6,877**	**18**	**-**	**7,093**	**20**	**-**
Stage 2						
The Netherlands	176	1	-	189	2	-
Germany	29	3	-	73	3	-
United Kingdom	56	3	-	69	4	-
The rest of Europe	41	1	-	19	0	-
Other	3	0	-	7	0	-
Total stage 2	**305**	**7**	**-**	**358**	**9**	**-**
Stage 3						
The Netherlands	48	29	1	59	37	11
Germany	62	20	0	45	11	2
United Kingdom	3	3	23	35	18	2
The rest of Europe	13	3	0	0	0	9
Other	0	0	-	0	0	6
Total stage 3	**126**	**56**	**24**	**139**	**65**	**30**
Total of stages 1, 2 and 3						
The Netherlands	4,253	39	1	4,390	49	11
Germany	789	26	0	839	16	2
United Kingdom	1,104	8	23	1,110	23	2
The rest of Europe	1,063	8	0	1,044	5	9
Other	100	0	-	207	1	6
Total stages 1, 2 and 3	**7,309**	**81**	**24**	**7,590**	**94**	**30**
Other loans						
POCI	120	51	23	160	63	1
FVtPL	159	0	-	195	0	-
Total amounts	**7,588**	**132**	**47**	**7,945**	**157**	**32**

CORPORATE LOANS WITHOUT STAGE 3 ECL OR ARREARS

At 31 December 2023, the size of the corporate loan exposure carrying stage 1 and stage 2 credit losses equalled EUR 7,595 million or 94.9% of the total Corporate Loan portfolio (31 December 2022: EUR 7,450 million or 93.8%).

Distribution of exposure amount without impairments or arrears per rating category



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

Lease receivables

Lease receivables exposure is related to a single counterparty with an exposure of EUR 7 million. This exposure is defaulted, non-performing and substantially impaired.

Debt investments

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

RISK MONITORING AND MEASUREMENT

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

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

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

DEBT FROM FINANCIAL INSTITUTIONS AND CORPORATE ENTITIES

NIBC invests in debt (bonds) issued by financial institutions and sovereigns. Of the total exposure, 68% (31 December 2022: 58%) were covered bonds. The remaining 32% (31 December 2022: 42%) was senior unsecured debt.

The exposure amount of EUR 328 million at 31 December 2023 represents the maximum credit risk exposure, without taking into account the presence of any collateral that could be repossessed in case of default. The portfolio did not contain any credit default swap exposures.

Debt of financial institutions and corporate entities, 31 December 2023

In EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
Financial institutions	160	43	45	-	-	-	-	248
Sovereigns	63	17	-	-	-	-	-	80
Total	**223**	**60**	**45**	**-**	**-**	**-**	**-**	**328**

Debt of financial institutions and corporate entities, 31 December 2022

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

At both 31 December 2023 and 31 December 2022, the portfolio of debt from financial institutions and sovereigns had no credit losses and contained no arrears.

SECURITISATIONS

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

The following tables present an overview of NIBC's total securitisation exposure resulting from its activities as investor in securitisations. The exposure relating to NIBC's activities as an originator can be split into exposures related to consolidated and non-consolidated securitisations. If a securitisation programme is consolidated on NIBC's balance sheet, the exposure to the underlying collateral is excluded from the securitisation exposure and included in the total exposures presented earlier with respect the credit risk of the residential Mortgage Loan portfolio. NIBC's total exposure as an originator to consolidated securitisations was EUR 161 million at 31 December 2023 (31 December 2022 EUR 186 million).

NIBC distinguishes two Securitisation sub-portfolios: the Liquidity Investments portfolio and the portfolio of European Securitisations. The Liquidity Investments portfolio invests part of NIBC's excess liquidity where our investments are primarily AAA rated RMBS or ABS transactions backed by European collateral (e.g. French and German mortgageloans, car loans and credit card receivables) and are eligible to be pledged as collateral with the European Central Bank (ECB). The portfolio of investments in European securitisations also contains NIBC's own non-consolidated securitisations which are subject to relevant (delegated) internal approval process. NIBC does not use Fitch as a provider of external ratings and as such securitisations with only a rating of Fitch are classified as Not Rated (NR).

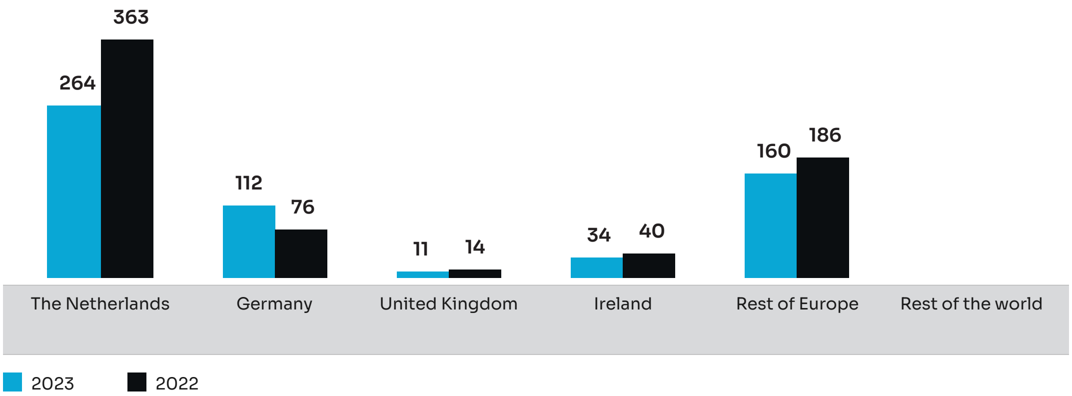
Exposure to securitised products, 31 December 2023

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
EU - RMBS AAA Liquidity portfolio	284	-	-	-	-	-	71	355
EU- ABS AAA Liquidity portfolio	155	-	-	-	-	-	26	181
Total Liquidity portfolio	**439**	**-**	**-**	**-**	**-**	**-**	**97**	**536**
European securitisations	-	-	28	12	-	4	-	43
Total securitisation exposure	**439**	**-**	**28**	**12**	**-**	**4**	**97**	**579**

Exposure to securitised products, 31 December 2022

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
EU - RMBS AAA Liquidity portfolio	323	-	-	-	-	-	78	400
EU- ABS AAA Liquidity portfolio	143	-	-	-	-	-	19	162
Total Liquidity portfolio	**466**	**-**	**-**	**-**	**-**	**-**	**97**	**563**
European securitisations	25	18	33	20	3	7	11	116
Total securitisation exposure	**491**	**18**	**33**	**20**	**3**	**7**	**107**	**679**

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



EXPECTED CREDIT LOSSES ON SECURITISATIONS

The Securitisations portfolio is reported at amortised cost or fair value for accounting purposes and the respective assets are subject to a quarterly impairment monitoring process. ECL related to stage 3 are taken when the expected future cash flows are insufficient to meet the payment obligations. The stock of stage 3 credit losses remained at EUR 0 million at 31 December 2023 (31 December 2022: EUR 0 million).

Distribution of securitisation exposure without impairments, 31 December 2023

Book value, in EUR millions	AAA	AA	A	BBB	BB	<BB	NR	Total
Securitisation exposure without impairments	439	-	28	12	-	4	97	579

Distribution of securitisation exposure without impairments, 31 December 2022

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

Cash management

NIBC is exposed to credit risk as a result of cash management activities. In 2023, NIBC's risk management framework for cash management continued its conservative approach, taking into account the volatile financial markets.

RISK MONITORING AND MEASUREMENT

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

CORRESPONDENT BANKING AND THIRD-PARTY ACCOUNT PROVIDERS

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

EXPOSURES

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

Cash, 31 December 2023

In EUR millions	AAA	AA	A	≤BBB	Total
Cash and balances with central banks	1,983	11	-	-	1,994
Financial institutions	-	54	380	9	443
Corporate entities	4	-	-	-	4
Total	**1,987**	**65**	**380**	**9**	**2,441**

Cash, 31 December 2022

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

Cash collateral has been excluded from the cash management exposure as this amount is restricted cash that relates to derivatives with a negative fair value. At both 31 December 2023 and 31 December 2022, this portfolio carried no impairments and no arrears.

Derivatives

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

RISK MONITORING AND MEASUREMENT

Credit risk in derivatives is based on the marked-to-market value and Potential Future Exposure (**PFE**) of the derivative. The PFE reflects a potential future change in marked-to-market value during the remaining lifetime of the derivative contract. For financial institutions, separate limits for credit risk are in place, based on the external credit rating. For corporate clients, NIBC enters into a derivative transaction as part of its overall relationship with the client. The credit approval process for these derivatives is closely linked to the credit approval process of the loan. Limit-setting proposals for both financial institutions and corporate counterparties are reviewed in the TC. For financial institutions, collateral postings under a CSA are taken into account. In 2023, NIBC continued the common practice to offset assets and liabilities with central clearing members. Derivatives with the same characteristics, being counterparty, maturity bucket and currency are netted for disclosure purposes. For corporate counterparties, both the loan and derivative are treated as a single package whereby the derivative often benefits from the security/collateral supporting the loan exposure.

COLLATERAL

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

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

Derivative exposure including netting and collateral (SA-CCR:EAD), 31 December 2023

In EUR millions	AAA	AA	A	BBB	BB	B	CCC	CC	C	D	NR	Total
Financial institutions	-	-	101	-	-	-	-	-	-	-	-	101
Corporate entities	11	-	1	104	16	1	-	28	-	-	-	161
Total	**11**	**-**	**102**	**104**	**16**	**1**	**-**	**28**	**-**	**-**	**-**	**262**

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

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

VALUATION OF CORPORATE DERIVATIVES (CREDIT AND DEBT VALUE ADJUSTMENTS)

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

ARREARS

NIBC applies a threshold for determining whether a derivative carries a non-material arrear. The criteria for this threshold are the same as for the portfolio of corporate loans. If amounts in arrear fall below the threshold (EUR 100,000), they are considered insignificant and are therefore excluded. The application of the threshold does not influence the total arrears for 2023 and 2022.

There were no amounts in arrear for derivatives with financial institutions at 31 December 2023 and at 31 December 2022.

INTEREST RATE RISK IN THE BANKING BOOK (AUDITED)

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

NIBC Holding's banking book consists of:
- Corporate treasury
- Commercial treasury
- Mortgages
- Asset Based Finance
- Platforms
- Non-Core Activities

Risk appetite
The risk appetite for IRRBB is medium. From an economic value perspective the risk appetite is measured by the modified duration of equity and equal to 5 (with a tolerance of 7.5), while the risk appetite from an earnings perspective is measured by the impact on one-year earnings and equal to EUR 35 million (assuming a shift in interest rates of 100 bps).

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

In measuring BPV and VaR for the Banking Book the (credit) spreads have been excluded from cash flows and discounting, in line with EBA guidelines.
From the earnings perspective changes in interest rates occur both instantaneously and gradually over time. Earnings at risk (**EaR**) is calculated by means of the following measure:
- 12 months earnings impact due to a 200 bps gradual upwards or downwards interest rate shock per currency.

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

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

Interest rate risk

INTEREST RATE RISK IN THE BANKING BOOK

NIBC's lending activities are predominantly in EUR, GBP and USD. As part of its risk management processes, NIBC enters into interst rate swaps in these currencies which results in an interest rate position. This translates into the IRRBB.

At 31 December 2023, the Mortgage loan book has a size of EUR 13.3 billion. For the Mortgage Loan portfolios notional hedging is applied to hedge the interest rate risk.

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

The following tables illustrate (in EUR) the interest rate sensitivity for EUR, USD and GBP in the interest rate position and remaining Banking Book at 31 December 2023 and 2022. For other currencies, the interest rate risk is minimal. The Earnings perspective numbers are the result of applying a gradual 200 bps upward shift of interest rates. The decrease in the BPV is mainly driven by a lower sensitivity in the interest rate position and the mortgages loans portfolio. The total EaR exposure increased partially due to a slight decrease in the interest position.

Interest rate statistics Banking book, 31 December 2023

	Economic value perspective (BPV)			Earnings perspective (EaR)		
in EUR thousands	Interest rate position	Other	Total	Interest rate position	Other	Total
EUR	(176)	(78)	(254)	(2,906)	17,234	14,328
USD	-	(15)	(15)	-	75	75
GBP	(4)	(16)	(20)	(390)	(1,044)	(1,435)
Other	-	(3)	(3)	-	143	143
TOTAL	**(180)**	**(112)**	**(292)**	**(3,296)**	**16,407**	**13,111**

Interest rate statistics Banking book, 31 December 2022

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

From the economic value perspective more detailed statistics with respect to the interest rate position are presented in the following table.

Interest rate statistics Mismatch book

	2023		2022	
in EUR thousands	Interest rate BPV	Interest rate VaR	Interest rate BPV	Interest rate VaR
Max[1]	(322)	3,523	(345)	3,718
Average	(258)	2,938	(295)	2,980
Min[2]	(180)	2,246	(146)	1,321
YEAR-END	**(180)**	**2,286**	**(314)**	**3,466**

1 Max: value farthest from zero
2 Min: value closest to zero

In the following table the interest BPV statistics of the Banking Book are presented. Credit spreads were excluded from the calculation, in line with EBA guidelines.

Interest rate BPV statistics Banking book

	2023		2022	
in EUR thousands	Banking Book	Banking Book excluding interest rate position	Banking Book	Banking Book excluding interest rate position
Max[1]	(663)	(365)	(631)	(310)
Average	(479)	(221)	(330)	(34)
Min[2]	(241)	(22)	(70)	2
YEAR-END	**(292)**	**(112)**	**(624)**	**(310)**

1 Max: value farthest from zero
2 Min: value closest to zero

MARKET RISK (AUDITED)

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

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

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

Risk appetite

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

Risk monitoring and measurement

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

Interest rate risk, credit spread risk and equity risk

Money Markets & Trading contains plain vanilla interest rate derivatives only.

Interest rate statistics Trading book NIBC

	2023		2022	
in EUR thousands	Interest rate BPV	Interest rate VaR	Interest rate BPV	Interest rate VaR
Max[1]	13	163	(44)	349
Average	2	67	(6)	99
Min[2]	0	36	(0)	51
YEAR-END	**5**	**49**	**4**	**67**

1 Max: value farthest from zero
2 Min: value closest to zero

NIBC's Banking Book has credit spread risk resulting from the debt investments it holds for liqudity purposes as well as posting collateral to other financial institutions. These instruments are classified as debt investments at fair value through other comprehensive income or debt investments at fair value through profit or loss.

Credit spread risk statistics Banking book

	2023		2022	
in EUR thousands	Credit spread BPV	Credit spread VaR	Credit spread BPV	Credit spread VaR
Liquidity / Collateral	(156)	1,471	(153)	1,556
Structured Credits	(18)	1,420	(18)	1,707

Currency risk

NIBC manages its overall currency position based on the currency positions in the monthly balance sheets. The material exposures in foreign currencies for NIBC are USD and GBP. NIBC uses matched funding and other measures to apply its policy of not taking any currency positions. Any currency position which does show at month end is caused by movements in the fair value of assets or liabilities or interest income in foreign currencies and is hedged by entering into FX spot transactions. The total open foreign currency position, by nominal amount, was EUR 3.1 million at 31 December 2023. This currency position is the position prior to hedging, which is always done shortly after month-end. Regulatory capital for currency risk is equal to EUR 0.25 million at 31 December 2023.

Furthermore, the impact of a reasonably possible yearly change (in absolute terms) of EUR against other currencies was calculated. At 31 December 2023 the sum of the absolute values of the impact for all currencies is equal to around EUR 0.26 million for NIBC.

LIQUIDITY RISK (AUDITED)

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

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

ASSUMPTIONS

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

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

The stress tests are used to determine the survival period. The survival period is the period the liquidity position remains positive in stress. The survival period was consistently above 12 months in 2023.

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

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

MATURITY CALENDAR CONSOLIDATED FINANCIAL POSITION

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

Liquidity maturity calendar, 31 December 2023

in EUR millions	Not dated	Payable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Liabilities (undiscounted future cash flows)							
Due to other banks	-	13	-	300	44	-	357
Deposits from customers	-	5,786	1,614	3,481	817	70	11,768
Debt securities in issue	-	-	215	472	5,335	2,132	8,154
Tax liabilities	-	-	-	-	0	-	0
Provisions	-	-	-	-	-	3	3
Accruals and other liabilities	-	-	-	67	-	-	67
Debt securities in issue related to securitised mortgages and lease receivables	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	61	260	321
Total liabilities (excluding derivatives and interest cash flows)	**-**	**5,800**	**1,829**	**4,319**	**6,257**	**2,465**	**20,670**

in EUR millions	Not dated	Receivable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Assets							
Cash and balances with central banks	-	1,994	-	-	-	-	1,994
Due from other banks	108	430	0	-	-	-	538
Debt investments at fair value through other comprehensive income	-	-	59	130	631	77	897
Debt investments at fair value through profit or loss	11	-	-	-	-	-	11
Mortgage loans at amortised cost	-	-	11	28	220	12,652	12,911
Corporate loans at amortised cost	-	-	1,122	468	3,602	997	6,189
Loans at fair value through profit or loss	-	-	30	115	8	-	153
Lease receivables	-	-	5	-	-	-	5
Equity investments (including investments in associates)	124	-	-	-	-	-	124
Investment property	24	-	-	-	-	-	24
Property and equipment	26	-	-	-	-	-	26
Assets held for sale	-	-	-	-	-	-	-
Current tax	4	-	-	-	-	-	4
Other assets	-	-	-	14	-	-	14
Total assets relevant for managing liquidity risk at fair value (excluding derivatives and interest cash flows)	**297**	**2,424**	**1,225**	**756**	**4,461**	**13,726**	**22,890**

Liquidity maturity calendar, 31 December 2022

in EUR millions	Not dated	Payable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Liabilities (undiscounted future cash flows)							
Due to other banks	-	19	693	250	312	-	1,274
Deposits from customers	-	7,399	782	1,426	1,096	63	10,766
Debt securities in issue structured	-	-	288	817	3,394	2,622	7,122
Tax liabilities	-	-	-	-	-	6	6
Provisions	-	-	-	-	-	2	2
Accruals and other liabilities	-	-	-	109	-	-	109
Debt securities in issue related to securitised mortgages and lease receivables	-	-	-	-	-	221	221
Subordinated liabilities					61	246	307
Total liabilities (excluding derivatives and interest cash flows)	**-**	**7,418**	**1,763**	**2,602**	**4,863**	**3,161**	**19,807**

in EUR millions	Not dated	Receivable on demand	Due within three months	Due between three and twelve months	Due between one and five years	Due after five years	Total
Assets							
Cash and balances with central banks	-	2,087	-	-	-	-	2,087
Due from other banks	276	532	33	-	-	-	841
Debt investments at fair value through other comprehensive income	-	-	21	124	630	86	862
Debt investments at fair value through profit or loss	15	-	-	-	-	-	15
Mortgage loans at amortised cost	-	-	9	51	185	11,745	11,990
Corporate loans at amortised cost	-	-	913	799	3,325	1,112	6,149
Loans at fair value through profit or loss	-	-	11	38	94	-	143
Lease receivables	-	-	5	-	-	-	5
Equity investments (including investments in associates)	166	-	-	-	-	-	166
Investment property	26	-	-	-	-	-	26
Property and equipment	28	-	-	-	-	-	28
Assets held for sale	202	-	-	-	-	-	202
Current tax	0	-	-	-	-	-	0
Other assets	-	-	-	10	-	-	10
Total assets relevant for managing liquidity risk at fair value (excluding derivatives and interest cash flows)	**714**	**2,619**	**990**	**1,023**	**4,234**	**12,944**	**22,524**

Liquidity maturity calendar of derivatives, 31 December 2023

LIQUIDITY MATURITY CALENDAR DERIVATIVES

The following tables present the derivative financial instruments that will be settled on a net basis into relevant maturity classes based on the contractual maturity date at 31 December 2023 and 2022. The amounts disclosed in the tables are the contractual undiscounted cash flows.

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Derivatives held for trading					
Interest rate derivatives (net settled)					
Inflow	338	731	1,742	677	3,489
Outflow	(160)	(313)	(892)	(496)	(1,860)
Credit derivatives					
Inflow	0	0	0	0	1
Derivatives used for hedging					
Interest rate derivatives (net settled)					
Inflow	-	-	-	-	-
Outflow	-	(1)	(2)	-	(2)
FX forwards					
Inflow	424	-	-	-	424
Outflow	(430)	-	-	-	(430)
Total inflow	**762**	**731**	**1,743**	**677**	**3,913**
Total outflow	**(589)**	**(313)**	**(894)**	**(496)**	**(2,292)**

Liquidity maturity calendar of derivatives, 31 December 2022

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Derivatives held for trading					
Interest rate derivatives (net settled)					
Inflow	124	679	1,599	1,069	3,472
Outflow	(171)	(725)	(1,519)	(678)	(3,092)
Credit derivatives					
Inflow	0	0	0	0	1
Derivatives used for hedging					
Interest rate derivatives (net settled)					
Inflow	1	45	0	-	46
Outflow	(0)	(44)	(0)	(0)	(45)
FX forwards					
Inflow	773	-	-	-	773
Outflow	(773)	-	-	-	(773)
Total inflow	**898**	**724**	**1,600**	**1,070**	**4,291**
Total outflow	**(944)**	**(769)**	**(1,519)**	**(678)**	**(3,910)**

Liquidity maturity calendar off-balance sheet, 31 December 2023

LIQUIDITY MATURITY CALENDAR OFF-BALANCE SHEET

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

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

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

in EUR millions	Less than three months	Between three months and one year	One to five years	Five years or more	Total
Contract amount					
Committed facilities with respect to corporate loan financing	1,025	-	-	-	1,025
Committed facilities with respect to residential mortgages financing	332	-	-	-	332
Capital commitments	8	-	-	-	8
Guarantees granted	24	-	-	-	24
Irrevocable letters of credit	31	-	-	-	31
	1,419	**-**	**-**	**-**	**1,419**

Liquidity maturity calendar off-balance sheet, 31 December 2022

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

OTHER RISK TYPES (AUDITED)

Country risk is the risk that an entity defaults due to political, social, economical or financial turmoil in its applicable jurisdiction(s). Country risk can potentially be an important cause of increased counterparty default risk since a large number of individual debtors could default at the same time. NIBC did not experience any counterparty defaults from this risk in 2023.

NON-FINANCIAL RISK

Non-financial risk is the risk of a direct or an indirect loss from inadequate or failed processes or systems, from human error, fraud or external events. NIBC is exposed to non-financial risk in its regular course of business. The operating environment should not lead to adverse surprises where NIBC aims to maintain a solid "license to operate" meaning that the financial stability of NIBC should not be compromised by non-financial risks. To achieve this, adequate internal processes, systems and personnel play an important role in safeguarding against potential losses from external events. This also means ensuring NIBC operates within laws and regulations as well as with integrity. NIBC has a vested interest in ensuring legal risks are addressed for assets that it owns as well as transactions it undertakes.

Non-financial risk is integral part of NIBC's risk appetite framework. This framework encompasses a number of metrics across the non-financial risk spectrum which are continuously monitored and reported in various committees. Regulatory, Compliance (including integrity, client due diligence and anti-money laundering), Operational/process, and Legal risks are the main pillars of the non-financial risk appetite which cascades into more granular topics. This includes amongst others, items such as internal and external fraud as well as IT related incidents, information security, third party risk and data privacy. NIBC has a low appetite for non-financial risk and determines its risk indicators accordingly.

NIBC's Operational Risk Management (ORM) department provides a framework to identify and mitigate non-financial risk to a level that falls within the bank's risk appetite. This framework contains the following key elements:

- A structured risk identification based on a risk catalogue;
- Controls to mitigate risks and control testing to evidence their effectiveness;
- A semi-annual In Control process based on a Risk Control Self Assessment to establish the 'in-control' status of all departments as well as the organisation as a whole.

In addition to this, a new product approval and review process is in place to adequately manage the non-financial risk related to new product introductions.

Information Security provides a policy framework for NIBC to effectively manage the IT-related risks in such a way that it also complies with relevant regulations and sets a framework for business continuity and resilience.

Fraud risk
NIBC acknowledges the existence of fraud risk, which can arise from either internal or external events. The risk can lead to damages like financial loss, regulatory implications and/ or reputation damage. NIBC has a fraud risk assessment in place to identify and monitor these events.

External fraud events are inherent to the nature of our business, and are concentrated in our mortgage business, where they generally relate to incorrect loan applications. NIBC is consistently striving to enhance its capacity to identify external fraud risks as early as possible in its client onboarding processes in an efficient and effective manner. As one of the ways to achieve this, we review events and continuously improve our acceptance criteria.

Sustainability

At NIBC, our ambition is to enable the sustainability transition of our clients by financing assets. We believe it is our responsibility to be a sustainable business for the benefit of future generations.

As a bank that takes its social and environmental responsibilities seriously, we are better able to manage impacts and risks and pursue opportunities. Attention to sustainability enables NIBC to address changing customer needs. Retail customers want to protect themselves against energy price spikes, cost of living surges and other potential impacts and risks.

Sustainability and innovation are themes which will lead to promising developments in the asset classes and markets that we serve. Our corporate customers want to grow their businesses, retain their talented workforces and develop future-proof business models. Developing products and service with potential future impacts in mind enables us to support our customers in mitigate their risks. Additionally, as a regulated bank, we are well aware of our responsibility in helping to ensure a resilient financial system, enable a just transition, set a good example and to maintain trust in our industry.

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

DISCLOSURE REQUIREMENTS

For NIBC Bank, the principal regulatory requirements are contained in the Dutch Banking Code, the EU Taxonomy (Article 10 of Article 8 Delegated Act (EU) 2020/852) and the Dutch Decree on disclosure of non-financial information (Besluit bekendmaking niet-financiële informatie), which came into effect on 24 March 2017 as part of the transposition into Dutch law of the EU Non-Financial Reporting Directive (**NFRD**) (2014/95/EU, OJEU 201 330). NIBC has chosen to follow prudential consolidation principles and fulfil its disclosure requirements at the level of NIBC Holding. Consequently, these disclosures are included in the Annual Report 2023 of NIBC Holding. Please see the Corporate Governance sector for more details.

We are also guided by additional relevant frameworks and standards such as the Sustainability Development Goals (**SDGs**), the principles of the Taskforce for Climate-related Financial Disclosures (**TCFD**), and the UN Guiding Principles on Business and Human Rights (**UNGP**) reporting framework.

We offer insight into our 2023 performance by providing tables of "Sustainability Performance Indicators" related to material sustainability matters embedded within the sections related to each metric. Definitions for the Sustainability Performance Indicators presented in these tables and graphs are provided at the end of this report.

BUSINESS MODEL AND SUSTAINABILITY STRATEGY

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

Climate change and other sustainability topics have become a top priority for our clients and as an entrepreneurial bank NIBC wants to make a difference and help clients on their sustainability journey.

NIBC's approximately 600 employees serve over 450,000 retail clients and almost 500 corporate clients, professionally supporting companies and individuals in realising their dreams and ambitions with a sustainable future in mind. Our brands include NIBC and Lot Hypotheken. As a mid-sized financial institution operating from the Netherlands, the United Kingdom, Germany and Belgium, we are differentiated from peers in the markets we serve, in the product mix that we offer, in the granularity of our portfolios, and in our ability to adapt to changing market circumstances. Details of employees, exposures and customers served by location are incorporated by reference from the At a glance section.

Our upstream value chain consists primarily of our savings customers, debt investors and Blackstone as our shareholder. Downstream NIBC's value chain involves asset-based financings such as mortgages, commercial real estate, shipping and digital infrastructure. Human capital, our workforce, is at the center of our value creation model. Additional professional services business partners in IT, legal, audit and communications support NIBC to create value. Additional information in regard to NIBC's value chain is incorporated by reference from the Vision and Strategy section of this Annual Report.

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

Sustainability ratings

	Rating
Provider	
ISS	C+/Prime
Sustainalytics	18.3, low risk
RepRisk	AA
MSCI	A
Moody's	CIS-2, E-3, S-3, G-2

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

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

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

All of NIBC's sustainability ratings are unsolicited. We appreciate their coverage and aim to continue to enable their analysis of our sustainability strategy, policies and performance.

2023 Strategy update
During 2023, NIBC reviewed and revised NIBC's sustainability strategy.

Our sustainability ambition is to enable the sustainability transition of our clients by financing assets. NIBC's business model and strategy enables this ambition through tangible actions in each of our core asset classes. Different activities and asset classes have different transition pathways to net zero, depending on available technologies, infrastructure and other developments. We are pursuing opportunities to support our clients and suppliers in their transition journey, to prevent adverse impacts, to mitigate and manage risks, and to pursue low carbon innovations as they progress along science-based decarbonisation pathways.

For example, in Savings and Mortgages new client incentives aim to encourage improvements in energy efficiency, to support a just transition for households and to increase financial resilience by promoting savings. In Commercial Real Estate, capital is being mobilised to support energy-efficient renovations, adaptations, and use transformations of buildings, e.g. from office to modern residential property. In Digital Infrastructure NIBC supports the development and rollout of digital infrastructure to enable the transition to a low carbon economy.

Our strategy is guided by a common sense premise - sustainability and decarbonisation are everyone's responsibility and should be our business as usual. They should be among the considerations which are embedded and consistently applied across the business activities of our organisation. They should be balanced across environmental, social and governance factors.

We balance sustainability with other considerations, recognising that it is one of many drivers which create value for our stakeholders. Our business strategy involves the pursuit of opportunities but also involves risks and impacts, both negative and positive. We carefully weigh these in our business as usual and aim to transparently report in this sustainability disclosure on matters which we have determined to be material.

Sustainability performance indicators: Exposure within controversial sectors

in EUR millions	2023	2022
Fossil fuels (coal, oil and gas)[1]	0	51
Chemicals production	-	-
Controversial weapons	-	-
Tobacco cultivation & production	-	-
Total balances by controversial sector	**0**	**51**

1 excludes Shipping related activities

NIBC has very limited remaining exposures, EUR 121 thousand at year end 2023, to activities defined as controversial by the EU. NIBC has ended any new financings related to oil, gas and coal exploration or production. We are not involved in financing of chemicals production, controversial weapons, tobacco, marijuana or vaping. For clarity, NIBC's Shipping portfolio includes assets involved in transport of fossil fuels. Exposures and revenues for each of our core activities are incorporated by reference from the Key Figures section of this report. We continue to quickly act to reduce financed emissions and their impacts in support of the Paris Agreement. GHG emissions for each portfolio is disclosed in the Climate Change section of this chapter.

Sustainable Development Goals

The UN Sustainable Development Goals (**SDGs**) are a framework applied by NIBC and several SDGs are prioritised within our approach. These SDGs include Clean Energy (SDG7),Economic Growth (SDG8), Industry & Innovation (SDG9), Sustainable Communities (SDG11), and Responsible Consumption and Production (SDG12). By focusing on these SDGs, NIBC has also made contributions towards several other goals including Climate Action (SDG13), Gender Equality (SDG5) and Good Health (SDG3).

Launched in 2015, the SDGs have established 17 goals and 169 global sustainability targets for 2030. During 2023 NIBC performed an assessment of sustainability policies, Annual Report, and Sustainability disclosures to review our alignment with the SDGs and its underlying targets. Our alignment of disclosures to the SDGs is reported in our Sustainability Report. NIBC has embedded the SDGs in our Green Bond Framework by aligning the eligible categories to relevant targets which underpin the SDGs.

NIBC has been a signatory of the UN Global Compact (**UNGC**) since 2010. No UNGC violations were reported for 2023 (2022:0). Each year NIBC completes a UNGC commitment on progress report which is disclosed on the UNGC website. The disclosure reveals NIBCs actions to support the UNGC principles and SDGs. To demonstrate our commitment, an endorsement statement signed by our CEO is embedded in NIBC's annual Sustainability Report. The origins of NIBC and the United Nations are uniquely tied, having been created within weeks of each other in the Hague after the second world war. Today we remain neighbours as NIBC's headquarters is situated across from the Peace Palace (Vredespaleis) which hosts the seat of the International Court of Justice, the UN's highest court.

NIBC is also one of 138 financial institutions in 38 countries worldwide which have officially adopted the Equator Principles (**EPs**). The EPs are a risk management framework for determining, assessing and managing environmental and human rights risks in project finance transactions.

REGULATORY CHANGE

The EU Corporate Sustainability Reporting Directive (**CSRD**) and the EU ESRS will become applicable for NIBC for our 2024 disclosure. NIBC has taken initial steps in this disclosure to adapt to these changing requirements. In our materiality assessment, NIBC has determined regulatory change to be a material theme for NIBC. Other potential future regulatory changes which will impact NIBC and our stakeholders are described in the Client change, Own workforce, Workers in the value chain and Affected Communities sections of this chapter.

Regulatory developments related to sustainability are complex and continuing to rapidly evolve. We continue to engage with authorities, take actions to remain compliant, adapt and pursue best practices together with peers, clients and business partners.

Climate change

NIBC’s ambition is to support the transition to a sustainable economy with a goal of limiting global warming to 1.5° in line with the Paris Agreement. Despite continued increasing global emissions and the resulting global warming effects, we believe it is important to maintain a 1.5° ambition and pursue an orderly and just transition.

NIBC aims to reduce adverse climate risks and impacts related to the assets we finance and to pursue positive impacts. Climate is also an interesting opportunity for NIBC to engage with clients and to develop products and services which help clients to transition and adapt to a changing environment.

In our materiality assessment process, we have determined climate change to be a material theme for NIBC to disclose. From an impact materiality perspective we expect a changing climate will impact all stakeholders directly and indirectly over the long term. From a financial materiality perspective, we expect climate to be a driver of risk in the medium to long term.

Sustainability performance indicators: Climate change

Estimated emissions[1]	2023	2022
Scope 1: direct emissions - energy	109	322
Scope 2: indirect emissions - purchased electricity (market-based)	-	-
Scope 2: indirect emissions - purchased electricity (location-based)	876	844
Scope 3: other indirect emissions		
GHG Category 1: Purchased goods & services	1	1
GHG Category 5: Waste	2,533	2,145
GHG Category 6: Business travel	129	124
GHG Category 7: Employee Commuting	167	20
GHG Category 15: Financings & investments	1,626,276	3,584,525
Total Scope 3	1,629,106	3,586,816
Total estimated emissions	**1,630,091**	**3,587,982**
Emissions baseline 2019	9,493,597	9,493,597
Emissions intensity		
Intensity per EUR million assets	71	156
GHG removals and storage in own operations	-	-
GHG emission reductions or removals outside value chain (carbon credits)	-	-

1 in tCO2e

Sustainability performance indicators: Energy consumption

	2023	2022
Total energy consumption from non-renewable sources[1]	565	1,669
Total energy consumption from renewable sources[1]	2,730	2,630
Energy intensity		
Intensity per EUR million assets	0.14	0.19

1 in MWh

EU TAXONOMY

NIBC Holding for the first time is reporting on Taxonomy KPIs and Green Asset Ratios (**GAR**). Our disclosure is based on data related to non-financial counterparties and was consolidated on a prudential basis.

NIBC Green Bond

Our efforts to originate sustainable assets continue to support funding opportunities for NIBC. These results are correlated to the assets allocated in NIBC's EUR 750 million 5-year green senior preferred bond issuance. The bond utilises NIBC's Green Bond Framework in its application of eligibility criteria aligned with the ICMA Green Bond Standard.

Disclosures for NIBC's Green Bond are externally assured each year. An independent (external) impact report for the green bond is also commissioned each year.

NIBC'S CLIMATE ACTION PLAN

NIBC publishes a Climate Action Plan within our Sustainability Report. Our plan describes actions we have taken and envision going forward to achieve our climate objectives. NIBC's decarbonisation targets are to achieve a 55% reduction in CO2e emissions by 2030 and achieve net-zero before 2050. We have already met the 2030 objective compared to our start in 2019. This was for a large part driven by the choice to end lending in Offshore Energy, leveraged finance and other non-core activities.

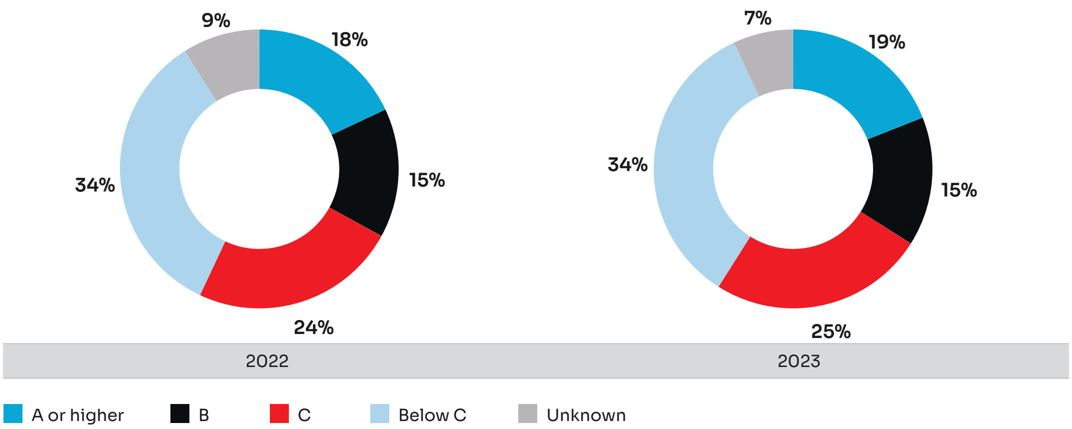
The main actions in our plan are 1) to end support for activities that can not or will not transition; 2) to engage with clients and business partners to transition and adapt; 3) to measure using best available information and continuously improve data quality; and 4) to set a good example and continue to progress in our own operations.

NIBC has adapted our strategy and business model to a changing world as part of our Focus and Accelerate strategy. Each of the core asset classes that we finance can transition and contribute to the shift towards a regenerative economy that better serves people, our planet and future generations. We have exited financing certain higher emitting non-core activities which in order to minimise our negative impacts.

NIBC mortgage customers take action

A 2023 Kien survey of NIBC's Dutch mortgage customers revealed that 68% of respondents have made or are currently making their home more sustainable. Of these 81% indicated that they did not request a new EPC label. Of the possible improvements, solar panels, roof or cavity wall insulation, and insulating windows were the most popular choices.

Mortgage loan balances by EPC Label



We perceive that customer awareness is also growing. In the same survey, almost half of the respondents know that they can get a mortgage loan from NIBC to make their home sustainable.

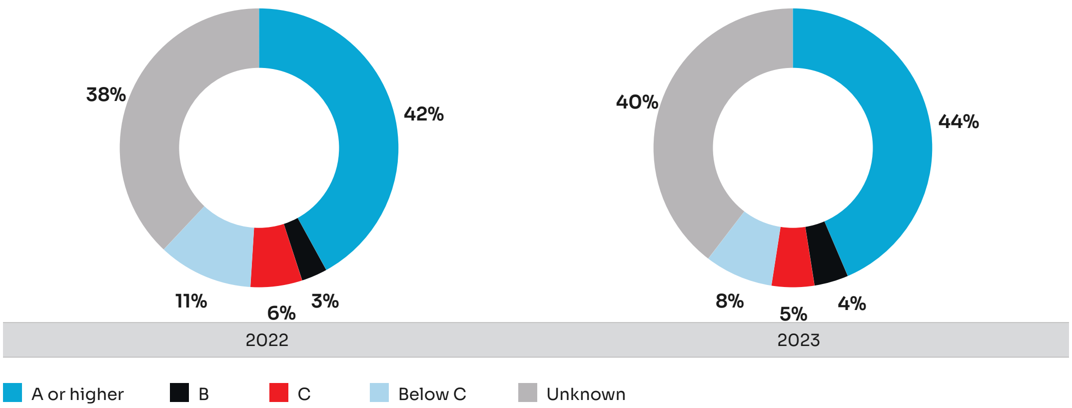
Decarbonisation levers

NIBC's financed emissions are dependent on the progress of our clients and overall society, therefore we engage with our clients, foster increased awareness and offer product solutions which facilitate energy efficiency improvements and emissions reductions. NIBC analyses CRREM and/or SBTI sectoral decarbonisation pathways for our core asset classes to ensure our transition plan is compatible with the objective of limiting global warming to 1.5 degrees.

By using decarbonisation levers which are practical relative to our financings, operations and related value chains NIBC is making progress. Such levers include energy efficiency improvements, fuel switching, use of renewables, and adjustments to products and services. Potential "locked-in" GHG emissions related to NIBC's financings have been mostly reduced due to actions taken in prior years. However this is an aspect that we continue to examine in our financings and supply chains.

During 2023 NIBC invested in its systems and workflows to collect client sustainability data. Mortgage sustainability data for 2023 used this new workflow. This investment will help NIBC to identify, assess, measure and ultimately mitigate risks and impacts related to climate change. We have an experienced Sustainability team in place, have set targets to reduce our emissions footprint, and have developed products which address impacts and help to build financial resilience. Reporting has been in place for many years. While our efforts to measure, decarbonise, transition and adapt go back many years, they will also need to further develop in the future.

CRE balances by EPC Label



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

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

NIBC’s climate strategy is approved by our ExCo and endorsed by our Supervisory Board. Progress and resource requirements are discussed periodically with NIBC’s ExCo, Supervisory Board and/or related senior management committees. The risks are managed within NIBC's three line of defence risk management structure.

CLIMATE POLICIES

NIBC's main policies related to climate change mitigation and adaptation are our Sustainability Policy, our Environment and Climate Policy which are applicable to NIBC Bank. Additional asset-class sustainability policies have been developed to manage and mitigate impacts and risks specific to an asset class. In our policies we commit ourselves to performing environmental due diligence, acting on the findings of our due diligence, and exclusion of financing toward assets that we deem to be outside of our risk appetite. Our sustainability policies are reviewed and approved by our RMC and are available on our corporate website.

NIBC ended new financings of fossil fuel exploration and production in 2019. Our Sustainability Policy and our Environment and Climate Policy commit NIBC to exclude financing of 1) fossil fuel (coal, lignite, oil, gas) exploration and production and 2) fossil fuel power generation. These policies also commit NIBC to measure the carbon intensity and emissions of our lending portfolios, engage with our clients to reduce emissions and to pursue best practices.

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

Regulatory changes

Climate-related regulations related to NIBC and our clients are substantive and continuing to evolve. CRE clients are facing potential new requirements under the EU Energy Performance Building Directive (**EPBD IV**). The EU Emissions Trading System (**ETS**) became applicable to shipping companies on 1 January 2024. NIBC monitored these developments throughout 2023 and in certain cases engaged external experts to conduct professional education sessions for our teams to build knowledge and awareness.

Climate actions

During 2023, NIBC launched initiatives which aim to improve the energy performance of mortgages. For example, improvement loans were launched for NIBC Buy-to-Let customers and new offerings were launched for NIBC residential mortgage and Lot Hypotheken customers. It is too early to tell the degree to which customers will take advantage of these offerings.

NIBC also continued to grow its digital infrastructure portfolio, financing assets such as EV charging networks which help to enable decarbonisation of transportation. In the shipping asset class, NIBC financed the first vessel with fixed air foils - wings which allow the vessel to benefit from wind power, reducing the reliance on fossil fuels.

As part of our climate transition strategy, we encourage our corporate clients to set Paris-aligned emissions targets and develop practical transition plans which pursue practical decarbonisation levers. For example, we support Shipping clients in their acquisition of dual-fuel vessels and/or use of low emission fuels. We encourage strategies which reduce fuel consumption and emissions such as slow steaming, regular hull cleaning and other actions. We promote energy-efficient digital infrastructure and efforts within this asset class to increase the sourcing of renewables. In commercial real estate, we support developers to acquire and renovate buildings.

These efforts are helping to rapidly transform the energy efficiency of buildings. We offer energy-efficiency incentives to retail customers seeking mortgages to acquire and/or renovate a property. Retrofittings and innovations are likely to play a key role across each of the assets classes where we are active.

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

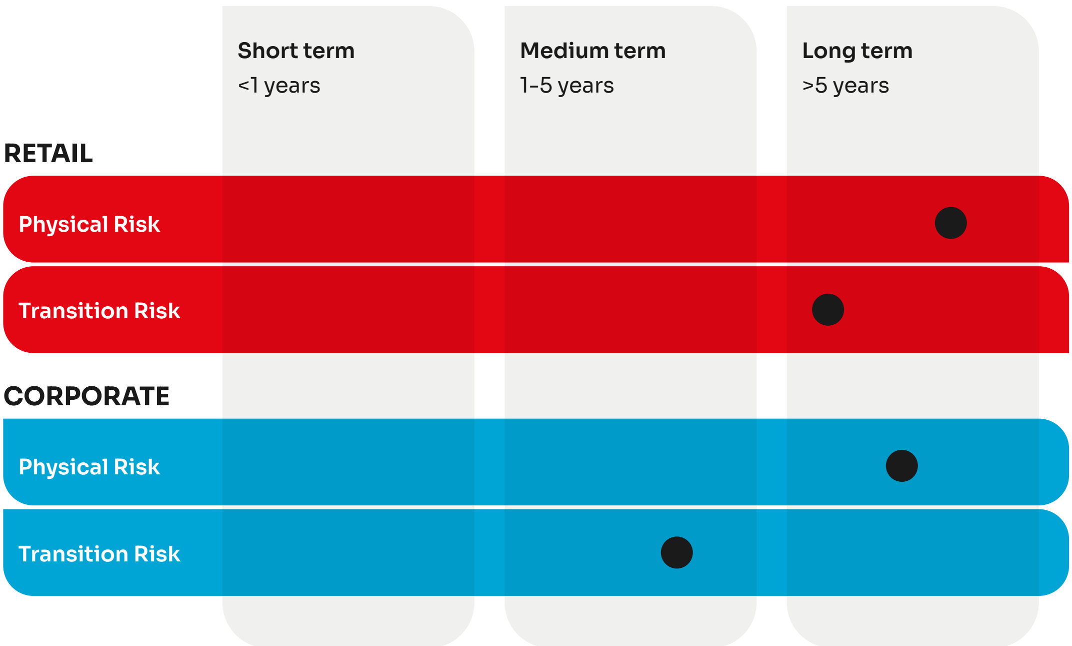
- Net zero emissions before 2050 related to our financings and operations following a Paris aligned, 1.5° scenario (not yet achieved);
- 55% reduction in emissions compared to 2019 baseline by 2030 (achieved);
- End financing of fossil fuel exploration and production (achieved).

We have the ambition to reach a Partnership for Carbon Accounting Financials (**PCAF**) data quality score of 1 or near to 1 across each of our core ABF asset classes in order to reducing our reliance on proxies.

CLIMATE-RELATED RISKS

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

Assessment of climate-related risk of our portfolios



In the short-term, the potential financial effects on NIBC from material physical and transitional climate risks are most likely immaterial. The main risk driver is the pace of regulation change, introduction or removal of subsidies and other incentives, and the introduction of disincentives such as carbon border taxes. Medium terms effects are also likely less material, with the exception of physical climate risk events such as a floods or cases of land subsidence. Long-term financial effects are potentially material both in terms of physical risk and transition risk but only if NIBC and its clients do not take appropriate actions. For example collateral valuations may be impacted by events or changing demands.

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

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

NIBC strives to meet supervisory expectations on climate and environmental risk in proportion to our business model and operating environment. ESG, climate and environmental risks are a component of NIBC's ICAAP and ILAAP and form part of our regular dialogue with supervisory authorities. We also engage with other stakeholder groups. For example, we surveyed students at RSM Erasmus and NIBC employees in regard to their sustainability priorities. In both cases, climate change was the top priority of these stakeholders.

EMISSIONS

NIBC's emissions substantially decreased in 2023 compared to 2022 and prior years. Total estimated emissions, including financed emissions, were 1.630 mln tCO2e (2022: 3.588), compared to our 2019 baseline of 9.493 mln tCO2e. The reduction in 2023 was mainly due to a decrease in non-core corporate loan balances and changes in factors sourced from PCAF.

We are proud to report that since 2019 NIBC has achieved an overall (Total Scope 1, 2 and 3) emissions reduction of 85%, well ahead of our target of a 55% reduction by 2030 and national and EU targets. Our progress is a result of the implementation of our Focus and Accelerate business strategy.

Emissions per segment

Estimated emissions[1]	Data quality	2023
Asset Based Finance		1,248,980
of which: Commercial Real Estate	PCAF score: 3	144,866
of which: Digital Infrastructure	PCAF score: 4	101,909
of which: Shipping	PCAF score: 5	1,002,205
Mortgages	PCAF score: 3	263,827
Non-Core Activities	PCAF score: 4	113,469
Total estimated indirect emissions (Financings & Investments)		**1,626,276**

1 in tCO2e

NIBC's emissions estimates are based on standard calculation and attribution methods. Our operational emissions (scope 1, 2 and non-financed scope 3 emissions) utilise Climate Neutral

Group's CO2 calculator in order to ensure we are using independently sourced factors comparable with other Dutch organisations for operational emissions. Scope 3 estimated financed emissions are based on Partnership for Carbon Accounting Financials (**PCAF**) methods for calculating these figures. Financed emissions include asset Scope 1, 2 and 3 emissions derived from PCAF.

Our 2019 emissions baseline is based on 2019 PCAF factors. Based on the availability of emissions data and quality of available data, we believe it also has been a reasonable baseline for our disclosure targets. Peak financed emissions for NIBC most likely occurred in years prior to 2019, when NIBC had larger exposures to higher emitting sectors. The baseline and our financed emissions figures do not include other financial institutions and asset and liquidity management activities.

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

In our own operations, Scope 1 emissions related to heating and cooling also substantially reduced. This was primarily due to steps taken to reduce use of energy in non-business hours and weekends. Consumption of renewable electricity increased in comparison to 2022. Emissions related to business travel and commuting increased slightly as our workforce chose to more frequently work in the office. Operational emissions related to waste grew in 2023, largely due to improved tracking and reporting. Figures for heating, electricity, and waste include (external) commercial and civil society tenants of NIBC’s facility in The Hague.

Our Facilities & Services department oversees improvements to NIBC's office buildings in The Hague. The energy performance certificates across our headquarters in the Hague range from EPC A to A++. All other NIBC operating locations involve leased office spaces. During 2023, our Frankfurt team moved to a new leased office location. The new location is rated Leed Gold and will enable our team to continue to provide excellent service towards our clients. The move also reduced by 7.22% the total office space owned or occupied by NIBC.

NIBC does not utilise carbon credits or offsets in our accounting of emissions. Our priority is to first reduce actual emissions whether operational or financed. NIBC does measure carbon emissions. Emissions, risk and impact mitigation measures and/or future plans are considered during our credit decisioning and engagement processes. This allows us to identify potential risks during our due diligence, take tangible steps with clients to decarbonise, prepare for future regulatory and market developments and improve asset sustainability performance. NIBC does not currently apply internal carbon pricing or assign a specific monetary value to the carbon emissions associated with our financings or operations.

Pollution

In our materiality assessment, NIBC has not determined pollution to be a material theme for NIBC. This does not mean it is not an important subject. NIBC’s main policies related to pollution are our Sustainability policy and our Environment and climate policy. This policy guides how we approach environmental issues such as pollution in our own operations as well as in our financings. Additional asset-class sustainability policies have been developed to manage and mitigate impacts and risks specific to an asset class.

Core elements of our policy are to pursue reductions of direct and indirect greenhouse gas emissions, to utilise best available technologies, and to avoid pollution to air, water and land. Our policy also aims to reduce micro-plastics, avoid ozone-depleting substances such as those listed in the Montreal Protocol, and to eliminate direct emissions to water of priority substances identified by the EU.

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

In our due diligence, NIBC also is addressing other pollution aspects. NIBC and its clients operate in a business environment where regulations drive and guide pollution mitigation and prevention processes in each asset class. For example, due diligence for commercial real estate involves soil testing among the environmental aspects when considering new buildings or certain redevelopments. Shipping clients apply IMO guidelines, certifications, and reporting structures for pollution related to ships they own, operate or manage.

In our own operations, heating and cooling of our office facilities result in emissions to the air. Pollutants to water and soil are negligible since we operate in one owned and several leased office spaces which were pre-existing and are located in urban environments. In our main location in The Hague, NIBC uses a heat pump system to reduce its annual gas consumption by 75% since 2017. Internal awareness campaigns are being used to inform and raise awareness among employees.

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

Marine and water resources

All life is dependent on water. The economy, human life and the ecosystems and ecosystem services that we use depend upon water. Over two-thirds of Earth is covered with water, which is why it is known as the blue planet.

In our materiality assessment, NIBC has not determined marine and water resources to be a material theme. This will remain the case provided we remain careful in our approach, diligent in our policies and due diligence, and continue to improve water management capabilities related to our financings and operations. These processes are described in the Sustainability Risk Management section of this chapter.

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

Ships in NIBC's portfolio undergo regular inspections, use approved marine coatings and undergo regular hull cleanings. The IMO has substantial guidelines, certifications, and reporting structures in place for the shipping industry in regard to its impact on marine resources. These policy and regulatory mitigants help to minimise impacts and risks. Water usage efficiency (**WUE**) and water source are among the metrics which are examined when NIBC considers financing a data center.

During the summer, Young NIBC organised a beach cleanup in Scheveningen, near NIBC's headquarters. A large group of NIBCers spent several hours collecting plastics, broken glass and other manmade waste from the beaches. If left within the marine environment, the plastics over time would have become additional microplastic pollution, an impact we are aiming to prevent. The activity inspired several additional beach cleanups as NIBC team events across the fall.

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

Biodiversity

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

In our materiality assessment, NIBC has not determined biodiversity to be a material theme. NIBC's impact on biodiversity through our operations and our financings is low. This will remain the case provided we remain careful in our approach, diligent in our policies and due diligence, and monitor biodiversity developments in proximity to our financings and operations. These processes are described in the Sustainability Risk Management section of this chapter.

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

A core policy principle is that we aim to avoid activities in or near high conservation zones on land or at sea. High conservation value forests and marine protection zones help to protect against biodiversity losses and diminishing ecosystem services. Land use change and its impact is an aspect that we continue to assess. NIBC has strengthened its policies to address any stakeholder concerns in regard animal welfare within remaining non-core activities.

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

During 2023 an awareness month was organised at NIBC to promote awareness about biodiversity and natural ecosystems. The Dutch national seed day was used as a catalyst for awareness. In May employees were invited for a workshop where they could construct their own bee hotels.

Circular economy

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

In our materiality assessment, NIBC has not determined circular economy to be a material theme. NIBC's impact on circularity through our operations and our financings is low. Circularity is among the aspects which are considered as part of NIBC's due diligence and monitoring processes. These processes are described in the Sustainability Risk Management section of this chapter.

Circularity is among the elements addressed within NIBC's sustainability policies and policy framework. Our Sustainability Policy and Environment and Climate policy provide an overarching and thematic policy approach and additional sector-specific sustainability policies are applied within NIBC Bank. For example, NIBC supports recycling, innovative and responsible waste management, and reducing the production and use of single use plastics.

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

During 2023 awareness sessions were organised at NIBC to promote employee awareness in regard to circularity. Our Facilities & Services team provided explanations on steps taken within our building to make NIBC's headquarters more circular. This included the purchase of refurbished chairs, reuse of drywall from our office building, tables made of recycled cardboard, and reuse of coffee grounds to grow mushrooms.

NIBC has also taken steps to reduce digital and electronic waste. Laptops and other electronic equipment are regularly donated to schools and other good causes after they have been securely cleaned in order that their life can be extended before ultimately recycling. In November our London team donated laptops to Jigsaw CABAS School, an indepedent day school for autistic children and young people. NIBC also donated laptops to RCR Medical Centre in Suriname in collaboration with our business partner Teslacom. An internal campaign was organised in January to encourage NIBC workers to delete unneeded and excess documents stored on servers and to help reduce digital waste.

Human rights

NIBC believes that respect for human rights is a basic corporate responsibility; towards our own employees, but also towards those people who are affected directly or indirectly by our actions.

NIBC's main policies related to human rights are our Sustainability Policy and our Human Rights Policy which are applicable within NIBC Bank. Additional asset-class sustainability policies have been developed to manage and mitigate impacts and risks specific to an asset class In our policies we commit ourselves to performing human rights due diligence, acting on the findings of our due diligence, and exclusion of financing towards assets that we deem to be outside of our risk appetite. Our sustainability policies are reviewed and approved by our RMC.

Our approach with regard to human rights has been developed over a number of years and is informed by regular discussions with stakeholders such as clients, investors and civil society organisations. Our policies are guided by the International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines, ILO conventions and the European Convention for the Protection of Human Rights and Fundamental Freedoms.

Our main policy commitments are to respect human rights and to promote freedom of association, freedom of expression and respect for international human rights law. We aim to avoid harmful practices such as discrimination, forced labour and modern slavery, and child labour. Our policies also exclude certain vice activities such as tobacco and gambling. Our sustainability policies are available on our corporate website.

Consumers

During 2023 societal attitudes have continued to evolve, influenced by developments in the world around them. People have been squeezed by numerous impacts such as affordability of housing, a structurally tight housing market, high inflation, high energy prices and rising interest rates. Rate increases and higher prices effectively reduce net income for many families.

In our materiality assessment, NIBC has determined client satisfaction to be a material theme. Interest rate rises from the ECB have translated into higher borrowing costs in NIBC's mortgage offerings to new customers, but also higher returns for customers which use NIBC's savings products. Climate change poses growing risks to mortgage clients that their home may not increase in value as much as in the past or the risk of an acute physical climate risk event. It also poses risks which may impact different segments in society in terms of a just transition.

Several policies are related to NIBC's products and services for consumers. Sustainability policy commits us to fair lending practices and to avoid greenwashing and misleading communications. General conditions are provided in the local language of the consumer's location. Privacy statements describe NIBC's approach taking into account applicable laws and regulations. NIBC's product approval (**NPARP**) and significant change (**SCARP**) processes include a review from sustainability and conduct subject matter experts. NIBC's The Complaints procedure on our corporate website guides customers and their legitimate representatives on the various possibilities to pursue a grievance.

Sustainability performance indicators: Client satisfaction

	2023	2022	2021
NPS score corporate lending clients	87%	86%	59%
NIBC customer survey score - Mortgages	8.3	8.5	8.1
NIBC customer survey score - Savings	8.0	8.1	7.6

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

Annual corporate NPS and retail customer satisfaction surveys are performed and results disclosed as part of the sustainability performance indicators provided within this report. Our corporate client NPS score increased slightly to +87% (2022:+86%) maintaining a very high level. The average retail customer satisfaction score across mortgages was 8.3 (2022: 8.5) and savings was 8.0 (2022: 8.1) reflecting high satisfaction by our savings and mortgage customers in the Netherlands, Belgium and Germany.

LOT WINS 2023 GROEN LOTUS

Lot Hypotheken was awarded the Groene Lotus newcomer award in 2023. The award celebrates the top sustainable mortgage offerings in the Netherlands. Lot won the <5 years category, reflecting its progress as a relatively new mortage label in the Dutch market. NIBC was particularly proud since the jury recognised efforts made by the Lot team to make sustainable improvements more affordable. NIBC views affordability is an aspect which is crucial to ensure a just transition.

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

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

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

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

Own workforce – our people

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

In our materiality assessment, NIBC has determined workforce satisfaction to be a material theme. We have a responsibility towards our employees, their health, well-being and ability to develop themselves. We have also continued to pursue efforts towards diversity, employee development and engagement. Hybrid and flexible working has become business as usual. Technology investments made in previous years have enabled this way of working as our business as usual approach without critical interruptions.

Sustainability performance indicators: Own workforce

	2023	2022	2021
Total number of employees (FTEs) end of financial period	600	621	637
Total number of non-employees (FTEs) end of financial period	20	-	-
Male/female ratio top management	70%/30%	73%/27%	77%/23%
Total number of males within top management (headcount)	66	75	90
Total number of females within top management (headcount)	28	28	27
Male-female pay gap as a % of gross hourly earnings of male paid employees	19.5%	26.2%	-
% of employees covered by collective bargaining (by agreement, country and region)	0%	-	-
% of employees entitled to take family-related leave	100%	-	-
Average training hours per employee	75	-	-
% of employee turnover (employees started)	12.3%	17.5%	16.1%
% of employee turnover (employees left)	15.5%	21.0%	17.6%
Total number of employees turnover (employees started)	77	117	108
Total number of employees turnover (employees left)	97	140	118

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

NIBC's main policies related to our workforce are our Managing Board, Supervisory Board and employee remuneration policies, our Staff Manual, our Diversity policy, our Health policy, our Development policy, our Employee Screening policy, our Code of Conduct and our Whistleblowing policy. The Remuneration Report within this Annual Report is herein incorporated by reference.

Throughout 2023, NIBC's CEO and CRO led the Bankers' Oath pledge with all new employees. This also involves signing a mirror with the pledge which is publicly visible in the lobby of our headquarters.

NIBC WORKS COUNCIL

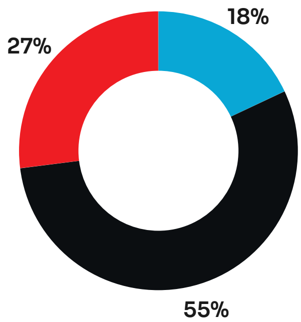
NIBC's Works Council is a body which represents employees in discussions with our Managing Board and Supervisory Board. The Council officially represents the employees on the Dutch payroll, but also acts for the benefit of all employees. They are the eyes and ears of employees and a critical sparring partner for company management. NIBC's Works Council is represented in the Dutch organisation for Works Councils for banks. At the same time, NIBC does not participate in the national collective bargaining agreements (**CBA**) for banks. 0% of our workforce are covered by national CBAs.

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

DIVERSITY AND INCLUSION

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

Diversity of employees by age



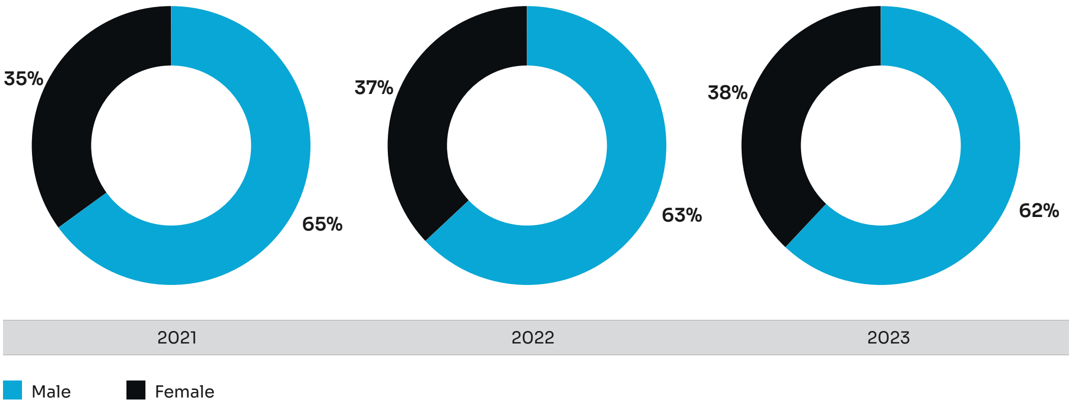
Percentage of employees by age

< 30 yrs old   30-50 years old   > 50 years old

Diversity in our workforce is seen as an opportunity. Therefore NIBC has developed a coherent set of measures and targets – also incorporating a broader diversity scope – which will help us to deliver results. As a mid-sized organisation, the most senior positions in our organisation are limited. This means change in a handful of positions can positively or negatively influence gender diversity or gender pay ratios at the top. Our diversity policy sets an objective that 30% of NIBC's Supervisory Board, the Managing Board and the ExCo is comprised of women or men. In early 2024 NIBC achieved a 50/50 gender ratio in our ExCo, fulfilling a long-term aspiration.

In order to facilitate an appropriately diverse pool of candidates for management body positions NIBC has set an overall target of 30% women at all function levels and within each business unit. Separate internal targets are set and monitored or inflow, career, outflow, to support reaching the overall target.

Male female ratio - employees



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

A supportive and empowering network of senior NIBC women, the NIBC Sisterhood community, has formed for mutual growth, encouragement, and to promote equality, personal development and positive relationships. The focus of the community is to provide a safe environment where women can share their experiences, challenges, and goals, and receive encouragement and guidance from their peers.

NIBC Diversity Committee

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

Diversity of workforce by nationality

	2023	2022	2021
Dutch	77%	76%	76%
Non-dutch	23%	24%	24%
# of nationalities	39	37	33

NIBC considers work-life balance an important factor in attracting and retaining employees. Having a balanced life means having enough time for leisure activities, pursuing hobbies, and spending quality time with family and friends. It also prevents burnout and stress, which can have negative impacts on employee physical and mental health. NIBC discloses gender pay gaps and when needed takes appropriate actions towards our goal of a near zero adjusted pay gap. Compensation indicators are disclosed in the Remuneration report.

In March, Robeco CEO Karin van Baardwijk joined an all-staff meeting at NIBC to celebrate International Womens Day. Ms. Van Baardwijk shared inspirational stories from her personal journey and discussed topics such as leadership, retention, and diversity and inclusion. The event raised awareness, challenged stereotypes and was a call for action on gender equality for NIBC's workforce.

Throughout 2023 NIBC continued to focus extra attention on raising awareness to promote a safe workplace, attracting a diverse talent pool, and creating equal opportunities for women and the LGBTI+ community. NIBC and its employees were once again active in celebrating Pride. Different initiatives and activities were organised during the month of July in order to coincide with Pride celebrations in each of our operating locations. Employees shared their own stories and reflections on NIBC's intranet. Internal programmes promoted the importance of ensuring the potential perception from the point of view of the recipient and to protect each other, speaking up if there are situations when someone may not feel comfortable to do so themselves.

No material fines, penalties and compensation for damages were incurred during 2023 related to incidents, complaints and violations within workforce related to work, social & human rights.

EMPLOYEE BENEFITS

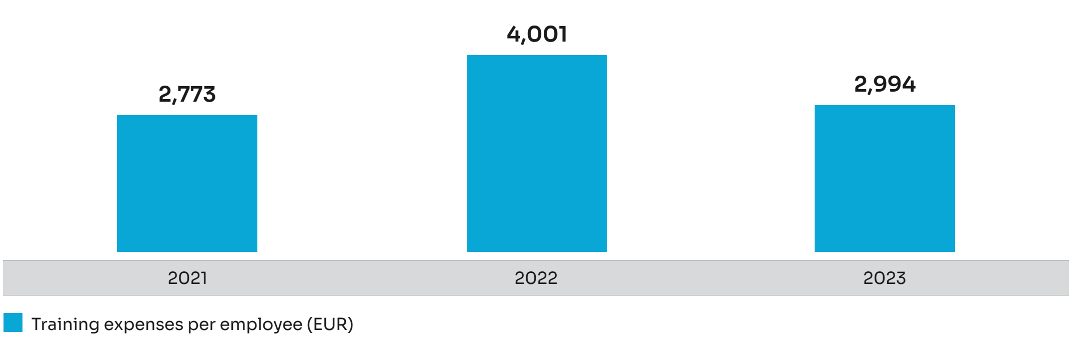
NIBC provides a modern set of employee benefits, which are flexible and well aligned with the realities of our business. An important aspect is the discretionary approach to compensation and benefits, which takes into account a range of considerations, including performance indicators, sustainability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

Among the benefits, NIBC offers a collective-defined contribution (**CDC**) pension scheme ensuring that employees build up a good pension, while also making pension costs predictable. Since 2014, NIBC has opted not to be part of the collective labour agreement for banking institutions in the Netherlands. Therefore, the Works Council – as the representative of all NIBC’s employees on the payroll in the Netherlands – became senior management’s direct interlocutor for negotiations in this important area. Overall 79% of workers are covered by workers representatives for social dialogue.

Personal development

We are dedicated to ensure that each of our people can grow and develop to make a difference. We rely on agile, frequent feedback sessions and training. At NIBC, each employee gets a personal development budget of EUR 2,500 for two years. Employees can choose from a wide variety of internally and externally organised offerings, allowing each employee tremendous flexibility to pursue their own career development goals. The average training expense during 2023 was EUR 2,994 (2022: 4,001) per employee. Based on total training expenses, on average each NIBC employee received 75 hours training during 2023.

Training expenses per employee



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

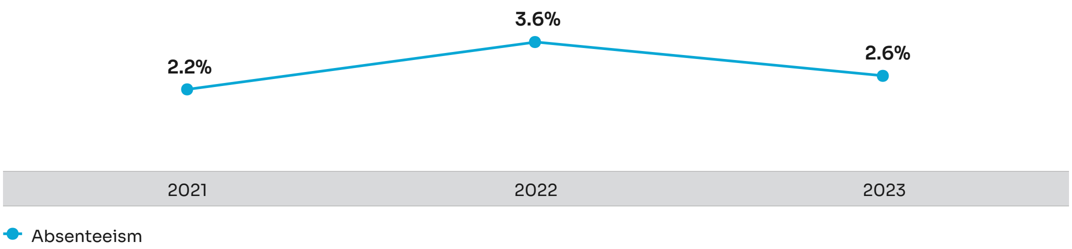
The Dare to Develop programme is a one year invitation-only programme aimed at our talented young professionals at mid-career level. The programme is developed in close cooperation with the participants and enhances personal effectiveness in influencing, consulting, negotiation and innovation.

Additional trainings were conducted at NIBC throughout 2023. These included phishing awareness, code of conduct, anti-bribery and corruption, prevention of fraud, incident reporting, and whistleblowing. Voluntary trainings and e-learnings available to staff within NIBC during 2023 included language courses, credit risk modeling, human rights, Equator Principles, climate and environmental risk, MIFID II, complaints handling, and biodiversity training. Good Habitz online e-learning trainings were offered to our workforce to provide quick, accessible training content on a diverse range of topics including personal health and vitality, sustainability, digital skills, language training and soft skills.

HEALTH AND SAFETY

Together, this package allows us to achieve low absenteeism, high engagement levels confirmed by our employment survey and continued improvement in our diversity indicators. No workers were paid below adequate wages. 100% of workers were covered by NIBC health and safety management systems. 100% of workers were entitled to take family related leave during 2023 and 12% took leave, balanced equally by gender 6% women, 6% men. Absenteeism decreased and remained very low at 2.6% in 2023 (2022: 3.6%). No severe on-site injuries or deaths were reported.

Absenteeism



During 2023 a new company doctor was introduced to NIBC's workforce. Influenza vaccinations were offered. NIBC Vitality hosted a number of activities and initiatives throughout 2023 which aimed to boost the health and vitality of NIBC's workforce. Fresh fruit was made available each week throughout the year in NIBC offices. An internal campaign was organised to encourage staff to boost their cardio by taking the stairs. A Vitality at Work month included activities designed to help boost employee health such as walks while at work, yoga sessions, and ginger shots to boost energy.

Workers in our value chain

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

In our materiality assessment, NIBC has not determined workers in the value chain to be a material theme. We therefore provide a limited disclosure to fulfil our obligation under the UNGPs and UNGP Reporting Framework. Value chain workers are considered as part of NIBC's sustainability due diligence and monitoring processes. These processes are described in the Sustainability Risk Management section of this chapter.

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

Identifying impacts on value chain workers is challenging for any business, particularly the impacts at lower tiers of chains where NIBC does not have a direct relationship. Therefore NIBC pursues several approaches to address impacts on workers in our value chains. These aim to address the impacts which take place within asset classes where NIBC is active. For example, NIBC was one of three banks which founded the Responsible Ship Recycling Standards (**RSRS**), an initiative in the shipping sector which helps to address value chain impacts and circularity in the sector. RSRS aims to ensure decent working conditions and environmental protections are in place throughout the lifecycle of a vessel.

NIBC uses the frameworks and methods prescribed in these international human rights standards to understand our responsibility, take appropriate measures and to further refine our grievance mechanisms. The effectiveness of our actions is very difficult to quantitatively measure. At the same time it represents a secondary opportunity to gather feedback from stakeholders and/or their representatives. Our distance to the impact often dictates the amount of influence that we have to mitigate the risks. We see such situations as opportunities for meaningful change and where possible to increase leverage.

Most of NIBC's targets related to impacts on value chain workers are currently qualitative. Civil society stakeholders have expressed that initiatives such as RSRS are having a meaningful and positive impact. We are engaging with clients and business partners to develop corporate policies and improve transparency and aim to be able to share our measurements in the future.

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

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

Affected communities

Communities can be affected by a variety of impacts. Communities are affected by developments such as a rising cost of living, higher energy prices, lack of student housing, unaffordable home prices, an ageing population and a tight labour market. The war in Ukraine has created new circumstances in which our communities have welcomed and provided refuge for displaced populations.

In our materiality assessment, NIBC has not determined affected communities to be a material theme. We therefore provide a limited disclosure to fulfil our obligation under the UNGPs and UNGP Reporting Framework. Affected communities are considered as part of NIBC's sustainability due diligence and monitoring processes. These processes are described in the Sustainability Risk Management section of this chapter.

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

Affected communities present opportunities for a just transition. For example, NIBC has supported the development of new student housing, the redevelopment of under-utilised properties in city centres, and the revitalisation of harbour areas. Such investments help to ensure that future needs will be met, communities are revitalised, buildings become more energy efficient, and that societal needs are met.

For example in November NIBC invited Schuldhulpmaatje Den Haag to join an employee awareness session on the importance of savings and financial health. Schuldhulpmaatje gave deep insights in regard to impacts on people who become overwhelmed by debt burdens and the importance of enabling and rebuilding financial resilience. Such situations can be triggered by unexpected life events such as an illness. NIBC's Special Services Mortgages team provides assistance in cases that arise for NIBC customers.

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

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

Business conduct

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

In our materiality assessment, NIBC has determined business conduct to be a material theme. Important national and international/European regulations applicable to NIBC include the Dutch Financial Supervision Act (Wft), anti-money laundering laws such as Wwft and AMLD4, as well as a.o. MiFID II, FATCA/CRS, GDPR and MAD/MAR.

Sustainability performance indicators: Business conduct

	2023
Number of confirmed incidents of bribery or corruption	-
Number of convictions and amount of fines for confirmed violation of anti-corruption or anti-bribery laws	-
Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery related incidents	-

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

Our Code of Conduct is a core policy which every new staff member signs when joining NIBC. Our Whistleblower policy provides safeguards for reporting any irregularities or suspicious behaviours. These are designed to ensure non-retaliation against complainants. Trusted representatives are available to guide internal complainants and anonymous channels are also offered. NIBC’s external complaints mechanism is available to all stakeholders and their legitimate representatives. When complaints are raised, NIBC is committed to investigate incidents promptly, independently and objectively.

Compliance and business conduct training is a mandatory component for all staff including at-risk functions. NIBC defines at-risk functions to include decision makers in each NIBC business unit and client-facing staff. Training is mandatory for all new staff when they join NIBC. These functions are identified as part of NIBC's risk assessments and SIRAs. Control measures performed for new hires include fraud and disciplinary checks. In cases where these are not completed before the set deadline, actions are taken in accordance with NIBC's internal procedures.

NIBC’s Managing Board members oversee worker introduction sessions which emphasise responsible business conduct, integrity and corporate culture. Sustainability and responsible business conduct awareness are a regular part of introduction sessions for new staff. Whistleblower trainings were conducted for all staff during 2023. Prevention of bribery and corruption training was also conducted during the year. Existing staff are required to perform renewed conduct training at least every two years.

We continued the Compliance and Integrity awareness programme, through mandatory e-learning on compliance as well as data privacy, for all new staff. Flexible working circumstances do not change the fact that we are mindful of our responsibility towards society.

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

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

No incidents of bribery or corruption were reported or detected in 2023 among the events registered in NIBC's operational risk reporting system. This was also separately confirmed by NIBC's Head of Compliance. Similarly, no bribery or corruption incidents were reported or detected in 2022.

During 2023, NIBC made no direct political contributions (2022: 0) and did not have have any direct lobbying expenses (2022: 0). We are members of the Dutch Banking Association (**NVB**) and the Dutch Association of Covered Bond Issuers (**DACB**). For 2023, NIBC contributions to the NVB amounted to EUR 171 thnd. We participate in sustainability and ESG risk working groups at the NVB and the European Banking Federation (**EBF**). NIBC currently chairs the ESG Risk expert pool at the NVB. Through these industry fora, we continue to provide feedback on the many regulatory developments. Our focus is to contribute to efforts to strengthen transparency and to ensure practicality for our business partners and NIBC.

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

MANAGEMENT OF RELATIONSHIPS WITH SUPPLIERS

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

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

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

Due diligence is performed on our main suppliers as part of NIBC's Know Your Supplier (**KYS**) programme to ensure that our supplier and vendors meet NIBC's policy expectations and regulatory requirements.

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

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

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

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

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

INFORMATION SECURITY & DATA PROTECTION

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

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

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

NIBC invests in cybersecurity safeguards and has policies and controls in place to protect our clients and their data. We continuously test and monitor systems for vulnerabilities and to prevent attacks. When data breaches are detected, those people who are impacted are notified in a timely manner.

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

During 2023 all new employees completed mandatory information security and data privacy trainings. In addition, local trainings were conducted in Germany, Belgium and the UK. Awareness campaign was organised to ensure continuous attention and a high level of awareness. The campaign included topics such as how to avoid cyberbullying, strengthening password protection by using password managers and tips for managing security on personal devices.

Data privacy is overseen and monitored by NIBC's Data Privacy Officer. During 2023, NIBC incurred one reportable data privacy breach involving personal information. Whilst no legal consequences were identified, we take all data breaches – not just those which are reportable externally – very seriously. We analysed each one for lessons to be learned and took appropriate corrective actions. Often these were in the nature of reinforcing employee awareness of the need for constant attention to protecting client confidentiality and privacy. Additional adhoc training was carried out where necessary to supplement our regular awareness programme, which is mandatory for all employees.

Sustainability Governance

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

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

Sustainability performance indicators: Composition of the Supervisory Board

	2023
Male	**5**
of which: non-executive	5
of which: independent	2
Female	**3**
of which: non-executive	3
of which: independent	3
Total number of Supervisory Board members	**8**

In recent years, the frequency of updates on sustainability matters to management and supervisory bodies has increased. Updates are provided on a quarterly basis to our Supervisory Board. Our ExCo receives formal periodic updates. Next to the formal reporting process, a lot of information-sharing takes place on ESG related initiatives and developments. These allow clear oversight of NIBC's performance. During 2023, external parties have provided professional education sessions on sustainability regulatory developments and supervisory expectations.

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

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

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

SUSTAINABILITY RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

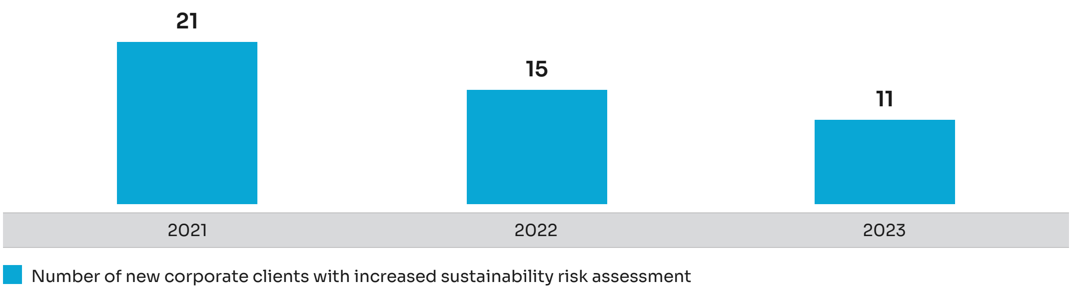
Each business unit within NIBC is responsible for managing sustainability risks and opportunities as part of their regular activities within NIBC's three line of defence internal control model. Our commercial teams are the first line of defence. Risk management, legal and compliance monitor activities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

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

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

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

New corporate clients with increased sustainability risk assessment



Sustainability and conduct policies

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

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

During 2023 NIBC updated its Code of Conduct and guidance. The update was announced to our workforce as part of awareness sessions conducted during the International Chamber or Commerce's (ICC) Integrity Week in which NIBC promoted awareness about responsible business conduct and integrity. NIBC also became a partner of the ICC Integrity Week. Updates to NIBC's Sustainability Policy, Human Rights Policy, and Environment and Climate policy were reviewed and approved by NIBC's RMC in early 2024.

NIBC also maintains a compliance framework consisting of a robust set of policies which aims to ensure responsible conduct and integrity. This compliance policy suite includes policies on Fraud Prevention, Anti-Bribery & Corruption, Whistleblowing, Complaints Handling, Conflicts of Interest, Sanctions, Gifts and Entertainment, and Prevention of Tax Evasion among others. The purpose is to ensure a culture of honesty and ethics within NIBC, a strong internal control environment, and high awareness.

These policies apply to our workforce, including employees, non-employees and any person performing a service for or on behalf of NIBC. All of NIBC's business units are responsible for managing sustainability risks and opportunities as part of their regular activities. Our corporate policies are reviewed and updated every two years.

Community engagement

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

NIBC NGO Boulevard

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

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

Preventing hunger

In 2023 NIBC and its employees continued their efforts to support the local foodbanks. NIBC employees joined other corporates to pick several tonnes of apples in September. NIBC employees and board members continued their involvement in efforts to ensure no families across the Netherlands go hungry during the year-end holiday period. NIBC employees managed to pack food parcels for the holidays to support families which rely on the Dutch Foodbanks. Together with employees of other leading corporates such as Unilever, Mars, Shell, Dr Oetker and Upfield, holiday food parcels were prepared and distributed across the Netherlands.

Support for Ukraine

NIBC and its employees continued to undertake initiatives to donate materials for Ukrainian refugees. Several of our employees volunteer for for organisations supporting refugees. In 2023 NIBC donated 14 bicycles to a group of refugees in Pijnacker in the Netherlands.

Villa Pardoes

During 2023, Lot Hypotheken extended its partnership with Villa Pardoes, supporting families with a serious, potentially life-threatening sick child experience a unique holiday experience. The Lot team also rolled up their sleeves and prepared a meal for twelve families who were staying at the villa at the time.

Supporting vulnerable children

In November, NIBC's team in London supported a local school in need. They donated old laptops to the Jigsaw CABAS School, an independent day school for autistic children and young people. The donation was welcomed with much gratitude and the equipment is being put to good use by the students in their learning journey.

For the 11th year in a row, NIBC employees supported Stichting Vitalis in an annual holiday tradition at the bank. Vitalis is a professional non-profit organisation that supports vulnerable children so they can avoid intensive professional youth counselling programmes. NIBC employees individually purchased personalised holiday gifts for about 100 children while taking appropriate precautions in a specially designed event.

Financial inclusion

Week van het Geld (Global Money Week) activities continued in 2023, This financial education, financial inclusion and youth entrepreneurship initiative aims to teach young people about money. About 700 primary school children participate in the "Bank voor de Klas" programme with NIBC staff and ExCo members. Our efforts weren't limited to primary school students. At Erasmus RSM a guest lecture was given on sustainability and banking. A survey was also conducted with students to uncover their sustainability priorities.

Basis of preparation

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

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

NIBC has voluntarily prepared this disclosure in reference to the GRI Universal Standards. We are also guided by additional relevant frameworks and standards such as the SDGs, the principles of the Taskforce for Climate-related Financial Disclosures (**TCFD**), and the UN Guiding Principles on Business and Human Rights (**UNGP**) reporting framework.

MATERIALITY

NIBC undertakes a periodic material assessment to determine its sustainability impacts, risks and opportunities. The resulting determination of material themes informs the sustainability information to be disclosed in NIBC's Annual Report.

Given our Focus and Accelerate strategy, we performed a thorough analysis of our changing business context. We added additional items based on our business context, external professional sources, internal assessments and analysis, 3rd party impact tooling, and desk research.

Sources for additional impact items

- SASB: Materiality map of risks and material topics for financial institutions.
- Moody's and Standard and Poors: Credit risk impact assessments for banks, mortgages, real estate, shipping, and telecommunications infrastructure.
- NIBC climate risk and materiality assessments: NIBC performs periodic climate and environmental risk assessments and publishes heatmaps. These are also mentioned among the ECB and Dutch Central Bank supervisory expectations. NIBC has disclosed some of this analysis and results in past Sustainability Reports and TCFD disclosures.
- NIBC internal asset class assessments: NIBC performs asset class assessments to analyse potential risks and impacts for those asset classes where we are active.

- NIBC GHG Emissions Analysis: Quantitative greenhouse gas measurements using PCAF factors and methods.
- Supply chain impact tool:NIBC used a third-party AI-based tool to analysis and monitor sustainability impacts and risks in our supply chain.
- Desk research: Research was performed and collated sourced from authoritative sources such as scientists, academics and NGOs. Press and media reports were also monitored and catalogued.

Engagement with stakeholders throughout 2023 was continuous and took many different forms. We have identified our main stakeholders to include clients, investors, our shareholder, regulators & authorities, employees and civil society. Engagements included meetings, topical conferences and fora, direct communications (telephone, email, meetings), and surveys and questionnaires.

Surveys provided interesting insights. For example, customer surveys revealed that many had prioritised climate actions, taking or planning to make energy efficiency improvements to their homes. Sustainability questionnaires were sent to each asset-based finance customer and early results are also revealing clients taking and planning actions. A May 2023 survey conducted with NIBC's workforce (142 respondents) revealed climate as their top priority. A survey conducted with university students (40 respondents) in March revealed the top priority of students to be action on climate change and emissions.

Over the course of the year, clients, investors, and regulators placed their top focus on climate and environmental matters. Engagement with civil society organisations remained laser-focused on their priority topics of climate and environmental matters, human rights and social matters, but also the impacts of changing regulation. NGO research showed that NIBC's actions and progress on climate and human rights are visible to civil society and are being well-received.

To bring different viewpoints together and to consolidate a shortlist of material themes, NIBC used engagement with stakeholders and judged the items. We considered relevancy to each asset class where NIBC is active in order to prepare for future regulations and a changing impact, risk and opportunity framework.

We scored each topic across scale, scope and remediability and brought these together in an overall severity score scaled from 1 (low) to 5 (high). We also assessed the likelihood across short term, medium term and long term horizons. A threshold of 4 or higher on a scale of 1 to 5 was applied for likelihood and severity.

The results were then grouped into material themes aligned with CSRD and validated with internal stakeholder representatives for clients, debt investors, our shareholder, civil society, and employees to reach our determination for 2023.

This materiality process resulted in five impact materiality themes for our 2023 Annual Report:
- Client satisfaction
- Climate change
- Workforce satisfaction
- Business conduct
- Regulatory change

Comparison with Materiality Assessment 2022
For our 2022 Annual Report, four themes were determined to be material for NIBC. These were Climate impact & resilience, Business ethics, Regulatory change & compliance and Information & data security.

A change by comparison to 2022 is that NIBC began to consider the sustainability matters described in the European Sustainability Reporting Standards (ESRS 1-Appendix A, AR16) to guide the selection of sustainability matters. This created a different starting point than in prior years for discussion with stakeholders and our internal stakeholder representatives. We also grouped topics where this seemed appropriate.

For example business ethics, information security and data privacy are grouped together as "Business conduct". Physical climate risks, climate resilience and emissions were often discussed together and therefore are grouped into one topical group "Climate change". Client satisfaction and workforce satisfaction are themes which have an increasing overall positive impact, given NIBC’s changing business context compared with 2022 and earlier. These are effectively subtopics within the topics of Consumers and Own workforce.

Future developments
Our assessment of materiality should not be misinterpreted that NIBC does not find a topic important. Our assessment reflects the evolving views of stakeholders in regard to impacts and what they find most important.

We have much work still to do in our preparations for CSRD. Further adjustments to systems and processes must be considered. Policies need to be updated. Assessments and gap analyses will need to be performed. Our materiality assessment will change in future years given CSRD requirements for double materiality, changing stakeholder views, visibility of impacts, the influence of geopolitics and regulatory developments.

Performance evaluation

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

STRATEGIC PRIORITIES	PERFORMANCE
GROWING OUR CORE CLIENT OFFERING	+ Continued growth of OTM proposition for mortgage loans, growing the assets under management by 6%. + Further growth of both the NIBC and Lot Hypotheken mortgage labels, increasing by 6% and 18%, respectively. + Further growth of our Asset Based Finance segment, increasing its exposure by 4% to EUR 4.7 billion, on the back of EUR 1.7 billion origination. + Strengthened NIBC's online savings franchise by welcoming appr. 15,000 new Dutch savings clients. +/+ Strong growth of NIBC's platform yesqar, increasing the portfolio to EUR 0.4 billion (+53%). +/+ NPS for corporate clients remained stable with a very strong score of +87% (2022: +86%). The customer satisfaction survey score for NIBC's mortgages offering slightly decreased to 8.3 (2022: 8.5), and our savings clients gave us a score of 8.0 (2022: 8.1).
EXECUTION ON REDUCTION OF NON-CORE PORTFOLIOS AND ACTIVITIES	+/+ Non-core activities reduced from EUR 3.8 billion to EUR 1.5 billion (-62%). + Successful transfer of NIBC's CLO platform and equity investment activities to third parties, providing both activities with new growth opportunities.
DIVERSIFICATION OF INCOME	+/- Further growth of the OTM mortgage portfolio has strenghtened the base of recurring fee income. Lower origination levels, in line with market activity, have led to lower origination fees in 2023. +/+ The platform strategy continues to increase its contribution to performance with a portfolio volume of approximately EUR 0.4 billion and a net contribution to net profit of EUR 3 million (2022: EUR 1 million).
ONGOING INVESTMENT IN PEOPLE, CULTURE AND INNOVATION	+ Continued support of our staff in working from home, facilitating them with relevant tools and hardware and making use of a flexibel way of working with around 50-60% at the office.

STRATEGIC PRIORITIES	PERFORMANCE
	+ EUR 2,994 per employee spent on training and educational programmes (2022: EUR 4,001). + Successful continuation of internal training programmes for junior and medior staff. +/- The war for talent remains a challenge, also for NIBC. Combined with the high number of (regulatory) projects, this continues to put pressure on the organisation.
FURTHER OPTIMISATION CAPITAL AND DIVERSIFICATION OF FUNDING	+/+ Strong CET 1 ratio of 18.4%, providing sufficient headroom to absorb upcoming regulatory changes. + Further improvement of NIBC's funding spread, from 34 basis points to 18 basis points, mainly due to attractive retail funding. + Strong LCR ratio at 240% and NSFR at 133%.

GOING CONCERN STATEMENT

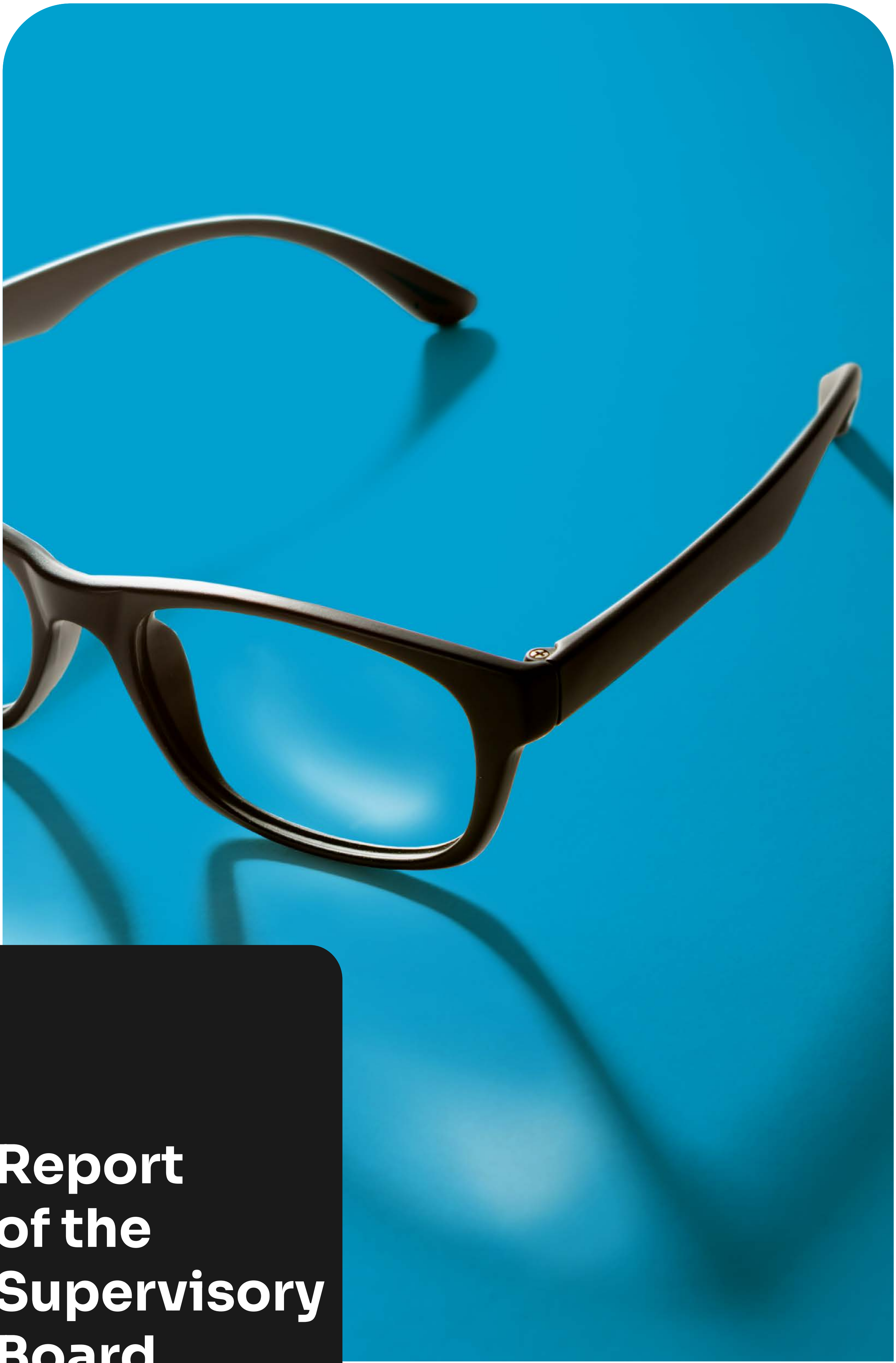
Based on the current state of affairs and the performance in 2023 in relation to both the strategic priorities and the medium-term objectives, preparation of the financial reporting on a going concern basis is justified.

SWOT analysis

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

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

OPPORTUNITIES	THREATS
■ Strong support from ownership for focused growth strategy; ■ Driving further growth in selected asset classes; ■ Normalised interest rate environment has led to more balanced earning potential for banks.	■ Uncertainty regarding both geopolitical developments, with e.g. the continuing war in Ukraine and the conflict in Gaza, and global economic developments; ■ Continuous pressure of developing regulatory requirements, which are more geared towards large institutions, influences the license to operate.



Report of the Supervisory Board

Report of the Supervisory Board

2023 was a challenging year given the economic developments, including the high energy prices, inflation and a volatile interest rate environment. Despite the volatile external environment, NIBC remained focused on the execution of its strategic choices, leading to the successful transfer of its non-core CLO platform and equity franchise, marking a transition from focus to further acceleration. The Supervisory Board is proud that NIBC grew the client exposures of all of its core activities (Mortgages, Asset Based Finance and Platforms) with in total EUR 1.8 billion or 6% to EUR 32 billion, while its non-core activities were reduced by 62% to a total exposure of EUR 1.5 billion. This strong decrease is due to both repayments as well as the above-mentioned divestments . This is the result of continued focus on NIBC's chosen strategy and further de-risking of its activities.

In 2023, the number of Supervisory Board members remained unchanged, with in total 8 Supervisory Board members of which 5 are independent. Albeit the actual composition changed, with Mr. Mathias Favetto having replaced Mr. El Gabbani upon his step down from the Supervisory Board.

NIBC had a strong year with an underlying profit of EUR 183 million with a ROE of 15.3% on target CET 1 capital. We are pleased to see that net interest income further increased to EUR 419 million on the back of volume growth as well as a significant improvement of the overall funding costs. The strong capital position is demonstrated by a CET 1 ratio of 18.4%. In these uncertain times, liquidity management and access to different funding sources are critical and NIBC manages this well, demonstrated by a LCR of 240% and NSFR of 133%.

During the course of 2023, members of the Supervisory Board had regular interaction with the Dutch Central Bank to discuss developments within NIBC.

Managing Board and Executive Committee

In 2023, the number of Managing Board members remained unchanged, albeit the actual composition changed. As per 1 April 2023, Herman Dijkhuizen stepped down as CFO and member of the Managing Board and was succeeded by Claire Dumas. NIBC's Executive Committee (ExCo) consists of the Managing Board members together with, as at the end of 2023, Saskia Hovers (Asset Based Finance), Michel Kant (Retail), Jurre Alberts (Corporate Development) and Patrick Buxton (Chief Investment Officer).

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

Composition of the Supervisory Board and changes in 2023

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

As per 31 December 2023, the Supervisory Board was made up of three female and five male members of various nationalities. Five members of the Supervisory Board are independent members. The other three are representatives of NIBC's shareholder.

As at 31 December 2022

Name	Year of birth	Nationality	Member since	End of term	Committee memberships[1]
Mr. D.M. Sluimers (Chair)[2]	1953	Dutch	2016	2024	AC, RPCC, RNC, RPTC (Chair)
Ms. A.G.Z. Kemna (Vice-Chair)[2]	1957	Dutch	2018	2026	AC, RPCC (Chair), RPTC
Mr. Q. Abbas	1976	British	2020	2025	RPCC
Ms. L.M.T. Boeren[2]	1963	Dutch	2021	2025	RNC, AC
Mr. M.P.L. Favetto	1988	French	2023	2027	RNC
Mr. J.J.M. Kremers[2]	1958	Dutch	2019	2027	AC (Chair), RPCC, RNC, RPTC
Mr. J.G. Wijn	1969	Dutch	2021	2025	AC, RPCC
Ms. S.M. Zijderveld[2]	1969	Dutch	2018	2026	AC, RNC (Chair), RPTC

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

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

As per 1 January 2023 Ms Leni Boeren has been appointed as a member of the AC. This appointment is related to the CTO responsibilities being assigned to the AC and Ms Leni Boeren acting as sparring partner at Supervisory Board level for the CTO. As per 7 February 2023, Mr Nadim El Gabbani, appointed on behalf of our shareholder, stepped down from the Supervisory Board and was replaced by Mr Mathias Favetto as per 23 March 2023. In March 2023, Mr Jeroen Kremers was reappointed as a member of the Supervisory Board for a second 4-year term. As announced on 18 January 2024, the Supervisory Board has nominated Mr. Dick Sluimers as chair and a member of the Supervisory Board for a further 4-year term. This reappointment is scheduled for approval at the AGM of 12 March 2024.

Diversity and succession

The Supervisory Board is confident that its composition and that of its committees contributes to fulfilling its tasks. The Supervisory Board is pleased with the knowledge and experience the representatives of NIBC’s shareholder bring to the Supervisory Board as well as to the company. In the case of a vacancy, the regular policy is applied in which an executive search firm is asked to provide a shortlist with at least 50% female candidates, although final selection is ultimately based on suitability for a specific position. The Supervisory Board supports NIBC’s belief in the importance and value of ensuring diversity and inclusion throughout the company.

Additional functions

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

Meetings of the Supervisory Board

The Supervisory Board met on six regular occasions in 2023. This included four regular meetings in March, June, September and November spread over two days and further meetings in February and August to discuss, respectively, the full year and half-year results. All members of the Supervisory Board were present in all regular meetings in 2023.

Six additional calls were held with the Supervisory Board during the year to discuss various topics including strategic and business developments.

The members of the Managing Board attended all regular meetings of the Supervisory Board. Additionally, two members of the Supervisory Board attended two meetings with the Works Council, together with the Chief Executive Officer.

During the meetings held in 2023, discussions took place on various (strategic) topics such as developments in NIBC's core asset classes, NIBC's non-core portfolio, strategic initiatives, succession planning, internal optimisations within different departments, advances made within the CTO domain including on the topics of data analytics, risk management, sustainability strategy, funding profile, remuneration and various regulatory requirements. During 2023, the quarterly, interim and annual results including draft press releases were discussed as well as the proposed interim dividend 2023 and budget for 2024.

The Supervisory Board also continued its permanent education (PE) programme, discussing such topics as information security, hedge accounting, savings and property management. Topics for the Permanent Education sessions are chosen in cooperation with the Remuneration and Nominating Committee, based also on input gained from assessing the competence and suitability matrix of the Supervisory Board.

The four Supervisory Board committees

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

AUDIT COMMITTEE

The Audit Committee (**AC**) assists the Supervisory Board in monitoring NIBC's systems of financial risk management and internal control, the integrity of its financial reporting process and the content of its annual and semi-annual financial statements and reports. In addition, the agenda also includes IT strategy, data integrity and quality , application of information and communication technology, reliability and continuity of the automated systems and the security of computer systems. The Audit Committee also advises on corporate governance and internal governance.

The AC met on four regular occasions in 2023 (in March, June, September and November) in the presence of the members of the Managing Board. By mutual agreement the external auditor was represented at all meetings of the AC in 2023. The external auditor also had regular meetings during 2023 with the AC without the members of the Managing Board being present.

The chair of the AC prepared the meetings in advance by having meetings and calls with NIBC's CFO and its head of Internal Audit. The CTO also reports to the AC on IT and Operations related topics and the relevant reports are discussed in the AC. The CTO had preparatory meetings and calls and discussed the relevant topics with Ms. Leni Boeren, one of the AC members who acts as the CTO's sparring partner at Supervisory Board level. In between meetings, NIBC also actively shared relevant information with the chair of the AC.

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

Specific topics discussed with the auditor via the auditor’s Management Letter 2023 presented in the November meeting are the management overlay on ECL, as well as the hedge accounting process, financial reporting governance and access management and cyber security.

Next to the regular topics mentioned before, the AC also discussed and has taken notice of the ICAAP and ILAAP reporting and the budget of 2024. Additionally, the AC discussed and approved the dividend policy. The external auditor reported on its independence towards the AC which was further discussed by the AC.

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

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

RISK POLICY & COMPLIANCE COMMITTEE

The Risk Policy & Compliance Committee (**RPCC**) assists the Supervisory Board in overseeing NIBC’s risk appetite, risk profile and risk policy. It covers amongst others credit, market, investment, liquidity, operational and compliance/regulatory risks, and any other material (non) financial risks to which NIBC is exposed. Next to these topics, also the rating of NIBC Bank and the annual review meetings with the rating agencies and the actions taken by the rating agencies were discussed. The RPCC met four times in 2023 (March, June, September and November) in the presence of the members of the Managing Board.

During 2023, the RPCC extensively discussed NIBC’s assets, liquidity and funding, stress tests and risk profile. Market sentiment, the general economic backdrop, including inflationary pressure and the geopolitical environment and its impact, increasing regulatory pressure and onsite inspections by regulators were frequent topics on the agenda of the RPCC. NIBC’s operating environment and its internal processes and controls in light of mitigating potential risks remained important themes.

In 2023, the progress of NIBC's remedial actions with respect to the regulator's Internal Model Investigation were thoroughly discussed. The RPCC continued to focus on the operational risk profile and in-control environment, including amongst others specific risks such as information security, new product approvals, compliance and regulatory risk including the demanding regulatory environment. The committee also reviewed the risk assessments of new business initiatives, evaluated how risk awareness is embedded in NIBC’s organisation, as well as its own functioning.

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

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

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

REMUNERATION AND NOMINATING COMMITTEE

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

In March 2023, Mr Mathias Favetto was appointed as a member of the Supervisory Board and the RNC. In March 2023, Mr Jeroen Kremers was reappointed as a member of the Supervisory Board for a second 4-year term. The Supervisory Board has nominated Mr. Dick Sluimers as chair and a member of the Supervisory Board for a further 4-year term, subject to approval from the AGM on 12 March 2024.

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

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

In 2023, the RNC held six meetings, all in the presence of NIBC's head of Human Resources and, in appropriate cases, of NIBC's CEO. Additionally, the chair, on behalf of the RNC, attended a meeting of the control functions. The RNC discussed the regular subjects regarding remuneration, risk and audit assessments, governance and variable income as well as, based on the evaluation of the composition of the Supervisory Board and its committees, the suitability policy and the requirements for the Supervisory Board and its committees were discussed. In addition, the RNC discussed topics such as the outcome of the employee satisfaction survey, talent development, diversity and equal pay within NIBC.

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

Attention was also paid to broader developments in society, as the RNC is well aware of public views about remuneration including in the financial industry. The Supervisory Board amended the remuneration policy accordingly, fulfilling all legislative changes as proposed by the RNC. The RNC also discussed the performance of the Managing Board, the Executive Committee and its members. The MB and SB Remuneration Policy was approved by the shareholder in March 2023.

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

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

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

In 2023, no meetings of the RPTC took place.

Financial statements

The company and consolidated financial statements have been drawn up by the Managing Board and audited by Ernst & Young Accountants LLP, who issued an unqualified opinion dated 7 March 2024. The Supervisory Board recommends that the shareholder adopt the 2023 Financial Statements at the Annual General Meeting. The Supervisory Board also recommends that the Annual General Meeting discharge the Managing Board and Supervisory Board for their respective management and supervision during the financial year 2023.

The Supervisory Board would like to express its gratitude to all stakeholders who continued supporting NIBC also in 2023, most notably to our highly professional, adaptive, collaborative and entrepreneurial employees. Thanks to their skills, expertise, agility and dedication NIBC could achieve these results in these challenging times.

The Hague, 7 March 2024

Supervisory Board

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

Corporate Governance

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

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

This chapter contains some highlights of our governance structure in 2023. The structures and processes we have developed provide an effective basis for making and implementing decisions across our organisation, with its hierarchical and functional reporting lines.

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

Two-tier board structure

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

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

Managing Board

In 2023, the Managing Board of NIBC consisted of four Managing Board members. Herman Dijkhuizen stepped down as CFO and a member of the Managing Board as of 1 April 2023 and was succeeded by Claire Dumas. Reinout van Riel was appointed as Vice-Chair of the Managing Board, taking over this role after Herman Dijkhuizen's departure. As a collective, the Managing Board has thorough and in-depth knowledge of the financial sector in general and the banking sector in particular as well as a deep knowledge of IT and Operations.

For the composition of the Managing Board as per 31 December 2023, refer to the following table:

2023	Year of birth	Nationality	Member since	End of term[1]
Mr. P.A.M. de Wilt (CEO, Chair)	1964	Dutch	2014	2026
Ms. C.M. Dumas (CFO)	1974	Dutch	2023	2027
Mr. R.D.J. van Riel (CRO, Vice-chair)	1970	Dutch	2016	2024
Ms. A.H.T.M. Schlichting (CTO)	1969	Dutch	2022	2026

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

Succession planning is being something proactively managed by the Supervisory Board to ensure continuity . Where searches for appointment to the Managing Board are conducted by NIBC or by search firms, they will identify and present a long list of candidates who are considered to meet the essential criteria for the relevant vacancy, whereby extra attention is paid to qualified candidates who contribute to the diversity and inclusivity as described in the Diversity policy as well as the Suitability Policy. NIBC strives for a good gender balance at Managing Board level, which is at 50% at 31 December 2023.

Executive Committee

As at 1 January 2017 an Executive Committee was formed consisting of the Managing Board members and non-statutory members. At the end 2023, the Executive Committee consisted of three female members and five male members. The Managing Board and the Executive Committee, which meet weekly, represent and balance the interests of all stakeholders. The non-statutory Executive Committee members participate in the discussions in meetings, but are not entitled to a vote.

Effective as of 1 February 2024, the size of the Executive Committee will be reduced from 8 to 6 members, consisting of the four Managing Board members and Saskia Hovers and Michel Kant, responsible for (respectively) corporate and retail banking. Patrick Buxton, Chief Investment Officer, has become part of the CFO Management Team and reports directly to Claire Dumas. Jurre Alberts, responsible for Corporate Development, continues to report directly to Paulus de Wilt. These changes are driven by our commitment to enhancing efficiency and faster decision-making processes and to further streamlining our organisation.

In 2023, there were no transactions in which the members of the Managing Board or the members of the Executive Committee had a conflict of interest. More information about the Managing Board and the Executive Committee, including short biographies, can be found on our website.

Supervisory Board

On 31 December 2023, the Supervisory Board of NIBC consisted of eight members (of which 5 are independent members and 3 members appointed on behalf of our shareholder). Between them they have extensive, international expertise in fields such as banking and finance, corporate governance and corporate management. As per 7 February 2023, Mr Nadim El Gabbani, appointed on behalf of our shareholder, stepped down from the Supervisory Board and was replaced by Mr Mathias Favetto as per 23 March 2023. In March 2023, Mr Jeroen Kremers was reappointed as a member of the Supervisory Board for a second 4-year term. As announced on 18 January 2024, the Supervisory Board has nominated Mr. Dick Sluimers as chair and a member of the Supervisory Board for a further 4-year term. This (re)appointment is scheduled for approval at the AGM of 12 March 2024.

For more information on our Supervisory Board, including a complete list of all members and committees, please see the Report of the Supervisory Board in this Annual Report or visit our website.

Dutch Banking Code

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

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

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

NIBC’s Code of Conduct guides us in the way we work at NIBC. Key themes are: doing the right thing, following the letter and the spirit of rules and doing what we say. You can find the Code of Conduct, updated in December 2023, including a one page abbreviation for daily use, on our website . A detailed explanation of the Dutch Banking Code and an overview of NIBC’s compliance with it can also be found on our website.

Capital structure

NIBC Bank's authorised share capital amounts to 183,597,500 shares. On 31 December 2023, a total of 62,586,794 ordinary shares were issued, all of which are owned by the parent company, NIBC Holding.

Remuneration Report

The Supervisory Board reviewed NIBC's remuneration policies in 2023 for the Supervisory Board and Managing Board. The review took into account all relevant laws, regulations and guidelines; the Dutch Banking Code; the DNB Principles on Sound Remuneration Policies (DNB principles), EBA Guidelines on Sound Remuneration, EBA guidelines on Internal Governance and the Dutch remuneration legislation for financial services companies ((Wet Financieel Toezicht (WFT), Regeling beheerst beloningsbeleid van banken (RBB) and Wet (nadere) beloningsbeleid financiële ondernemingen, (W(N)BFO)).

NIBC's remuneration policies of the Managing Board and Supervisory Board for 2023 are outlined in this chapter. An overview of the remuneration components of other staff is also presented. Please see ourwebsite for further information about the remuneration policies of the Managing Board and Supervisory Board.

To avoid unnecessary duplication, we refer to note 8 Personnel expenses and share-based payments and 44 Related party transactions of the consolidated financial statements in this Annual Report for all relevant tables. These are considered to be an integral part of this Remuneration Report.

Remuneration principles

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

Managing Board remuneration in 2023

In order to determine appropriate market levels of remuneration for the Managing Board, the Supervisory Board has reviewed in 2023 the benchmark peer group, consisting of comparable European financial institutions that are or were private equity-owned and that was used since 2021. The composition of this peer group has been adjusted marginally based on current market developments and reflects the labour market in which NIBC competes for talent on Managing Board level. As such, it is an objective measure not based on an individual data point selected by NIBC. This updated peer group will be used going forward to review the Managing Board's remuneration level in the regular remuneration process.

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

Base salaries

The base salaries of the Managing Board were increased with 2.5% per July 2023. In 2023 the base salary for the CEO was EUR 1,500,391 gross per year. In 2023, the base salary for the other members of the Managing Board was EUR 1,091,195 gross per year. The new CFO, who joined NIBC on 1 March 2023 and joined the Managing Board from 1 April, received a prorated base salary of EUR 911,575. Base salaries are paid in 12 equal monthly payments.

Variable compensation

The CEO and the other members of the Managing Board are not eligible for an annual performance based variable compensation. However, a sign-on compensation was granted to the new CFO who joined the Managing Board on 1 April 2023. The pay mix for Identified Staff has been applied on this compensation (30% cash, 20% deferred cash, 30% Phantom Share Units (**PSUs**) and 20% Restricted PSUs (**RPSUs**). For the Managing Board members a holding period of five years applies to the PSUs and RPSUs.

Pension

The CEO and other members of the Managing Board participate in the NIBC pension plan, in line with the arrangements available to all other employees. In 2023, the pension plan consisted of a) a collective defined-contribution pension arrangement (CDC arrangement) up to a (fiscal) maximum pensionable salary of EUR 128.810 , and; b) an additional (gross) contribution of 25% up to their respective base salaries above the maximum pensionable salary. The retirement age for the CEO and other members of the Managing Board was 68 in 2023. There are no contractual early retirement provisions.

Over 2023, NIBC has paid a standard flat-rate contribution for the CDC arrangement of 27,0 % (for the Managing Board as well as for all other employees). All employees are required to make a personal contribution of 5,0% of their pensionable salary to the CDC arrangement. The gross contribution by NIBC for pensions above the (fiscal) maximum pensionable salary is set at 25%.

Other key benefits

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

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

Total Remuneration overview

The total amount of the remuneration of the Managing Board over 2023 is shown below:

In EUR	Base salary	%	Variable compensation[1]	%	Pension	%	Other key benefits	%	Total	%
Managing Board	5,133,217	64	1,427,723	18	129,375	2	1,289,972	16	7,980,287	100

1 Includes the sign-on payment of EUR 350,000 and severance payment of EUR 1,077,723, related to the employment of the new CFO and termination of employment of the former CFO.

Employment contracts

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

Other staff remuneration

In line with the DNB Principles, employees whose professional activities have a material impact on NIBC's risk profile are designated Identified Staff. Specific remuneration conditions may apply to Identified Staff (other than Managing Board members). The outlines of the remuneration policies for Identified Staff and other staff are given below. For further details on the policies for Identified Staff, please see our website.

Total compensation funding

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

Variable compensation

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

Whether or not an employee actually receives a variable compensation for his or her performance, is wholly discretionary and depends on the overall financial and non-financial performance of the bank, of the respective business unit, personal performance and relevant market levels of remuneration. Employees do not qualify for variable remuneration if their performance has been inadequate or poor, if they have failed to meet duty-of-care or compliance requirements, if they have displayed behaviour contrary to NIBC's policies and corporate values, or if they were subject to disciplinary action.

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

The process initiated earlier to build variable pay into fixed salary as much as possible continued in 2023. A further decreasing group of employees in an originator function in the Netherlands is eligible for the Originator bonus scheme. When awarded it will be delivered in a pre-defined mix of 40% in PSUs and 60% in RPSUs. In addition, employees in the international branches are also eligible for variable compensation.

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

Special situations

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

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

Supervisory Board remuneration in 2023

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

The Chair, the Vice-Chair and the other members of the SB are entitled to an annual basic fee. The Chair and the members of a subcommittee are also entitled to an annual basic fee. In addition to the annual basic fees, the Chair and other members of the SB are entitled to further fees for the attendance of meetings.

The remuneration levels have not changed in 2023. Chair of the SB is entitled to an annual fee of EUR 135,000, the Vice-Chair of the SB is entitled to an annual fee of EUR 100,000 and the other members of the SB are entitled to an annual fee of EUR 75,000.

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

Remuneration governance

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

The Supervisory Board discussed the performance and remuneration of Identified Staff, as well as the performance and remuneration of control functions. The Supervisory Board also discussed the highest proposed variable compensations in 2023. Scenario analyses were conducted by Risk Management to assess the possible outcomes of the variable remuneration components on an individual and collective basis.

Any vested amounts of variable remuneration are subject to clawback by the Supervisory Board in the event they have been based on inaccurate financial or other data, fraud, or when the employee in question is dismissed 'for cause'. Moreover, in exceptional circumstances, the Supervisory Board has the discretion to adjust downwards any or all variable remuneration if, in its opinion, this remuneration could have unfair or unintended effects. In assessing performance against pre-agreed performance criteria, financial performance shall be adjusted to allow for estimated risks and capital costs. In addition to clawbacks, the concept of 'malus' is part of the remuneration policy. This is an arrangement that permits NIBC to prevent vesting of all or part of the amount of deferred compensation in relation to risk outcomes of performance. Malus is a form of ex-post risk adjustment, one of the key requirements in addition to ex-ante risk adjustments. If an employee resigns, any unvested amounts of variable compensation are forfeited. In 2023 no claw back of malus has been applied.

The internal report on compensation developments (Harrewijn) is discussed in the RNC as well as with the Works Council. This report provides information on the composition and development of compensation and benefits of its employees. In 2023, the base salary pay ratio of the CEO compared to the base salary of the other members of the Managing Board was 1.4 (2022: 1.4).

In 2023, the average base salary pay ratio of the total Managing Board compared to the base salary of the non-statutory members of the Executive Committee was 2.7 (2022: 2.7).

In 2023, the base salary pay ratio of the CEO compared to the median fulltime base salary of all employees was 18.6 (2022: 18.8). NIBC also reports on gender pay gaps and when needed takes appropriate actions towards our goal of a near zero adjusted pay gap. NIBC has decided to report on two ratios:

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

Based on the figures (see below) it is concluded that NIBC is near its goal of equal pay for equal work. The overall adjusted gender pay gap[1] (Equal Pay for Equal Work) is 0.7% (2022: 1.3%) for NIBC , which means that on average women are paid 0.7% less than men. At several levels the gap is effectively zero or is a gap in favor of women (men are paid less than women). The residual gap is mostly due to the level of seniority of an employee (less time in job profile). The unadjusted gender pay gap (Equal Pay) for women at NIBC in the Netherlands is 19.5% (2022: 26.2%) which means that on average women are paid 19.5% less than men at NIBC .

Conclusion

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

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

[1] Ratio is based on NIBC Bank level.

Disclosure on Dutch Remuneration Legislation for Financial Services Companies

The total amount of variable income granted in 2023 with respect to the performance over 2022, amounts to EUR 2.8 million. This grant consists of (direct and deferred) cash and (vested and unvested) equity-linked instruments (PSUs and RPSUs). In 2023, five employees were awarded a total compensation of more than EUR 1 million (2022: three employees).

In Control Report

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

Risk management and control

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

- the Report of the Managing Board in the Annual Report 2023 of NIBC provides a fair overview of and insight into the effectiveness as well as shortcomings of the internal risk management and control systems;
- NIBC's internal risk management and control systems provide reasonable assurance that NIBC's Annual Report 2023 does not contain any errors of material importance. To address identified weaknesses, additional controls and mitigating measures have been performed where necessary;
- there is a reasonable expectation that NIBC Bank N.V. will be able to continue in operation and meet its liabilities for at least twelve months, as evidenced by the details included in the Performance evaluation section, therefore, it is appropriate to adopt the going concern basis in preparing the financial statements;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of NIBC Bank N.V.'s enterprise in the coming twelve months.

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

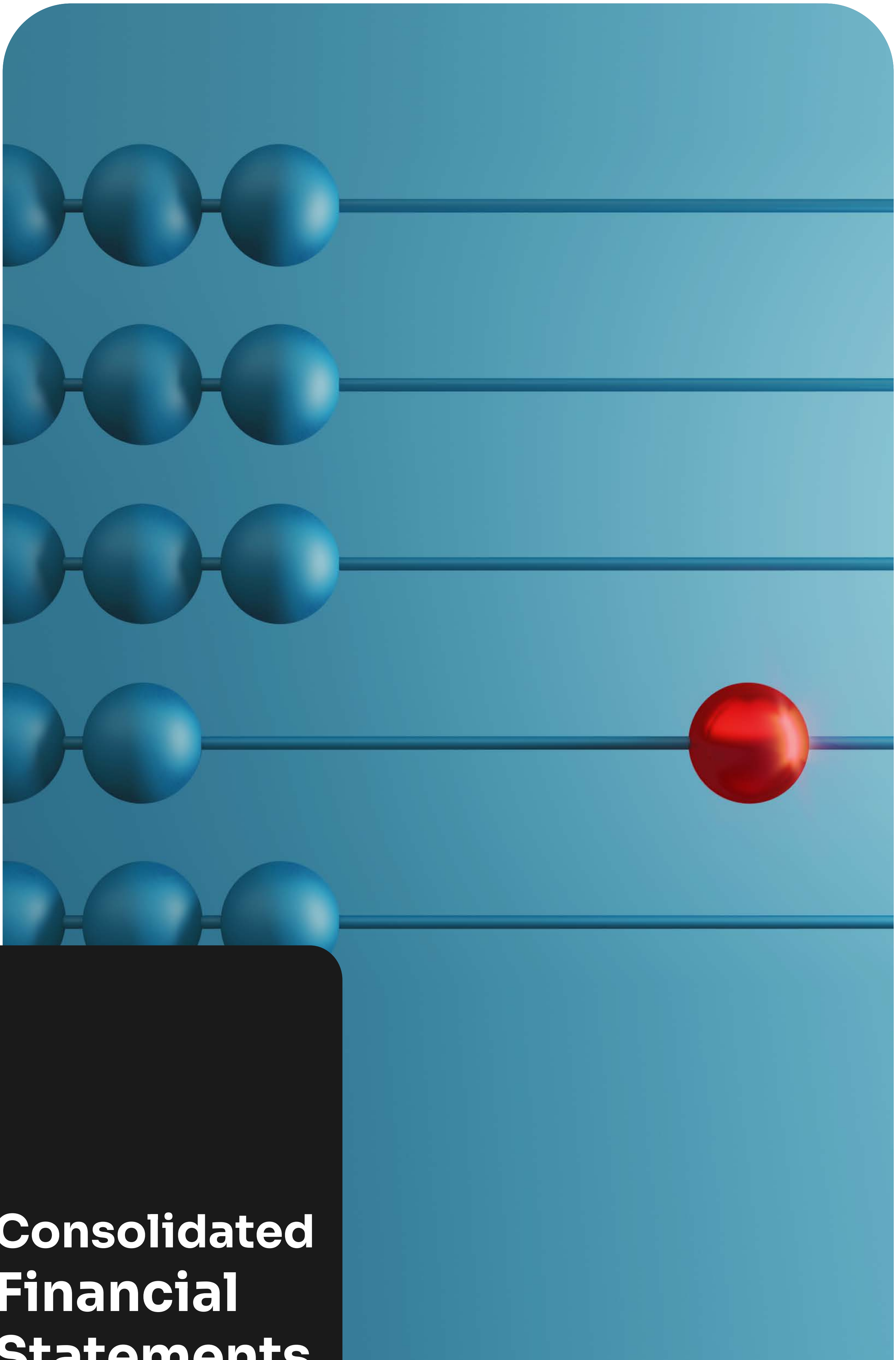
Responsibility statement

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

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

The Hague, 7 March 2024

Managing Board
Paulus de Wilt, Chief Executive Officer and Chair
Reinout van Riel, Chief Risk Officer and Vice-Chair
Claire Dumas, Chief Financial Officer
Anke Schlichting, Chief Technology Officer



Consolidated Financial Statements

NIBC

Table of contents

Small differences are possible due to rounding

Consolidated income statement

for the years ended 31 December

in EUR millions	note	2023	2022
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	2	779	524
Interest income from financial instruments measured at fair value through profit or loss	2	15	10
Interest expense from financial instruments measured at amortised cost	2	355	141
Interest expense from financial instruments measured at fair value through profit or loss	2	19	7
Net interest income		**419**	**386**
Fee income		41	47
Net fee income	3	41	47
Investment income	4	(2)	39
Net trading income or (loss)	5	8	(8)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	6	29	7
Net gains or (losses) on derecognition of financial assets measured at amortised cost	7	(0)	(42)
Other operating income		0	0
Operating income		**495**	**431**
Personnel expenses and share-based payments	8	95	95
Other operating expenses	9	102	113
Depreciation and amortisation		4	4
Regulatory charges and levies	10	19	19
Operating expenses		**220**	**232**
Credit loss expense	11	20	19
Gains or (losses) on disposal of assets	25	7	(2)
Profit before tax		**262**	**178**
Income tax	12	66	30
Profit after tax		**195**	**148**
Attributable to			
Shareholders of the company		183	136
Holders of capital securities		12	12

Consolidated statement of comprehensive income

for the years ended 31 December

in EUR millions	note	2023	2022
Profit after tax		**195**	**148**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property and equipment	24	0	-
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss	35	(84)	55
Items that may be reclassified subsequently to profit or loss			
Net result of hedging instruments	35	(3)	(8)
Movement in revaluation for debt investments at fair value through other comprehensive income	16/35	7	(16)
Income tax effect on net current period change		**(1)**	**6**
Total other comprehensive income (net of tax)		**(81)**	**37**
Total comprehensive income		**114**	**185**
Total comprehensive income attributable to			
Shareholders of the company	35	102	173
Holders of capital securities	36	12	12
Total comprehensive income		**114**	**185**

Consolidated statement of financial position

in EUR millions	note	2023	2022
Assets			
Cash and balances with central banks	13	1,994	2,087
Due from other banks	14	538	841
Derivative financial instruments	15	156	162
Debt investments at fair value through other comprehensive income	16	897	862
Debt investments at fair value through profit or loss	17	11	15
Mortgage loans at amortised cost	18	12,911	11,990
Corporate loans at amortised cost	19	6,189	6,149
Loans at fair value through profit or loss	20	153	143
Lease receivables	21	5	5
Equity investments (including investments in associates)	22	124	166
Investment property	23	24	26
Property and equipment (including right-of-use assets)	24	26	28
Intangible assets		1	-
Assets held for sale	25	-	202
Tax assets	26	7	7
Other assets	27	14	10
Total assets		**23,050**	**22,692**
Liabilities			
Derivative financial instruments	15	129	232
Due to other banks	28	372	744
Deposits from customers	29	11,858	11,227
Debt securities in issue	30	8,408	7,940
Tax liabilities	26	1	3
Provisions	31	6	6
Accruals and other liabilities	32	67	73
Debt securities in issue related to securitised mortgages	33	-	221
Subordinated liabilities	34	224	202
Total liabilities		**21,065**	**20,647**
Equity			
Share capital	35	80	80
Share premium	35	238	238
Revaluation reserves	35	10	7
Own credit risk reserve	35	25	110
Retained profit	35	1,433	1,411
Equity attributable to the shareholders		**1,785**	**1,845**
Capital securities	36	200	200
Total equity		**1,985**	**2,045**
Total liabilities and equity		**23,050**	**22,692**

Consolidated statement of changes in equity

in EUR millions	note	Attributable to Share capital	Share premium	Reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2023		**80**	**238**	**116**	**1,411**	**1,845**	**200**	**2,045**
Profit for the year 2023		-	-	-	183	183	12	195
Other comprehensive income for the year ended 31 December 2023		-	-	(81)	-	(81)	-	(81)
Transfer of realised depreciation revalued property and equipment	35	-	-	-	0	0	-	-
Other		-	-	-	0	0	-	0
Distributions								
Paid coupon on capital securities	36	-	-	-	-	-	(12)	(12)
Dividend paid during the year		-	-	-	(163)	(163)	-	(163)
Balance at 31 December 2023		**80**	**238**	**35**	**1,433**	**1,785**	**200**	**1,985**

in EUR millions	note	Attributable to Share capital	Share premium	Reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2022		**80**	**238**	**79**	**1,431**	**1,828**	**200**	**2,028**
Profit for the year 2022		-	-	-	136	136	12	148
Other comprehensive income for the year ended 31 December 2022		-	-	37	-	37	-	37
Transfer of realised depreciation revalued property and equipment	35	-	-	-	1	1	-	1
Other		-	-	-	(3)	(3)	-	(3)
Distributions								
Paid coupon on capital securities	36	-	-	-	-	-	(12)	(12)
Dividend paid during the year		-	-	-	(154)	(154)	-	(154)
Balance at 31 December 2022		**80**	**238**	**116**	**1,411**	**1,845**	**200**	**2,045**

Consolidated statement of cash flows

in EUR millions	note	2023	2022
Operating activities			
Profit before tax for the year		**262**	**178**
Adjustments for non-cash items			
Depreciation, amortisation and credit loss expenses	11/24	24	24
Share in result of associates and joint ventures	4	(3)	0
Total adjustments for non-cash items		**21**	**24**
Changes in operating assets and liabilities			
Derivative financial instruments	15	(98)	250
Operating assets		(625)	(16)
Operating liabilities (including deposits from customers)		267	(174)
Income tax paid		(48)	(17)
Cash flows from operating activities		**(222)**	**246**
Investing activities			
Acquisition of equity investments	22	(3)	(25)
Disposal of equity investments	22	43	40
Acquisition of property and equipment	23/24	(2)	(4)
Cash flows from investing activities		**37**	**12**
Financing activities			
Repayment of issued debt securities	30	-	(31)
Proceeds from the issuance of own debt securities	30	1,754	1,332
Repayment of issued own debt securities	30	(1,298)	(1,124)
Proceeds from the issuance of debt securities related to securitised mortgages	33	(221)	(46)
Proceeds from the issuance of subordinated liabilities	34	2	4
Repayment of issued subordinated liabilities	34	(82)	(1)
Final and interim distribution	35	(163)	(154)
Coupon payments on capital securities	36	(12)	(12)
Cash flows from financing activities		**(19)**	**(32)**
Cash and cash equivalents at 1 January		**2,445**	**2,219**
Net foreign exchange difference		(0)	(1)
Net increase/(decrease) in cash and cash equivalents		(204)	226
Cash and cash equivalents at 31 December		**2,241**	**2,445**

in EUR millions	note	2023	2022
Reconciliation of cash and cash equivalents			
Cash and balances with central banks (maturity three months or less)	13	1,811	1,913
Due from other banks (maturity three months or less)	14	430	532
		2,241	**2,445**
Supplementary disclosure of operating cash flow information			
Interest paid		375	149
Interest received		793	535

Accounting policies

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of NIBC Bank N.V. (B64D6Y3LBJS4ANNPCU93) for the year ended 31 December 2023 were authorised for issue by the Supervisory Board and Managing Board on 7 March 2024. NIBC Bank N.V. is a public limited liability company, incorporated under Dutch law on 31 October 1945, and registered at Carnegieplein 4, 2517 KJ The Hague, the Netherlands (Chamber of Commerce number 27032036). NIBC Bank N.V. is a wholly-owned subsidiary of NIBC Holding N.V.

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

SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

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

Statement of compliance

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

Basis of preparation

The Managing Board and Supervisory Board have, at the time of approving these consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, considering the changed macroeconomic situation (including inflation, increasing interest rates and the wars in Ukraine and Gaza), show that the Group has sufficient financial resources (i.e. liquidity buffers) for at least the coming 12 months. Accordingly, the Managing Board and Supervisory Board have adopted the going concern basis in preparing these consolidated financial statements.

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

- Financial assets and liabilities (including derivative instruments, equity investments, investments in associates) and certain classes of (investment) property measured at fair value through profit or loss (**FVtPL**);
- Financial assets held for both collecting contractual cash flows and sale measured at fair value through other comprehensive income (**FVOCI**);
- Assets held for sale - measured at the lower of their carrying amount and fair value less costs to sell refer to note 25 Assets held for sale).

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

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

Changes in accounting policies

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

New standards and amendments to standards become effective at the date specified by IFRS-EU, but may allow companies to opt for an earlier application date.

There are no new standards or amendments to standards as adopted by the EU, and no upcoming changes after 2023 published prior to 31 December 2023 that are material to NIBC.

CHANGE IN PRESENTATION

The geography of the consolidated statement of financial position was retrospectively changed in 2023 to better align with peers in the industry. As a result certain balance sheet line items have been aggregated. This change has no impact on the financial position and financial performance.

Critical accounting estimates and judgements

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

- Expected credit loss of financial instruments not measured at FVtPL (refer to note 11 Credit loss expense);
- Income taxes (refer to note 12 Income tax);
- Fair value of certain financial instruments (refer to note 37 Fair value of financial instruments and note 30 Debt securities in issue); and
- Consolidation of structured entities (refer to note 45 Principal subsidiaries and associates).

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

Impact of macroeconomic situation

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

A management overlay has been recognised to reflect the increased uncertainty at 31 December 2023. For the full disclosure of the impact of the changed macroeconomic situation on the ECL and the management overlay for the different portfolios reference is made to note 11 Credit loss expense.

In 2023, there are no significant changes in the application of the accounting policies as a result of the these developments.

Interbank Offered Rate Reform (IBOR Reform)

The USD LIBOR ceased to be published after 30 June 2023. All new contracts as from 1 January 2022 are based on the new benchmark, and NIBC has implemented transition language for the existing bilateral USD positions. Conversions are handled by the responsible account managers of the asset class and the derivatives team if relevant. A set of processes is in place to ensure a correct transition.

The following table shows the carrying amounts as per 31 December 2023 for remaining contracts with a (synthetic) LIBOR interest benchmark. There are no outstanding undrawn commitments nor derivatives in active hedging relationships with a LIBOR interest rate benchmark.

in EUR millions	USD LIBOR
Non-derivative financial assets	14
Non-derivative financial liabilities	27

Basis of consolidation

The consolidated financial statements are comprised of the financial statements of NIBC and its subsidiaries.

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

NIBC applies the predecessor value method (carry-over accounting) for legal mergers within NIBC or the group.

Foreign currency translation

FUNCTIONAL AND PRESENTATION CURRENCY

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

TRANSACTIONS AND BALANCES

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

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

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

GROUP COMPANIES

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

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

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

Financial instruments

RECOGNITION AND CLASSIFICATION AND MEASUREMENT

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

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

A debt instrument is measured at AC if it meets both of the following conditions:
• it is held within a business model that has an objective to hold financial assets to collect contractual cash flows;
• the contractual terms of the financial asset result in cash flows that are Solely Payments of Principal and Interest (**SPPI**) on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions:
• it is held within a business model, which aims to achieve its objectives by both collecting contractual cash flows and selling financial assets;
• the contractual terms of the financial asset result in cash flows that are SPPI.

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

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

Business model assessment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DERECOGNITION, RESTRUCTURED AND MODIFIED FINANCIAL ASSETS

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

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

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

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

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

Offsetting

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

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

Collateral

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

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

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

Statement of cash flows

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

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

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

Fiduciary activities

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

Notes to the consolidated financial statements

1 SEGMENT REPORT

Accounting policy for segment reporting

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

Segment assets, income and results are measured based on NIBC's accounting policies and include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Liabilities are not allocated and reported to the chief operating decision-maker, but the related funding costs are allocated to the segments using an internal fund transfer pricing framework. NIBC reports interest income and expense on a net basis for the segments as NIBC uses the net interest income as a performance measure instead of gross interest income and expense. Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties. No operating segments have been aggregated to form the segments described below.

Operating segments

The operating segments are as follows:

MORTGAGES

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

ASSET BASED FINANCE

The Asset Based Finance segment consists of our corporate asset classes. In this segment we focus on asset-based lending within the asset classes Commercial Real Estate, Digital Infrastructure and Shipping. Products are mainly offered in North-western Europe.

PLATFORMS

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

NON-CORE ACTIVITIES

A number of activities are reported as non-core as they are not part of NIBC's strategic focus. These activities are managed in a separate segment with the aim to reduce exposures and operations, and without new origination. For the time that activities are still undertaken and NIBC still has exposures in these asset classes, the following asset classes are reported as Non-Core Activities: Offshore Energy, PFI Infrastructure Lending, Mid Market Corporates, Leveraged Finance, Fintech & Structured Finance, and Mobility. In addition, the corporate Originate-to-Manage offering in the form of funds, managed accounts and CLOs, and equity financing/mezzanine through NIBC Investment Partners are part of the Non-Core Activities segment. These activities have been succesfully transferred to third parties in the course of 2023.

TREASURY & GROUP FUNCTIONS

Treasury & Group functions includes NIBC's treasury function, asset and liability management, risk management and the bank's Corporate Centre which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Information Technology, Data & Analytics, Finance, Tax, Corporate Development and retail savings. A substantial part of the operating expenses as well as FTEs of Group functions are allocated to the segments Mortgages, Asset Based Finance, Platforms and Non-Core Activities.

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

Certain financial assets and liabilities are not allocated to Mortgages, Asset Based Finance, Platforms and/or Non-Core Activities segments as they are managed on a group basis. These financial assets and liabilities are held within the segment Treasury & Group functions and mainly comprise cash, debt investments, derivative assets and liabilities as well as the majority of the Group's funding, including retail savings. As the assets of the operating segments are funded internally with transfer pricing, NIBC's external funding is held within Treasury & Group functions.

Segment income statement

The following table presents the segment report consisting of a summary of our internal management report and the reconciliation to the consolidated results under IFRS for the year ended 31 December 2023:

	For the year ended 31 December 2023					
in EUR millions	Mortgages	Asset Based Finance	Platforms	Non-Core Activities	Treasury & Group functions	Total (consolidated financial statements)
Net interest income	102	98	8	27	184	419
Net fee income	36	1	-	3	1	41
Investment income	-	(1)	-	(2)	(0)	(2)
Net trading income or (loss)	(0)	0	-	6	2	8
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(0)	1	-	2	27	29
Net gains or (losses) on derecognition of financial assets measured at amortised cost	-	(0)	-	(0)	-	(0)
Other operating income	0	(0)	0	-	0	0
Operating income	**138**	**99**	**8**	**36**	**213**	**495**
Other operating expenses[1]	64	45	3	30	60	201
Regulatory charges and levies	-	-	-	-	19	19
Operating expenses	**64**	**45**	**3**	**30**	**78**	**220**
Net operating income	**75**	**54**	**5**	**7**	**134**	**275**
Credit loss expense	1	0	(0)	19	(0)	20
Gains or (losses) on disposal of assets	-	-	-	7	-	7
Profit before tax	**73**	**54**	**5**	**(5)**	**134**	**262**
Income tax	19	14	1	(0)	32	66
Profit after tax	**55**	**40**	**3**	**(5)**	**102**	**195**
Attributable to						
Shareholders of the company	55	40	3	(5)	90	183
Holders of capital securities	-	-	-	-	12	12
FTEs	166	176	11	88	158	600
Segment assets	13,288	3,849	328	1,151	4,434	23,050

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

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

	For the year ended 31 December 2022					
in EUR millions	Mortgages	Asset Based Finance	Platforms	Non-Core Activities	Treasury & Group functions	Total (consolidated financial statements)
Net interest income	127	92	3	64	100	386
Net fee income	39	2	-	6	1	47
Investment income	-	0	-	39	-	39
Net trading income or (loss)	(0)	0	(0)	(7)	(0)	(8)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(0)	0	-	(5)	12	7
Net gains or (losses) on derecognition of financial assets measured at amortised cost	-	(0)	-	(41)	-	(42)
Other operating income	-	0	-	0	0	0
Operating income	**166**	**95**	**3**	**55**	**112**	**431**
Other operating expenses[1]	69	37	1	43	62	213
Regulatory charges and levies	-	-	-	-	19	19
Operating expenses	**69**	**37**	**1**	**43**	**81**	**232**
Net operating income	**96**	**58**	**1**	**12**	**31**	**199**
Credit loss expense	1	8	(0)	12	(1)	19
Gains or (losses) on disposal of assets	-	-	-	(2)	-	(2)
Profit before tax	**95**	**50**	**2**	**(2)**	**33**	**178**
Income tax	25	11	0	(10)	3	30
Profit after tax	**70**	**39**	**1**	**8**	**29**	**148**
Attributable to						
Shareholders of the company	71	39	1	8	17	136
Holders of capital securities	-	-	-	-	12	12
FTEs	168	146	10	136	160	621
Segment assets	12,650	3,563	198	1,961	4,320	22,692

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

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

The following table presents the income and expenses incurred at each location for the year ended 31 December 2023:

	For the year ended 31 December 2023				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	469	15	6	5	495
Operating expenses	205	8	4	3	220
Credit loss expense	20	(0)	-	-	20
Gains or (losses) on disposal of assets	(7)	-	-	-	(7)
Profit before tax	**250**	**7**	**2**	**2**	**262**
Income tax	65	0	0	0	66
Profit after tax	**185**	**6**	**2**	**2**	**195**
FTEs	561	16	18	5	600
Segment assets	23,045	5	-		23,050

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

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

2 NET INTEREST INCOME

Accounting policy for interest income and expenses

Interest income and expense on financial instruments are recognised using the Effective Interest Rate (**EIR**) method to the gross carrying amount, except for those financial instruments measured at FVtPL, or credit-impaired financial assets.

The EIR is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. Interest income from financial assets measured at FVtPL is recognised applying the contractual interest rates. Interest income from credit-impaired financial assets is calculated by applying the effective interest rate to the amortised cost of the financial asset, i.e., the gross carrying amount less the expected credit loss. Negative interest from liabilities is recognised as interest income and negative interest from financial assets is recognised as interest expense. Penalty interest is directly recognised under interest income in case of early redemption or an interest rate reset.

In accordance with IFRS 16 Leases, revenue from finance lease contracts are included in interest income and revenue from operating lease contracts in other operating income.

in EUR millions	2023	2022
Interest and similar income		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	**779**	**524**
Cash and balances central banks	74	9
Due from other banks	9	1
Derivatives related to assets at amortised cost	(56)	(51)
Debt investments	26	5
Mortgage loans	347	308
Loans	355	244
Lease receivables	24	9
Other	0	-
Interest income from financial instruments measured at fair value through profit or loss	**15**	**10**
Derivatives	3	0
Debt investments	2	4
Loans	9	6
	793	**535**
Interest expense and similar charges		
Interest expense from financial instruments measured at amortised cost	**355**	**141**
Cash and balances central banks	12	7
Due to other banks	14	3
Deposits from customers	191	49
Derivatives related to liabilities at amortised cost	(1)	(3)
Debt investments	-	1
Loans	3	2
Debt securities	134	79
Subordinated liabilities	2	2
Other	0	2
Interest expense from financial instruments measured at fair value through profit or loss	**19**	**7**
Derivatives	4	(5)
Debt securities	4	4
Subordinated liabilities	11	8
Other	(0)	0
	375	**149**
	419	**386**

Hedge accounting is applied for the derivatives related to assets or liabilities at AC. For further details on hedge accounting refer to note 15 Derivative financial instruments.

Net interest income amounted to EUR 463 million in 2023 (2022: EUR 423 million), showing 9% growth compared to prior year. The increase in net interest income is mainly due to due improved average margins as a result of decreasing cost of funds and exposure growth. Positive portfolio development in the Asset Based Finance segment of Corporate loans, Leases and Mortgages combined with increased interest rates contributed to increased interest income. Interest expense increase is mainly driven by increasing volumes for deposits from customers and debt securities and increasing interest rates.

NIBC has drawn amounts under the TLTRO III program . TLTRO III has a drawn amount of EUR 300 million with a remaining maturity of less than one year (maturity in 2024). The EUR 250 million tranche was prepaid in February 2023.

3 NET FEE INCOME

Accounting policy for fee income and expenses

After identifying contracts and their performance obligations, fee income is recognised when a service is provided to a client. The transaction price is allocated to each performance obligation. Fee income is measured based on consideration specified in a legally enforceable contract with a client, taking into account discounts and rebates.

Fee income can be divided into two categories:

- fees earned from services that are provided over a certain period of time, such as (Originate-to-Manage) asset or investment management, which are recognised ratably over the period provided;
- fees earned from point in time services such as underwriting and performance-linked fees from investment management activities, which are recognised when the service has been completed.

in EUR millions	2023	2022
Fee income		
Originate-to-Manage mortgage loans	36	39
Originate-to-Manage corporate loans	3	5
Lending related fees	2	3
Other mortgage fees	0	1
	41	**47**
Fee expense		
Other non-interest related fees	-	-
	-	**-**
	41	**47**

The Originate-to-Manage mortgages include origination fees of EUR 5 million (2022: EUR 11 million) and management fees of EUR 32 million (2022: EUR 28 million). Due to lower origination volumes within the Originate-to-Manage portfolio, the origination fees are lower in 2023 compared to 2022. The increased management fee is due to growth in the Originate-to-Manage portfolio.

4 INVESTMENT INCOME

Accounting policy for investment income

Investment income includes the following:

- Realised and unrealised (revaluations) gains or losses from associates, joint-ventures and equity investments at fair value through profit or loss, whereby dividend income is recognised when NIBC's right to receive payment is established.
- Share in result of associates using the equity method. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for

the post-acquisition change in NIBC's share of the investees net assets. NIBC's profit or loss includes its share of the investees profit or loss.

in EUR millions	2023	2022
Share in result of associates and joint ventures accounted for using the equity method	3	(0)
Equity investments at fair value through profit or loss		
Gains less losses from associates	2	14
Gains less losses from other equity investments	(7)	26
Gains less losses from debt investments	(0)	0
	(2)	**39**

Investment income in 2023 exists of EUR 11 million unrealised losses and EUR 9 million realised gains.

The decrease in investment income is caused by the decreased portfolio following the sale in 2023 of equity investment activities (refer to note 25 Assets held for sale), of which the results were partly still included under investment income in 2022.

5 NET TRADING INCOME OR (LOSS)

Accounting policy for net trading income or (loss)

Net trading income includes all gains and losses from financial assets and liabilities held for trading.

in EUR millions	2023	2022
Financial instruments mandatory measured at fair value through profit or loss		
Debt investments held for trading	5	(7)
Other assets and liabilities held for trading	1	0
Other net trading income	1	(1)
	8	**(8)**

The debt investments held for trading include a gain of EUR 5 million on the non-rated positions of the sold CLO transactions (2022: loss of EUR 7 million).

6 NET GAINS OR (LOSSES) FROM ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy for gains or (losses) from assets and liabilities at fair value through profit or loss

The net gains or (losses) from assets and liabilities at fair value through profit or loss includes all gains and losses from financial instruments measured at fair value through profit or loss, excluding those presented under:

- investment income;
- net trading income;

- the results from movements in the fair value of financial liabilities that are attributable to changes in NIBC's own credit risk.

in EUR millions	2023	2022
Financial instruments		
Financial instruments mandatory at fair value through profit or loss other than those included in net trading income		
Derivatives held for hedge accounting		
Fair value hedges of interest risk rate	(14)	24
Cash flow hedges of interest risk rate	2	1
Interest rate instruments	37	(15)
Loans	3	(5)
Debt securities	2	(1)
Other		
Foreign exchange movement	2	2
Non-financial instruments		
Investment property - revaluation result	(3)	0
Earn-out commitments	(0)	(0)
	29	**7**

Fair value hedges of interest rate risk report a loss of EUR 14 million (2022: gain of EUR 24 million). This includes a loss of EUR 184 million on the hedging instruments (2022: gain of EUR 413 million) and a gain of EUR 171 million on the hedged items (2022: loss of EUR 389 million). Cash flow hedges report a gain of EUR 2 million (2022: gain of EUR 1 million).

Interest rate instruments (economic hedge without hedge accounting) reports a gain of EUR 37 million (2022: loss of EUR 15 million). This result includes a gain of EUR 46 million due to hedges that cannot be included in hedge accounting (2022: loss of EUR 18 million), a loss of EUR 8 million Credit Value Adjustment (CVA) (2022: loss of EUR 1 million), and a result of EUR nil million in cross currency swaps (2022: gain of EUR 1 million).

On loans, NIBC reports a gain of EUR 3 million (2022: loss of EUR 5 million), which only includes (unrealised) revaluation results, see note 20 Loans at FVtPL.

Investment property revaluation includes land and buildings revalued as of 31 December 2023 based on an independent external appraisal. Land and buildings with the available for rent status only marginally decreased in value, leading to a reported loss of EUR 3 million in 2023 (2022: gain of EUR 0.5 million net of tax).

The valuation of the earn-out commitments contains estimation uncertainty as it relates to the future performance of the different businesses. Management has assessed the potential future cash flows of the different businesses, the likelihood of an earn-out payment being made and discounted using an appropriate discount rate. The earn-out payments made in 2023 nor the reassessment of the different remaining earn-out commitments has a material impact on the 2023 financials.

7 NET GAINS OR (LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTISED COST

Accounting policy for gain or (losses) on derecognition of financial assets measured at amortised cost

The net gains/(losses) on derecognition of financial assets measured at amortised cost includes gains and losses recognised on the sale or derecognition of these financial assets, calculated as the difference between the carrying amount (which is the amortised cost adjusted for the updated expected credit loss allowance) and the proceeds received.

in EUR millions	2023	2022
Corporate loans	(0)	(42)
	(0)	**(42)**

The result includes financial assets sold against a price lower than the carrying value. The main cause for the reported loss in 2022 lies in the portfolio sales executed in 2022 to reduce NIBC's non-core portfolio.

8 PERSONNEL EXPENSES AND SHARE-BASED PAYMENTS

Accounting policy for personnel expenses and share-based payments

Salaries, social security charges and other salary-related costs are recognised over the period in which the employees provide the services to which the payments relate.

NIBC operates a defined contribution pension plan. The contribution payable to the defined contribution plan is in proportion to the services rendered to NIBC by the employees.

NIBC operates cash-settled share-based compensation plans.

CASH-SETTLED TRANSACTIONS

For the cash-settled share-based compensation plan, the fair value of the employee services received in exchange for the grant of share-based compensation is recognised as a liability. The liability is remeasured at each reporting date up to and including the settlement date with changes in fair value recognised in the income statement in personnel expenses. The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

PROFIT-SHARING AND BONUS PLANS

A liability is recognised for cash-settled bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to our shareholder after certain adjustments. NIBC recognises a liability where contractually obliged or where there is a past practice that has created a constructive obligation.

in EUR millions	2023	2022
Salaries	64	62
Severance payments[1]	2	2
Compensation external employees	5	7
Variable compensation		
Cash bonuses	1	2
Share-based, cash-settled and deferred bonuses	2	2
Pension and other post-retirement charges		
Defined-contribution plan[2]	12	13
Other post-retirement charges/(releases) including own contributions of employees	(2)	(2)
Social security charges	8	7
Other staff expenses	3	3
	95	**95**

1 2023 includes severance payments to multiple staff members following an announced reorganisation within the CTO- and CFO domain.

2 2022 includes a one-off contribution of EUR 0.6 million by the employer to the pension plan of its employees.

Personnel

The number of FTEs decreased from 621 at 31 December 2022 to 600 at 31 December 2023 (including FinQuest B.V.) due to the further materialisation of the focused strategy (ie. the sale of NIBC's Investments Partners franchise and UK collateral management franchise). The average number of FTEs decreased from 621 in 2022 to 607 in 2023. The number of FTEs outside of the Netherlands decreased from 50 at 31 December 2022 to 39 at 31 December 2023.

Salaries

Salary expenses increased in 2023 to EUR 64 million which can be explained by a combination of an increase of base salaries and the full year effect of the extention of the ExCo from 6 to 8 members during 2022. In the beginning of 2024 the ExCo will be brought back to 6 members.

Severance payments

The severance payments in 2023 amount EUR 1.9 million (2022: EUR 2.1 million), excluding severance payments relating to the sale of NIBC's Investment Partners Franchise.

Variable compensation

To all staff members in service on 31 December 2023 and mid March 2024 (Managing Board excluded) a one-off bonus compensation will be rewarded in 2024 over the performance year 2023. The amount depends on the base salary of the employee and will vary between EUR 1.000 and EUR 2.000. The total amount of this one-off compensation will be EUR 0.9 million and is fully expensed in 2023.

Total compensation

In 2023, five employees were awarded a total compensation of more than EUR 1 million (2022: three employees).

Expenses related to Statutory Board

in EUR	2023	2022
The breakdown of the total remuneration of the Statutory Board is as follows[1]		
Cash compensation (base salary)	5,133,216	4,176,176
Severance payments[2]	-	1,077,723
Short-term incentive compensation (sign-on cash bonus)[3]	105,000	60,000
Short-term incentive compensation (sign-on phantom share units)[4]	70,000	60,000
Vesting of prior years' short-term deferred share awards compensation[5]	90,968	43,188
Pension costs	181,626	152,748
Other remuneration elements[6]	1,289,972	1,032,838
	6,870,782	**6,602,672**

1 Statutory Board is equal to Managing Board.
2 Agreed-upon severance payment with the former Chief Financial Officer who left NIBC at 30 June 2023.
3 Agreed-upon sign-on bonus for a new management board member.
4 Agreed-upon sign-on bonus for joined member.
5 Expensed through the income statement in the current year, related to vesting of share related awards in prior year(s).
6 Including a collective allowance to compensate for loss of pension benefits with respect to 2023 salary in excess of EUR 128,810 (2022: EUR 114,866).

After a succesful membership of the Managing Board of almost 10 years, Mr. H.H.J. Dijkhuizen handed over his responsibilities as Chief FInancial Officer of NIBC to Ms. C.M. Dumas on 1 April 2023.

in EUR	2023	2022
Total remuneration of the Supervisory Board is as follows[1]		
Annual fixed fees, committee fees	1,100,500	997,500
	1,100,500	**997,500**

1 In 2022 and 2023 the Supervisory Board has 8 members.

The increase of the remuneration of the Supervisory Board is due to the increase of the number of meetings in 2023.

Components of variable compensation

Since 1 january 2023 only staff in the international offices and the senior originators in the Netherlands are eligible for variable compensation.

The following table gives an overview of the current and former components of variable compensation and their main characteristics:

Components of variable compensation	Share based	Cash-settled	Vesting conditions
Phantom Share Unit (PSU)[1]	Yes	Yes	None
Restricted Phantom Share Unit (RPSU)[1]	Yes	Yes	4 years pro rata vesting[2,3]
Deferred cash	No	Yes	4 years pro rata vesting

1 Continued service of the employee until vesting is not a requirement for granting of the different instruments part of the one-off retention packages.
2 Granted (R)PSU before 1/1/2021 have a three years pro rata vesting period.
3 Granted (R)PSUs of the members of the statutory board have a vesting period of five years.

ONE-OFF RETENTION PACKAGE EXCO MEMBERS RELATED TO THE ACQUISITION OF NIBC HOLDING N.V. BY FLORA ACQUISITIONS B.V.

The granted components of this retention package were split in Cash (20%), Deferred Cash (30%), PSUs (20%) and RPSUs (30%). Deferred Cash and RPSU will be vested in a 4 years period (1/4 per year), starting 30 December 2021, for which continued service until vesting is not a requirement. For Managing Board members the granted PSUs and RPSUs under the retention package have a holding period of five years. For other ExCo members the holding period for vested PSUs and vested RPSUs is one year.

PHANTOM SHARE UNITS (PSUS) AND RESTRICTED PHANTOM SHARE UNITS (RPSUS)

The short-term compensation in share-related awards consists of PSUs and/or RPSUs. RPSU awards are subject to a four-year vesting with one fourth vesting each year on 1 April. All PSUs and RPSUs are subject to a one-year retention period as measured from the date of vesting. For the Statutory Board the lock-up period of the equity-linked instruments is five years. RPSUs are not eligible for dividend.

The valuation of the (R)PSUs is based on the mark-up factor on the acquisition price of NIBC Holding N.V. that is used by shareholder to value its investment in NIBC Holding N.V..

This short term compensation in share related awards can be converted into cash immediately after the taking into account the applicable vesting rules and retention period and therefore is recognised as cash settled.

Share plans

PHANTOM SHARE UNITS

As at year-end 2023, 375,841 (2022: 368,250) PSUs had been issued to employees. The total outstanding position is cash-settled.

	Phantom Share Units (in numbers)		Weighted average fair value at grant date (in EUR)	
	2023	2022	2023	2022
Changes in phantom share units				
Balance at 1 January	**368,250**	**343,032**	**7.90**	**7.80**
Granted	28,316	61,732	8.56	8.51
Vesting of RPSUs	91,579	105,322	7.48	7.58
Exercised	(112,304)	(141,836)	7.75	7.68
Balance at 31 December	**375,841**	**368,250**	**7.89**	**7.90**

RESTRICTED PHANTOM SHARE UNITS

As at year end 2023, 217,571 (2022: 287,026) RPSUs had been issued to employees. The total outstanding position is cash-settled.

	Restricted Phantom Share Units (in numbers)		Weighted average fair value at grant date (in EUR)	
	2023	2022	2023	2022
Changes in restricted phantom share units				
Balance at 1 January	**287,026**	**316,627**	**7.92**	**7.66**
Granted	31,766	75,721	8.52	8.52
Vesting of RPSUs	(91,579)	(105,322)	7.48	7.58
Exercised before vesting to facilitate derisking (sale of non core portfolios)	(5,806)	-	7.95	-
Forfeited	(3,837)	-	8.07	-
Balance at 31 December	**217,571**	**287,026**	**8.18**	**7.92**

RESULT RECOGNITION

With respect to all components of variable compensation (cash, deferred cash, PSUs and RPSUs), an amount of EUR 3 million was expensed through personnel expenses in 2023 (2022: EUR 4 million). For cash-settled instruments (deferred cash, PSUs and RPSUs), the amount expensed during the vesting period through the income statement is based on the number of instruments originally granted outstanding at reporting date, their fair value at reporting date, the vesting period and estimates of the number of instruments that will forfeit during the remaining vesting period. The liability at reporting date with respect to cash-settled instruments is EUR 6 million (31 December 2022: EUR 7 million).

9 OTHER OPERATING EXPENSES

Accounting policy for other operating expenses

Costs are recognised in the period in which services have been provided to NIBC.

in EUR millions	2023	2022
Other operating expenses		
Project expenses and consultants	24	30
Marketing and communication expenses	4	5
Other employee expenses	3	4
ICT and data expenses	31	30
Process outsourcing	24	28
Fees of auditors	4	3
Other	12	12
	102	**113**

The decrease of total operating expenses can be explained by lower costs for external advisors for projects and lower process outsourcing expenses related to the mortgages portfolios due to lower origination volumes.

Fees of auditors 2023 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of auditors				
Audit of financial statements	3,240	38	131	3,410
Other audit-related services	186	-	132	318
Other non-audit related services	-	-	15	15
Tax services	-	-	29	29
	3,427	**38**	**307**	**3,772**

Fees of auditors 2022 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of auditors				
Audit of financial statements	2,561	87	205	2,853
Other audit-related services	120	-	39	159
Other non-audit related services	91	-	14	105
Tax services	-	-	27	27
	2,771	**87**	**285**	**3,144**

The audit fees relate to the financial year to which the consolidated financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year.

The fees listed above relate to the procedures applied to NIBC and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

10 REGULATORY CHARGES AND LEVIES

Accounting policy for regulatory charges and levies

Regulatory charges and levies are recognised when the related payments becomes legally enforceable.

in EUR millions	2023	2022
Resolution levy	9	6
Deposit Guarantee Scheme	9	13
	19	**19**

The resolution levy for 2023 includes a late adjustment of the resolution levy 2022 that became apparent in 2023 of EUR 2 million, due to the changed base of calculation. The accumulation of the Resolution Levy is finished in 2024. The decrease of the deposit guarantee scheme is related to lower charged risk contribution.

11 CREDIT LOSS EXPENSE

Accounting policy for Expected Credit Losses (ECL)

NIBC recognises loss allowances for ECL on financial assets measured at AC or FVOCI, loan commitments and financial guarantee contracts as credit loss expenses.

NIBC calculates ECL based on three probability-weighted scenarios (baseline, upturn and downturn) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to NIBC in accordance with the contract and the cash flows that NIBC expects to receive. 12-month ECL (**12M-ECL**) and Lifetime ECL (**LT-ECL**) are calculated as a probability weighted-average over the three macroeconomic scenarios and are based on the unbiased and Point-in-Time (**PiT**) estimates of Probability Default (**PD**), Loss Given Default (**LGD**) and Exposure at Default (**EAD**).

Refer to the Credit Risk (Audited) section for full disclosure on scenarios and scenario weights as well as used macroeconomic and other factors.

ECL changes are recognised within the income statement in credit loss expense, with a corresponding ECL allowance reported as a decrease in the carrying value of financial assets measured at AC in the statement of financial position. For financial assets measured at FVOCI, the carrying value is not reduced, but an accumulated amount is recognised in other comprehensive income.

For loan commitments and other credit facilities in scope of ECL, expected cash shortfalls are determined by considering expected future drawdowns during the contractual life of the instruments. For loan commitments relating to revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For fully undrawn loan commitments and letters of credit, the ECL allowance is presented within provisions.

NIBC's liability under a financial guarantee contracts is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, NIBC estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The calculation is made using a probability-weighting of the three scenarios. The ECLs related to financial guarantee contracts are presented within provisions.

NIBC has a portfolio of lease receivables. NIBC elected to apply the general, not the simplified, ECL approach for lease receivables.

NIBC applies the low credit risk exemption for part of the debt investments, being the liquidity portfolio. NIBC considers a debt investment to have low credit risk when its credit risk rating is equivalent to the definition of 'investment grade'.

RECOGNITION AND MEASUREMENT OF ECL

- 12M-ECL is recognised from initial recognition, reflecting the portion of lifetime cash shortfalls that would result if a default occurs in the 12 months after the reporting date, weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in stage 1. For instruments with a remaining maturity of less than 12 months, ECL is determined for this shorter period.

- LT-ECL is recognised if a significant increase in credit risk (**SICR**) is detected subsequent to the instrument's initial recognition, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of a financial instrument, weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in stage 2. The moment SICR is no longer observed, the instrument moves back to stage 1. The stage 2 EIR calculation for the corporate exposures consists of the current base rate plus an add-on. This rate is fixed to discount the cash-flows over the remaining life of the loan until its legal maturity. This rate applies to the different financial instruments, including undrawn loan commitments and financial guarantees. The EIR calculation for retail mortgage loans is based on the current coupon rate. The rate is fixed over the remaining life of the loan until its contractual maturity date.
- LT-ECL is also recognised for credit-impaired financial instruments, referred to as instruments in stage 3. NIBC recognises the LT-ECL, based on individual cash flow estimates at facility level determined by the Restructuring & Distressed Assets (**RDA**) department. RDA applies at least three scenarios (unless it is 100% impaired) and assigns probabilities to each of these scenarios. Focus is on recovery of the client, while in parallel an enforcement strategy, a loan trade or sale of the company are usually considered as alternative scenarios. The method is conceptually similar to that for stage 2 assets, but requires an individual assessment. For the purpose of the impairment calculation, the EIR is approximated by the sum of the applicable swap rate plus the original contractual margin.
- Changes in LT-ECL since initial recognition are also recognised for assets that are purchased or originated credit impaired (**POCI**) financial assets. POCI assets are initially recognised at fair value. NIBC only recognises the cumulative changes in LT-ECLs since initial recognition, based on a probability-weighting of the three scenarios, discounted by the credit-adjusted EIR. POCI assets include financial instruments that are newly recognised following a substantial restructuring and remain a separate ECL-category until maturity.

Credit-impaired exposures may include positions for which no loss has occurred or no allowance has been recognised, because they are expected to be fully recoverable through the collateral held.

EXPECTED CREDIT LOSS MEASUREMENT PERIOD

The maximum period for which the ECL is determined is the contractual life of a financial instrument unless NIBC has the legal right to call it earlier. For revolving facilities the ECL is measured over the period NIBC is exposed to credit risk.

SIGNIFICANT INCREASE IN CREDIT RISK

Financial instruments subject to ECL are monitored on an on-going basis which includes an assessment whether SICR has occurred. The assessment criteria include both quantitative and qualitative factors. Qualitative factors are forbearance measures, watch list and/or managed by RDA and the quantitative factor is an increase in probability of default (**PD**) since initial recognition.

The following table discloses the SICR triggers for the three major asset classes subject to ECL determination. The Watchlist consists of obligors that are not managed by RDA but have experienced decreased credit quality and as a result require closer monitoring.

SICR trigger	Corporate loans	Mortgage loans	Debt investments
Significant change in lifetime PD since initial recognition	Yes, threshold is a number of notches downgrade (between 1 and 7 notches downgrade depending on the rating at initial recognition).	Yes, threshold is an increase of 30% of lifetime PD.	Yes, based on 3 notch change in external rating, to a rating below Investment Grade (<BBB-).
Facility is forborne	Yes	Yes	Yes
Client is on the Watch List or Trigger List (Debt Investments)	As determined by the managing department applying watch list triggers.	n/a	Individually assessed.
Client is transferred to RDA (not yet defaulted)	Yes, determined by managing department.	n/a	n/a
Facility is 30 days past due (unless rebutted)	Yes, indirectly as it is a Watch List trigger. Materiality threshold is set at 1% of the exposure with a minimum of EUR 500.	Yes (1 month arrear)	Yes
Fraud indicator	Yes, indirectly as it is a Watch List trigger.	Yes	n/a

The following table discloses the SICR trigger for corporate loans following significant change in lifetime PD since initial recognition. The PD rating corporate loans are scaled over 22 notches. SICR triggers for lease receivables follow a similar methodology as for the corporate loans.

PD Rating Corporate Loans	SICR Trigger determined by number of notches downgrade	Remark
1	-7	
2+	-6	
2	-5	
2-	-4	
3+ to and including 4	-3	
4- to and including 6-	-2	
7+ to and including 7-	-1	
8	not applicable	a downgrade will lead to a default rating and per definition to stage 3
9 and 10	not applicable	rating 9 and 10 are per definition stage 3

As soon as the payment in arrear has been resolved or settled and no other impairment trigger is applicable, the borrower can become non-defaulted again after a probation period of at least three months in case all arrears have been cured by payments. However, if the defaults are resolved by agreeing an amendment (restructuring) a longer probation period applies of at least one year. The forbearance probation period is two years.

DEFAULT AND CREDIT IMPAIRMENT

NIBC has fully aligned the implementation of the prudential definition of default, the supervisory definition of Non-Performing exposures and the accounting definition of credit-impaired exposures in NIBC's definitions of default, processes, IT, monitoring and reporting.

An obligor or credit facility is considered to be in default when either one or both events have taken place:

1. NIBC considers that the obligor is unlikely to pay its credit obligations to NIBC in full, without recourse by NIBC to actions such as seizing collateral;
2. The obligor/facility is past due more than 90 days on any material credit obligation to NIBC.

An instrument is classified as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

1. significant financial difficulty of the issuer or the client;
2. a breach of contract, such as a default or past due event;
3. NIBC, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the client a concession(s) that NIBC would not otherwise consider;
4. it is becoming probable that the client will enter bankruptcy or other financial reorganisation;
5. the disappearance of an active market for that financial asset because of financial difficulties; or
6. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Once a financial asset is classified as defaulted/credit-impaired (except POCI assets), it remains as such unless all past due amounts have been rectified, additional payments have been made on time, the position is not classified as credit-restructured, and there is general evidence of credit recovery. If a financial asset 'cures', so that it is transferred back to stage 2 or stage 1, the adjustment required to bring the loss allowance to the amount required is presented as a credit loss recovery in the consolidated income statement.

WRITE-OFF

A write-off is made when all or part of a financial asset is deemed uncollectible or forgiven (e.g. in cases of bankruptcy or distressed restructuring). Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are credited to credit loss expense. Write-offs and partial write-offs represent derecognition / partial derecognition events.

Critical accounting estimates and judgements

The calculation of ECL requires management to apply significant judgment and make estimates and assumptions that involve significant uncertainty at the time they are made. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECL to be recognised.

DETERMINATION OF A SICR

IFRS 9 does not include a definition of what constitutes SICR. NIBC assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative reasonable and supportable forward-looking information that includes significant management judgment.

SCENARIOS, SCENARIO WEIGHTS AND MACROECONOMIC FACTORS

Refer to the Credit Risk (Audited) section for details.

EXPECTED CREDIT LOSS MEASUREMENT PERIOD

Lifetime ECL are determined based upon the contractual maturity of the transaction (other than revolving facilities), which significantly affects ECL. The ECL calculation is therefore sensitive to any extension of contractual maturities triggered by business decisions, customer payment discipline or an increased number of stage 2 positions.

MODELLING AND MANAGEMENT ADJUSTMENTS

A number of models have been developed or modified to calculate ECL. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. Management adjustments, based on counterparty details, can be applied when deemed necessary. The models are governed by NIBC's risk management department, supporting independent verification. Changes to the assumptions in the models are subject to approval by the Risk Management Committee (RMC) or the Asset & Liability Committee (ALCO) of NIBC.

ANALYSIS ON SENSITIVITY

The following tables show the sensitivity to the different economic scenarios for Corporate – and Mortgage loans in ECL stages 1 and 2 (drawn and undrawn, excluding management overlay). From a materiality perspective on portfolio size and possible impact on the income statement only the mortgage and loan portfolios are included.

Scenario	Assigned weight in % 2023	Unweighted ECL Corporate loans	Reported ECL Corporate loans	Unweighted ECL Mortgage loans	Reported ECL Mortgage loans
Upturn	10%	21		1	
Baseline	30%	24	25	1	1
Downturn	60%	27		1	

Scenario	Assigned weight in % 2022	Unweighted ECL Corporate loans	Reported ECL Corporate loans	Unweighted ECL Mortgage loans	Reported ECL Mortgage loans
Upturn	10%	25		1	
Baseline	30%	28	30	1	1
Downturn	60%	32		1	

Credit loss expense on- and off-balance financial assets

in EUR millions	2023	2022
Financial assets at amortised cost/fair value through other comprehensive income		
Cash and banks	(0)	(0)
Debt investments	(0)	(0)
Mortgage loans	1	1
Corporate loans	21	16
Assets held for sale	0	-
Lease receivables	(1)	4
Debtors	(0)	0
Total for on-balance sheet financial assets (in scope of ECL requirements)	**21**	**20**
Off-balance sheet financial instruments and credit lines		
Committed facilities with respect to mortgage loans	0	(0)
Irrevocable loan commitments and guarantees	(1)	(1)
Total for off-balance sheet financial assets (in scope of ECL requirements)	**(1)**	**(1)**
	20	**19**

Movement schedule of carrying values per ECL stage

The following tables show the movement of the financial assets at FVOCI and AC, as well as the undrawn commitments, and guarantees granted and irrevocable letters of credit ('other'), per ECL stage.

in EUR millions	Balance at 1 January 2023	Originated or purchased	Derecog-nised	Write-offs	Loss allowance	FX and other[1]	Transfer from or to held for sale	Stage transfers	Balance at 31 December 2023
Stage 1									
Debt investments	859	321	(294)	-	0	9	-	-	895
Mortgage loans	11,741	1,774	(815)	-	-	(1)	-	(38)	12,661
Corporate loans	5,745	1,885	(1,587)	0	(1)	(8)	1	(161)	5,875
Off-balance:									
Undrawn commitments	1,182	-	(134)	-	1	2	-	(92)	959
Other	25	8	-	-	-	-	-	(22)	11
Stage 2									
Debt investments	2	0	(0)	-	(0)	0	-	-	2
Mortgage loans	131	-	(27)	-	(0)	(0)	-	18	122
Corporate loans	308	6	(195)	(2)	2	1	5	109	235
Off-balance:									
Undrawn commitments	31	-	(83)	-	-	0	-	92	41
Other	0	-	(1)	-	-	-	-	18	18
Stage 3									
Mortgage loans	73	-	(3)	(2)	1	0	-	20	88
Corporate loans	59	0	(63)	28	(17)	(1)	-	51	58
Lease receivables	5	-	-	-	-	(0)	-	-	5
Off-balance:									
Undrawn commitments	0	0	-	-	-	-	-	-	1
Other	-	-	(4)	-	-	-	-	4	-
POCI									
Mortgage loans	46	-	(5)	-	(0)	0	-	-	41
Corporate loans	35	17	(43)	23	(6)	(5)	-	-	20
Off-balance:									
Undrawn commitments	21	-	(16)	-	-	(0)	-	-	5
Other	28	-	(0)	-	-	(1)	-	-	26
	20,292	**4,012**	**(3,271)**	**47**	**(20)**	**(5)**	**6**	**(0)**	**21,062**

1 The column "FX and other" includes a fair value increase in 2023 for Debt investments at FVOCI of EUR 7m (2022: decrease of EUR 16m).

in EUR millions	Balance at 1 January 2022	Originated or purchased	Derecognised	Write-offs	Loss allowance	FX and other	Transfer from or to held for sale	Stage transfers	Balance at 31 December 2022
Stage 1									
Debt investments	850	251	(221)	-	-	(20)	-	-	859
Debt investments AC	25	-	-	-	-	-	(25)	-	-
Mortgage loans	11,694	2,998	(2,900)	-	(3)	0	-	(49)	11,741
Corporate loans	5,645	2,608	(2,235)	3	(3)	(174)	(37)	(60)	5,746
Off-balance:									
Undrawn commitments	1,451	6	(278)	-	-	(8)	-	10	1,182
Other	36	-	(11)	-	-	1	-	(1)	25
Stage 2									
Debt investments	3	0	(0)	-	-	0	-	-	2
Mortgage loans	125	(0)	(31)	-	(0)	0	-	36	131
Corporate loans	531	19	(307)	5	7	5	(5)	54	308
Off-balance:									
Undrawn commitments	69	-	(28)	-	-	(0)	-	(9)	31
Other	0	-	(2)	-	-	-	-	1	0
Stage 3									
Mortgage loans	69	(0)	(8)	-	0	0	-	12	73
Corporate loans	163	0	(112)	23	(14)	1	(7)	5	59
Lease receivables AC	8	-	-	-	(4)	-	-	-	5
Off-balance:									
Undrawn commitments	1	0	-	-	-	-	-	(1)	0
Other	-	-	-	-	-	-	-	-	-
POCI									
Mortgage loans	52	-	(7)	-	0	0	-	-	46
Corporate loans	43	4	-	1	(7)	(7)	-	-	35
Off-balance:									
Undrawn commitments	10	11	-	-	-	-	-	-	21
Other	28	-	(2)	-	-	2	-	-	28
	20,802	**5,898**	**(6,141)**	**32**	**(24)**	**(200)**	**(74)**	**(1)**	**20,292**

Movement of the credit loss allowances

The following tables disclose the movement of the credit loss allowances including management overlays per financial instrument and ECL stage.

in EUR millions	Balance at 1 January 2023	Movements with no impact on credit loss allowances of financial assets in the income statement	Movements from ECL model with impact on the income statement	Movements from management overlay with impact on the income statement	Balance at 31 December 2023
Stage 1					
Debt investments	(0)	0	(0)	-	(0)
Mortgage loans	5	0	0	1	6
Corporate loans	22	(0)	(0)	1	22
Off-balance	3	0	(1)	-	2
Stage 2					
Debt investments	(0)	-	-	-	(0)
Mortgage loans	7	(0)	0	-	7
Corporate loans	9	0	(2)	-	7
Off-balance	1	(0)	0	-	1
Stage 3					
Mortgage loans	1	2	(1)	-	2
Corporate loans	65	(26)	17	-	56
Lease receivables	26	(22)	(1)	-	3
Off-balance	0	0	(0)	-	0
POCI					
Mortgage loans	0	-	0	-	0
Corporate loans	62	(18)	6	-	50
Off-balance	0	(0)	(0)	-	0
	200	**(64)**	**18**	**2**	**154**

in EUR millions	Balance at 1 January 2022	Movements with no impact on credit loss allowances of financial assets in the income statement	Movements from ECL model with impact on the income statement	Movements from management overlay with impact on the income statement	Balance at 31 December 2022
Stage 1					
Debt investments	(0)	-	0	-	(0)
Mortgage loans	2	0	0	3	5
Corporate loans	14	(2)	6	3	22
Lease receivables	-	-	-	-	-
Off-balance	3	0	(0)	-	3
Stage 2					
Debt investments	(0)	-	-	-	(0)
Mortgage loans	7	0	(0)	-	7
Corporate loans	26	(11)	(4)	(3)	9
Lease receivables	-	-	-	-	-
Off-balance	1	0	(0)	-	1
Stage 3					
Mortgage loans	1	2	(2)	-	1
Corporate loans	80	(19)	4	-	65
Lease receivables	22	-	4	-	26
Off-balance	(0)	-	-	-	(0)
POCI					
Mortgage loans	0	-	(0)	-	0
Corporate loans	50	3	9	-	62
Off-balance	1	0	(0)	-	0
	205	**(26)**	**16**	**3**	**200**

The credit loss expense for corporate loans is mainly related to the non-performing portfolio (stage 3 and POCI) and the updated macroeconomic scenarios. These credit loss expenses are tempered by decreases in ECL for stage 1 and 2 due to derecognitions and remeasurements.

Management overlay

Corporate exposures
As the ECL modelling outcome is the result of assumptions and inputs, the outcome may not fully reflect all risks and circumstances as they are present at reporting date. Management concluded that some circumstances are not fully captured in the predictive value of the model, nor are they included in the historical data on which the models have been constructed. In this period of increased uncertainty, especially with respect to economic developments and potential effects of inflation, stabilising real estate market at elevated prices, shortage of building material supply and a changing environment in public financing activities, a management overlay has been recognised to correctly reflect all risks and uncertainties per 31 December 2023. The nature of the management overlay focuses on sectors with elevated risk exposures, which are mainly recognised on Non-core portfolios. Compared to 2022 (EUR 5 million), the ECL management overlay increased to EUR 7 million in both stage 1 and 2 to represent the portfolios exposed to the above described uncertainties.

Mortgage loans
NIBC considered the current uncertainty on future developments in the house prices together with increased inflation. With increased inflation levels and increases in interest rates there is uncertainty on the portfolio risk for mortgages. NIBC performed an analysis to quantify the customer's ability to pay, taking into account the customer's burden space and the current decrease in house prices. Also the impact of climate risk has been taken into account in this analysis. The outcome of the analysis was one of the considerations to include the ECL management overlay on mortgage loans. The ECL management overlay for mortgage loan exposures amounts to EUR 12 million (2022: EUR 11 million). The increase is due to estimated ECL impact driven by model redevelopment to improve estimated losses and climate risk has been considered in the management overlay by means of an impact assessment on customer's ability to pay.

Macroeconomic scenarios

The baseline scenario suggests that economic growth will be tempered due to factors as high interest rates, sentiment, and weak manufacturing orders. Despite this, labor markets are predicted to remain strong with only a marginal increase in unemployment. Inflation is expected to decrease due to various factors, but it will not reach the ECB's target until late 2024, and core inflation will remain above target until 2025. The ECB is anticipated to maintain its current policy stance, focusing on keeping rates high for an extended period, with rate cuts expected to begin gradually in spring 2024. NIBC has considered the number of scenarios and weights assigned to individual scenarios and decided to leave the scenario weights unadjusted, consequently continuing to emphasise the elevated risk of a down turn. The assumptions made in relation to the forecast period used for scenario modelling have remained unchanged. The updates of the macroeconomic scenarios and weights during 2023 have led to an increase in ECL of EUR 3 million.

Refer to the Credit Risk (audited) section for more detail.

Rating of carrying values per ECL stage

The following tables present the credit quality based on NIBC's internal credit rating system for debt investments, corporate loans, lease receivables and undrawn commitments and year-end stage classification. Details of NIBC's internal rating system are explained in the Risk Management Paragraph.

in EUR millions	Investment	Sub-investment	Default	Default grade (bankruptcy filing)	Unrated	Total 2023
Stage 1						
Debt investments	895	-	-	-	-	895
Corporate oans	791	3,670	-	-	1,415	5,875
Off-balance:						
Undrawn commitments	137	762	-	-	59	959
Other	6	5	-	-	0	11
Stage 2						
Debt investments	-	2	-	-	-	2
Corporate loans	-	206	-	-	29	235
Off-balance:						
Undrawn commitments	-	41	-	-	-	41
Stage 3						
Corporate loans	-	-	60	(1)	-	58
Lease receivables	-	-	-	-	5	5
Off-balance:						
Undrawn commitments	-	-	1	-	-	1
POCI						
Corporate loans	-	-	20	-	-	20
Off-balance:						
Undrawn commitments	-	5	-	-	-	5
Other	-	26	-	0	-	26
	1,829	**4,734**	**80**	**(1)**	**1,507**	**8,150**

Off-balance 'Other' refers to guarantees granted and irrevocable letters of credit.

in EUR millions	Investment	Sub-investment	Default	Default grade (bankruptcy filing)	Unrated	Total 2022
Stage 1						
Debt investments	859	-	-	-	-	859
Corporate loans	907	3,634	-	-	1,205	5,746
Off-balance:						
Undrawn commitments	175	919	-	-	88	1,182
Other	6	19	-	-	0	25
Stage 2						
Debt investments	-	2	-	-	-	2
Corporate loans	16	293	-	-	(1)	308
Off-balance:						
Undrawn commitments	4	27	-	-	-	31
Other	-	-	-	-	-	-
Stage 3						
Corporate loans	-	-	55	4	-	59
Lease receivables	-	-	-	-	5	5
Off-balance:						
Undrawn commitments	-	-	0	-	-	0
POCI						
Corporate loans	-	-	35	-	-	35
Off-balance:						
Undrawn commitments	-	3	18	-	-	21
Other	-	28	-	-	0	28
	1,968	**4,925**	**108**	**4**	**1,297**	**8,302**

The following tables present the credit quality based on PD for mortgages and year-end stage classification.

in EUR millions	<= 1%	1%> <=2%	2%> <=5%	5%> <100%	100%	Total 2023
Stage 1						
Mortgage loans	11,685	408	290	278	-	12,661
Stage 2						
Mortgage loans	5	4	28	84	-	122
Stage 3						
Mortgage loans	2	0	-	0	86	88
POCI						
Mortgage loans	4	-	7	7	23	41
	11,696	**413**	**326**	**369**	**108**	**12,911**

in EUR millions	<= 1%	1%> <=2%	2%> <=5%	5%> <100%	100%	Total 2022
Stage 1						
Mortgage loans	11,630	78	21	12	-	11,741
Stage 2						
Mortgage loans	52	3	15	56	4	131
Stage 3						
Mortgage loans	1	-	-	-	71	72
POCI						
Mortgage loans	16	1	0	3	26	46
	11,698	**82**	**36**	**71**	**102**	**11,990**

12 INCOME TAX

Accounting policy for income tax

Tax consists of current and deferred tax. Tax is recognised in the income statement and in the statement of other comprehensive income in the period in which it arises.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates (and laws) enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when NIBC intends to settle on a net basis and a legal right of offset exists.

Deferred tax is recognised for qualifying temporary differences. Temporary differences represent the difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the reporting date.

Critical accounting estimates and judgements

Deferred tax assets are included only if it is probable that taxable profits will be realised in the coming years against which these temporary differences can be offset. When determining future taxable profits, estimates are used since these are subject to uncertainty.

in EUR millions	2023	2022
Current tax	67	28
Deferred tax	(1)	1
	66	**30**

Further information on deferred tax is presented in note 26 Tax assets and liabilities. The actual tax charge on NIBC's profit before tax differs from the theoretical amount that would arise using the basic tax rate, as follows:

in EUR millions	2023	2022
Tax reconciliation:		
Profit before tax	**262**	**178**
Tax calculated at the nominal Dutch corporate tax rate of 25.8% (2022: 25.8%)	68	46
Impact of income not subject to tax	(3)	(13)
Impact of expenses not tax deductible	3	-
Effect of different tax rates other countries	0	1
Actualisation including true-ups and revaluations	(2)	0
Other tax effects	(0)	(4)
	66	**30**

The impact of income not subject to tax mainly relates to the coupon on capital securities which is deductible under Dutch tax law and tax exempt income from equity investments and investments in associates and joint ventures in which NIBC has a stake of more than 5%.

The amount mentioned under the actualisation is the result of updates to the Dutch and German tax positions of NIBC resulting from amongst others filing of tax returns in 2023.

Income tax expense is recognised based on management's best estimate of the expected annualised income tax rate for the full financial year, as well as discrete items recognised in 2023. This results in an effective tax rate of 25.4% for the year ended 31 December 2023 (for the year ended 31 December 2022: 16.7%).

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

13 CASH AND BALANCES WITH CENTRAL BANKS

Accounting policy for cash and balances with central banks

Cash and balances at central banks are held at amortised cost, and include cash on hand and mandatory reserve deposits.

in EUR millions	2023	2022
Cash and balances with central banks can be categorised as follows		
Receivable on demand	1,811	1,913
Not receivable on demand (due to mandatory reserve deposits with central banks)	183	174
	1,994	**2,087**

At 31 December 2023 EUR 1,811 million is held on the current account balance with Dutch Central Bank (31 December 2022: EUR 1,913 million).

Balances held with central banks are interest-bearing.

14 DUE FROM OTHER BANKS

Accounting policy for due from other banks

Amounts due from other banks are measured at amortised cost.

in EUR millions	2023	2022
Current accounts	430	532
Deposits with other banks	108	309
	538	**841**
Due from other banks can be categorised as follows		
Receivable on demand	430	532
Cash collateral placements posted under CSA agreements	108	276
Not receivable on demand	0	33
	538	**841**

There were no subordinated loans included in due from other banks in 2023 and 2022.

Movements in cash collateral placements (CSA) can be attributed to movements of interest rates and/or FX rates.

15 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy for derivative financial instruments

Derivative financial instruments are measured at fair value through profit or loss.

NIBC uses derivative financial instruments both for trading and hedging purposes, and consist of:
- Interest rate swaps to hedge the interest rate risk of the Mortgage portfolio;
- Interest rate swaps to hedge to fair value interest rate risk of fixed rate funding;
- Foreign exchange and cross-currency swaps to fund the non-euro loans to customers or to

transform non-euro funding into euros;
- Client-driven derivative transactions;
- Money market trading.

Economically, all these derivatives, with the exception of the money market trading and client-driving transactions, are used to hedge interest rate or foreign exchange risk. See Risk Management paragraph for further details.

Gains and losses from changes in the fair value of derivatives held for trading are recognised in the income statement in net trading income, while gains and losses from changes in the fair value of derivatives held for hedging purposes are recognised in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss.

Accounting policy for hedge accounting

When derivatives are designated as hedges, NIBC classifies them as either (i) a fair value hedge of interest rate risk ('portfolio fair value hedges'); (ii) a fair value hedge of interest rate risk or FX rate risk ('micro fair value hedges'); (iii) a cash flow hedge of the variability of highly probable cash flows ('cash flow hedges'). Hedge accounting is applied to derivatives designated as hedging instruments, provided the criteria of IAS 39 are met.

At the inception of a hedging relationship, NIBC documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge. NIBC also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging relationships are highly effective in offsetting changes attributable to the hedged risk in the fair value or cash flows of the hedged items.

NIBC discontinues hedge accounting prospectively when:
- It is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- The derivative expires, or is sold, terminated or exercised;
- The hedged item matures, or is sold or repaid;
- A forecast transaction is no longer deemed highly probable; or
- It voluntarily decides to discontinue the hedge relationship.

FAIR VALUE HEDGE

NIBC applies portfolio fair value hedge accounting and fair value hedge accounting on a micro level. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss together with changes in the fair value of the hedged items attributable to the hedged risk.

If a hedge relationship no longer meets the criteria for hedge accounting, the cumulative fair value adjustment to the carrying amount of the hedged item is amortised to the income statement over the remaining period to maturity using the effective interest method. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss.

PORTFOLIO FAIR VALUE HEDGE
NIBC applies portfolio fair value hedge accounting to the interest rate risk arising on (amortised cost) portfolios of mortgage loans, fixed rate corporate loans and funding and the interest rate risk from retail deposits.

In order to apply portfolio fair value hedge accounting, the cash flows arising on the portfolios are scheduled into time buckets based upon when the cash flows are expected to occur. For the first two years, cash flows are scheduled using monthly time buckets; thereafter annual time buckets are used. Hedging instruments are designated for each time bucket, together with an amount of assets or liabilities that NIBC is seeking to hedge. Designation and de-designation of hedging relationships is undertaken at least on a monthly basis, together with an assessment of the effectiveness of the hedging relationship at a portfolio level, across all time buckets.

MICRO FAIR VALUE HEDGE
NIBC applies micro fair value hedge accounting to the interest rate risk and/or the foreign exchange risk arising from debt investments at fair value through other comprehensive income and fixed-interest rate funding.

(Cross-currency) interest rate swaps are used as hedging instruments. Changes in the fair value of derivatives that are designated and qualify as fair value hedging instruments are recorded in the income statement together with changes in the fair value of the hedged items attributable to the hedged risks.

CASH FLOW HEDGE
Cash flow hedge accounting is applied to hedge the variability arising on expected future cash flows due to interest rate risk on loans at amortised cost with floating interest rates. As interest rates fluctuate, the future cash flows on these instruments also fluctuate. NIBC uses interest rate swaps to hedge the risk of such cash flow fluctuations. Cash flow hedges are always on portfolio level.

The effective portion of changes in the fair value of hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income as net result of hedging instruments. Any gain or loss in fair value relating to an ineffective portion is recognised immediately in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods in which the hedged item will affect the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss in other comprehensive income at that time remains in other comprehensive income until the forecast cash flow is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the income statement.

HEDGE EFFECTIVENESS TESTING
To qualify for hedge accounting, NIBC requires that at the inception of the hedge and throughout its life, each hedge must be expected to be highly effective (prospective effectiveness). Actual effectiveness (retrospective effectiveness) must also be demonstrated on an ongoing basis.

The documentation of each hedging relationship describes how effectiveness will be assessed. For prospective effectiveness, the hedging instrument must be expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the bandwidth of 80% - 125% for the hedge to be deemed effective.

Sources of ineffectiveness are the behaviour of the curve shift, the volatility of the basis spread over the curve and the distribution of cash flows of assets and liabilities compared to the hedging derivatives. Hedge ineffectiveness is recognised in the income statement in net gains or (losses) from assets and liabilities at fair value through profit or loss. Ineffectiveness outside the 80% - 125% bandwidth is recognised by not posting a hedge adjustment to the hedged item.

Derivatives used for hedge accounting and other

in EUR millions	2023	2022
Derivative financial assets		
Derivative financial assets used for hedge accounting	32	18
Derivative financial assets - other	124	144
	156	**162**
Derivative financial liabilities		
Derivative financial liabilities used for hedge accounting	15	7
Derivative financial liabilities - other	114	225
	129	**232**

The carrying amounts for derivatives used for hedge accounting consist mainly of interest rate swaps in portfolio fair value hedges.

Hedge accounting - fair value hedges

FAIR VALUE ADJUSTMENTS HEDGED ITEMS

In the following tables NIBC sets out the accumulated fair value adjustments in the hedged items arising from the corresponding continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the years.

in EUR millions	Hedged items	Carrying amount of hedged items at 31 December 2023		Accumulated amount of fair value adjustments on the hedged items at 31 December 2023	
		Assets	Liabilities	Assets	Liabilities
Micro fair value hedges					
Micro fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	-	-	-
Micro fair value hedge of Liquidity portfolio debt investments	Debt investments at FVOCI	175	-	0	-
		175	**-**	**0**	**-**
Portfolio fair value hedges					
Portfolio fair value hedge of assets and liabilities	Deposits from customers and Mortgage loans	9,024	5,793	(317)	291
		9,024	**5,793**	**(317)**	**291**
		9,199	**5,793**	**(317)**	**291**

in EUR millions	Hedged items	Carrying amount of hedged items at 31 December 2022		Accumulated amount of fair value adjustments on the hedged items at 31 December 2022	
		Assets	Liabilities	Assets	Liabilities
Micro fair value hedges					
Micro fair value hedge of plain vanilla funding	Own debt securities in issue at AC	-	271	-	7
Micro fair value hedge of Liquidity portfolio debt investments	Debt investments at FVOCI	74	-	5	-
		74	**271**	**5**	**7**
Portfolio fair value hedges					
Portfolio fair value hedge of assets and liabilities	Deposits from customers and Mortgage loans	6,849	4,427	(710)	512
		6,849	**4,427**	**(710)**	**512**
		6,924	**4,698**	**(705)**	**519**

HEDGE INEFFECTIVENESS FAIR VALUE HEDGES

The following tables set out the changes in the fair value of the hedged items and hedging instruments in the current year, used as the basis for recognising ineffectiveness.

in EUR millions	Gains/(losses) attributable to the hedged risk at 31 December 2023		Hedge ineffective-ness at	Gains/(losses) attributable to the hedged risk at 31 December 2022		Hedge ineffective-ness at
Hedged items (hedge instruments)	Hedged items	Hedging instruments	31 December 2023	Hedged items	Hedging instruments	31 December 2022
Micro fair value hedge relationships hedging assets						
Micro fair value hedge of the Liquidity portfolio debt investments (interest rate swaps)	5	(6)	(1)	(5)	6	1
	5	**(6)**	**(1)**	**(5)**	**6**	**1**
Micro fair value hedge relationships hedging liabilities						
Micro fair value hedge of plain vanilla funding (interest rate swaps)	(7)	8	0	10	(10)	(0)
	(7)	**8**	**0**	**10**	**(10)**	**(0)**
Total micro fair value hedge	**(2)**	**2**	**(0)**	**5**	**(3)**	**1**

in EUR millions	Gains/(losses) attributable to the hedged risk at 31 December 2023		Hedge ineffective-ness at	Gains/(losses) attributable to the hedged risk at 31 December 2022		Hedge ineffective-ness at
Hedged items (hedge instruments)	Hedged items	Hedging instruments	31 December 2023	Hedged items	Hedging instruments	31 December 2022
Portfolio fair value hedges hedging assets						
Portfolio fair value hedge of assets (interest rate swaps)	251	(424)	(174)	(932)	941	9
	251	**(424)**	**(174)**	**(932)**	**941**	**9**
Portfolio fair value hedges hedging liabilities						
Portfolio fair value hedge of liabilities (interest rate swaps)	(75)	238	163	548	(525)	23
	(75)	**238**	**163**	**548**	**(525)**	**23**
Total portfolio fair value hedge	**176**	**(186)**	**(10)**	**(384)**	**416**	**32**

Hedge accounting - cash flow hedges

The following tables set out the outcome of NIBC's hedging strategy, in particular, the notional and the carrying amounts of the derivatives NIBC uses as hedging instruments and their changes in fair values used for measuring hedge ineffectiveness separately showing the effective and ineffective portions.

Hedge accounting – cash flow hedges at 31 December 2023

	Carrying value		Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			Reclassified into income statement as	
			Effective portion	Hedge ineffectiveness	In total		
in EUR millions	Assets	Liabilities	Recognised in OCI	Recognised in the income statement in gains or (losses) from assets and liabilities at FVtPL		Other interest gains or (losses)	Gains or (losses) from assets and liabilities at FVtPL
Cash flow hedges							
Interest rate swaps	-	0	0	1	1	2	1
	-	**0**	**0**	**1**	**1**	**2**	**1**

The underlying hedged items of the cash flow hedges are the floating rate coupons of the Corporate Loan portfolio.

Hedge accounting – cash flow hedges at 31 December 2022

	Carrying value		Changes in fair value of hedging instruments used for measuring hedge ineffectiveness			Reclassified into income statement as	
			Effective portion	Hedge ineffectiveness	In total		
in EUR millions	Assets	Liabilities	Recognised in OCI	Recognised in the income statement in gains or (losses) from assets and liabilities at FVtPL		Other interest gains or (losses)	Gains or (losses) from assets and liabilities at FVtPL
Cash flow hedges							
Interest rate swaps	0	0	(3)	(1)	(4)	2	2
	0	**0**	**(3)**	**(1)**	**(4)**	**2**	**2**

in EUR millions	Change in fair value of hedged item in the year 2023 used for ineffectiveness measurement	Cash flow hedge reserve at 31 December 2023		Change in fair value of hedged item in the year 2022 used for ineffectiveness measurement	Cash flow hedge reserve at 31 December 2022	
		Continuing hedges	Discontinued hedges		Continuing hedges	Discontinued hedges
Cash flow hedges						
Floating rate notes	0	(0)	(1)	5	(1)	(2)
	0	**(0)**	**(1)**	**5**	**(1)**	**(2)**

Hedge accounting impact on equity

in EUR millions	2023	2022
Opening balance cash flow hedging reserve as at 1 January	**(4)**	**(11)**
Cash flow hedges		
Effective portion of changes in fair value arising from		
Interest rate swaps	(0)	3
Net amount reclassified to profit or loss into		
Other interest expense/income	2	2
Gains or (losses) from assets and liabilities at FVtPL	1	2
Other	(0)	0
Closing balance cash flow hedging reserve as at 31 December	**(1)**	**(4)**

At 31 December 2023 the cash flow hedge reserve consists of an amount of EUR nil (2022: EUR 1 million) relating to continuing hedges and an amount of EUR 1 million (2022: EUR 2 million) to hedging relationships for which hedge accounting is no longer applied.

Remaining life of notionals per derivative

Derivative financial instruments used for hedge accounting at 31 December 2023

	Notional amount with remaining life of					Carrying value	
in EUR millions	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products							
Average fixed rate	0.00%	0.48%	1.94%	1.54%	1.68%		
Interest rate swaps	24	732	7,600	6,950	15,306	32	15
	24	**732**	**7,600**	**6,950**	**15,306**	**32**	**15**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products							
Average fixed rate	2.61%	2.42%	1.68%	0.00%	2.10%		
Interest rate swaps	12	12	23	-	46	-	0
	12	**12**	**23**	**-**	**46**	**-**	**0**
Total derivatives used for hedge accounting	**36**	**744**	**7,623**	**6,950**	**15,352**	**32**	**15**

Derivative financial instruments used for hedge accounting at 31 December 2022

in EUR millions	Notional amount with remaining life of					Carrying value	
	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products							
Average fixed rate	-	1.59%	0.61%	1.09%	0.85%		
Interest rate swaps	-	644	7,478	5,651	13,773	18	7
	-	**644**	**7,478**	**5,651**	**13,773**	**18**	**7**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products							
Average fixed rate	-	2.00%	2.10%	0.00%	2.13%		
Interest rate swaps	-	23	45	-	68	0	0
	-	**23**	**45**	**-**	**68**	**0**	**0**
Total derivatives used for hedge accounting	**-**	**667**	**7,523**	**5,651**	**13,841**	**18**	**7**

Derivative financial instruments - other at 31 December 2023

in EUR millions	Notional amount with remaining life of					Carrying value	
	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Interest rate derivatives							
OTC products							
Interest rate swaps	2,475	5,270	2,324	2,019	12,088	60	29
Interest rate options (purchase)	19	129	227	10	385	10	-
Interest rate options (sale)	19	128	194	-	342	0	7
	2,514	**5,527**	**2,745**	**2,029**	**12,815**	**70**	**36**
Currency derivatives							
OTC products							
Interest currency rate swaps	150	280	858	-	1,288	10	23
Currency/cross-currency swaps	227	-	-	-	227	0	6
	377	**280**	**858**	**-**	**1,515**	**10**	**29**
Other derivatives (including credit derivatives)							
OTC products							
Credit default swaps (guarantees received)	-	-	-	4	4	-	0
Other swaps	-	-	3	9	12	44	48
	-	**-**	**3**	**13**	**16**	**44**	**48**
Total derivatives - other	**2,891**	**5,808**	**3,606**	**2,042**	**14,346**	**124**	**114**

Derivative financial instruments - other at 31 December 2022

	Notional amount with remaining life of					Carrying value	
in EUR millions	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Interest rate derivatives							
OTC products							
Interest rate swaps	1,785	7,636	3,659	4,361	17,441	52	70
Interest rate options (purchase)	14	179	320	15	528	21	-
Interest rate options (sale)	14	148	320	5	487	-	19
	1,814	**7,963**	**4,299**	**4,381**	**18,457**	**73**	**89**
Currency derivatives							
OTC products							
Interest currency rate swaps	58	370	780	-	1,208	12	73
Currency/cross-currency swaps	139	-	-	-	139	2	0
	197	**370**	**780**	**-**	**1,347**	**14**	**73**
Other derivatives (including credit derivatives)							
OTC products							
Credit default swaps (guarantees received)	4	-	-	-	4	-	0
Other swaps	-	-	3	11	14	57	62
	4	**-**	**3**	**11**	**18**	**57**	**63**
Total derivatives - other	**2,014**	**8,333**	**5,082**	**4,392**	**19,822**	**144**	**225**

The average remaining maturity (in which the related cash flows are expected to enter into the determination of profit or loss) is six years (2022: six years).

FAIR VALUE HEDGES OF INTEREST RATE RISK

The following table discloses the fair value of the swaps designated in fair value hedging relationships:

in EUR millions	2023	2022
Fair value pay - fixed swaps (hedging assets) | assets	32	18
Fair value pay - fixed swaps (hedging assets) | liabilities	(3)	(0)
	28	**17**
Fair value pay - floating swaps (hedging liabilities) | assets	-	0
Fair value pay - floating swaps (hedging liabilities) | liabilities	(12)	(7)
	(12)	**(7)**

PORTFOLIO FAIR VALUE HEDGE ACCOUNTING OF ASSETS AND LIABILITIES

To mitigate accounting mismatches, NIBC has defined a portfolio fair value hedge for the assets and liabilities with a contractual duration longer than three months and the corresponding hedging transactions.

The hedged risk is the benchmark interest rate (RFRs up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2023 was EUR 16 million debit (2022: EUR 10 million debit). The loss on the hedging instruments were EUR 186 million (2022: gain of EUR 416 million). The gains on the hedged items attributable to the hedged risk were EUR 176 million (2022: loss of EUR 384 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness and pipeline hedging. The pipeline consists of mortgage loans offered to customers but which have not yet been accepted.

MICRO FAIR VALUE HEDGE ACCOUNTING OF PLAIN VANILLA FUNDING
To mitigate accounting mismatches, NIBC has defined a micro fair value hedge for fixed rate plain vanilla funding and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (RFRs up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2023 is nil, the hedged item matured (2022: nil). The gains on the hedging instruments were EUR 8 million (2022: loss of EUR 10 million). The losses on the hedged items attributable to the hedged risk were EUR 7 million (2022: gain of EUR 10 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

MICRO FAIR VALUE HEDGE ACCOUNTING OF THE LIQUIDITY PORTFOLIO DEBT INVESTMENTS
To mitigate accounting mismatches, NIBC has defined a micro fair value hedge for fixed rate debt investments and corresponding hedging transactions.

The hedged risk is the benchmark interest rate (RFRs up to one year and swap rates for periods longer than one year) for the currency in question.

The net fair value of the derivative financial instruments designated as hedging instruments in these relationships at 31 December 2023 is nil (2022: nil). The losses on the hedging instruments were EUR 6 million (2022: gain of EUR 6 million). The gains on the hedged items attributable to the hedged risk were EUR 5 million (2022: loss of EUR 5 million). Differences between the results recognised on the hedging instruments and hedged items can be explained by hedge ineffectiveness.

CASH FLOW HEDGES
NIBC measures a large part of its corporate loans at AC. Therefore, variability in the cash flows of the floating rate corporate loans is accounted for in future periods, when the coupons are recorded in the income statement on an AC basis. Interest rate swaps are used to hedge the floating cash flows of its floating corporate loans (in GBP). These swaps are reported at FVtPL. This accounting mismatch creates volatility in the income statement of NIBC. Therefore NIBC applies hedge accounting on these positions. Hedge accounting is applied to all swaps that are used to hedge the cash flow risk of the floating corporate loans by defining a macro cash flow hedge relationship with the floating corporate loans.

The variability in interest cash flows arising on floating rate corporate loans is hedged on a portfolio basis with interest rate swaps that receive fixed and pay floating (generally one, three and six months floating rates). The highly probable cash flows being hedged relate both to the highly probable cash flows on outstanding corporate loans and to the future reinvestment of these cash flows. NIBC does not hedge the variability of future cash flows of corporate loans arising from changes in credit spreads.

Interest rate swaps with a net fair value of nil (2022: nil) were designated in a cash flow hedge relationship. The cash flow on the hedged item will be reported in income over the next two years. In 2023 the ineffectiveness recognised in the income statement that arose from cash flow hedges was a gain of EUR 1 million (2022: loss of EUR 1 million).

Some macro cash flow hedging relationships were de-designated during 2011. The hedged items are still recognised in the balance sheet of the company and therefore the related cumulative hedge adjustment as from that date is being amortised over the remaining contractual maturity of the hedged item.

The amount that was recognised in equity for the year 2023 was EUR nil (2022: EUR 3 million debit). The amount that was transferred from equity to the income statement in 2023 was a gain of EUR 3 million net of tax (2022: gain of EUR 4 million).

16 DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Accounting policy for debt investments at fair value through other comprehensive income

A debt investment is measured at fair value through other comprehensive income if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling debt investments;
- the contractual terms of the debt investment result in cash flows that are solely payments of principal and interest.

Unrealised gains and losses are recognised in other comprehensive income. Upon derecognition, any accumulated balances in other comprehensive income are recycled to the income statement and reported within investment income.

Refer to note 11 Credit loss expense for the accounting policies for ECL and disclosures on ECL staging.

in EUR millions	2023	2022
Legal maturity analysis of debt investments		
Three months or less	59	21
Longer than three months but not longer than one year	130	124
Longer than one year but not longer than five years	631	630
Longer than five years	77	86
	897	**862**

At 31 December 2023 EUR 897 million of debt investments was listed (2022: EUR 862 million) and includes EUR 80 million of government bonds (2022: EUR 79 million).

17 DEBT INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy for debt investments at fair value through profit or loss

These debt investments are managed on a fair value basis and are consequently measured at fair value through profit or loss, with gains and losses in the changes of the fair value recognised under net trading income in the income statement.

Movement explanation

The decrease in debt investments from EUR 15 million (2022) to EUR 11 million (2023) is mainly due to disposals for EUR 6 million tempered by additions for EUR 2 million.

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

18 MORTGAGE LOANS AT AMORTISED COST

Accounting policy for financial assets at amortised cost

A financial asset is measured at amortised cost (i.e. fair value at initial recognition adjusted for transaction costs) if it meets both of the following conditions:

- it is held within a business model that has an objective to hold financial assets to collect contractual cash flows;
- the contractual terms of the financial asset result in cash flows that are solely payments of principal and interest on the principal amount outstanding.

NIBC holds the following financial assets at amortised cost:

- cash and balances at central banks;
- due from other banks;
- mortgage loans;
- corporate loans, and
- lease receivables.

Refer to note 11 Credit loss expense for measuring allowances for credit losses, and disclosures on ECL staging.

in EUR millions	2023	2022
Owner occupied mortgage loans	11,557	10,382
Buy-to-Let mortgage loans	1,354	1,367
Securitised mortgage loans	-	241
	12,911	**11,990**
Legal maturity analysis of mortgage loans		
Three months or less	11	9
Longer than three months but not longer than one year	28	51
Longer than one year but not longer than five years	220	185
Longer than five years	12,652	11,745
	12,911	**11,990**

NIBC believes that the legal maturity analysis based upon the earliest contractual cash flows best represents the term nature of the cash flows. The contractual maturity may be extended over a longer period. The expected prepayments within the coming 12 months varies in the range between 5% and 10% of the outstanding exposure.

Relating to committed facilities with respect to mortgage loans no release has been recognised in 2023 (2022: nil).

The contractual amount outstanding on mortgage loans that were written off and are still subject to enforcement activity amounts to EUR 26 million (2022: EUR 31 million).

Refer to Mortgage loans in the Credit Risk (Audited) section for more detail on the composition and risk management of the mortgage loans.

19 CORPORATE LOANS AT AMORTISED COST

in EUR millions	2023	2022
Corporate loans	4,865	5,005
Loans with group companies	1,324	1,144
	6,189	**6,149**
Legal maturity analysis of corporate loans		
Three months or less	1,122	913
Longer than three months but not longer than one year	468	799
Longer than one year but not longer than five years	3,602	3,325
Longer than five years	997	1,112
	6,189	**6,149**

The legal maturity analysis is based upon the earliest contractual cash flows which best represents the short and long-term nature of the cash flows. The expected prepayments within the coming 12 months varies in the range between 3% and 28% of the outstanding corporate exposure.

The decrease in corporate loans at AC reflects NIBC's successful execution of its strategy, which focusses on asset based financing.

There are no contractual amounts outstanding on loans that were written off and are still subject to enforcement activity.

The total amount of corporate subordinated loans in this item amounted to EUR 30 million in 2023 (2022: EUR 32 million).

As per 31 December 2023, EUR 14 million of corporate loan exposure (2022: EUR 16 million) was guaranteed by the Dutch State.

Refer to Corporate loans in the Credit Risk (Audited) section for more detail on the composition and risk management of the corporate loans.

20 LOANS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy for loans at fair value through profit or loss

The line item includes loans that are mandatorily measured at fair value through profit or loss because the loans are held within a business model whose objective is to sell the loans and/or the contractual terms of the loans result in cash flows that are not solely payments of principal and interest (**SPPI**) on the principal amount outstanding. Gains and losses from the changes of the fair value are recognised under net gains or (losses) from assets and liabilities at fair value through profit or loss in the income statement.

in EUR millions	2023	2022
Corporate loans	147	133
Consumer loans	6	10
	153	**143**
Legal maturity analysis of corporate loans		
Three months or less	30	11
Longer than three months but not longer than one year	109	28
Longer than one year but not longer than five years	8	94
Longer than five years	-	-
	147	**133**
Movement schedule of corporate loans		
Balance at 1 January	**133**	**131**
Additions	3	30
Disposals/repayments	(16)	(7)
Changes in fair value	9	(4)
Transfer from or to assets held for sale	17	(17)
Balance at 31 December	**147**	**133**

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

The cumulative change in fair value included in the balance sheet amount attributable to changes in interest rates and credit risk amounts to a gain of EUR 8 million (2022: gain of EUR 2 million) for corporate en consumer loans.

Refer to Corporate loans in the Credit Risk (Audited) section for more detail on the composition and risk management of the corporate loans.

The reclass from or to held for sale reflects NIBC's effort to rebalance the portfolios, in which reduction of exposure in specific sub portfolios.

21 LEASE RECEIVABLES

Accounting policy for lease receivables

The lease receivables are measured at amortised cost.

A lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. Otherwise a lease is classified as an operating lease (refer to note 24 Property and equipment).

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

Refer to note 11 Credit loss expense for measuring allowances for credit losses, and disclosures on ECL staging.

in EUR millions	2023	2022
Lease receivables	5	5
	5	**5**

Refer to the Lease Receivables in the Credit Risk (Audited) section for more detail on the composition and risk management of the lease receivables.

22 EQUITY INVESTMENTS (INCLUDING INVESTMENTS IN ASSOCIATES)

Accounting policy for equity investments (including investments in associates)

The equity investments (including investments in associates) managed on a fair value basis are measured at fair value through profit or loss, with gains and losses in the changes of the fair value recognised under investment income in the income statement.

Critical accounting estimates and judgements

NIBC estimates the fair value of its equity investments using valuation models and it applies the valuation principles set forth by the International Private Equity and Venture Capital Valuation Guidelines to the extent that these are consistent with IFRS 9. Refer to note 37 Fair value of financial instruments for more detail.

in EUR millions	2023	2022
Investments in associates	37	41
Other equity investments	80	121
Investments in associates and joint ventures (equity method)	6	4
	124	**166**
Movement schedule of investments in associates		
Balance at 1 January	**41**	**97**
Additions	2	23
Disposals	(8)	(8)
Changes in fair value	2	13
Transfer to assets held for sale	-	(84)
Balance at 31 December	**37**	**41**
Movement schedule of other equity investments		
Balance at 1 January	**121**	**124**
Additions	1	2
Disposals	(35)	(32)
Changes in fair value	(7)	26
Other (including exchange rate differences)	0	1
Balance at 31 December	**80**	**121**

During 2023, the Equity Investments (FVtPL) portfolio decreased, mostly due to a distribution of dividend proceeds by one of our funds.

At the end of 2023 and 2022, all investments in associates and other equity investments were unlisted. Other disclosure requirements for associates are presented in note 45 Principal subsidiaries and associates.

23 INVESTMENT PROPERTY

Accounting policy for investment property

Investment property relates to part of NIBC's buildings which are let or available for rent to third parties, and is initially measured at cost and subsequently at fair value with any change recognised in the income statement within net gains or (losses) from assets and liabilities at fair value through profit or loss.

Movement explanation

Land and buildings were revalued as of 31 December 2023 based on an independent external appraisal using the market rent capitalisation model. Land and buildings with the available for rental status decreased in value, leading to a loss of EUR 3.2 million in 2023. For the revaluation result reference is made to note 6 Net gains or (losses) from assets and liabilities at fair value through profit or loss.

in EUR millions	2023	2022
Movement schedule of investment property		
Balance at 1 January	**26**	**23**
Additions	1	2
Changes in fair value	(3)	0
Balance at 31 December	**24**	**26**

24 PROPERTY AND EQUIPMENT (INCLUDING RIGHT-OF-USE ASSETS)

Accounting policy for property and equipment

Offices and land are measured at fair value (revaluation model). This fair value is based on the most recent appraisals by independent registered appraisers, less straight-line depreciation for offices over the estimated economic life taking into account any residual value. Land is not depreciated. Offices in own use are valued at market value on an unlet or let basis. If arm's length lease agreements have been concluded between NIBC group companies, the office is recognised at its value as a let property. If there is no lease agreement, the office is recognised as vacant property. Any accumulated depreciation at the date of revaluation is eliminated against the carrying amount of the office, and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the office's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to NIBC and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising from revaluation of offices are credited to other reserves in shareholder's equity. Decreases that offset previous increases of the same office are charged against other reserves directly in other comprehensive income; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the re-valued carrying amount of the office charged to the income statement and depreciation based on the office's original cost is transferred from other reserves to retained earnings.

Leases

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

Lessee accounting

Upon lease commencement NIBC recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which reflects the initial lease liability, adjusted for upfront lease payments, received incentives and initial direct costs. The initial lease liability is equal to the sum of the fixed lease payments, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, NIBC uses its incremental borrowing rate.

NIBC applies the following recognition exemptions:

- short-term leases (no right-of-use assets and lease liabilities are recognised for lease terms of 12 months or less at commencement date);
- low value assets (this includes, leases for which the underlying assets have a value lower or equal

to EUR 5,000; leases leading to recognition of a right-of-use asset lower or equal to EUR 10,000; leases of similar underlying assets (like e.g. printers) leading to a total right-of-use asset of lower or equal to EUR 50,000, or leases of a group of assets whereby the costs and benefits of right-of-use asset recognition do not justify the reporting requirements).

Lease payments for assets complying to these recognition exemptions are recognised directly in other operating expenses.

Lessor accounting

NIBC classifies each lease as an operating lease or a finance lease. A lease is classified as a finance lease if substantially all the risks and rewards incidental to ownership of an underlying asset are transferred (refer to note 21 Lease receivables. Otherwise a lease is classified as an operating lease.

Rental income from operating leases is recognised in other operating income on a straight line basis over the lease term net of discounts.

Depreciation of property and equipment

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Depreciation
Offices	30 - 50 years
Machinery	4 - 10 years
Furniture, fittings and equipment	3 - 10 years
Right-of-use assets: Offices	5 - 20 years
Assets under operating leases	1 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

in EUR millions	2023	2022
Land and buildings	24	25
Other fixed assets	1	1
Right-of-use assets	1	2
	26	**28**

Land and buildings were revalued as of 31 December 2023 based on an independent external appraisal using the market rent capitalization model. The positive difference with the carrying amount arising from the revaluation of land and buildings in own use to an amount of EUR 0.6 million net of tax is credited to revaluation reserves in shareholders' equity.

Buildings in use by NIBC are insured for EUR 75 million (2022: EUR 70 million). Other fixed assets are insured for EUR 14 million (2022: EUR 27 million).

Refer to note 32 Accruals and other liabilities for the lease liabilities corresponding to the right-of-use assets.

25 ASSETS HELD FOR SALE

Accounting policy for non-current assets and disposal groups held for sale including disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is highly probable within 12 months. Assets and liabilities held for sale (including disposal groups) other than financial instruments are valued at the lower of its carrying value and its fair value less costs to sell. Assets and liabilities held for sale are presented separately in the consolidated statement of financial position.

Assets and liabilities held for sale at 31 December 2023 and 31 December 2022 respectively

In 2022 NIBC committed to a plan to sell its UK collateral management franchise and its NIBC Investment Partners franchise, including a significant part of the investment portfolio.

On 21 June 2023 NIBC sold its European Collateralised Loan Obligation management activities to Aegon Asset Management. The sale comprises NIBC's North Westerly CLO Platform in its entirety, including the NIBC CLO team, collateral management of three outstanding CLO's with assets under management of approximately EUR 1.2 billion and associated risk retention positions in the three CLO's.

On 12 September 2023 NIBC sold its minority equity investment activities to funds capitalised by CommonWealth Investments (CWI). The transaction comprises NIBC's equity investment activities, being a portfolio of minority investments in Dutch companies operating in various industrial sectors, under the management of the NIBC Investment Partners team. The funds capitalised by CWI will be managed by Pontex Investment Partners (a spin-off of NIBC's Investment Partners team). As part of the transaction an interest bearing vendor loan to an amount of EUR 56.3 million was granted to a subsidiary of one of the funds by NIBC Bank.

As a consequence of the closing of these transactions the related held for sale assets positions have been derecognised in 2023.

Assets classified as held for sale

in EUR millions	2023	2022
Debt investments (AC)	-	25
Debt investments (FVtPL)	-	22
Loans (AC)	-	49
Loans (FVtPL)	-	17
Equity investments (including investments in associates)	-	91
Transaction costs	-	(2)
	-	**202**

The pre-tax gain on the disposal of the UK collateral management franchise and NIBC's Investment Partners franchise, both part of the Non-Core Activities segment, amounts to EUR 6.8 million in 2023 (2022: pre-tax loss of EUR 2.0 million). The pre-tax gain on these disposals includes net losses on derecognition of financial assets measured at amortised cost of EUR 3.6 million.

26 TAX ASSETS AND LIABILITIES

Accounting policy for deferred tax

The accounting policy and critical accounting estimates and judgements for deferred tax are included in note 12 Income tax.

in EUR millions	2023	2022
Current tax assets	4	0
Deferred tax assets	3	7
Tax assets	**7**	**7**
Current tax liabilities	0	1
Deferred tax liabilities	0	2
Tax liabilities	**1**	**3**
Amounts of deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction		
Provisions	1	0
Property and equipment	1	1
Debt investments	-	4
Other temporary tax differences	-	0
Tax losses carried forward	1	1
	3	**6**
Amounts of deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction		
Leasing	(0)	0
Cash flow hedges	0	1
	0	**1**
	3	**5**

in EUR millions	2023	2022
Gross movement on the deferred income tax account may be summarised as follows		
Balance at 1 January	**5**	**2**
Debt investments		
Fair value remeasurement charged/(credited) to revaluation reserve	(4)	4
Leasing:		
Remeasurement	0	0
Provisions		
Remeasurement	1	0
Cash flow hedges		
Fair value remeasurement charged/(credited) to hedging reserve	1	2
Property and equipment		
Fair value remeasurement charged/(credited) to revaluation reserve	1	(0)
Other temporary tax differences		
IFRS - HGB deferred tax	(0)	-
Tax losses carried forward		
Utilisation of tax losses carry forward	(1)	(3)
Balance at 31 December	**3**	**5**

DTA and DTL are measured for all temporary differences using the liability method.

The effective tax rate in the Netherlands for measuring deferred tax on 31 December 2023 is 25.8% (2022: 25.8%).

27 OTHER ASSETS

in EUR millions	2023	2022
Accrued interest	0	0
Other accruals and receivables	14	10
	14	**10**

28 DUE TO OTHER BANKS

Accounting policy for due to other banks

Amounts due to other banks are classified at amortised cost.

in EUR millions	2023	2022
Due to other banks	60	194
Due to central banks	313	550
	372	**744**
Due to other banks		
Payable on demand	-	20
Not payable on demand	372	723
	372	**744**
Legal maturity analysis of due to other banks not payable on demand		
Three months or less	15	21
Longer than three months but not longer than one year	313	356
Longer than one year but not longer than five years	44	346
Longer than five years	-	-
	372	**723**

At 31 December 2023, an amount of EUR 15 million (2022: EUR 21 million) relates to cash collateral received from third parties.

Due to central banks mainly relate to TLTRO loans. The carrying amount of the TLTRO loans, including the accrued interest payable, is EUR 313 million at 31 December 2023 (2022: EUR 550 million). The legal maturity date of the current TLTRO-loans is December 2024 (TLTRO III.10), although there is a voluntary redemption option starting one year after the settlement date of the respective TLTRO participation. In 2023, NIBC voluntary redeemed a tranche.

According to management's best estimate achieving the conditions attached to the TLTRO-loans, especially achievement of the lending performance thresholds, during the term of the TLTRO-loans is considered remote at 31 December 2023. NIBC considers the applicable interest rate on the outstanding TLTRO III loans to be comparable to rates on other secured funding instruments.

Interest payments will be settled in arrears. The collateral for the TLTRO-program consists of Dutch Central Bank (DNB) eligible debt investments and securitised mortgage loans. The interest conditions for TLTRO III were set in June 2020. Until 30 June 2022, the interest rate was fixed. From 1 July 2022 until maturity, the rate was based on a modified average rate. In October 2022, the ECB adjusted the expansionary monetary policy to a restrictive monetary policy and related to the change in policy it has adjusted the mechanism to apply a variable interest rate for all outstanding TLTRO III tranches as from 23 November 2022.

29 DEPOSITS FROM CUSTOMERS

Accounting policy for deposits from customers

Deposits from customers are classified at amortised cost.

in EUR millions	2023	2022
Retail deposits	11,145	10,307
Institutional/corporate deposits	713	919
	11,858	**11,227**
Deposits from customers		
On demand	6,194	7,968
Term deposits	5,665	3,259
	11,858	**11,227**
Legal maturity analysis of term deposits		
Three months or less	1,483	498
Longer than three months but not longer than one year	3,391	1,583
Longer than one year but not longer than five years	651	1,098
Longer than five years	139	80
	5,665	**3,259**

Interest is recognised in interest expense on financial instruments measured at AC on an effective interest basis.

The total amount of savings value with respect to mortgage loans in this item amounted to EUR 129 million at 31 December 2023 (2022: EUR 133 million).

30 DEBT SECURITIES IN ISSUE

Accounting policy for debt securities in issue

Debt securities in issue consist of:

- bonds and notes issued own debt securities in issue measured at amortised cost, and
- bonds and notes issued debt securities in issue strucured measured at fair value through profit or loss.

Accounting policy for financial liabilities designated at fair value through profit or loss

Hybrid or structured financial liabilities are irrevocably designated upon initial recognition to be measured at fair value through profit or loss, when the instruments are held to reduce an accounting mismatch, are managed on the basis of their fair value or include terms that qualify as an embedded derivative that cannot be separated.

Measurement of financial liabilities designated at fair value through profit or loss follows the same principles as for financial assets classified at fair value through profit or loss, except that the movement in the fair value of the financial liability that is attributable to changes in NIBC's own credit risk is presented in other comprehensive income.

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

Critical accounting estimates and judgements

NIBC estimates its own credit risk from market observable data such as NIBC senior unsecured issues, NIBC subordinated issues and secondary prices for its traded debt, and the valuation is sensitive to the estimated credit spread used to discount future expected cash flows.

Refer to note 37.7 Own credit adjustments on financial liabilities designated at fair value for the sensitivity analysis.

in EUR millions	2023	2022
Bonds and notes issued debt securities in issue	96	89
Bonds and notes issued own debt securities in issue	8,312	7,850
	8,408	**7,940**
Legal maturity analysis of debt securities in issue		
Three months or less	-	-
Longer than three months but not longer than one year	14	-
Longer than one year but not longer than five years	23	36
Longer than five years	59	54
	96	**89**
Movement schedule of debt securities in issue		
Balance at 1 January	**89**	**133**
Additions	0	0
Matured/redeemed	-	(31)
Changes in fair value	6	(14)
Other (including exchange rate differences)	(0)	1
Balance at 31 December	**96**	**89**
Legal maturity analysis of own debt securities in issue		
Three months or less	216	106
Longer than three months but not longer than one year	462	859
Longer than one year but not longer than five years	5,327	4,050
Longer than five years	2,307	2,835
	8,312	**7,850**
Movement schedule of own debt securities in issue		
Balance at 1 January	**7,850**	**7,667**
Additions	1,754	1,332
Matured/redeemed	(1,298)	(1,124)
Other (including exchange rate differences)	6	(25)
Balance at 31 December	**8,312**	**7,850**

DEBT SECURITIES IN ISSUE

The carrying amount is measured at fair value. The contractual amounts of these liabilities to be repaid at maturity, including unpaid accrued interest, amounted to EUR 99 million at 31 December 2023 (2022: EUR 98 million).

The cumulative change in fair value included in the balance sheet amounts (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a loss of nil (2022: gain of EUR 2 million). The change for 2023 is a loss of EUR 2 million recognised in other comprehensive income (2022: gain of EUR 10 million).

The disposals of debt securities in issue designated at fair value through profit or loss for 2023 include redemptions at the scheduled maturity date to an amount of nil (2022: EUR 31 million).

OWN DEBT SECURITIES IN ISSUE

In 2023 NIBC issued two EUR 500 million fixed rate senior non preferred bonds with maturities of two and a half and five years. Additionally a Soft bullet Covered bond of EUR 500 million with a maturity of seven years. Six senior preferred notes are issued (EUR 93 million) with maturities up to three years and EUR 59 million in commercial papers with a maturity of one year.

The additions include an EUR 6 million change in cumulative hedge adjustment during 2023 (2022: EUR 12 million change in disposals).

The disposals of own debt securities in issue at amortised cost for 2023 include redemptions at the scheduled maturity date to an amount of EUR 1.038 million (2022: EUR 1.067 million), (temporary) buyback of positions for EUR 97 million (2022 : EUR 45 million) and repurchases for EUR 163 million (2022: nil).

Refer to note 2 Net interest income for recognised interest expense.

31 PROVISIONS

Accounting policy for provisions

A provision is recognised when NIBC has a legal or constructive obligation as a result of a past event, and it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be remote.

Provisions are measured at the present value of the expected required expenditure to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Refer to note 11 Credit loss expense for the accounting policy and disclosures of the ECL allowances for off-balance sheet financial instruments.

in EUR millions	2023	2022
ECL allowances for off-balance sheet financial instruments	3	4
Employee benefits	2	2
Other provisions	0	-
	6	**6**

At 31 December 2023, EUR 0.5 million of employee benefits are related to payments to be made in respect of other leave obligations (2022: EUR 0.6 million).

in EUR millions	2023	2022
The amounts of pension charges recognised in personnel expenses in the income statement were as follows		
Collective Defined Contribution plans		
Employer's contribution	15	15
Participants' contributions	(2)	(2)
	13	**13**

Employer's contributions in 2023 include EUR 4 million (2022: EUR 4 million) intended to compensate for the pension gap that arose as a result of changed tax rules that became effective as of 1 January 2015.

Obligations and expense under pension plans

A Collective Defined Contribution (**CDC**) plan is a pension plan under which NIBC each year pays a fixed percentage of the salaries of the members into the scheme. The size of the fund on retirement will be determined by how much was contributed to the scheme and the investment return achieved.

For defined-contribution plans, NIBC pays contributions directly into the member's scheme. NIBC has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The CDC-plan is based on an average salary plan. The retirement age is set at 68 years as per 1 January 2018. Under the CDC-plan the annual pension contributions are calculated according to a fixed contribution calculation mechanism. As from 1 January 2021 the annual pension contribution payable by NIBC is maximised at 32% of the pensionable salary (salary minus a social security deductible). By paying the agreed fixed annual contribution NIBC is released from all its obligations. NIBC has agreed with the Works Council the contribution by both the employer and the employees. As from 1 January 2021, the withholding payable in this CDC-plan for the employees is set at 5% per annum and consequently the net contribution borne by NIBC is 27%.

32 ACCRUALS AND OTHER LIABILITIES

Accounting policy for accruals and other liabilities

NIBC recognises a liability when it becomes legally enforceable. Lease receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Refer to note 24 Property and equipment for the accounting policy on lease liabilities. All contractual payments are included in the calculation of the lease liabilities, and

- no variable lease payments are included in the measurement of the lease liabilities,
- no amounts are expected to be payable by NIBC under residual value guarantees,
- no purchase options are expected to be exercised,
- no payments of penalties for terminating the lease are included,
- no restrictions or covenants are applicable on the lease liabilities.

in EUR millions	2023	2022
Payables	34	40
Lease liabilities	1	2
Other accruals (including earn-out commitments)	20	23
Taxes and social securities	12	8
	67	**73**
Legal maturity analysis of lease liabilities		
Three months or less	0	0
Longer than three months but not longer than one year	0	0
Longer than one year but not longer than five years	1	1
Longer than five years	-	0
	1	**2**
Movement schedule of lease liabilities		
Balance at 1 January	**2**	**4**
Additions	1	-
Repayments	(1)	(1)
Other (including exchange differences)	(2)	(0)
Balance at 31 December	**1**	**2**

Taxes and social securities relate to EUR 2 million VAT (2022: EUR 1 million), EUR 1 million payroll tax (2022: EUR 4 million), and EUR 10 million withholding tax (2022: EUR 3 million).

33 DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGE LOANS

Accounting policy for debt securities in issue related to securitised mortgage loans

Debt securities in issue related to securitised mortgage loans are measured at amortised cost.

in EUR millions	2023	2022
Legal maturity analysis of debt securities in issue related to securitised mortgage loans		
Three months or less	-	1
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	-	221
	-	**221**
Movement schedule of debt securities in issue related to securitised mortgage loans		
Balance at 1 January	**221**	**267**
Matured/redeemed	(221)	(46)
Balance at 31 December	**-**	**221**

The disposals of own debt securities related to securitised mortgage loans at amortised cost for 2023 include repayments of debt securities before the legal maturity date to an amount of EUR 221 million (2022: EUR 46 million).

34 SUBORDINATED LIABILITIES

Accounting policy for subordinated liabilities

Subordinated liabilities are either measured at amortised cost or fair value through profit or loss. Refer to note 30 Debt securities in issue for the accounting policy for financial liabilities designated at fair value through profit or loss.

in EUR millions	2023	2022
Subordinated loans (FVtPL)	159	136
Subordinated loans (AC)	66	66
	224	**202**
Non-qualifying as grandfathered additional Tier 1 capital	44	46
Subordinated loans	181	156
	224	**202**
Legal maturity analysis of subordinated liabilities		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	66	66
Longer than five years	159	136
	224	**202**
Movement schedule of subordinated liabilities		
Balance at 1 January	**202**	**263**
Additions	2	4
Matured/redeemed	(82)	(1)
Changes in fair value	104	(70)
Other (including exchange rate differences)	(2)	6
Balance at 31 December	**224**	**202**

SUBORDINATED LOANS (FVTPL)

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

The contractual amounts of these FVtPL liabilities to be repaid at maturity, including unpaid accrued interest, amounted to EUR 190 million at 31 December 2023 (2022: EUR 273 million).

All of the above loans are subordinated to the other liabilities of NIBC Holding. The non-qualifying as grandfathered additional Tier 1 capital consists of perpetual securities and may be redeemed by NIBC Holding only with the prior approval of the DNB.

The cumulative change in fair value included in the balance sheet amounts (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a gain of EUR 31 million (2022: gain of EUR 114 million). The change for 2023 is a loss of EUR 82 million recognised in other comprehensive income (2022: gain of EUR 45 million).

The disposal include repurchases of EUR 81 million (2022: nil), the repurchase relates to a tendered launched in December for 2 bonds. In 2023 a gain is realised on the repurchase of liabilities with respect to this balance sheet item of EUR 1 million (2023: nil).

SUBORDINATED LOANS (AC)

All of the above loans are subordinated to the other liabilities of NIBC as a result of CRR/CRDIV requirements regarding additional Tier-1 capital instruments.

The total disposals include EUR 1 million decrease of the cumulative hedge adjustment (2022: a decrease of EUR 1 million).

35 EQUITY

Accounting policy for equity

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets.

SHARE CAPITAL

Flora Holdings III Limited is the legal holder of 100% in the ordinary shares of NIBC Holding N.V. at 31 December 2023. NIBC's issued ordinary share capital is fully paid-up.

ISSUE COSTS OF SHARES

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

SHARE PREMIUM

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

REVALUATION RESERVES

Revaluation reserves comprises of:

- Revaluation reserve - hedging revaluation, containing the portion of the gains or losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge (net of tax);
- Revaluation reserve - debt investments, containing changes in fair value of debt investments at FVOCI (net of tax);
- Revaluation reserve - property, containing changes in fair value of land and buildings (net of tax).

OWN CREDIT RISK RESERVE

Own credit risk reserve includes the cumulative changes in the fair value of the financial liabilities designated at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss (net of tax).

DIVIDENDS ON ORDINARY SHARES

Dividends on ordinary shares are recognised as a liability in the period that the obligation for payment has been established, being in the period in which they are approved or declared by the shareholder but not distributed at the end of the reporting period.

DIVIDEND RESTRICTIONS

NIBC and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the company's own funds over the sum of the paid-up capital and reserves required by law. Additionally, certain group companies are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company. Refer to note 26 of the company financial statements for detailed information regarding the legal reserves.

In 2023 a total dividend of EUR 163 million (2022: EUR 154 million) has been distributed.

in EUR millions	2023	2022
Equity attributable to the equity holders		
Share capital	80	80
Share premium	238	238
Revaluation reserves		
Revaluation reserve - hedging instruments	1	3
Revaluation reserve - debt investments	(6)	(11)
Revaluation reserve - property	15	14
Own credit risk reserve	25	110
Retained profit	1,433	1,411
	1,785	**1,845**

Refer to note 37.7 Own credit adjustments on financial liabilities designated at fair value for the sensitivity analysis.

	2023	2022	2023	2022
	Numbers x 1,000		in EUR millions	
Authorised share capital	183,598	183,598	215	215
Not issued share capital	121,011	121,011	135	135
	62,587	**62,587**	**80**	**80**
	Numbers x 1,000		in EUR millions	
The number and total amounts of authorised shares				
Class A ordinary shares	110,938	110,938	142	142
Class B, C, D, E1 and E3 preference shares	72,600	72,600	73	73
Class E4 preference shares	60	60	-	-
	183,598	**183,598**	**215**	**215**
			In EUR	
Classes and par values of authorised shares				
Class A ordinary shares			1.28	1.28
Class B, C, D, E1 and E3 preference shares			1.00	1.00
Class E4 preference shares			5.00	5.00

Changes in share premium and revaluation reserves in 2023

		Revaluation reserves				
in EUR millions	Share premium	Hedging instruments	Debt investments	Property in own use	Own credit risk reserve	Total 2023
Balance at 1 January 2023	**238**	**3**	**(11)**	**14**	**110**	**354**
Net result on hedging instruments (net of tax)		(2)	-	-	-	(2)
Revaluation/remeasurement (net of tax)		-	5	0	(84)	(79)
Total recognised directly through other comprehensive income in equity during the year	**-**	**(2)**	**5**	**0**	**(84)**	**(81)**
Balance at 31 December 2023	**238**	**1**	**(6)**	**15**	**25**	**272**

Changes in share premium and revaluation reserves in 2022

		Revaluation reserves				
in EUR millions	Share premium	Hedging instruments	Debt investments	Property in own use	Own credit risk reserve	Total 2022
Balance at 1 January 2022	**238**	**9**	**1**	**14**	**55**	**317**
Net result on hedging instruments (net of tax)	-	(6)	-	-	-	(6)
Revaluation/remeasurement (net of tax)	-	-	(12)	0	55	43
Total recognised directly through other comprehensive income in equity during the year	**-**	**(6)**	**(12)**	**0**	**55**	**37**
Balance at 31 December 2022	**238**	**3**	**(11)**	**14**	**110**	**354**

Information on NIBC's solvency ratios is included in the Solvency & Liquidity section of this Annual Report.

36 CAPITAL SECURITIES

Accounting policy for capital securities

The capital securities are perpetual and have no expiry date, and, as there is no formal obligation to (re)pay the principal or to pay a dividend, are recognised as equity. Issue costs or dividends paid are consequently also directly recognised in equity.

The distribution on the capital securities issued in September 2017 is as follows: the coupon is 6% per year and is made payable every six months in arrears as of the issue date. The capital securities are first redeemable on 29 September 2026. As of 29 September 2026, and subject to capital securities not being redeemed early, the distribution is set for a further five-year period, but without a step-up, based on the five-year euro swap rate +5.564%. Any payments including coupon payments are fully discretionary.

in EUR millions	2023	2022
Movement schedule of capital securities issued by NIBC		
Balance at 1 January	**200**	**200**
Profit after tax attributable to holders of capital securities	12	12
Paid coupon on capital securities	(12)	(12)
Balance at 31 December	**200**	**200**

37 FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting policy for determination of fair value

DETERMINATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell or paid to transfer a particular asset or liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which NIBC has access at that date.

FAIR VALUE HIERARCHY LEVELS

A financial instruments is reported as level 1 in the fair value hierarchy, when the fair value is determined either by reference to quoted market prices or dealer price quotations (without adjustment for transaction costs) in an active market. The fair value measurement is based upon the bid price for financial assets and the ask price for financial liabilities. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The fair value of financial instruments not quoted in an active market is determined using appropriate valuation techniques. These valuation techniques are applied using, where possible, relevant market observable inputs (level 2) or unobservable inputs (level 3). Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, option pricing models, credit models and other relevant models.

The fair value of level 3 financial instruments is determined using a valuation technique based on NIBC's best estimate of the most appropriate assumptions and that has been calibrated against actual market transactions. Outcomes are adjusted to reflect the spread for bid and ask prices (both from independent sources), to reflect costs to close out positions, where necessary for counterparty credit and liquidity spread, and for any other limitations in the technique.

The level within the fair value hierarchy at which an instrument measured at fair value is categorised is determined on the basis of the lowest level input that is significant to the measurement of fair value in its entirety.

Profit or loss, calculated upon initial recognition (day one profit or loss), is deferred unless the calculation is based on solely market observable inputs, in which case it is immediately recognised. Deferred day one profit or loss is amortised to income over the contractual life until maturity or settlement.

Critical accounting estimates and judgements

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

Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of those who prepared them. All models are reviewed prior to use and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent possible, models use only observable data; however, in areas such as applicable credit spreads (both own credit spread and counterparty credit spreads), volatilities and correlations may require management to estimate inputs. However, the use of different models or assumptions could affect the reported fair values for level 2 and level 3 financial instruments.

37.1 Financial instruments by fair value hierarchy

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

Fair value of financial instruments at 31 December 2023

in EUR millions	Level 1	Level 2	Level 3	2023
Financial assets at fair value through profit or loss (including trading)				
Derivative financial assets	-	156	-	156
Debt investments	2	9	0	11
Loans	6	124	23	153
Equity investments (including investments in associates)	-	-	118	118
Assets held for sale	-	-	-	-
	8	**289**	**141**	**438**
Financial assets at fair value through other comprehensive income				
Debt investments	851	46	0	897
	851	**46**	**0**	**897**
	859	**335**	**141**	**1,334**

in EUR millions	Level 1	Level 2	Level 3	2023
Financial liabilities at fair value through profit or loss (including trading)				
Derivative financial liabilities	-	129	-	129
Debt securities in issue	-	96	-	96
Subordinated liabilities	-	159	-	159
	-	**384**	**-**	**384**

Fair value of financial instruments at 31 December 2022

in EUR millions	Level 1	Level 2	Level 3	2022
Financial assets at fair value through profit or loss (including trading)				
Derivative financial assets	-	162	-	162
Debt investments	-	14	1	15
Loans	10	130	3	143
Equity investments (including investments in associates)	-	-	162	162
Assets held for sale	125	-	-	125
	135	**306**	**165**	**606**
Financial assets at fair value through other comprehensive income				
Debt investments	764	97	0	862
	764	**97**	**0**	**862**
	900	**403**	**165**	**1,468**

in EUR millions	Level 1	Level 2	Level 3	2022
Financial liabilities at fair value through profit or loss (including trading)				
Derivative financial liabilities	-	232	-	232
Debt securities in issue	-	89	-	89
Subordinated liabilities	-	136	-	136
	-	**458**	**-**	**458**

37.2 Valuation techniques

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

Financial assets at fair value through profit or loss and at fair value through other comprehensive income

DERIVATIVES FINANCIAL ASSETS AND LIABILITIES (HELD FOR TRADING AND USED FOR HEDGING) - LEVEL 2

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

DEBT INVESTMENTS - LEVEL 1

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

DEBT INVESTMENTS - LEVEL 2

For the determination of fair value, NIBC applies a variety of valuation techniques, including reference to similair instruments for which market prices are available and valuation techniques such as discounted cashflow models. NIBC applies market-observable prices, interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

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.

LOANS - LEVEL 2 AND 3

Loans are marked-to-market by applying market bid quotes observed on the secondary market. The quotes received from other banks or brokers and applied in the marked-to-market process are calibrated to actual market trades whenever possible.

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

EQUITY INVESTMENTS (INCLUDING INVESTMENTS IN ASSOCIATES) - LEVEL 3

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

The fair value of equity investments is established by applying capitalisation multiples to maintainable earnings. Maintainable earnings are estimated based on the normalised last 12 months' Earnings before Interest, Tax, Depreciation and Amortisation (**EBITDA**). Capitalisation multiples are derived from the enterprise value and the normalised last 12 months EBITDA. On each reporting date, the capitalisation multiple of each equity investment is compared against those derived from the publicly available enterprise value and earnings information of traded peers, where these can be identified. Peer capitalisation multiples are normalised for factors such as differences in regional and economic environment, time lags in earnings information and one-off gains and losses.

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

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

OWN LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS - LEVEL 2

This portfolio was designated at FVtPL and is reported on the face of the statement of financial position under the following headings:

- Debt securities in issue structured (financial liabilities at FVtPL);
- Subordinated liabilities (financial liabilities at FVtPL).

The fair value of the notes issued and the back-to-back hedging swaps (refer to note 30 Debt securities in issue)) is determined using valuation models developed by a third party employing Monte Carlo simulation, lattice valuations or closed formulas, depending on the type of embedded derivative. These models use market observable inputs (e.g. interest rates, equity prices) for valuation of these structures.

For each class of own financial liabilities at FVtPL, the expected cash flows are discounted to present value using market observed credit spread rates.

37.3 Transfers between level 1 and level 2

Transfers between levels are reviewed semi-annually at the end of the reporting period. In 2023 there was one transfer from level 2 to level 1 in the Debt investments at FVtPL for an amount of EUR 2 million (2022: nil). This transfer was due to increased activity in the market for the instrument.

37.4 Movements in level 3 financial instruments measured at fair value

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

in EUR millions	At 1 January 2023	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into/out of level 3	At 31 December 2023
Financial assets at fair value through profit or loss (including trading)							
Debt investments	1	0	2	-	(2)	-	0
Loans	3	4	0	(1)	(8)	24	23
Equity investments (including investments in associates)	162	(5)	4	(10)	(33)	-	118
	166	**(0)**	**6**	**(10)**	**(44)**	**24**	**141**

in EUR millions	At 1 January 2022	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into/out of level 3	At 31 December 2022
Financial assets at fair value through profit or loss (including trading)							
Debt investments	1	(1)	-	-	-	-	1
Loans	5	3	20	-	(1)	(24)	3
Equity investments (including investments in associates)	221	40	25	(40)	-	(84)	162
	227	**42**	**45**	**(40)**	**(1)**	**(108)**	**165**

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

in EUR millions	For the years ended 31 December 2023 Net trading income	31 December 2023 Net gains or (losses) from assets and liabilities at fair value through profit or loss	31 December 2023 Invest-ment income	31 December 2023 Total	31 December 2022 Net trading income	31 December 2022 Net gains or (losses) from assets and liabilities at fair value through profit or loss	31 December 2022 Invest-ment income	31 December 2022 Total
Financial assets at fair value through profit or loss (including trading)								
Debt investments	0	-	-	0	(1)	-	-	(1)
Loans	-	4	-	4	-	3	-	3
Equity investments (including investments in associates)	1	-	(5)	(5)	0	-	39	40
	1	**4**	**(5)**	**(0)**	**(1)**	**3**	**39**	**42**

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

in EUR millions	For the years ended 31 December 2023 Held at reporting date	31 December 2023 Derecognised during the period	31 December 2022 Held at reporting date	31 December 2022 Derecognised during the period
Financial assets at fair value through profit or loss (including trading)				
Debt investments	-	0	-	(1)
Loans	4	-	3	-
Equity investments (including investments in associates)	(7)	3	38	1
	(3)	**3**	**41**	**1**

RECOGNITION OF UNREALISED GAINS AND LOSSES IN LEVEL 3

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

	For the years ended					
	31 December 2023			31 December 2022		
in EUR millions	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading)						
Loans	4	-	4	3	-	3
Equity investments (including investments in associates)	-	43	43	-	17	17
	4	**43**	**47**	**3**	**17**	**20**

37.5 Impact of valuation adjustments

The following table shows the movement in the aggregate profit not recognised when financial instruments were initially recognised (Day-1 profit).

in EUR millions	2023	2022
Movement schedule of day-1 profit		
Balance at 1 January	**10**	**8**
Deferral of profit on new transactions	1	1
Recognised in the income statement during the period		
Subsequent recognition due to amortisation	(1)	(2)
Subsequent remeasurement	9	2
Derecognition of the instruments	(1)	-
Exchange differences	0	(0)
Write-offs	(13)	-
Balance at 31 December	**6**	**10**

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

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

	For the years ended			
	31 December 2023		31 December 2022	
in EUR millions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets at fair value through profit or loss (including trading)				
Debt investments	0	-	1	-
Loans	23	1	3	0
Equity investments (including investments in associates)	118	6	162	8

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

- For the debt investments, NIBC adjusted the weighted average calculated model price by 100 basis points as a reasonably possible alternative outcome. The primary unobservable input in the calculated model price is the applicable credit spread;
- For equity investments, the material unobservable input parameters, such as capitalisation multiple, that are applied to the maintainable earnings to determine fair value are adjusted by 5%;
- For loans, the sensitivity in unobservable input parameters, such as the change in discount factor due to macroeconomic developments, company specific risk profile and yield offer vs. demand in sector is determined as 5%.

37.7 Own credit adjustments on financial liabilities designated at fair value

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

in EUR millions	2023	2022
Recognised during the period (before tax)		
Unrealised gain/(loss)	(84)	55
Unrealised life-to-date gain/(loss)	25	109

A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would change the fair value of financial liabilities at 31 December 2023 by EUR 2 million (31 December 2022: EUR 1 million).

37.8 Non-financial assets valued at fair value

PROPERTY AND EQUIPMENT/INVESTMENT PROPERTY

NIBC's land and buildings (in-own-use) are valued based upon an external appraisal at FVOCI, the carrying amount (level 3) at 31 December 2023 is EUR 24 million (31 December 2022: EUR 25 million).

NIBC's investment property (available-for-rental) are valued based upon an external appraisal at FVtPL, the carrying amount (level 3) at 31 December 2023 is EUR 24 million (31 December 2022: EUR 26 million). The fair value of the right-of-use assets does not materially deviate from the carrying amount.

37.9 Fair value of financial instruments not measured at fair value

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

	Fair value information at 31 December 2023					
in EUR millions	Carrying value	Carrying value appromiates fair value	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost						
Cash and balances with central banks	1,994	1,994	-	-	-	1,994
Due from other banks	538	538	-	-	-	538
Mortgage loans	12,911	-	-	-	12,621	12,621
Corporate loans	6,189	16	-	6,185	-	6,201
Lease receivables	5	5	-	-	-	5
Assets held for sale	-	-	-	-	-	-
Financial liabilities at amortised cost						
Due to other banks	372	372	-	-	-	372
Deposits from customers	11,858	6,618	-	5,647	-	12,265
Debt securities in issue	8,312	-	-	7,874	-	7,874
Debt securities in issue related to securitised mortgages	-	-	-	-	-	-
Subordinated liabilities	66	-	-	61	-	61

	Fair value information at 31 December 2022					
in EUR millions	Carrying value	Carrying value appromiates fair value	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost						
Cash and balances with central banks	2,087	2,087	-	-	-	2,087
Due from other banks	841	841	-	-	-	841
Mortgage loans	11,990	-	-	-	11,272	11,272
Corporate loans	6,149	-	-	6,157	-	6,157
Lease receivables	5	5	-	-	-	5
Assets held for sale	74	74	-	-	-	74
Financial liabilities at amortised cost						
Due to other banks	744	744	-	-	-	744
Deposits from customers	11,227	8,380	-	3,370	-	11,750
Debt securities in issue	7,850	-	-	7,172	-	7,172
Debt securities in issue related to securitised mortgages	221	-	-	-	221	221
Subordinated liabilities	66	-	-	66	-	66

The carrying value of deposits from customers includes the accumulated amount of fair value adjustments on hedged liabilities. These balances are the result of the macro hedge relationships between the hedging instruments and the hedged items, which also include, in addition to deposits form customers, the fixed rate wholesale funding.

38 FINANCIAL ASSETS SUBJECT TO OFFSETTING, ENFORCEABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

The following tables show all derivatives that are presented net in the statement of financial position under the IFRS netting criteria (legal right to offset and intention to settle net or to realise the asset and settle the liability simultaneously) and related cash collateral paid not set off in the statement of financial position. At NIBC amounts that are offset mainly relate to derivatives transactions. A significant portion of offsetting is applied to derivatives which are cleared through central clearing parties. Related cash collateral which cannot be offset are amounts which are part of International Swaps and Derivatives Association (ISDA) netting agreements.

The related amounts are reported on the asset side of the statement of financial position as the ISDA agreements do not meet all requirements for offsetting in IAS 32.

	At 31 December 2023			
	Net amount of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		
in EUR millions		Financial instruments collateral	Cash collateral paid	Net amount
Derivative financial assets	156	-	15	141
Derivative financial liabilities	129	-	108	21

	At 31 December 2022			
	Net amount of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		
in EUR millions		Financial instruments collateral	Cash collateral paid	Net amount
Derivative financial assets	162	-	21	141
Derivative financial liabilities	232	-	276	(44)

39 REPURCHASE AND RESALE AGREEMENTS AND TRANSFERRED FINANCIAL ASSETS

REPURCHASE AND RESALE AGREEMENTS

As per 31 December 2023 NIBC did not have any repurchase and resale agreement related positions as described in this note (2022: nil).

TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

If transferred financial assets continue to be recognised on the statement of financial position, NIBC is still exposed to changes in the fair value of the assets.

The following table shows transferred financial assets that are not derecognised in their entirety:

	2023		2022	
	RMBS programme	Covered Bond programme	RMBS programme	Covered Bond programme
in EUR millions	Securitised mortgage loans (AC)	Mortgage loans own book (AC)	Securitised mortgage loans (AC)	Mortgage loans own book (AC)
Securitisations				
Carrying amount transferred assets	-	4,285	241	4,263
Carrying amount associated liabilities	-	1,004	221	1,002
Fair value of assets	-	3,875	241	3,945
Fair value of associated liabilities	-	965	221	940
Net position	**-**	**2,909**	**21**	**3,005**

RESIDENTIAL MORTGAGE-BACKED SECURITIES (RMBS) PROGRAMME

NIBC uses securitisations as a source of funding whereby the SE issues debt securities. Pursuant to a securitisation transaction utilising true sale mechanics, NIBC transfers the title of the assets to SEs.When the cash flows are transferred to investors in the notes issued by consolidated securitisation vehicles, the assets (residential mortgage loans) are considered to be transferred. The movement in 2023 is due to the derecognition on November 27, 2023.

THE COVERED BOND PROGRAMME

Under NIBC's Covered Bond programme, notes are issued by NIBC covered with NIBC's investments in financial assets. Bond holders are protected from suffering a loss in the event that NIBC defaults because at the moment the notes were issued, NIBC also transferred the legal title of a portfolio of mortgages to an SE to act as collateral manager for the covered bond investors. From a legal perspective, the SE guarantees the repayment of the Covered Bonds. The title transfer of the mortgages has been achieved by NIBC providing an intercompany loan on the same terms and conditions as the external bonds to the SE. The SE used the proceeds to purchase the Mortgage portfolio. The net result is that the SE retains the legal title, but proceeds from the mortgages are passed through the intercompany loan to the covered bond holders. NIBC consolidates the SE on the basis that, in addition to having power as the sole owner, NIBC also is entitled to substantial variable returns through the over-collateralised portion of the sold mortgages.

CONTINUING INVOLVEMENT IN TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

NIBC does not have any material transferred assets that are derecognised in their entirety, but where NIBC has continuing involvement.

40 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Accounting policy for commitments and contingent assets and liabilities

COMMITMENTS

At any time, NIBC has outstanding commitments to extend credit. Outstanding loan commitments have a commitment period that does not extend beyond the normal underwriting and settlement period of one to three months.

Commitments extended to customers related to mortgages at fixed-interest rates or fixed spreads are hedged with interest rate swaps recorded at fair value. These commitments are designated upon initial recognition at FVtPL.

FINANCIAL GUARANTEES

NIBC provides financial guarantees and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for a period of up to five years. Expirations are not concentrated in any period. The amounts for guarantees and letters of credit in this note represent the maximum accounting loss that would be recognised if counterparties failed completely to perform as contracted.

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

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

in EUR millions	2023	2022
Contract amount		
Committed facilities with respect to corporate loan financing	1,025	1,279
Committed facilities with respect to mortgage loans	332	295
Capital commitments with respect to equity investments	8	16
Guarantees granted (including guarantees related to assets held for sale)	24	21
Irrevocable letters of credit	31	33
	1,419	**1,643**

Committed facilities with respect to corporate loan financing contains EUR 20 million of committed facilities for corporate loans at FVtPL (2022: EUR 50 million). Refer to note 11 Credit loss expense for the ECL-allowances on off-balance sheet financial instrument positions classified at AC or FVOCI.

Since 2016 NIBC has opted for paying part of its annual contribution to the Single Resolution Fund (SRF) via Irrevocable payment commitments (IPCs). As a consequence, an interest bearing amount (i.e. cash collateral) of EUR 7.3 million is recognised in the consolidated financial position at 31 December 2023. As the Single Resolution Board can call and demand for (partial) payment of the outstanding IPC amount, a nominal contingent liability of EUR 7,3 million exists at 31 December 2023. The probability of calling part of the outstanding IPC amount by the SRB is considered remote.

in EUR millions	2023	2022
Remaining legal maturity analysis of issued financial guarantees & commitments		
loans		
One year or less	455	402
Longer than one year but not longer than five years	723	819
Longer than five years but not longer than ten years	195	363
Longer than ten years	46	59
	1,419	**1,643**

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 statement of financial position until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows.

Details of concentrations of credit risk including concentrations of credit risk arising from commitments and contingent liabilities as well as NIBC's policies for collateral for loans are set out in the Risk Management paragraph and note 11 Credit loss expense

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

NIBC is involved in a number of proceedings and settlement negotiations that arise with customers, counterparties, current or former employees or others in the course of its activities.

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

While NIBC has made considerable investment in reviewing and assessing historic sales and 'know your customer' practices and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. Assessments of the likelihood of claims arising from former activities are often difficult to accurately assess, due to the difficulties in applying more recent standards or court judgements to past practices.

Furthermore, many individual transactions are heavily fact-specific and the likelihood of applicability to more transactions of a court decision received on one particular transaction, is difficult to predict until a claim actually materialises and is elaborated. Changes in customer protection regulations and in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might also influence client expectations.

The costs and staffing capacity required to defend against future actions may be significant. Counterparties in these proceedings may also seek publicity, over which NIBC will have no control, and this publicity could lead to reputational harm to NIBC and potentially decrease customer acceptance of NIBC's services, regardless of whether the allegations are valid or whether NIBC is ultimately found liable. NIBC recognises provisions when losses with respect to such matters are more likely than not. Provisions are not recognised for matters for which an expected cash outflow cannot be reasonably estimated or which are not more likely than not to lead to a cash outflow.

NIBC is, with some regularity, subject to inspections from its regulators, from which obligations may arise, for which expected cash outflows are remote as at 31 December 2023.

Based upon legal advice, NIBC's management is of the opinion that, taking into consideration the facts as known at present, there is no on-going legal action being taken against NIBC which is likely to have a material adverse effect on the consolidated financial position or consolidated results of NIBC.

41 ASSETS TRANSFERRED OR PLEDGED AS COLLATERAL

in EUR millions	2023	2022
Assets have been pledged as collateral in respect of the following liabilities and contingent liabilities		
Liabilities		
Due to other banks/Own debt securities in issue	4,821	4,547
Derivative financial liabilities	71	150
Debt securities in issue related to securitised loans and mortgages	230	470
	5,122	**5,167**
Details of the carrying amounts of assets pledged as collateral		
Assets pledged		
Debt investments/Mortgage loans own book	5,814	5,298
Securitised loans and mortgages	234	456
Cash collateral (due from other banks)	115	286
	6,163	**6,041**

As part of NIBC's funding and credit risk mitigation activities, the cash flows of selected financial assets are transferred or pledged to third parties. Furthermore, NIBC pledges assets as collateral for derivative transactions. Substantially all financial assets included in these transactions are mortgage loans, other loan portfolios, debt investments and cash collateral. The extent of NIBC's continuing involvement in these financial assets varies by transaction.

The asset encumbrance ratio (encumbered assets and total collateral received re-used divided by total assets and total collateral re-used) at 31 December 2023 was 27% (2022: 27%).

42 ASSETS UNDER MANAGEMENT

NIBC provides collateral management services, whereby it holds and manages assets or invests funds received in various financial instruments on behalf of customers. NIBC receives fee income for providing these services. Assets under management are not recognised in the consolidated statement of financial position. NIBC is not exposed to any credit risk relating to these assets, as it does not guarantee these investments.

in EUR millions	2023	2022
Assets held and managed by NIBC on behalf of customers	13,801	14,416
	13,801	**14,416**

Assets under management consist of the following activities:

- Credit Management manages external investors' funds invested in sub- investment grade secured and unsecured debt. Credit Management focuses predominantly on European leveraged loans, infrastructure debt and high yield bonds;
- Under OTM mandates, NIBC's Mortgages manages external investors' funds invested in Dutch mortgages;
- Asset management activities at NIBC level consist of collateral management activities of a legacy portfolio of structured investments (such as RMBS and CLOs), predominantly in the US.

Refer to note 3 Net fee income for related investment management and OTM fee income.

NIBC's sustainability policy framework, including applicable sector policies, is also applicable to the investments made under these programmes.

For more information please see our website.

43 BUSINESS COMBINATIONS AND DIVESTMENTS

ACQUISITIONS AND DIVESTMENTS IN 2023

In 2023 there were no new business combinations and no divestments.

ACQUISITIONS IN 2022

In 2022 NIBC Bank N.V. acquired 100% shares of Fin Quest B.V. from NIBC Investments N.V. which is a subsidiary of NIBC Holding N.V.

44 RELATED PARTY TRANSACTIONS

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

TRANSACTIONS INVOLVING NIBC'S SHAREHOLDERS

During 2023, there were no new significant related party relationships, as well as no significant related party transactions, other than dividend distribution of EUR 163 million, that are relevant for disclosure to get an understanding of the changes in the consolidated financial position and performance of NIBC, since the end of the last annual reporting period.

TRANSACTIONS WITH OTHER ENTITIES CONTROLLED BY NIBC'S SHAREHOLDERS

There were no transactions with other entities controlled by NIBC's shareholders in 2023 and 2022.

in EUR millions	2023	2022
Transactions involving NIBC's shareholder		
Assets	883	724
Income received	21	11

Transactions with other entities controlled by the parent company

in EUR millions	2023	2022
Transactions involving NIBC's shareholder		
Assets	441	420
Liabilities	(19)	(50)
Off-balance sheet commitments	25	43
Income received	-	4

All intended deals with related parties, are (pre)discussed in the Related Party Transaction Committee.

Transactions related to associates

in EUR millions	2023	2022
Transactions related to associates		
Assets	7	36
Off-balance sheet commitments	4	5
Income received	0	4

Key management personnel compensation

NIBC's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. Key management personnel is defined at those persons having authority and responsibility for planning, directing and controlling the activities of NIBC (directly and indirectly). Key management personnel for remuneration disclosure purposes of NIBC consist of the ExCo members (including Statutory Board members). The (indirect) shareholdings under the Management Investment Plan ('MIP') in NIBC Holding N.V. are disclosed for key management personnel and other selected senior staff who participate in the MIP.

Details of the different reward components of the remuneration and holdings in NIBC Choice instruments of the Statutory Board members and details of the remuneration of the Supervisory Board members are also disclosed as part of the Related party transactions note. For details of holdings of other staff in NIBC Choice instruments reference is made to note 8 Personnel expenses and share-based payments.

Transactions with key management personnel and related parties

IAS 24 'Related party disclosures' requires the following additional information for key management compensation (i.e. ExCo, including the Statutory Board).

INTRODUCTION

In 2023, the average number of members of the Statutory Board appointed under the articles of association was four (2022: three and a half). For the total regular annual remuneration costs (including pension costs) of the Statutory Board reference is made to note 8 Personnel expenses and share-based payments.

REMUNERATION OF THE STATUTORY BOARD MEMBERS

The Supervisory Board reviewed and amended NIBC's Remuneration Policy in 2023. The review took account of all relevant laws, regulations and guidelines: the Dutch Corporate Governance Code, the Dutch Banking Code, the DNB Principles on Sound Remuneration Policies (DNB Principles), including additional DNB guidance on the implementation of the DNB Principles and the Committee of European Banking Supervisors Guidelines (CEBS Guidelines) on Remuneration Policies and Practices and CRD IV and the Dutch remuneration legislation for Financial Service Companies (Wet nadere beloning Financiële ondernemingen (Wnbfo)). After a thorough review of the remuneration of the members of the Statutory Board of NIBC, the Supervisory Board has decided to adjust the remuneration of the Statutory Board with an increase of 2.5% per July 2023.

Compensation of ExCo-members awarded over the year 2023

	Short-term incentive compensation				
in EUR	Base salary	One-off sign-on bonus Cash	Severance payment	Other remuneration elements[1]	Total short-term incentive compen-sation
Current and former Statutory Board	5,133,216	105,000	1,077,723	1,289,972	7,605,911
Current and former Executive Board, not Statutory Board	1,762,884	4,000	-	433,932	2,200,816
Total Executive Committee	**6,896,100**	**109,000**	**1,077,723**	**1,723,904**	**9,806,727**

1 Including a collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 128,810.

	Long-term (incentive) compensation	One-off sign-on bonus		
in EUR	Post employment contribution	Deferred Cash	(Restricted)Phantom Share Units	Total
Current and former Statutory Board	181,626	70,000	175,000	8,032,537
Current and former Executive Board, not Statutory Board	152,042	-	-	2,352,857
Total Executive Committee	**333,667**	**70,000**	**175,000**	**10,385,394**

Compensation of ExCo-members awarded over the year 2022

	Short-term incentive compensation				
in EUR	Base salary	Cash bonus	Severance payment	Other remuneration elements[1]	Total short-term incentive compen-sation
Current and former Statutory Board	4,176,176	60,000	-	1,032,838	5,269,013
Current and former Executive Board, not Statutory Board	1,798,735	124,000	247,042	455,991	2,625,768
Total Executive Committee	**5,974,911**	**184,000**	**247,042**	**1,488,829**	**7,894,782**

1 Including a collective allowance to compensate for loss of pension benefits with respect to salary in excess of EUR 114,866.

	Long-term (incentive) compensation	One-off retention package		
in EUR	Post employment contribution	Deferred Cash	(Restricted)Phantom Share Units	Total
Current and former Statutory Board	152,748	40,000	100,000	5,561,761
Current and former Executive Board, not Statutory Board	150,478	80,000	200,000	3,056,247
Total Executive Committee	**303,227**	**120,000**	**300,000**	**8,618,008**

Under IFRS, certain components of variable remuneration are not recognised in the income statement directly, but are allocated over the vesting period of the award.

Remuneration of the Supervisory Board members

The remuneration of the Supervisory Board members consists of annual fixed fees and committee fees and relates to their position within NIBC Holding and NIBC Bank. The total remuneration of (former) Supervisory Board members for the year 2023 amounts to EUR 1.1 million (2022: EUR 1.0 million).

As at 31 December 2023 and 31 December 2022, no loans, advance payments or guarantees had been provided by the company to Supervisory Board members.

(Restricted) Phantom Share Units

PHANTOM SHARE UNITS

Since 2010, an equity-linked reward instrument is part of the Short-Term Incentive (STI) plan. The short-term compensation in share-related awards consists of PSUs and/or RPSUs. RPSU awards are subject to a four-year vesting1) with one fourth vesting each year on 1 April. All PSUs and RPSUs are subject to a one-year retention period as measured from the date of vesting. For the Statutory Board the lock-up period of the equity-linked instruments is five years. RPSUs are not eligible for dividend. This short-term compensation can be converted into cash immediately after the retention period and therefore is recognised as cash-settled.

Holdings of NIBC Choice instruments of ExCo-members at 31 December 2023

	Number of phantom share units[1]	Number of restricted phantom share units[1]
Current and former Statutory Board	277,171	98,050
Current and former Executive Board, not Statutory Board	8,680	15,768
Total Executive Committee	**285,851**	**113,818**

1 Including the number of (restricted) phantom share units that has been granted under the one-off retention package on 30 December 2021.

Holdings of NIBC Choice instruments of ExCo-members at 31 December 2022

	Number of phantom share units	Number of restricted phantom share units
Current and former Statutory Board	240,259	138,511
Current and former Executive Board, not Statutory Board	26,858	31,659
Total Executive Committee	**267,117**	**170,170**

Related party transactions

The Group has not granted any loans, guarantees or advances to members of the Managing Board. ExCo members and other selected senior staff who participate in the **MIP** (details provided in the Management Investment Plan section below).

MANAGEMENT INVESTMENT PLAN

Selected members of NIBC management, consisting of the Managing Board, ExCo members and other selected senior staff, (the participants) have been provided with an opportunity in 2021 and 2022 to make an indirect investment with own funds in NIBC Holding N.V. through a Management Investment Plan (MIP). To facilitate the allocation of the MIP investment to individual employees, the investment in the MIP is held indirectly via a management holding company (‘ManCo’). ManCo issues shares to a specially incorporated foundation (Stichting Administratiekantoor Management NIBC) that issues depositary receipts to each participant as evidence of the investment. These depositary receipts entitle a participant to the full economic benefit of the underlying shares held by ManCo in an indirect parent company of NIBC Holding N.V.. The ability of a participant to dispose of the share investment is linked to the Blackstone Group's exit. Typically, a participant will be able to sell a proportion of the investment equal to the proportion sold at exit. Furthermore, there are specific provisions governing an exit through an IPO where the ability to dispose of shares may be restricted by customary lock-up periods. ManCo is capitalised with ordinary B shares. The company or another Group entity will under no circumstances be required to settle in cash. Accordingly, there is no impact on the Group’s results or its financial position from the MIP.

When Flora Holding III Limited exits its investment in NIBC Holding N.V., the ordinary B shares held by the participants in the MIP will share in the excess return above a certain threshold according to a predefined formula.

The movements in the number of ordinary B shares that the participants have indirectly acquired under the MIP are as follows:

Number of ordinary B shares acquired under the Management Investment Plan

	2023	2022
Changes in ordinary B shares		
Balance at 1 January[1]	**66,000,000**	**68,640,000**
Issued	1,760,000	1,760,000
(Re)purchased	(22,000)	(4,400,000)
Balance at 31 December	**67,738,000**	**66,000,000**

1 Preference B shares are not entitled to dividend.

In total, the participants have indirectly invested an amount of EUR 1.4 million via ManCo in NIBC Holding N.V.. The Statutory Board has made a total cash investment of EUR 0.9 million.

CDR HOLDINGS OF EXCO-MEMBERS IN ORDINARY A2 SHARES FLORA HOLDINGS III LIMITED

Due to regulatory restrictions the 470,488 NIBC shares (consisting of 376.355 CDR's related to the one off retention package concerning the IPO of NIBC Holding N.V. on 23 March 2018 and of 94,133 CDR's related to investments with own funds) held by ExCo members related to CDRs held by ExCo members were exchanged by Stichting Administratiekantoor NIBC Holding N.V. like for like into 3.002.444 and 750.964 ordinary A2 shares of Flora Holdings III Limited in January 2021.

The movements in the number of CDRs related to ordinary A2 shares Flora Holdings III Ltd. held by ExCo members is as follows:

Number of CDRs related to ordinary A2 shares Flora Holdings III Limited

	2023	2022
Changes in CDRs		
Balance at 1 January[1]	**3,670,716**	**3,670,716**
New investments in CDRs of ordinary A2 shares Flora Holdings III Limited	186,247	-
Repurchased CDRs of ordinary A2 shares Flora Holdings III Limited	(736,789)	-
Balance at 31 December	**3,120,174**	**3,670,716**
Breakdown		
Current and former Statutory Board	2,294,479	2,703,414
Current and former Executive Board, not Statutory Board	825,695	967,302
Total Executive Committee	**3,120,174**	**3,670,716**

1 Ordinary A2 shares (if vested) are entitled to dividend. At balance sheet date the total number of vested A2 shares is 1.852.040.

The fair value used for the conversion of CDRs with ordinary shares NIBC Holding N.V. as underlying into CDRs with ordinary A2 shares of Flora Holdings III Limited as underlying is equal to the share-price paid by Flora Acquisition B.V. at transaction date 30 December 2020. Prior to the transaction the fair value of CDRs with ordinary shares NIBC Holding N.V. as underlying was equal to the listed share price of NIBC Holding. The fair value per share NIBC Holding N.V. at 31 December 2020 was EUR 7.00.

45 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

Accounting policy for subsidiaries and associates

SUBSIDIARIES

NIBC's subsidiaries are those entities (including structured entities) which it directly or indirectly controls. Control over an entity is evidenced by the group's ability to exercise its power in order to affect any variable returns that the group is exposed to through its involvement with the entity.

When assessing whether to consolidate an entity, the group evaluates a range of control factors, namely:

- the purpose and design of the entity;
- the relevant activities and how these are determined;
- whether the group's rights result in the ability to direct the relevant activities;
- whether the group has exposure or rights to variable returns;
- whether the group has the ability to use its power to affect the amount of its returns.

Where voting rights are relevant, the group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities, as indicated by one or more of the following factors:

- another investor has the power over more than half of the voting rights by virtue of an agreement with the group;
- another investor has the power to govern the financial and operating policies of the investee under a statute or an agreement;
- another investor has the power to appoint or remove the majority of the members of the board of directors or equivalent governing body and the investee is controlled by that board or body; or
- another investor has the power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of that entity is by this board or body.

Potential voting rights that are deemed to be substantive are also considered when assessing control. Likewise, the group also assesses the existence of control where it does not control the majority of the voting power but has the practical ability to unilaterally direct the relevant activities. This may arise in circumstances where the size and dispersion of holdings of the shareholders give the group the power to direct the activities of the investee.

Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

The group reassesses the consolidation status at least at each financial reporting date. Therefore, any changes in the structure leading to a change in one or more of the control factors require reassessment when they occur. This includes changes in decision making rights, changes in contractual arrangements, changes in the financing, ownership or capital structure as well as changes following a trigger event which was anticipated in the original documentation.

ASSOCIATES

Refer to note 22 Equity investments (including investments in associates).

Critical accounting estimates and judgements

Determining whether NIBC has control of an entity is generally straightforward, based on ownership of the majority of the voting rights. However, in certain instances this determination will involve significant judgement, particularly in the case of SEs where voting rights are often not the determining factor in decisions over the relevant activities. This judgement may involve assessing the purpose and design of the entity. It will also often be necessary to consider whether NIBC, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over SEs. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, NIBC may conclude that the managers of the SE are acting as its agent and therefore NIBC will consolidate the SE.

An interest in equity voting rights exceeding 50% (or in certain circumstances large minority shareholding) would typically indicate that NIBC has control of an entity. However certain entities are excluded from consolidation because NIBC does not have exposure to their variable returns and/or are managed by external parties and consequently are not controlled by NIBC. Where appropriate, interests relating to these entities are included in note 46 Structured entities.

Information on principal subsidiaries

COMPOSITION OF NIBC

NIBC consists of 36 (2022: 39) consolidated entities, including 11 (2022: 12) consolidated structured entities (for further details see note 46 Structured entities). 25 (2022: 27) of the entities controlled by NIBC are directly or indirectly held by NIBC at 100% of the ownership interests (share of capital). Third parties also hold ownership interests in 11 (2022: 12) of the consolidated entities (non-controlling interests).

PRINCIPAL SUBSIDIARIES

NIBC's principal subsidiaries are set out in the following table. This includes those subsidiaries that are most significant in the context of NIBC's business, results or financial position.

	Principal place of business	Country	Nature of company	Percentage of voting rights held
Subsidiaries of NIBC Bank N.V.				
Parnib Holding N.V.	The Hague	Netherlands	Financing	100%
Counting House B.V.	The Hague	Netherlands	Financing	100%
B.V. NIBC Mortgage-Backed Assets	The Hague	Netherlands	Financing	100%
NIBC Principal Investments B.V.	The Hague	Netherlands	Financing	100%
NIBC Financing N.V.	The Hague	Netherlands	Financing	100%
Fin Quest B.V.	Eindhoven	Netherlands	Financing	100%

SIGNIFICANT RESTRICTIONS TO ACCESS OR USE NIBC'S ASSETS
Legal, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of NIBC to access and transfer assets freely to or from other entities within NIBC and to settle liabilities of NIBC.

Since NIBC did not have any material non-controlling interests at the balance sheet date, any protective rights associated with these did not give rise to significant restrictions.

Restrictions impacting NIBC's ability to use assets:
- NIBC has pledged assets to collateralise its obligations under repurchase agreements, securities financing transactions, collateralised loan obligations and for margining purposes of OTC derivative liabilities;
- The assets of consolidated SEs are held for the benefit of the parties that have bought the notes issued by these entities;
- Regulatory and central bank requirements or local corporate legislation may restrict NIBC's ability to transfer assets to or from other entities within NIBC in certain jurisdictions.

Carrying amounts of restricted assets

	At 31 December 2023		At 31 December 2022	
in EUR millions	Assets	Restricted assets	Assets	Restricted assets
Cash and balances with central banks	1,994	176	2,087	169
Due from other banks	538	461	841	741
Debt investments at fair value through other comprehensive income	897	-	862	-
Debt investments at fair value through profit or loss	11	-	15	-
Mortgage loans	12,911	6,801	11,990	6,470
Corporate loans at amortised cost	6,189	485	6,149	445
Loans at fair value through profit or loss	153	-	143	-
Lease receivables	5	-	5	-
Equity investments (including Investments in associates)	124	123	166	117
Assets held for sale	-	-	202	4
	22,821	**8,046**	**22,459**	**7,945**

The previous table excludes assets which are solely subject to restrictions in terms of their transferability within NIBC, caused by e.g. local lending requirements or similar regulatory restrictions. Regulatory minimum liquidity requirements are also excluded from the table. NIBC identifies the volume of liquidity reserves in excess of local stress liquidity outflows. The aggregate amount of such liquidity reserves that are considered restricted for this purpose is EUR 176 million and EUR 169 million as per 31 December 2023 and 2022, respectively.

A list of participating interests and companies for which a statement of liability have been issued has been filed at the Chamber of Commerce in The Hague.

Information on associates
NIBC holds interests in 24 (2022: 26) associates. Three associates are considered to be material to NIBC, based on the carrying value of the investment and NIBC's income from these investees. There are no joint arrangements which are considered individually significant.

Accounting classification and carrying value

in EUR millions	2023	2022
Investments in associates (FVtPL)	37	41
Investments in associates and joint ventures (equity method)	6	4
	43	**45**

ASSOCIATES MATERIAL TO NIBC

The following tables present the summarised financial information of NIBC's investments in associates with a material carrying value.

	Principal place of business	Country	Nature of company	Percentage of voting rights held
Name of the associate				
Outward VC Fund LLP	London	United Kingdom	Technology	21%
Cooperatie Rotterdam Port Fund UA	Rotterdam	Netherlands	Shipping	45%
NIBC Growth Capital Fund II C.V.	Amsterdam	Netherlands	Various SME	11%

The amounts shown in the following table are of the investees, not just NIBC's share for the year ended 31 December 2023.

in EUR millions	Assets	Liabilities	Operating income	Other comprehensive income	Total comprehensive income[1]
Outward VC Fund LLP	62	4	(2)	-	(2)
Cooperatie Rotterdam Port Fund UA	37	0	1	-	1
NIBC Growth Capital Fund II C.V.	44	0	6	-	6

1 The figures are based on the latest available financial information of the investee.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (EQUITY METHOD)

NIBC's investments in associates and joint ventures (equity method) are EUR 6 million for the year ended 31 December 2023 (31 December 2022: EUR 4 million).

Associates

in EUR millions	2023	2022
Profit or loss from continuing operations	5	5
	5	**5**

in EUR millions	2023	2022
Aggregated amount of NIBC's share of profit/(loss) from continuing operations	3	1
	3	**1**

Unrecognised share of the losses of individually immaterial associates was nil in 2023 and 2022.

Other information on associates
NIBC's associates are subject to statutory requirements such that they cannot make remittances of dividends or make loan repayments to NIBC without agreement from the external parties.

NIBC's share of contingent liabilities or capital commitments of its associates and joint ventures was nil in 2023 and 2022.

46 STRUCTURED ENTITIES

Accounting policy for structured entities
A structured entity (**SE**) is an entity in which voting or similar rights are not the dominant factor in deciding control. SEs are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

The principal use of SEs is to provide clients with access to specific portfolios of assets and to provide market liquidity for clients through securitising financial assets. SEs may be established as corporations, trusts or partnerships. SEs generally finance the purchase of assets by issuing notes that are collateralised by and/or indexed to the assets held by the SEs. The notes issued by SEs may include tranches with varying levels of subordination.

SEs are consolidated when the substance of the relationship between NIBC and the SEs indicate that the SEs are controlled by NIBC, as discussed in the accounting policies and critical accounting estimates and judgements of note 45 Principal subsidiaries and associates. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

NATURE, PURPOSE AND EXTENT OF NIBC'S INTERESTS IN CONSOLIDATED STRUCTURED ENTITIES

Securitisation vehicles
NIBC primarily has contractual arrangements for securitisation vehicles which may require it to provide financial support. NIBC uses securitisation as a source of financing and a means of risk transfer. At 31 December 2023, there were no significant outstanding loan commitments to these entities (2022: immaterial).

NIBC has not provided any non-contractual financial support during 2023 and 2022 and does not anticipate providing non-contractual support to consolidated SEs in the future.

Unconsolidated structured entities

NATURE, PURPOSE AND EXTENT OF NIBC'S INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES
The SEs covered by this section are not consolidated since NIBC does not has control them through voting rights, contract, funding agreements and/or other means. The extent of NIBC's interests in unconsolidated SEs will vary depending on the type of SE. Examples of interests in unconsolidated SEs include debt or equity investments, liquidity facilities and guarantees in which NIBC is absorbing variability of returns from the SEs.

Securitisation vehicles
NIBC establishes securitisation vehicles which purchase diversified pools of assets, including fixed-income securities, corporate loans, and asset-based securities (predominantly commercial, residential and mortgage-backed assets). The securitisation vehicles fund these purchases by issuing multiple tranches of notes.

Third-party fund entities
NIBC provides funding to SEs that hold a variety of assets. These entities may take the form of funding entities, trusts and private investment companies. The funding is collateralised by the asset in the SEs. NIBC's involvement involves predominantly equity investments.

Income derived from involvement with unconsolidated structured entities
NIBC earns management fees and, occasionally, performance-based fees for its investment management services in relation to funds. Interest income is recognised on the funding provided to SEs. Movements in the value of different types of notes held by NIBC in SEs are recognised in net trading income.

Maximum exposure to unconsolidated structured entities
The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated SE. The maximum exposure for loans and trading instruments is reflected in their carrying amounts in the consolidated statement of financial position. The maximum exposure for off-balance sheet instruments such as guarantees, liquidity facilities and loan commitments under IFRS 12, as interpreted by NIBC, is reflected by the notional amounts. Such amounts do not reflect the economic risks faced by NIBC because they do not take into account the effects of collateral or hedges nor the probability of such losses being incurred.

At 31 December 2023 off-balance sheet instruments amount to EUR 7 million (2022: EUR 16 million). There were no derivatives linked to structured unconsolidated entities.

SIZE OF STRUCTURED ENTITIES
NIBC provides a different measure for the size of SEs depending on their type. The following measures have been considered as appropriate indicators for evaluating the size of SEs:
- Securitisations – notional of notes in issue when NIBC derives its interests through notes its holds and notional of derivatives when NIBC's interests is in the form of derivatives;
- Third party fund entities – total assets in entities. For third party fund entities, size information is based on the latest available investor reports and financial statements.

SUMMARY OF INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES
The following table shows, by type of unconsolidated SE, the carrying amounts of NIBC's interests recognised in the consolidated statement of financial position as well as the maximum exposure to loss resulting from these interests. It also provides an indication of the size of the SEs.

in EUR millions	Securitisations	Third party fund entities	2023
Financial assets at fair value through other comprehensive income			
Debt investments	20	-	20
Financial assets at fair value through profit or loss (including trading)			
Equity investments (including investments in associates)	-	89	89
Total assets	**20**	**89**	**109**
Off-balance sheet exposure		7	7
Total maximum exposure to loss	**20**	**96**	**116**
Size of structured entities	1,058	31,242	32,300

in EUR millions	Securitisations	Third party fund entities	2022
Financial assets at fair value through other comprehensive income			
Debt investments	66	-	66
Financial assets at fair value through profit or loss (including trading)			
Equity investments (including investments in associates)	-	119	119
Total assets	**66**	**119**	**185**
Off-balance sheet exposure	-	16	16
Total maximum exposure to loss	**66**	**134**	**201**
Size of structured entities	4,037	32,336	36,372

As per year-end 2023, NIBC had no loans (2022: nil) consisting of investments in securisation tranches and loans to third-party funds.

No debt investments are collateralised by the assets contained in these entities.

Equity investments of EUR 96 million (2022: EUR 134 million) primarily consist of investments of EUR 43 million, EUR 17 million and EUR 15 million in JCF IV Coinvest Neptun I L.P.,Cooperatie Rotterdam Port Fund UA. And Outward VC Fund L.P. respectively. The decrease in 2023 is mainly due to paid out dividends on JCF IV Coinvest Neptun I L.P.

EXPOSURE TO LOSSES

NIBC's exposure to losses related to securitisations depends on the level of subordination of the interest which indicates the extent to which other parties are obliged to absorb credit losses before NIBC. This is summarised in the following table. There is no significant level of subordination relating to third-party funding.

in EUR millions	Subordinated interests	Mezzanine interests	Senior interests	Most senior interests	2023
Securitisations					
I) Maximum exposure to loss	-	-	-	20	20
II) Potential losses held by other investors	-	19	39	980	1,038

in EUR millions	Subordinated interests	Mezzanine interests	Senior interests	Most senior interests	2022
Securitisations					
I) Maximum exposure to loss	-	-	-	66	66
II) Potential losses held by other investors	-	76	160	3,788	4,025

INCOME FROM INTERESTS IN UNCONSOLIDATED STRUCTURED ENTITIES

The following table presents NIBC's total income received from its interests in unconsolidated SEs:

in EUR millions	Securitisations	Third party entities	2023
Net income unconsolidated structured entities			
Net interest income	1	-	1
Investment income	-	(0)	(0)
	1	**(0)**	**1**

in EUR millions	Securitisations	Third party entities	2022
Net income unconsolidated structured entities			
Net interest income	0	-	0
Investment income	-	32	32
	0	**32**	**32**

FINANCIAL SUPPORT PROVIDED OR TO BE PROVIDED TO UNCONSOLIDATED STRUCTURED ENTITIES

NIBC has not provided any non-contractual financial support during the period and does not intend to provide non-contractual support to unconsolidated SEs in the future.

SPONSORED UNCONSOLIDATED STRUCTURED ENTITIES

As a sponsor, NIBC is involved in the legal structure and marketing of the entity and supports the entity in different ways, namely:

- transferring assets to the entities;
- providing operational support to ensure the entity's continued operation.

NIBC is also deemed a sponsor for a SE if market participants would reasonably associate the entity with NIBC. Additionally, the use of the NIBC name for the SE indicates that NIBC has acted as a sponsor.

Income from sponsored unconsolidated SEs in which NIBC did not hold an interest as per 31 December 2023 amounted to nil (31 December 2022: nil).

ASSETS TRANSFERRED TO UNCONSOLIDATED SPONSORED STRUCTURED ENTITIES

The carrying amounts of assets transferred to sponsored unconsolidated SEs during the period were nil.

Company Financial Statements

Table of contents

Company income statement

for the years ended 31 December

in EUR millions	note	2023	2022
Interest and similar income	1	1,285	554
Interest expense and similar charges	1	967	281
Net interest income		**318**	**273**
Fee income	2	37	37
Net fee income		**37**	**37**
Income from investments	13	5	24
Income from interests in group companies	15	66	97
Income from group companies and (other) equity investments		**71**	**121**
Results from financial transactions	3	38	(40)
Total operating income		**465**	**(40)**
Personnel expenses	4	93	95
Depreciation and amortisation		3	4
Other operating expenses	5	98	110
Credit loss expense	6	20	11
Gains or (losses) on disposal of assets	19	7	(2)
Regulatory charges and levies	7	19	19
Total operating expenses		**226**	**236**
Profit from ordinary operations before tax		**238**	**151**
Income tax	8	43	2
Profit after tax		**195**	**148**

Company statement of comprehensive income

for the years ended 31 December

in EUR millions	2023	2022
Profit for the year	**195**	**148**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of property and equipment	0	-
Own credit risk reserve	(84)	55
Items that may be reclassified subsequently to profit or loss		
Net result on hedging instruments	(3)	(8)
Movement in revaluation for debt investments at FVOCI	7	(16)
Income tax effect on net current period change	**(1)**	**6**
Total other comprehensive income	**(81)**	**37**
Total comprehensive income	**114**	**185**
Total comprehensive income attributable to		
Shareholder of the company	102	173
Holders of capital securities	12	12
Total comprehensive income	**114**	**185**

Company balance sheet before profit appropriation

as at 31 December

in EUR millions	note	2023	2022
Assets			
Cash and balances with central banks	9	1,994	2,087
Due from other banks	10	177	396
Interest-bearing securities	11	908	876
Loans and advances to customers	12	26,316	24,919
Equity investments	13	74	79
Derivative financial instruments	14	473	462
Interests in group companies	15	207	215
Investment property	16	17	18
Property and equipment	17	17	19
Other assets	18	19	14
Assets held for sale	19	-	73
Total assets		**30,202**	**29,158**
Liabilities			
Due to other banks	20	372	744
Customer deposits and other fund on deposit	21	18,944	17,875
Debt securities in issue	22	8,408	7,940
Derivative financial instruments	14	218	300
Provisions	23	6	7
Other liabilities	24	44	46
Subordinated liabilities	25	224	202
Total liabilities		**28,216**	**27,114**
Equity			
Share capital	26	80	80
Share premium	26	238	238
Revaluation reserves	26	10	7
Own credit risk reserve	26	25	110
Retained earnings	26	1,237	1,263
Profit after tax for the year	26	195	148
Equity attributable to shareholder of the company		**1,785**	**1,845**
Capital securities	27	200	200
Total parent equity		**1,985**	**2,045**
Total liabilities and equity		**30,202**	**29,158**
Contingent liabilities	28	50	47
Irrevocable liabilities	28	903	1,183

Company statement of changes in equity

in EUR millions	Attributable to: Share capital	Share premium	Reserves	Retained earnings including net profit	Equity of the parent company	Capital securities	Total equity
Balance at 1 January 2023	**80**	**238**	**116**	**1,411**	**1,845**	**200**	**2,045**
Net profit for the year	-	-	-	183	183	12	195
Total comprehensive income for the period ended 31 December 2023	-	-	(81)	-	(81)	-	(81)
Transfer of realised depreciation revalued property and equipment	-	-	-	0	0	-	0
Other	-	-	-	0	0	-	0
Distributions							
Paid coupon on capital securities	-	-	-	-	-	(12)	(12)
Dividend paid during the year	-	-	-	(163)	(163)	-	(163)
Balance at 31 December 2023	**80**	**238**	**35**	**1,433**	**1,785**	**200**	**1,985**

in EUR millions	Attributable to: Share capital	Share premium	Reserves	Retained earnings including net profit	Equity of the parent company	Capital securities	Total equity
Balance at 1 January 2022	**80**	**238**	**79**	**1,431**	**1,828**	**200**	**2,028**
Net profit for the year	-	-	-	136	136	12	148
Total comprehensive income for the period ended 31 December 2022	-	-	37	-	37	-	37
Transfer of realised depreciation revalued property and equipment	-	-	-	(0)	(0)	-	(0)
Adjustment deferred tax asset due to lower corporate income tax rate in 2023 and onwards	0	-	-	-	-	-	-
Other	-	-	-	(2)	(2)	-	(2)
Distributions							
Paid coupon on capital securities	-	-	-	-	-	(12)	(12)
Dividend paid during the year	-	-	-	(154)	(154)	-	(154)
Balance at 31 December 2022	**80**	**238**	**116**	**1,411**	**1,845**	**200**	**2,045**

Company Accounting Policies

Basis of preparation

The principal accounting policies applied in the preparation of the company financial statements are set out in the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The company financial statements have been prepared in accordance with the legal requirements for financial statements contained in Title 9 of Book 2 of the Netherlands Civil Code. NIBC applies the provisions in Section 362, paragraph 8, Title 9 of Book 2 of the Netherlands Civil Code that make it possible to prepare the company financial statements in accordance with the accounting policies (including those for the presentation of financial instruments as equity or liability) used in its consolidated financial statements.

All figures are rounded to the nearest eur million, except when otherwise indicated. The euro is the functional and presentation currency of NIBC .

Summary of material accounting policies

Except as set forth below, the accounting policies applied in the company financial statements are the same as those for the consolidated financial statements.

INTERESTS IN GROUP COMPANIES

Interests in group companies, as defined in the basis of consolidation section of the accounting policies section of the consolidated financial statements, are measured at net asset value. Net asset value is determined by measuring the assets, provisions, liabilities and income based on the accounting policies used in the consolidated financial statements. The company's share of its group companies profits or losses is recognised in the income statement.

The bank applies paragraph 107a of the Dutch Accounting Standard 100. Under this paragraph the bank eliminates the expected credit losses on loans to subsidiaries in the same line item.

If losses of group companies that are attributable to the company exceed the carrying amount of the interest in the group company (including separately presented goodwill, if any, and including other unsecured receivables), further losses are not recognised unless the company has incurred obligations or made payments on behalf of the group company to satisfy obligations of the group company. In such a situation, NIBC recognises a provision up to the extent of its obligation.

Neither IFRS 3 Business Combinations nor any other IFRS require or prohibit the application of a specific approach for transactions under common control. By absence thereof NIBC defines its own accounting policy for transactions under common control. The predecessor value method (carry-over accounting) for legal mergers within NIBC or the group is consistently applied.

Notes to the company financial statements

For a specification of segment information, please see note 1 of the consolidated financial statements.

1 NET INTEREST INCOME

Interest income consists of interest income on loans and advances to customers, interest-bearing securities and other interest and similar income.

Interest expense consists of interest expense on liabilities, whether or not embodied in debt securities, and derivatives, as well as commissions having an interest nature, penalty interest on early redemptions, premiums and discounts. Premiums and discounts on debts, whether or not embodied in debt securities, not stated at fair value are recognised using the effective interest method, together with the relevant interest expense.

in EUR millions	2023	2022
Interest and similar income		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	1,271	545
Interest income from financial instruments measured at fair value through profit or loss	14	9
	1,285	**554**
Interest expense and similar charges		
Interest expense from financial instruments measured at amortised cost	947	274
Interest expense from financial instruments measured at fair value through profit or loss	19	7
	967	**281**
	318	**273**

Interest income from debt and other fixed-income instruments at fair value through profit or loss is recognised in interest and similar income at the effective interest rate.

2 NET FEE INCOME

in EUR millions	2023	2022
Fee income of major service lines		
Originate-to-Manage corporate loans	3	5
Lending related fees	3	4
Originate-to-Manage mortgage loans	32	28
Other mortgage fees	0	1
	37	**37**
Fee expense		
Other non-interest related	-	0
	-	**0**
	37	**37**

3 RESULTS FROM FINANCIAL TRANSACTIONS

This item relates to gains and losses and fair value movements from financial transactions, other than related to financial fixed assets and neither related to interest income and similar income.

in EUR millions	2023	2022
Debt securities (designated at FVtPL)	2	(1)
Debt investments (FVtPL)	5	(7)
Loans (FVtPL)	4	(4)
Assets and liabilities held for trading	1	0
Cross currency swaps	(0)	1
Interest rate Instruments (derivatives)	36	(15)
Foreign exchange	2	3
Fair value hedges of interest rate risk	(14)	24
Cash flow hedges of interest rate risk	2	1
Other net trading income	1	(1)
Net gains or (losses) on derecognition of financial assets measured at AC	(1)	(42)
Other gains less losses	(1)	0
	38	**(40)**

4 PERSONNEL EXPENSES

in EUR millions	2023	2022
Salaries	67	68
Severance payments	2	2
Variable compensation		
Cash bonuses	1	2
Share-based and deferred bonuses including expenses relating to previous years' grants	2	2
Pension and other post-retirement charges		
Defined-contribution plan	15	15
Other post-retirement charges/(releases) including own contributions of employees	(2)	(2)
Social security charges	8	7
Other staff expenses	1	0
	93	**95**

The number of FTEs decreased from 611 at 31 December 2022 to 589 at 31 December 2023. The average number of FTEs decreased from 615 in 2022 to 596 in 2023. The number of FTEs outside of the Netherlands decreased from 50 at 31 December 2022 to 39 at 31 December 2023.

5 OTHER OPERATING EXPENSES

in EUR millions	2023	2022
Other operating expenses		
Project expenses and consultants	24	30
Marketing and communication expenses	4	5
Other employee expenses	3	4
ICT and data expenses	30	30
Process outsourcing	20	25
Fees of auditors	4	3
Other	14	13
	98	**110**

Fees of auditors 2023 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of the external independent auditors can be categorised as follows				
Audit of financial statements	3,236	30	32	3,298
Other audit-related services	186	-	33	219
Other non-audit related services	-	-	15	15
Tax services	-	-	29	29
	3,423	**30**	**109**	**3,561**

Fees of auditors 2022 (including VAT)

in EUR thousands	External auditor	Other network	Other audit firms	Total
Fees of the external independent auditors can be categorised as follows				
Audit of financial statements	2,561	87	68	2,716
Other audit-related services	120	-	22	142
Other non-audit related services	91	-	-	91
Tax services	-	-	26	26
	2,771	**87**	**116**	**2,974**

The fees listed above relate to the procedures applied to NIBC and its consolidated group entities by accounting firms and external independent auditors as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups.

The audit fees relate to the financial year to which the financial statements pertain, regardless of whether the external auditor and the audit firm performed the work during the financial year.

6 CREDIT LOSS EXPENSE

This item relates to credit loss expense of loans and advances to customers and banks, interest-bearing securities classified at amortised cost or at fair value through other comprehensive income. In addition it is also related to expected credit losses of off-balance sheet commitments.

Financial assets

in EUR millions	2023	2022
Credit loss expense		
Loans and advances to customers		
Loans classified at amortised cost	21	12
Mortgage loans own book classified at amortised cost	(0)	(0)
Interest-bearing interests		
Debt investments classified at amortised cost	-	0
Debt investments classified at fair value through other comprehensive income	(0)	(0)
Non-financial assets		
Non-financial assets classified at amortised cost	-	(0)
	20	**11**
Other	(1)	(1)
	20	**11**

7 REGULATORY CHARGES AND LEVIES

in EUR millions	2023	2022
Resolution levy	9	6
Deposit Guarantee Scheme	9	13
	19	**19**

8 INCOME TAX

in EUR millions	2023	2022
Current tax	43	8
Deferred tax	(0)	(6)
	43	**2**

9 CASH AND BALANCES WITH CENTRAL BANKS

This item consists of balances with De Nederlandsche Bank N.V. (the Dutch Central Bank) as well as balances with foreign central banks in countries where NIBC operates.

in EUR millions	2023	2022
Cash and balances with central banks	1,994	2,087
	1,994	**2,087**
Cash and balances with central banks can be categorised as follows		
Receivable on demand	1,811	1,913
Not receivable on demand	183	174
	1,994	**2,087**
Legal maturity analysis of cash and balances with central banks not receivable on demand		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
Assets with central banks due to mandatory reserve deposits	183	174
	183	**174**

Balances held with central banks are interest-bearing.

The fair value of this balance sheet item does not materially differ from its face value, due to the short-term nature.

10 DUE FROM OTHER BANKS

This item represents loans and advances to other banks, other than in the form of interest-bearing securities.

in EUR millions	2023	2022
Current accounts with other banks	69	87
Deposits with other banks	108	309
	177	**396**
Due from other banks can be categorised as follows		
Receivable on demand	69	87
Cash collateral placements posted under CSA agreements	108	276
Not receivable on demand	0	33
	177	**396**

There were no subordinated loans outstanding due from other banks in 2023 and 2022.

Movements in cash collateral placements (CSA) can be attributed to movements of interest rates and/or FX rates.

11 INTEREST-BEARING SECURITIES

The following table displays the IFRS accounting classification of interest-bearing securities.

in EUR millions	2023	2022
Amortised cost	(0)	(0)
Fair value through other comprehensive income	897	862
Fair value through profit or loss	11	15
	908	**876**

All interest-bearing securities are non-government, except for EUR 71 million, and are issued by third parties.

in EUR millions	2023	2022
Interest-bearing securities analysed by listing		
Listed	908	876
Unlisted	0	0
	908	**876**
Legal maturity analysis of interest-bearing securities		
Three months or less	59	21
Longer than three months but not longer than one year	130	124
Longer than one year but not longer than five years	633	631
Longer than five years	86	100
	908	**876**
Movement schedule of interest-bearing securities		
Balance at 1 January	**876**	**924**
Additions	329	253
Disposals	(310)	(225)
Gains or (losses) from changes in fair value recognised in the income statement	15	(29)
Other (including exchange rate differences)	(3)	(0)
Transfer to assets held for sale	-	(46)
Balance at 31 December	**908**	**876**

There were no subordinated loans outstanding in interest-bearing interests in 2023 and 2022.

As at 31 December 2023, interest-bearing interests from group companies amounted to nil (2022: nil).

12 LOANS AND ADVANCES TO CUSTOMERS

This item consists of loans and advances arising in the course of business operations, other than receivables from banks and interest-bearing securities.

in EUR millions	2023	2022
Amortised cost	3,997	3,861
Fair value through profit or loss	144	130
Group companies - amortised cost	22,175	20,928
	26,316	**24,919**
Legal maturity analysis of loans		
Three months or less	21,604	20,450
Longer than three months but not longer than one year	540	787
Longer than one year but not longer than five years	3,410	3,256
Longer than five years	761	427
	26,316	**24,919**
Movement schedule of loans		
Balance at 1 January	**24,919**	**22,465**
Additions	2,832	5,909
Disposals	(1,723)	(2,511)
Other (including exchange rate differences)	288	(945)
Balance at 31 December	**26,316**	**24,919**
Movement schedule of credit loss allowances on loans		
Balance at 1 January	**192**	**191**
Additional allowances	35	33
Write-offs / disposals	(73)	(21)
Amounts released	(14)	(21)
Unwinding of discount adjustment	(7)	(5)
Other (including exchange rate differences)	17	14
Balance at 31 December	**149**	**192**

The total amount of subordinated loans in this item amounted to EUR 46 million in 2023 (2022: EUR 40 million).

As a policy, NIBC does not provide loans to its key management personnel (see note 32 Related Party Transactions).

13 EQUITY INVESTMENTS

in EUR millions	2023	2022
Fair value through profit or loss	74	79
	74	**79**
Movement schedule of equity investments		
Balance at 1 January	**79**	**57**
Additions	34	2
Disposals (sales and/or capital repayments)	(44)	(3)
Changes in fair value through income statement	5	23
Changes in fair value through equity	-	0
Balance at 31 December	**74**	**79**

The traded equity investments have a maturity shorter than twelve months and the other equity investments longer than twelve months.

14 DERIVATIVE FINANCIAL INSTRUMENTS

in EUR millions	2023	2022
Derivative financial assets		
Derivative financial assets used for hedge accounting	32	18
Derivative financial assets - other	441	445
	473	**462**
Derivative financial assets can be broken down as follows		
Derivatives with third parties	156	162
Derivatives with group companies	317	300
	473	**462**
Derivative financial liabilities		
Derivative financial liabilities used for hedge accounting	15	7
Derivative financial liabilities - other	203	293
	218	**300**
Derivative financial liabilities can be broken down as follows		
Derivatives with third parties	129	236
Derivatives with group companies	90	65
	218	**300**

Derivative financial assets and liabilities used for hedge accounting are derivatives designated in hedge accounting relationships as defined in IAS 39. The derivative financial assets and liabilities in the category 'other' are classified as held for trading.

Derivative financial assets used for hedge accounting are products that are settled to market.

The derivatives consist of:
- Interest rate swaps to hedge the interest rate risk of the Mortgage portfolio;
- Interest rate swaps to hedge to fair value interest rate risk of fixed rate funding;
- FX and cross-currency swaps to fund the non-euro loans to customers or to transform non-euro funding into euros;
- Client-driven derivative transactions;
- Limited money market trading.

Derivatives used for hedging are assigned in a hedge accounting relationship, which can be ineffective retrospectively. Sources of ineffectiveness are the behaviour of the curve shift, the volatility of the basis spread over the curve and the distribution of cash flows of assets and liabilities compared to the hedging derivatives.

Derivative financial instruments used for hedge accounting at 31 December 2023

	Notional amount with remaining life of						
in EUR millions	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products:							
Interest rate swaps	24	732	7,600	6,950	15,306	32	15
	24	**732**	**7,600**	**6,950**	**15,306**	**32**	**15**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	12	12	23	-	46	-	0
	12	**12**	**23**	**-**	**46**	**-**	**0**
Total derivatives used for hedge accounting	**36**	**744**	**7,623**	**6,950**	**15,352**	**32**	**15**

Derivative financial instruments used for hedge accounting at 31 December 2022

	Notional amount with remaining life of						
in EUR millions	Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Derivatives accounted for as fair value hedges of interest rate risk							
OTC products:							
Interest rate swaps	-	644	7,478	5,651	13,773	18	7
	-	**644**	**7,478**	**5,651**	**13,773**	**18**	**7**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	-	23	45	-	68	0	0
	-	**23**	**45**	**-**	**68**	**0**	**0**
Total derivatives used for hedge accounting	**-**	**667**	**7,523**	**5,651**	**13,841**	**18**	**7**

Derivative financial instruments- other at 31 December 2023

in EUR millions	Notional amount with remaining life of Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Interest rate derivatives							
OTC products:							
Interest rate swaps	3,068	8,025	9,981	9,277	30,351	373	114
Interest rate options (purchase)	19	129	227	10	385	10	-
Interest rate options (sale)	19	128	194	-	342	0	7
	3,107	**8,282**	**10,402**	**9,287**	**31,078**	**383**	**122**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	150	280	858	-	1,288	10	23
Currency/cross-currency swaps	227	-	-	-	227	0	6
	377	**280**	**858**	**-**	**1,515**	**10**	**29**
Other derivatives (including credit derivatives)							
OTC products:							
Credit default guarantees received	-	-	-	4	4	-	0
Other swaps	-	-	6	9	15	48	51
	-	**-**	**6**	**13**	**19**	**48**	**52**
Total derivatives - other	**3,484**	**8,563**	**11,266**	**9,301**	**32,613**	**441**	**203**

Derivative financial instruments- other at 31 December 2022

in EUR millions	Notional amount with remaining life of Less than three months	Between three months and one year	Between one and five years	More than five years	Total	Assets	Liabilities
Interest rate derivatives							
OTC products:							
Interest rate swaps	2,334	9,952	10,620	11,924	34,830	346	132
Interest rate options (purchase)	14	179	320	15	528	21	-
Interest rate options (sale)	14	148	320	5	487	-	19
	2,363	**10,278**	**11,260**	**11,944**	**35,845**	**367**	**151**
Derivatives accounted for as cash flow hedges of interest rate risk							
OTC products:							
Interest rate swaps	58	370	780	-	1,208	12	73
Currency/cross-currency swaps	139	-	-	-	139	2	0
	197	**370**	**780**	**-**	**1,347**	**14**	**73**
Other derivatives (including credit derivatives)							
OTC products:							
Credit default guarantees received	4	-	-	-	4	-	-
Other swaps	-	-	6	11	17	63	68
	4	**-**	**6**	**11**	**21**	**63**	**68**
Total derivatives - other	**2,563**	**10,649**	**12,046**	**11,954**	**37,213**	**445**	**293**

FAIR VALUE HEDGES OF INTEREST RATE RISK

The interest rate risk of financial assets with a fixed interest rate classified at available-for-sale or at amortised costs are hedged with interest rate swaps under which NIBC pays a fixed rate and receives floating rates. Fair value hedge accounting is applied to these hedge relationships.

Interest rate swaps under which NIBC pays a floating rate and receives a fixed rate are used in fair value hedges of fixed-interest rate liabilities (as far as not held for trading purposes or designated at fair value through profit or loss).

The following table discloses the fair value of the swaps designated in fair value hedging relationships:

in EUR millions	2023	2022
Fair value pay - fixed swaps (hedging assets) | assets	32	18
Fair value pay - fixed swaps (hedging assets) | liabilities	(3)	(0)
	28	**17**
Fair value pay - floating swaps (hedging liabilities) | assets	-	0
Fair value pay - floating swaps (hedging liabilities) | liabilities	(12)	(7)
	(12)	**(7)**

The average remaining maturity (within which the related cash flows are expected to enter into the determination of profit and loss) is six years (2022: six years).

15 INTERESTS IN GROUP COMPANIES

in EUR millions	2023	2022
Interests in group companies	207	215
	207	**215**
Movement schedule of interests in group companies		
Balance at 1 January	**215**	**1,382**
Purchases and investments	14	143
Revaluation	0	1
Income from interests in group companies	66	97
Dividends received	(88)	(1,407)
Balance at 31 December	**207**	**215**

List of principal interests of NIBC	2023
Parnib Holding N.V., The Hague	100%
Counting House B.V., The Hague	100%
B.V. NIBC Mortgage Backed Assets, The Hague	100%
NIBC Principal Investments B.V., The Hague	100%
NIBC Financing N.V., The Hague	100%
Fin Quest B.V., Eindhoven	100%

16 INVESTMENT PROPERTY

in EUR millions	2023	2022
Investment property	17	18
	17	**18**
Movement schedule of investment property		
Balance at 1 January	**18**	**15**
Additions	1	2
Changes in fair value	(1)	0
Balance at 31 December	**17**	**18**

17 PROPERTY AND EQUIPMENT

in EUR millions	2023	2022
Land and buildings	14	16
Other fixed assets	1	1
Right-of-use assets	1	2
	17	**19**
Movement schedule of land and buildings		
Balance at 1 January	**16**	**16**
Additions	0	1
Revaluation	0	0
Depreciation	(2)	(2)
Disposals	-	(0)
Balance at 31 December	**14**	**16**
Gross carrying amount	64	63
Accumulated depreciation	(49)	(48)
	14	**16**
Movement schedule of revaluation surplus		
Balance at 1 January	**10**	**10**
Revaluation	0	0
Depreciation	(0)	(0)
Balance at 31 December	**10**	**10**
Movement schedule of other fixed assets		
Balance at 1 January	**1**	**2**
Additions	1	1
Depreciation	(1)	(1)
Disposals	(0)	0
Balance at 31 December	**1**	**1**
Gross carrying amount	29	28
Accumulated depreciation	(28)	(27)
	1	**1**

in EUR millions	2023	2022
Right-of-use assets[1]		
Rented offices	1	2
	1	**2**
Movement schedule of right-of-use asset: offices		
Balance at 1 January	**2**	**3**
Additions	1	0
Depreciation	(1)	(1)
Impairments	0	(0)
Disposals	(2)	-
Balance at 31 December	**1**	**2**

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

Buildings in use by NIBC and the investment property are insured for EUR 75 million (2022: EUR 70 million).

There is no property and equipment pledged as security for liabilities.

There were no contractual commitments for the acquisition of property and equipment at 31 December 2023 and 31 December 2022.

NIBC's land and buildings in own use were revalued as of 31 December 2023 based on an external appraisal (a valuation is carried out every 6 months).

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

18 OTHER ASSETS

This item relates to goods and warehouse receipts, current and deferred tax assets and assets that cannot be classified under any other heading.

in EUR millions	2023	2022
Accrued interest	0	0
Current tax assets	4	-
Deferred tax assets	4	8
SWAP Arrears	-	1
Intangible assets	1	-
Accrued income and repayments	10	5
	19	**14**
Deferred tax assets	4	8
Deferred tax liabilities[1]	0	2
	3	**6**

1 Deferred tax liabilities are presented in note 23 Provisions.

in EUR millions	2023	2022
Deferred income tax assets, without taking into consideration the offsetting of balances within the same jurisdiction		
Debt investments	-	4
Provision long term illness	-	0
Provisions	1	0
Property and equipment	2	2
Tax losses carried forward	-	1
Temporary tax differences	1	0
	4	**7**
Deferred income tax liabilities, without taking into consideration the offsetting of balances within the same jurisdiction		
IFRS 16 (Leasing)	(0)	0
Cash flow hedges	0	1
	0	**1**
	3	**6**

in EUR millions	2023	2022
Gross movement on the deferred income tax account		
Balance at 1 January	**6**	**3**
Debt investments (reported at fair value through other comprehensive income)		
Fair value remeasurement charged/(credited) to revaluation reserve	(4)	4
Cash flow hedges		
Fair value remeasurement charged/(credited) to hedging reserve	1	2
Property and equipment (reported at fair value)		
Fair value remeasurement (charged)/credited to revaluation reserve	0	(0)
IFRS 16 (Leasing)		
Remeasurement	0	0
Provision		
Remeasurement	1	0
Temporary tax differences		
IFRS - HGB deferred tax	(0)	-
Tax losses carried forward	(1)	(3)
Balance at 31 December	**3**	**6**

The effective tax rate in the Netherlands for measuring deferred tax on 31 December 2023 is 25.8% (2022: 25.8%).

19 ASSETS HELD FOR SALE

ASSETS AND LIABILITIES HELD FOR SALE AT 31 DECEMBER 2023 AND 31 DECEMBER 2022 RESPECTIVELY

In 2022 NIBC committed to a plan to sell its UK collateral management franchise and its NIBC Investment Partners franchise, including a significant part of the investment portfolio.

On 21 June 2023 NIBC sold its European Collateralised Loan Obligation management activities to Aegon Asset Management. The sale comprises NIBC's North Westerly CLO Platform in its entirety, including the NIBC CLO team, collateral management of three outstanding CLO's with assets under management of approximately EUR 1.2 billion and associated risk retention positions in the three CLO's.

On 12 September 2023 NIBC sold its minority equity investment activities to funds capitalised by CommonWealth Investments (CWI). The transaction comprises NIBC's equity investment activities, being a portfolio of minority investments in Dutch companies operating in various industrial sectors, under the management of the NIBC Investment Partners team. The funds capitalised by CWI will be managed by Pontex Investment Partners (a spin-off of NIBC's Investment Partners team). As part of the transaction an interest bearing vendor loan to an amount of EUR 56.3 million was granted to a subsidiary of one of the funds by NIBC Bank N.V..

As a consequence of the closing of these transactions the related held for sale assets positions have been derecognised in 2023.

Assets classified as held for sale

in EUR millions	2023	2022
Debt investments (AC)	-	25
Debt investments (FVtPL)	-	22
Loans (AC)	-	12
Loans (FVtPL)	-	16
Transaction costs	-	(2)
	-	**73**

The pre-tax gain on the disposal of the UK collateral management franchise and NIBC's Investment Partners franchise, both part of the Non-Core Activities segment, amounts to EUR 7 million in 2023 (2022: pre-tax loss of EUR 2 million). The pre tax gain on these disposals includes net losses on derecognition of financial assets measured at amortised cost of EUR 4 million.

20 DUE TO OTHER BANKS

This item represents amounts owed to credit institutions, other than debt securities and subordinated debt, of which:

in EUR millions	2023	2022
Due to other banks	60	194
Due to central banks	313	550
	372	**744**
Due to other banks		
Payable on demand	-	20
Note payable on demand	372	723
	372	**744**
Legal maturity analysis of due to other banks not payable on demand		
Three months or less	15	21
Longer than three months but not longer than one year	313	356
Longer than one year but not longer than five years	44	346
Longer than five years	-	-
	372	**723**

Interest is recognised in interest expense from financial instruments measured at AC on an effective interest basis.

At 31 December 2023, an amount of EUR 15 million (2022: EUR 21 million) relates to cash collateral received from third parties.

According to management's best estimate achieving the conditions attached to the TLTRO-loans, NIBC considers the applicable interest rate on the outstanding TLTRO III loans to be comparable to rates on other secured funding instruments. Consequently, the drawings under the existing TLTRO-program are accounted for as financial instruments in line with IFRS 9.

Interest payments will be settled in arrears. The collateral for the TLTRO-program consists of Dutch Central Bank (**DNB**) eligible debt investments and securitised mortgage loans. The interest conditions for TLTRO III were set in June 2020. Until 30 June 2022, the interest rate was fixed. From 1 July 2022 until maturity, the rate was based on a modified average rate. In October 2022, the ECB adjusted the expansionary monetary policy to a restrictive monetary policy, and related to the change in policy, it has adjusted the mechanism to apply a variable interest rate for all outstanding TLTRO III tranches as from 23 November 2022.

21 CUSTOMER DEPOSITS AND OTHER FUNDS ON DEPOSIT

This item consists of amounts due to customers other than debt securities in issue.

in EUR millions	2023	2022
Customer deposits and other funds on deposit	18,944	17,875
	18,944	**17,875**
Customer deposits and other funds on deposit		
Certificates of deposits	5,543	3,186
Due to customers	13,400	14,690
	18,944	**17,875**
Customer deposits and other funds on deposit		
Payable on demand	13,113	14,288
Not payable on demand	5,830	3,588
	18,944	**17,875**
Legal maturity analysis of deposits from customers and other funds on deposit		
Three months or less	14,716	15,351
Longer than three months but not longer than one year	3,371	1,562
Longer than one year but not longer than five years	832	893
Longer than five years	25	70
	18,944	**17,875**

Interest is recognised in interest expense and similar charges on an effective interest basis.

The balance sheet item included EUR 7,429 million (2022: EUR 6,990 million) in respect of deposits from customers to group companies.

The balance sheet item includes all non-subordinated liabilities other than debt securities and amounts owed to credit institutions.

22 DEBT SECURITIES IN ISSUE

This item relates to non-subordinated bonds and other interest-bearing securities and fair value hedge accounting adjustments.

in EUR millions	2023	2022
Bonds and notes issued - amortised costs	8,304	7,848
Bonds and notes issued - through profit or loss	96	89
Fair value hedge adjustment on amortised cost bonds and notes issued	8	2
	8,408	**7,940**
Legal maturity analysis of debt securities in issue		
Three months or less	216	106
Longer than three months but not longer than one year	476	859
Longer than one year but not longer than five years	5,350	4,086
Longer than five years	2,367	2,889
	8,408	**7,940**

This item relates to non-subordinated bonds and other interest-bearing securities and fair value hedge accounting adjustments.

23 PROVISIONS

in EUR millions	2023	2022
ECL allowances for off-balance sheet financial instruments	3	3
Restructuring provisions	1	-
Deferred tax liabilities[1]	0	2
Employee benefits	2	2
Other provisions	0	-
	6	**7**

1 Deferred tax assets and liabilities are disclosed in note 18 Other assets.

24 OTHER LIABILITIES

This item includes liabilities that cannot be classified under any other heading, such as liabilities for staff costs and taxes.

in EUR millions	2023	2022
Lease liabilities	1	2
Accruals	20	23
Current tax liabilities	12	9
Payables	11	12
	44	**46**

25 SUBORDINATED LIABILITIES

in EUR millions	2023	2022
Amortised cost	66	66
Designated at fair value through profit or loss	159	136
	224	**202**
Legal maturity analysis of subordinated liabilities at amortised cost		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	66	66
Longer than ten years	-	-
	66	**66**

The subordinated loans classified at amortised cost are subordinated to the other liabilities of NIBC. In 2023 and 2022, no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

The subordinated liabilities at amortised cost reflect two transactions (2022: two transactions), with a total of EUR 66 million (2022: EUR 66 million).

Subordinated liabilities - designated at fair value through profit or loss

in EUR millions	2023	2022
Subordinated loans other	159	136
	159	**136**
Legal maturity analysis of subordinated liabilities designated at fair value through profit or loss		
One year or less	-	-
Longer than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than ten years	159	136
	159	**136**

The subordinated liabilities at fair value through profit or loss reflect five transactions (2022: five transactions), of which the largest three total carrying value of EUR 115 million (2022 largest three: EUR 90 million).

In 2023 a gain is realised on the repurchase of liabilities with respect to this balance sheet item of EUR 1 million (2022: nil).

The disposal include repurchases of EUR 81 million (2022: nil). In 2023 a gain is realised on the repurchase of liabilities with respect to this balance sheet item of EUR 1 million (2022: nil).

26 EQUITY

SHARE CAPITAL

The parent company is NIBC Holding N.V., a company incorporated in the Netherlands. The issued share capital is fully paid-up.

SHARE PREMIUM

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

REVALUATION RESERVES

- Revaluation reserve - hedging revaluation containing the portion of the gains or losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge (net of tax);
- Revaluation reserve - debt investments containing changes in fair value of debt investments at FVOCI (net of tax);
- Revaluation reserve - property containing changes in fair value of land and buildings (net of tax).

Own credit risk reserve includes the cumulative changes in the fair value of the financial liabilities designated at fair value through profit or loss that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss (net of tax).

RETAINED EARNINGS INCLUDING PROFIT AFTER TAX FOR THE YEAR

Retained earnings reflect accumulated earnings less declared dividends and paid dividends to shareholders and transfers from share premium.

DIVIDEND RESTRICTIONS

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

in EUR millions	2023	2022
Equity attributable to the shareholder		
Share capital	80	80
Share premium	238	238
Revaluation reserves		
Revaluation reserve - hedging instruments	1	3
Revaluation reserve - debt investments	(6)	(11)
Revaluation reserve - property	15	14
Own credit risk reserve	25	110
Retained earnings including net profit	1,433	1,411
	1,785	**1,845**

	2023	2022	2023	2022
	Numbers x 1,000		in EUR millions	
Authorised share capital	183,598	183,598	215	215
Not issued share capital	121,011	121,011	135	135
Issued share capital A shares	**62,587**	**62,587**	**80**	**80**

	Numbers x 1,000		in EUR millions	
The number and total amounts of authorised shares				
Class A ordinary shares	110,938	110,938	142	142
Class B, C, D, E1 and E3 preference shares	72,600	72,600	73	73
Class E4 preference shares	60	60	-	-
	183,598	**183,598**	**215**	**215**

	In EUR	
Classes and par values of authorised shares		
Class A ordinary shares	1.28	1.28
Class B, C, D, E1 and E3 preference shares	1.00	1.00
Class E4 preference shares	5.00	5.00

Changes in share premium and reserves 2023

		Revaluation reserves				
in EUR millions	Share premium	Hedging revaluation	Debt investments	Property	Own credit risk	Total
Balance at 1 January 2023	**238**	**3**	**(11)**	**14**	**110**	**354**
Net result on hedging instruments	-	(2)	-	-	-	(2)
Revaluation/remeasurement (net of tax)	-	-	5	-	(84)	(79)
Total recognised directly through other comprehensive income in equity	**238**	**1**	**(6)**	**14**	**25**	**272**
Balance at 31 December 2023	**238**	**1**	**(6)**	**14**	**25**	**272**

Changes in share premium and reserves 2022

		Revaluation reserves				
in EUR millions	Share premium	Hedging revaluation	Debt investments	Property	Own credit risk	Total
Balance at 1 January 2022	**238**	**9**	**1**	**14**	**55**	**317**
Net result on hedging instruments	-	(6)	-	-	-	(6)
Revaluation/remeasurement (net of tax)	-	-	(12)	0	55	43
Total recognised directly through other comprehensive income in equity	**238**	**3**	**(11)**	**14**	**110**	**354**
Balance at 31 December 2022	**238**	**3**	**(11)**	**14**	**110**	**354**

Information on NIBC's solvency ratios or capital ratios is included in the Risk Management paragraph of this Annual Report.

Legal reserves

This concerns the reserve for unrealised fair value changes on certain non-listed trading assets related to these non-listed trading assets and on associates at fair value through profit or loss .

Available distributable amount as at 31 December (subject to DNB approval)

in EUR millions	2023	2022
Equity attributable to the equity holder	1,785	1,845
Share capital	(80)	(80)
Legal reserves		
Within retained earnings	(6)	(4)
Revaluation reserves	(15)	(17)
Total legal reserves	**(22)**	**(21)**
Total available distributable amount	**1,683**	**1,744**

27 CAPITAL SECURITIES

For a specification of the capital securities, see note 36 of the consolidated financial statements.

28 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

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

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

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

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

in EUR millions	2023	2022
Contract amount		
Undrawn facilities and capital commitments	903	1,183
Guarantees and letters of credit	50	47
	953	**1,230**

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

Details of concentrations of credit risk including concentrations of credit risk arising from commitments and contingent liabilities as well as NIBC's policies for collateral for loans are set out in note 40 of the consolidated financial statements.

Guarantees within the meaning of Section 403 Title 9 of Book 2, of the Netherlands Civil Code have been given on behalf of De Nationale Maatschappij voor Industriële Financieringen B.V., Parnib Holding N.V. and B.V. NIBC Mortgage Backed Assets. A complete list of the companies on behalf of which NIBC has given guarantees within the meaning of Section 403 Title 9 of Book 2, of the Netherlands Civil Code has been filed with the Chamber of Commerce in The Hague.

29 OTHER

NIBC is, together with other group companies and participating interests, a member of the fiscal unity NIBC Holding N.V. for corporate income tax purposes in the Netherlands. Besides NIBC Bank N.V. and NIBC Holding N.V., the principal other members are B.V. NIBC Mortgage Backed Assets, Parnib Holding N.V., Vredezicht 's-Gravenhage 110 B.V. and NIBC Principal Investments Mezzanine B.V.

30 ASSETS PLEDGED AS SECURITY

For a specification of the assets pledged as security, please see note 41 of the consolidated financial statements.

31 ASSETS UNDER MANAGEMENT

NIBC provides collateral management services, whereby it holds and manages assets or invests funds received in various financial instruments on behalf of the customer. NIBC receives fee income for providing these services. Assets under management are not recognised in the consolidated balance sheet. NIBC is not exposed to any credit risk relating to such placements, as it does not guarantee these investments.

At 31 December 2023, the total assets held by NIBC on behalf of customers were EUR 13,801 million (2022: EUR 14,416 million).

32 RELATED PARTY TRANSACTIONS

For a specification of the related party transactions, see note 44 of the consolidated financial statements.

33 PRINCIPAL SUBSIDIARIES AND ASSOCIATES

For a specification of the principal subsidiaries and associates, see note 45 of the consolidated financial statements.

34 FINANCIAL RISK MANAGEMENT

See the Risk Management paragraph for NIBC's risk management policies.

35 REMUNERATION

The remuneration of the Statutory Board members and Supervisory Board members are included in the Related Party transactions note.

At 31 December 2023 and 31 December 2022, there were no receivables outstanding with current and former members of the Statutory Board and Supervisory Board.

36 PROFIT APPROPRIATION

in EUR millions	2023
Result available for distribution to holders of the company	195
	195
Final and interim dividend	137
Holders of capital securities	12
Transferred from retained earnings	46
	195

Other information

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

OUR OPINION

We have audited the financial statements 2023 of NIBC Bank N.V. based in The Hague. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of NIBC Bank N.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of NIBC Bank N.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising of the material accounting policy information and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2023
- The company income statement for 2023
- The notes comprising of the accounting policies and other explanatory information

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of NIBC Bank N.V. (hereinafter: NIBC, the company or the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the “Verordening gedrags- en beroepsregels accountants” (VGBA, Dutch Code of Ethics).

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

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

NIBC is a commercial bank in the Netherlands offering corporate and retail banking products and services. For retail customers, NIBC offers mortgages, online savings and brokerage products. For corporate businesses, NIBC offers financing products across selected sectors with a focus on mid-market corporates in Northwest Europe. NIBC operates in four commercial segments (Mortgages, Asset-Backed Finance, Platforms, Non-core activities) and a reconciling segment Treasury & Group functions. We tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality	
Materiality	€20 million (2022: €15 million)
Benchmark applied	1% of total equity (2022: 0.75% of total equity)
Explanation	Based on our professional judgement, a benchmark based on total equity is an appropriate quantitative indicator of materiality as it best reflects the focus of users of the financial statements on the financial position of the company. We increased the applied percentage in accordance with NIBC's strategic developments reducing the non-core portfolio, as stated the report of the Managing Board under 'Our strategic priorities'.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

NIBC Bank N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We assigned a full scope to the banking activities which are managed centrally and audited by the group audit team. Our group scope resulted in a nearly full audit coverage of total equity and total assets.

By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists
We ensured that the audit teams both in group and at component level included the appropriate skills and competences which are needed for the audit of a bank. We included specialists in the areas of IT audit, forensics, sustainability, tax, credit risk modelling, macroeconomic forecasting, regulatory reporting and have made use of our own experts in the areas of valuation of derivatives, hedge accounting, financial investments and private equity.

Our focus on climate-related risks and the energy transition
Climate change and the energy transition are high on the public agenda and lead to significant change for many businesses and society. The Managing Board reported in the section Sustainability in the Report of the Managing Board how the company is addressing risks related to climate change, energy transition and the environment, thereby taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition are taken into account in estimates and significant assumptions underlying the valuation of certain account balances related to the estimation of expected credit losses. Furthermore, we read the other information in the annual report and considered whether there is any material inconsistency between the non-financial information in the annual report and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2023.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility
Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the Managing Board's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to the Risk Management section, specifically "Non-financial risk", of the report of the Managing Board for the Managing Board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 11 "Expected credit loss" to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions.

The following fraud risks identified required significant attention during our audit:

Risks of material misstatement as a result of fraudulent reporting	
Fraud risk	When identifying and assessing fraud risks we considered the risks of fraudulent financial reporting. In our audit approach we considered that this risk would primarily impact the determination of expected credit losses (ECL), including management bias that may represent a risk of material misstatement due to fraud: ■ For ECL as disclosed in Note 11 "Credit loss expense", corporate loans classification in risk stages 1 and 2 may be incorrect due to incorrect conclusion on model assessment and/or incorrect management overlay applied for corporate loans and mortgage loans ■ For ECL as disclosed in Note 11 "Credit loss expense", corporate loans individually assessed in risk stage 3 may be incorrect where the opportunity exists to deviate from approved loan impairment allowances by the Transaction Committee
Our audit approach	We describe the audit procedures responsive to the risk of management override in the determination of expected credit losses in the description of our audit approach for the key audit matter "Credit losses on corporate and mortgage loans".

Presumed risks of fraud in revenue recognition	
Fraud risk	When identifying and assessing fraud risks we also presumed that there are risks of fraud in revenue recognition. We identified that possible management override by recording journal entries in fair value changes relating to equity investments in particular gives rise to such risks. These revenues are disclosed in: ■ The fair value changes of equity investments as disclosed in Note 22 "Equity investments (including investments in associates)", may be incorrect and inconsistent with the outcome as determined by the Investment Committee
Our audit approach	We evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of internal controls across the processes relevant to the valuation of equity investments. We tested assumptions, inputs and formulas used in a valuation sample of equity investments. Furthermore, we involved our own valuation specialists in the audit of the fair values. We reconciled the fair values as approved by the Investment Committee to the financial statements ensuring that there were no adjustments applied by management.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, risk management and the Supervisory Board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Managing Board, reading minutes, inspection of internal audit and compliance reports, inspection of communication with regulators and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section 'Basis of preparation' in the Accounting Policies to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Managing Board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the Managing Board exercising professional judgment and maintaining professional skepticism. We considered whether the Managing Board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed. In comparison with previous year, the nature of our key audit matters did not change.

Credit losses on corporate and mortgage loans	
Risk	At 31 December 2023, NIBC Bank reported Corporate Loans (amortised cost) (as disclosed in note 19) and Lease receivables (amortised cost) (as disclosed in note 21) of €6,194 million (2022: €6,154 million), net of credit loss allowance of €138 million (2022: €184 million credit loss allowance) for ECL (as disclosed in note 11). The mortgage loans (as disclosed in note 18) amount to €12,911 million (2021: €11,990 million) net of credit loss allowances of €15 million (2022: €13 million) (as disclosed in note 11). The impairment allowance represents the bank's best estimate of ECL on the loans at the balance sheet date. The ECL of risk stage 1 and risk stage 2 loans is calculated collectively. The ECL of risk stage 3 corporate loans is assessed individually. The determination of impairment allowances is a key area of judgment for management and in our risk assessment we considered the risk of management override of controls, including management bias that may represent a risk of material misstatement due to fraud. The determination of the individual or collective recoverability of loans and advances to customers is subject to inherent estimation uncertainty. This also involves setting assumptions and determining scenarios for macro-economic developments, geopolitical trends, climate and other environmental related factors. Uncertainty associated with economical and geopolitical developments and its implications on default and recovery assumptions has increased the level of judgement required to calculate ECL. Management's estimates in respect of the timing and measurement of ECL which required significant judgement include: ■ Allocation of loans to risk stage 1, 2, or 3 using criteria in accordance with IFRS 9, including the impact of economical and geopolitical developments and related support measures on customer behaviours and the identification of underlying significant deterioration in credit risk ■ Accounting interpretations, modelling assumptions and data used to build and run the models that calculate the ECL, including the impact of economical and geopolitical developments on model performance ■ Inputs and assumptions used to estimate the impact of multiple economic scenarios particularly those impacted by economical and geopolitical developments ■ Measurement of individual provisions including the assessment of these scenarios ■ Appropriateness, completeness and valuation of material model adjustments including any economical and geopolitical developments adjustments ■ The completeness, presentation and preparation of disclosures considering the key judgments and sources of data Given the materiality of the corporate loans and mortgage loans portfolio of NIBC, the complex accounting requirements with respect to calculating ECL and the subjectivity involved in the judgments made, we considered this to be a key audit matter. Reference is made to Note 18 "Mortgage loans at amortised cost", Note 19 "Corporate loans at amortised cost" note 11 "Credit loss expense", and Credit Risk (audited) in the Risk Management section of the annual report.

Credit losses on corporate and mortgage loans	
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of NIBC's accounting policies related to expected credit losses according to IFRS 9 "Financial Instruments" and whether these have been applied consistently. In addition, we evaluated the design and implementation and, where considered appropriate, tested the operating effectiveness of internal controls across the processes relevant to the ECL. This included the allocation of assets into risk stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, collective and individual provisions, journal entries and disclosures. We performed an overall assessment of the ECL allowance levels by risk stage to determine if they are reasonable considering NIBC's portfolio, risk profile and credit risk management practices. We performed an assessment of the impact of the economical and geopolitical developments on a sample of credit files, on the identification of high-risk sectors and macroeconomic environment. We considered trends in the economy and industries to which NIBC is exposed. We reviewed the back testing procedures to confirm that the criteria used to allocate a financial asset to risk stage 1, 2 or 3 are in accordance with IFRS 9. We reperformed the allocation of assets in risk stage 1, 2 and 3 to assess if they were allocated to the appropriate risk stage. For collectively assessed loan impairment allowances, we tested assumptions, inputs and formulas used in a sample of ECL models with the support of our modelling specialists. This included the appropriateness of model design and formulas used and recalculating the Probability of Default, Loss Given Default and Exposure at Default for a sample of models. We also assessed the completeness of these adjustments and their appropriateness the data, judgments, methodology, sensitivities, and governance of these ECL models as well as considering their shortcomings. Further, we assessed the selected macro-economic scenarios used with the support of our economic specialists. We considered the latest developments related to economical and geopolitical developments and assessed whether forecasted macroeconomic variables were appropriate, such as GDP, oil price and house price index. With the support of our modelling specialists, we assessed the correlation and the overall impact of the macroeconomic factors to the ECL. For individually assessed loan impairment allowances, we reconciled the allowances to the approved loan impairment allowances from NIBC's Transaction Committee and we examined a selection of loan exposures to assess the expected credit loss provision for risk stage 3 loans. We applied professional judgment in selecting those exposures for our detailed inspection, placing an emphasis on exposures with low coverage ratios. For selected loan exposures we recalculated individually assessed provisions and challenged the recovery scenarios and probability weights assigned. We tested the management overlays applied as a result of economical circumstances and climate risk. We assessed the completeness of these adjustments and their appropriateness by considering the data, judgments, methodology, sensitivities, and governance.

Credit losses on corporate and mortgage loans	
	We tested the data flows used to populate the disclosures and assessed the adequacy of disclosures as included in the financial statements and in the credit risk section of the annual report for compliance with the accounting standards. In particular, we evaluated that the disclosures adequately convey the degree of estimation uncertainty and the range of possible outcomes under the different economic scenarios.
Key observations	Based on our procedures performed we consider the estimation of and disclosures on the ECL for corporate loans and mortgage loans to be reasonable and in accordance with EU-IFRS.

Reliability and continuity of the information technology and systems	
Risk	As described in the risk management section in the annual report, NIBC is highly dependent on the reliability and the continuity of information technology due to the significant number of transactions that are processed daily and the reliance on IT applications to support initiation through reporting of those transactions. An adequate IT infrastructure ensures the reliability and continuity of the bank's business processes and accuracy of financial reporting. As the reliability and continuity of the IT systems may have an impact on automated data processing and financial reporting and given the pervasive nature of IT general controls on the internal control environment, we consider this a key audit matter.
Our audit approach	IT audit specialists are an integral part of the engagement team and assessed the reliability and continuity of automated data processing (only) to the extent necessary for the scope of our audit of the financial statements. In this context, we evaluated the design of the IT processes and tested the operating effectiveness of general IT controls. We tested application controls over automated data processing, data feeds and interfaces when relevant for financial reporting. Further, we obtained an understanding of the cyber security procedures and reporting. A particular area of attention is related to logical access management, including access rights and role-based access. We tested logical access rights to the extent relied upon for the audit of the financial statements. Last year this resulted in the identification of certain control deficiencies with respect to access rights. This year we performed procedures over management's activities and we performed procedures on the new controls in place regarding logical access management. As NIBC has outsourced a part of their IT organization we also evaluated the outsourced IT processes and IT general controls from the relevant service providers in the context of the financial audit of NIBC. Furthermore, we inspected the SOC reports from these service providers, evaluated testing exceptions and how complementary user entity control considerations have been addressed.
Key observations	Our testing of the general IT controls and the substantive tests performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for report of the Managing Board and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Managing Board is responsible for the preparation of the other information, including the report of the Managing Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement
We were engaged by the Supervisory Board as auditor of NIBC Bank N.V. on 10 April 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)
NIBC Bank N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the partially marked-up consolidated financial statements as included in the reporting package by NIBC Bank N.V., complies in all material respects with the RTS on ESEF.

The Managing Board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the Managing Board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of the Managing Board and the Supervisory Board for the financial statements
The Managing Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Managing Board is responsible for such internal control as the Managing Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Managing Board should prepare the financial statements using the going concern basis of accounting unless the Managing Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Managing Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication
We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 7 March 2024

Ernst & Young Accountants LLP

signed by R. Koekkoek

Profit appropriation

The provision and appropriation of the profit after tax is based upon the Articles of Association of 30 December 2020.

Distribution of profits pursuant to Article 41 and 42 of the Articles of Association shall be made following the adoption of the annual report, which shows that such distribution is allowed.

The General Meeting resolves whether dividends shall be paid on one or more series of the preference shares. If the General Meeting resolves to pay dividends on one or more series of the preference shares, to the extent possible, the dividend due to each of the holders of preference shares pursuant to Article 41 paragraph 3 and paragraph 4 shall be paid at times and dates established under Article 42 paragraph 2 under b.

Alternative Performance Measures

NIBC uses, throughout its financial publications, Alternative Performance Measures (**APMs**) in addition to the figures that are prepared in accordance with the IFRS, CRR and CRD IV. NIBC uses APMs to provide additional information to investors and to enhance the understanding of the results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS, CRR and CRD IV. All measures that are covered by IFRS, CRR and CRD IV are not considered to be APMs.

NIBC uses the following APMs:
- Dividend payout ratio, %
- Cost/income ratio, %
- Return on equity, %
- Return on Common Equity Tier 1 capital at 13%, %
- Return on assets, %
- Cost of risk (on average RWA), %
- Impairment ratio, %
- NPL ratio, %
- Impairment coverage ratio, %
- Loan-to-deposit ratio, %
- Net interest margin, %

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

NIBC's most recent financial publications at any time are available online at our website.

DIVIDEND PAY-OUT RATIO

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

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

Dividend pay-out ratio	2023	2022	2021
Dividend pay-out 2023	137		
Profit after tax attributable to the shareholders 2023	183		
Dividend pay-out ratio 2023 (%)	**75**		
Dividend pay-out 2022		136	
Profit after tax attributable to the shareholders 2022		136	
Dividend pay-out ratio 2022 (%)		**100**	
Dividend pay-out 2021			178
Profit after tax attributable to the shareholders 2021			178
Dividend pay-out ratio 2021 (%)			**100**

COST/INCOME RATIO

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

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

Cost/Income ratio	2023	2022	2021
Operating expenses 2023	220		
Operating income 2023	495		
Cost/income ratio 2023 (%)	**44**		
Operating expenses 2022		232	
Operating income 2022		431	
Cost/income ratio 2022 (%)		**54**	
Operating expenses 2021			235
Operating income 2021			497
Cost/income ratio 2021 (%)			**47**

RETURN ON EQUITY

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

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

Return on equity	2023	2022	2021
Net profit attributable to parent shareholder	183		
Post proposed dividend total shareholders equity at the start of financial year	1,691		
Return on equity 2023 (%)	**10.8**		
Net profit attributable to parent shareholder		136	
Post proposed dividend total shareholders equity at the start of financial year		1,713	
Return on equity 2022 (%)		**8.0**	
Net profit attributable to parent shareholder			178
Post proposed dividend total shareholders equity at the start of financial year			1,688
Return on equity 2021 (%)			**10.6**

RETURN ON CET 1 CAPITAL AT 13%

The return on Common Equity Tier 1 capital at 13% measures net profit in relation to the medium-term-objective of a minimum of 13% of Common Equity Tier 1 capital. It provides meaningful information on the performance of Issuer's business, as well as on NIBC's ability to generate income from the equity available to it. It is calculated as the ratio of (i) (annualised) net profit attributable to parent shareholder to (ii) the Common Equity Tier 1 capital at 13% at the beginning of the financial year.

$$\textbf{Return on Common Equity Tier 1 capital at 13\%} = \frac{\textbf{Annualised net profit attributable to parent shareholder}}{\textbf{Common Equity Tier 1 capital at 13\% at start of the financial year}}$$

Return on Common Equity Tier 1 capital at 13%	2023	2022	2021
Net profit attributable to parent shareholder	183		
Common Equity Tier 1 capital at 13% at start of the financial year	1,194		
Return on Common Equity Tier 1 capital at 13% 2023 (%)	**15.3%**		
Net profit attributable to parent shareholder		136	
Common Equity Tier 1 capital at 13% at start of the financial year		1,291[1]	
Return on Common Equity Tier 1 capital at 13% 2022 (%)		**10.6%**	
Net profit attributable to parent shareholder			178
Common Equity Tier 1 capital at 13% at start of the financial year			993
Return on Common Equity Tier 1 capital at 13% 2021 (%)			**18.0%**

1 RWAs at the start of the year include an increase due to the implementation of the DNB mortgage floor and an increase for the BtL mortgage portfolio under the standardised approach.

RETURN ON ASSETS

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

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

Return on assets	2023	2022	2021
Net profit attributable to parent shareholder	183		
Total assets at the beginning of the financial year	22,692		
Return on assets 2023 (%)	**0.81**		
Net profit attributable to parent shareholder		136	
Total assets at the beginning of the financial year		22,658	
Return on assets 2022 (%)		**0.60**	
Net profit attributable to parent shareholder			178
Total assets at the beginning of the financial year			21,055
Return on assets 2021 (%)			**0.85**

COST OF RISK (ON AVERAGE RWA)

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

$$\textbf{Cost of Risk} = \frac{\textbf{Annualised impairments and the credit losses on fair value loans (as part of net trading income)}}{\textbf{Average risk weighted assets (Basel III regulations)}}$$

Cost of risk (on average RWA)	2023	2022	2021
Credit losses on AC loans	20		
Credit losses FVTPL loans	2		
Total credit losses	21		
Risk-weighted assets 2023	8,865		
Risk-weighted assets 2022	9,187		
Average risk-weighted assets 2023	9,026		
Cost of risk 2023 (%)	**0.24**		
Credit losses on AC loans		19	
Credit losses FVTPL loans		1	
Total credit losses		21	
Risk-weighted assets 2022		9,187	
Risk-weighted assets 2021		8,572	
Average risk-weighted assets 2022		8,880	
Cost of risk 2022 (%)		**0.23**	
Credit losses on AC loans			35
Credit losses FVTPL loans			3
Total credit losses			38
Risk-weighted assets 2021			8,572
Risk-weighted assets 2020			7,640
Average risk-weighted assets 2021			8,106
Cost of risk 2021 (%)			**0.47**

IMPAIRMENT RATIO

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

$$\textbf{Impairment ratio} = \frac{\textbf{Annualised impairment expenses}}{\textbf{Average financial assets regarding loans, lease receivables and mortgage loans}}$$

Impairment ratio	2023	2022	2021
Credit losses on amortised cost loans, lease receivables and mortgage loans	20		
Average financial assets at amortised cost: loans and lease receivables	6,173		
Average financial assets at amortised cost: mortgage loans	12,451		
Average financial assets regarding loans, lease receivables and mortgage loans (total)	18,624		
Impairment ratio 2023 (%)	**0.11**		
Credit losses on amortised cost loans, lease receivables and mortgage loans		19	
Average financial assets at amortised cost: loans and lease receivables		6,271	
Average financial assets at amortised cost: mortgage loans		11,965	
Average financial assets regarding loans, lease receivables and mortgage loans (total)		18,237	
Impairment ratio 2022 (%)		**0.11**	
Credit losses on amortised cost loans, lease receivables and mortgage loans			35
Average financial assets at amortised cost: loans and lease receivables			6,358
Average financial assets at amortised cost: mortgage loans			11,092
Average financial assets regarding loans, lease receivables and mortgage loans (total)			17,450
Impairment ratio 2021 (%)			**0.20**

NON-PERFORMING LOANS RATIO

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

$$\textbf{NPL ratio} = \frac{\textbf{Non performing exposure (loans, lease receivables and mortgage loans)}}{\textbf{Total exposure (loans, lease receivables and mortgage loans)}}$$

NPL ratio	2023	2022	2021
Non-performing exposure ABF and Non-core 2023	223		
Non-performing exposure Platforms 2023	-		
Non-performing exposure Mortgages 2023	110		
Non-performing exposure 2023	**333**		
Total Asset Based Finance and Non-core exposure 2023	5,874		
Total Platforms exposure 2023	385		
Total Mortgages exposure 2023	13,288		
Total exposure 2023	**19,548**		
NPL ratio 2023 (%)	**1.7**		
Non-performing exposure ABF and Non-core 2022		305	
Non-performing exposure Platforms 2022		-	
Non-performing exposure Mortgages 2022		98	
Non-performing exposure 2022		**403**	
Total Asset Based Finance and Non-core exposure 2022		6,502	
Total Platforms exposure 2022		252	
Total Mortgages exposure 2022		12,650	
Total exposure 2022		**19,404**	
NPL ratio 2022 (%)		**2.1**	
Non-performing exposure corporate loans 2021			346
Non-performing exposure lease receivables 2021			31
Non-performing exposure mortgage loans 2021			121
Non-performing exposure 2021			**498**
Total corporate loans drawn and undrawn 2021			7,188
Total lease receivables 2021			31
Total retail client assets 2021			11,665
Total exposure 2021			**18,884**
NPL ratio 2021 (%)			**2.6**

IMPAIRMENT COVERAGE RATIO

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

$$\textbf{Impairment coverage ratio} = \frac{\textbf{Total stage 3 and POCI impairments on loans, lease receivables and mortgage loans}}{\textbf{Total impaired exposure of loans, lease receivables and mortgage loans}}$$

Impairment coverage ratio	2023	2022	2021
Balance stage 3 and POCI credit losses on loans, leases and mortgages	111		
Total impaired exposure 2023	364		
Impairment coverage ratio 2023 (%)	**31**		
Balance stage 3 and POCI credit losses on loans, leases and mortgages		155	
Total impaired exposure 2022		409	
Impairment coverage ratio 2022 (%)		**38**	
Balance stage 3 and POCI credit losses on loans, leases and mortgages			152
Total impaired exposure 2021			538
Impairment coverage ratio 2021 (%)			**28**

LOAN-TO-DEPOSIT RATIO

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

$$\textbf{Loan to deposit ratio} = \frac{\textbf{Financial assets regarding loans, lease receivables and mortgage loans}}{\textbf{Deposits from customers}}$$

Loan to deposit ratio	2023	2022	2021
Financial assets at amortised cost: loans and lease receivables	6,194		
Financial assets at amortised cost: mortgages loans	12,911		
Financial assets at amortised cost: securitised mortgages loans	-		
Financial assets at fair value through profit or loss: loans	153		
Financial assets regarding loans, lease receivables and mortgage loans (total)	19,258		
Deposits from customers	11,858		
Loan to deposit ratio 2023 (%)	**162**		
Financial assets at amortised cost: loans and lease receivables		6,149	
Financial assets at amortised cost: mortgages loans		11,749	
Financial assets at amortised cost: securitised mortgages loans		241	
Financial assets at fair value through profit or loss: loans		143	
Financial assets regarding loans, lease receivables and mortgage loans (total)		18,282	
Deposits from customers		11,227	
Loan to deposit ratio 2022 (%)		**163**	
Financial assets at amortised cost: loans and lease receivables			6,390
Financial assets at amortised cost: mortgages loans			11,659
Financial assets at amortised cost: securitised mortgages loans			281
Financial assets at fair value through profit or loss: loans			148
Financial assets regarding loans, lease receivables and mortgage loans (total)			18,478
Deposits from customers			11,333
Loan to deposit ratio 2021 (%)			**163**

NET INTEREST MARGIN

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

Since the denominator of the net interest margin calculation is subject to volatility in the balance, a moving average provides more reliable information on the underlying developments. The moving average however does not tie back to disclosed balances.

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

Net interest margin	2023	2022	2021
Sum net interest income last 12 months 2023	419		
12 Month average interest bearing assets	22,473		
Net interest margin 2023 (%)	**1.86**		
Sum net interest income last 12 months 2022		385	
12 Month average interest bearing assets		22229	
Net interest margin 2022 (%)		**1.73**	
Sum net interest income last 12 months 2021			361
12 Month average interest bearing assets			20,950
Net interest margin 2021 (%)			**1.72**

SASB Index 2023 NIBC Bank N.V.

NIBC publishes this Sustainability Accounting Standards Board (SASB) Index to provide structured sustainability information determined by SASB to be material for commercial banks. In doing so, we aim to provide transparency for our stakeholders across the sustainability dimensions of economic, ecological and social performance.

Disclosure Topic	Accounting Metric	Code	Disclosure reference
Systemic Risk Management	Global Systemically Important Bank (G-SIB) score, by category	FN-CB550a.1	NIBC is not categorised as a globally systemic important bank.
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB550a.2	Risk Management Sustainability - Sustainability Governance - Risk management and internal control systems - Actions and resources (stress testing) - Sustainability strategy and business model
Incorporation of Sustainability Factors in Credit Analysis	Commercial and industrial credit exposure, by industry	FN-CB410a.1	Risk Management Sustainability - Sustainability Governance - Sustainability strategy and business model
	Description of approach to incorporation of environmental, social, and governance (Sustainability) factors in credit analysis	FN-CB4101a.2	Risk Management Sustainability - Sustainability Governance - Risk management and internal control systems - Sustainability & conduct policies - Sustainability Strategy and business model

Disclosure Topic	Accounting Metric	Code	Disclosure reference
Data Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB230a.1	Risk Management Sustainability - Information security & data protection
	Description of approach to identifying and addressing data security risks	FN-CF230a.2	Risk Management Sustainability - Information security & data protection
Financial Inclusion and Capacity Building	-(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	FN-CB240a.1	Not relevant. These activities are outside of the asset classes served by NIBC
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	FN-CB240a.2	Not relevant. These activities are outside of the asset classes served by NIBC
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	FN-CB240a.3	Not relevant. Unlike most commercial banks, NIBC does not offer current account (checking accounts) or transaction banking services.
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	FN-CB240a.4	Sustainability - Financial inclusion
Business Ethics	Total amount of monetary losses as a result of legal proceedings	FN-CB-	Sustainability - Compliance and responsible business conduct
	Description of whistleblower policies and procedures	FN-CB510a.2	Sustainability - Financial inclusion - Our people - Compliance and responsible business conduct

Definitions for Sustainability performance indicators

The following definitions have been used for the sustainability performance indicators presented in NIBC's annual report.

Greenhouse Gas (GHG) emissions (Scope 1, 2 and 3)
- Scope 1: Direct GHG emissions that occur from owned of controlled sources of NIBC
- Scope 2: Indirect GHG emissions that occur from the generation of purchased of acquired electricity, steam, heating or cooling
- Scope 3: Indirect GHG emissions occurring in the value chain, mainly related to financed emissions.
- Unit: tCo2e

Scope 1 emissions are calculated based on energy invoices received by NIBC from our energy provider. Actual data is collected for NIBC's headquarters in the Hague. Figures are estimated for leased locations based on the average per m2 floor aea and the actual m2 floor area in each leased location. The figures are input into an online calculator (co2emissiefactoren.nl) and we use that result.

Scope 2 emissions (market-based) are calculated based on electricity invoices received by NIBC from our energy provider. Actual data is collected for NIBC's headquarters in the Hague. Figures are estimated for leased locations based on the average per m2 floor area and the actual m2 floor area in each leased location. Each NIBC office is asked to confirm that renewable electricity is sourced for their location and the type of that electricity. The figures are input into an online calculator (co2emissiefactoren.nl) and we use that result.

Scope 2 emissions (location-based) are calculated based on 2022 country-level greenhouse gas emission intensity of electricity generation for the Netherlands from the European Environment Agency.

Scope 3 emissions are collected and calculated as follows:
- Paper is accounted for under GHG Category 1 and is calculated based on a public emissions calculator made available by Carbon Neutral Group (https://co2emissiefactoren.nl).
- Unrecycled waste is accounted for under GHG Category 5 and is calculated based on invoices from NIBC's waste provider and 2021 factors for unrecycled waste sourced from the Netherlands Enterprise Agency (RVO)., For recycled waste, no emissions were calculated for 2023 due to a lack of factors. Equipment is sold or donated, therefore reused and no factor has been applied.
- Business travel (flights, rail) is accounted under GHG Category 6. Emissions for this category are calculated by our travel business partner and reported to NIBC.
- Employee commuting (cars, public transport) under GHG Category 7. NIBC systems do not completely capture all forms of commuting. Cars were calculated using fuel consumption figures from our leasing provider. For public transport a distance of 40 km per roundtrip was assumed. And we assumed 25% of NIBC employees walk or bike to work. These are the inputs used in a public emissions calculator made available by Carbon Neutral Group (https://co2emissiefactoren.nl).

- GHG Category 15 emissions for core and non-core corporate assets have been calculated using Dutch factors sourced in February 2024 from the Platform for Carbon Accounting Financials (PCAF) database. These factors were calculated by PCAF in accordance with the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry. For shipping, NIBC chose to use EU average factors, since there were substantial decreases to Dutch factors which we had used in prior years. For other asset classes NIBC used Dutch factors. In future years NIBC aims to source GHG emissions directly from its clients through a client portal where clients disclose and verify their ESG data relating to assets financed by NIBC.
- GHG Category 15 emissions for commercial real estate and mortgages were calculated using Dutch building factors from the Platform for Carbon Accounting Financials (PCAF) buidings database. CRE factor were sourced in November 2023. Mortgage factors were sourced in August. These factors were calculated by PCAF in accordance with the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry. Calculations are based on floor area and verified energy label (energieprestatiecertificaat). In case where floor space or EPC data was lacking, NIBC calculated GHG emissions based on assumptions of 140 m3 floor area and/or energy label G.

NIBC does not report scope 3 emissions related to any of the other Scope 3 categories not mentioned above.

Platforms exposures: currently there is not a method available to calculate GHG emissions for leasing exposures, nor international standards that can be utilized.

NIBC's emission baseline is presented for comparison purposes. This metric is as was reported in NIBC's Sustainability Report (not restated or recalculated) and uses the same methods as described above except in that the PCAF factors and other source data were as available in January 2020. NIBC describes emissions as estimates rather than as "absolute" emissions. Absolute emissions implies that they will not change whereas nearly all calculations by all corporates are based on factors, therefore estimated rather than absolute.

Intensity ratio (total CO2e/balances)
Calculated using the total GHG emissions in tCo2e divided by the total balance sheet assets based on the financial position published in the Financial Statements of the NIBC Annual Report.

GHG removals and storage in own operations
Removals or storage of greenhouse gas emissions in own operations, from non-renewable sources. For 2023 NIBC has not used GHG removals and storage in the accounting of greenhouse gas emissions for our own operations.

GHG emission reductions or removals outside value chain (carbon credits)
Carbon credits, sometimes also referred to as carbon offsets relate to purchased permits allowing an organisation to produce a certain amount of carbon emissions. For 2023 NIBC has not used carbon credits in the accounting of Scope 1, 2 or 3 GHG emissions related to our own operations or financed emissions related to our value chain.

Total energy consumption from (non-)renewable sources
Energy consumption in own operations from non-renewable sources. NIBC defines non-renewable sources as those related to fossil fuels (oil, gas or coal) as an energy source for electricity, heating or cooling of NIBC offices.

Total energy consumption from renewable sources
Energy consumption in own operations, from renewable sources. NIBC defines renewable sources as those related to wind, solar or a renewable mix as an energy source for electricity, heating or cooling of NIBC offices.

Energy intensity per EUR million balance sheet assets
A ratio calculated as total energy divided by balance sheet assets for segments specified in note 1 of the consolidated Financial Statements of NIBC Bank N.V.

Male/female ratio
Percentage of number of male and female employees for NIBC worldwide, at the end of the year. The number of males and females is based upon headcount as reported from NIBC's human resources information management system at the end of the year.

Training expenses per employee
Total of training and education expenses, incurred in the current year based on average headcount calculated by taking the headcount at the beginning and end of the year. For employees traveling for training, this includes travel costs and any related expenses.

Average training hours per employee
The average number of training hours per person for employees. This figure was calculated based on the 2023 average training expenses per employee divided by an assumed average training cost per hour of EUR 40. NIBC assumed a cost of EUR 40 per hour, based on a European Commission study of teacher wages per country sourced from eurydice.eacea.ec.europa.eu. The October 2023 study based on 2021 data showed a wide range depending on country and level of experience, therefore we used a mid-top end for the Netherlands.

Absenteeism
Absenteeism is the rolling average of the latest absenteeism percentage, annualized for NIBC Bank's employees The absenteeism percentage is the number of workdays lost to absenteeism divided by the total number of available workdays, expressed as a percentage. In case of partial absenteeism, the absenteeism percentage only reflects the actual absenteeism (non-working hours). Maternity leave is not included in the figure.

Absenteeism rate may change as the year progresses due to previously unreported cases of absenteeism and/or confirmation of the employee's recovery.

Exposure to controversial sectors
A table based on loan balances indicating the extent to which NIBC is active in the fossil fuel (coal, oil and gas) sector (activities deriving revenues from exploration, mining, extraction, production, processing, storage, or refining); chemicals production; controversial weapons such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons; and/or the cultivation and production of tobacco. Loan balances reported are as of 31 December 2023. Shipping sector loan balances related to the transport of fossil fuels are not included in this table. This table aims to support the information needs of financial market participants in regard to principal adverse indicators

Total number of employees (FTEs) end of financial period
Number of FTEs of NIBC worldwide at the end of the year. Only employees on NIBC's payroll and having an 'internal' position are accounted for. NIBC Bank N.V. includes all its international offices, though excludes minor participations of the bank.

An FTE represents, per employee, the total number of contract hours per week related to the maximum number of contract hours per week (e.g. 40 hours). This maximum can differ per NIBC office (depending on local guidelines) and kind of job contract.

Total number of non-employees (FTEs) end of financial period
Number of non-employees (FTEs) of NIBC worldwide at the end of the year. Individuals who are hired for project-based, interim, or temporary work at NIBC. These are categorised as category 1 in NIBC's human resources system in order to distinguish from workers from other companies who are on assignment at NIBC.

Male/female ratio top management
The gender distribution in number and percentage at top management level amongst its employees at the end of the year. Top management consists of management with corporate title 'Director' or 'Managing Director'.

Male-female pay gap as a % of gross hourly earnings of male paid employees
The difference in average salaries between male and female employees. The gap is presented as a percentage of men's salary.

% of employees covered by collective bargaining (by agreement, country and region)
The percentage of total employees covered by collective bargaining agreements. NIBC has not joined national collective bargaining agreements for the banking sector.

% of employees entitled to take family-related leave
Percentage of employees in NIBC's own workforce who are covered by social protections for maternity or paternity leave, through public programs or through benefits offered by NIBC, against loss of income.

Employee turnover (total employees started & left)
Employee turnover consists of inflow of new employees ('started') and outflow of existing employees ('left') in headcount.

% Employees Started: The number of employees that joined NIBC worldwide throughout the current calendar year (hire date between 1 January 2023 and 31 December 2023), divided by total number of employees at the start of the year.

% Employees Left: The number of employees that left NIBC worldwide throughout the calendar year divided by the total number of employees at the start of the year.

Net Promoter Score
Outcome of Net Promoter Score (**NPS**) survey with corporate lending, who executed a (lending) deal/deals with NIBC Bank Corporate Banking during the reporting period, and for existing lending clients of NIBC.

The NPS methodology is a widely used methodology in which scores from 0 to 6 are classified as 'detractor', scores. 7 or 8 are classified as 'passive' and only those scores that are 9 or 10 are classified as 'promoters'. The result is calculated by the percentage of promoters minus the percentage of detractors, giving the NPS. The NPS can therefore range from -100% to +100%.

The NPS is measured over a 12 month period, from the 1st December to the 30th November each year. It takes place in four batches and each respondent weighs the same in the score. It is calculated over the corporate lending client base, where we are in direct contact with the client, excluding distressed asset clients, internal clients and certain legacy clients. In case of multiple deals or one client, the client is counted once. When the online survey is sent to multiple contact persons for a client, only the first response is included.

219 Asset Based Finance clients were surveyed as part of NIBC's 2023 NPS survey process. Of these there were 23 respondents. NIBC considers this to be representative of the total population.

NIBC Retail Customer Satisfaction Score
The results of the latest, annual online Customer Satisfaction Survey (**CSS**) for NIBC Bank's retail clients, i.e. NIBC Savings Netherlands (NL, including Mortgages), Belgium (BE) and Germany (DE, also including Brokerage clients), that was completed in the reporting period.

The digital surveys were conducted in November 2023 through a third party, using a random selection of NIBC's new and existing Dutch NIBC Mortgage and Savings clients, Belgian NIBC Savings clients and German NIBC Savings and Brokerage clients. Clients were selected based amongst other criteria on country and product. The average scores per country and product are totaled and divided by the total number of clients in the population.

2023 score per product: Netherlands Mortgages 8.3; Netherlands Savings 8.1; Germany Savings 7.9; Germany Brokerage 7.7; Belgium Savings 8.3.

The population of NIBC's CSS was approximately 322,000 clients in November 2023, of which 30,000 have been surveyed (10,000 per country), and around 2,560 responses were received. NIBC considers this to be representative for the population. This research was carried out by Kien in accordance with the guidelines of ISO 20252.

Number of confirmed incidents of bribery or corruption
The total number of confirmed incidents of corruption or bribery. Incidents are as recorded in NIBC's operational risk reporting system and confirmed by NIBC's compliance department.

Number of convictions and amount of fines for confirmed violation of anti-corruption or anti-bribery laws
The total number of convictions for violation of anti-corruption and antibribery laws by NIBC and its workforce. Convictions are as recorded in NIBC's operational risk reporting system and confirmed by NIBC's compliance department. This indicator aims to support the information needs of financial market participants with regard to disclosures rules on sustainable investments.

Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery related incidents
The number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents. Confirmed incidents are as recorded in NIBC's operational risk reporting system and confirmed by NIBC's compliance department.

Contact information

Our website, www.nibc.com, offers a wide range of information about NIBC, financial information, corporate information, corporate calendar, press releases and sustainability information. The information is available on our English, Dutch and German website. Financial information (annual reports, full-year and half-year results releases and trading updates) is available in English.
To receive press releases and other NIBC news, please subscribe to our e-mail service by sending an e-mail to info@nibc.com.

Questions and remarks

We invite all stakeholders to ask their questions and share their remarks.

- General questions and remarks can be addressed to Corporate Communications, telephone +31 70 342 56 25/e-mail info@nibc.com;
- Questions and remarks related to bond investments can be addressed to Debt Investor Relations, Toine Teulings, telephone +31 70 342 98 36/e-mail toine.teulings@nibc.com;
- Questions and remarks related to ESG can be addressed to the CSR department, e-mail csr@nibc.com;
- You can find NIBC’s complaints procedures here. NIBC's retail clients inthe Netherlands can find our complaints procedures here, our German retail clients can here, and NIBC's retail clients in Belgium can find our complaints procedure here (Dutch) or here (French).

OFFICES

THE NETHERLANDS
NIBC Bank N.V./NIBC Holding N.V.
Carnegieplein 42
2517 KJ The Hague, The Netherlands
P.O. Box 380
2501 BH The Hague, The Netherlands
Telephone +31 (0)70 3425425
Fax +31 (0)70 365 1071

GERMANY
NIBC Bank N.V.
Zweigniederlassung Frankfurt am Main
An der Welle 5
D-60322 Frankfurt am Main, Germany
Telephone +49 (0)69 5050 65 50
Fax +49 (0)69 5050 655 977

UNITED KINGDOM
NIBC Bank N.V.
26th Floor
99 Bishopsgate
London EC2M 3XD, United Kingdom
Telephone +44 (0)207 375 77 77

BELGIUM
NIBC Bank N.V.
Rue Royale 71
1000 Brussels, Belgium
Telephone +32 (0)2 235 88 03
Fax +32 (0)2 235 88 09

Disclaimer

Presentation of information

This annual report of NIBC Bank N.V. (**NIBC**) has been prepared in accordance with IFRS-EU and with Title 9 of Book 2 of the Netherlands Civil Code.

The Annual Report is presented in euros (EUR), rounded to the nearest million (unless otherwise stated). Certain figures may not tally due to rounding. Percentages have been calculated using unrounded figures.

Cautionary statement regarding forward-looking statements

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

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

Acknowledgements

Text by:
NIBC

Layout by:
KNOEFF COMMUNICATIE-ONTWERP, Amsterdam, The Netherlands

Cover illustration by:
Aart-Jan Venema

NIBC
Carnegieplein 4
2517 KJ The Hague
P.O. Box 380, 2501 BH The Hague
The Netherlands

Telephone: +31 70 3425425
Internet: www.nibc.com

Chamber of Commerce, no: 27032036.

Abbreviations

12M-ECL	12-month ECL
AC	Amortised Cost
AC	Audit Committee
AIRB	Advanced Internal Ratings Based
ALCO	Asset & Liability Committee
APMs	Alternative Performance Measures
BKR	Bureau Krediet Registratie (Dutch National Credit Register)
BPV	Basis Point Value
BtL	Buy-to-Let
CCyB	Countercyclical Capital Buffer
CDC	Collective Defined Contribution
CDD	Client Due Dilligence
CDRs	Common Depositary Receipts
CEBS Guidlines	Committee of European Banking Supervisors Guidlines
CEO	Chief Executive Officer
CET I	Common Equity Tier 1 ratio
CFO	Chief Financial Officer
CRO	Chief Risk Officer
CSA	Credit Support Annexes
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CSS	Customer Satisfaction Survey
CVAs and DVAs	Credit Valuation Adjustments & Debit Valuation Adjustments
DNB	Dutch Central Bank
DSCR	Debt Service Coverage Ratio
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EAD	Exposure at Default
EaR	Earnings at risk
EBA	European Banking Authority
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EC	Economic Capital
ECB	European Central Bank
ECL	Expected Credit Loss
EL	Expected loss
EPs	Equator Principles
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ExCo	Executive Committee
FMCR	Financial Markets Credit Risk
FTEs	Full-Time Equivalents
FVtPL	Fair value through profit or loss
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
IC	Investment Committee
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IPO	Initial public offering
IRRBB	Interest Rate Risk in the Banking book
ISDA	International Swaps and Derivatives Association
KYC	Know Your Customer
KYS	Know Your Supplier
LCR	Liquidty Coverage Ratio
LGD	Loss Given Default
LT-ECL	Life-time ECL
LTI	Loan-to-Income
LTIMV	Loan-to-Indexed-Market Value
LTMV	Loan-to-Market Value
MDA	Maximum Distributable Amount
MIP	Management Investment Plan
MtM	Marked-to-Market Value
NACE	Statistical Classification of Economic Activities in the European Community
NHG Guarantee	National Mortgage Guarantee
NIBC	NIBC Bank N.V.
NPL	Non-Performing Loans
NPS	Net Promoter Score
NSFR	Net Stable Funding Ratio
OCI	Other Comprehensive Income
OTC	Over The Counter
OTM	Originate-to-Manage
PFE	Potential Future Exposure
PiT	Point-in-Time

POCI	Purchased or originated credit impaired assets
PSUs	Phantom Share Units
RAROC	Risk-adjusted return on capital
RC	Regulatory capital
RDA	Restructuring & Distressed Assets
RMBS	Residential Mortgage-Backed Securities
RMC	Risk Management Committee
RNC	Remuneration and Nominating Committee
ROA	Return on Assets
ROE	Return on Equity
RPCC	Risk Policy & Compliance Committee
RPSUs	Restricted Phantom Share Units
RSRS	Responsible Ship Recycling Standards
RWA	Risk Weighted Assets
S&P	Standard & Poor's
SDGs	Sustainable development goals
SE	Structured Entity
SFDR	Sustainable Finance Disclosure Regulation
SICR	Significant increase in credit risk
SREP	Supervisory review and evaluation process
STI	Short-Term Incentive
TC	Transaction Committee
TCFD	Taskforce for Climate-related Financial Disclosures
TLTRO	Targeted Longer Term Refinancing Operation
TTC	Through-the-cycle
UN PRI	UN Principles for Responsible Investment
UNGC	United Nations Global Compact
UNGP	UN Guiding Principles for Business and Human Rights
VaR	Value at Risk
VAT	Value Added Tax
WEW	Stichting Waarborgfonds Eigen Woningen (Social Housing Guarantee Fund)