NIBC

CONDENSED INTERIM REPORT 2021 NIBC HOLDING N.V.

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The Condensed Consolidated Interim Financial Report in this Interim Report has been prepared in accordance with IAS 34 Interim Financial Statements as adopted by the European Union and has been reviewed by our external auditor.

To provide a better understanding of the underlying results, the income statement presented in the Financial Review section of this Interim Report differs from the one presented in the Condensed Consolidated Interim Financial Report.

This Interim Report is presented in euros (EUR), rounded to the nearest million (unless otherwise stated). Certain figures may not tally due to rounding and certain percentages have been calculated using rounded figures.

The use of the term NIBC implies NIBC Holding and all figures relate to those of NIBC Holding, unless stated otherwise.

For a download of this report or more information, please refer to:

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AT A GLANCE

WHO WE ARE

OUR HERITAGE

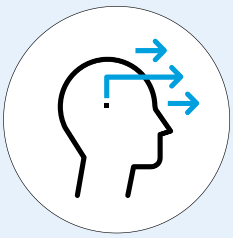
Following the acquisition of more than 95% of the shares of NIBC Holding N.V. by Blackstone, the company was delisted on 18 February 2021. NIBC was founded in 1945 to finance the visionary entrepreneurs who helped rebuild the Netherlands after World War II. Over time, we evolved into an enterprising bank offering financing, advisory and co-investing solutions to our clients' needs: being flexible and agile, with a 'THINK YES' mentality to match our clients 'can-do attitude. NIBC has many milestones, such as the launch of NIBC Direct and Beequip. In November 2020, we merged NIBC Bank Deutschland AG and NIBC Bank N.V., after which we continue our German activities out of our German branch. We took steps into the fintech space with Lendex and yesqar, as well as through our minority stake in OakNorth. Together with our institutional partners, we are expanding our Originate-to-Manage propositions, developing and optimising our position in the financial ecosystem. We have continued to build on our entrepreneurial DNA to become the company that we are today: best suited to help our clients at their decisive moments.

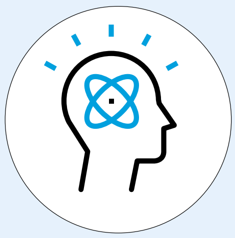
OUR PURPOSE

Making a difference
at decisive moments

OUR VALUES

Our strategy is to create a sustainable franchise for the future by focusing on our greatest strengths. Our strategy is based on our three core values. We are:





Professional
Our in-depth sector knowledge, expert solutions and tailored risk and portfolio management are the foundation of our success. We are firmly focused on the future, and work hard to anticipate trends and the impact they could have on our clients and their needs.

Entrepreneurial
We are a sound and enterprising bank focused on decisive moments in our clients' business and in life. Our clients require a bank that can respond to their needs in an agile way. We cultivate what we call the 'THINK YES' mentality.

Inventive
We provide bespoke solutions and encourage our people to think creatively to meet clients' needs. Structuring is part of our DNA. Our inventiveness ensures we can adapt to our fast-changing world and seize opportunities.

WHAT WE DO

OUR BUSINESS MODEL

We serve a corporate and retail client franchise, with a differentiated approach, bringing bespoke financial solutions to clients in chosen sectors and with a continuous focus on optimising the offering to our clients in line with the strategic objectives of the bank. We are client-oriented, present at their decisive moments. We offer a broad and relevant product suite for these entrepreneurial clients.

CORPORATE CLIENT OFFERING

- Focus on mid-market corporate clients
- Focus on specific sectors and product solutions, ranging from advice and structuring to financing and investments
- Using both own balance sheet and Originate-to-Manage concepts
- Growth engines, such as leasing, originating more granular exposures in niche markets
- Brands: NIBC, OIMIO, Beequip, yesqar

EUR 9.5 billion client exposures
Typical ticket size: EUR 0.1 - 50 million

RETAIL CLIENT OFFERING

- Mortgages ranging from owner occupied, buy-to-let, both own book and Originate-to-Manage
- Mortgage origination for institutional investors
- Online savings
- Brands: NIBC Direct, Lot Hypotheken, Hypinvest Hypotheek, Lendex

EUR 18.8 billion client exposures
Typical ticket size: EUR 0.1 - 2.5 million

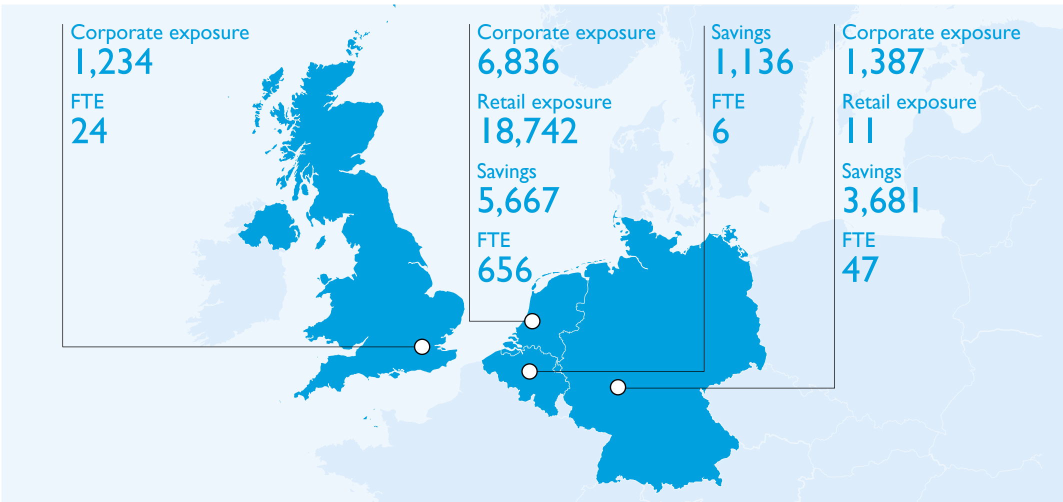
TREASURY & ASSET LIABILITY MANAGEMENT

RISK MANAGEMENT / CORPORATE CENTRE

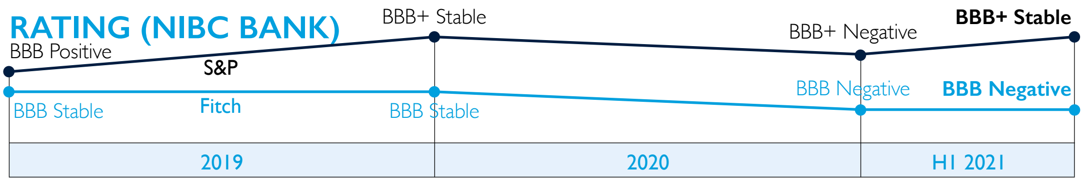
OUR MARKETS

Focus on north-western Europe

in EUR millions

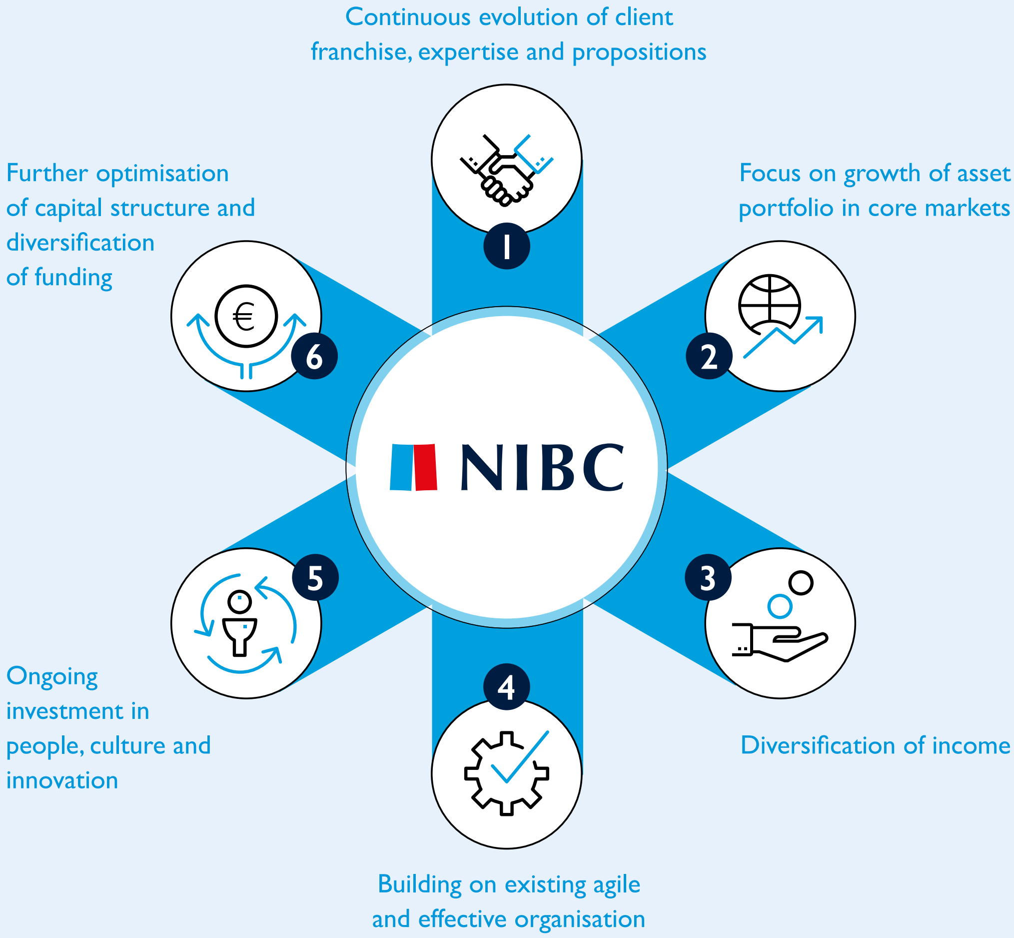


RATING (NIBC BANK)



OUR KEY STRATEGIC PRIORITIES

We continue to drive profitable growth through our differentiated market approach. We focus on building client relationships in profitable niches and (sub)sectors in north-western Europe, where we can leverage our local expertise, while maintaining a lean organisation with disciplined cost control. We aim to make a difference for our corporate and retail clients at their most decisive moments – today and tomorrow. We have made clear choices to advance that mission, which are summarised in our six strategic priorities for growth.



1. We strive for **continuous evolution of our client franchise, expertise and propositions.**
2. We aim to **grow our asset portfolio in core markets** by focusing on profitable niches and (sub)sectors in north-western Europe – where we can leverage our local expertise and market positions.
3. We aim to **diversify our income** streams. A good example is our fee-generating originate-to-manage mortgage business line, which we started in 2016.
4. **Building on existing agile and effective organisation.** We are firmly focused on the future and work hard to anticipate trends and the impact they could have on our clients and their needs.
5. We continue to invest in **our people, culture and innovation** to ensure that we stay ahead of the curve and deliver the best possible experience to our clients.
6. We strive to **further optimise our capital structure and diversify our funding base,** so we can continue to support our clients well into the future.

NON-FINANCIAL HIGHLIGHTS

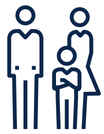
Corporate lending NPS score
H1 2021

+64%

2020: +30% 2019: +47%

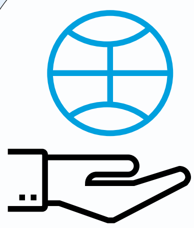
NIBC Direct customer survey score
H1 2021

7.9



2020: 7.9 2019: 7.7

Sustainability ratings
H1 2021



ISS

C+
/Prime

Sustainalytics

22

RepRisk

AA

MSCI

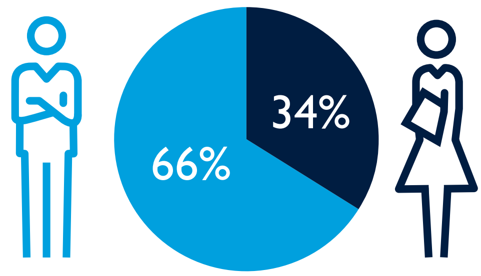
BBB

Screening corporate loans
H1 2021

100%

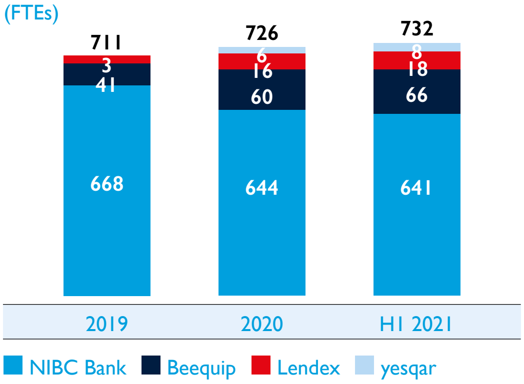
2020: 100% 2019: 100%

Male/female ratio
H1 2021



2020: 67% / 33% 2019: 68% / 32%

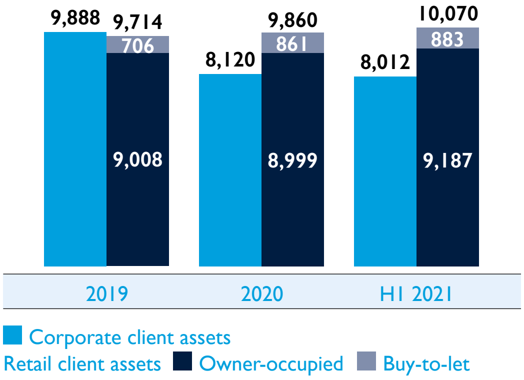
Number of employees
(FTEs)



FINANCIAL HIGHLIGHTS

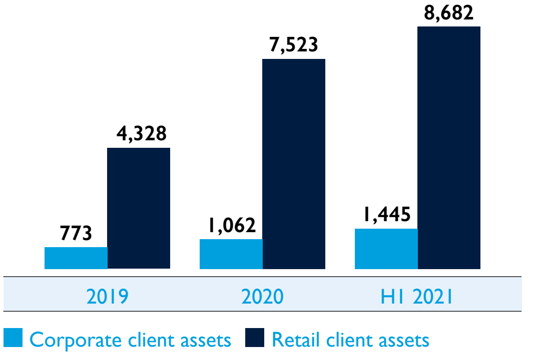
Client assets own book

in EUR millions

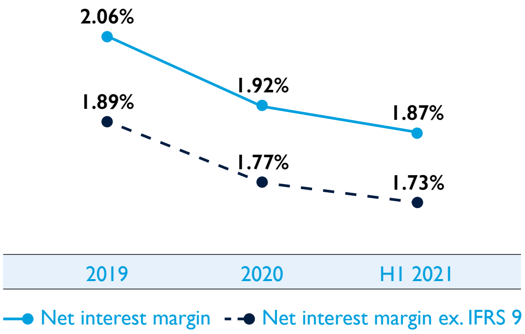


Client assets Originate-to-Manage

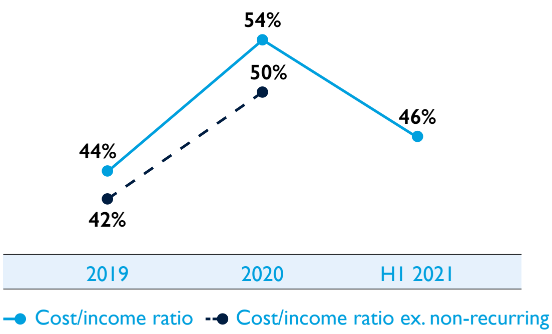
in EUR millions



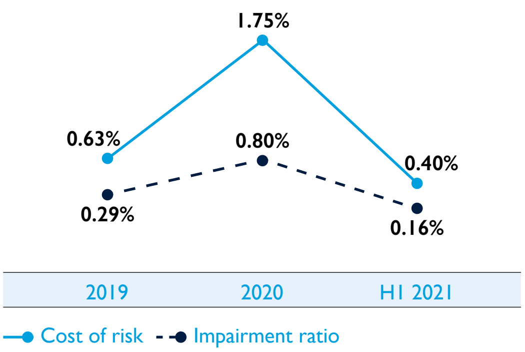
Net interest margin



Cost/income ratio

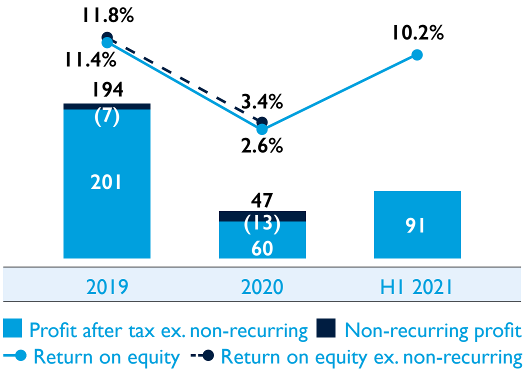


Cost of risk/impairment ratio

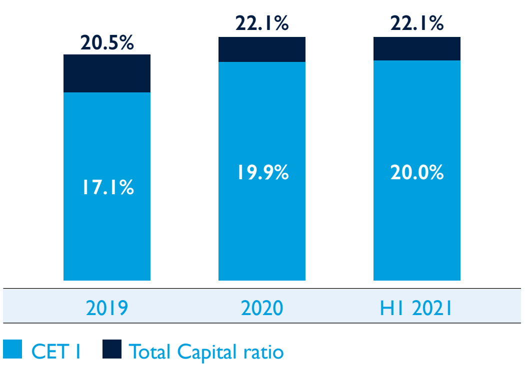


Profit after tax attributable to shareholders and return on equity

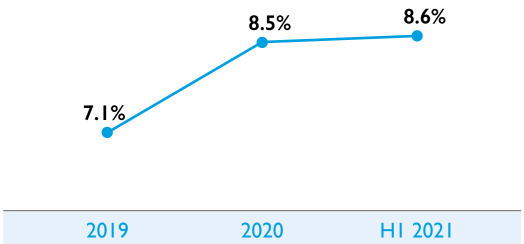
in EUR millions



Solvency ratios[1]



Leverage ratio



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

KEY FIGURES

Earnings

	H1 2021	2020	ex. non-recurring 2020[1]	2019	ex. non-recurring 2019
Operating income	244	431	431	537	537
Operating expenses	113	232	215	237	228
Profit after tax	97	59	72	206	213
Profit after tax attributable to shareholders	91	47	60	194	201
Cost/income ratio[2]	46%	54%	50%	44%	42%
Net interest margin[2]	1.87%	1.92%	1.92%	2.06%	2.06%
Return on equity[2]	10.2%	2.6%	3.4%	11.4%	11.8%
Return on assets[2]	0.86%	0.21%	0.27%	0.90%	0.93%

1 Details on non-recurring items can be found in the Annual report 2020 Financial review section
2 Items are Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.

Portfolio Asset Quality

	H1 2021	2020	2019
Asset quality			
Cost of risk (on average RWA)[1]	0.40%	1.75%	0.63%
Impairment ratio[1]	0.16%	0.80%	0.29%
Impairment coverage ratio[1]	35%	36%	33%
NPL ratio[1]	2.7%	2.0%	2.4%
Top-20 exposure / Common Equity Tier 1	64%	65%	93%
Exposure corporate arrears > 90 days[2]	3.0%	2.1%	1.2%
Exposure residential mortgage loans arrears > 90 days	0.1%	0.2%	0.1%
Loan-to-value Dutch residential mortgage loans	64%	64%	68%
Loan-to-value BTL mortgage loans	53%	53%	52%

1 Items are Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.
2 As from 2020 this ratio includes the lease receivables.

Portfolio

	H1 2021	2020	2019
Corporate client assets (drawn & undrawn)			
Commercial Real Estate (incl. OIMIO)	1,302	1,096	1,578
Energy	363	424	735
Financial Sponsors & Leverage Finance	749	855	1,020
Fintech & Structured Finance	754	859	1,022
Mobility (incl. yesqar)	650	636	665
Infrastructure - Core	907	831	852
Infrastructure - Non Core	746	744	877
Mid Market Corporates	616	772	1,104
Shipping	801	856	1,011
Total corporate loans (drawn & undrawn)	**6,887**	**7,071**	**8,862**
Lease receivables	719	631	509
Investment loans	154	166	214
Equity investments	251	252	303
Total corporate client assets (drawn & undrawn)	**8,012**	**8,120**	**9,888**
Corporate client assets (drawn & undrawn) per region			
Netherlands	4,113	3,980	4,974
Germany	1,387	1,448	1,534
United Kingdom	1,234	1,334	1,532
Other	1,278	1,358	1,847
Total corporate client assets (drawn & undrawn)	**8,012**	**8,120**	**9,888**
Retail client assets			
Owner-occupied mortgage loans – Netherlands	9,176	8,986	8,989
Buy-to-let mortgage loans	883	861	706
Owner-occupied mortgage loans – Germany	11	13	19
Total retail client assets	**10,070**	**9,860**	**9,714**
Originate-to-Manage assets			
Corporate client assets	1,445	1,062	773
Retail client assets	8,682	7,523	4,328
Total Originate-to-Manage assets	**10,128**	**8,585**	**5,101**
Retail client savings			
Netherlands	5,667	5,108	4,577
Germany	3,681	3,606	3,894
Belgium	1,136	1,100	1,019
Total retail client savings	**10,484**	**9,815**	**9,490**

Solvency information

	H1 2021	2020	2019
Equity attributable to shareholders of the company	1,847	1,815	1,848
AT1 and subordinated liabilities	505	478	484
Group capital base	2,352	2,293	2,332
Common Equity Tier 1 capital	1,601	1,586	1,516
Balance sheet total	21,443	21,125	22,375
Risk Weighted Assets	8,004	7,981	8,841
Common Equity Tier 1 ratio[1]	20.0%	19.9%	17.1%
Tier 1 ratio[1]	21.2%	21.0%	18.5%
Total capital ratio[1]	22.1%	22.1%	20.5%
Leverage ratio	8.6%	8.5%	7.1%

1 Solvency ratios are based on full implementation of CRR. Non-eligible profits attributable to shareholders are not included in regulatory capital.

Funding & liquidity

	H1 2021	2020	2019
LCR	258%	221%	222%
NSFR	131%	126%	121%
Loan-to-deposit ratio[1]	146%	150%	156%
Asset encumbrance ratio	25%	26%	28%
Retail savings / total funding	49%	46%	42%
Secured funding / total funding	20%	21%	22%
ESF / total funding	2%	2%	5%

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

Non-financial key figures

	H1 2021	2020	2019
NPS score corporate lending clients	+64%	+30%	+47%
NIBC Direct customer survey score	7.9	7.9	7.9
% of new corporate loans screened against sustainability policy	100%	100%	100%
Number of new corporate clients with increased sustainability risk assessment	12	14	10
Fines or sanctions for non-compliance with laws and regulations	0	0	-
Total number of FTEs end of financial period	732	726	711
Male/female ratio	66%/34%	67%/33%	68%/32%
Male/female ratio top management	78%/22%	82%/18%	85%/15%
Training expenses per employee (EUR)	796	1,767	3,352
Absenteeism (trend total)	1.8%	1.6%	2.0%
Employee turnover (employees started)	8.1%	18.7%	20.6%
Employee turnover (employees left)	7.5%	16.9%	18.6%

A WORD FROM THE CEO

Dear reader,

I am pleased to announce that NIBC is reporting a strong performance with a profit for the first half of 2021 of EUR 91 million (H1 2020: EUR 3 million). In these times of economic uncertainty, we were able to deliver upon our promises of being a dynamic, entrepreneurial banking partner to our clients. We continued to focus on re-inventing ourselves where we see the best growth opportunities for our corporate and consumer clients. We actively evaluate our asset classes, also taking into account our risk appetite, leading to continued rebalancing towards more granular asset classes. With our client and product diversification we have created a strong fundament that allows us to capture new business opportunities and selectively explore areas of growth and future profitability.

Our strong capital and liquidity position allows us to support our clients in their growth ambitions and to simultaneously build our franchises in those niches where we can make a difference. Our label OIMIO expanded its business to a total exposure of more than EUR 100 million in smaller ticket real estate financing. Lot Hypotheken has celebrated its one-year anniversary and, with a steadily growing number of clients and total loans outstanding approaching EUR 1 billion, is well-positioned for further growth in the sustainable mortgage market. Beequip celebrated its fifth anniversary and again demonstrated strong growth. It is well-positioned to follow its international clients into Europe as an alternative financier for equipment leasing.

In July we announced the acquisition of Finqus' EUR 1.5 billion mortgage loan portfolio. We look forward to welcoming Finqus' customers in the second half of the year. During the first half year, we organically grew our owner-occupied mortgage loan portfolio to EUR 9.2 billion (+2%) and our buy-to-let **(BtL)** portfolio to EUR 883 million (+3%). We also continued to expand our fee generating Originate-to-Manage **(OTM)** activities. Our OTM portfolio of mortgage loans grew by 15% to a total of EUR 8.7 billion with ample growth potential of a total mandate of more than EUR 12 billion per H1 2021. The OTM portfolio of corporate exposures grew to EUR 1.4 billion (+36%). The corporate loan book showed a limited decrease as re- and prepayments were almost offset by strong performance in Commercial Real Estate and Infrastructure.

Costs are actively managed and well under control, even though we continue to invest in growth initiatives as well as in the IT environment of the Bank and fully absorb the again increased regulatory costs. All in all, this resulted in an improved cost/income ratio of 46% (H1 2020: 54%).

We saw our credit loss expenses decrease to EUR 14 million (H1 2020: EUR 84 million), reflecting the impact of the positive economic developments. To address the enduring uncertainties in the various portfolios, we have continued to apply a management overlay at the same level as year-end 2020.

Looking at the world around us, the context in which we have to operate nowadays remains unprecedented, and there is a sector-wide concern regarding the background of low and even negative interest rates, excess liquidity and increasing regulatory demand. On the back of the government support measures, the Dutch and north-western Europe economies seem to weather the crisis relatively well, however, it remains to be seen what the long-term effects will be of both the government support measures and the prolonged expansionary monetary policy. We will continue to provide our clients with the best service and support where possible, and at the same time steer the bank through the COVID-19 pandemic. The pandemic has changed the way we work and we are proud of the resilience that our people have shown in these special times. We are looking forward to supporting our people in safely returning to the office in the second half of 2021 and beyond.

NIBC has a robust and fully integrated sustainability strategy that guides our business decisions. Serving our clients in the best possible way is at the center of our operations. During the first half year of 2021, NIBC closed green deals in a growing number of sectors as clients increasingly focus on making their businesses sustainable and linking their efforts in this area to their financing solutions. With our strong ESG profile, we are well positioned to support them in these endeavors. For example, NIBC supports improved standards for responsible ship recycling, we have got a great number of investors that showed interest in our new and fully ESG compliant CLO, which has been in the top decile of league tables throughout the COVID-19 crisis. Another example is the introduction of our sustainable mortgage label Lot Hypotheken last year. Our most recent initiative is the launch of our green bond framework, which enables us to issue green bonds to finance green assets in the real estate and infrastructure sectors.

We are encouraged by the support of our new shareholder Blackstone in our continuous effort to be a leading niche player. We are excited to seize new opportunities and possibilities for further growth together, as proven by the acquisition of the Finqus portfolio. We are looking forward to welcoming Leni Boeren as new member of our Supervisory Board later this year.

At the heart of our business are our people. As a bank built for entrepreneurs, we are committed to cultivate our 'Think YES' mentality by being professional, entrepreneurial and inventive and by matching our clients' can-do attitude. I would particularly like to thank our employees for their continued trust, flexibility and hard work to support our clients in these exciting times.

For the year ahead, the environment remains uncertain. Yet there are some positive macroeconomic signs which further motivate us to help our clients to realise new growth opportunities. I am confident that NIBC has a strong basis for future growth, and with our new shareholder's support and our engaged staff we are in good shape for the remainder of 2021 and beyond.

The Hague, 24 August 2021

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

For more detailed information about our client offering and the priorities we set for our risk management, please refer to the chapters Business Review and Risk Management,respectively, in our Annual Report 2020 .

KEY DEVELOPMENTS

COVID-19 continues to impact us all

The COVID-19 pandemic (COVID-19) continues to affect the global economy and, despite positive signs of economic recovery, uncertainty remains high, in particular in light of the spread of new variants. In reaction to COVID-19, NIBC has implemented a wide range of measures to address the various challenges, including:

- Safeguarding the well-being of our employees has continued to be our immediate and highest priority. With immediate and full remote working for the vast majority of our staff throughout the largest part of 2020 and 2021, NIBC has been able to create a situation in which all staff could continue work in a responsible manner, ensuring seamless working together with our clients and other stakeholders. Skeleton staff has been present at the office to ensure continuity, taking into account special measures. Technology investments made in previous years are paying off with no critical interruptions observed to date. Because our office in The Hague is fully compliant with all RIVM guidelines, thus providing a safe work environment, we have been able to adjust working instructions in line with changing government policy.
- NIBC has continued its portfolio management efforts. In line with sector-wide efforts and the call from governments and regulators alike, NIBC has taken a facilitating stance towards its clients to help address the effects of the COVID-19 crisis but also to prepare for the economic recovery and seize opportunities. NIBC decided to focus its efforts towards its clients through tailored measures rather than to participate in any moratoria – legislative or non-legislative – on loan repayments.
- Credit loss expenses are returning to pre-crisis levels even though uncertainty from the COVID-19 pandemic and its effects on the economy remains. For this reason, NIBC has continued to apply a management overlay at the end of June 2021. The total overlay has remained equal to EUR 14.7 million, however with a different distribution across the various portfolios.
- In response to COVID-19, NIBC has also focused on liquidity management, ensuring sufficient liquidity buffers are available to absorb increased demands from clients in terms of draw downs and payment deferrals, and to maintain solid liquidity ratios at all times. This liquidity position also supports NIBC to seize growth opportunities (see Subsequent events).

There have also been several industry-wide responses, both by regulators and financial institutions. Regulators have responded by – amongst others – providing additional liquidity to financial markets, revising capital requirements and providing various guidelines regarding treatment of potentially forborne assets. As already indicated, NIBC has not participated in any legislative or non-legislative moratoria for corporate clients, preferring to take a case-by-case approach to ensure the best possible response is identified to support clients in these uncertain times both to cope with economic difficulties and to best prepare for economic recovery.

Recent developments

Following the acquisition of NIBC Holding N.V. by Blackstone, we continue to look for new opportunities that fit our business strategy. In July, this resulted in the announced acquisition of the Finqus portfolio, a EUR 1.5 billion mortgage portfolio, subject to regulatory approvals, which will be finalized in the second half of 2021. This acquisition fits with our ambition to capture opportunities in those activities and asset classes where we see possibilities for further growth.

FINANCIAL REVIEW

PERFORMANCE SUMMARY

- Our overall performance for H1 2021 is strong. The profit after tax has significantly improved compared to H1 2020 and is more in line with pre-COVID-19 levels (H1 2019: EUR 83 million). These positive results stem from lower credit loss expenses and strong investment income.
- Operating income is supported by high investment income following successful exits and positive revaluations in our equity investment portfolio. However, net interest income decreased from a delayed effect of lower origination of corporate loans during the year 2020 as well as from decreasing spreads in the mortgage market.
- The decrease in operating expenses reflects active cost management on the bank's base activities. This ensures the ability to continue to invest in new initiatives and improvement projects to further strengthen the bank's processes, and meet all requirements.

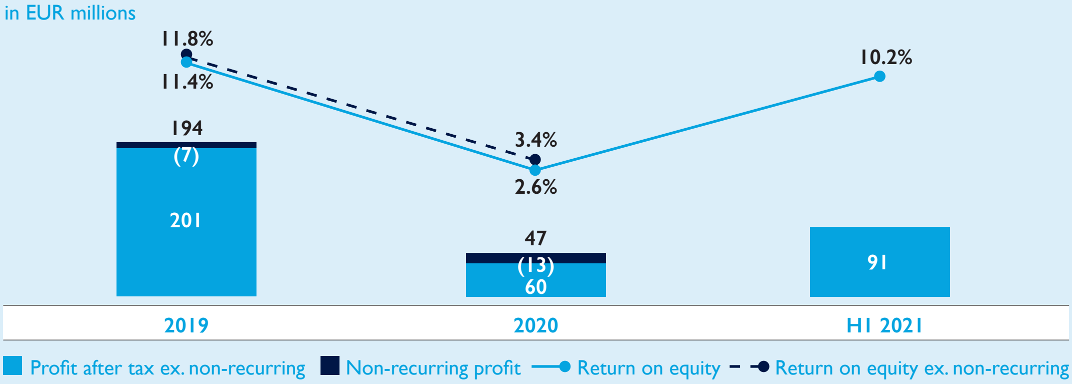
Income statement

in EUR millions	H1 2021	H1 2020	H1 2021 vs. H1 2020
Net interest income	188	208	-9%
Net fee and commission income	21	19	7%
Investment income	43	5	>100%
Other income	-8	-17	-54%
Operating income	**244**	**215**	**14%**
Personnel expenses	54	55	-2%
Other operating expenses	44	49	-10%
Depreciation and amortisation	3	3	-12%
Regulatory charges and levies	13	10	26%
Operating expenses	**113**	**117**	**-3%**
Net operating income	**131**	**98**	**34%**
Impairments of financial and non financial assets	14	84	-84%
Tax	21	5	>100%
Profit after tax	**97**	**9**	**>100%**
Profit attributable to non-controlling shareholders	6	6	0%
Profit after tax attributable to shareholders of the company	**91**	**3**	**>100%**
Return on equity	**10.2%**	**0.3%**	**>100%**

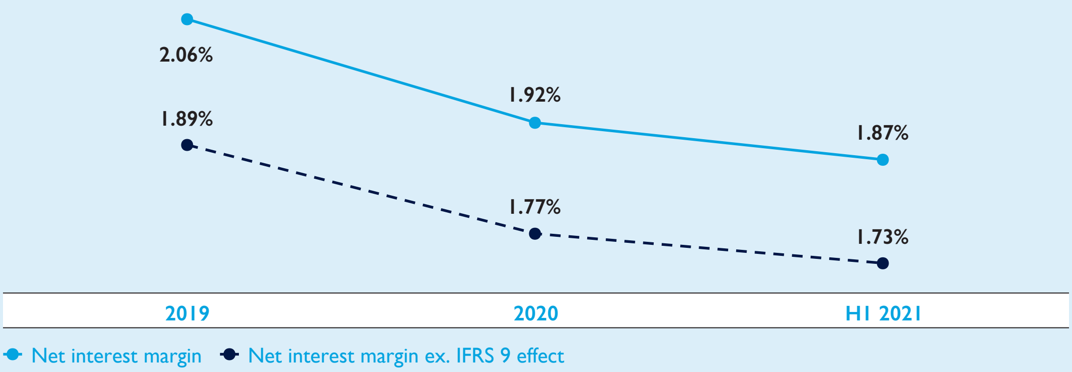
- Credit loss expenses are significantly lower than in H1 2020. The levels of H1 2020 were elevated due to the effects of the COVID-19 pandemic. With improved economic indicators but also the impact from our long term strategy of de-risking our portfolios, impairment levels have gone down to a moderate level. The management overlay for H1 2021 included in credit impairments equals EUR 14.7 million, the same level as per year-end 2020, to reflect the remaining uncertainty and therefore has no impact on the credit loss expenses.
- Please refer to note 1 for the income statement per segment.

Profit after tax attributable to shareholders and return on equity

in EUR millions

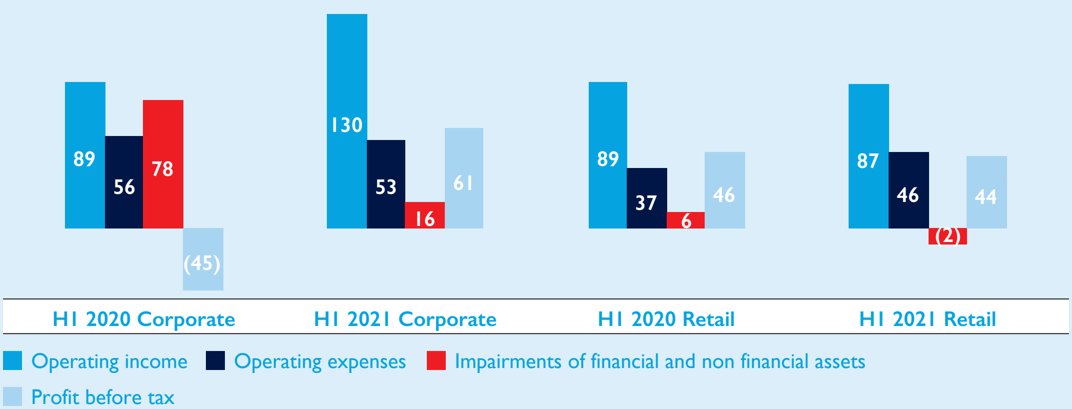


Net interest margin



Financial performance Corporate and Retail Client Offering

in EUR millions



Financial performance

Operating income
Within operating income, key drivers for the increase are high investment income, higher net fees and commissions and lower losses in other income. These improvements are partially offset by a decrease of net interest income, compared to H1 2020.

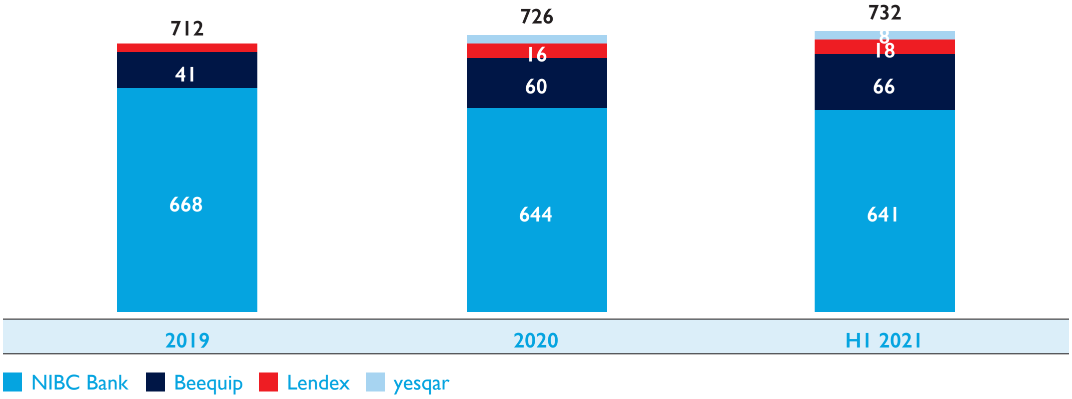
- The net interest margin reports a limited decrease. We observe a decline in net interest income, which reflects the effects of our choice to balance origination during 2020 in the corporate segment. Net interest income is also negatively impacted by lower spreads in the retail sector. Additionally, there is continued pressure on net interest income from the combination of excess liquidity and low interest rates. The lower net interest income is also impacted by a lower asset base, explaining the moderate decline of the net interest margin.
- Total fee income increased. The composition has changed, with an increase in OTM-related fee income, as NIBC has further grown its Originate-to-Manage portfolio, and lower fee income related to lending activities, as new origination has been subdued. The increase in fee income supports diversification of income.
- Investment income has significantly increased. About half of the investment income reflects realised results from successful exits during the first half of 2021. The remaining income relates to positive revaluation results on equity investments, in line with the general price development in H1 2021 in the equity market.
- The negative other income is mainly explained by negative results from ineffective hedge relationships, as fair value hedges on interest rate risk did not always meet accounting effectiveness thresholds, and the sale of some loans at a discount. These are partly offset by positive revaluations of the first loss positions of the North Westerly CLO program.me

Operating expenses
Operating expenses have decreased due to active cost management and lack of non-recurring expenses. NIBC continues its efforts to increase efficiencies in its base operations, allowing for additional investments in both new business opportunities and in further strengthening its operational and technological capabilities.

Overall, headcount is relatively stable, with a minor movement from NIBC towards its subsidiaries.

As a consequence, with higher income and lower expenses, the cost/income ratio has decreased from the elevated level of H1 2020, and is almost at the medium-term objective of 45%.

FTE development



Impairments of financial and non-financial assets

Credit loss expenses are significantly lower than what we observed in the past year. This is the result of an improved economic situation, in combination with active portfolio management and continued de-risking of our portfolio.

The reported credit loss expenses of the Corporate Client Offering are at EUR 16 million and include EUR 20 million additions on stage 3 and POCI assets, based on specific impairments of EUR 17 million in Energy and EUR 10 million in Fintech & Structured Finance. These are partly offset by a release of EUR 5 million in Mid Market Corporates and other small movements within stage 3. There is also a release of EUR 5 million on the stage 1 and stage 2 corporate exposures, including releases on lease receivables.

A release of EUR 1 million on stage 1 and stage 2 in the Retail Client Offering is mainly driven by increasing house prices, improving the loan-to-value of the existing portfolio.

In line with the end of 2020, NIBC has continued to apply a management overlay of EUR 14.7 million to the total expected credit losses. The amount is unchanged and therefore has no impact on the credit loss expenses. The composition has however changed. The management overlay includes a release of EUR 2.2 million on the corporate loan portfolio and mortgage loan portfolio. This reflects the improvement of some of the economic indicators that are not fully captured by our ECL models. Conversely, the management overlay per H1 2021 includes an increase of EUR 2.2 million on the lease receivables portfolio. This amount is applied to maintain the coverage ratio at more or less the same level as what it was at the end of the year, which is considered a fair reflection of the current economic situation and the impact on this portfolio.

Coverage ratios stage 1 and stage 2 exposures

	H1 2021		2020	
	Stage 1	Stage 2	Stage 1	Stage 2
Loans				
Carrying value	4,667	556	4,806	673
ECL allowance	13	24	17	27
Coverage ratio	0.3%	4.3%	0.3%	4.0%
Lease receivables				
Carrying value	655	30	567	29
ECL allowance	1	2	2	2
Coverage ratio	0.2%	7.6%	0.3%	5.4%
Mortgage loans				
Carrying value	10,177	161	10,046	193
ECL allowance	2	7	2	8
Coverage ratio	0.0%	4.1%	0.0%	4.1%
Total				
Carrying value	15,499	747	15,420	894
ECL allowance	16	33	20	37
Coverage ratio	0.1%	4.4%	0.1%	4.1%

For additional details, please refer to note 11.

Tax

Taxes reflect the profit registered over the first half year. We observe a relatively low effective tax rate as a substantial part of our income for H1 2021 relates to tax exempted investment income.

Dividend

On 23 July 2021, the European Central Bank (ECB) decided not to extend beyond September 2021 its recommendation that all banks limit dividends. Instead, supervisors will assess the capital and distribution plans of each bank as part of the regular supervisory process.

The recommendation on dividends remains applicable until 30 September 2021, implying that banks can resume dividend payments as of the fourth quarter of 2021, as long as the standard regulatory criteria are met (e.g. the maximum distributable amount).

Medium-term objectives

As indicated in the AGM update in relation to COVID-19 (press release of 17 April 2020), NIBC could not achieve its formulated medium-term objective of 10-12% for Return on Equity (ROE) nor its cost/income ratio over 2020. However, NIBC's ambitions towards its medium term objectives remained unchanged once market conditions normalise. In the first semester of 2021, the objective of 10 - 12% on ROE is met. The cost/income ratio, at 46%, is marginally above the objective of 45% or less as it recovered from the elevated level of 2020.

Medium-term objectives

	Medium-term objectives	H1 2021	2020	2019
Return on equity	10-12%	10.2%	2.6%	11.4%
Cost/income ratio[1]	<45%	46%	54%	44%
CET 1[2]	≥14%	20.0%	19.9%	17.1%
Rating Bank	BBB+	BBB+	BBB+	BBB+
Dividend pay-out ratio	≥50%	0%	60%	59%

1 Cost/income ratio including non-recurring items.
2 Solvency ratios are based on full implementation of CRR. Non-eligible profits attributable to shareholders are not included in regulatory capital.

BALANCE SHEET DEVELOPMENT

- Total assets remained relatively stable. However, composition has further developed in line with NIBC's strategy of building a more granular portfolio and decreasing cyclical exposures. Cash and banks further increased, based on both prudent liquidity management and anticipation of the acquisition of the Finqus mortgage loan portfolio, announced on 19 July 2021.
- Business initiatives focus on more granular and better risk/return ratio, such as Beequip (lease receivables), buy-to-let mortgage loans and OIMIO for small-ticket CRE financing.
- Exposure to Energy, Mid Market Corporates and Leveraged Finance has been further reduced.
- The mortgage loan portfolio increased, with a similar growth rate on the owner-occupied and buy-to-let portfolios.

Assets

in EUR millions	H1 2021	2020	2019
Cash and banks	3,053	2,580	2,671
Loans	5,568	5,779	7,154
Lease receivables	694	613	498
Mortgage loans	10,343	10,245	10,044
Debt investments	943	977	1,056
Equity investments	227	226	274
Derivatives	412	494	482
Other assets	202	211	196
Total assets	**21,443**	**21,125**	**22,375**

Liabilities and equity

in EUR millions	H1 2021	2020	2019
Retail funding	10,484	9,815	9,490
Funding from securitised mortgage loans	293	327	391
Covered bonds	3,508	3,004	3,004
ESF deposits	381	383	1,191
All other senior funding	4,104	5,024	5,599
Tier 1 and subordinated funding	305	278	284
Derivatives	115	100	226
All other liabilities	207	179	142
Total liabilities	**19,396**	**19,110**	**20,327**
Equity attributable to shareholders of the company	1,847	1,815	1,848
Capital securities (non-controlling interest)	200	200	200
Equity attributable to non-controlling interests	-	-	-
Total liabilities and shareholders' equity	**21,443**	**21,125**	**22,375**

- In April we issued a EUR 500 million covered bond with a maturity of 10 years. The transaction was met with strong demand from across Europe, evidenced by a final orderbook of EUR 1.35 billion.
- Retail funding displays a steady growth over the years, further increasing in H1 2021, despite lowered pricing.

ECL staging

30 June 2021		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost	Loans	4,667	556	145	55	5,424
	Lease receivables	655	30	9	-	694
	Mortgage loans	10,177	161	5	-	10,343
	Debt investments	35	-	-	-	35
Fair Value through OCI	Debt investments	854	3	-	-	857
Total		**16,388**	**749**	**159**	**55**	**17,352**

31 December 2020		Stage 1	Stage 2	Stage 3	POCI	Total
Amortised cost	Loans	4,806	673	104	66	5,649
	Lease receivables	567	29	17	-	613
	Mortgage loans	10,046	193	5	-	10,245
	Debt investments	22	-	-	-	22
Fair Value through OCI	Debt investments	883	3	-	-	886
Total		**16,325**	**898**	**126**	**66**	**17,415**

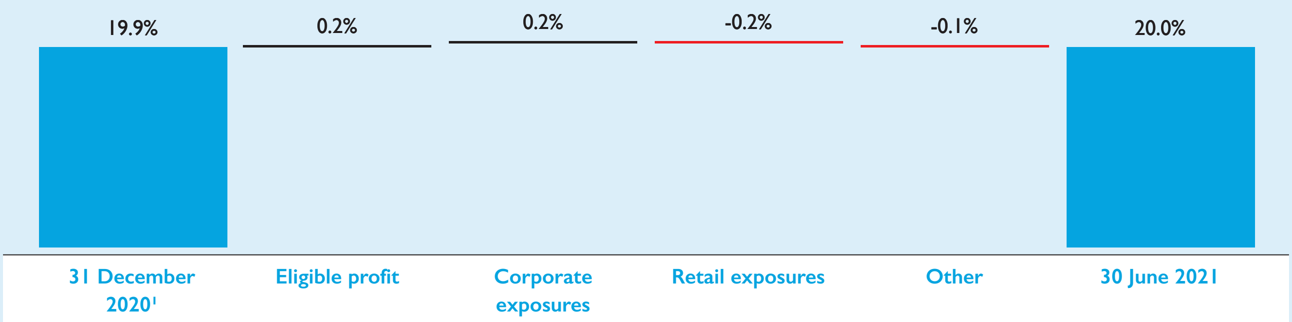
Credit quality ratios

	H1 2021	2020	2019
Impaired coverage ratio	35%	36%	33%
NPL ratio	2.7%	2.0%	2.4%
Top-20 exposure / Common Equity Tier 1	64%	65%	93%

SOLVENCY AND LIQUIDITY

- NIBC has a strong capital position reflected in a CET 1 ratio of 20.0% as at H1 2021, in which the 2020 retained earnings (EUR 19 million) have been included as eligble profit.
- As per H1 2021 CRR II is implemented. In H1 2021 this resulted in an increase in our RWA position due to the implementation of SA-CCR for derivatives. The implementation of the prudential backstop does not have any effect in H1 2021.
- The RWA developments compared to 2020 is mainly impacted by the reduced corporate exposures, increasing the CET1 ratio with 0.2%-points.

CET 1 development

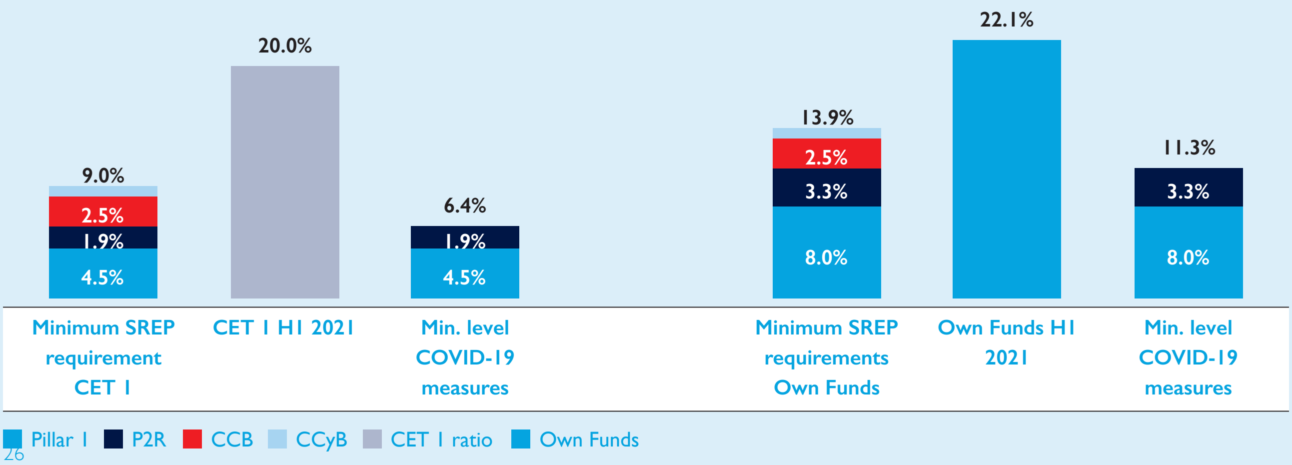


1 Solvency ratios are based on full implementation of CRR.

Credit risk per exposure class

Exposures including Credit Conversion Factor in accordance with CRR	H1 2021 Exposure	RWA	Average risk weight	2020 Exposure	RWA	Average risk weight
Corporate exposures	7,367	4,360	59%	7,408	4,324	58%
Mortgage loans	10,389	1,053	10%	10,108	988	10%
Institutions	722	137	19%	911	183	20%
Equity	251	927	370%	252	931	370%
Securitisation	857	263	31%	849	277	33%
Other including derivatives	590	321	54%	464	266	57%
Central Government	2,598	0	0%	2,041	0	0%
Total	**22,774**	**7,061**	**31%**	**22,032**	**6,968**	**32%**

Capital ratios compared to SREP level



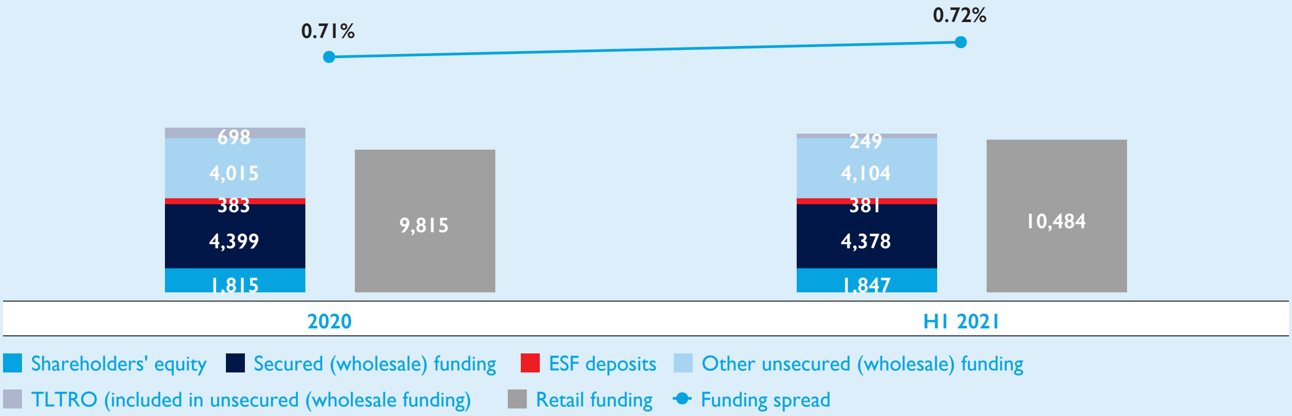
- Active liquidity management and selective use of the various funding instruments have resulted in stability in our funding spread.
- NIBC's strong liquidity position increased further compared to the end of 2020, with a liquidity coverage ratio (LCR) at 258%. This is underpinned by elevated liquidity buffers and an NSFR of 131%.
- Following last year's merger of NIBC Bank Deutschland AG with NIBC Bank N.V., we continue our dialogue with the ESF regarding NIBC's position in relation to the guarantee scheme.

Liquidity ratios

	H1 2021	2020	2019	2018
LCR	258%	221%	222%	241%
NSFR	131%	126%	121%	123%
Loan-to-deposit ratio[1]	146%	150%	156%	152%
Asset encumbrance ratio	25%	26%	28%	26%

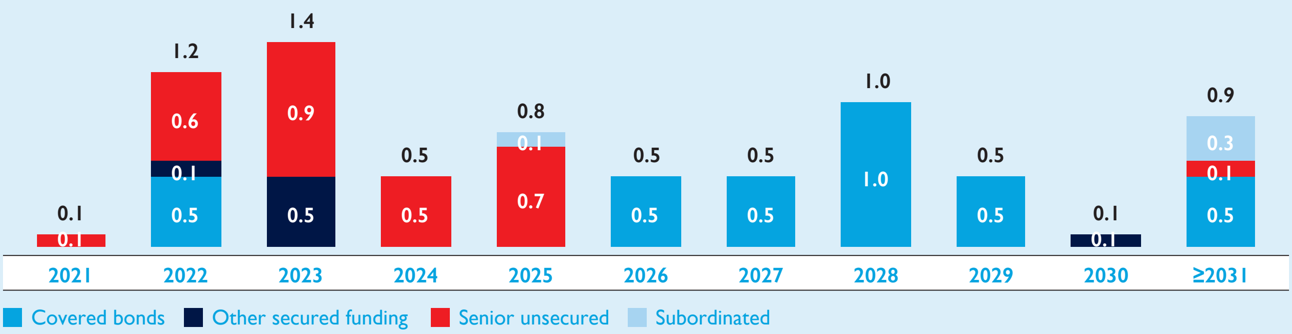
1 Item is Alternative Performance Measures (APM). The calculations of those items are explained in the APM section.

Funding composition and spread



Maturing wholesale funding

in EUR billions



PERFORMANCE CORPORATE CLIENT OFFERING

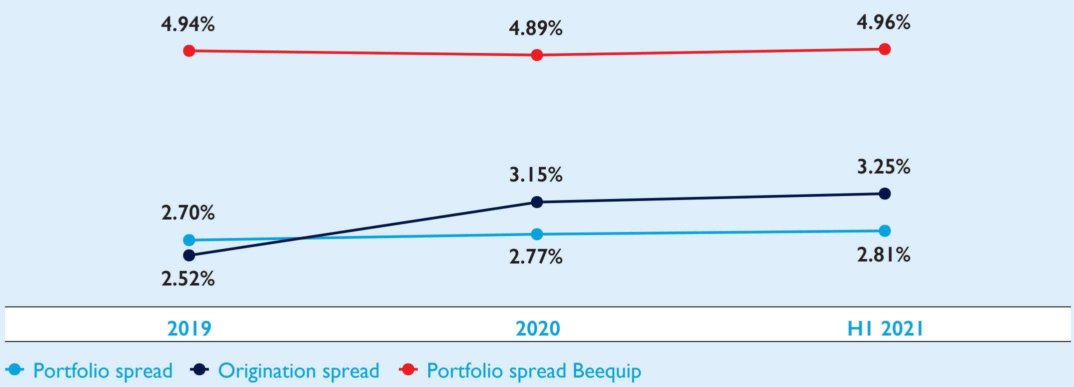
- The corporate segment closed H1 with a net profit of EUR 54 million driven by high positive results on investment income and limited credit loss expenses.
- Net interest income has decreased, mainly related to the effect of lower origination in reaction to the COVID-19 crisis.
- Net fee and commission income is stable.
- Investment income is high due to favourable exits, including that of Fletcher, and several positive revaluation results.
- The loss in other income is lower than in H1 2020. It includes the sale of loans at a discount, partly offset by positive revaluations of the retained first loss positions in the North Westerly CLOs.

Income statement Corporate Client Offering

in EUR millions	H1 2021	H1 2020
Net interest income	84	91
Net fee income	6	7
Investment income	43	4
Other income	(3)	(13)
Operating income	**130**	**89**
Other operating expenses	53	56
Regulatory charges and levies	-	-
Operating expenses	**53**	**56**
Net operating income	**77**	**33**
Impairments of financial and non financial assets	16	78
Profit before tax	**61**	**(45)**
Tax	7	(12)
Profit after tax	**54**	**(33)**

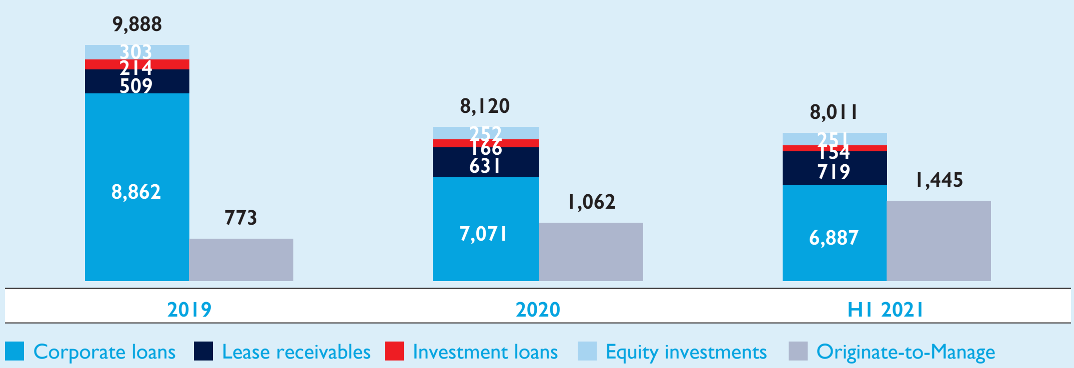
- Decrease in the exposures in corporate loans is partly offset by growth in lease receivables. This is in line with our focus on more granular products while decreasing our exposure in cyclical portfolios, as well as the impact of lower origination volumes and higher repayments. Total origination of corporate exposures in H1 2021 amounts to EUR 1.6 billion (H1 2020: EUR 0.6 billion).
- Please refer to the Business Review in our Annual Report 2020 for more information about our Corporate Client Offering.

Corporate loan portfolio spreads above base



Corporate client assets

in EUR millions



PERFORMANCE RETAIL CLIENT OFFERING

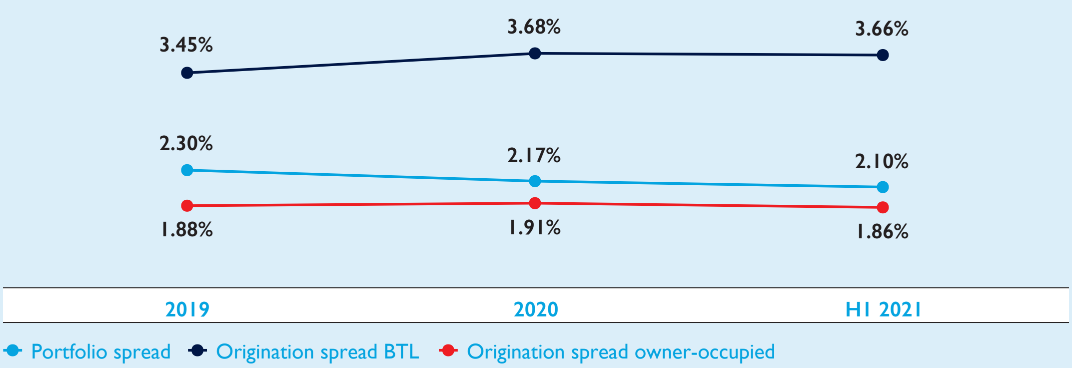
- Profit after tax is in line with H1 2020 with a slight shift in the income mix towards fee income.
- Net interest income decreased slightly despite the portfolio remaining stable. This relates to a lower spread on the overall portfolio, which is observed both on the owner-occupied and the buy-to-let products.
- The mix between owner-occupied and buy-to-let assets has remained stable with total origination for own book of EUR 1.0 billion (H1 2020: EUR 1.6 billion).
- Prepayment penalties remain at an elevated level reflecting the fact that relatively many clients are externally refinancing loans at lower interest rates.
- The Originate-to-Manage portfolio further increased with origiation of EUR 1.4 billion (H1 2020: EUR 0.6 billion), which translates into a continued increase of net fee income, supporting diversification of income.

Income statement Retail Client Offering

in EUR millions	H1 2021	H1 2020
Net interest income	73	76
Net fee income	15	12
Investment income	-	-
Other income	0	1
Operating income	**87**	**89**
Other operating expenses	38	32
Regulatory charges and levies	8	5
Operating expenses	**46**	**37**
Net operating income	**42**	**52**
Impairments of financial and non financial assets	(2)	6
Profit before tax	**44**	**46**
Tax	11	11
Profit after tax	**33**	**35**

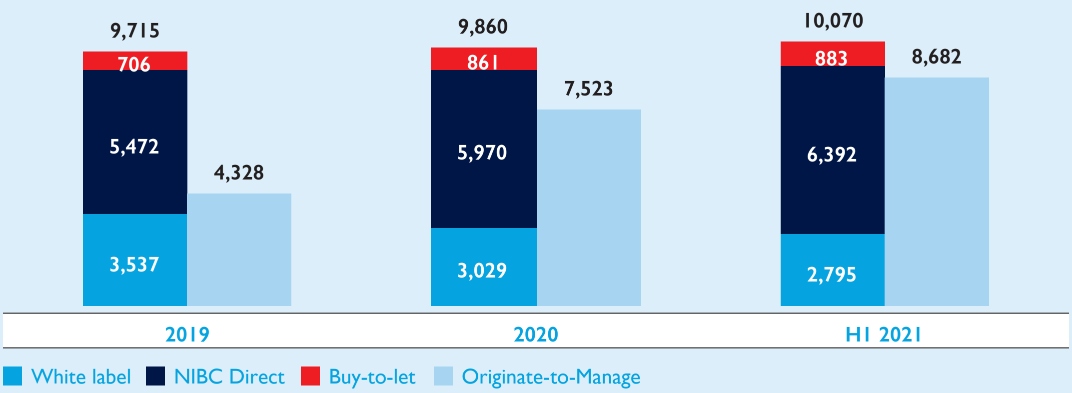
- Operating expenses increased due to higher regulatory expenses, mainly related to the contribution to the Dutch deposit guarantee scheme, which includes a higher risk supplementation in reaction to a relatively high inflow of retail savings.
- Please refer to the Business Review in our Annual Report 2020 for more information about our Retail Client Offering.

Retail spread above base



Mortgage portfolio development

In EUR millions



NIBC BANK

FINANCIAL REVIEW

- Our overall performance for H1 2021 is strong. The profit after tax has significantly improved not only compared to H1 2020 but also to H1 2019 (EUR 81 million). These positive results stem from strong investment income and lower credit loss expenses.
- Operating income is supported by high investment income following successful exits and positive revaluations in our equity investment portfolio. However, net interest income decreased, following lower origination of corporate loans during the year 2020 as well as decreasing spreads in the mortgage market.
- The decrease in operating expenses reflects active cost management on the bank's base activities. This ensures the ability to continue to invest in new initiatives and improvement projects to further strengthen the bank's processes.

Income statement

in EUR millions	H1 2021	H1 2020	H1 2021 vs. H1 2020
Net interest income	177	200	-11%
Net fee and commission income	21	19	8%
Investment income	43	5	>100%
Other income	(8)	(18)	-56%
Operating income	**232**	**206**	**13%**
Personnel expenses	49	52	-5%
Other operating expenses	42	44	-4%
Depreciation and amortisation	2	2	-19%
Regulatory charges and levies	13	10	30%
Operating expenses	**106**	**108**	**-2%**
Net operating income	**126**	**98**	**29%**
Credit loss expense/(recovery)	12	79	-85%
Tax	20	7	>100%
Profit after tax	**94**	**12**	**>100%**
Profit attributable to non-controlling interest	6	6	0%
Profit after tax attributable to shareholder of NIBC Bank	**88**	**6**	**>100%**

	H1 2021	2020	2019
Earnings			
Net interest margin	1.77%	1.81%	1.99%
Cost/income ratio	46%	52%	44%
Return on equity	10.0%	2.8%	10.2%

- Credit loss expenses are significantly lower than in H1 2020. The levels of H1 2020 were elevated due to the effects of the COVID-19 pandemic. With improved economic indicators but also the impact from our long term strategy of de-risking our portfolios, impairment levels have gone down to a moderate level. The management overlay for H1 2021 included in credit impairments equals EUR 12.5 million, reflecting a EUR 2.2 million release.
- NIBC has a strong capital position reflected in a CET 1 ratio of 21.2% as at H1 2021.
- As per H1 2021 CRR II is implemented. In H1 2021 this resulted in an increase in our RWA position due to the implementation of SA-CCR for derivatives. The implementation of the prudential backstop does not have any effect in H1 2021.
- Active liquidity management and selective use of the various funding instruments have resulted in a stable funding spread.

	H1 2021	2020	2019
Asset quality			
Cost of risk	0.35%	1.77%	0.64%
Impairment ratio	0.14%	0.78%	0.28%
Impairment coverage ratio	34%	37%	33%
NPL ratio	2.83%	2.1%	2.5%
Solvency			
Equity attributable to shareholder of the company	1,811	1,803	1,865
AT1 and Subordinated liabilities	505	478	484
Balance sheet total	21,329	21,055	22,407
Risk-weighted assets	7,660	7,640	8,597
Common Equity Tier 1 ratio	21.2%	21.3%	18.7%
Tier 1 ratio	23.9%	24.0%	21.0%
Total Capital ratio	25.1%	25.4%	24.7%
Leverage ratio	9.3%	9.2%	7.8%
Funding & liquidity			
Loan-to-deposit ratio	146%	150%	157%
S&P rating and outlook	BBB+ Stable	BBB+ Negative	BBB+ Stable
Fitch rating and outlook	BBB Negative	BBB Negative	BBB Stable

RISK MANAGEMENT

NIBC's risk approach entails that we pursue credit risk and investment risk, while reducing our interest rate, currency, liquidity and operational risk to an acceptable level. The risks we take are measured and monitored against our risk appetite, ensuring that NIBC is capable of executing its business activities in line with its strategy.

For a detailed description of NIBC's risk management framework and approach, please refer to the Risk Management section of the Annual Report 2020.

Overview of main risk types

in EUR millions	Main risk types	H1 2021	2020
Corporate / investment loans		**7,042**	**7,237**
Corporate loans	Credit risk	6,887	7,071
Investment loans	Credit risk	154	166
Lease receivables	Credit risk	719	631
Mortgage loans	Credit risk	10,070	9,860
Equity investments	Investment risk	251	252
Debt investments		**971**	**1,003**
Debt from financial institutions and corporate entities	Credit risk / Market risk	233	305
Securitisations	Credit risk / Market risk	738	698
Cash management	Credit risk	2,915	2,465
Derivatives[1]	Credit risk / Market risk	610	494
Funding	Liquidity risk	21,443	21,125
Total capital (based on full implementation of CRR)	Capital Adequacy risk	1,770	1,766

1 Exposure is based on a combination of netting and positive replacement values.

ASSET QUALITY

- Granularity of corporate portfolio has remained stable at the previoulsy improved levels as evidenced by our top 20 exposure ratio.
- In the first half year of 2021 NIBC implemented a new definition of default policy resulting in increased credit quality measures for residential mortgages. The ECL models are yet to be updated to reflect this change, however, impact is deemed to be immaterial.
- ECL level (stages 1 and 2) has decreased due to improved economic circumstances captured by our ECL model. The management overlay is unchanged to EUR 14.7 million to cover for elements that are insuffictiently captured by the applied ECL models in combination with continued uncertainties regarding underlying fundamentals.

Overview of credit quality measures

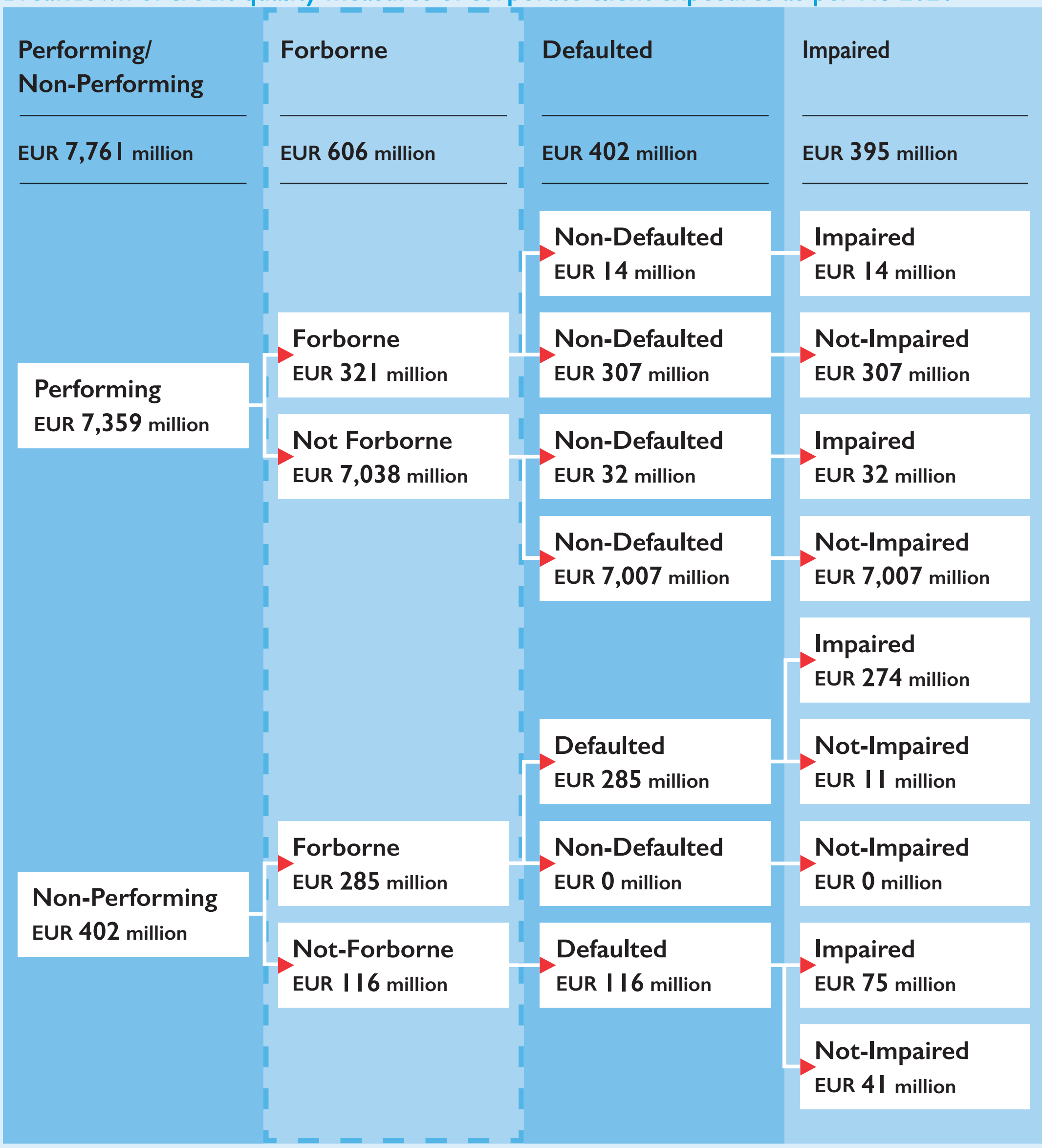
in EUR millions	Corporate exposure	Lease exposure	Investment loans	Retail exposure	Total exposure	
	H1 2021					
Defaulted exposure	352	34	16	86	487	2.7%
Impaired exposure	350	34	11	6	401	2.3%
Non-performing exposure	352	34	16	86	487	2.7%
Forborne exposure	501	66	39	205	811	4.5%
	2020					
	Corporate exposure	Lease exposure	Investment loans	Retail exposure	Total exposure	
Defaulted exposure	296	33	11	19	359	2.0%
Impaired exposure	303	33	16	6	358	2.0%
Non-performing exposure	296	33	11	19	359	2.0%
Forborne exposure	415	60	40	118	633	3.6%

Credit quality measure per asset class (in %)

	H1 2021			2020		
in EUR millions	Non-performing exposure	Impaired exposure	Impairment coverage ratio	Non-performing exposure	Impaired exposure	Impairment coverage ratio
Corporate client exposures:						
Commercial Real Estate	58	58	23%	63	63	30%
Energy	90	122	19%	47	67	15%
Financial Sponsors & Leveraged Finance	49	63	52%	60	74	54%
Fintech & Structured Finance	37	37	62%	28	28	71%
Infrastructure - Core	-	-	0%	-	-	0%
Infrastructure - Non-Core	36	-	0%	21	-	0%
Mid Market Corporates	27	16	17%	24	17	16%
Mobility	2	2	89%	2	2	89%
Shipping	53	53	27%	51	51	25%
Total corporate loans	**352**	**350**	**32%**	**296**	**303**	**35%**
Leases	34	34	76%	33	33	45%
Investment loans	16	11	29%	11	16	55%
Total corporate exposures	**402**	**395**	**35%**	**340**	**352**	**37%**
Retail client exposures						
Mortgage loans	77	6	16%	13	6	19%
Buy-to-let mortgages	9	0	0%	6	0	0%
Total retail client exposures	**86**	**6**	**16%**	**19**	**6**	**17%**
Total exposures	**487**	**401**	**35%**	**359**	**358**	**36%**

- We observe an increase in forborne assets under the effect of this new definition of default policy for the retail portfolio and the effect of COVID-19 on the corporate portfolio.
- Corporate non-performing exposure increases are largely due to the deterioration of specific exposures in the Energy portfolio and also within the Fintech & Structured Finance portfolio.

Breakdown of credit quality measures of corporate client exposures as per H1 2021



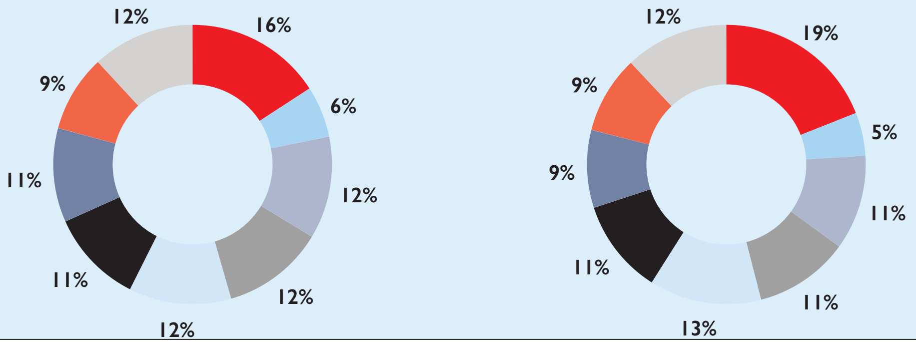
CREDIT RISK

- In our Corporate Client Offering we mainly engage with clients rated 5 or 6 on the internal credit risk scale (BB and B for external rating agencies' scale) and a *loss given default* (**LGD**) corresponding with a recovery rate between 75% and 90%.
- NIBC has continued to proactively support its clients during the on-going pandemic. Within the Corporate Client Offering, we monitor clients on a case-by-case basis and address challenges with specific, focused measures.

Throughout the first half of 2021, NIBC also continued its intensified portfolio management activities.

- As disclosed in the Annual Report 2020, retail clients impacted by COVID-19 have been given the opportunity to make use of a temporary payment deferral. Less than 1% of our client base has made use of this deferral during 2020. The majority of these clients have since then resumed regular payments.

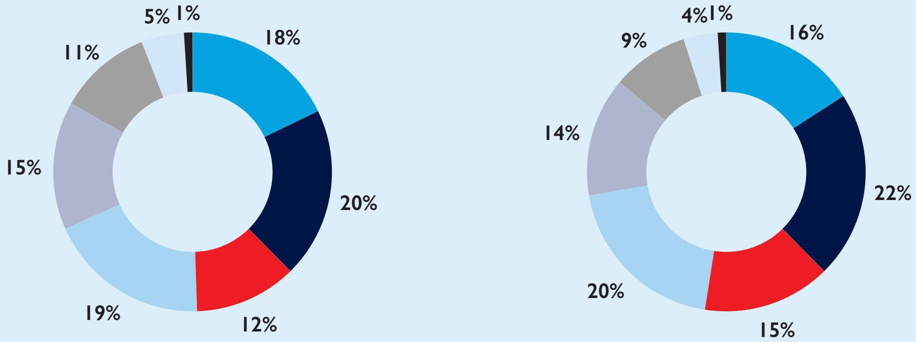
Credit risk exposure per asset class (in %)



2020 H1 2021

Corporate Loan portfolio · Commercial Real Estate · Energy · Financial Sponsors & Leveraged Finance · Fintech & Structured Finance · Infrastructure - Core · Infrastructure - Non-Core · Mid Market Corporates · Mobility · Shipping

Mortgage loan portfolio per loan-to-value bucket



2020 H1 2021

Guaranteed · >0% and <=50% · >50% and <=60% · >60% and <=70% · >70% and <=80% · >80% and <=90% · >90% and <=100% · >100%

OTHER RISK TYPES

In H1 2021, the size of the equity portfolio remained stable, with the exit of our investment in Fletcher Hotels being offset by positive revaluations and new additions. For new businesses we aim for smaller direct client investments potentially in combination with shareholder loans.

In 2021, existing derivatives agreements, loan and funding documentation will be adjusted to reflect the transition from IBOR to *Risk Free Rates* (**RFR**). Also, new transactions are expected to reference the RFRs, such as *Sterling Overnight Index Average* (**SONIA**) and *Secured Overnight Financing Rate* **(SOFR**). The timing of the transition is based on the recommended timelines from the Working Group on Sterling Risk-Free Reference Rates and the Alternative Reference Rates Committee.

The increased attention for liquidity risk management as a result of COVID-19 has continued with additional portfolio analyses focused on liquidity forecasts.

The interest rate risk in the banking book refers to the sensitivity of interest income to adverse interest rate movements. To assess the impact on net interest income, NIBC uses *earnings at risk* (**EaR**) by calculating the 12-months earnings impact of a gradual 100 bps upward or downward shift in interest rates per currency. At the end of H1 2021, the 100 bps EaR amounted to 12 million (2020: EUR 11 million). Next to this, NIBC uses several other scenarios as well as dynamic analyses by modelling the development of its balance sheet in line with the business plan, taking into account refinancing and reinvestments, to monitor and manage the interest rate in the banking book.

NIBC does not actively take a currency position. At the end of H1 2021, the open foreign currency position equaled a value of EUR 14.2 million.

CAPITAL ADEQUACY

Legacy instruments

Following the *European Banking Authority* (**EBA**) Opinion issued in 2020 on prudential treatment of legacy instruments, aimed at providing clarity on the appropriate prudential treatment of such instruments to ensure a high quality of capital for EU institutions and a consistent application of rules and practices across the Union. NIBC has performed an additional review of the treatment of its outstanding legacy Tier 1 instruments and has taken the approach to not include these instruments in the 'fully eligible' treatment for regulatory capital under the *Capital Requirements Regulation* (**CRR**), in light of the additional guidance provided by EBA.

Due to Brexit, two legacy Tier 2 instruments issued under English law no longer comply with the applicable regulation for Tier 2 treatment and are therefore excluded from (fully loaded) total capital as of 31 December 2020.

These adjustments have led to a decrease in (fully loaded) total capital as of 31 December 2020, as a total position of EUR 209 million is no longer included. The effect of the adjustment is mitigated by the minority interest adjustment and has an overall negative impact of 1.2% on the total capital ratio (from 23.3% to 22.1%).

The financial sector is currently awaiting further clarity on the implementation of BRRD 2 into Dutch law. This will also determine for NIBC whether its outstanding legacy Tier 1 instruments continue to be used without creating ranking issues resulting in infection risk. Once the impact of the Dutch law implementation of BRRD 2 on the legacy instruments (including their ranking) is clear, NIBC will determine the appropriate next steps with respect to these legacy instruments.

Basel IV

An agreement was reached on the finalisation of the Basel III reforms (Basel IV) in December 2017. In March 2020 the Basel Committee on Banking Supervision announced that it will delay the implementation of Basel IV and its accompanying transitional arrangement by one year to allow banks to focus on the COVID-19 pandemic. The standards will have to be fully implemented by January 2028.

While certain elements still require more clarification, based on our current assessment and interpretation of the Basel IV Standards, we expect the impact to be in a range of 10%–20% of RWA by 2028, compared to the RWA as determined at H1 2021. The calculated RWA impact has decreased compared to previous analyses. Important drivers of this decrease of Basel IV impact are the implementation of SA-CCR for derivatives in H1 2021 and changes in the composition of our Corporate Client portfolio. This analysis already includes the impact of the 30% RWA add-on following the IMI in 2019.

This analysis already includes the impact of the 30% RWA add-on following the IMI in 2019. This analysis is based on the assumption that NIBC will successfully implement the required improvements in its model landscape. This does not take into account possible management actions, nor potential changes to Pillar 2 requirements. This also assumes a portfolio composition in 2028 that is equal to the current portfolio, as well as risk weights that reflect the current economic environment.

An uncertainty for banks is that the Basel IV Standards will have to be incorporated into legislation within the European Union. The EU legislative process may take up to several years. During this process of transposition in EU and national law, adjustments may be implemented. We aim to meet the final requirements early in the phase-in period while we continue to execute our client-focused strategy.

Prudential measures in relation to Dutch mortgages

In May 2021, De Nederlandsche Bank ('DNB') announced that it plans to implement the prudential measure of a floor to the risk weight of Dutch mortgages per 1 January 2022, provided that the economic recovery continues in line with expectations. This measure was first announced in 2019, however, implementation was delayed in reaction to the COVID-19 pandemic. Following the announcement of DNB, it is expected that the risk weight of NIBC's mortgage loan portfolio will increase as of the beginning of 2022, with an estimated impact of RWA of EUR 800 million. In our view, the step that will be taken by the Dutch regulator is preceding, but not adding to the implementation of Basel IV.

SREP requirements

Our solvency levels are well above the minimum required levels as set by DNB in the *Supervisory Review and Evaluation Process* (**SREP**). The *maximum distributable amount* (**MDA**) is determined by comparing actual solvency levels to the minimum SREP requirements. Solvency ratios have to exceed the SREP requirements to allow distribution of dividends. To prevent limitations in distributions, the MDA which consists of the amount of CET 1 above the SREP requirement divided by the combined buffers (CCB and CCyB), must be above 100%. The present ratios provide sufficient room to execute NIBC's dividend policy.

Resolution

Under the Bank Recovery and Resolution Directive (BRRD), resolution authorities are required to assess whether – in case of a bank's failure – the resolution objectives are best achieved by winding down the bank under normal insolvency proceedings or resolving it. If it is the latter, a preferred resolution strategy is developed, including the use of appropriate resolution tools and powers as described in the BRRD.

For NIBC, the relevant resolution authority has stated the preferred resolution strategy to be single point of entry at NIBC Bank level with the following approach: *"The use of the sale of business tool (SOB), the share-deal version, is considered the preferred approach for a resolution of NIBC Bank. Following the write down and conversion of capital instruments, this could be used in combination with a bail-in depending on the level of losses in resolution. The use of the bail-in tool is considered as a variant strategy"*

As of 1 November 2020, the date when the merger of NIBC Bank N.V. and NIBC Bank Deutschland AG became effective, NIBC Bank N.V. no longer qualifies as a cross-border group under Article 7(2)(b) of the SRM regulation. NIBC Bank already did not qualify as a significant institution. On 30 October 2020 the SRB confirmed the end of its direct responsibility as resolution authority for NIBC Bank N.V..This responsibility was subsequently transferred from the SRB to DNB as national resolution authority. NIBC has an open dialogue with its regulator to assess the current situation and remains confident it will meet the MREL requirement.

Economic capital

In addition to *Regulatory Capital* (**RC**), NIBC also calculates *Economic Capital* (**EC**). EC is the amount of capital that NIBC needs as a buffer against potential losses from business activities, based on its own assessment of risks. It differs from Basel's RC as NIBC assesses the specific risk characteristics of its business activities in a different manner than the required regulatory method.

RESPONSIBILITY STATEMENT

Pursuant to section 5:25d, paragraph 2(c), of the Dutch Financial Supervision Act, the members of the Managing Board of NIBC Holding N.V. state that to the best of their knowledge:

I. The Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of NIBC Holding N.V. and the companies included in the consolidation;

II. The Interim Report for the six-months period ending on 30 June 2021, gives a true and fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9, of the Dutch Financial Supervision Act of NIBC Holding N.V. and the companies included in the consolidation.

The Hague, 24 August 2021

Managing Board
Paulus de Wilt , *Chief Executive Officer and Chairman*
Herman Dijkhuizen, *Chief Financial Officer and Vice-Chairman*
Reinout van Riel, *Chief Risk Officer*

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT NIBC HOLDING N.V. 2021

Small differences are possible due to rounding.

CONSOLIDATED INCOME STATEMENT

in EUR millions	note[1]	For the period ended 30 June 2021	For the period ended 30 June 2020
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	2	255	280
Interest income from financial instruments measured at fair value through profit or loss	2	3	7
Interest expense from financial instruments measured at amortised cost	2	68	76
Interest expense from financial instruments measured at fair value through profit or loss	2	2	3
Net interest income		**188**	**208**
Fee income	3	21	19
Fee expense	3	-	-
Net fee income		**21**	**19**
Investment income	4	43	5
Net trading income or (loss)	5	3	(13)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	6	(6)	(3)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	7	(5)	(1)
Other operating income		1	-
Operating income		**244**	**215**
Personnel expenses	8	54	55
Other operating expenses	9	44	49
Depreciation and amortisation		3	3
Regulatory charges and levies	10	13	10
Operating expenses		**113**	**117**
Credit loss expense	11	14	83
Impairments of non-financial assets	11	-	1
Profit before tax		**118**	**14**
Tax	12	21	5
Profit after tax		**97**	**9**
Attributable to:			
Shareholders of the company		91	3
Holders of capital securities (non-controlling interest)		6	6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR millions	note[1]	For the period ended 30 June 2021 Before tax	Tax charge/ (credit)	After tax	For the period ended 30 June 2020 Before tax	Tax charge/ (credit)	After tax
Profit for the period		**118**	**21**	**97**	**14**	**5**	**9**
Other comprehensive income:							
Items that will not be reclassified to profit or loss							
Revaluation of property and equipment	22/30	1	-	1	(1)	-	(1)
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss	23/28	(29)	-	(29)	63	-	63
Items that may be reclassified subsequently to profit or loss							
Net result on hedging instruments	30	(3)	(1)	(2)	(2)	-	(2)
Financial assets measured at fair value through other comprehensive income (FVOCI)							
Movement in revaluation reserves for debt investments at FVOCI	16/30	-	-	-	(4)	(1)	(3)
Total other comprehensive income		**(31)**	**(1)**	**(30)**	**56**	**(1)**	**57**
Total comprehensive income		**87**	**20**	**67**	**70**	**4**	**66**
Total comprehensive income attributable to:							
Shareholders of the company	30	81	20	61	64	4	60
Holders of capital securities (non-controlling interest)	31	6	-	6	6	-	6
Total comprehensive income		**87**	**20**	**67**	**70**	**4**	**66**

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

CONSOLIDATED BALANCE SHEET

Assets

in EUR millions	note[1]	30-Jun-21	31-Dec-20
Cash and balances with central banks		2,487	1,909
Due from other banks		566	671
Financial assets at fair value through profit or loss (including trading):			
Debt investments	13	52	69
Equity investments (including investments in associates)	14	212	212
Loans	15	145	130
Derivative financial instruments		412	494
Financial assets at fair value through other comprehensive income:			
Debt investments	16	857	886
Financial assets at amortised cost:			
Debt investments		35	22
Loans	17	5,424	5,649
Lease receivables	18	694	613
Mortgage loans	19	10,031	9,902
Securitised mortgage loans	20	312	343
Other:			
Investment property	21	20	21
Investments in associates and joint ventures (equity method)		15	15
Property and equipment (including right-of-use assets)	22	88	76
Intangible assets		2	2
Current tax assets		2	-
Deferred tax assets		67	68
Other assets		23	44
Total assets		**21,443**	**21,125**

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

Liabilities and equity

in EUR millions	note[1]	30-Jun-21	31-Dec-20
Due to other banks		503	1,000
Deposits from customers		11,391	11,100
Financial liabilities at fair value through profit or loss (including trading):			
Debt securities in issue structured	23	140	171
Derivative financial instruments		115	100
Current tax liabilities		27	7
Deferred tax liabilities		5	6
Provisions	24	5	6
Accruals, deferred income and other liabilities	25	170	162
Debt securities in issue at amortised cost:			
Own debt securities in issue	26	6,443	5,954
Debt securities in issue related to securitised mortgages	27	293	327
Subordinated liabilities:			
Fair value through profit or loss	28	192	165
Amortised cost	29	113	113
Total liabilities		**19,396**	**19,110**
Equity:			
Share capital	30	3	3
Share premium	30	1,287	1,287
Revaluation reserves	30	88	118
Retained profit	30	469	407
Equity attributable to the shareholders		**1,847**	**1,815**
Capital securities (non-controlling interests)	31	200	200
Total equity		**2,047**	**2,015**
Total liabilities and equity		**21,443**	**21,125**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to:						
in EUR millions	Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2021	**3**	**1,287**	**118**	**407**	**1,815**	**200**	**2,015**
Total comprehensive income for the period ended 30 June 2021	-	-	(30)	91	61	6	67
Other	-	-	-	-	-	-	-
Distributions:							
Paid coupon on capital securities	-	-	-	-	-	(6)	(6)
Dividend declared during the period[1]	-	-	-	(28)	(28)	-	(28)
Balance at 30 June 2021	**3**	**1,287**	**88**	**469**	**1,847**	**200**	**2,047**

1 Pay-out of declared final dividend 2020 has been postponed, therefore deducted from retained profit and presented as dividend liability at 30 June 2021.

	Attributable to:						
in EUR millions	Share capital	Share premium	Revaluation reserves	Retained profit	Equity of the company	Capital securities	Total equity
Balance at 1 January 2020	**3**	**1,287**	**120**	**438**	**1,848**	**200**	**2,048**
Total comprehensive income for the period ended 30 June 2020	-	-	57	3	60	6	66
Other	-	-	-	1	1	-	1
Distributions:							
Paid coupon on capital securities	-	-	-	-	-	(6)	(6)
Dividend paid or declared during the period[1]	-	-	-	(78)	(78)	-	(78)
Balance at 30 June 2020	**3**	**1,287**	**177**	**364**	**1,831**	**200**	**2,031**

1 Pay-out of declared final dividend 2019 has been postponed, therefore deducted from retained profit and presented as dividend liability at 30 June 2020.

Available distributable amount

in EUR millions	As at 30 June 2021	As at 30 June 2020
Equity[1]	1,847	1,831
Share capital	(3)	(3)
Legal reserves:		
Revaluation reserves	(29)	(28)
Legal reserve profit participation	-	(1)
Total legal reserves	**(29)**	**(29)**
Total available distributable amount	**1,815**	**1,799**

1 Excluding capital securities but including profit attributable to capital securities.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Operating profit after tax	97	9
Non-cash items recognised in operating income and expenses	22	94
Net change in assets and liabilities relating to operating activities	(11)	801
Cash flows from operating activities[1]	**108**	**904**
Cash flows from investing activities	(27)	(2)
Cash flows from financing activities	452	(402)
Net change in cash and cash equivalents	**533**	**500**
Cash and cash equivalents at 1 January	**2,299**	**2,321**
Net foreign exchange difference	(62)	47
Net changes in cash and cash equivalents	499	468
Cash and cash equivalents at 30 June	**2,736**	**2,836**
Reconciliation of cash and cash equivalents:[2]		
Cash and balances with central banks (maturity three months or less)	2,311	2,319
Due from other banks (maturity three months or less)	425	517
	2,736	**2,836**

1 Includes all assets except for derivatives, investment property, property and equipment, assets under investing activities and intangible assets, and all liabilities excluding derivatives.

2 The difference between the cash and cash equivalents as included in the table and the cash and balances with central banks as included in the 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** or **the Group**), is incorporated and domiciled in the Netherlands. Headquartered in The Hague, NIBC also has offices in Frankfurt, London and Brussels.

The listing and trading of the ordinary shares of NIBC on Euronext Amsterdam has been terminated on 18 February 2021. As a result of this delisting the Earnings per Share information is not disclosed in this condensed interim financial report.

NIBC provides a broad range of financial services to corporate and retail clients. Refer to the segment report in this condensed consolidated interim financial report for further details.

NIBC is an enterprising bank offering corporate and retail client services. Corporate client activities offer advice and debt, mezzanine and equity financing solutions to mid-sized companies and entrepreneurs in the Netherlands, Germany and the UK. Sectors which NIBC is specialised in are: Fintech, Infrastructure & Renewables, Technology, Shipping and Commercial Real Estate. Retail client activities offer savings in the Netherlands, Germany and Belgium, mortgages in the Netherlands, brokerage services in Germany under our NIBC Direct label. Selected services are part of our Originate-to-Manage proposition; these services also include mortgage origination and portfolio management. Over the years NIBC initiated several labels: Beequip for equipment leasing solutions, Lot Hypotheken as a new mortgage provider and OIMIO, to finance Commercial Real Estate for SMEs.

Basis of preparation

The condensed consolidated interim financial report for the period ended 30 June 2021 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The Managing Board and Supervisory Board have, at the time of approving the condensed consolidated interim financial report for the period ended 30 June 2021, a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. The Group's forecasts and projections, considering the existing and anticipated effects of COVID-19, show that the Group has sufficient financial resources (i.e. liquidity buffers) for at least the coming 12 months. Accordingly, the Managing Board and Supervisory Board have adopted the going concern basis in preparing this condensed consolidated interim financial report for the period ended 30 June 2021.

This condensed consolidated interim financial report was approved by the Managing Board on 24 August 2021 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's consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (together **IFRS-EU**). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at 31 December 2020.

The accounting policies used in this condensed consolidated interim financial report are consistent with those set out in the notes to the 2020 consolidated financial statements of NIBC, except for the changes in accounting policies described below. NIBC's consolidated financial statements for 2020 are available on NIBC's website.

The Euro is the functional currency of NIBC, and all figures are rounded to the nearest EUR million, except when otherwise indicated.

NIBC has applied significant critical judgements in the preparation of the condensed consolidated interim financial report for the period ended 30 June 2021, especially due to the significant uncertainties in relation to the potential long-term impact of COVID-19 on NIBC's interim accounts. Areas particularly important in the first half of 2021 are the fair value measurement of certain financial instruments and the determination of expected credit losses of loans, in particular in relation to the assessment when loans have experienced a significant decrease in credit risk (staging) and in the application of macro-economic scenarios when estimating the increase in expected credit losses (management judgement). Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in the Critical Accounting and Estimates paragraph in the Annual Report 2020.

Application of new IFRS-EU accounting standards

New standards and amendments to standards become effective at the date specified by IFRS-EU but may allow companies to opt for an earlier application date. In the first half of 2021, the following standards or amendments to existing standards issued by the *International Accounting Standards Board* (**IASB**) became mandatory. Note that only the amendments to IFRSs that are relevant for NIBC are discussed in the following table.

Accounting standard/ amendment/ interpretation	IASB effective date	Endorsed by EU	Early adopted by NIBC	Impact for NIBC
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021	Yes	-	Refer to note 'Interbank Offered Rate Reform'
Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions	1 June 2020	Yes	-	See below for comments

Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions

Effective for annual reporting periods beginning on or after 1 June 2020, the amendment to IFRS 16 provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Since NIBC did not receive material rent concessions related to COVID-19, the adoption of the amendment does not have a material effect on the condensed consolidated interim financial report for the period ended 30 June 2021.

Future application of new IFRS-EU accounting standards

Below standards and amendments to existing standards, published prior to 30 June 2021, were not early adopted by the Group, but will be applied in future years. Note that only the amendments to IFRS that are relevant for NIBC are presented in the following table.

Accounting standard/ amendment/ interpretation	IASB effective date	Impact for NIBC
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-Current - Deferral of Effective Date (Clarification of the criteria whether to classify a liability as current or non-current)	1 January 2023	Low
Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and Annual Improvements 2018-2020 (IFRS 3: Reference to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination, and a new exception for liabilities and contingent liabilities; IAS 16: amendments relating to items produced that are not an output of an entity's ordinary activities; IAS 37: clarification of the meaning of 'costs to fulfil a contract'; Annual Improvements containing amendments to: - IFRS 9: costs or fees paid to third parties will not be included in the 10% test for derecognition of financial liabilities, - IFRS 16; amendment of illustrative example, - IFRS 1: an exemption if a subsidiary adopts IFRS at a later date than its parent, - IAS 41 'Agriculture': removal of the requirement for entities to exclude cash flows for taxation when measuring fair value.)	1 January 2022	Low
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (Clarification of what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.)	1 January 2023	Low
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021) (Guidance on accounting policies disclosures)	1 January 2023	Low
Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021) (Distinguish between accounting policies and accounting estimates)	1 January 2023	Low
Amendment to IFRS 16 Leases COVID-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (One year extension of the relief to lessees from applying lease modification accounting to COVID-19 related rent concessions)	1 April 2021	Low

Impact of COVID-19 pandemic

Background

The COVID-19 pandemic (COVID-19) continues to affect the global economy and, despite positive signs of economic recovery, uncertainty remains high, in particular in light of the spread of new variants. In reaction to COVID-19, NIBC has implemented a wide range of measures to address the various challenges, There are no material changes in the application of the accounting policies as a result of the developments in COVID-19 since the year-end 2020.

Interbank Offered Rate Reform (IBOR Reform)

Following the decision by global regulators to phase out IBORs and replace them with alternative nearly *Risk-Free Interest Rates* (**RFR**s), NIBC has established the *IBOR Transition Program* (**the Program**) across all areas of NIBC to coordinate the transition activities and to assess the potential risks and impacts of any transition.

The program is sponsored by the CFO, led by senior representatives, and encompasses various workstreams and departments including the client facing teams, Legal, Finance, Risk Management, Operations and IT.

Potential changes in risks are regularly reviewed and where necessary updated after discussion in the Program board. To date NIBC identified risks in the categories Conduct Risks, Legal Risks, Financial Risks and General Project Risks.

On 5 March 2021 the FCA announced and confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- immediately after 31 December 2021, in case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings; and
- immediately after 30 June 2023, in case of the remaining US dollar settings.

NIBC intends to amend all outstanding GBP LIBOR, CHF LIBOR and JPY LIBOR contracts to a RFR during 2021. London Clearing House (LCH) intends to convert GBP LIBOR positions in the derivatives portfolio in December 2021.

In the first half year of 2021 several CSA contracts were amended to adjust the discount curve from EONIA to €STR, NIBC approached clients for the upcoming IBOR reform, and as per 30 June 2021 the first facility and relating interest rate swap were amended (from LIBOR to SONIA) to reflect the new RFR.

In accordance with IBOR Reform Phase 2 IFRS 9 reliefs, changes in the basis for determining contractual cash flows of a financial instrument as a 'direct consequence of the Reform', and with an 'economically equivalent' new basis for determining the contractual cash flows to the previous basis immediately preceding the change, are treated as changes to the floating interest rate, i.e., the *effective interest rate* (**EIR**) is updated to reflect the change in an interest rate benchmark from IBOR to an RFR without adjusting the carrying amount.

The following table indicates the nominal amount and weighted average maturity of derivatives as at 30 June 2021 in active hedging relationships that will be affected by the Reform as financial instruments transition to RFRs, analysed by interest rate basis. The derivative hedging instruments provide a close approximation to the extent of the risk exposure NIBC manages through hedging relationships.

Benchmark	Notional Amount in EUR million	Weighted average remaining maturity (in years)
GBP LIBOR	396	2.48

Transition of the derivatives (swaps) and the hedged items will be on a 'economically equivalent' basis, and as a consequence the hedge documentation will be amended at transition without discontinuing the hedges.

NIBC will transition the hedged items as much as possible in the same periods as the hedging instruments, to minimise the level of recorded hedge ineffectiveness.

The following table shows the nominal amounts for derivatives and contractual drawn par amounts of non-derivative financial assets and non-derivative financial liabilities subject to the Reform that have yet to transition as at 30 June 2021.

in EUR million	GBP LIBOR	USD LIBOR	CHF LIBOR	Total
Derivatives	3,502	1,246	-	4,748
Non-derivative financial assets	796	862	5	1,662
Non-derivative financial liabilities	289	115	-	404
Loan commitments	170	32	5	207

Intercompany transactions are excluded from the table.

Because EURIBOR is currently compliant with the European Benchmark Regulation, the transactions in EURIBOR are excluded from the table. A transition of transactions that reference other interest rate benchmarks, such as STIBOR, NIBOR and CIBOR is currently not foreseen in the near future and therefore these transactions are also excluded from the table.

The adoption of the IBOR Reform amendments does not have a material effect on the condensed consolidated interim financial report for the period ended 30 June 2021, because:

- the economically equivalent transitions involve no significant changes in the amended financial instrument's fair value and cash flows,
- NIBC has limited LIBOR position in hedge relations, and
- the transition of hedged items and hedged instruments occur in the same periods, the Reform is not expected to have a material impact on NIBC's future consolidated financial statements.

NOTES TO THE (CONDENSED) CONSOLIDATED INTERIM FINANCIAL REPORT

1 Segment report

Segment information is presented in these condensed consolidated interim financial report on the same basis as used for internal management reporting within NIBC. Segment reporting puts forth 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.

Operating segments

The operating segments are as follows:

Corporate Client Offering

NIBC's Corporate Client Offering focuses on products and services such as senior debt, mezzanine and equity financing, and advisory services required by companies at decisive moments. Additionally, we offer lease solutions through Beequip and smart finance solutions with our initiative yesqar. We focus on serving medium-sized corporate clients in selected asset classes in north-western Europe. As a speciality financier, we differentiate ourselves from traditional peers by a strong focus on selected asset classes where we have in-depth knowledge, quick decision-making and the ability to offer tailor-made solutions.

Retail Client Offering

Retail Client Offering offers mortgage loans, buy-to-let mortgage loans and savings products to NIBC's retail clients. The mortgage loan products are offered in the Netherlands, and the savings products are offered in the Netherlands, Germany and Belgium. In addition, we offer ancilliary brokerage services to our retail clients in Germany under our 'NIBC Direct' label.

Treasury and Group Functions

Treasury and Group Functions includes the Bank's treasury function, asset and liability management, risk management and NIBC's Corporate Centre which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Technology, and Finance, Tax & Strategy. A substantial part of the operating expenses as well as the full time equivalents of Group Functions are allocated to Corporate and Retail Client Offering.

No operating segments have been aggregated to form the above-mentioned segments. Transfer prices between operating segments are at an arm's length basis in a manner similar to transactions with third parties.

Certain financial assets and liabilities are not allocated to Corporate Client Offering and Retail Client Offering as they are managed on a group basis. These financial assets and liabilities are held within the segment Treasury and Group Functions and mainly comprise cash, debt investments and derivative assets and liabilities. As the assets of Corporate Client Offering and Retail Client Offering are funded internally with transfer pricing, NIBC's external funding is held within Treasury and Group Functions.

Inter-segment income and expenses are eliminated on consolidation level.

Reconciliation with consolidated income statement

The accounting policies of the segments are the same as those described in our Accounting Policies section.

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

The following table presents the segment report comprising of a summary of our internal management report and the reconciliation to the consolidated results under IFRS for the periods ended 30 June 2021 and 30 June 2020.

	For the period ended 30 June 2021			
in EUR millions	Corporate Client Offering	Retail Client Offering	Treasury & Group Functions	Total (consolidated financial statements)
Net interest income	84	73	31	188
Net fee income	6	15	-	21
Investment income	43	-	-	43
Net trading income / (loss)	3	-	-	3
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(2)	-	(4)	(6)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	(5)	-	-	(5)
Other operating income	1	-	-	1
Operating income	**130**	**87**	**27**	**244**
Regulatory charges and levies	-	8	5	13
Other operating expenses[1]	53	38	10	101
Operating expenses	**53**	**46**	**15**	**113**
Net operating income	**77**	**42**	**12**	**131**
Credit loss expense	16	(2)	-	14
Impairment of non-financial assets	-	-	-	-
Profit before tax	**61**	**44**	**12**	**118**
Tax	7	11	2	21
Profit after tax	**54**	**33**	**10**	**97**
Attributable to:				
Shareholders of the company	54	33	4	91
Holders of capital securities (non-controlling interests)				6

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

Income and expenses per country

	For the period ended 30 June 2021				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	236	4	1	3	244
Operating expenses	104	5	3	1	113
Credit loss expense	14	-	-	-	14
Impairment of non-financial assets	-	-	-	-	-
Profit before tax	**119**	**(1)**	**(2)**	**2**	**118**
Tax	20	-	-	-	21
Profit after tax	**99**	**(1)**	**(2)**	**1**	**97**
FTEs	656	47	24	6	732

Operating income per sector per country

	For the period ended 30 June 2021				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	13	-	-	-	13
Energy	9	-	-	-	9
Financial Sponsors & Leveraged Finance	10	-	-	-	10
Fintech & Structured Finance	11	-	-	-	11
Infrastructure	10	-	-	-	10
Mezzanine & Equity Partners	46	-	-	-	46
Mid Market Corporates	5	-	-	-	5
Shipping	8	-	-	-	8
Other Corporate Client Offering	16	-	2	-	18
Retail Client Offering	77	7	-	3	87
Treasury	31	(3)	(0)	-	27
	236	**4**	**1**	**3**	**244**

Net fee income per sector per country

	For the period ended 30 June 2021				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Corporate Client Offering					
Commercial Real Estate	1	-	-	-	1
Energy	-	-	-	-	-
Financial Sponsors & Leveraged Finance	-	-	-	-	-
Fintech & Structured Finance	1	-	-	-	1
Infrastructure	-	-	-	-	-
Mezzanine & Equity Partners	-	-	-	-	-
Mid Market Corporates	-	-	-	-	-
Shipping	-	-	-	-	-
Other Corporate Client Offering	2	-	2	-	3
Retail Client Offering	14	-	-	-	15
Treasury	-	-	-	-	-
	19	**-**	**2**	**-**	**21**

	For the period ended 30 June 2020			
in EUR millions	Corporate Client Offering	Retail Client Offering	Treasury & Group Functions	Total (consolidated financial statements)
Net interest income	91	76	41	208
Net fee income	7	12	-	19
Investment income	4	-	1	5
Net trading income / (loss)	(13)	-	-	(13)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	1	1	(5)	(3)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	(1)	-	-	(1)
Operating income	**89**	**89**	**37**	**215**
Regulatory charges and levies	-	5	5	10
Other operating expenses[1]	56	32	19	107
Operating expenses	**56**	**37**	**24**	**117**
Net operating income	**33**	**52**	**13**	**98**
Credit loss expense	78	5	-	83
Impairment of non-financial assets	-	1	-	1
Profit before tax	**(45)**	**46**	**13**	**14**
Tax	(12)	11	6	5
Profit after tax	**(33)**	**35**	**7**	**9**
Attributable to:				
Shareholders of the company	(33)	35	1	3
Holders of capital securities (non-controlling interests)	-	-	6	6

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

Income and expenses per country

	For the period ended 30 June 2020				
in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
Operating income	179	29	2	5	215
Operating expenses	104	9	3	1	117
Impairment of non-financial assets	1	-	-	-	1
Credit loss expense	87	(4)	-	-	83
Profit before tax	**(13)**	**24**	**(1)**	**4**	**14**
Tax	(1)	6	-	-	5
Profit after tax	**(12)**	**18**	**(1)**	**4**	**9**
FTEs	623	67	26	6	722

Operating income per sector per country

in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
	For the period ended 30 June 2020				
Corporate Client Offering					
Commercial Real Estate	14	-	-	-	14
Energy	6	-	-	-	6
Financial Sponsors & Leveraged Finance	8	5	-	-	13
Fintech & Structured Finance	4	5	-	-	9
Infrastructure	10	1	-	-	11
Mezzanine & Equity Partners	(1)	-	-	-	(1)
Mid Market Corporates	10	3	-	-	13
Shipping	9	-	-	-	9
Other Corporate Client Offering	15	-	-	-	15
Retail Client Offering	69	15	-	5	89
Treasury	35	-	2	-	37
	179	**29**	**2**	**5**	**215**

Net fee income per sector per country

in EUR millions	The Netherlands	Germany	United Kingdom	Belgium	Total
	For the period ended 30 June 2020				
Corporate Client Offering					
Commercial Real Estate	1	-	-	-	1
Energy	-	-	-	-	-
Financial Sponsors & Leveraged Finance	-	-	-	-	-
Fintech & Structured Finance	1	-	-	-	1
Infrastructure	1	-	-	-	1
Mezzanine & Equity Partners	1	-	-	-	1
Mid Market Corporates	-	-	-	-	-
Shipping	-	-	-	-	-
Other Corporate Client Offering	3	-	-	-	3
Retail Client Offering	12	-	-	-	12
Treasury	-	-	-	-	-
	19	**-**	**-**	**-**	**19**

2 Net interest income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Interest and similar income:		
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	**255**	**280**
Cash and balances with central banks	1	3
Due from other banks	1	-
Loans	99	130
Lease receivables	15	12
Mortgage loans	147	153
Derivatives related to assets at amortised cost	(7)	(18)
Interest income from financial instruments measured at fair value through profit or loss	**3**	**7**
Debt investments	1	4
Loans	1	1
Derivatives	1	2
	258	**286**
Interest expense and similar charges:		
Interest expense from financial instruments measured at amortised cost	**68**	**76**
Cash and balances with central banks	4	2
Due to other banks	2	3
Deposits from customers	28	38
Debt securities	32	32
Subordinated liabilities	2	2
Derivatives related to liabilities at amortised cost	(1)	(3)
Other	1	1
Interest expense from financial instruments measured at fair value through profit or loss	**2**	**3**
Debt securities	3	4
Subordinated liabilities	3	3
Derivatives	(4)	(4)
	70	**79**
	188	**208**

Interest income includes negative interest from liabilities for an amount of EUR 22 million (H1 2020: EUR 14 million). This amount includes the negative interest from TLTRO loans for an amount of EUR 1 million (H1 2020: EUR 3 million). NIBC has drawn amounts under the TLTRO II and III programs in H1 2021 and H1 2020. TLTRO II matured in the first half of 2021 and TLTRO III has a remaining maturity of two years at 30 June 2021 and will end in 2023.

Interest expense includes negative interest from financial assets for an amount of EUR 32 million (H1 2020: EUR 22 million).

3 Net fee income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Fee income per segment and major service lines:		
Corporate Client Offering		
Originate-to-Manage loans	2	2
Lending related fees	3	3
M&A fees	2	2
Fee income Corporate Client Offering	**7**	**7**
Retail Client Offering		
Originate-to-Manage mortgages	14	12
Fee income Retail Client Offering	**14**	**12**
Total fee income	**21**	**19**
Fee expense:		
Other fees	-	-
	-	**-**
	21	**19**

The increase on fees in the Originate-to-Manage mortgages in the Retail Client Offering is a reflection of both the larger Originate-to-Manage portfolio during the period as well as the continued high origination volumes.

4 Investment income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Share in result of associates and joint ventures accounted for using the equity method	1	2
Equity investments at fair value through profit or loss:		
Gains less losses from associates	23	(6)
Gains less losses from other equity investments	20	8
Gains less losses from debt investments	-	1
	43	**5**

The increased level of investment income can be assigned to the sale of the investment in Fletcher Hotels and positive revaluations of other investments within the portfolio.

5 Net trading income

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Financial instruments mandatory measured at fair value through profit or loss:		
Debt investments held for trading	2	(16)
Other assets and liabilities held for trading	-	2
Other net trading income	1	1
	3	**(13)**

Results in net trading income relate to trading assets and liabilities, and the associated fair value movements. The fair value movements are influenced by changes in market conditions, such as stock prices, interest rates and currency exchange rates. The debt investments held for trading include a fair value movement of EUR 2 million (gain) on the retained non-rated positions of the outstanding North Westerly CLO transactions (H1 2020: loss of EUR 15 million).

6 Net gains or (losses) from assets and liabilities at fair value through profit or loss

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Financial instruments mandatory at fair value through profit or loss other than those included in net trading income:		
Debt securities	2	-
Derivatives held for hedge accounting		
Fair value hedges of interest rate risk	(6)	(3)
Cash flow hedges of interest rate risk	-	-
Interest rate instruments (economic hedge)	1	2
Loans	(1)	1
Non-financial instruments:		
Investment property		
Investment property - revaluation result	-	(3)
Earn-out commitments	(1)	-
	(6)	**(3)**

Debt securities report a gain of EUR 2 million, related to repurchased securities (H1 2020: nil).

Fair value hedges of interest risk rate reports a loss of EUR 6 million in H1 2021 (H1 2020: loss of EUR 3 million). This can be attributed to a loss of EUR 76 million on the hedged items (H1 2020: gain of EUR 49 million) and a gain of EUR 70 million on the hedging instruments (H1 2020: loss of EUR 52 million). Cash flow hedges of interest risk rate reports a loss below EUR 1 million (H1 2020: nil).

Interest rate instruments report a gain of EUR 1 million in H1 2021 (H1 2020: gain of EUR 2 million). This result includes a gain of EUR 1 million Credit Value Adjustment (**CVA**) (H1 2020: gain of EUR 1 million) and a loss of EUR 1 million in cross currency swaps (H1 2020: gain of EUR 1 million).

Loans report a loss of EUR 1 million (H1 2020: EUR 1 million gain), which includes EUR 2 million positive revaluations and EUR 3 million negative revaluations, related to several corporate loans measured at fair value.

Investment property revaluation includes land and buildings revalued as of 30 June 2021 based on an independent external appraisal. Land and buildings with the available for rental status decreased in value, leading to a loss of EUR 0.5 million net of tax in the first half of 2021 (H1 2020: loss of EUR 3 million).

Management has assessed, also taking into consideration the (long-term) impact of the COVID-19 pandemic, the potential future cash flows of the different businesses and the likelihood of an earn-out payment being made and discounted using an appropriate discount rate. The reassessment of the earn-out commitments led to a loss of EUR 1 million.

7 Net gains or (losses) on derecognition of financial assets measured at amortised cost

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Loans	(5)	(1)
	(5)	**(1)**

The financial assets were derecognised as a result of a sales transaction of the financial asset against a price lower than the carrying value.

8 Personnel expenses

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Personnel expenses	54	55
	54	**55**

The number of Full Time Equivalents (**FTEs**) increased from 722 at 30 June 2020 to 732 at 30 June 2021.

The H1 2021 decline in personnel expenses is due to lower spend on temporary staff and less one-off severances, partly compensated by higher variable compensations (including retention packages).

The increase of FTEs is mainly caused by growth in Beequip and FinQuest, partly offset by a decrease in Germany.

9 Other operating expenses

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Other operating expenses		
Building, housing and services expenses	1	2
Car, travel and accommodation expenses	-	1
Project expenses and consultants	9	14
Control and supervision	2	2
Corporate brand, brochures, (re-)presentation expenses	2	1
Other employee expenses	1	1
ICT expenses	12	12
Communication expenses	-	1
Data expenses	2	3
Process outsourcing	11	9
Other general expenses	2	1
Low-value assets lease expenses	1	1
Fees of auditors	1	1
	44	**49**

Total operating expenses decreased due to lower expenses following the COVID-19 pandemic (mainly car and travel expenses) and lower project expenses, partly offset by higher process outsourcing expenses and corporate branding in the Retail Client Offering sector (NIBC Direct and Lendex).

10 Regulatory charges and levies

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Resolution levy	5	5
Deposit Guarantee Scheme	8	5
	13	**10**

The increase (EUR 3 million) of the regulatory charges are mainly caused by the increase of NIBC's saving deposits guaranteed by the Deposit Guarantee Scheme. The increase is a combination of the increase of the basic contribution for the guaranteed saving deposits and additional regulatory (risk)suppletion charges as a consequence of NIBC's relatively large share in the risk-adjusted growth of deposits covered by the Deposit Guarantee Scheme.

11 Impairments of financial and non-financial assets

Financial assets

Credit loss expenses

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Financial assets at amortised cost/fair value through other comprehensive income:		
Loans	8	75
Lease receivables	8	3
Mortgages loans	(2)	5
Debtors	-	1
Total for on-balance sheet financial assets (in scope of ECL requirements)	**14**	**84**
Off-balance sheet financial instruments and credit lines:		
Committed facilities with respect to mortgage loans	-	-
Irrevocable loan commitments	-	(1)
Total for off-balance sheet financial assets (in scope of ECL requirements)	**-**	**(1)**
	14	**83**

The credit losses for corporate loans are mainly related to stage 3 assets (loss of EUR 13 million), the effects of macro-economic scenarios (gain of EUR 4 million) and partial release from the management overlay (gain of EUR 1 million). Credit loss expenses for lease receivables within the Beequip portfolio equal EUR 1 million, mainly driven by a new management overlay of EUR 2 million and the off-setting effect of the updated macro-economic scenarios. Additionally, credit losses on lease receivables include stage 3 impairments of EUR 7 million on a structured finance transaction. The credit losses expenses on mortgage loans decreased to improved macro-economic scenarios and the partial release from the management overlay (EUR 1 million).

Management overlay

To the extent NIBC believes that the increased credit risk of the COVID-19 pandemic is not fully reflected in the IFRS 9 models, a management overlay has been recognised. Modelled credit factors do not fully reflect the underlying fundamentals of the sector specific circumstances, causing the requirement for a management overlay for corporate loans, mortgage loans and lease receivables.

The nature of the management overlay on corporate loans focuses on sectors with elevated risk exposures. Analysis has indicated that the models do not sufficiently reflect the credit deterioration of certain sectors as the impact of COVID-19 is not sufficiently absorbed in the PD-curve considering the uncertainties on the GDP and oil price development. Following the additional reviews, the movement in the ECL management overlay resulted in a gain of EUR 1 million in the credit losses for corporate loans (H1 2020: loss of EUR 15 million) to reflect the improving circumstances of COVID-19 on the performance of corporate loans. The overlay has been applied consistently. The release is due to the better economic outlook compared to year-end 2020, reducing the amount of the management overlay for Energy exposures with EUR 1 million.

NIBC applied a management overlay on lease receivables on the existing ECL model (EUR 2 million) to reflect the current elevated level of uncertainty in the SME sector in the cost of risk of its lease portfolio. This elevated level of uncertainty can be addressed to the Delta mutation of COVID-19, uncertainty of government financial support of the SME sector and limited validation by its own ECL model due to limited historical data, low default rate and limited stress testing.

Credit losses in the first half year of 2021 on mortgage loans include the movement in the ECLmanagement overlay, resulting in a gain of EUR 1 million (H1 2020: EUR 5 million expense).The overlay has been applied consistently. The release is due to the better economic outlook compared to year-end 2020. With regards to the ECL provision on mortgage loans, NIBC has decided to include a management overlay to address identified limitations in the existing ECL models by addressing the present uncertainties regarding economic developments. One important input factor that has been considered for determining the management overlay on mortgage loans is the unemployment rate, as this is not part of the used MES inputs. Applying scenario analysis, the impact of this input factor has been quantified. This way, NIBC believes to have addressed the increased uncertainty regarding e.g. (long-term) impact on unemployment in an appropriate manner.

The resulting coverage ratios are reported below. The impact of the adjustments per stage shows the coverage ratios per asset class, including the effects of the management overlay for both corporate as well as retail impairment coverage ratios.

Coverage ratios including overlay (drawn and undrawn)

	Stage 1	Stage 2	Stage 3
Corporate Client Offering			
Commercial Real Estate (incl. OIMIO)	0.18%	0.89%	22.91%
Energy	0.13%	1.58%	24.34%
Financial Sponsors & Leveraged Finance	0.57%	4.32%	55.89%
Fintech & Structured Finance (incl. Mobility and FinQuest)	0.28%	1.04%	63.68%
Infrastructure	0.12%	7.99%	
Mid-Markets Corporates	0.27%	4.57%	16.72%
Shipping	0.17%	1.52%	27.07%
Lease receivables	0.15%	6.25%	70.97%
Investment Loans	1.29%	1.96%	29.19%
Retail Client Offering			
Mortgage loans	0.02%	3.93%	15.65%

The management overlay for corporate exposures amounts to EUR 5 million (2020: EUR 6 million). This is the result of an increase of 17 bps (stage 1, 2020: 15 bps) and 169 bps (stage 2, 2020: 200 bps) on Energy exposures and an increase of 15 bps (stage 1, 2020: 15 bps) and 57 bps (stage 2, 2020: 112 bps) on Fintech & Structured Finance exposures. The management overlay on mortgage loan exposures amounts to EUR 8 million (2020: EUR 9 million).

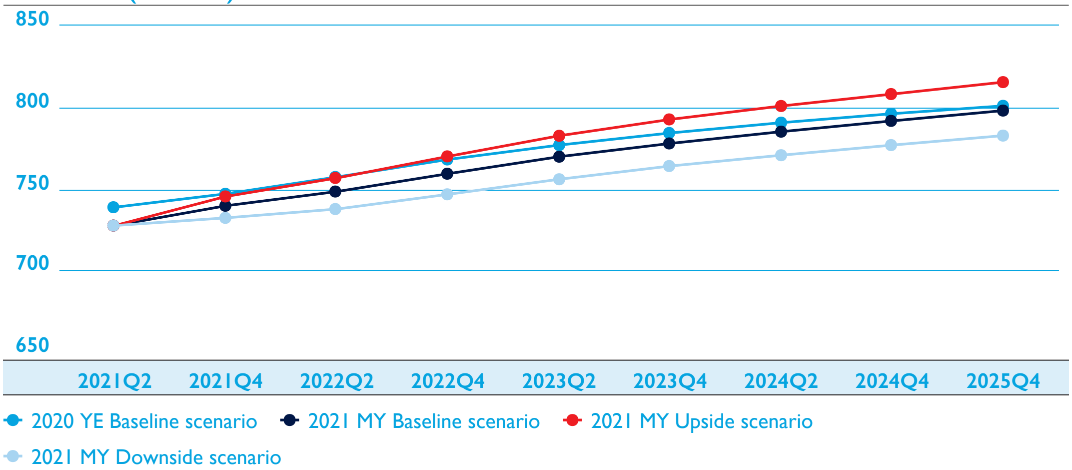
NIBC has internal governance in place to monitor (through senior management review) the effectiveness of the ECL models and the requirement for a potential management overlay.

Macroeconomic scenarios

NIBC updates the macroeconomic scenarios twice a year. For the 2021 H1 ECL calculations, NIBChas adjusted the macroeconomic scenarios. Key changes to macroeconomic assumptions and the related economic scenarios which affect the ECL estimate are disclosed below.

The macroeconomic scenarios applied have incorporated a vaccination programme picking up pace, an increased demand in housing and a short-term oil price pushing higher.

GDP - NL (EUR Bil)



The following table shows changes to the economic outlook with regards to Dutch Gross Domestic Product (**GDP**), Oil Price and House Price index.

	2021Q3	2021Q4	2021FY	2022Q1	2022Q2	2022FY
GDP (NL)	1.1%	0.6%	0.7%	0.5%	0.7%	2.6%
GDP (UK)	2.1%	1.7%	5.7%	1.1%	1.2%	6.4%
GDP (DE)	2.0%	1.4%	2.6%	0.8%	0.5%	4.2%
Oil Price	2.0%	-1.3%	53.9%	-1.7%	-1.4%	-1.9%
House Price Index (NL)	1.0%	0.9%	8.8%	0.7%	0.4%	2.6%
House Price Index (DE)	0.9%	1.0%	7.1%	1.1%	1.1%	4.3%

In the assessment of the macroeconomic scenarios for potential management overlay, NIBC has noted that various sectors of the Dutch economy have been able to absorb the impact of the COVID-19 pandemic relatively well due to the existing digital infrastructure and quick and large stimulus packages.

NIBC has considered altering the number of scenarios and weights assigned to individual scenarios but decided to retain the 2020 assumptions. Also assumptions made in relation to the forecast period used for scenario modelling have remained unchanged. In summary, the updates of the macroeconomic scenarios during the first half year 2021 have led to an decrease in ECL of EUR 2 million.

Payment deferral schemes, guaranteed loans and other forms of customer support

Since the start of the COVID-19 pandemic, NIBC has provided specific measures to customers, supporting them in addressing the impact of the pandemic. A file-by-file review has led to a total life to date corporate exposure per half year 2021 of EUR 453 million (2020: EUR 200 million) that received one or more of these measures, which includes total deferrals of approximately EUR 38 million (2020: EUR 30 million). The support mainly provided consisted of payment holidays or a credit guarantee. NIBC has to date not participated in any moratoria. The deferred payments either have been timely repaid in accordance to the deferral schedule or further extension has been granted against market terms. No waivers of interest or fees have been granted. The duration of the programme will be extended as long as deemed necessary by NIBC.

Analysis on sensitivity

The following tables show the ECL sensitivities of financial instruments not measured at FVtPL.

Sensitivity analysis ECL stages 1 and 2 Corporate loans (drawn and undrawn, excluding management overlay and POCI)

Scenario	Macro economic variables[1]	2021	2022	2023	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	GDP (NL)	1.1%	3.5%	3.3%	33	30.0%	
	GDP (UK)	6.9%	8.7%	2.4%			
	GDP (DE)	3.6%	6.7%	1.9%			
	HPI (NL)	9.0%	4.8%	1.8%			
	HPI (DE)	8.0%	6.8%	6.3%			
	Oil Price	58.8%	3.6%	1.6%			
Baseline scenario	GDP (NL)	0.7%	2.6%	2.7%	35	32.5%	35
	GDP (UK)	5.7%	6.4%	3.6%			
	GDP (DE)	2.6%	4.2%	2.5%			
	HPI (NL)	8.8%	2.6%	0.1%			
	HPI (DE)	7.1%	4.3%	4.9%			
	Oil Price	53.9%	-1.9%	1.2%			
Downside scenario	GDP (NL)	0.3%	1.6%	2.4%	37	37.5%	
	GDP (UK)	4.6%	4.2%	4.6%			
	GDP (DE)	2.0%	3.3%	2.5%			
	HPI (NL)	8.6%	0.7%	-1.8%			
	HPI (DE)	6.9%	3.1%	4.0%			
	Oil Price	44.7%	-8.3%	9.5%			

1 GDP is real 'Gross Domestic Product' HPI is 'House Price Index'

Sensitivity analysis ECL stages 1 and 2 Mortgage loans (drawn and undrawn, excluding management overlay)

Scenario	Macro economic variables	2021	2022	2023	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	HPI (NL)	9.0%	4.8%	1.8%	1	30.0%	
	HPI (DE)	8.0%	6.8%	6.3%			
Baseline scenario	HPI (NL)	8.8%	2.6%	0.1%	1	32.5%	1
	HPI (DE)	7.1%	4.3%	4.9%			
Downside scenario	HPI (NL)	8.6%	0.7%	-1.8%	1	37.5%	
	HPI (DE)	6.9%	3.1%	4.0%			

Sensitivity analysis ECL stages 1 and 2 Corporate loans (drawn and undrawn, excluding management overlay and POCI) 2020

Scenario	Macro-economic variables[1]	2020	2021	2022	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	GDP (NL)	-2.0%	0.4%	1.5%	37	30.0%	
	GDP (UK)	-5.2%	0.4%	1.4%			
	GDP (DE)	-2.8%	0.2%	0.9%			
	HPI (NL)	1.0%	-0.7%	0.6%			
	HPI (DE)	6.0%	3.3%	2.7%			
	Oil Price	-41.3%	-7.3%	3.1%			
Baseline scenario	GDP (NL)	-4.7%	-0.6%	0.8%	41	32.5%	41
	GDP (UK)	-7.4%	-1.2%	0.3%			
	GDP (DE)	-5.6%	-0.8%	0.2%			
	HPI (NL)	0.5%	-1.8%	-0.6%			
	HPI (DE)	6.0%	2.8%	1.9%			
	Oil Price	-45.8%	-12.9%	-0.4%			
Downside scenario	GDP (NL)	-5.6%	-1.5%	0.2%	44	37.5%	
	GDP (UK)	-8.2%	-2.3%	-0.2%			
	GDP (DE)	-6.4%	-1.7%	-0.4%			
	HPI (NL)	0.0%	-3.2%	-2.3%			
	HPI (DE)	6.0%	2.6%	1.6%			
	Oil Price	-53.1%	-20.8%	-2.2%			

1 GDP is real 'Gross Domestic Product ' HPI is House Price Index

Sensitivity analysis ECL stages 1 and 2 Mortgage loans (drawn and undrawn, excluding management overlay) 2020

Scenario	Macro-economic variables	2020	2021	2022	Unweighted ECL stages 1 and 2	Probability weighing in %	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	%	in EUR million
Upside scenario	HPI (NL)	3.6%	-0.7%	2.7%	1	30.0%	
	HPI (DE)	7.2%	1.7%	5.2%			
Baseline scenario	HPI (NL)	3.6%	-3.0%	0.5%	1	32.5%	2
	HPI (DE)	7.1%	-1.3%	3.9%			
Downside scenario	HPI (NL)	3.6%	-5.5%	-1.8%	2	37.5%	
	HPI (DE)	7.0%	-2.7%	3.2%			

12 Tax

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Current tax	29	6
Deferred tax	(8)	(1)
	21	**5**
Tax reconciliation:		
Profit before tax	**118**	**14**
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2020: 25.0%)	29	3
Impact of income not subject to tax	(10)	(1)
Effect of different tax rates other countries	-	1
Actualisation including true-ups and revaluations	1	2
	21	**5**

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.

This results in an effective tax rate of 17.7% for the period ended 30 June 2021 (for the period ended 30 June 2020: 38.2%).

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.

13 Debt investments at fair value through profit or loss (including trading)

in EUR millions	30-Jun-21	31-Dec-20
Debt investments (mandatory fair value through profit or loss)	52	69
	52	**69**

As the position relates to a trading portfolio no movement schedule is included.

The decline in debt investments (held for sale) from EUR 69 million to EUR 52 million is mainly due to a bond divestment of EUR 19 million.

14 Equity investments (fair value through profit or loss, including investments in associates)

in EUR millions	30-Jun-21	31-Dec-20
Investments in associates	106	118
Other equity investments	105	93
	212	**212**

During the first half of 2021, the equity investments (FVtPL) portfolio remained stable, as the successful sale of the Fletcher Hotel investment was offset by positive revaluations and portfolio additions.

15 Loans (fair value through profit or loss)

in EUR millions	30-Jun-21	31-Dec-20
Loans	145	130
	145	**130**
Legal maturity analysis of loans:		
Three months or less	1	4
Longer than three months but not longer than one year	33	34
Longer than one year but not longer than five years	94	75
Longer than five years	17	17
	145	**130**

in EUR millions	2021	2020
Movement schedule of loans:		
Balance at 1 January	**130**	**142**
Additions	29	58
Disposals	(21)	(60)
Changes in fair value	8	(11)
Balance at 30 June / 31 December	**145**	**130**

The maximum credit risk exposure of the Loans (FVtPL) portfolio including undrawn credit facilities amounted to EUR 167 million (2020: EUR 161 million).

16 Debt investments (fair value through other comprehensive income)

in EUR millions	30-Jun-21	31-Dec-20
Debt investments	857	886
	857	**886**

In H1 2021 EUR 41 million of debt investments consisted of government bonds (2020: EUR 64 million).

in EUR millions	30-Jun-21	31-Dec-20
Listed	857	886
Unlisted	-	-
	857	**886**
Legal maturity analysis of debt investments:		
Three months or less	58	80
Longer than three months but not longer than one year	75	56
Longer than one year but not longer than five years	671	695
Longer than five years	52	55
	857	**886**

There are no contractual amounts outstanding on debt investments that were written off and are still subject to enforcement activity for H1 2021 and 2020.

The following table shows the credit quality and the maximum exposure to credit risk based on NIBC's internal credit rating system and year-end stage classification.

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value debt investments:				
Balance at 1 January 2021	**883**	**3**	**-**	**886**
New financial assets originated or purchased	128	-	-	128
Financial assets that have been derecognised	(159)	-	-	(159)
Foreign exchange and other movements	1	-	-	1
Balance at 30 June 2021	**854**	**3**	**-**	**857**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value debt investments:				
Balance at 1 January 2020	**951**	**3**	**-**	**954**
New financial assets originated or purchased	330	-	-	330
Financial assets that have been derecognised	(395)	-	-	(395)
Foreign exchange and other movements	(3)	-	-	(3)
Balance at 31 December 2020	**883**	**3**	**-**	**886**

There is no material movement in credit loss allowances on debt investments for H1 2021.

17 Loans (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Loans	5,424	5,649
	5,424	**5,649**
Legal maturity analysis of loans:		
Three months or less	389	322
Longer than three months but not longer than one year	652	878
Longer than one year but not longer than five years	3,425	3,511
Longer than five years	958	937
	5,424	**5,649**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Movement schedule of carrying value loans:					
Balance at 1 January 2021	**4,806**	**673**	**104**	**66**	**5,649**
New financial assets originated or purchased	829	53	1	1	884
Financial assets that have been derecognised	(992)	(168)	(46)	(8)	(1,214)
Write-offs and restructurings	-	-	18	-	18
Net remeasurement of loss allowance	3	2	(10)	(2)	(7)
Changes in models/risk parameters	1	-	-	-	1
Foreign exchange and other movements	84	11	(1)	(2)	93
Transfers:					
Transfer from stage 1 to stage 2	(105)	104	-	-	(1)
Transfer from stage 2 to stage 1	40	(39)	-	-	1
Transfer from stage 2 to stage 3	-	(79)	79	-	-
Balance at 30 June 2021	**4,667**	**556**	**145**	**55**	**5,424**

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Movement schedule of carrying value loans:					
Balance at 1 January 2020	**6,135**	**680**	**137**	**60**	**7,012**
New financial assets originated or purchased	1,368	45	6	37	1,456
Financial assets that have been derecognised	(2,177)	(237)	(193)	(43)	(2,649)
Write-offs and restructurings	-	-	109	16	125
Net remeasurement of loss allowance	3	(7)	(94)	-	(99)
Changes in models/risk parameters	(10)	(10)	-	-	(20)
Foreign exchange and other movements	(150)	(19)	(3)	(5)	(177)
Transfers:					
Transfer from stage 1 to stage 2	(467)	465	-	-	(2)
Transfer from stage 1 to stage 3	-	-	(1)	-	(1)
Transfer from stage 2 to stage 1	79	(77)	-	-	2
Transfer from stage 2 to stage 3	-	(175)	175	-	-
Transfer from stage 3 to stage 1	26	-	(26)	-	-
Transfer from stage 3 to stage 2	-	7	(7)	-	-
Balance at 31 December 2020	**4,806**	**673**	**104**	**66**	**5,649**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on loans:					
Balance at 1 January 2021	**17**	**27**	**72**	**43**	**158**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(1)	1	-	-
Write-offs and restructurings	-	-	(18)	-	(18)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(2)	-	(3)
Foreign exchange and other movements	-	-	3	2	6
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**-**	**(16)**	**2**	**(15)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	3	-	-	-	3
Financial assets that have been derecognised	(2)	(1)	-	-	(3)
Net remeasurement of loss allowance	(3)	(2)	10	2	7
Changes in model assumption and methodologies	(1)	-	-	-	(1)
Unwind of discount due to passage of time stage 1 and stage 2	-	-	2	-	3
Transfers:					
Transfer from stage 1 to stage 2	(1)	1	-	-	1
Transfer from stage 2 to stage 1	1	(1)	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**(3)**	**(3)**	**12**	**2**	**8**
Balance at 30 June 2021	**13**	**24**	**67**	**47**	**151**

The credit loss allowance on loans includes EUR 5 million of loss allowances per 30 June 2021 (2020: EUR 6 million), following the management overlay applied per 30 June 2021. This additional allowance is included in stage 1 (2021: EUR 1 million, 2020: EUR 1 million) and stage 2 (H1 2021: EUR 4 million, 2020: EUR 5 million).

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Purchased credit-impaired	Total
Movement schedule of credit loss allowances on loans:					
Balance at 1 January 2020	**9**	**15**	**87**	**41**	**152**
Movements with no impact on credit loss allowances of financial assets in the income statement					
Transfers:					
Transfer from stage 2 to stage 3	-	(4)	4	-	-
New financial assets originated or purchased	-	-	-	16	16
Write-offs and restructurings	-	-	(109)	(16)	(125)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(1)	-	(1)
Foreign exchange and other movements	-	-	(5)	2	(4)
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**(4)**	**(112)**	**2**	**(114)**
Movements with impact on credit loss allowances of financial assets in the income statement					
New financial assets originated or purchased	3	1	-	-	4
Financial assets that have been derecognised	(3)	(2)	-	-	(4)
Net remeasurement of loss allowance	(3)	7	94	-	99
Changes in model assumption and methodologies	10	10	-	-	20
Unwind of discount due to passage of time stage 1 and stage 2	-	-	1	-	1
Transfers:					
Transfer from stage 1 to stage 2	(2)	4	-	-	2
Transfer from stage 1 to stage 3	-	-	1	-	1
Transfer from stage 2 to stage 1	2	(4)	-	-	(2)
Movements with impact on credit loss allowances of financial assets in the income statement	**8**	**16**	**96**	**-**	**120**
Balance at 31 December 2020	**17**	**27**	**72**	**43**	**158**

18 Lease receivables (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Lease receivables	694	613
	694	**613**
Legal maturity analysis of gross investment in lease receivables:		
Three months or less	18	27
Longer than three months but not longer than one year	56	43
Longer than one year but not longer than five years	523	470
Longer than five years	169	132
	766	**673**
Unearned future finance income on finance leases	72	60
Net investment in finance leases	**694**	**613**
Legal maturity analysis of net investment in lease receivables:		
Three months or less	19	27
Longer than three months but not longer than one year	55	43
Longer than one year but not longer than five years	478	430
Longer than five years	142	114
	694	**613**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value on lease receivables:				
Balance at 1 January 2021	**567**	**29**	**17**	**613**
New financial assets originated or purchased	204	-	-	204
Financial assets that have been derecognised	(107)	(4)	-	(111)
Write-offs	-	-	(3)	(3)
Recoveries of amounts previously written off	-	-	-	-
Net remeasurement of loss allowance	(1)	(1)	(7)	(9)
Changes in models/risk parameters	(1)	(1)	-	(2)
Foreign exchange and other movements	1	-	-	1
Transfers:				
Transfer from stage 1 to stage 2	(10)	10	-	-
Transfer from stage 1 to stage 3	(2)	-	2	-
Transfer from stage 2 to stage 1	3	(3)	-	-
Balance at 30 June 2021	**655**	**30**	**9**	**694**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value on lease receivables:				
Balance at 1 January 2020	**442**	**33**	**23**	**498**
New financial assets originated or purchased	287	8	1	296
Financial assets that have been derecognised	(161)	(12)	(10)	(183)
Write-offs	-	-	(1)	(1)
Recoveries of amounts previously written off	-	-	1	1
Net remeasurement of loss allowance	-	-	4	4
Changes in models/risk parameters	(1)	-	-	(2)
Transfers:				
Transfer from stage 1 to stage 2	(7)	7	-	-
Transfer from stage 1 to stage 3	(1)	-	1	-
Transfer from stage 2 to stage 1	7	(7)	-	-
Balance at 31 December 2020	**567**	**29**	**17**	**613**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on lease receivables:				
Balance at 1 January 2021	**2**	**2**	**15**	**18**
Movements with impact on credit loss allowances of financial assets in the income statement				
Net remeasurement of loss allowance	(1)	(1)	7	6
Changes in model assumption and methodologies	1	1	-	2
Movements with impact on credit loss allowances of financial assets in the income statement	**-**	**1**	**7**	**8**
Balance at 30 June 2021	**1**	**2**	**22**	**26**

NIBC applied a new management overlay (refer to note 11) on the existing ECL model (EUR 2 million) to reflect the current elevated level of uncertainty in the SME sector in the cost of risk of its lease portfolio. The stage 3 increase relates to a single name loss (EUR 7 million).

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on lease receivables:				
Balance at 1 January 2020	**1**	**-**	**10**	**11**
Movements with impact on credit loss allowances of financial assets in the income statement				
New financial assets originated or purchased	-	-	-	1
Financial assets that have been derecognised	-	1	-	-
Recoveries of amounts previously written off	-	-	(1)	(1)
Net remeasurement of loss allowance	-	-	5	4
Changes in model assumption and methodologies	1	-	-	2
Movements with impact on credit loss allowances of financial assets in the income statement	**1**	**1**	**5**	**7**
Balance at 31 December 2020	**2**	**2**	**15**	**18**

19 Mortgage loans (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Owner-occupied mortgage loans	9,147	9,041
Buy-to-let mortgage loans	884	861
	10,031	**9,902**
Legal maturity analysis of mortgage loans:		
Three months or less	7	10
Longer than three months but not longer than one year	16	18
Longer than one year but not longer than five years	154	150
Longer than five years	9,855	9,724
	10,031	**9,902**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value mortgage loans:				
Balance at 1 January 2021	**9,707**	**190**	**5**	**9,902**
New financial assets originated or purchased (including transfers from consolidated SPEs)	1,025	-	-	1,025
Financial assets that have been derecognised (sale and/or redemption)	(869)	(29)	-	(898)
Net remeasurement of loss allowance	-	1	(1)	1
Changes in models/risk parameters	-	-	-	1
Transfers:				
Transfer from stage 1 to stage 2	(23)	23	-	-
Transfer from stage 1 to stage 3	(1)	-	1	-
Transfer from stage 2 to stage 1	27	(27)	-	-
Transfer from stage 2 to stage 3	-	(1)	1	-
Transfer from stage 3 to stage 1	1	-	(1)	-
Transfer from stage 3 to stage 2	-	1	(1)	-
Balance at 30 June 2021	**9,868**	**157**	**5**	**10,031**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value mortgage loans:				
Balance at 1 January 2020	**9,509**	**118**	**10**	**9,637**
New financial assets originated or purchased (including transfers from consolidated SPEs)	1,547	-	-	1,547
Financial assets that have been derecognised (sale and/or redemption)	(1,249)	(20)	(4)	(1,273)
Net remeasurement of loss allowance	(1)	(8)	(1)	(10)
Changes in models/risk parameters	1	-		1
Transfers:				
Transfer from stage 1 to stage 2	(133)	133	-	-
Transfer from stage 1 to stage 3	(2)	-	2	-
Transfer from stage 2 to stage 1	35	(35)	-	-
Transfer from stage 2 to stage 3	-	(1)	1	-
Transfer from stage 3 to stage 1	1	-	(1)	-
Transfer from stage 3 to stage 2	-	2	(2)	-
Balance at 31 December 2020	**9,707**	**190**	**5**	**9,902**

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on mortgage loans:				
Balance at 1 January 2021	**2**	**8**	**1**	**11**
Movements with impact on credit loss allowances of financial assets in the income statement				
New financial assets originated or purchased	1	-	-	1
Financial assets that have been derecognised	(1)	-	-	(1)
Net remeasurement of loss allowance	-	(1)	1	(1)
Changes in model assumption and methodologies	-	-	-	(1)
Movements with impact on credit loss allowances of financial assets in the income statement	**(1)**	**(1)**	**1**	**(2)**
Balance at 30 June 2021	**2**	**7**	**1**	**9**

The credit loss allowance on loans in H1 2021 includes EUR 8 million of additional allowances, following the management overlay applied per 30 June 2021. The largest part of this additional allowance is included in stage 2.

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
Movement schedule of credit loss allowances on mortgage loans:				
Balance at 1 January 2020	**1**	**-**	**2**	**3**
Movements with no impact on credit loss allowances of financial assets in the income statement				
Transfers:				
Transfer from stage 3 to stage 2	-	1	(1)	-
Movements with no impact on credit loss allowances of financial assets in the income statement	**-**	**1**	**(1)**	**-**
Movements with impact on credit loss allowances of financial assets in the income statement				
New financial assets originated or purchased	1	-	-	1
Financial assets that have been derecognised	(1)	-	(1)	(2)
Net remeasurement of loss allowance	1	8	1	10
Changes in model assumption and methodologies	(1)	-	-	(1)
Transfers:				
Transfer from stage 2 to stage 1	1	(1)	-	-
Movements with impact on credit loss allowances of financial assets in the income statement	**1**	**7**	**-**	**8**
Balance at 31 December 2020	**2**	**8**	**1**	**11**

20 Securitised mortgage loans (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Securitised mortgage loans	312	343
	312	**343**
Legal maturity analysis of securitised mortgage loans:		
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	311	342
	312	**343**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value securitised mortgage loans:				
Balance at 1 January 2021	**339**	**4**	**-**	**343**
Financial assets that have been derecognised (sale and/or redemption)	(30)	-	-	(31)
Balance at 30 June 2021	**309**	**3**	**-**	**312**

in EUR millions	Stage 1	Stage 2	Stage 3	Total
Movement schedule of carrying value securitised mortgage loans:				
Balance at 1 January 2020	**406**	**1**	**-**	**407**
Financial assets that have been derecognised (sale and/or redemption)	(64)	-	-	(64)
Transfers:				
Transfer from stage 1 to stage 2	(3)	3	-	-
Balance at 31 December 2020	**339**	**4**	**-**	**343**

21 Investment property

in EUR millions	30-Jun-21	31-Dec-20
Investment property	20	21
	20	**21**

in EUR millions	2021	2020
The movement in investment property may be summarised as follows:		
Balance 1 January	**21**	**23**
Additions	-	1
Changes in fair value	0	(3)
Balance at 30 June / 31 December	**20**	**21**

Land and buildings were revalued as of 30 June 2021 based on an independent external appraisal. Investment property (land and buildings with the available for rental status) decreased in value in H1 2021, leading to a loss of EUR 0.5 million before tax. For the revaluation result reference is made to note 6 Net gains or (losses) from assets and liabilities at fair value through profit or loss.

Rental income from investment property amounts to EUR 0.7 million in the first half of 2021 (H1 2020 EUR 0.4 million).

22 Property and equipment (including right-of-use assets)

in EUR millions	30-Jun-21	31-Dec-20
Land and buildings	26	27
Other fixed assets	2	2
Right-of-use assets[1]	4	5
Assets under operating leases	55	42
	88	**76**

1 The right-of-use assets reflect the rental of NIBC's offices in London, Frankfurt, Brussels, and the rented office for subsidiaries Beequip, Lendex and FinQuest.

in EUR millions	2021	2020
Movement schedule of land and buildings:		
Balance at 1 January	**27**	**30**
Revaluation	1	(1)
Depreciation	(1)	(2)
Impairments	-	(1)
Balance at 30 June / 31 December	**26**	**27**
Gross carrying amount	95	94
Accumulated depreciation	(68)	(67)
	26	**27**
Movement schedule of revaluation surplus:		
Balance at 1 January	**17**	**17**
Revaluation	1	(1)
Balance at 30 June / 31 December	**18**	**17**
Movement schedule of other fixed assets:		
Balance at 1 January	**2**	**3**
Additions	1	-
Depreciation	(1)	(1)
Balance at 30 June / 31 December	**2**	**2**
Gross carrying amount	30	29
Accumulated depreciation	(28)	(27)
	2	**2**

in EUR millions	2021	2020
Movement schedule of right-of-use asset: offices		
Balance at 1 January	**5**	**7**
Depreciation	(1)	(2)
Balance at 30 June / 31 December	**4**	**5**
Gross carrying amount	9	8
Accumulated depreciation	(4)	(3)
	4	**5**
Movement schedule of assets under operating leases:		
Balance at 1 January	**42**	**35**
Additions	19	22
Depreciation	(6)	(15)
Balance at 30 June / 31 December	**55**	**42**
Gross carrying amount	85	66
Accumulated depreciation	(30)	(24)
	55	**42**

Land and buildings were revalued as of 30 June 2021 based on an independent external appraisal. The positive difference with the carrying amount arising from the revaluation of land and buildings in own use to an amount of EUR 1 million before tax is credited to revaluation reserves in shareholders' equity.

Refer to note 9 Other operating expenses, for expenses related to short-term leases and lease expenses for low-value assets, for which no right-of-use assets were recognised.

Refer to note 25 Accruals, deferred income and other liabilities for the lease liabilities corresponding to the right-of-use assets.

23 Debt securities in issue structured (designated at fair value through profit or loss)

in EUR millions	30-Jun-21	31-Dec-20
Bonds and notes issued	140	171
	140	**171**
Legal maturity analysis of debt securities in issue structured:		
Three months or less	-	25
Longer than three months but not longer than one year	19	-
Longer than one year but not longer than five years	46	65
Longer than five years	75	81
	140	**171**

in EUR millions	2021	2020
Movement schedule of debt securities in issue structured:		
Balance at 1 January	**171**	**184**
Matured / redeemed	(32)	(4)
Changes in fair value	1	(7)
Other (including exchange rate differences)	-	(2)
Balance at 30 June / 31 December	**140**	**171**

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 136 million at 30 June 2021 (2020: EUR 166 million).

The cumulative change in fair value included in the balance sheet amounts (designated at FVtPL) attributable to changes in interest rates and credit risk amounts to a loss of EUR 7 million. The change for the first half of 2021 is a loss of EUR 4 million recognised in OCI (2020: gain of EUR 4 million). See note 32.7 for further information with respect to own credit risk.

The disposals of debt securities in issue designated at fair value through profit or loss for the first half year of 2021 include redemptions at the scheduled maturity date of EUR 25 million (2020: EUR 4 million) and repurchases of debt securities before the legal maturity date of EUR 7 million (2020: nil).

The changes in fair value reflect 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.

Interest expense of EUR 3 million was recognised on debt securities in issue structured liabilities during the first half of 2021 (H1 2020: EUR 4 million).

24 Provisions

in EUR millions	30-Jun-21	31-Dec-20
ECL allowances for off-balance sheet financial instruments	3	4
Employee benefits	2	2
	5	**6**

Employee benefit obligations of EUR 1 million at 30 June 2021 are related to payments to be made in respect of other leave obligations (2020: EUR 1 million).

There was no material movement in the credit loss allowances on provision for H1 2021 and 2020.

25 Accruals, deferred income and other liabilities

in EUR millions	30-Jun-21	31-Dec-20
Payables	43	51
Lease liabilities[1]	5	6
Dividend liabilities	86	58
Other accruals (including earn-out commitments)	27	34
Taxes and social securities	8	12
	170	**162**
Legal maturity analysis of lease liabilities:		
Three months or less	1	1
Longer than three months but not longer than one year	1	2
Longer than one year but not longer than five years	2	2
Longer than five years	1	1
	5	**6**

1 Refer to note 22 Property and equipment for the right-of-use assets corresponding to the lease liabilities.

in EUR millions	2021	2020
Movement schedule of lease liabilities:		
Balance at 1 January	**6**	**8**
Repayments	(1)	(2)
Balance at 30 June / 31 December	**5**	**6**

Lease liability

For the period ended 30 June 2021, there are no variable lease payments included in the measurement of the lease liabilities (2020: nil).

For the period ended 30 June 2021, interest expense on lease liabilities amounted to nil (2020: nil). Interest expense on lease liabilities is recognised within interest expense from financial instruments measured at amortised cost (refer to note 2 Net interest income).

In the consolidated statement of cash flows,
1. cash payments for the principal portion of the lease liability are classified within financing activities;
2. cash payments for the interest portion of the lease liability are, part of interest paid, classified as operating activities.

All contractual payments are included in the calculation of the lease liabilities, however:
- there are no amounts expected to be payable by NIBC under residual value guarantees, and
- no purchase options are expected to to be exercised, and
- no payments of penalties for terminating the lease are included.

There are no restrictions or covenants applicable on the lease liabilities.

Dividend liability

At 30 June 2021, a liability for the remainder of the declared final cash dividend 2019 for a total amount of EUR 58 million and a liability for the declared final cash dividend 2020 for a total amount of EUR 28 million, EUR 86 million in total a dividend liability was recognised. In view of the expiration of the ECB recommendation on dividends on 30 September 2021 the recognised dividend liability presented under Accruals, deferred income and other liabilities is classified as current, i.e. payable within the next twelve months.

Other accruals (including earn-out commitments)

The valuation of the earn-out commitments contains estimation uncertainty as it relates to the future performance of the different businesses. Management has assessed the potential future cash flows of the different businesses, the likelihood of an earn-out payment being made and discounted using an appropriate discount rate. The reassessment of the earn-out commitments led to an addition of EUR 1 million in H1 2021.

26 Own debt securities in issue (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Bonds and notes issued	6,443	5,954
	6,443	**5,954**
Legal maturity analysis of own debt securities in issue:		
Three months or less	70	34
Longer than three months but not longer than one year	1,032	106
Longer than one year but not longer than five years	2,452	2,923
Longer than five years	2,889	2,891
	6,443	**5,954**

in EUR millions	2021	2020
Movement schedule of own debt securities in issue:		
Balance at 1 January	**5,954**	**6,305**
Additions	538	783
Matured / redeemed	(80)	(1,095)
Other (including exchange rate differences)	31	(40)
Balance at 30 June / 31 December	**6,443**	**5,954**

In 2021 NIBC issued an EUR 500 million fixed rate Covered bond with a maturity of 10 years. Additionally NIBC Bank issued fixed rate senior preferred notes of EUR 38 million with maturities between 5 and 10 years and EUR 20 million of floating senior preferred notes with maturities between 2 and 3 years. The total additions also include an EUR 7 million increase of the cumulative hedge adjustment (2020: increase of EUR 2 million).

The disposals of own debt securities in issue at amortised cost for 2021 include redemptions at the scheduled maturity date and repurchases to an amount of EUR 73 million (2020: EUR 612 million) and (temporary) buyback of positions for EUR 7 million (2020: EUR 483 million).

Interest expense of EUR 32 million was recognised on own debt securities in issue at amortised cost liabilities during the first half of 2021 (H1 2020: EUR 32 million).

27 Debt securities in issue related to securitised mortgages (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Bonds and notes issued	293	327
	293	**327**
Legal maturity analysis of debt securities in issue related to securitised mortgage loans:		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	293	327
	293	**327**

in EUR millions	2021	2020
Movement schedule of debt securities in issue related to securitised mortgage loans:		
Balance at 1 January	**327**	**392**
Matured / redeemed	(34)	(65)
Balance at 30 June / 31 December	**293**	**327**

28 Subordinated liabilities (designated at fair value through profit or loss)

in EUR millions	30-Jun-21	31-Dec-20
Non-qualifying as grandfathered additional Tier-1 capital	69	52
Subordinated loans other	122	113
	192	**165**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than than one year but not longer than five years	-	-
Longer than five years but not longer than ten years	-	-
Longer than ten years	192	165
	192	**165**

in EUR millions	2021	2020
Movement schedule of subordinated liabilities:		
Balance at 1 January	**165**	**167**
Additions	2	2
Changes in fair value	23	-
Other (including exchange rate differences)	2	(4)
Balance at 30 June / 31 December	**192**	**165**

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

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 253 million at 30 June 2021 (2020: EUR 250 million).

The cumulative change in fair value included in the balance sheet amounts (designated at fair value through profit or loss) attributable to changes in interest rates and credit risk amounts to a gain of EUR 70 million (2020: gain of EUR 93 million). The change for the first half of 2021 is a loss of EUR 25 million recognised in other comprehensive income (2020: loss of EUR 2 million).

All of the above loans are subordinated to the other liabilities of NIBC. The non-qualifying as grandfathered additional Tier-1 capital consists of perpetual securities and may be redeemed by NIBC only with the prior approval of the DNB.

Interest expense of EUR 3 million was recognised on subordinated liabilities during the first half year 2021 (H1 2020: EUR 3 million). In the first half of 2021 and 2020 full year, no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

29 Subordinated liabilities (amortised cost)

in EUR millions	30-Jun-21	31-Dec-20
Subordinated loans other	113	113
	113	**113**
Legal maturity analysis of subordinated liabilities:		
One year or less	-	-
Longer than than one year but not longer than five years	50	51
Longer than five years but not longer than ten years	12	12
Longer than ten years	51	50
	113	**113**

in EUR millions	2021	2020
Movement schedule of subordinated liabilities:		
Balance at 1 January	**113**	**117**
Matured / redeemed	(1)	-
Other (including exchange rate differences)	2	(5)
Balance at 30 June / 31 December	**113**	**113**

All of the above loans are subordinated to the other liabilities of NIBC as a result of CRR/CRDIV requirements regarding additional Tier-1 capital instruments. Non-qualifying subordinated loans amount to EUR 51 million (2020: EUR 50 million).

Interest expense of EUR 2 million was recognised on subordinated liabilities (AC) during the first half of 2021 (H1 2020: EUR 2 million).

30 Equity

Flora Acquisition B.V. and Flora III Holdings Limited together are the legal holders of a 97.68% interest in the ordinary shares of NIBC Holding N.V. at 30 June 2021 (31 December 2020: 96.25%).

in EUR millions	30-Jun-21	31-Dec-20
Equity attributable to the equity holders:		
Share capital	3	3
Share premium	1,287	1,287
Revaluation reserves		
Revaluation reserve - hedging instruments	11	13
Revaluation reserve - debt investments	3	3
Revaluation reserve - property	13	13
Revaluation reserve - own credit risk	60	89
Shares held by STAK	-	(3)
Share payment reserve	-	3
Retained profit	469	407
	1,847	**1,815**

Share capital

The share capital is fully paid.

	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
	Numbers x 1,000		in EUR millions	
Ordinary shares (with par value of EUR 0.02)	350,000	350,000	7	7
Preference shares (with par value of EUR 0.02)	350,000	350,000	7	7
Not issued share capital (ordinary and preference shares)	553,513	552,487	11	11
Issued share capital (ordinary shares)	**146,488**	**147,513**	**3**	**3**

At 30 June 2021 146,487,535 ordinary shares are being issued and outstanding. The treasury shares (1,025,834) have been withdrawn.

Share premium

This reserve comprises the difference between the par value of NIBC shares and the total amount received for issued shares. The share premium reserve is credited for equity-related expenses and is also used for issued shares.

Revaluation reserves

Revaluation reserve - hedging instruments

This reserve comprises the portion of the gains or losses on hedging instruments in a cash flow hedge that is determined to be an effective hedge (net of tax).

Revaluation reserve - debt investments

This reserve comprises changes in fair value of debt investments at FVOCI (net of tax).

Revaluation reserve - property

This reserve comprises changes in fair value of land and buildings in-own-use (net of tax).

Revaluation reserve - own credit risk
This reserve includes the cumulative changes in the fair value of the financial liabilities designated as at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss.

Retained profit
Retained profit reflects accumulated earnings less dividends paid and declared to shareholders and transfers from share premium.

Dividend restrictions
NIBC and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the company's own funds over the sum of the paid-up capital, and reserves required by law. Additionally, certain Bank companies are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company.

31 Capital securities

in EUR millions	30-Jun-21	31-Dec-20
Capital securities issued by NIBC	200	200
	200	**200**

in EUR millions	2021	2020
Movement schedule of capital securities issued by NIBC:		
Balance at 1 January	**200**	**200**
Profit after tax attributable to holders of capital securities	6	12
Paid coupon on capital securities	(6)	(12)
Balance at 30 June / 31 December	**200**	**200**

The capital securities are perpetual and have no expiry date. The distribution on the Capital Securities issued in September 2017 is as follows: the coupon is 6% per year and is made payable every six months in arrears as of the issue date (29 September 2017), for the first time on 29 March 2018. The Capital Securities are perpetual and first redeemable on 29 September 2026. As of 29 September 2026, and subject to Capital Securities not being redeemed early, the distribution is set for a further five-year period, but without a step-up, based on the 5-year euro swap rate + 5.564 %. Both the coupon and the notional are fully discretionary.

32 Fair value of financial instruments

This note describes the fair value measurement of both financial and non-financial instruments and is structured as follows:

32.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as follows:

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

32.2 Valuation governance

NIBC's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of NIBC including the Risk and Finance functions. Once submitted, fair value estimates are also reviewed and challenged by the Risk and Finance functions.

32.3 Financial instruments by fair value hierarchy

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

Fair value of financial instruments at 30 June 2021

in EUR millions	Level 1	Level 2	Level 3	30-Jun-21
Financial assets at fair value through profit or loss (including trading):				
Debt investments	19	32	1	52
Equity investments (including investments in associates)	11	-	201	212
Loans	-	124	20	145
Derivative financial assets	-	412	-	412
	30	**568**	**222**	**821**
Financial assets at fair value through other comprehensive income:				
Debt investments	826	31	-	857
	826	**31**	**-**	**857**
	856	**599**	**222**	**1,678**

in EUR millions	Level 1	Level 2	Level 3	30-Jun-21
Financial liabilities at fair value through profit or loss (including trading):				
Debt securities in issue structured	-	140	-	140
Derivative financial liabilities	-	115	-	115
Subordinated liabilities	-	192	-	192
	-	**447**	**-**	**447**

Fair value of financial instruments at 31 December 2020

in EUR millions	Level 1	Level 2	Level 3	31-Dec-20
Financial assets at fair value through profit or loss (including trading):				
Debt investments	18	50	1	69
Equity investments (including investments in associates)	-	-	212	212
Loans	-	97	33	130
Derivative financial assets	-	494	-	494
	18	**641**	**246**	**905**
Financial assets at fair value through other comprehensive income:				
Debt investments	870	16	-	886
	870	**16**	**-**	**886**
	888	**657**	**246**	**1,791**

in EUR millions	Level 1	Level 2	Level 3	31-Dec-20
Financial liabilities at fair value through profit or loss (including trading):				
Debt securities in issue structured	-	171	-	171
Derivative financial liabilities	-	100	-	100
Subordinated liabilities	-	165	-	165
	-	**436**	**-**	**436**

32.4 Valuation techniques

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

Financial assets at fair value through profit or loss

Debt investments - level 1

For the determination of fair value at 30 June 2021, NIBC used market-observable prices. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Equity investments (including investments in associates) - level 1

The level 1 portfolio consists of unadjusted, quoted prices for assets in an active market. The assets have been valued at the market's closing price of the 30 June 2021.

Debt investments - level 2

For the determination of fair value at 30 June 2021, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Loans - level 2 and 3

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.

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.

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

Equity investments (including investments in associates) - level 3
The fair value of investments in equity funds is determined based on the net asset value reported by the managers of these funds. These net asset values are analysed for reasonableness, so as to ascertain that the reported net asset value has been appropriately derived using proper fair value principles as part of a robust process.

The fair value of equity investments is established by applying capitalisation multiples to maintainable earnings. Maintainable earnings are estimated based on the normalised last 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 other comprehensive income

Debt investments - level 1
For the determination of fair value at 30 June 2021, NIBC used market-observable prices (including broker quotes). NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

Debt investments - level 2
For the determination of fair value at 30 June 2021, NIBC applied market-observable prices (including broker quotes), interest rates and credit spreads derived from market-observable data. NIBC has determined the fair value in a consistent manner over time, ensuring comparability and continuity of valuations.

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

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

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

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

32.5 Valuation adjustments and other inputs and considerations

Credit and debit valuation adjustments

NIBC calculates Credit value adjustment/Debit value adjustment on a counterparty basis over the entire life of the exposure.

Bid-offer

NIBC's pricing models initially calculate mid-market prices, which are subsequently adjusted to reflect bid-offer spreads (the difference between prices quoted for sales and purchases).

Day-1 profit

A Day-1 profit, representing the difference between the transaction price and the fair value output of internal models, is recognised when the inputs to the valuation models are observable market data.

32.6 Impact of valuation adjustments

The following table shows the amount recorded in the income statement:

in EUR millions	For the period ended 30 June 2021	For the period ended 31 December 2020
Day-1 profit	9	10
	9	**10**

The following table shows the movement in the aggregate profit not recognised when financial instruments were initially recognised (Day-1 profit), because of the use of valuation techniques for which not all the inputs were market observable data.

in EUR millions	2021	2020
Movement schedule of day-1 profit:		
Balance at 1 January	**10**	**12**
Recognised in the income statement during the period:		
Subsequent recognition due to amortisation	(1)	(2)
Balance at 30 June / 31 December	**9**	**10**

32.7 Own credit adjustments on financial liabilities designated at fair value

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to own credit are recognised in Other comprehensive income and presented in the Statement of comprehensive income. The following table summarises the effects of own credit adjustments related to financial liabilities designated at fair value. Life-to-date amounts reflect the cumulative unrealised change since initial recognition.

in EUR millions	For the period ended 30 June 2021	For the period ended 31 December 2020
	Included in OCI	
Recognised during the period (before tax):		
Unrealised gain/(loss)	(29)	2
Unrealised life-to-date gain/(loss)	60	89

32.8 Transfers between level 1 and level 2

Transfers between levels are reviewed semi-annually at the end of the reporting period. During H1 2021, there were no transfers between level 1 and level 2 fair value measurements.

32.9 Movements in level 3 financial instruments measured at fair value

During the period ended 30 June 2021, there were no movements into and out to 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 2021	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	At 30 June 2021
Financial assets at fair value through profit or loss (including trading):						
Debt investments	1	-	-	-	-	1
Equity investments (including investments in associates)	212	36	12	-	(59)	201
Loans	33	-	1	-	(14)	20
	246	**36**	**13**	**-**	**(73)**	**222**

in EUR millions	At 1 January 2020	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	At 31 December 2020
Financial assets at fair value through profit or loss (including trading):						
Debt investments	2	(1)	1	-	(1)	1
Equity investments (including investments in associates)	251	3	16	(59)	-	212
Loans	34	(8)	1	-	6	33
	287	**(6)**	**18**	**(59)**	**5**	**246**

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:

	For the period ended							
	30 June 2021				31 December 2020			
in EUR millions	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Invest-ment income	Total
Financial assets at fair value through profit or loss (including trading):								
Debt investments	-	-	-	-	(1)	-	-	(1)
Equity investments (including investments in associates)	-	-	36	36	-	-	3	3
Loans	-	-	-	-	-	(8)	-	(8)
	-	**-**	**36**	**36**	**(1)**	**(8)**	**3**	**(6)**

The amount in total gains or losses presented in the income statement for the period relating to the assets and liabilities held in level 3 until the end of the reporting period is given in the following table:

in EUR millions	30 June 2021 Held at balance sheet date	30 June 2021 Derecognised during the period	31 December 2020 Held at balance sheet date	31 December 2020 Derecognised during the period
Financial assets at fair value through profit or loss (including trading):				
Debt investments	-	-	-	(1)
Equity investments (including investments in associates)	18	18	(2)	5
Loans	-	-	(8)	-
	18	**18**	**(10)**	**4**

Recognition of unrealised gains and losses in level 3

Amounts recognised in the income statement relating to unrealised gains and losses during the year that relates to level 3 assets and liabilities are included in the income statement as follows:

in EUR millions	30 June 2021 Net gains or (losses) from assets and liabilities at fair value through profit or loss	30 June 2021 Investment income	30 June 2021 Total	31 December 2020 Net gains or (losses) from assets and liabilities at fair value through profit or loss	31 December 2020 Investment income	31 December 2020 Total
Financial assets at fair value through profit or loss (including trading):						
Equity investments (including investments in associates)	-	12	12	-	4	4
Loans	-	-	-	(8)	-	(8)
	-	**12**	**12**	**(8)**	**4**	**(4)**

32.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions

The following table provides a summary of the valuation techniques, key unobservable inputs and the lower and upper range of such unobservable inputs, by type of level 3 asset/liability. The lower and upper range mentioned in the overview represent the lowest and highest variance of the respective valuation input as actually used in the valuation of the different financial instruments. Amounts and percentages stated are unweighted. The range could change from period to period subject to market movements and change in level 3 position. Lower and upper bounds reflect the variability of level 3 positions and their underlying valuation inputs in the portfolio, but do not adequately reflect their level of valuation uncertainty. For valuation uncertainty assessment, please refer to following section 32.11 Sensitivity of fair value measurements to changes in observable market data.

Given the wide range of diverse investments and the correspondingly large differences in prices, NIBC does not disclose the ranges as it believes it would not provide meaningful information without a full list of the underlying investments, which would be impractical.

	For the period ended	
	30 June 2021	31 December 2020
in EUR millions	Fair value of level 3 assets	Fair value of level 3 assets
Financial assets at fair value through profit or loss (including trading):		
Debt investments	1	1
Equity investments (including investments in associates)	201	212
Loans	20	33
	222	**246**

Non-Listed equity investments

Level 3 equity securities mainly include corporate investments, fund investments and other equity securities which are not traded in active markets. In the absence of an active market, fair values are estimated on the analysis of fund manager reports, the company's financial position and other factors.

Discount spreads

Discount spread is the spread above a market interest rate, based on Euribor, which is used to discount the projected cash flows. The lower range is the outcome of a bottom-up valuation approach, the upper range is the result of a top-down valuation approach.

Expected sales prices underlying assets

The fair value of the loans available for sale is highly dependent on the projected sales prices of the underlying assets. The lower level assumes actual sales prices of 75% of the projected sales prices, the higher level assumes actual sales prices of 125%.

Price

For securities where market prices are not available, fair value is measured by comparison with observable pricing data from similar instruments. Prices of 0% are distressed to the point that no recovery is expected, while prices significantly in excess of 100% or par are expected to pay good yield.

Debt investments at fair value through profit or loss

Level 3 debt investments at fair value through profit or loss are valued based on the expected cash flows of the instrument flowing from the collateral.

32.11 Sensitivity of fair value measurements to changes in observable market data

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

	For the period ended			
	30 June 2021		31 December 2020	
in EUR millions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Financial assets at fair value through profit or loss (including trading):				
Debt investments	1	-	1	-
Equity investments (including investments in associates)	201	10	212	11
Loans	20	1	33	2

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

- For the debt investments, NIBC adjusted the weighted average calculated model price by 100 basis points as a reasonably possible alternative outcome. The primary unobservable input in the calculated model price is the applicable credit spread;
- For equity investments, the material unobservable input parameters, such as capitalisation multiple, that are applied to the maintainable earnings to determine fair value are adjusted by 5%;
- For loans, the material unobservable input parameters, such as discounts on sale prices, a 5% deviation in fair value is a reasonably possible alternative assumption.

In the first half of 2021, there were no significant changes in the business or economic circumstances affecting the fair value of the NIBC's financial assets and liabilities and there were no reclassifications of financial assets.

32.12 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.

	Fair value information at 30 June 2021				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost:					
Debt investments	-	35	-	35	35
Loans	-	5,424	-	5,424	5,395
Lease receivables	-	694	-	694	969
Mortgage loans	-	-	10,031	10,031	10,354
Securitised mortgage loans	-	-	312	312	334
Financial liabilities at amortised cost:					
Own debt securities in issue	-	6,443	-	6,443	6,658
Debt securities in issue related to securitised mortgages	-	-	293	293	295
Subordinated liabilities	-	113	-	113	122

	Fair value information at 31 December 2020				
in EUR millions	Level 1	Level 2	Level 3	Carrying value	Fair value
Financial assets at amortised cost:					
Debt investments	-	22	-	22	22
Loans	-	5,649	-	5,649	5,625
Lease receivables	-	613	-	613	627
Mortgage loans	-	-	9,902	9,902	10,198
Securitised mortgage loans	-	-	343	343	365
Financial liabilities at amortised cost:					
Own debt securities in issue	-	5,954	-	5,954	6,413
Debt securities in issue related to securitised mortgages	-	-	327	327	330
Subordinated liabilities	-	113	-	113	124

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.

32.13 Non-financial assets valued at fair value

Property and equipment / Investment Property
See note 21 Property and equipment and note 22 Investment property for the fair value information on these assets.

33 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. At initial recognition these commitments are classified at fair value through profit or loss.

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

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. In the following table, it is assumed that amounts are fully advanced.

The amounts for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

in EUR millions	30-Jun-21	31-Dec-20
Contract amount:		
Committed facilities with respect to corporate loan financing	1,325	1,201
Committed facilities with respect to mortgage loans	648	443
Capital commitments with respect to equity investments	23	25
Guarantees granted (including guarantees related to assets held for sale)	23	23
Irrevocable letters of credit	39	48
	2,058	**1,739**

Refer to note 24 Provisions for the ECL-allowances on off-balance sheet financial instrument positions.

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 consolidated 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.

Claims, investigations, litigation or other proceedings or actions may have a material adverse effect on NIBC's business, results of operations, financial condition and prospects

NIBC is involved in a number of proceedings and settlement negotiations that arise with customers, counterparties, current or former employees or others in the course of its activities. Proceedings may relate to, for example, alleged violations of NIBC's duty of care (zorgplicht) vis-à-vis its (former) customers, the provision of allegedly inadequate investment advice or the provision of allegedly inadequate services. Negative publicity associated with certain sales practices, compensation payable in respect of such issues or regulatory changes resulting from such issues could have a material adverse effect on NIBC's reputation, business, results of operations, financial condition and prospects. Dutch financial services providers are increasingly exposed to collective claims from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving unprecedented legal claims in respect of assumed mis-selling or other violations of law or customer rights.

While NIBC has made considerable investment in reviewing and assessing historic sales and 'know your customer' practices and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historic sales practices have been or will be identified, nor that any issues already identified will not be more widespread than presently estimated. Assessments of the likelihood of claims arising from former activities are often difficult to accurately assess, due to the difficulties in applying more recent standards or court judgements to past practices. Furthermore, many individual transactions are heavily fact-specific and the likelihood of applicability to more transactions of a court decision received on one particular transaction, is difficult to predict until a claim actually materialises and is elaborated. Changes in customer protection regulations and in interpretation and perception by both the public at large and governmental authorities of acceptable market practices might also influence client expectations. One example of past practice that is currently being subjected to a review of the correctness of such behaviour relates to EURIBOR-based mortgages. In 2017 NIBC acquired a portfolio of mortgages and, as part of such acquisition, took over a number of such EURIBOR-based mortgages. Such types of mortgages are currently the subject of individual and class action claims towards another financial institution within the

Netherlands. The claimants have been contesting the contractual right of such mortgage lender to have adjusted the margin and alleged that the mortgage lender violated its duty of care towards the relevant customers. Given the similarity of the facts to the EURIBOR-based mortgages within the portfolio acquired by NIBC, NIBC is monitoring such developments and has notified the relevant clients that it will apply the final judicial outcome to the EURIBOR-based loans acquired by NIBC. The risks related to this legal issue were taken into account at the time of acquisition of this mortgage portfolio and factored into the consideration paid by NIBC at the time.

It is difficult for NIBC to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings. The costs and staffing capacity required to defend against future actions may be significant. Counterparties in these proceedings may also seek publicity, over which NIBC will have no control, and this publicity could lead to reputational harm to NIBC and potentially decrease customer acceptance of NIBC's services, regardless of whether the allegations are valid or whether NIBC is ultimately found liable. In addition, NIBC's provisions for defending these claims may not be sufficient.

On the basis of legal advice, taking into consideration the facts known at present, NIBC is of the opinion that the outcome of these proceedings is unlikely to have a material adverse effect on the consolidated financial position and the consolidated results.

34 Related party transactions

In the normal course of business, NIBC enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of NIBC include, amongst others, its shareholder(s) subsidiaries, associates and key management personnel. The transactions were made at an arm's length price. Transactions between NIBC and its subsidiaries meet the definition of related party transactions. However, as all of these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Transactions involving NIBC's shareholders

in EUR millions	30-Jun-21	31-Dec-20
Transactions involving NIBC's shareholders:		
Assets	-	45
Liabilities	-	-
Off-balance sheet commitments	-	9

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Income received	-	8
Expenses paid	-	-

Transactions with other entities controlled by NIBC's shareholders

There were no transactions with other entities controlled by NIBC's shareholders in the first half of 2021.

Transactions related to associates

in EUR millions	30-Jun-21	31-Dec-20
Transactions related to associates:		
Assets	89	174
Liabilities	-	-
Off-balance sheet commitments	18	36

in EUR millions	For the period ended 30 June 2021	For the period ended 30 June 2020
Income received	6	9
Expenses paid	-	-

NIBC did not earn fees on the loans to these associates in H1 2021 and 2020.

35 Important events and transactions

Conditional pass through covered bond benchmark issue of EUR 500 million

On 14 April 2021 NIBC successfully placed a EUR 500 million AAA rated conditional pass-through covered bond. With this 10 year transaction NIBC was able to extend its covered bond curve at a spread of MS+9 basis points. NIBC's conditional pass-through covered bond programme is Dutch law-based and backed by a pool of prime Dutch residential mortgage loans.

Statutory buy-out procedure

At the beginning of March 2021, Blackstone has commenced the statutory buy-out procedure ('uitkoopprocedure') in accordance with article 2:359c or, alternatively, article 2:92a of the Dutch Civil Code to acquire the remaining shares that are not yet held by Blackstone or its group companies. At 30 June 2021 the total number of shares held by Blackstone or its group companies was 143,083,544, representing approximately 97.68% of the aggregate issued and outstanding share capital of NIBC.

36 Subsequent events

Acquisition of Finqus mortgage loan portfolio

NIBC Bank N.V. is acquiring the loan portfolio of financial services provider Finqus B.V. Finqus' portfolio consists of loans from more than 17,000 customers with a total volume of ca. EUR 1.5 billion. This acquisition blends well into the product offering and the strategy of NIBC. Upon onboarding of the portfolio the mortgages will be treated according to the Standardised Approach for the calculation of capital requirements. The intitial impact on the CET 1 ratio will be -1.4%-points. We anticipate that over time the portfolio will be fully integrated in our internal model, after which the impact on the CET 1 ratio will decrease significantly.

The purchase agreement was signed on 16 July 2021. The actual transfer is expected to take place during the second half of this year subject to approval by the regulators, De Nederlandsche Bank (DNB) and the Authority for the Consumer & Market (ACM).

Acquisition of B2C Europe by A.P. Moller-Maersk

As announced on 6 August 2021, A.P. Moller-Maersk has made an offer to acquire B2C Europe B.V., in which NIBC is indirectly invested through its investment in B2C Group B.V..The transaction is subject to regulatory approvals and is expected to close in Q4, 2021. Expectation is that the transaction will lead to a positive result on NIBC's investment in B2C Group B.V., however not material in relation to the income statement of NIBC.

Dividend pay-out after end of ECB recommendation

Following the decision by the ECB to not extend its recommendation that banks limit dividend payments beyond 30 September 2021, the management and supervisory boards of NIBC deem payment of the final dividend 2019 to its two previous major shareholders J.C. Flowers & Co. and Reggeborgh Invest B.V. feasible and appropriate. Consequently, NIBC will pay the outstanding amount of EUR 0.53 per share, or EUR 58 million in total to these two parties shortly after 30 September 2021. As this remaining part of the final dividend 2019 has been recorded as a dividend liability, pay-out will not affect NIBC's capital ratios.

The Hague, 24 August 2021

Managing Board

Paulus de Wilt , *Chief Executive Officer and Chairman*
Herman Dijkhuizen, *Chief Financial Officer and Vice-Chairman*
Reinout van Riel, *Chief Risk Officer*

OTHER INFORMATION

Independent auditor's review report

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

Our conclusion

We have reviewed the condensed consolidated interim financial report included in the accompanying condensed interim report of NIBC Holding N.V. based in 's Gravenhage for the period from 1 January 2021 to 30 June 2021.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial report of NIBC Holding N.V. for the period from 1 January 2021 to 30 June 2021, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated interim financial report comprises:

- The consolidated balance sheet
- The consolidated income statement
- The consolidated statement of comprehensive income
- The consolidated statement of changes in equity
- The condensed consolidated cash flow statement
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed consolidated interim financial report section of our report.

We are independent of NIBC Holding N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management and the supervisory board for the condensed consolidated interim financial report

Management is responsible for the preparation and presentation of the condensed consolidated interim financial report in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial report that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing NIBC Holding N.V.'s financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial report

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410. Our review included among others:

- Updating our understanding of NIBC Holding N.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of condensed consolidated interim financial report
- Making inquiries of management and others within NIBC Holding N.V.
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial report
- Obtaining assurance evidence that the condensed consolidated interim financial report agrees with, or reconciles to, NIBC Holding N.V.'s underlying accounting records
- Evaluating the assurance evidence obtained

- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial report
- Considering whether the condensed consolidated interim financial report has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 24 August 2021

Ernst & Young Accountants LLP

signed by R. Koekkoek

ALTERNATIVE PERFORMANCE MEASURES

NIBC uses, throughout its financial publications, alternative performance measures (**APMs**) in addition to the figures that are prepared in accordance with the International Financial Reporting Standards (**IFRS**), Capital Requirements Regulation (**CRR**) and Capital Requirements Directive (**CRD IV**). NIBC uses APMs to provide additional information to investors and to enhance the understanding of the results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS, CRR and CRD IV. All measures that are covered by IFRS, CRR and CRD IV are not considered to be APMs.

NIBC uses the following APMs:
- Dividend pay-out ratio, %
- Cost/income ratio, %
- Return on equity, %
- Return on assets, %
- Cost of risk, %
- Impairment ratio, %
- NPL ratio, %
- Impairment coverage ratio, %
- Loan-to-deposit ratio, %
- Net interest margin, %

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited. In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regards to the above mentioned alternative performance measures:
1. Definition of the APM
2. Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements

NIBC's most recent financial publications at any time are available online at https://www.nibc.com/investor-relations/.

Dividend pay-out ratio

The dividend pay-out ratio is the fraction of net income for a period to be paid to NIBC's shareholders in dividends. It provides meaningful information on the portion of NIBC's profit that is distributed to its shareholders. The elements of the dividend payout ratio reconcile to the income statement of NIBC.

$$\textbf{Dividend pay-out ratio} = \frac{\textbf{Dividend pay-out}}{\textbf{Profit after tax}}$$

Dividend pay-out ratio	H1 2021	2020	2019
Dividend pay-out 2021	0		
Profit after tax attributable to the shareholders 2021	91		
Dividend pay-out ratio 2021 (%)	**0**		
Dividend pay-out 2020 (page 12 annual report NIBC Holding N.V.)		28	
Profit after tax attributable to the shareholders 2020 (page 12 annual report NIBC Holding N.V.)		47	
Dividend pay-out ratio 2020 (%)		***60***	
Dividend pay-out 2019 (page 12 annual report NIBC Holding N.V.)			114
Profit after tax attributable to the shareholders 2019 (page 12 annual report NIBC Holding N.V.)			194
Dividend pay-out ratio 2019 (%)			***59***

Cost/income ratio

The cost/income ratio displays operating expenses as a percentage of operating income. The concept provides meaningful information on NIBC's operating efficiency. Cost/income ratio is calculated as the ratio (i) operating expenses before special items and (ii) operating income before special items. The elements of the cost/income ratio reconcile to the income statement of NIBC.

$$\textbf{Cost/income ratio} = \frac{\textbf{Operating expenses}}{\textbf{Operating income}}$$

Cost/Income ratio	H1 2021	2020	2019
Operating expenses 2021	113		
Operating income 2021	244		
Cost/income ratio 2021 (%)	**46**		
Operating expenses 2020 (page 116 annual report NIBC Holding N.V.)		232	
Operating income 2020 (page 116 annual report NIBC Holding N.V.)		431	
Cost/income ratio 2020 (%)		**54**	
Operating expenses 2019 (page 136 annual report NIBC Holding N.V.)			237
Operating income 2019 (page 136 annual report NIBC Holding N.V.)			537
Cost/income ratio 2019 (%)			**44**

Return on equity

Return on equity measures net profit in relation to the book value of shareholder's equity. It provides meaningful information on the performance of Issuer's business, as well as on NIBC's ability to generate income from the equity available to it. Return on equity is calculated as the ratio of (i) annualised net profit attributable to parent shareholder to (ii) total shareholder's equity at the start of the financial year. All elements of the return on equity reconcile to NIBC's consolidated financial statement.

$$\textbf{Return on equity} = \frac{\textbf{Annualised net profit attributable to parent shareholder}}{\textbf{Post proposed dividend total shareholders equity at start of the financial year}}$$

Return on equity	H1 2021	2020	2019
Annualised net profit attributable to parent shareholder	182		
Post proposed dividend total shareholders equity at the start of financial year	1,787		
Return on equity 2021 (%)	**10.2**		
Net profit attributable to parent shareholder (page 113 annual report NIBC Holding N.V. 2020)		47	
Post proposed dividend total shareholders equity at the start of financial year (page 140 and 204 annual report NIBC Holding N.V. 2019)		1,770	
Return on equity 2020 (%)		**2.6**	
Net profit attributable to parent shareholder (page 134 annual report NIBC Holding N.V.)			194
Post proposed dividend total shareholders equity at the start of financial year (page 126 and 192 annual report NIBC Holding N.V. 2018)			1,702
Return on equity 2019 (%)			**11.4**

Return on assets

Return on assets measures the net profit in relation to the total outstanding assets as of the beginning of the financial year. It provides meaningful information on NIBC's ability to generate income from the available assets. Return on assets is calculated as the ratio of (i) annualised net profit attributable to parent shareholder to (ii) total assets at the beginning of the financial year. All elements of the return on assets reconcile to NIBC's consolidated financial statements.

$$\textbf{Return on assets} = \frac{\textbf{Annualised net profit attributable to parent shareholder}}{\textbf{Total assets at the beginning of the year}}$$

Return on assets	H1 2021	2020	2019
Annualised net profit attributable to parent shareholder	182		
Total assets at the beginning of the financial year	21,125		
Return on assets 2021 (%)	**0.86**		
Net profit attributable to parent shareholder (page 113 annual report NIBC Holding N.V.)		47	
Total assets at the beginning of the financial year (page 116 annual report NIBC Holding N.V.)		22,375	
Return on assets 2020 (%)		**0.00**	
Net profit attributable to parent shareholder (page 138 annual report NIBC Holding N.V.)			194
Total assets at the beginning of the financial year (page 138 annual report NIBC Holding N.V.)			21,550
Return on assets 2019 (%)			**0.90**

Cost of risk

The cost of risk compares the total credit losses included in the income statement to the total risk weighted assets. This measure provides meaningful information on the issuer's performance in managing credit losses. The cost of risk is calculated as the ratio of (i) the sum of annualized impairments and the credit losses on loans (as part of the net income from assets and liabilities at fair value through profit or loss) and to (ii) the total risk weighted assets averaged over the current and previous reporting period. With the exception of the credit losses on loans classified at fair value through profit or loss, the elements of the cost of risk reconcile to our financial statements and regulatory reporting. The credit losses on the fair value loans are calculated in accordance with the applicable financial reporting framework and form part of the net trading income.

With the adoption of IFRS 9 in 2018, impairments are calculated based on an expected credit loss model instead of actual incurred loss impairments.

$$\text{Cost of risk} = \frac{\text{Annualised credit losses on amortised cost loans and credit losses on fair value loans (as part of net income from assets and liabilities at FVTPL)}}{\text{Average risk weighted assets (Basel III regulations)}}$$

Cost of risk (on average RWA)	H1 2021	2020	2019
Annualised credit losses on AC loans	27		
Annualised credit losses FVTPL loans	5		
Total credit losses	**32**		
Risk-weighted assets 2021	8,004		
Risk-weighted assets 2020	7,981		
Average risk-weighted assets 2021	**7,993**		
Cost of risk 2021 (%)	**0.40**		
Credit losses on AC loans (page 180 annual report NIBC Holding N.V.)		137	
Credit losses FVTPL loans		10	
Total credit losses		147	
Risk-weighted assets 2020 (page 14 annual report NIBC Holding N.V.)		7,981	
Risk-weighted assets 2019 (page 14 annual report NIBC Holding N.V.)		8,841	
Average risk-weighted assets 2020		**8,411**	
Cost of risk 2020 (%)		**1.75**	
Credit losses on AC loans (page 202 annual report NIBC Holding N.V.)			49
Credit losses FVTPL loans			3
Total credit losses			52
Risk-weighted assets 2019 (page 14 annual report NIBC Holding N.V.)			8,841
Risk-weighted assets 2018 (page 14 annual report NIBC Holding N.V.)			7,805
Average risk-weighted assets 2019			**8,323**
Cost of risk 2019 (%)			**0.63**

Impairment ratio

The impairment ratio compares impairments included in the income statement on corporate and retail loans to the carrying value of these loans. The measure provides meaningful information on NIBC's performance in managing credit losses arising from its business. The impairment ratio is calculated as the ratio of (i) the annualised impairment expenses to (ii) the average loans and residential mortgages. All elements of the impairment ratio reconcile to NIBC's income statement and the consolidated balance sheet.

$$\text{Impairment ratio} = \frac{\text{Annualised credit losses on loans and mortgage loans}}{\text{Average financial assets regarding loans and mortgages}}$$

Impairment ratio	H1 2021	2020	2019
Credit losses on amortised cost loans and mortgage loans	27		
Average financial assets at amortised cost: loans	6,509		
Average financial assets at amortised cost: mortgage loans	10,253		
Average financial assets regarding loans and mortgage loans (total)	**16,762**		
Impairment ratio 2021 (%)	**0.16**		
Credit losses on amortised cost loans and mortgage loans (page 113 annual report NIBC Holding N.V.)		137	
Average financial assets at amortised cost: loans (page 116 annual report NIBC Holding N.V.)		6,886	
Average financial assets at amortised cost: mortgage loans (page 116 annual report NIBC Holding N.V.)		10,145	
Average financial assets regarding loans and mortgage loans (total)		**17,031**	
Impairment ratio 2020 (%)		**0.80**	
Credit losses on amortised cost loans and mortgage loans (page 136 annual report NIBC Holding N.V.)			49
Average financial assets at amortised cost: loans (page 138 annual report NIBC Holding N.V.)			7,486
Average financial assets at amortised cost: mortgage loans (page 138 annual report NIBC Holding N.V.)			9,748
Average financial assets regarding loans and mortgage loans (total)			**17,234**
Impairment ratio 2019 (%)			**0.29**

NPL ratio

The non-performing loans (**NPL**) ratio compares the non-performing exposure (as defined by the European Banking Authority) of corporate and retail loans to the total exposure of these loans. The measure provides meaningful information on the credit quality of NIBC's assets. The ratio is calculated by dividing the total of non-performing exposure for both corporate loans and residential mortgages by the total exposure for corporate loans and residential mortgages. The elements of the NPL ratio reconcile to the consolidated financial statements and the regulatory reporting of NIBC.

The comparative figures for the NPL ratio have changed compared to previous publications due to a refinement of the calculation leading to a better reflection of non-performing mortgage loans.

$$\textbf{NPL ratio} = \frac{\textbf{Non performing exposure (corporate loans and residential mortgages)}}{\textbf{Total exposure (corporate loans and residential mortgages)}}$$

NPL ratio	H1 2021	2020	2019
Non-performing exposure corporate loans 2021	368		
Non-performing exposure lease receivables 2021	34		
Non-performing exposure mortgage loans 2021	86		
Non-performing exposure 2021	487		
Total corporate loans drawn and undrawn 2021	7,042		
Total lease receivables 2021	719		
Total retail client assets 2021	10,070		
Total exposure 2021	17,832		
NPL ratio 2021 (%)	**2.7**		
Non-performing exposure corporate loans 2020 (page 54 annual report NIBC Holding N.V.)		307	
Non-performing exposure lease receivables 2020 (page 54 annual report NIBC Holding N.V.)		33	
Non-performing exposure mortgage loans 2020 (page 54 annual report NIBC Holding N.V.)		19	
Non-performing exposure 2020		359	
Total corporate loans drawn and undrawn 2020 (page 113 annual report NIBC Holding N.V.)		7,237	
Total lease receivables 2020 (page 113 annual report NIBC Holding N.V.)		631	
Total retail client assets 2020 (page 113 annual report NIBC Holding N.V.)		9,860	
Total exposure 2020		17,729	
NPL ratio 2020 (%)		**2.0**	
Non-performing exposure corporate loans 2019 (page 66 annual report NIBC Holding N.V.)			423
Non-performing exposure lease receivables 2019 (page 66 annual report NIBC Holding N.V.)			33
Non-performing exposure mortgage loans 2019 (page 66 annual report NIBC Holding N.V.)			10
Non-performing exposure 2019			466
Total corporate loans drawn and undrawn 2019 (page 13 annual report NIBC Holding N.V.)			9,076
Total lease receivables (page 13 annual report NIBC Holding N.V.)			509
Total retail client assets 2019 (page 13 annual report NIBC Holding N.V.)			9,795
Total exposure2019			19,380
NPL ratio 2019 (%)			**2.4**

Impairment coverage ratio

The impairment coverage ratio compares impaired amounts on corporate and retail exposures to the total corporate and retail exposures, providing meaningful information on the residual risk related to NIBC's impaired assets. The ratio is calculated by dividing the total impairments on corporate and retail loans by the total exposure of impaired corporate and retail loans. The elements of the impaired coverage ratio reconcile to NIBC's consolidated financial statements.

With the adoption of IFRS 9, impairments are calculated based on the expected credit loss stage an asset is in. As only stage 3 consists of actual credit impaired assets, the Impairment coverage ratio is calculated using only stage 3 impairments as of 2018.
Inclusion of stage 1 and 2 credit losses would generate an unreliable measure as these impairments do not relate to impaired assets.

$$\textbf{Impairment coverage ratio} = \frac{\textbf{Balance of stage 3 credit losses on corporate and retail loans}}{\textbf{Total exposure of stage 3 credit impaired corporate and retail loans}}$$

Impairment coverage ratio	H1 2021	2020	2019
Balance stage 3 credit losses on loans (loans, leases and mortgages)	141		
Total stage 3 credit impaired exposure 2021	401		
Impairment coverage ratio 2021 (%)	**35**		
Balance stage 3 credit losses on loans (loans, leases and mortgages)		131	
Total stage 3 credit impaired exposure 2020 (page 54 annual report NIBC Holding N.V.)		358	
Impairment coverage ratio 2020 (%)		**36**	
Balance stage 3 credit losses on loans			140
Total stage 3 credit impaired exposure 2019 (page 66 annual report NIBC Holding N.V.)			421
Impairment coverage ratio 2019 (%)			**33**

Loan-to-deposit ratio

The loan-to-deposit ratio compares NIBC's loans to customers to its deposits from customers. It provides meaningful information on the issuer's funding and liquidity position. The loan-to-deposit ratio is calculated by dividing the total loans and residential mortgages by the deposits from customers. The elements of the loan-to-deposit ratio reconcile to NIBC's balance sheet.

$$\textbf{Loan to deposit ratio} = \frac{\textbf{Financial assets regarding loans and residential mortgages}}{\textbf{Deposits from customers}}$$

Loan to deposit ratio	H1 2021	2020	2019
Financial assets at amortised cost: loans	6,118		
Financial assets at amortised cost: residential mortgages	10,031		
Financial assets at amortised cost: securitised residential mortgages	312		
Financial assets at available for sale: loans	0		
Financial assets at fair value through profit or loss: loans	145		
Financial assets regarding loans and residential mortgages (total)	**16,606**		
Deposits from customers	**11,391**		
Loan to deposit ratio 2021 (%)	**146**		
Financial assets at amortised cost: loans (page 116 annual report NIBC Holding N.V.)		6,262	
Financial assets at amortised cost: residential mortgages (page 116 annual report NIBC Holding N.V.)		9,902	
Financial assets at amortised cost: securitised residential mortgages (page 116 annual report NIBC Holding N.V.)		343	
Financial assets at available for sale: loans (page 116 annual report NIBC Holding N.V.)		0	
Financial assets at fair value through profit or loss: loans (page 116 annual report NIBC Holding N.V.)		130	
Financial assets regarding loans and residential mortgages (total)		16,637	
Deposits from customers		**11,101**	
Loan to deposit ratio 2020 (%)		**150**	
Financial assets at amortised cost: loans (page 138 annual report NIBC Holding N.V.)			7,510
Financial assets at amortised cost: residential mortgages (page 138 annual report NIBC Holding N.V.)			9,637
Financial assets at amortised cost: securitised residential mortgages (page 138 annual report NIBC Holding N.V.)			407
Financial assets at available for sale: loans			0
Financial assets at fair value through profit or loss: loans (page 138 annual report NIBC Holding N.V.)			142
Financial assets regarding loans and residential mortgages (total)			**17,697**
Deposits from customers			**11,352**
Loan to deposit ratio 2019 (%)			**156**

Net interest margin

The net interest margin is a measure to display the difference between interest income and the amount of interest paid out to lenders, relative to the amount of interest-earning assets. It is similar to the gross margin (or gross profit margin) of non-financial companies and provides meaningful information on the contribution of th issuer's business to its operating income. It is calculated as the ratio of (i) the net interest income from the last 12 months and (ii) the 12 months moving average interest bearing assets. Interest bearing assets equal the total assets from the consolidated balance sheet excluding equity investments, derivatives, investments in associates, property, plant and equipment and other assets. The net interest income reconciles to the income statement of NIBC. The average interest bearing assets cannot be directly reconciled with the financial publications of NIBC as the monthly figures are not disclosed, however the monthly figures are prepared in accordance with the applicable financial reporting framework.

Since the denominator of the net interest margin calculation is subject to volatility in the balance, a moving average provides more reliable information on the underlying developments. The moving average however does not tie back to disclosed balances.

$$\textbf{Net interest margin} = \frac{\textbf{Sum net interest income last 12 Months}}{\textbf{12 Months average interest bearing assets}}$$

Net interest margin	H1 2021	2020	2019
Sum net interest income last 12 months 2021	384		
12 Month average interest bearing assets	20,554		
Net interest margin 2021 (%)	**1.87**		
Sum net interest income last 12 months 2020 (page 113 annual report NIBC Holding N.V.)		403	
12 Month average interest bearing assets		21,017	
Net interest margin 2020 (%)		**1.92**	
Sum net interest income last 12 months 2019 (page 136 annual report NIBC Holding N.V.)			426
12 Month average interest bearing assets			20,690
Net interest margin 2019 (%)			**2.06**

DEFINITIONS FOR THE NON-FINANCIAL KEY FIGURES

The following definitions have been used for the Non Financial Key Figures presented in NIBC's Interim Report.

Net Promoter Score

Outcome of Net Promoter Score (NPS) survey with corporate lending and advisory clients, who executed a (lending) deal/deals with NIBC Bank Corporate Banking during the reporting period, and for existing lending and advisory clients of NIBC

Stakeholders view this as a material indicator of client satisfaction of our corporate lending and advisory clients as well as an indicator of stakeholder engagement.

The NPS methodology is a widely used methodology in which scores from 0 to 6 are classified as 'detractor', scores. 7 or 8 are classified as 'passive' and only those scores that are 9 or 10 are classified as 'promoters'. The result is calculated by the percentage of promoters minus the percentage of detractors, giving the NPS. The NPS can therefore range from -100% to +100%.

For this mid-year report, the NPS is measured over a 6 month period, from 1st December to 31st May. Each respondent weighs the same in the score. It is calculated over the corporate lending and advisory client base, where we are in direct contact with the client, excluding distressed asset clients, internal clients and certain legacy clients. In case of multiple deals for one client, the client is counted once. When the online survey is sent to multiple contact persons for a client, only the first response is included.

The total population of NIBC Bank corporate clients in scope is 305 clients in the 6 month period. 253 clients fall within the definition described above and were surveyed. 36 responses were received: 23 promotors, 13 passives and 0 detractors). NIBC considers this to be representative of the total population for this period. The online surveys are sent by a third party service provider, which transfers the raw results back to NIBC.

NIBC Direct Customer Satisfaction Score

The results of the latest, annual online *Customer Satisfaction Survey* (**CSS**) for NIBC Bank's retail clients, i.e. NIBC Direct Savings Netherlands (NL, including Mortgages), Belgium (BE) and Germany (GE, also including Brokerage clients), that was completed in the reporting period for the Annual Report 2020..

The digital surveys were conducted in November 2020 through a third party, using a random selection of NIBC's new and existing Dutch NIBC Direct Mortgage and Savings clients, Belgian NIBC Direct Savings clients and German NIBC Direct Savings and Brokerage clients. Clients were selected based amongst other criteria on country and product. The average scores per country and product are totaled and divided by the total number of clients in the population.

2020 score per product: Netherlands Mortgages 8.0; Netherlands Savings 7.9; Germany Savings 7.9; Germany Brokerage 7.9; Belgium Savings 8.1

Stakeholders view this as a material indicator of client satisfaction of our retail clients as well as an indicator of stakeholder engagement.

The population of NIBC Direct CSS was approximately 340.000 clients in November 2020, of which 30000 have been surveyed (10,000 per country), and around 2.550 responses were received. NIBC considers this to be representative for the population.

Percentage of new Corporate loans screened against sustainability policy framework

New NIBC Bank corporate deals which have been assessed for social and environmental risks during the reporting period. A deal may include one or more underlying facilities with different tenors as part of a deal or loan structure. Amendments to existing deals are excluded from this figure.

Stakeholders view this as a material indicator in regard to transparency. Sustainability impacts and good corporate governance are among the financial and non-financial aspects taken into consideration during NIBC Bank's corporate client engagement and financing decision processes.

Screenings were performed by Corporate Banking account managers as part of NIBC Bank's ongoing and mandatory due diligence process using a third party toolkit system.

Number of new clients/transactions with increased sustainability risk assessment

Number of new (potential) clients/transactions for which increased sustainability risks were identified by NIBC Bank using a third party toolkit assessment. This does not include monitoring of existing client files with sustainability risks nor clients for which a sustainability risk assessment has not (yet) been completed as the transaction is still in an early stage or was cancelled in an early stage.

Stakeholders view this as a material indicator of stakeholder engagement on potential sustainability issues.

In these situations, NIBC Bank performs enhanced sustainability due diligence into potential material environmental, social, and governance aspects that are of potential concern.

Fines or sanctions for non-compliance with laws and regulations

Number of significant fines and number of non-monetary sanctions for non-compliance with laws and regulations. The definition is limited to fines from a regulator. This excludes any pending claims and/or litigation. Significant: values of fine > EUR 10.000 (in line with category 2 and 3 fines of AFM).

Stakeholders view this as a material indicator of regulatory compliance and corporate governance of NIBC's own operations and day-to-day business.

NIBC includes non-punitive fines agreed as part of settlement of regular tax audits within its interpretation of the definition for this indicator.

Number of Full-Time Equivalents end of financial period

Number of FTEs of NIBC worldwide at the end of the financial period. Only employees on NIBC's payroll and having an 'internal' position are accounted for. NIBC Bank N.V. includes all its international offices, though excludes minor participations of the bank.

An FTE represents, per employee, the total number of contract hours per week related to the maximum number of contract hours per week (e.g. 40 hours). This maximum can differ per NIBC office (depending on local guidelines) and kind of job contract.

Male/female ratio

Percentage of number of male and female for NIBC worldwide, at the end of the financial period.

The number of males and females is based upon headcount as reported from NIBC's human resources information management system at the financial period.

Stakeholders view this metric as a material indicator for gender diversity in the company. NIBC supports all types of diversity and aspires to further diversify its workplace.

Male/female ratio top management

Percentage of number of male and female for NIBC worldwide, at the end of the financial period. Top management consists of management with corporate title 'Director' or 'Managing Director'.

Stakeholders view this metric as a material indicator for gender diversity of top management.

Training expenses per employee

Total of training and education expenses, incurred in the current year based on average headcount calculated by taking the headcount at the beginning and end of the financial period. For employees traveling for training, this includes travel costs and any related expenses.

Stakeholders view this metric as a material indicator of NIBCs commitment to employee development and future employability.

Absenteeism

Absenteeism is the rolling average of the latest absenteeism percentage, annualized for NIBC Bank's employees in The Netherlands. The absenteeism percentage is the number of workdays lost to absenteeism divided by the total number of available workdays, expressed as a percentage. In case of partial absenteeism, the absenteeism percentage only reflects the actual absenteeism (non-working hours). Maternity leave is not included in the figure.

Absenteeism rate may change as the year progresses due to previously unreported cases of absenteeism and/or confirmation of the employee's recovery.

Notifications of illness and recovery are submitted by NIBC to a 3rd party ARBO service organisation. NIBC uses its 3rd party health & safety services organisation to report on absenteeism figures. The absenteeism percentage relates to the absenteeism in the Netherlands only: absenteeism in Germany, Belgium and United Kingdom is not accounted for in this figure.

Employee turnover (employees started & left)

Employee turnover consists of inflow of new employees ('started') and outflow of existing employees ('left').

Started: The number of employees that joined NIBC worldwide throughout the current calendar year (hire date between 1-1-21 and 30-6-21), divided by total number of employees at the start of the year.

Left: The number of employees that left NIBC worldwide throughout the calendar year divided by the total number of employees at the start of the year.

Stakeholders view this metric as a material indicator of employee engagement of existing employees and further as an indicator of the bank's position as an attractive employer.

DISCLAIMER

Presentation of information

The Annual Accounts of NIBC Holding N.V. ('NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with Title 9 of Book 2 of The Dutch Civil Code. In preparing the financial information in this Condensed Consolidated Interim Report for the six months period ended 30 June 2021 (the 'Financial Report'), the same accounting principles are applied as in NIBC's 2020 Annual Accounts, save for any change described in the Accounting policies. The figures in this Financial Report have been reviewed by NIBC's 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's business, results of operations, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof. These statements are based on NIBC's current view with respect to future events and financial performance. Words such as 'believe', 'anticipate', 'estimate', 'expect', 'intend', 'predict', 'project', 'could', 'may', 'will', 'plan' and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve uncertainties and are subject to certain risks, including, but not limited to (i) general economic conditions, in particular in NIBC's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets, (ix) changes in law and regulations, including taxes, (x) changes in policies of governments and/or regulatory authorities, (xi) the results of our strategy and investment policies and objectives and (xii) the risks and uncertainties as addressed in this Financial Report, the occurrence of which could cause NIBC's actual results and/or performance to differ from those predicted in such forward-looking statements and from past results.

The forward-looking statements speak only as of the date hereof. NIBC does not undertake any obligation to update or revise forward-looking statements contained in this Financial Report, whether as a result of new information, future events or otherwise. None of NIBC, its directors, officers and/or employees make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. 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.