



CONDENSED CONSOLIDATED FINANCIAL REPORT
for the year ended 31 December 2011

NIBC Bank N.V.
7 March 2012

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Consolidated income statement

for the year ended 31 December 2011

IN EUR MILLIONS	NOTE	2011	2010
Net interest income		164	132
Net fee and commission income		36	26
Dividend income		5	10
Net trading income	2	19	92
Gains less losses from financial assets	3	48	44
Share in result of associates		2	3
Other operating income		64	77
OPERATING INCOME		338	384
Personnel expenses	4	128	132
Other operating expenses		79	70
Depreciation and amortisation		19	19
OPERATING EXPENSES		226	221
Impairments of financial assets	5	44	75
TOTAL EXPENSES		270	296
PROFIT BEFORE TAX		68	88
Tax	6	1	8
PROFIT AFTER TAX		67	80
Result attributable to non-controlling interests		(1)	4
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER		68	76

References relates 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 2011

IN EUR MILLIONS	For the year ended 31 December					
	2011			2010		
	Before tax	Tax charge/ (credit)	After tax	Before tax	Tax charge/ (credit)	After tax
PROFIT FOR THE YEAR	68	1	67	88	8	80
OTHER COMPREHENSIVE INCOME						
Net result on hedging instruments	28	6	22	42	15	27
Revaluation loans and receivables	14	3	11	18	5	13
Revaluation equity investments	1	1	-	3	2	1
Revaluation debt investments	(25)	(6)	(19)	(3)	1	(4)
Revaluation property, plant and equipment	(13)	(3)	(10)	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	5	1	4	60	23	37
TOTAL COMPREHENSIVE INCOME	73	2	71	148	31	117
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
Parent shareholder	74	2	72	144	31	113
Non-controlling interests	(1)	-	(1)	4	-	4
TOTAL COMPREHENSIVE INCOME	73	2	71	148	31	117

Consolidated balance sheet

at 31 December 2011

IN EUR MILLIONS	NOTE	2011	2010
Assets			
FINANCIAL ASSETS AT AMORTISED COST			
Cash and balances with central banks		2,430	1,314
Due from other banks		2,104	1,698
Loans and receivables			
Loans	7	7,504	7,005
Debt investments	8	507	566
Securitised loans	9	613	614
FINANCIAL ASSETS AT AVAILABLE FOR SALE			
Equity investments		66	72
Debt investments	10	887	1,190
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Loans	11	998	1,074
Residential mortgages own book	12	3,185	4,429
Securitised residential mortgages	13	5,560	5,338
Debt investments	14	164	577
Equity investments (including investments in associates)		258	269
Derivative financial assets held for trading		3,657	3,113
Derivative financial assets used for hedging		292	360
OTHER			
Investments in associates (equity method)		27	30
Intangible assets		52	122
Property, plant and equipment		51	101
Investment property		27	26
Current tax		3	4
Other assets		169	112
TOTAL ASSETS		28,554	28,014

References relates to the accompanying notes. These forms an integral part of the condensed consolidated financial report.

Consolidated balance sheet

at 31 December 2011

IN EUR MILLIONS	NOTE	2011	2010
Liabilities			
FINANCIAL LIABILITIES AT AMORTISED COST			
Due to other banks		1,261	1,354
Deposits from customers		6,644	4,781
Own debt securities in issue	15	7,096	8,209
Debt securities in issue related to securitised mortgages	16	5,416	5,562
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Own debt securities in issue	17	41	46
Debt securities in issue structured	18	1,733	2,120
Derivative financial liabilities held for trading		3,966	3,334
Derivative financial liabilities used for hedging		34	48
OTHER FINANCIAL LIABILITIES			
Other liabilities		149	230
Deferred tax		18	34
Employee benefits		5	5
SUBORDINATED LIABILITIES			
Amortised cost	19	85	119
Fair value through profit or loss	20	296	369
TOTAL LIABILITIES		26,744	26,211
SHAREHOLDER'S EQUITY			
Share capital	22	80	80
Other reserves		322	318
Retained earnings		1,361	1,329
Net profit attributable to parent shareholder		68	76
(Interim) dividend paid		(22)	(22)
TOTAL PARENT SHAREHOLDER'S EQUITY		1,809	1,781
Non-controlling interests		1	22
TOTAL SHAREHOLDER'S EQUITY		1,810	1,803
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		28,554	28,014

References relates to the accompanying notes. These forms an integral part of the condensed consolidated financial report.

Consolidated statement of changes in shareholder's equity

IN EUR MILLIONS	Attributable to parent shareholder				Total	Non-controlling interests	Total shareholder's equity
	Share capital	Other reserves ¹	Retained earnings	Net profit			
BALANCE AT 1 JANUARY 2010	80	281	1,273	44	1,678	18	1,696
Transfer net profit 2009 to retained earnings	-	-	44	(44)	-	-	-
Total comprehensive income for the year ended 31 December 2010	-	37	-	76	113	4	117
Capital contribution of third parties in a subsidiary controlled by NIBC	-	-	-	-	-	-	-
Capital contribution share-based payments	-	-	6	-	6	-	6
Dividend paid ²	-	-	-	(22)	(22)	-	(22)
Net investment hedge foreign entities	-	-	6	-	6	-	6
BALANCE AT 31 DECEMBER 2010	80	318	1,329	54	1,781	22	1,803

IN EUR MILLIONS	Attributable to parent shareholder				Total	Non-controlling interests	Total shareholder's equity
	Share capital	Other reserves ¹	Retained earnings	Net profit			
BALANCE AT 1 JANUARY 2011	80	318	1,329	54	1,781	22	1,803
Transfer net profit 2010 to retained earnings	-	-	54	(54)	-	-	-
Total comprehensive income for the year ended 31 December 2011	-	4	-	68	72	(1)	71
Divestment of third party interests in a subsidiary formerly controlled by NIBC	-	-	-	-	-	(20)	(20)
Capital contribution share-based payments	-	-	-	-	-	-	-
Dividend paid ²	-	-	(22)	(22)	(44)	-	(44)
Net investment hedge foreign entities	-	-	-	-	-	-	-
BALANCE AT 31 DECEMBER 2011	80	322	1,361	46	1,809	1	1,810

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

2. Ordinary (interim) dividend paid in 2011 and 2010 to equity holder.

Condensed consolidated statement of cash flows

for the year ended 31 December 2011

IN EUR MILLIONS	2011	2010
Cash flows from operating activities	2,670	(252)
Cash flows from investing activities	89	(97)
Cash flows from financing activities	(1,656)	(1,034)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,103	(1,383)

IN EUR MILLIONS	2011	2010
CASH AND CASH EQUIVALENTS AT 1 JANUARY	2,004	3,387
Net increase / (decrease) in cash and cash equivalents	1,103	(1,383)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	3,107	2,004

IN EUR MILLIONS	2011	2010
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
Cash and balances with central banks	2,430	1,314
Due from other banks (maturity three months or less)	677	690
	3,107	2,004

General information

NIBC Bank N.V., together with its subsidiaries (**NIBC or the group**), is incorporated and domiciled in the Netherlands, and is a 100% subsidiary of *NIBC Holding N.V.* (**NIBC Holding**). NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities cover a combination of advice, financing and co-investment activities. For every transaction we put together a hand-picked cross-discipline Corporate Banking team. We have expert sector knowledge in Commercial Real Estate, Food, Agri & Retail, Industries & Manufacturing, Infrastructure & Renewables, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. Our Consumer Banking activities include residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Germany and Belgium. Our clients are our top priority. We build long-term relationships with our clients -- corporations, financial institutions, institutional investors, financial sponsors, family offices, entrepreneurial investors and retail clients. Headquartered in The Hague, we also have offices in Brussels, Frankfurt, London and Singapore.

Accounting Policies

Basis of preparation

Statement of IFRS compliance

NIBC prepares the consolidated financial statements in accordance with the *International Financial Reporting Standards (IFRS)* as adopted by the *European Union (EU)*. In preparing the financial information in this condensed consolidated financial report over the financial year 2011, the same accounting principles are applied as in NIBC's consolidated financial statements for the year ended 31 December 2010, except for the impact of the adoption of the standards and interpretations and amendments to standards and interpretations described below.

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

Change in published standards, amendments and interpretations effective in 2011

The following new or revised standards and interpretations and amendments to standards and interpretations became effective in 2011:

- Amendment to IAS 24 'Related Party Transactions';
- International Financial Reporting Interpretations Committee (IFRIC) 19 'Extinguishing financial liabilities with equity instruments';
- Amendment to IAS 32 'Financial Instruments: Presentation';
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement';
- Amendments to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters'; and
- 2010 Annual Improvements to IFRS.

There are no IFRSs and IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2011 that have a material impact on the group.

Change in presentation

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, the Bank as a whole was identified as a single operating segment in the second half of 2011. The previous two operating segments, Specialised Finance and Merchant Banking, have therefore been converted into one operating segment.

1. Segment report

The segment information has been prepared in accordance with IFRS 8, operating segments, which defines requirements for the disclosure of financial information about an entity's operating segments. IFRS 8 requires operating segments to be identified on the basis of internal management reports on components of the entity that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segment and to assess segment performance.

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, the Bank as a whole was identified as a single operating segment in the second half of 2011. The previous two existing operating segments, Specialised Finance and Merchant Banking, have therefore been converted into one operating segment.

The segment information presented in 2010 has been restated to reflect the above mentioned change in reportable operating segments in 2011.

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

The 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 2011 and 31 December 2010.

IN EUR MILLIONS	Internal management report operating segment NIBC Bank ¹		Consolidation effects ²		Total (condensed consolidated financial report)	
	2011	2010	2011	2010	2011	2010
Net interest income	171	142	(7)	(10)	164	132
Net fee and commission income	36	26	-	-	36	26
Dividend income	5	10	-	-	5	10
Net trading income	18	91	1	1	19	92
Gains less losses from financial assets	50	50	(2)	(6)	48	44
Share in result of associates	2	3	-	-	2	3
Other operating income	-	1	64	76	64	77
OPERATING INCOME	282	323	56	61	338	384
OPERATING EXPENSES	170	163	57	58	227	221
Impairments of financial assets	44	75	-	-	44	75
TOTAL EXPENSES	213	238	57	58	270	296
PROFIT BEFORE TAX	69	85	(1)	3	68	88
Tax	1	6	-	3	1	8
PROFIT AFTER TAX	68	80	(1)	-	67	80
Result attributable to non-controlling interests	-	3	(1)	1	(1)	4
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER	68	76	-	-	68	76
Average allocated economic capital	1,438	1,400	-	-	1,438	1,400
Average unallocated capital	117	140	-	-	117	140
Segment assets	28,424	27,814	130	200	28,554	28,014
Segment liabilities	26,651	26,009	93	202	26,744	26,211
Capital expenditure	8	4	1	9	10	13
Share in result of associates based on the equity method	-	4	-	-	-	4
Investments in associates based on the equity method	27	30	-	-	27	30

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

2. Concerning controlled non-financial companies included in the consolidation.

The items displayed under 'consolidation effects' refer to the non-financial entities over which NIBC has control. IFRS requires NIBC to consolidate these entities. The internal management report differs from this, as the investments in these entities are non-strategic and the activities of these entities are non-financial. Therefore, in the income statement of the Bank, 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 condensed consolidated financial report.

NIBC generated 87% of its revenues in the Netherlands (2010: 84%) and 13% abroad (2010: 16%).

2. Net trading income

Net trading income in 2011 of EUR 19 million (2010: EUR 92 million gains) reflects EUR 38 million (2010: EUR 59 million gains) of realised net gains on disposals of assets and liabilities (including repurchased liabilities) and EUR 19 million of net losses (2010: EUR 33 million gains) 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	2011	2010
Equity investments		
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE FOR SALE)		
Net gain/(losses) on disposal	7	4
Net revaluation gain/(losses) transferred from equity on disposal	1	(1)
Impairment losses equity investments	(1)	(2)
INVESTMENTS IN ASSOCIATES (EQUITY METHOD)		
Impairment losses investments in associates	-	(1)
Gains less losses from associates (fair value through profit or loss)	31	35
Gains less losses from other equity investments (fair value through profit or loss)	8	8
	46	43
Debt investments		
Gains less losses from debt investments (available for sale)	2	1
	2	1
	48	44

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

4. Personnel expenses

The number of FTEs (excluding the non-financial companies included in the consolidation) decreased slightly from 669 at 31 December 2010 to 664 at 31 December 2011.

5. Impairments of financial assets

IN EUR MILLIONS	2011	2010
IMPAIRMENTS		
Loans classified at amortised cost	67	90
Debt investments classified at amortised cost	5	5
Debt investments classified at available for sale	-	-
	72	95
REVERSALS OF IMPAIRMENTS		
Loans classified at amortised cost	(19)	(15)
Debt investments classified at amortised cost	-	(2)
Debt investments classified at available for sale	(5)	(2)
	(24)	(19)
Other	(4)	(1)
	44	75

6. Tax

IN EUR MILLIONS	2011	2010
TAX DIFFERENCES CAN BE ANALYSED AS FOLLOWS:		
PROFIT BEFORE TAX	68	88
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2010: 25.5%)	17	22
Effect of different tax rates in other countries	(1)	-
Impact of income not subject to tax	(12)	(11)
Impact of expenses not deductible for tax purposes	(1)	2
Result final tax assessment previous years	(2)	(5)
	1	8
Effective tax rate	1.5%	9.0%

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.

The current tax expense/(income) related to non-financial companies included in the consolidation is nil (2010: EUR 2 million income).

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

IN EUR MILLIONS	2011	2010
Loans	7,504	7,005
	7,504	7,005

THE LEGAL MATURITY ANALYSIS OF LOANS IS ANALYSED AS FOLLOWS:

Three months or less	564	810
Longer than three months but not longer than one year	487	525
Longer than one year but not longer than five year:	3,094	2,931
Longer than five years	3,359	2,739
	7,504	7,005

THE MOVEMENT IN IMPAIRMENTS MAY BE SUMMARISED AS FOLLOWS:

BALANCE AT 1 JANUARY	153	143
Additional allowances	67	90
Write-offs	(71)	(66)
Amounts released	(19)	(15)
Unwinding of discount adjustment	(3)	(3)
Other (including exchange rate differences)	3	4
BALANCE AT 31 DECEMBER	130	153

If NIBC had fair valued the loans classified at amortised cost using the valuation methodology applied to loans designated as available for sale as per 31 December 2011, then the carrying amount would decrease at the balance sheet date by EUR 313 million (31 December 2010: EUR 198 million). This decrease would reflect both changes due to interest rates and credit spreads. NIBC hedges its interest rate risk from these assets.

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying value as per 31 December 2011	Fair value as per 31 December 2011
Loan portfolio reclassified from available for sale category	2,147	2,139	2,049

The effective interest rates on financial assets reclassified into loans and receivables as at the date of reclassification - 1 July 2008 - ranged from 5% to 9% with expected undiscounted recoverable cash flows of EUR 2,541 million. Ranges of effective interest rates were determined based on weighted average rates.

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

Debt investments

IN EUR MILLIONS	2011	2010
Debt investments	507	566
	507	566

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS ANALYSED AS FOLLOWS:

Three months or less	1	-
Longer than three months but not longer than one year	-	1
Longer than one year but not longer than five year:	110	33
Longer than five years	396	532
	507	566

In 2011, EUR 5 million impairments were recorded on the debt investments at amortised cost (2010: EUR 3 million).

If NIBC had fair valued the debt investments classified as amortised cost using the valuation methodology applied to debt investments at held for trading or available for sale as per 31 December 2011, the carrying amount would decrease at the balance sheet date by EUR 113 million (2010: EUR 93 million). This decrease would reflect both changes due to interest rates and credit spreads. NIBC hedges its interest rate risk from these assets.

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying value as per 31 December 2011	Fair value as per 31 December 2011
DEBT INVESTMENTS RECLASSIFIED FROM:			
Held for trading category	437	323	218
Available for sale category	88	76	67

The effective interest rates on held for trading assets reclassified into debt investments at amortised cost as at the date of reclassification - 1 July 2008 - ranged from 4% to 20% with expected undiscounted recoverable cash flows of EUR 673 million.

The effective interest rates on available for sale debt investments as at the date of reclassification - on 1 July 2008 - ranged from 5% to 8% with expected undiscounted recoverable cash flows of EUR 128 million. Ranges of effective interest rates were determined based on weighted average rates.

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

Securitised loans

IN EUR MILLIONS	2011	2010
Loans to corporate entities	613	614
	613	614

THE LEGAL MATURITY ANALYSIS OF SECURITISED LOANS IS ANALYSED AS FOLLOWS:

Three months or less	3	2
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five year:	610	-
Longer than five years	-	612
	613	614

No impairments were recorded in 2011 and 2010 on securitised loans at amortised cost.

If NIBC had fair valued the securitised loans classified as amortised cost using the valuation methodology applied to loans designated as available for sale as per 31 December 2011, then the balance sheet amount would decrease at the balance sheet date by EUR 53 million (2010: EUR 52 million). The fair value reflects movements due to both interest rate changes and credit spread changes. NIBC hedges its interest rate risk from these assets.

10. Financial assets (available for sale)

Debt investments

IN EUR MILLIONS	2011	2010
Debt investments	887	1,190
	887	1,190

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS ANALYSED AS FOLLOWS:

Three months or less	86	16
Longer than three months but not longer than one year	161	230
Longer than one year but not longer than five years	342	548
Longer than five years	298	396
	887	1,190

In 2011, there was a reversal of impairment on debt investments at available for sale of EUR 5 million (2010: reversal of impairment EUR 2 million).

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying value as per 31 December 2011	Fair value as per 31 December 2011
Debt investments reclassified from held for trading category	28	8	8

The effective interest rates on trading assets reclassified into debt investments available for sale as at the date of reclassification - 1 July 2008 - ranged from 13% to 26% with expected undiscounted recoverable cash flows of EUR 62 million. Ranges of effective interest rates were determined based on weighted average rates.

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

Loans

IN EUR MILLIONS	2011	2010
Loans to corporate entities	998	1,074
	998	1,074

THE LEGAL MATURITY ANALYSIS OF LOANS IS ANALYSED AS FOLLOWS:

Three months or less	5	3
Longer than three months but not longer than one year	17	32
Longer than one year but not longer than five years	808	573
Longer than five years	168	466
	998	1,074

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

IN EUR MILLIONS	2011	2010
Residential mortgages own book	3,185	4,429
	3,185	4,429

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

Three months or less	20	22
Longer than three months but not longer than one year	15	12
Longer than one year but not longer than five years	36	39
Longer than five years	3,114	4,356
	3,185	4,429

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

BALANCE AT 1 JANUARY	4,429	5,817
Additions (including repurchases from consolidated SPEs)	27	977
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(1,251)	(2,381)
Changes in fair value	(20)	16
BALANCE AT 31 DECEMBER	3,185	4,429

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

Interest income from residential mortgages own book is recognised in net interest 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 is EUR 3,190 million (2010: EUR 4,438 million).

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

IN EUR MILLIONS	2011	2010
Securitised residential mortgages	5,560	5,338
	5,560	5,338

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

Three months or less	1	1
Longer than three months but not longer than one year	2	1
Longer than one year but not longer than five years	22	15
Longer than five years	5,535	5,321
	5,560	5,338

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

BALANCE AT 1 JANUARY	5,338	4,783
Additions	750	1,847
Disposals (sale and/or redemption including transfers to own book)	(569)	(1,365)
Changes in fair value	41	73
BALANCE AT 31 DECEMBER	5,560	5,338

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

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

At 31 December 2011, securitised residential mortgages in the amount of EUR 5,560 million (2010: EUR 5,338 million) were pledged as collateral for NIBC's own liabilities.

The maximum credit exposure is EUR 5,560 million at 31 December 2011 (2010: EUR 5,338 million)

Securitised residential mortgages are retained on NIBC's balance sheet based on the risks and rewards NIBC retains in the SPEs issuing the mortgage-backed notes. Risks and rewards can be retained by NIBC by (amongst others) retaining issued notes, providing overcollateralisation to the SPEs or implementing reserve accounts in the SPEs. At the balance sheet date, NIBC retained EUR 600 million (2010: EUR 298 million) of notes issued by the SPEs, overcollateralisation provided to the SPEs amounted to EUR 21 million (2010: EUR 21 million) and reserve accounts amounted to EUR 15 million (2010: EUR 6 million).

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

Debt investments

IN EUR MILLIONS	2011	2010
Held for trading	58	101
Designated at fair value through profit or loss ¹	106	476
	164	577

All debt investments are non-government.

THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IS ANALYSED AS FOLLOWS:

Three months or less	-	17
Longer than three months but not longer than one year	31	58
Longer than one year but not longer than five year:	67	267
Longer than five years	8	134
	106	476

1. Including Enhanced investments

15. Financial liabilities (amortised cost)

Own debt securities in issue

IN EUR MILLIONS	2011	2010
Bonds and notes issued	7,096	8,209
	7,096	8,209

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

Three months or less	2,373	8
Longer than three months but not longer than one year	62	1,417
Longer than one year but not longer than five year:	4,588	6,636
Longer than five years	73	148
	7,096	8,209

IN EUR MILLIONS	2011	2010
THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	8,209	8,836
Additions	578	168
Disposals	(1,759)	(993)
Other movements and exchange rate differences	68	198
BALANCE AT 31 DECEMBER	7,096	8,209

For an equivalent amount of EUR 5,410 million (31 December 2010: EUR 6,846 million) of the issued notes, the Dutch State has unconditionally and irrevocably guaranteed the due payment of all amounts of principal and interest due by NIBC under these notes according and subject to (i) the Rules governing the 2008 Dutch State's Credit Guarantee Scheme and (ii) the Guarantee Certificate issued under those Rules in respect of these notes. These Rules and the Guarantee Certificate are available at www.dutchstate.nl.

The disposals of own debt securities in issue at amortised cost for 2011 include redemptions at the scheduled maturity date to an amount of EUR 1,150 million (2010: EUR 915 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 609 million (2010: EUR 78 million). The remaining legal maturity at time of repurchase of these debt securities is between 5 months and 5 years.

16. Financial liabilities (amortised cost)

Debt securities in issue related to securitised mortgages

IN EUR MILLIONS	2011	2010
Bonds and notes issued	5,416	5,562
	5,416	5,562

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

Three months or less	15	11
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	5,401	5,551
	5,416	5,562

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

BALANCE AT 1 JANUARY	5,562	5,231
Additions	689	1,656
Disposals	(835)	(1,325)
BALANCE AT 31 DECEMBER	5,416	5,562

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

Own debt securities in issue

IN EUR MILLIONS	2011	2010
Bonds and notes issued	41	46
	41	46

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

Three months or less	11	-
Longer than three months but not longer than one year	-	1
Longer than one year but not longer than five years	6	17
Longer than five years	24	28
	41	46

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

BALANCE AT 1 JANUARY	46	85
Additions	1	1
Disposals	(6)	(43)
Changes in fair value	-	2
Exchange rate differences	-	1
BALANCE AT 31 DECEMBER	41	46

The disposals of own debt securities in issue designated at fair value through profit or loss for 2011, include redemptions at the scheduled maturity date to an amount of EUR 1 million (2010: EUR 43 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 5 million (2010: nil). 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.

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

Debt securities in issue structured

IN EUR MILLIONS	2011	2010
Bonds and notes issued	1,733	2,120
	1,733	2,120

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

Three months or less	25	47
Longer than three months but not longer than one year	701	129
Longer than one year but not longer than five years	326	476
Longer than five years	681	1,468
	1,733	2,120

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

BALANCE AT 1 JANUARY	2,120	2,453
Additions	28	29
Disposals	(302)	(553)
Changes in fair value	(151)	83
Exchange rate differences	38	108
BALANCE AT 31 DECEMBER	1,733	2,120

The disposals of debt securities in issue designated at fair value through profit or loss for 2011 include redemptions at the scheduled maturity date to an amount of EUR 276 million (2010: EUR 515 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 26 million (2010: EUR 38 million). The remaining legal maturity at time of repurchase of these debt securities is between 4 and 12 years. The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated with results on financial derivatives.

19. Subordinated liabilities - amortised cost

IN EUR MILLIONS	2011	2010
Subordinated loans qualifying as Tier-I capital	48	76
Other subordinated loans	37	43
	85	119

THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - AMORTISED COST IS ANALYSED AS FOLLOWS:

One year or less	-	-
Longer than one year but not longer than five years	25	25
Longer than five years but not longer than ten years	1	7
Longer than ten years	59	87
	85	119

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

BALANCE AT 1 JANUARY	119	132
Additions	-	-
Disposals	(33)	(20)
Exchange rate differences	(1)	7
BALANCE AT 31 DECEMBER	85	119

The disposals of subordinated liabilities at amortised cost in 2011 include repurchases of debt securities before the legal maturity date to an amount of 27 EUR million (2010: EUR 20 million).

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

IN EUR MILLIONS	2011	2010
Subordinated loans qualifying as Tier-I capital	138	197
Other subordinated loans	158	172
	296	369

THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - FAIR VALUE IS ANALYSED AS FOLLOWS:

One year or less	-	-
Longer than one year but not longer than five years	39	23
Longer than five years but not longer than ten years	4	35
Longer than ten years	253	311
	296	369

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

BALANCE AT 1 JANUARY	369	369
Additions	1	1
Disposals	(10)	(28)
Changes in fair value	(69)	11
Exchange rate differences	5	16
BALANCE AT 31 DECEMBER	296	369

The disposals of subordinated liabilities at fair value in 2011 include repurchases of debt securities before the legal maturity date to an amount of EUR 10 million (2010: EUR 28 million). 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 with results on financial derivatives.

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

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

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

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

IN EUR MILLIONS	For the year ended 31 December			
	2011		2010	
	After reclassification	Before reclassification	After reclassification	Before reclassification
Net interest income	96	87	109	101
Net trading income	4	(4)	2	76
Impairment of financial assets	(5)	(6)	(48)	(48)

If the reclassifications had not been made in 2008, the income statement for 2011 would have included a net of tax loss on the reclassified financial assets of EUR 13 million (2010: net of tax gain of EUR 49 million) mainly due to year-to-date fair value decreases of debt investments. Additionally there would have been a net of tax gain in 2011 of EUR 5 million (net of tax gain of 2010: EUR 131 million) in other comprehensive income (revaluation reserve) representing unrealised fair value gains and losses on the reclassified financial assets available for sale which are not impaired.

22. Capital and shares

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

Share capital

IN EUR MILLIONS	2011	2010
SHARE CAPITAL CAN BE CATEGORISED AS FOLLOWS:		
Paid-up capital	80	80
	80	80

THE NUMBER OF AUTHORISED SHARES IS SPECIFIED AS FOLLOWS:

Number of authorised shares ¹	218,937,500	218,937,500
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 preferent share	1.00	1.00

1. The authorised capital amounts to EUR 250 million and is divided into 110,937,500 A shares of EUR 1.28 nominal value and 108,000,000 preference shares of EUR 1.00 nominal value.

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

23. Related party transactions

Transactions related to associates

As at 31 December 2011, NIBC had EUR 59 million of loans advanced to its associates (2010: EUR 106 million). Besides net interest income on these loans, NIBC earned no fees from these associates in 2011 and 2010.

Transactions involving NIBC's shareholders

At 31 December 2011, NIBC had EUR 389 million of net exposure (assets minus liabilities) to its parent and to entities controlled by its parent entity (2010: EUR 419 million). The interest received and paid on this exposure was at arm's length.

24. Legal proceedings

There were a number of legal proceedings outstanding against NIBC at 31 December 2011. No provision has been made, as legal advice indicates that it is unlikely that any significant loss will arise.

25. Business combinations

Disposal of subsidiaries (non-financial companies)

Via its subsidiary NIBC Principal Investments Equity B.V. NIBC indirectly owned approximately 89% of NIBC Merchant Banking Fund IB (consisting of NIBC MBF Equity IB B.V. and its subsidiaries including non financial companies included in the consolidation of NIBC until 20 September 2011). On 20 September 2011 NIBC disposed of 25% of its 89% interest in NIBC Merchant Banking Fund IB for an amount of EUR 66.3 million. Due to this transaction NIBC lost control of this subsidiary. In the new situation, NIBC has no majority voting power and the minority shareholders are able to participate in significant financial and operating decisions that could be made in the ordinary course of business.

NIBC has deconsolidated NIBC Merchant Banking Fund IB and accounts for the remaining 66.3% non controlling investment as an associate at fair value through profit or loss, a loan and receivable at amortized cost and a carry receivable. At the disposal date, the fair value of the retained non-controlling investment was estimated to be EUR 214.9 million. The carrying value of the identifiable net assets was EUR 209.8 million.

The deconsolidation of NIBC Merchant Banking Fund IB led to the derecognition of total intangible assets of EUR 58.9 million, including EUR 35.6 million goodwill related to previously acquired non financial companies in this subsidiary. NIBC Principal Investments Equity B.V. tested the goodwill (related to the non-financial companies) of this subsidiary prior to disposal and there was no impairment.

The gain recognised on the re-measurement of the retained 66.3% non controlling investment in NIBC Merchant Banking Fund IB amounts to EUR 7.2 million. The loss on the interest sold amounts to EUR 1.7 million.

The net gain of EUR 5.5 million on the interest sold and the retained non-controlling investment is recognized in the income statement. An amount of EUR 4.4 million is recognized under Gains less losses of financial assets, and an amount of EUR 1.1 million is recognized under Fee and commission income.

As a consequence of the deconsolidation of NIBC Merchant Banking Fund IB, the non-financial companies of NIBC Merchant Banking Fund I were deconsolidated by NIBC as from 20 September 2011.

Business combinations in the year ended 31 December 2011 and 31 December 2010

There were no new business combinations in the year ended 31 December 2011.

The purchase price allocation processes relating to the acquisitions of Olympia Nederland Holding N.V. and Cyclomedia Technology B.V. in 2010 were completed in the first half of 2011. The identifiable net assets arrived at for these acquisitions was EUR 5 million lower than provisionally recognised in the financial statements 2010, due to higher fair value of other liabilities assumed. Consequently, the goodwill arising on these business combinations is EUR 5 million higher than presented in the financial statements 2010. Therefore, the 2010 comparative figures (balance sheet 31 December 2010) have been adjusted to increase the fair value of other liabilities at the acquisition date by EUR 5 million, offset by an increase of intangible assets (goodwill) of EUR 5 million. The carrying value of intangible assets at 31 December 2010 of EUR 117 million increases by EUR 5 million to EUR 122 million (goodwill acquired in business combinations increases by EUR 5 million from EUR 59 million to EUR 64 million).

At 31 December 2011, NIBC has the obligation to sell a minority stake (less than 10%) in Olympia Nederland Holding B.V. to a third party. No material gain or loss is expected on this disposal.

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. These commitments are designated upon initial recognition at fair value through profit or loss.

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

The contractual amounts of commitments (excluding residential mortgage commitments of EUR 4 million at 31 December 2011 (at 31 December 2010: EUR 8 million), which in this condensed consolidated interim financial report are measured at fair value through profit or loss 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	2011	2010
Contract amount		
Committed facilities with respect to corporate loan financing (including investment management loans)	1,428	1,713
Capital commitments with respect to equity investments	67	71
Guarantees granted	104	285
Irrevocable letters of credit	4	70
	1,603	2,139

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. Subsequent events

There are no subsequent events.

Disclaimer

Presentation of information

Each of the Annual Accounts of NIBC Bank N.V. and NIBC Holding N.V. (together 'NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this condensed consolidated financial report (NIBC Bank N.V.) and supplementary financial information (NIBC Holding N.V.) for the year ended 31 December 2011 (collectively: the 'Financial Report'), the same accounting principles are applied as in the respective 2010 Annual Account, save for any change described in the paragraph 'Accounting Principles'. All figures in this Financial Report have not been subject to audit or review. However, the financial information included therein is derived from the audited 2011 financial statements of NIBC Bank N.V. and NIBC Holding N.V. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

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

Neither 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.