



Condensed consolidated financial report
for the year ended 31 December 2015

NIBC Bank N.V.

9 March 2016

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Disclaimer

Consolidated income statement

for the year ended 31 December

IN EUR MILLIONS	NOTE	2015	2014
Net interest income		286	246
Net fee and commission income		36	27
Dividend income		1	2
Net trading income	2	(11)	3
Gains less losses from financial assets	3	22	15
Share in result of associates		1	1
Other operating income		17	22
OPERATING INCOME		352	316
Personnel expenses	4	97	89
Other operating expenses		82	76
Depreciation and amortisation		8	10
OPERATING EXPENSES		187	175
Impairments of financial assets	5	63	93
Impairments of non-financial assets	5	20	-
Regulatory charges and levies	6	4	18
TOTAL EXPENSES		274	286
PROFIT BEFORE TAX		78	30
Tax	7	7	6
PROFIT AFTER TAX		71	24
Result attributable to non-controlling interests		-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER		71	24

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

Consolidated statement of comprehensive income

for the year ended 31 December

IN EUR MILLIONS	2015			2014		
	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
PROFIT FOR THE YEAR	78	7	71	30	6	24
OTHER COMPREHENSIVE INCOME						
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS						
Remeasurements of defined-benefit plans	-	-	-	(10)	(2)	(8)
Revaluation of property, plant and equipment	-	-	-	-	-	-
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS						
Net result on hedging instruments	(16)	(4)	(12)	19	2	17
Revaluation of equity investments	2	-	2	6	1	5
Revaluation of debt investments	(7)	(2)	(5)	9	3	6
TOTAL OTHER COMPREHENSIVE INCOME	(21)	(6)	(15)	24	4	20
TOTAL COMPREHENSIVE INCOME	57	1	56	54	10	44
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
Parent shareholder	57	1	56	54	10	44
Non-controlling interests	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	57	1	56	54	10	44

Consolidated balance sheet

at 31 December

IN EUR MILLIONS	NOTE	2015	2014
Assets			
FINANCIAL ASSETS AT AMORTISED COST			
Cash and balances with central banks		746	474
Due from other banks		1,745	2,286
Loans and receivables			
Loans	8	7,668	7,226
Debt investments	9	294	359
Residential mortgages own book	10	2,390	1,078
FINANCIAL ASSETS AT AVAILABLE-FOR-SALE			
Loans		18	-
Equity investments		48	53
Debt investments	11	1,064	945
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Loans	12	316	374
Residential mortgages own book	13	3,954	3,342
Securitised residential mortgages	14	2,236	3,638
Debt investments	15	19	37
Equity investments (including investments in associates)		222	276
Derivative financial assets		2,151	2,851
OTHER			
Investments in associates (equity method)		7	6
Intangible assets		-	43
Property, plant and equipment		49	42
Current tax		-	2
Other assets		44	109
Assets held for sale	16	71	-
Deferred tax		-	3
TOTAL ASSETS		23,042	23,144

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

IN EUR MILLIONS	NOTE	2015	2014
Liabilities and equity			
FINANCIAL LIABILITIES AT AMORTISED COST			
Due to other banks		829	1,159
Deposits from customers		11,586	10,182
Own debt securities in issue	17	3,050	2,064
Debt securities in issue related to securitised mortgages and lease receivables	18	2,062	3,348
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Own debt securities in issue	19	36	35
Debt securities in issue structured	20	704	823
Derivative financial liabilities		2,350	3,217
OTHER FINANCIAL LIABILITIES			
Other liabilities		92	161
Current tax		-	-
Deferred tax		1	-
Employee benefits		4	4
SUBORDINATED LIABILITIES			
Amortised cost	21	120	67
Fair value through profit or loss	22	280	253
OTHER			
Liabilities held for sale	16	42	-
TOTAL LIABILITIES		21,156	21,313
SHAREHOLDER'S EQUITY			
Share capital	23	80	80
Other reserves		298	318
Retained earnings		1,437	1,409
Net profit attributable to parent shareholder		71	24
TOTAL PARENT SHAREHOLDER'S EQUITY		1,886	1,831
Non-controlling interests		-	-
TOTAL SHAREHOLDER'S EQUITY		1,886	1,831
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		23,042	23,144

Consolidated statement of changes in shareholder's equity

IN EUR MILLIONS	Attributable to parent shareholder					Distribu- tion charged to net profit	Total	Non- control- ling interests	Total share- holder's equity
	Share capital	Other reserves ¹	Retained earnings	Remeasure- ments of defined- benefit plans	Net profit				
BALANCE AT 1 JANUARY 2014	80	295	1,417	(9)	22	(16)	1,789	-	1,789
Transfer of net profit 2013 to retained earnings	-	-	6	-	(22)	16	-	-	-
Total comprehensive income for the year ended 31 December 2014	-	28	-	(8)	24	-	44	-	44
Net investment hedge foreign currency	-	-	(2)	-	-	-	(2)	-	(2)
Transfer of defined benefit plans	-	-	(17)	17	-	-	-	-	-
Transfer of realised depreciation revalued property, plant and equipment	-	(5)	5	-	-	-	-	-	-
BALANCE AT 31 DECEMBER 2014	80	318	1,409	-	24	-	1,831	-	1,831

IN EUR MILLIONS	Attributable to parent shareholder					Distribu- tion charged to net profit	Total	Non- control- ling interests	Total share- holder's equity
	Share capital	Other reserves ¹	Retained earnings	Remeasure- ments of defined- benefit plans	Net profit				
BALANCE AT 1 JANUARY 2015	80	318	1,409	-	24	-	1,831	-	1,831
Transfer of net profit 2014 to retained earnings	-	-	24	-	(24)	-	-	-	-
Total comprehensive income for the year ended 31 December 2015	-	(15)	-	-	71	-	56	-	56
Transfer of realised depreciation revalued property, plant and equipment	-	(5)	5	-	-	-	-	-	-
Other	-	-	(1)	-	-	-	(1)	-	(1)
BALANCE AT 31 DECEMBER 2015	80	298	1,437	-	71	-	1,886	-	1,886

¹Other reserves include share premium, hedging reserve and revaluation reserves.

Consolidated statement of cash flows

for the year ended 31 December

IN EUR MILLIONS	2015	2014
Cash flows from operating activities	576	616
Cash flows from investing activities	(35)	(29)
Cash flows from financing activities	(338)	(1,170)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	203	(583)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,020	1,603
Net increase / (decrease) in cash and cash equivalents	203	(583)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	1,223	1,020
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and balances with central banks	613	371
Due from other banks (maturity three months or less)	610	649
	1,223	1,020

General information and Basis of preparation

General information

NIBC Bank N.V., together with its subsidiaries (**NIBC or the group**), is incorporated and domiciled in the Netherlands, and is a 100% subsidiary of NIBC Holding N.V. (**NIBC Holding**). NIBC is an enterprising bank offering corporate and consumer banking services. Our Corporate Banking activities offer advice, financing and co-investing in a number of chosen sectors: Food, Agri, Retail & Health; Commercial Real Estate; Industries & Manufacturing; Infrastructure & Renewables; Oil & Gas Services; Shipping & Intermodal; and Technology, Media & Services. Our expertise spans debt and equity mezzanine, mergers & acquisitions, capitalisation advisory, leveraged finance and structured finance. Consumer Banking offers savings in the Netherlands, Germany and Belgium, mortgages in the Netherlands and brokerage services in Germany under our NIBC Direct label.

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

Basis of preparation and statement of compliance

The condensed consolidated financial report as at, and for the year ended 31 December 2015 has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (**IFRS-EU**) as issued by the International Accounting Standards Board (**IASB**). They do not include all of the information required for a full set of financial statements prepared in accordance with IFRS-EU and should therefore be read together with the consolidated financial statements 2014 of NIBC Bank N.V. as included in NIBC's Annual Report for 2014. NIBC's annual report 2014 is available on NIBC's website.

The condensed consolidated financial report has been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets and liabilities (including derivative instruments) certain classes of property – measured at fair value; and assets held for sale – measured at fair value less cost to sell. Certain amounts in prior periods may have been reclassified to conform to the current presentation. These reclassifications had no effect on the financial position and performance of NIBC or the group.

The condensed consolidated financial report is presented in euro (EUR) and all values are rounded to the nearest million unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases.

This condensed consolidated financial report as at, and for the year ended 31 December 2015, derived from the audited consolidated financial statements 2015, was approved by the Managing Board on 8 March 2016.

Significant accounting policies

In preparing the financial information in this condensed consolidated financial report as at, and for the year ended 31 December 2015, the same accounting principles and methods are applied as in NIBC's consolidated financial statements for the year ended 31 December 2014, except for the impact of the adoption of the standards, interpretations, amendments to standards and interpretations and in 2015 implemented changes in accounting policies as described below.

New IFRS-EU accounting standards effective

The following standards, interpretations, amendments to standards and interpretations were implemented by NIBC on 1 January 2015:

- Amendment to IAS 19 'Defined Benefit Plans: Employee Contributions';
- Annual improvements to IFRSs '2010 – 2012 Cycle'; and
- Annual improvements to IFRSs '2011 – 2013 Cycle'.

The changes in IFRS-EU listed above have not changed NIBC's accounting policies and do not have a material impact on the financial position and performance of NIBC or the group. NIBC or the group has not early adopted any other standard, interpretation or amendments to standards and interpretations that has been issued but is not yet effective.

Change in presentation of servicing costs relating to residential mortgages and retail savings

In 2015, NIBC has changed the presentation of servicing costs of EUR 18.3 million (2014: EUR 16.2 million) relating to residential mortgages and retail savings within the income statement from net interest income to other operating expenses. The revised presentation of servicing costs in other operating expenses is considered to be more in line with market practice in the financial industry.

Implementation of this accounting change, a reclassification within the income statement, represents a change in accounting policies under IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' without an impact on the net profit. The comparable figures for 2014 have been adjusted to reflect the above mentioned change.

Disposal group held for sale and discontinued operations

Disposal group held for sale

In the 4th quarter of 2015, NIBC committed to a plan to sell a non-financial company. Therefore the related non-financial company is classified as a disposal group held for sale as from 30 September 2015. Due to the classification the non-financial company was re-measured to the lower of its carrying amount and fair value less costs to sell. This leads to an impairment of EUR 17 million which is included in 'impairments of non-financial assets'.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- Is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, if material, the comparative income statement and cash flow statement are re-presented as if the operation has been discontinued from the start of the comparative year.

Subsidiary acquired from unrelated party exclusively with a view to resale to a group company

In May 2015 NIBC obtained control over Vijlma B.V., an entity that holds interests in approximately 75 real estate portfolio companies in Germany. The acquisition of Vijlma B.V. meets the criteria of an acquisition under IFRS 3. As Vijlma B.V. is acquired exclusively with a view to resale, IFRS 5 allows the acquisition of Vijlma B.V. to be presented as a disposal group classified as held for sale, hence allowing a short-cut method of consolidation which NIBC has applied. Consequently no purchase price allocation has been performed, including disclosures in line with IFRS 3. Initial recognition of the disposal group is at fair value less cost to sell.

Effectively on 30 June 2015 Vijlma B.V. was sold to NIBC Investments N.V., a wholly owned subsidiary of NIBC Holding N.V. Consequently no Assets held for sale nor Liabilities directly associated with the assets held for sale relating to Vijlma B.V. are presented on the consolidated balance sheet of NIBC at 31 December 2015. At that time NIBC retained loans provided to Vijlma B.V. for a total carrying amount of EUR 244 million. The total carrying amount decreased to EUR 162 million as at 31 December 2015. No result was recognised on the transaction by NIBC.

Most significant critical accounting estimates and judgements

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

Fair value of certain financial instruments

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

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

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

Own liabilities designated at fair value through profit or loss

At 31 December 2015, the fair value of these liabilities was estimated to be EUR 1,020 million (31 December 2014: EUR 1,111 million). This portfolio is designated at fair value through profit or loss and is reported on the face of the balance sheet under the following headings:

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

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

The valuation of all the above classes of financial liabilities designated at fair value through profit or loss is sensitive to the estimated credit spread used to discount future expected cash flows. A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would increase or decrease the fair value of these own financial liabilities at 31 December 2015 by EUR 5.0 million (31 December 2014: EUR 5.4 million).

Residential mortgages

NIBC determines the fair value of residential mortgages (both those it holds in part of its own warehouse and those it has securitised) by using a valuation model developed by NIBC. This model discounts expected cash flows (after expected prepayments) to present value using inter-bank zero-coupon rates, adjusted for a spread that principally takes into account the costs and the risks of the assets. Subsequently NIBC calculates two discount spreads, one via the top-down approach (i.e. retail spread), and one via the bottom-up approach (i.e. securitisation spread).

The top-down approach derives a discount spread by taking into account the mortgage rates of newly originated loans in the consumer market. The offered mortgage rate is determined by collecting mortgage rates from other professional lenders sorted by product, loan-to-value class and the fixed-rate period. The discount spread is derived by comparing the offered mortgage rate to the market interest rates taking into account various upfront costs embedded in the offered mortgage rate. Where deemed necessary, surcharges are added to reflect the illiquidity of certain sub-portfolios.

Via the bottom-up approach a price is derived by determining the various components that market participants would take into account when pricing the asset. This includes funding-related costs, servicing costs and a compensation for prepayment and credit risks. Funding-related costs are derived by assuming that the acquiring party will fund the acquired portfolio by securitising the assets via a residential mortgage backed security (hereafter: "RMBS"). NIBC therefore collects quotes from publicly issued RMBS solely including Dutch residential mortgages, over a certain period before the measurement date. Various transaction costs related to issuing and maintaining an RMBS are added to the observed primary rates. Where deemed necessary, surcharges are added to reflect the illiquidity of certain sub-portfolios. Any additional arbitrage opportunities that may exist (i.e. the difference between the bottom-up approach versus the top down approach) are assumed to be only applicable to the first call date of the RMBS-transaction.

In the consumer market there is currently limited trading activity in mortgage portfolios. Therefore NIBC currently considers the discount spread determined via the bottom-up approach as the best approximation of the fair value of its residential mortgage portfolio. The use of RMBS spreads provides the best estimate of the spread that would be inherent in a transaction at the reporting date motivated by normal business considerations.

The determination of the applicable discount spread (including a spread for prepayment risk) and prepayment rates requires NIBC to apply judgement. A ten basis point shift in either direction of the discount spread across the mortgage portfolio would have had either a positive or a negative impact as of 31 December 2015 of approximately EUR 18 million (31 December 2014: EUR 22 million) on the fair value of

the mortgages. A 1% point shift in the assumption NIBC makes about expected prepayments would have had an impact as of 31 December 2015 of approximately EUR 13.0 million (31 December 2014: EUR 16.9 million) on the fair value of the mortgages.

Valuation of corporate derivatives (credit value adjustment and debit valuation adjustment)

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

Impairment of corporate loans

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

If, as at 31 December 2015, for each of NIBC's impaired corporate loans, the net present value of the estimated cash flows had been 5% lower or higher than estimated, NIBC would have recognised an additional impairment loss or gain of EUR 14.4 million (31 December 2014: EUR 11.0 million).

Notes

to the condensed consolidated financial report

1 Segment report

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

No operating segments have been aggregated to form the above reportable operating segments.

The items displayed under 'consolidation effects' refer to the non-financial companies over which NIBC has control. IFRS requires NIBC to consolidate these entities. The internal management report differs from this, as the investments in these entities are non-strategic and the activities of these entities are non-financial. As per 31 December 2015 the non-financial entities are presented under disposal group held for sale and discontinued operations (see note 16). Therefore, in the income statement of NIBC, only NIBC's share in the net result of these entities is included in the line-item 'gains less losses from financial assets'. Subsequently, under 'consolidation effects' this is eliminated and replaced by the figures of these entities used in the consolidated financial statements.

The following table presents the results of the single operating segment, being NIBC Bank, including a reconciliation to the consolidated results under IFRS for the years ended 31 December 2015 and 31 December 2014.

IN EUR MILLIONS	Internal management report operating segment NIBC Bank		Consolidation effects		Total (consolidated financial statements)	
	2015	2014	2015	2014	2015	2014
Net interest income	286	247	-	-	286	246
Net fee and commission income	36	27	-	-	36	27
Dividend income	1	2	-	-	1	2
Net trading income	(12)	3	-	-	(11)	3
Gains less losses from financial assets	2	16	20	(1)	22	15
Share in result of associates	1	1	-	-	1	1
Other operating income	1	-	15	22	17	22
OPERATING INCOME	316	295	36	21	352	316
OPERATING EXPENSES	172	155	15	20	187	175
Impairments of financial assets	63	93	-	-	63	93
Impairments of non-financial assets	-	-	20	-	20	-
Regulatory charges and levies	4	18	-	-	4	18
TOTAL EXPENSES	239	266	35	20	274	286
PROFIT BEFORE TAX	77	28	1	1	78	30
Tax	6	4	1	1	7	6
PROFIT AFTER TAX	71	24	-	-	71	24
Result attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER	71	24	-	-	71	24
Average allocated economic capital	1,078	1,221	-	-	1,078	1,221
Average unallocated capital	639	450	-	-	639	450
Segment assets	23,042	23,052	-	92	23,042	23,144
Segment liabilities	21,156	21,248	-	65	21,156	21,313
Capital expenditure	13	3	-	-	13	3
Share in result of associates based on the equity method	1	1	-	-	1	1
Investments in associates based on the equity method	7	6	-	-	7	6

2 Net trading income

IN EUR MILLIONS	2015	2014
Assets and liabilities designated at fair value through profit or loss (including related derivatives)	(26)	6
Assets and liabilities held for trading	5	1
Other net trading income	10	(4)
	(11)	3

Total net trading income in 2015 and 2014 reflects realised net gains and or losses on disposals of assets and liabilities (including repurchased liabilities) and net gains and or losses due to mark to market movements on assets and liabilities held for trading or designated at fair value through profit or loss.

3 Gains less losses from financial assets

IN EUR MILLIONS	2015	2014
EQUITY INVESTMENTS		
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)		
Net gain/(losses) on disposal	6	1
Impairment losses equity investments	(5)	(2)
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)		
Gains less losses from associates	38	18
Gains less losses from other equity investments	(18)	(4)
	21	13
DEBT INVESTMENTS		
Gains less losses from debt investments (available-for-sale)	1	2
	1	2
	22	15

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

4 Personnel expenses

The number of Full Time Equivalents (excluding the non-financial companies included in the consolidation) increased from 637 at 31 December 2014 to 644 at 31 December 2015.

5 Impairments of financial and non-financial assets

Financial assets

IN EUR MILLIONS	2015	2014
IMPAIRMENTS OF FINANCIAL ASSETS		
Loans classified at amortised cost	72	99
Debt investments classified at amortised cost	16	1
Residential mortgages own book at amortised cost	1	-
Debt investments classified at available-for-sale	-	1
	89	101
REVERSALS OF IMPAIRMENTS OF FINANCIAL ASSETS		
Loans classified at amortised cost	(25)	(8)
Debt investments classified at amortised cost	(1)	(1)
Residential mortgages own book at amortised cost	-	-
Debt investments classified at available-for-sale	-	-
	(26)	(9)
Other	-	1
	63	93

Non-financial assets

In 2015, EUR 20 million (2014: nil) of impairment charges are recognised on intangible assets relating to NIBC's non-financial companies.

6 Regulatory charges and levies

IN EUR MILLIONS	2015	2014
Deposit Guarantee Scheme (DGS) / Einlagensicherungsfonds (ESF)	1	-
Resolution Levy	3	-
SNS Levy (Net)	-	18
	4	18

In 2015 levies of EUR 1 million were paid relating to the guarantee system (Einlagensicherungsfonds) for institutional deposits attracted by our German subsidiary NIBC Bank Deutschland AG, EUR 0.1 million relating to the German deposit guarantee system and EUR 3 million relating to the Resolution Fund in the Netherlands by NIBC Bank N.V.

A one-off levy of EUR 18 million (not tax deductible) related to the nationalisation of SNS Reaal was paid to the State of the Netherlands in 2014. The calculation of the one-off levy was based on the volume of NIBC Direct retail savings as at 31 January 2013, compared to the total volume of retail savings in the Netherlands at that date.

7 Tax

IN EUR MILLIONS	2015	2014
TAX DIFFERENCES CAN BE ANALYSED AS FOLLOWS:		
PROFIT BEFORE TAX	78	30
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2014: 25.0%)	19	7
Impact of income not subject to tax	(7)	(5)
One-off SNS Levy not subject to tax	-	5
Result final tax assessment previous years	(5)	(1)
	7	6
Effective rate tax	9.2%	19.2%

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

8 Financial assets - Loans and receivables (amortised cost)

Loans

IN EUR MILLIONS	2015	2014
Loans to corporate entities	7,668	7,226
	7,668	7,226

THE LEGAL MATURITY ANALYSIS OF LOANS IS AS FOLLOWS:

Three months or less	323	372
Longer than three months but not longer than one year	708	819
Longer than one year but not longer than five years	4,292	3,666
Longer than five years	2,345	2,369
	7,668	7,226

THE MOVEMENT IN IMPAIRMENT LOSSES ON LOANS MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	170	109
Additional allowances	72	99
Write-offs/disposals	(50)	(22)
Amounts released	(25)	(8)
Unwinding of discount adjustment	(5)	(10)
Other (including exchange differences)	10	2
BALANCE AT 31 DECEMBER	172	170

9 Financial assets - Loans and receivables (amortised cost)

Debt investments

IN EUR MILLIONS	2015	2014
Debt investments	294	359
	294	359

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS AS FOLLOWS:

Three months or less	-	1
Longer than three months but not longer than one year	20	-
Longer than one year but not longer than five years	146	51
Longer than five years	128	307
	294	359

In 2015 there was an additional impairment on the debt investments at amortised cost of EUR 16 million and a total reversal of impairment of EUR 1 million (2014: impairment of EUR 1 million and a total reversal of impairment of EUR 1 million).

10 Financial assets - Loans and receivables (amortised cost)

Residential mortgages own book

IN EUR MILLIONS	2015	2014
Residential mortgages own book	2,390	1,078
	2,390	1,078

THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS AS FOLLOWS:

Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	1	1
Longer than five years	2,389	1,077
	2,390	1,078

The maximum credit exposure including committed but undrawn facilities was EUR 2,791 million at 31 December 2015 (31 December 2014: EUR 1,403 million).

The impairment on residential mortgages own book at amortised cost at 2015 was EUR 1 million (2014: nil).

11 Financial assets (available-for-sale)

Debt investments

IN EUR MILLIONS	2015	2014
Debt investments	1,064	945
	1,064	945

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS AS FOLLOWS:

Three months or less	21	17
Longer than three months but not longer than one year	79	28
Longer than one year but not longer than five years	272	319
Longer than five years	692	581
	1,064	945

In 2015, there was no additional impairment on debt investments at available-for-sale (2014: impairment of EUR 1 million).

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

Loans

IN EUR MILLIONS	2015	2014
Loans to corporate entities	316	374
	316	374

THE LEGAL MATURITY ANALYSIS OF LOANS IS AS FOLLOWS:

Three months or less	-	1
Longer than three months but not longer than one year	-	2
Longer than one year but not longer than five years	63	67
Longer than five years	253	304
	316	374

13 Financial assets (designated at fair value through profit or loss)

Residential mortgages own book

IN EUR MILLIONS	2015	2014
Residential mortgages own book	3,954	3,342
	3,954	3,342

THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS AS FOLLOWS:

Three months or less	10	14
Longer than three months but not longer than one year	5	6
Longer than one year but not longer than five years	86	72
Longer than five years	3,853	3,250
	3,954	3,342

THE MOVEMENT IN RESIDENTIAL MORTGAGES OWN BOOK MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	3,342	3,586
Additions (including transfers from consolidated SPEs)	1,010	4
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(427)	(327)
Changes in fair value	29	79
BALANCE AT 31 DECEMBER	3,954	3,342

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

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

The maximum credit exposure including committed but undrawn facilities was EUR 3,955 million (2014: EUR 3,343 million).

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

IN EUR MILLIONS	2015	2014
Securitised residential mortgages	2,236	3,638
	2,236	3,638

THE LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES IS AS FOLLOWS:

Three months or less	1	1
Longer than three months but not longer than one year	3	2
Longer than one year but not longer than five years	28	43
Longer than five years	2,204	3,592
	2,236	3,638

THE MOVEMENT IN SECURITISED RESIDENTIAL MORTGAGES MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	3,638	3,878
Additions	-	-
Disposals (sale and/or redemption including transfers to own book)	(1,281)	(314)
Changes in fair value	(121)	74
BALANCE AT 31 DECEMBER	2,236	3,638

At 31 December 2015 the carrying amounts for residential mortgages own book (designated at fair value through profit or loss) and securitised residential mortgages include a total revaluation adjustment of EUR 455 million debit (2014: EUR 547 million debit) related to both interest rates and credit spreads. As NIBC hedges its interest rate risk from these assets, the movement due to interest rate changes is compensated by results on financial derivatives.

The portion of fair value changes in 2015 included in the balance sheet amount relating to the movement in credit spreads on residential mortgages own book (see note 13 Residential mortgages own book) and securitised residential mortgages amounted to EUR 22 million debit at 31 December 2015 (2014: EUR 44 million debit), being an increase in the carrying amount.

The carrying amount includes a EUR 187 million credit (2014: EUR 181 million credit) related to mortgage savings amounts.

Interest income from securitised residential mortgages is recognised in interest and similar income at the effective interest rate. Fair value movements (excluding interest) are recognised in net trading income.

At 31 December 2015, securitised residential mortgages in the amount of EUR 2,236 million (2014: EUR 3,638 million) were pledged as collateral for NIBC's own liabilities.

The maximum credit exposure was EUR 2,236 million at 31 December 2015 (2014: EUR 3,638 million).

The aggregate difference yet to be recognised in the income statement between transaction prices at initial recognition and the fair value determined by a valuation model on both residential mortgages own book (see note 13 Residential mortgages own book) and securitised residential mortgages at 31 December 2015 amounted to a liability of EUR 16 million (2014: EUR 19 million).

Securitised residential mortgages are recognised on NIBC's balance sheet based on the risks and rewards NIBC retains in the *special purpose entities (SPEs)* issuing the mortgage-backed notes. Risks and rewards can be retained by NIBC by retaining issued notes, providing overcollateralisation to the SPEs or implementing reserve accounts in the SPEs. At the balance sheet date, NIBC retained EUR 187 million (2014: EUR 248 million) of notes issued by the SPEs, overcollateralisation provided to the SPEs amounted to nil (2014: nil) and reserve accounts amounted to EUR 15 million (2014: EUR 18 million).

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

IN EUR MILLIONS	2015	2014
Held for trading	12	31
Designated at fair value through profit or loss	7	6
	19	37

All debt investments are non-government counterparties and listed.

IN EUR MILLIONS	2015	2014
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IS AS FOLLOWS:		
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	7	6
	7	6

THE MOVEMENT IN DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	6	50
Additions	-	-
Disposals (sale and/or redemption)	(1)	(43)
Changes in fair value	1	(1)
Exchange differences	1	-
BALANCE AT 31 DECEMBER	7	6

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

The portion of fair value changes in 2015 included in the carrying amount (designated at fair value through profit or loss) relating to the movement in credit spreads amounted to EUR 1 million debit, being an increase in the carrying amount (2014: EUR 1 million credit, being an decrease in the carrying amount).

Interest income from debt investments is recognised in interest and similar income at the effective interest rate until the date of reclassification. Fair value movements excluding interest have been recognised in net trading income.

16 Disposal group held for sale and discontinued operations

Disposal group held for sale

In the 4th quarter of 2015, NIBC committed to a plan to sell a non-financial company. The sale is based upon a strategic decision to place greater focus on NIBC's key financial services competencies.

Due to remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell, an impairment amount of EUR 17 million (relating to goodwill) is included in 'impairments of non-financial assets' (see note 5).

As at 31 December 2015, there was no further remeasurement required.

Assets and liabilities of disposal group held for sale

At 31 December 2015, the disposal group was stated at fair value less costs to sell and comprised the following assets and liabilities.

Assets held for sale

IN EUR MILLIONS	2015	2014
Intangible assets	21	-
Other assets	50	-
	71	-

Liabilities held for sale

IN EUR MILLIONS	2015	2014
Due to other banks	-	-
Other liabilities ¹	42	-
	42	-

¹Excluding an intercompany loan of EUR 15 million as at 31 December 2015.

Other

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

The non-recurring fair value measurement for the disposal group of EUR 29 million has been categorised as a level 3.

Discontinued operations

Subsidiary acquired from unrelated third party exclusively with a view to resale to a group company

On 22 May 2015, NIBC Bank, a wholly owned subsidiary of NIBC Holding, purchased a call option for a consideration of EUR 9.49 on 94.9% of the equity of Vijlma B.V. (formerly named: Promontoria Holding 44 B.V.) from an unrelated third party.

Before the acquisition of Vijlma B.V., NIBC Bank co-financed Vijlma B.V. As part of the restructuring process of the debt exposure to Vijlma B.V., NIBC Holding obtained control of Vijlma B.V. managing the underlying real estate portfolio. The acquisition price of EUR 9.49 is in line with the total net assets of Vijlma B.V.

Vijlma B.V. holds interests in approximately 75 real estate portfolio companies in Germany. Due to the purchase of the call option, NIBC Bank N.V. obtained control over Vijlma B.V. on this date. Vijlma B.V. was obtained with a view to resale it to NIBC Investments N.V., a related party, upon exercise of the call option.

On 30 June 2015 NIBC Bank N.V. exercised the option and Vijlma B.V. was sold to NIBC Investments N.V. for EUR 9.49. At that time NIBC Bank N.V. retained the loans provided to Vijlma B.V. for a total carrying amount of EUR 244 million. No result was recognised on the transaction.

The net result from discontinued operations between the acquisition date and the resale-date is close to nil. This net result from discontinued operations consists of revenues, expenses, and the pre-tax result of discontinued operations and related income tax expense of Vijlma B.V.

17 Financial liabilities (amortised cost)

Own debt securities in issue

IN EUR MILLIONS	2015	2014
Bonds and notes issued	3,050	2,064
	3,050	2,064

THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS AS FOLLOWS:

Three months or less	67	5
Longer than three months but not longer than one year	285	28
Longer than one year but not longer than five years	1,589	1,411
Longer than five years	1,109	620
	3,050	2,064

THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	2,064	3,108
Additions	1,038	683
Disposals	(103)	(1,774)
Other movements and exchange differences	51	47
BALANCE AT 31 DECEMBER	3,050	2,064

The disposals of own debt securities in issue at amortised cost for 2015 include redemptions at the scheduled maturity date to an amount of EUR 61 million (2014: EUR 1,497 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 41 million (2014: EUR 277 million). The remaining legal maturity at time of repurchase of these debt securities is between zero and four years.

In the first quarter of 2015 NIBC launched a senior unsecured bond in the institutional market of EUR 500 million. In the second quarter of 2015 a 7 years Pass Through Covered Bond was issued of EUR 500 million.

18 Financial liabilities (amortised cost)

Debt securities in issue related to securitised mortgages and lease receivables

IN EUR MILLIONS	2015	2014
Bonds and notes issued	2,062	3,348
	2,062	3,348

THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES IS AS FOLLOWS:

Three months or less	3	18
Longer than three months but not longer than one year	-	20
Longer than one year but not longer than five years	49	24
Longer than five years	2,010	3,286
	2,062	3,348

THE MOVEMENT IN DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	3,348	3,525
Additions	-	176
Disposals	(1,286)	(353)
BALANCE AT 31 DECEMBER	2,062	3,348

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

IN EUR MILLIONS	2015	2014
Bonds and notes issued	36	35
	36	35

THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS AS FOLLOWS:

Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	36	-
Longer than five years	-	35
	36	35

THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	35	35
Additions	2	1
Disposals	(1)	(6)
Changes in fair value	-	5
BALANCE AT 31 DECEMBER	36	35

The disposals of own debt securities in issue designated at fair value through profit or loss in 2015 and 2014, reflect the redemptions at the scheduled maturity date. The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated with results on financial derivatives.

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

IN EUR MILLIONS	2015	2014
Bonds and notes issued	704	823
	704	823

THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE STRUCTURED IS AS FOLLOWS:

Three months or less	-	11
Longer than three months but not longer than one year	53	40
Longer than one year but not longer than five years	82	143
Longer than five years	569	629
	704	823

THE MOVEMENT IN DEBT SECURITIES IN ISSUE STRUCTURED MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	823	794
Issued	53	28
Disposals	(185)	(123)
Changes in fair value	(76)	49
Exchange differences	89	75
BALANCE AT 31 DECEMBER	704	823

The disposals of debt securities in issue designated at fair value through profit or loss for 2015 include redemptions at the scheduled maturity date to an amount of EUR 178 million (2014: EUR 122 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 6 million (2014: EUR 1 million). The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated with results on financial derivatives.

21 Subordinated liabilities - amortised cost

IN EUR MILLIONS	2015	2014
Subordinated loans other	120	67
	120	67

THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES IS AS FOLLOWS:

One year or less	-	-
Longer than one year but not longer than five years	2	3
Longer than five years but not longer than ten years	50	2
Longer than ten years	68	62
	120	67

THE MOVEMENT IN SUBORDINATED LIABILITIES - AMORTISED COST MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	67	57
Additions	62	5
Disposals	(15)	(1)
Exchange rate differences	6	6
BALANCE AT 31 DECEMBER	120	67

22 Subordinated liabilities - designated at fair value through profit or loss

IN EUR MILLIONS	2015	2014
Non-qualifying as grandfathered additional Tier-1 capital	172	152
Subordinated loans other	108	101
	280	253

THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES IS AS FOLLOWS:

One year or less	17	-
Longer than one year but not longer than five years	1	16
Longer than five years but not longer than ten years	-	-
Longer than ten years	262	237
	280	253

THE MOVEMENT IN SUBORDINATED LIABILITIES - FAIR VALUE MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	253	241
Additions	1	1
Disposals	-	(21)
Changes in fair value	6	12
Exchange rate differences	20	20
BALANCE AT 31 DECEMBER	280	253

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

23 Capital and shares

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

Share capital

IN EUR MILLIONS	2015	2014
Paid-up capital	80	80
	80	80

	2015	2014
THE NUMBER OF AUTHORISED SHARES IS SPECIFIED AS FOLLOWS:		
Number of authorised shares ¹	183,597,500	183,597,500
Number of shares issued and fully paid ²	62,586,794	62,586,794
Par value per A-share	1.28	1.28
Par value per preference share (B,C,D, E1-E3)	1.00	1.00
Par value per preference share (E4)	5.00	5.00

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

² The shares issued and fully paid consist of A-shares.

24 Reclassification financial assets (application of amendments to IAS 39 and IFRS 7)

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

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

Impact reclassification financial assets on comprehensive income

IN EUR MILLIONS	For the period ended 31 December			
	2015		2014	
	After reclassification	Before reclassification	After reclassification	Before reclassification
Net interest income	23	22	27	25
Net trading income	(1)	(1)	(4)	17
Impairment of financial assets	(8)	(6)	(9)	(9)

Impact reclassification financial assets

The following table presents the fair value and carrying value of the financial assets reclassified as of 1 July 2008:

IN EUR MILLIONS	Loan portfolio reclassified from:		Debt investments reclassified from:	
	Available-for-sale category to AC	Held for trading category to AC	Available-for-sale category to AC	Held for trading category to AFS
	Fair value on date of reclassification	778	176	33
Carrying amount as per 31 December 2015	804	107	32	1
Fair value as per 31 December 2015	762	95	31	1
Range of effective interest rates at the date of reclassification ¹	5% - 9%	6% - 17%	5% - 8%	13% - 25%
Contractual expected undiscounted cash flows in EUR	829	302	53	49

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

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

At 31 December 2015						
IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of liabilities set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments collateral	Cash collateral received	
ASSETS						
Derivative financial assets	2,151	-	2,151	-	188	1,963
Reverse repurchase agreements	400	(400)	-	-	-	-
	2,551	(400)	2,151	-	188	1,963

At 31 December 2015						
IN EUR MILLIONS	Gross amount of recognised financial liabilities	Gross amount of assets set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments collateral	Cash collateral pledged	
LIABILITIES						
Derivative financial liabilities	2,350	-	2,350	-	1,128	1,222
Repurchase agreements	496	(400)	96	141	-	(45)
	2,846	(400)	2,446	141	1,128	1,177

At 31 December 2014						
IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of liabilities set off in the balance sheet	Net amount of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments collateral	Cash collateral received	
ASSETS						
Derivative financial assets	2,851	-	2,851	-	268	2,583
Reverse repurchase agreements	400	(400)	-	-	-	-
	3,251	(400)	2,851	-	268	2,583

At 31 December 2014						
IN EUR MILLIONS	Gross amount of recognised financial liabilities	Gross amount of assets set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments collateral	Cash collateral pledged	
LIABILITIES						
Derivative financial liabilities	3,217	-	3,217	-	1,623	1,594
Repurchase agreements	784	(400)	384	415	-	(31)
	4,001	(400)	3,601	415	1,623	1,563

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

26 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 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	2015	2014
CONTRACT AMOUNT		
Committed facilities with respect to corporate loans	1,416	1,537
Committed facilities with respect to residential mortgages	407	373
Capital commitments with respect to equity investments	25	18
Guarantees granted	41	95
Irrevocable letters of credit	12	3
	1,901	2,026

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.

27 Business combinations

Announcement of acquisition of SNS Securities N.V.

On 18 December 2015 NIBC Bank N.V. announced the acquisition of SNS Securities N.V. from SNS Bank N.V. The transaction, for an undisclosed amount, is expected to close in the first half of 2016 subject to approval of regulatory authorities and work councils.

Acquisitions in 2015

In 2015 there were no business combinations.

Acquisitions in 2014

Acquisition of Gallinat-Bank AG

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

Acquisition-related costs

Acquisition related costs of EUR 2 million have been charged to other operating expenses in the consolidated income statement for the period ended 31 December 2014.

The following table summarises the amounts of the assets acquired and liabilities assumed at the acquisition date:

IN EUR MILLION	Fair value recognised on acquisition
Assets	
Cash and cash equivalents	3
Loans	504
Other Assets	1
	<hr/>
	508
Liabilities	
Deposits from customers	403
Debt securities in issue related to securitised receivables	86
Other liabilities	4
	<hr/>
	493
<hr/>	
Total net assets	15

EUR 50 thousand was recognised as goodwill (income) on the acquisition of Gallinat-Bank AG.

Acquired receivables

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

Intangible assets and contingent liabilities

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

Revenue and profit contribution

From the date of acquisition to 31 December 2014 Gallinat-Bank AG contributed a net profit of EUR 4 million to NIBC's results.

If this acquisition had occurred on 1 January 2014, management estimates that the result from this financial company included in the consolidation would have been EUR 3 million profit.

28 Related party transactions

Transactions involving NIBC's shareholders

Significant related party transactions executed in 2015 and 2014 are the following:

At 31 December 2015, NIBC had EUR 392 million of net exposure (assets less liabilities) to its parent and to entities controlled by its parent entity (2014: EUR 208 million). The interest received and paid on this exposure was at arm's length.

In December 2015 and in June 2009, NIBC made two commitments of each USD 10 million to 'Flowers Fund IV' and 'Flowers Fund III' two investment funds managed by an affiliate of J.C. Flowers & Co. At 31 December 2015, the remaining undrawn commitments in these facilities were USD 13 million. Fees paid to NIBC related to these asset management activities were nil for both 2015 and 2014.

Transactions related to associates

As at 31 December 2014, NIBC had EUR 87 million of loans advanced to its associates (2014: EUR 112 million). Apart from arm's length net interest income on these loans, NIBC did not earn fees from these associates in 2015 and 2014.

In June 2007, NIBC launched the NIBC European Infrastructure Fund I, (which was NIBC's first third-party equity fund) with a final close in August 2008. Total commitments to the fund amount to EUR 347 million, of which EUR 247 million is committed by four third-party investors and EUR 100 million by NIBC. The fund invests in infrastructure projects mainly in Western Europe. NIBC reported a gain from its investment in the fund in 2015 of EUR 15 million (2014: gain of EUR 9 million) and earned fees of EUR 3 million (2014: EUR 3 million). In NIBC's financial statements, this fund is classified as an associate at fair value through profit or loss.

In 2015 and 2014, NIBC did not earn advisory fees for services to J.C. Flowers & Co.

Transactions within the group

In May 2015 NIBC obtained control of Vijlma B.V. with a view to resell to NIBC Investments N.V., a 100% subsidiary of NIBC Holding N.V. Subsequently Vijlma B.V. was sold to NIBC Holding on 30 June 2015. NIBC's exposure on the various debt instruments to Vijlma B.V. at 31 December 2015 amounts to EUR 173 million. Consequently these debt instruments were (re)classified into loans and receivables amortised cost to group companies and loans at available-for-sale to group companies. See also note 33 Disposal group held for sale and discontinued operations.

Transactions related to key employees

All transactions with key employees are reported in the tables in note 54 Remuneration of Statutory Board members and Supervisory Board members.

29 Legal proceedings

There were a number of legal proceedings outstanding against NIBC as at 31 December 2015. No material provision has been made as at 31 December 2015, as legal advice indicates that, on the basis of the facts known at present, it is unlikely that any significant loss will arise.

30 Subsequent events

Disposal of subsidiaries (non-financial companies)

On 17 February 2016 NIBC has reached conditional agreement on the sale of a non-financial company, classified under Disposal group held for sale as from 30 September 2015, to a third party. The sale is subject to a number of conditions precedent which have not been fulfilled yet.

The Hague, 9 March 2016

Managing Board

Paulus de Wilt, *Chief Executive Officer, Chairman*

Herman Dijkhuizen, *Chief Financial Officer*

Rob ten Heggeler, *Chief Client Officer*

Petra van Hoeken, *Chief Risk Officer*

Disclaimer

Presentation of information

The Annual Accounts of NIBC Bank N.V. ('NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Title 9 of Book 2 of The Netherlands Civil Code. In preparing the financial information in this condensed consolidated financial report (NIBC Bank N.V.) for the year ended 31 December 2015 (the 'Financial Report'), the same accounting principles are applied as in the 2014 NIBC's Annual Accounts, save for any change described in the paragraph 'General information and Basis of preparation'. All 2015 figures in this Financial Report have not been subject to audit or review. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

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

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