



Condensed consolidated interim financial report
for the six months period ended 30 June 2016

NIBC Holding N.V.
30 August 2016

Reviewed

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Review report

Condensed consolidated income statement

for the six months period ended 30 June 2016

IN EUR MILLIONS	NOTE	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Net interest income		142	139
Net fee and commission income		11	16
Investment income	2	-	9
Net trading income	3	3	(6)
Other operating income	4	26	11
OPERATING INCOME		182	169
Personnel expenses	5	44	49
Other operating expenses		39	43
Depreciation and amortisation		4	5
Regulatory charges and levies	6	9	-
OPERATING EXPENSES		96	97
Impairments of financial assets	7	34	23
Impairments of non-financial assets	7	3	3
TOTAL EXPENSES		133	123
PROFIT BEFORE TAX		49	46
Tax	8	5	13
PROFIT AFTER TAX		44	33
Result attributable to non-controlling interests		-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDERS		44	33

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

Consolidated statement of comprehensive income

for the six months period ended 30 June 2016

IN EUR MILLIONS	For the period ended 30-Jun-16			For the period ended 30-Jun-15		
	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
PROFIT FOR THE PERIOD	49	5	44	46	13	33
OTHER COMPREHENSIVE INCOME						
ITEMS THAT MAY BE RECLASSIFIED						
SUBSEQUENTLY TO PROFIT OR LOSS						
Net result on hedging instruments	20	5	15	(20)	(5)	(15)
Revaluation of equity investments	(4)	(1)	(3)	6	1	5
Revaluation of debt investments	(6)	(1)	(5)	(2)	(1)	(1)
TOTAL OTHER COMPREHENSIVE INCOME	10	3	7	(16)	(5)	(11)
TOTAL COMPREHENSIVE INCOME	59	8	51	30	8	22
TOTAL COMPREHENSIVE INCOME						
ATTRIBUTABLE TO						
Parent shareholders	56	8	48	30	8	22
Non-controlling interests	3	-	3	-	-	-
TOTAL COMPREHENSIVE INCOME	59	8	51	30	8	22

Consolidated balance sheet

at 30 June 2016

IN EUR MILLIONS	NOTE	30-Jun-16	31-Dec-15
Assets			
FINANCIAL ASSETS AT AMORTISED COST			
Cash and balances with central banks		1,412	746
Due from other banks		1,640	1,766
Loans and receivables			
Loans	9	7,536	7,294
Debt investments	10	306	294
Residential mortgages own book	11	2,852	2,390
FINANCIAL ASSETS AVAILABLE-FOR-SALE			
Equity investments		40	48
Debt investments	12	957	1,064
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Loans	13	288	316
Residential mortgages own book	14	4,272	3,954
Securitised residential mortgages	15	1,638	2,236
Debt investments	16	88	19
Equity investments (including investments in associates)		218	222
Derivative financial assets		2,338	2,141
OTHER			
Investments in associates (equity method)		7	7
Intangible assets		3	-
Property, plant and equipment		47	49
Investment property	17	251	251
Other assets		45	47
Assets held for sale	18	-	71
Deferred tax		49	51
TOTAL ASSETS		23,987	22,966

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

Consolidated balance sheet

at 30 June 2016

IN EUR MILLIONS	NOTE	30-Jun-16	31-Dec-15
Liabilities and equity			
FINANCIAL LIABILITIES AT AMORTISED COST			
Due to other banks		930	829
Deposits from customers		12,160	11,559
Own debt securities in issue	19	3,851	3,050
Debt securities in issue related to securitised mortgages and lease receivables	20	1,480	2,062
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Borrowings	21	77	77
Own debt securities in issue and debt securities in issue structured	22	784	740
Derivative financial liabilities		2,432	2,356
OTHER FINANCIAL LIABILITIES			
Other liabilities		91	110
Current tax		-	1
Deferred tax		4	1
Employee benefits		3	4
SUBORDINATED LIABILITIES			
Amortised cost	23	118	120
Fair value through profit or loss	24	268	280
OTHER			
Liabilities held for sale	18	-	42
TOTAL LIABILITIES		22,198	21,231
SHAREHOLDERS' EQUITY			
Share capital	25	1,408	1,408
Other reserves		592	585
Retained earnings		(258)	(328)
Net profit attributable to parent shareholders		44	70
TOTAL PARENT SHAREHOLDERS' EQUITY		1,786	1,735
Non-controlling interests		3	-
TOTAL SHAREHOLDERS' EQUITY		1,789	1,735
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		23,987	22,966

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

Consolidated statement of changes in shareholders' equity

IN EUR MILLIONS	Attributable to parent shareholders				Distribu- tion charged to net profit	Total	Non- control- ling interests	Total share- holders' equity
	Share capital	Other reserves ¹	Retained earnings	Net profit				
BALANCE AT 1 JANUARY 2015	1,408	603	(231)	(97)	-	1,683	-	1,683
Transfer of net profit 2014 to retained earnings	-	-	(97)	97	-	-	-	-
Total comprehensive income for the period ended 30 June 2015	-	(11)	-	33	-	22	-	22
BALANCE AT 30 JUNE 2015	1,408	592	(328)	33	-	1,705	-	1,705

IN EUR MILLIONS	Attributable to parent shareholders				Distribu- tion charged to net profit	Total	Non- control- ling interests	Total share- holders' equity
	Share capital	Other reserves ¹	Retained earnings	Net result				
BALANCE AT 1 JANUARY 2016	1,408	585	(328)	70	-	1,735	-	1,735
Transfer of net profit 2015 to retained earnings	-	-	70	(70)	-	-	-	-
Total comprehensive income for the period ended 30 June 2016	-	7	-	44	-	51	3	54
BALANCE AT 30 JUNE 2016	1,408	592	(258)	44	-	1,786	3	1,789

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

Condensed consolidated statement of cash flows

for the six months period ended 30 June 2016

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Cash flows from operating activities	(288)	59
Cash flows from investing activities	(4)	(415)
Cash flows from financing activities	832	1,060
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	540	704
CASH AND CASH EQUIVALENTS AT 1 JANUARY	1,244	1,021
Net increase in cash and cash equivalents	540	704
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,784	1,725
RECONCILIATION OF CASH AND CASH EQUIVALENTS¹:		
Cash and balances with central banks	1,269	1,014
Due from other banks (maturity three months or less)	515	711
	1,784	1,725

¹ The difference between the cash and cash equivalents as included in the previous table and the cash and balances with central banks as included in the interim consolidated balance sheet represents cash and cash equivalents not receivable on demand and cash collateral placements posted under CSA agreements.

Accounting policies

Corporate information

NIBC Holding N.V., together with its subsidiaries (**NIBC Holding or the group**), is incorporated and domiciled in the Netherlands.

The ultimate controlling company is New NIB Limited, a company incorporated in Ireland. NIBC Holding serves as direct or indirect holding company for NIBC Holding's subsidiaries.

NIBC Holding is an enterprising bank offering corporate and consumer banking services. Our Corporate Banking activities offer corporate finance & capital markets, financing and investing in a number of chosen sectors: Food, Agri, Retail & Health; Commercial Real Estate; Industries & Manufacturing; Infrastructure & Renewables; Oil & Gas Services; Shipping & Intermodal; and Telecom, Media, Technology & Services. Our expertise spans debt and equity mezzanine, mergers & acquisitions, capitalisation advisory, leveraged finance, structured finance, capital market solutions, equity and fixed income brokerage and research and execution services for independent asset managers. 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 Holding also has offices in Frankfurt, Amsterdam, London and Brussels.

Basis of preparation

The condensed consolidated interim financial report for the period ended 30 June 2016 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

This condensed consolidated interim financial report was approved by the Managing Board on 30 August 2016 and is published including a review report by the external auditor.

This condensed consolidated interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with NIBC Holding's consolidated financial statements for the year ended 31 December 2015, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (together IFRS-EU).

The accounting policies used in this condensed consolidated interim financial report is consistent with those set out in the notes to the 2015 consolidated financial statements of NIBC Holding, except for the changes in accounting policies described below. NIBC's consolidated financial statements for 2015 is available on NIBC Holding's website.

Where considered necessary comparative figures have been adjusted to conform to changes in presentation in the current year. Unless otherwise stated, all amounts are stated in millions of EUR.

Certain amounts recorded in the condensed consolidated interim financial information reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

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

In the second half year of 2015, NIBC Holding has changed the presentation of servicing costs 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 for the first half year of 2015 amounts to EUR 9 million and is considered to be more in line with market practice in the financial industry. The 2015 figures included in the condensed consolidated interim financial report and related notes have been adjusted to reflect the above mentioned change.

Changes in IFRS-EU effective in 2016

The following new or revised standards and interpretations and amendments to standards and interpretations became effective in 2016. Note that only the amendments to IFRSs that are relevant for NIBC Holding are discussed below.

- Annual Improvements 2012-2014 Cycle

This cycle of improvements contains amendments to four standards of which 2 are relevant for NIBC Holding. These are IFRS 7 Financial Instruments: Disclosures: 'Continuing Involvement' for Servicing Contracts and Offsetting Disclosures in Condensed Interim Financial Statements, IAS 34 Interim Financial Reporting: Disclosure of Information 'Elsewhere in the Interim Financial Report'. These amendments do not have any impact on NIBC Holding.

- Amendments to IAS 1: Disclosure Initiative

This amendment is part of the Disclosure Initiative of the IASB. A portfolio of projects with the objective to improve the effectiveness of disclosures in financial statements. The amendments to IAS 1 are a further clarification of concepts such as aggregation, materiality, and understandability and comparability of information. These amendments do not have any impact on NIBC Holding.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These amendments do not have any impact to NIBC Holding.

- Amendments to IAS 27: Equity Method in Separate Financial Statements

The objective of this amendment is to include the option to use the equity method of accounting in separate financial statements. Since NIBC Holding values participating interests in group companies at net asset value in accordance with Book 2, title 9 of the Dutch Civil Code option 3 in the statutory financial statements, this amendment has no impact.

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. These amendments do not have any impact on NIBC Holding as there has been no interest acquired in a joint operation during the period.

Upcoming changes in IFRS-EU after 2016

The most significant upcoming changes to IFRS-EU, comprise IFRS 9 'Financial instruments', IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases'.

- IFRS 16 'Leases'

IFRS 16 'Leases' (**IFRS 16**) becomes effective as of 2019, subject to endorsement by the EU. IFRS 16 requires lessees to recognise most leases on their balance sheets.

For further information on IFRS 9 and IFRS 15, reference is made to section 'Accounting policies, Upcoming changes after 2015' in the 2015 consolidated financial statements of NIBC Holding.

These standards have not yet been endorsed by the EU. NIBC Holding is currently assessing the impact of these standards.

Notes to the condensed consolidated interim financial report

1. Segment report

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

The Managing Board is the group's chief operating decision-maker. Based on the information reported to the chief operating decision-maker for the allocation of resources and performance of the business, NIBC Holding Bank as a whole is identified as a single operating segment

The following table presents the results of the single operating segment, being NIBC Holding, including a reconciliation to the consolidated results under IFRS for the years ended 30 June 2016 and 30 June 2015.

IN EUR MILLIONS	Internal management report operating segment NIBC Holding				Total (consolidated financial statements)	
	Consolidation effects ¹					
	For the six months ended 30 June					
	2016	2015	2016	2015	2016	2015
Net interest income	150	139	(8)	-	142	139
Net fee and commission income	11	16	-	-	11	16
Investment income	1	6	-	3	-	9
Net trading income	(4)	(6)	7	-	3	(6)
Other operating income	22	-	4	-	26	11
OPERATING INCOME	180	155	2	14	182	169
Personnel expenses	44	45	-	4	44	49
Other operating expenses	50	41	3	7	52	48
OPERATING EXPENSES	94	86	3	11	96	97
Impairments of financial assets	34	23	-	-	34	23
Impairments of non-financial assets	3	-	-	3	3	3
TOTAL EXPENSES	131	110	3	14	133	123
PROFIT BEFORE TAX	49	46	-	-	49	46
Tax	5	12	-	-	5	13
PROFIT AFTER TAX	44	33	-	-	44	33
Result attributable to non-controlling interests	-	-	-	-	-	-
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER	44	33	-	-	44	33
Average allocated economic capital	978	1,078	-	-	978	1,078
Average unallocated capital	824	403	-	-	824	403
	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15	30-Jun-16	31-Dec-15
Segment assets	23,718	22,690	269	276	23,987	22,966
Segment liabilities	21,929	20,954	269	277	22,198	21,231

¹ The items displayed under 'consolidation effects' refer to the non-financial companies over which NIBC Holding has control. IFRS requires NIBC Holding to consolidate these entities. The internal management report differs from this, as the investments in these entities are non-strategic and the activities of these entities are non-financial. Therefore, in the income statement of NIBC Holding, only NIBC Holding's share in the net result of these entities is included in the line-item 'investment income'. Subsequently, under 'consolidation effects' this is eliminated and replaced by the figures of these entities used in the consolidated financial statements.

2. Investment income

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
EQUITY INVESTMENTS		
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)		
Net gain/(losses) on disposal	-	4
Impairment losses equity investments	-	(5)
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)		
Gains less losses from associates	8	12
Gains less losses from other equity investments	(7)	(3)
	<u>1</u>	<u>8</u>
DEBT INVESTMENTS		
GAINS LESS LOSSES FROM DEBT INVESTMENTS (AVAILABLE-FOR-SALE)		
	(1)	-
	<u>(1)</u>	<u>-</u>
SHARE IN RESULT OF ASSOCIATES		
	-	1
	-	<u>9</u>

Impairment losses relating to debt investments (available-for-sale) are presented under impairments of financial assets (see note 7 Impairments of financial and non-financial assets).

3. Net trading income

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Assets and liabilities designated at fair value through profit or loss (including related derivatives)	-	(8)
Assets and liabilities held for trading	1	3
Other net trading income	2	(1)
	<u>3</u>	<u>(6)</u>

Total net trading income in the first six months period ended 30 June 2016 and 30 June 2015 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.

4. Other operating income

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Badwill	22	-
Other	4	11
	<u>26</u>	<u>11</u>

Badwill for an amount of EUR 22 million is recognised following the acquisition of SNS Securities N.V. on 30 June 2016. For further details see note 30 Business combinations and divestments.

5. Personnel expenses

The number of Full Time Equivalents (FTEs) (excluding FTEs of non-financial companies included in the consolidation) increased from 644 at 31 December 2015 to 708 at 30 June 2016. The FTE-increase is caused by the acquisition of SNS Securities N.V. at 30 June 2016.

6. Regulatory charges and levies

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
Resolution levy	4	-
Deposit Guarantee Scheme	5	-
	<u>9</u>	<u>-</u>

7. Impairments of financial and non-financial assets

Financial assets		
IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
IMPAIRMENTS		
Loans classified at amortised cost	35	28
Debt investments classified at amortised cost	-	15
Debt investments classified available-for-sale	-	-
Residential mortgages own book classified at amortised cost	-	-
	35	43
REVERSALS OF IMPAIRMENTS		
Loans classified at amortised cost	(1)	(20)
Debt investments classified at amortised cost	-	-
Debt investments classified available-for-sale	-	-
Residential mortgages own book classified at amortised cost	-	-
	(1)	(20)
Other	-	-
	34	23

Non-financial assets

In the first half year of 2016, an impairment of EUR 3 million is recognised on intangible assets due to the sale of NIBC Holding's non-financial company Olympia Nederland Holding B.V. (Olympia) in June 2016, classified as Disposal group held for sale as per 31 December 2015 (see note 18 Disposal group held for sale and discontinued operations). In the first half year of 2015, customer relationships related to Olympia were fully impaired for an amount of EUR 3 million due to change in market conditions and related client focus.

8. Tax

IN EUR MILLIONS	For the period ended 30-Jun-16	For the period ended 30-Jun-15
TAX RECONCILIATION:		
PROFIT BEFORE TAX	49	46
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2015: 25.0%)	12	12
Impact of income not subject to tax	(7)	1
Effect of different tax rates other countries	1	-
Adjustment deferred tax position	(1)	-
	5	13

The impact of income not subject to tax mainly relates to income from equity investments and investments in associates, in which NIBC Holding 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.

The effective tax rate for the period ended 30 June 2016 was 9.6% (for the period ended 30 June 2015: 27.4%). This reported effective tax rate is significantly influenced by a one-off tax exempt gain of EUR 22 million as a result of the badwill related to the acquisition of SNS Securities N.V.. As such effect is not expected in the second half of 2016, the effective tax rate for the full year is expected to be higher than currently reported.

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

Loans

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Loans	7,536	7,294
	7,536	7,294
LEGAL MATURITY ANALYSIS OF LOANS:		
Three months or less	186	102
Longer than three months but not longer than one year	770	699
Longer than one year but not longer than five years	4,400	4,147
Longer than five years	2,180	2,346
	7,536	7,294

IN EUR MILLIONS	2016	2015
MOVEMENT SCHEDULE OF LOANS:		
BALANCE AT 1 JANUARY	7,294	6,994
Additions	1,852	2,041
Disposals	(1,509)	(2,045)
Other (including exchange rate differences)	(101)	304
BALANCE AT 30 JUNE / 31 DECEMBER	7,536	7,294

IN EUR MILLIONS	2016	2015
MOVEMENT SCHEDULE OF IMPAIRMENT LOSSES ON LOANS:		
BALANCE AT 1 JANUARY	140	170
Additional allowances	35	72
Write-offs / disposals	(17)	(51)
Amounts released	(1)	(25)
Unwinding of discount adjustment	(5)	(5)
Other (including exchange rate differences)	1	(21)
BALANCE AT 30 JUNE / 31 DECEMBER	153	140

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

Debt investments

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Debt investments	306	294
	306	294
LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS:		
Three months or less	-	-
Longer than three months but not longer than one year	159	20
Longer than one year but not longer than five years	117	146
Longer than five years	30	128
	306	294

IN EUR MILLIONS	2016	2015
MOVEMENT SCHEDULE OF DEBT INVESTMENTS:		
BALANCE AT 1 JANUARY	294	359
Additions	30	8
Disposals	(15)	(65)
Other (including exchange rate differences)	(3)	(8)
BALANCE AT 30 JUNE / 31 DECEMBER	306	294

In the first six months of 2016 there was no additional impairment on the debt investments at amortised cost (first six months of 2015: impairment of EUR 15 million).

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Loans	2,852	2,390
	2,852	2,390

LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK:

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	2,851	2,389
	2,852	2,390

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF RESIDENTIAL MORTGAGES OWN BOOK:

BALANCE AT 1 JANUARY	2,390	1,078
Additions	515	1,368
Disposals	(53)	(56)
Other (including exchange rate differences)	-	-
BALANCE AT 30 JUNE / 31 DECEMBER	2,852	2,390

The maximum credit exposure including committed but undrawn facilities was EUR 3,152 million at 30 June 2016 (31 December 2015: EUR 2,791 million).

The total impairments on residential mortgages own book at amortised cost at 30 June 2016 were EUR 1 million (first six months of 2015: nil).

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Debt investments	957	1,064
	957	1,064

LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS:

Three months or less	17	21
Longer than three months but not longer than one year	68	79
Longer than one year but not longer than five years	233	272
Longer than five years	639	692
	957	1,064

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF DEBT INVESTMENTS:

BALANCE AT 1 JANUARY	1,064	945
Additions	166	680
Disposals	(267)	(574)
Other (including exchange rate differences)	(6)	13
BALANCE AT 30 JUNE / 31 DECEMBER	957	1,064

In the first six months of 2016 and 2015, there were no additional impairments on debt investments available-for-sale.

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

Loans

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Loans	288	316
	288	316

LEGAL MATURITY ANALYSIS OF LOANS:

Three months or less	-	-
Longer than three months but not longer than one year	1	-
Longer than one year but not longer than five years	63	63
Longer than five years	224	253
	288	316

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF LOANS:

BALANCE AT 1 JANUARY	316	374
Additions	8	-
Disposals	(17)	(70)
Other (including exchange rate differences)	(19)	12
BALANCE AT 30 JUNE / 31 DECEMBER	288	316

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

Residential mortgages own book

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Residential mortgages own book	4,272	3,954
	4,272	3,954

LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK:

Three months or less	10	10
Longer than three months but not longer than one year	7	5
Longer than one year but not longer than five years	94	86
Longer than five years	4,161	3,853
	4,272	3,954

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF RESIDENTIAL MORTGAGES OWN BOOK:

BALANCE AT 1 JANUARY	3,954	3,342
Additions (including transfers from consolidated SPEs)	479	1,010
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(239)	(427)
Other (including exchange rate differences)	78	29
BALANCE AT 30 JUNE / 31 DECEMBER	4,272	3,954

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

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

The maximum credit exposure including committed but undrawn facilities was EUR 4,272 million (31 December 2015: EUR 3,955 million).

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Securitised residential mortgages	1,638	2,236
	1,638	2,236

LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES:

Three months or less	1	1
Longer than three months but not longer than one year	2	3
Longer than one year but not longer than five years	16	28
Longer than five years	1,619	2,204
	1,638	2,236

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF SECURITISED RESIDENTIAL MORTGAGES:

BALANCE AT 1 JANUARY	2,236	3,638
Additions	-	-
Disposals (sale and/or redemption including transfers to own book)	(565)	(1,281)
Other (including exchange rate differences)	(33)	(121)
BALANCE AT 30 JUNE / 31 DECEMBER	1,638	2,236

At 30 June 2016 the balance sheet 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 501 million debit (31 December 2015: EUR 455 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 2016 included in the balance sheet amount relating to the movement in credit spreads on residential mortgages own book (see note 14 Residential mortgages own book) and securitised residential mortgages amounted to EUR 3 million debit at 30 June 2016 (30 June 2015: EUR 34 million debit), being an increase in the carrying amount.

The carrying amount includes a EUR 188 million credit (31 December 2015: EUR 187 million credit) related to mortgage savings amounts.

The maximum credit exposure was EUR 1,638 million at 30 June 2016 (31 December 2015: EUR 2,236 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 137 million (31 December 2015: EUR 187 million) of notes issued by the SPEs and reserve accounts amounted to EUR 11 million (31 December 2015: EUR 15 million).

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Held for trading	88	12
Designated at fair value through profit or loss	-	7
	88	19

All debt investments are non-government counterparties and unlisted.

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF DEBT INVESTMENTS:

BALANCE AT 1 JANUARY	19	37
Additions	79	-
Disposals	(4)	(17)
Other (including exchange rate differences)	(6)	(1)
BALANCE AT 30 JUNE / 31 DECEMBER	88	19

17. Investment property

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Investment property	251	251
	251	251

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF INVESTMENT PROPERTY:

BALANCE AT 1 JANUARY	251	-
Additions	-	397
Disposals	-	(146)
Changes in fair value	-	-
BALANCE AT 30 JUNE / 31 DECEMBER	251	251

In 2015 NIBC Holding acquired Vijlma B.V., a group company that invests in real estate assets located in cities across Germany. See note 30 Business combinations and divestments for further information with respect to the acquisition of Vijlma B.V.

Valuation techniques underlying management's estimation of fair value.

The fair value of the investment property has been determined using internal and external valuations. The valuation of the properties is based on a combination of an Income Approach and a Market Approach. These two approaches provide a bandwidth of the value of the properties on the balance sheet. The final valuation is based on the average of the two methods.

Sensitivity analyses

The sensitivity of the fair value of unsold investment properties varies between plus and minus EUR 13 million in case the valuation differs positively or negatively by 5%.

18. Disposal group held for sale

As per 30 June 2016 there are no assets or liabilities classified as disposal group held for sale or as discontinued operations.

Disposal group held for sale in 2015 and closed in the first half year of 2016

In September 2015, NIBC Holding committed to a plan to sell its non-financial company Olympia Nederland Holding B.V. (Olympia) and was consequently classified as a Disposal group held for sale. In February 2016 NIBC reached an agreement on the sale of Olympia to a third party. For further details see note 30 Business combinations and divestments.

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	3,851	3,050
	3,851	3,050

LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE:

Three months or less	18	67
Longer than three months but not longer than one year	247	285
Longer than one year but not longer than five years	2,008	1,589
Longer than five years	1,578	1,109
	3,851	3,050

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF OWN DEBT SECURITIES IN ISSUE:

BALANCE AT 1 JANUARY	3,050	2,064
Additions	1,034	1,038
Disposals	(177)	(103)
Other (including exchange rate differences)	(56)	51
BALANCE AT 30 JUNE / 31 DECEMBER	3,851	3,050

In the first half year of 2016 a ten years conditional pass through covered bond of EUR 500 million and a senior unsecured bond of EUR 300 million was issued. In the first half year of 2015 NIBC issued a senior unsecured bond of EUR 500 million and a seven years conditional pass through covered bond of EUR 500 million.

The disposals of own debt securities in issue at amortised cost for 2016 include redemptions at the scheduled maturity date to an amount of EUR 167 million (2015: EUR 61 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 10 million (2015: EUR 41 million). The remaining legal maturity at time of repurchase of these debt securities is between zero and four years.

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	1,480	2,062
	1,480	2,062

LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES AND LEASE RECEIVABLES:

Three months or less	2	3
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	49	49
Longer than five years	1,429	2,010
	1,480	2,062

IN EUR MILLIONS	2016	2015
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MOVEMENT SCHEDULE OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES AND LEASE RECEIVABLES:

BALANCE AT 1 JANUARY	2,062	3,348
Additions	-	-
Disposals	(582)	(1,286)
Other (including exchange rate differences)	-	-
BALANCE AT 30 JUNE / 31 DECEMBER	1,480	2,062

**21. Financial liabilities (designated at fair value through profit or loss)
Borrowings**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	77	77
	77	77
LEGAL MATURITY ANALYSIS OF BORROWINGS:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	77	77
Longer than five years	-	-
	77	77
IN EUR MILLIONS		
	2016	2015
MOVEMENT SCHEDULE OF BORROWINGS:		
BALANCE AT 1 JANUARY	77	-
Additions	2	77
Disposals	-	-
Other (including exchange rate differences)	(2)	-
BALANCE AT 30 JUNE / 31 DECEMBER	77	77

**22. Financial liabilities (designated at fair value through profit or loss)
Own debt securities in issue and debt securities in issue structured**

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Bonds and notes issued	784	740
	784	740
LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE AND DEBT SECURITIES IN ISSUE STRUCTURED:		
Three months or less	-	-
Longer than three months but not longer than one year	42	53
Longer than one year but not longer than five years	145	118
Longer than five years	597	569
	784	740
IN EUR MILLIONS		
	2016	2015
MOVEMENT SCHEDULE OF OWN DEBT SECURITIES IN ISSUE AND DEBT SECURITIES IN ISSUE STRUCTURED:		
BALANCE AT 1 JANUARY	740	858
Additions	39	53
Disposals	(37)	(157)
Other (including exchange rate differences)	42	(14)
BALANCE AT 30 JUNE / 31 DECEMBER	784	740

The disposals of debt securities in issue designated at fair value through profit or loss for 2016 include redemptions at the scheduled maturity date to an amount of EUR 37 million (2015: EUR 151 million) and repurchases of debt securities before the legal maturity date to an amount of nil (2015: EUR 6 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.

The portion of fair value changes during the first half 2016 attributable to the movement in credit spreads resulted in a loss of EUR 7 million (first half of 2015: loss of EUR 9 million). In the first half of 2016 and 2015, no results were realised on the repurchase of liabilities with respect to this balance sheet item.

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 740 million at 30 June 2016 (31 December 2015: EUR 744 million).

23. Subordinated liabilities - amortised cost

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Subordinated loans other	118	120
	118	120
LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES:		
One year or less	-	-
Longer than one year but not longer than five years	2	2
Longer than five years but not longer than ten years	50	50
Longer than ten years	66	68
	118	120
IN EUR MILLIONS		
	2016	2015
MOVEMENT SCHEDULE OF SUBORDINATED LIABILITIES:		
BALANCE AT 1 JANUARY	120	67
Additions	-	62
Disposals	(1)	(15)
Other (including exchange rate differences)	(1)	6
BALANCE AT 30 JUNE / 31 DECEMBER	118	120

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

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Non-qualifying as grandfathered additional Tier-1 capital	-	172
Subordinated loans other	268	108
	268	280
LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES:		
One year or less	1	17
Longer than one year but not longer than five years	-	1
Longer than five years but not longer than ten years	-	-
Longer than ten years	267	262
	268	280
IN EUR MILLIONS		
	2016	2015
MOVEMENT SCHEDULE OF SUBORDINATED LIABILITIES:		
BALANCE AT 1 JANUARY	280	253
Additions	-	1
Disposals	(17)	-
Other (including exchange rate differences)	5	26
BALANCE AT 30 JUNE / 31 DECEMBER	268	280

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

25. Capital and shares

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

Share capital

IN EUR MILLIONS	30-Jun-16	31-Dec-15
Paid-up capital	1,408	1,408
	1,408	1,408
	30-Jun-16	31-Dec-15
THE NUMBER OF AUTHORISED SHARES:		
Number of authorised shares	500,000,000	500,000,000
Number of shares issued and fully paid	147,513,369	147,513,369
Par value per A-share	1.00	1.00
RECONCILIATION OF NUMBER OF SHARES OUTSTANDING:		
BALANCE AT 1 JANUARY	145,993,810.00	146,323,810.00
Shared issued	-	(330,000)
BALANCE AT 30 JUNE / 31 DECEMBER	145,993,810.00	145,993,810.00

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

As of 1 July 2008, NIBC Holding 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 Holding 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 Holding reclassified financial assets from held for trading and available-for-sale to loans and receivables. At the date of reclassification NIBC Holding 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	30-Jun-16		31-Dec-15	
	After reclassification	Before reclassification	After reclassification	Before reclassification
Net interest income	1	1	23	22
Net trading income	-	(2)	(1)	(1)
Impairment of financial assets	-	-	(8)	(6)

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 investment 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	639	15	33	166
Carrying amount as per 30 June 2016	668	1	32	96
Fair value as per 30 June 2016	630	1	31	81
Range of effective interest rates at the date of reclassification ¹	5% - 9%	5% - 13%	5% - 9%	13% - 23%
Expected undiscounted recoverable cashflows EUR	678	263	53	34

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

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

At 30 June 2016						
IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of recognised financial 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	2,338	-	2,338	-	226	2,112
Reverse repurchase agreements	-	-	-	-	-	-
	2,338	-	2,338	-	226	2,112

At 30 June 2016						
IN EUR MILLIONS	Gross amount of recognised financial liabilities	Gross amount of recognised financial assets set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		Net amount
				Financial instruments collateral	Cash collateral pledged	
LIABILITIES						
Derivative financial liabilities	2,432	-	2,432	-	1,098	1,334
Repurchase agreements	-	-	-	-	-	-
	2,432	-	2,432	-	1,098	1,334

At 31 December 2015						
IN EUR MILLIONS	Gross amount of recognised financial assets	Gross amount of recognised financial 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 recognised financial 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

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

28. Fair value of financial instruments

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

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

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

Fair value of financial instruments at 30 June 2016

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-16
FINANCIAL ASSETS AVAILABLE-FOR-SALE				
Equity investments (unlisted)	-	-	40	40
Debt investments	-	948	9	957
	-	948	9	957
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	-	274	14	288
Residential mortgages own book	-	-	4,272	4,272
Securitised residential mortgages	-	-	1,638	1,638
Debt investments	-	88	-	88
Equity investments (including investments in associates)	-	-	218	218
Derivative financial assets	-	2,338	-	2,338
	-	2,700	6,142	8,842
	-	3,648	6,151	9,799

IN EUR MILLIONS	Level 1	Level 2	Level 3	30-Jun-16
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Borrowings	-	77	-	77
Own debt securities in issue and debt securities in issue structured	-	784	-	784
Derivative financial liabilities	-	2,432	-	2,432
Subordinated liabilities	-	268	-	268
	-	3,561	-	3,561

Fair value of financial instruments at 31 December 2015

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-15
FINANCIAL ASSETS AVAILABLE-FOR-SALE				
Equity investments (unlisted)	-	-	48	48
Debt investments	-	1,052	12	1,064
	-	1,052	60	1,112
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	-	302	14	316
Residential mortgages own book	-	-	3,954	3,954
Securitised residential mortgages	-	-	2,236	2,236
Debt investments	-	19	-	19
Equity investments (including investments in associates)	-	-	222	222
Derivative financial assets	-	2,141	-	2,141
	-	2,462	6,426	8,888
	-	3,514	6,486	10,000

IN EUR MILLIONS	Level 1	Level 2	Level 3	31-Dec-15
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Borrowings	-	77	-	77
Own debt securities in issue and debt securities in issue structured	-	740	-	740
Derivative financial liabilities	-	2,356	-	2,356
Subordinated liabilities	-	280	-	280
	-	3,453	-	3,453

Transfers between levels 1, 2 and 3

During the six months ended 30 June 2016 and 2015, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurements. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Financial instruments recorded at fair value

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

Financial assets available-for-sale

Debt investments - level 2

For the determination of fair value at 30 June 2016, NIBC Holding used market-observable prices (including broker quotes), interest rates and credit spreads derived from market-verifiable data. NIBC Holding has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Debt investments - level 3

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

Equity investments (unlisted) - level 3

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

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

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

Financial assets at fair value through profit or loss

Loans - level 2

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

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

Debt investments - level 2

For the determination of fair value at 30 June 2016, NIBC Holding applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC Holding has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

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

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

Residential mortgages (own book and securitised) - level 3

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

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

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

Equity investments (including investments in associates) - level 3

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

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

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

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

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

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

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

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

Level 3 fair value measurements

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 2015	Total gains/ (losses) recorded in the income statement	Total gains/ (losses) recorded in equity	Purchases	Sales	Settle- ments	Transfers from level 1 and level 2	At December 2015	
AVAILABLE-FOR-SALE FINANCIAL ASSETS									
Equity investments	53	5	2	-	(12)	-	-	48	
Debt investments	15	-	-	-	(3)	-	-	12	
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)									
Loans	-	-	-	-	-	-	14	14	
Residential mortgages own book	3,342	30	-	1,009	-	(427)	-	3,954	
Securitised residential mortgages	3,638	(121)	-	-	(1,281)	-	-	2,236	
Equity investments (including investments in associates)	276	24	-	27	(105)	-	-	222	
	7,324	(62)	2	1,036	(1,401)	(427)	14	6,486	

IN EUR MILLIONS	At 1 January 2016	Total gains/ (losses) recorded in the income statement ¹	Total gains/ (losses) recorded in equity	Purchases	Sales	Settle- ments	Transfers from level 1 and level 2	At 30 June 2016
AVAILABLE-FOR-SALE FINANCIAL ASSETS								
Equity investments	48	(1)	(4)	-	(3)	-	-	40
Debt investments	12	-	(3)	-	-	-	-	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)								
Loans	14	-	-	-	-	-	-	14
Residential mortgages own book	3,954	78	-	479	-	(239)	-	4,272
Securitised residential mortgages	2,236	(33)	-	-	(565)	-	-	1,638
Equity investments (including investments in associates)	222	(7)	-	24	(21)	-	-	218
	6,486	37	(7)	503	(589)	(239)	-	6,191

¹ Including FX movements and dividend

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

IN EUR MILLIONS	For the period ended			
	30-Jun-16	31-Dec-15		
	Gains less losses from financial assets recognised in the income statement	Revaluation of equity investments included in the other comprehensive income	Gains less losses from financial assets recognised in the income statement	Revaluation of equity investments included in the other comprehensive income
FINANCIAL ASSETS AVAILABLE-FOR-SALE				
Equity investments (unlisted)	-	(4)	2	2
Debt investments	-	(3)	-	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Equity investments (including investments in associates)	(1)	-	20	-
	(1)	(7)	22	2

The unrealised gains or (losses) included in the profit or loss of equity investments (unlisted) categorised on level 3 amounted to EUR 14 million.

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

IN EUR MILLIONS	30-Jun-16		31-Dec-15	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
FINANCIAL ASSETS AVAILABLE-FOR-SALE				
Equity investments (unlisted)	40	2	48	2
Debt investments	9	-	12	1
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)				
Loans	14	-	14	-
Residential mortgages own book	4,272	15	3,954	12
Securitised residential mortgages	1,638	4	2,236	6
Equity investments (including investments in associates)	217	11	222	11

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

- 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 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; and
- For the residential mortgages classified at fair value through profit or loss (both those NIBC holds on its own book and those NIBC has securitised), NIBC adjusted the discount spread with 10bp as a reasonably possible alternative outcome.

In the first six months of 2016, there were no significant changes in the business or economic circumstances that affect the fair value of the NIBC Holding's financial assets and liabilities.

In the first six months of 2016 there were no reclassifications of financial assets.

Fair value information on financial instruments not measured at fair value

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

IN EUR MILLIONS	Fair value information at 30 June 2016				
	Level 1	Level 2	Level 3	Carrying value	Fair value
FINANCIAL ASSETS AT AMORTISED COST¹					
Loans	-	7,470	-	7,470	7,513
Debt investments	-	306	-	306	279
Residential mortgages own book	-	-	2,852	2,852	3,120
FINANCIAL LIABILITIES AT AMORTISED COST					
Own debt securities in issue	-	3,851	-	3,851	3,647
Debt securities in issue related to securitised mortgages and lease receivables	-	-	1,480	1,480	1,485
Subordinated liabilities	-	118	-	118	82

IN EUR MILLIONS	Fair value information at 31 December 2015				
	Level 1	Level 2	Level 3	Carrying value	Fair value
FINANCIAL ASSETS AT AMORTISED COST¹					
Loans	-	7,294	-	7,294	7,362
Debt investments	-	294	-	294	276
Residential mortgages own book	-	-	2,390	2,390	2,552
FINANCIAL LIABILITIES AT AMORTISED COST					
Own debt securities in issue	-	3,050	-	3,050	2,884
Debt securities in issue related to securitised mortgages and lease receivables	-	-	2,062	2,062	2,072
Subordinated liabilities	-	120	-	120	82

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

Financial instruments for which carrying value approximates fair value

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

Non-financial assets valued at fair value

NIBC Holding's land and buildings are valued at fair value. The carrying amount of NIBC Holding's land and buildings (level 3) as of 30 June 2016 was EUR 42 million (31 December 2015: EUR 43 million). The land and buildings were last revalued as of 31 December 2014 based on external appraisal. No fair value movements were recognised in the statement of comprehensive income or the income statement in respect of NIBC Holding's land and buildings in the first half of 2016.

29. Commitments and contingent assets and liabilities

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

NIBC Holding 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 below, 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	30-Jun-16	31-Dec-15
Contract amount		
Committed facilities with respect to corporate loan financing	1,174	1,416
Committed facilities with respect to residential mortgages	292	407
Capital commitments with respect to equity investments	23	25
Guarantees granted	46	41
Irrevocable letters of credit	13	12
	1,548	1,901

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

30. Business combinations and divestments

Acquisitions

Acquisitions in the first half of 2016

Acquisition of SNS Securities N.V.

On 30 June 2016, NIBC Holding obtained control of SNS Securities N.V., located in Amsterdam, by acquiring 100% of the share capital and voting interests in the company from SNS Bank N.V. With the acquisition, NIBC Holding has expanded its service offering with capital market solutions, bond and stock broking, research and execution services for independent asset managers, commercial lending and principal investments. The addition of these activities fits into the long term strategy of NIBC Holding, bringing our service offering in line with those of competitors and is expected to give an impetus to the growth ambitions of NIBC Holding in the markets in which NIBC Holding operates. The acquisition of SNS Securities N.V. has been approved by the appropriate regulatory authorities and work councils. On 30 June 2016 SNS Securities N.V. changed its name into NIBC Markets N.V.

Acquisition-related costs

The total acquisition related costs of EUR 0.5 million have been charged to other operating expenses in the consolidated income statement.

The following table summarises the consideration transferred, the provisional fair value of assets acquired and liabilities assumed at the acquisition date. The fair value of the identifiable net assets are based on a provisional assessment by an external independent valuator. Taken into consideration the timing of the acquisition of SNS Securities N.V. the valuation is not finalised yet by the date that the condensed consolidated interim financial report was approved by the Managing Board.

IN EUR MILLION	Fair value recognised on acquisition
Assets	
Due from other banks (AC)	38
Loans and receivables (AC)	71
Debt investments (FV)	79
Other	3
	<u>191</u>
Liabilities	
Due to other banks	94
Deposits from customers	68
Other	3
	<u>165</u>
Total identifiable net assets at fair value	<u>26</u>
Badwill arising on acquisition	22
Total consideration transferred	<u>4</u>

NIBC Holding paid EUR 3.5 million in cash for 100% of the shares outstanding.

EUR 22 million was recognised as badwill (income) on the acquisition of SNS Securities N.V. and is recognised on Other operating income of the consolidated income statement.

Acquired loans and receivables (AC)

The fair value of the receivables comprise gross amounts. NIBC Holding estimates that all receivables are collectible.

Intangible assets and contingent liabilities

There are no material intangible assets identified and contingent liabilities related to the acquisition of SNS Securities N.V.

Revenue and profit contribution

Because NIBC Holding acquired SNS Securities N.V. on 30 June 2016, no material results (excluding recognised badwill of EUR 22 million) contributed to NIBC Holding's results in the first half of 2016.

If this acquisition had occurred on 1 January 2016, management estimates that the result from this company included in the consolidation would have been EUR 0.9 million loss.

Acquisition of BEEQUIP B.V.

On 10 March 2016, NIBC Holding obtained control of BEEQUIP B.V. (BEEQUIP), located in Rotterdam, by acquiring 75% of the share capital and voting interests in the company. BEEQUIP is an innovative financier of equipment for SME entrepreneurs active in the construction, infrastructure and logistics industry. With this transaction, NIBC Holding expands its service offering finance and lease solutions to SME's. The addition of BEEQUIP's activities fits into NIBC Holding's strategy of its growth ambitions. The acquisition of BEEQUIP's has been approved by the appropriate regulatory authorities.

NIBC Holding has elected to measure the non-controlling interests in the acquiree at fair value.

Acquisition-related costs

Acquisition related costs of EUR 50 thousand have been charged to other operating expenses in the consolidated income statement for the period ended 30 June 2016.

Assets acquired and liabilities assumed

The following table summarises the consideration transferred, the fair value of assets acquired and liabilities assumed at the acquisition date:

IN EUR MILLION	Fair value recognised on acquisition
Assets	
Cash and cash equivalents	2
Lease receivables	59
Client relationships	1
	<hr/>
	62
Liabilities	
Loans	52
Deferred tax liability	0
Other liabilities	1
	<hr/>
	53
Total identifiable net assets at fair value	<hr/>
	10
Non-controlling interest measured at fair value	(3)
Goodwill arising on acquisition	2
Total consideration transferred	<hr/>
	9

NIBC Holding paid EUR 9 million in cash for 75% of the shares outstanding.

Components of the goodwill are the deep market knowledge of management and the savings of acquiring an investment in existing facilities rather than starting a venture. None of the goodwill recognised is expected to be deductible for income tax purposes.

Lease receivables

The fair value of the lease receivables comprise gross contractual amounts. NIBC Holding estimates that all receivables are collectible.

Client relationships

Related to the acquisition of BEEQUIP an intangible asset Client relationships was identified. The client portfolio as per acquisition date was valued to an amount of EUR 1.3 million.

Loans

All debt is obtained from NIBC Bank recently, a subsidiary of NIBC Holding. Given this short time period no adjustment is assumed to be required.

Deferred tax liability

As a result of the recognition of client relationships a deferred tax liability of EUR 318 thousand is to be recognised.

Goodwill

Components of the goodwill are the deep market knowledge of management and the savings of acquiring an investment in existing facilities rather than starting a venture.

Contingent liabilities

There are no contingent liabilities related to the acquisition of BEEQUIP.

Revenue and profit contribution

From the date of acquisition to 30 June 2016 BEEQUIP has affected NIBC Holding's results for a loss of EUR 0.3 million.

If this acquisition had occurred on 1 January 2016, management estimates that the result from this company included in the consolidation would have been EUR 0.6 million loss.

Acquisitions in the first half of 2015

In May 2015, NIBC Holding obtained control of Vijlma B.V. The main activities of Vijlma B.V. are holding and finance activities of and for investment property companies. The main assets of Vijlma B.V. and its subsidiaries are German residential and commercial real estate properties. Vijlma B.V. controls 75 real estate portfolio companies in Germany, which own 479 properties.

Before the acquisition of Vijlma B.V., NIBC Bank (a wholly owned subsidiary of NIBC Holding), 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. to optimise its recovery.

Divestments

Divestments closed in the first half of 2016

In September 2015, NIBC Holding committed to a plan to sell its non-financial company Olympia Nederland Holding B.V. (Olympia) and was consequently classified as a Disposal group held for sale. In February 2016 NIBC Holding reached an agreement on the sale of Olympia to a third party and was closed on 2 June 2016. The sale is based upon a strategic decision to place greater focus on NIBC Holding's key financial services competencies.

The transaction resulted in a net loss of EUR 2 million in the first half year of 2016 and have been charged to impairment of non-financial assets of the income statement. Reference is made to note 18 Disposal group held for sale.

Divestments closed in the first half of 2015

There were no divestments in the first half of 2015.

31. Related party transactions

Transactions involving NIBC Holding's shareholders

At 30 June 2016, NIBC Holding had no net exposure (assets less liabilities) to its parent and to entities controlled by its parent entity.

Transactions related to associates

As at 30 June 2016, NIBC Holding had EUR 87 million of loans advanced to its associates (31 December 2015: EUR 87 million). In addition to at arm's length net interest income on these loans, NIBC Holding did not earn fees from these associates in 2016 and 2015.

Transactions within the group

In March 2016, NIBC Holding acquired BEEQUIP B.V. (BEEQUIP). Before and after the acquisition, NIBC Bank (a subsidiary of NIBC Holding), financed BEEQUIP. At acquisition date the (long-term) loan from NIBC Bank to BEEQUIP amounted to EUR 52 million.

In May 2015, NIBC Bank (a subsidiary of NIBC Holding) obtained control of Vijlma B.V. with a view to resale to NIBC Holding, the parent company of NIBC. 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 30 June 2015 amounted to EUR 244 million.

See also note 30 Business combinations and divestments.

32. Legal proceedings

There were a number of legal proceedings outstanding against NIBC Holding at 30 June 2016. No material provision has been made as at 30 June 2016, as legal advice indicates that it is unlikely that any significant loss will arise.

33. Important events and transactions

Acquisition of SNS Securities N.V.

On 30 June 2016, NIBC Holding obtained control of SNS Securities N.V. and changed its name into NIBC Markets N.V. With this acquisition, NIBC Holding expands its service offering with capital market solutions, equity and fixed income brokerage, research and execution services for independent asset managers.

Acquisition of BEEQUIP B.V.

On 10 March 2016, NIBC Holding obtained control of BEEQUIP B.V. BEEQUIP B.V. is an innovative lessor and financier of equipment for SME entrepreneurs active in the construction, infrastructure and logistics industry. NIBC Bank, a subsidiary of NIBC Holding, financed the acquisition.

For further details on the acquisition of SNS Securities N.V. and BEEQUIP B.V., see note 30 Business combinations and divestments.

Fourth conditional pass-through covered bond benchmark issue of EUR 500 million

On 23 May 2016 NIBC successfully launched its fourth EUR 500 million AAA rated conditional pass-through covered bond. With this 10 years transaction NIBC was able to extend its covered bond curve at a spread of MS+18 basis points. NIBC's conditional pass-through covered bond program is Dutch law-based and backed by a pool of prime Dutch residential mortgage loans.

34. Subsequent events

There are no subsequent events.

The Hague, 30 August 2016

Managing Board

Paulus de Wilt, *Chief Executive Officer, Chairman*

Herman Dijkhuizen, *Chief Financial Officer*

Rob ten Heggeler, *Chief Client Officer*

Reinout van Riel, *Chief Risk Officer*¹

¹ Mr. van Riel joined NIBC on 1 August 2016 and was appointed as Chief Risk Officer.

Review Report



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To: the managing board and the supervisory board of NIBC Holding N.V.

Review report

Introduction

We have reviewed the accompanying condensed consolidated interim financial information of NIBC Holding N.V., The Hague, which comprises the consolidated balance sheet as at 30 June 2016 and the condensed consolidated income statement, the consolidated statements of comprehensive income, the consolidated statement of changes in shareholder's equity and the condensed consolidated statement of cash flows for the six-month period ended 30 June 2016, and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2016 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Amsterdam, 30 August 2016

Ernst & Young Accountants LLP

Signed by M.A. van Loo

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Disclaimer

Presentation of information

The Annual Accounts of NIBC Holding N.V. ('NIBC Holding') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Title 9 of Book 2 of The Netherlands Civil Code. In preparing the financial information in this condensed consolidated interim financial report (NIBC Holding N.V.) for the six months period ended 30 June 2016 (the 'Financial Report'), the same accounting principles are applied as in the 2015 NIBC Holding's Annual Accounts, save for any change described in the Accounting policies. The figures in this Financial Report have been reviewed by the external auditor. 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 Holding'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 Holding'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 Holding'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 Holding'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 Holding 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 Holding 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.