CONDENSED CONSOLIDATED FINANCIAL REPORT
for the year ended 31 December 2012

NIBC Bank N.V.
6 March 2013

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Condensed consolidated financial report

Consolidated income statement

for the year ended 31 December 2012

IN EUR MILLIONS	NOTE	2012	2011
Net interest income		126	165
Net fee and commission income		17	36
Dividend income		8	5
Net trading income	2	94	19
Gains less losses from financial assets	3	28	48
Share in result of associates		(1)	1
Other operating income		22	64
OPERATING INCOME		**294**	**338**
Personnel expenses	4	98	128
Other operating expenses		60	79
Depreciation and amortisation		10	19
OPERATING EXPENSES		**168**	**226**
Impairments of financial assets	5	45	44
TOTAL EXPENSES		**213**	**270**
PROFIT BEFORE TAX		**81**	**68**
Tax	6	8	1
PROFIT AFTER TAX		**73**	**67**
Result attributable to non-controlling interests		-	(1)
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER		**73**	**68**

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

Consolidated statement of comprehensive income

for the year ended 31 December 2012

IN EUR MILLIONS	Before tax	Tax charge/ (credit)	After tax 2012	Before tax	Tax charge/ (credit)	After tax 2011
PROFIT FOR THE YEAR	**81**	**8**	**73**	**68**	**1**	**67**
OTHER COMPREHENSIVE INCOME						
Net result on hedging instruments	(30)	(7)	(23)	28	6	22
Revaluation loans and receivables	4	1	3	14	3	11
Revaluation equity investments	(10)	(1)	(9)	1	1	-
Revaluation debt investments	24	6	18	(25)	(6)	(19)
Revaluation property, plant and equipmen	1	-	1	(13)	(3)	(10)
TOTAL OTHER COMPREHENSIVE INCOME	**(11)**	**(1)**	**(10)**	**5**	**1**	**4**
TOTAL COMPREHENSIVE INCOME	**70**	**7**	**63**	**73**	**2**	**71**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO						
Parent shareholder	70	7	63	74	2	72
Non-controlling interests	-	-	-	(1)	-	(1)
TOTAL COMPREHENSIVE INCOME	**70**	**7**	**63**	**73**	**2**	**71**

Consolidated balance sheet
at 31 December 2012

IN EUR MILLIONS	NOTE	2012	2011
Assets			
FINANCIAL ASSETS AT AMORTISED COST			
Cash and balances with central banks		1,604	2,430
Due from other banks		2,123	2,104
Loans and receivables			
Loans	7	7,343	7,517
Debt investments	8	366	507
Securitised loans	9	611	613
FINANCIAL ASSETS AT AVAILABLE-FOR-SALE			
Equity investments		49	66
Debt investments	10	985	887
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Loans	11	515	998
Residential mortgages own book	12	3,675	3,185
Securitised residential mortgages	13	4,512	5,560
Debt investments	14	124	164
Equity investments (including investments in associates		215	258
Derivative financial assets held for trading		3,642	3,657
Derivative financial assets used for hedging		275	292
OTHER			
Investments in associates (equity method)		10	14
Intangible assets		50	52
Property, plant and equipment		47	51
Investment property		1	27
Current tax		2	3
Other assets		93	169
TOTAL ASSETS		**26,242**	**28,554**

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

Consolidated balance sheet

at 31 December 2012

IN EUR MILLIONS	NOTE	2012	2011
Liabilities			
FINANCIAL LIABILITIES AT AMORTISED COST			
Due to other banks		1,026	1,261
Deposits from customers		8,347	6,644
Own debt securities in issue	15	4,314	7,096
Debt securities in issue related to securitised mortgages	16	4,470	5,416
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
Own debt securities in issue	17	34	41
Debt securities in issue structured	18	1,654	1,733
Derivative financial liabilities held for trading		4,026	3,966
Derivative financial liabilities used for hedging		20	34
OTHER FINANCIAL LIABILITIES			
Other liabilities		159	149
Current tax		9	-
Deferred tax		-	18
Employee benefits		4	5
SUBORDINATED LIABILITIES			
Amortised cost	19	83	85
Fair value through profit or loss	20	264	296
TOTAL LIABILITIES		**24,410**	**26,744**
SHAREHOLDER'S EQUITY			
Share capital	22	80	80
Other reserves		312	322
Retained earnings		1,385	1,361
Net profit attributable to parent shareholder		73	68
(Interim) dividend paid		(19)	(22)
TOTAL PARENT SHAREHOLDER'S EQUITY		**1,831**	**1,809**
Non-controlling interests		1	1
TOTAL SHAREHOLDER'S EQUITY		**1,832**	**1,810**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		**26,242**	**28,554**

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

Consolidated statement of changes in shareholder's equity

IN EUR MILLIONS	Attributable to parent shareholder: Share capital	Other reserves [1]	Retained earnings	Net profit	Distribution charged to net profit	Total	Non-controlling interests	Total share-holder's equity
BALANCE AT 1 JANUARY 2011	**80**	**318**	**1,329**	**76**	**(22)**	**1,781**	**22**	**1,803**
Transfer of net profit 2010 to retained earnings	-	-	54	(76)	22	-	-	-
Total comprehensive income for the year ended 31 December 2011	-	4	-	68	-	72	(1)	71
Divestment of third party interests in a subsidiary controlled by NIBC	-	-	-	-	-	-	(20)	(20)
Dividend paid [2]	-	-	(22)	-	(22)	(44)	-	(44)
BALANCE AT 31 DECEMBER 2011	**80**	**322**	**1,361**	**68**	**(22)**	**1,809**	**1**	**1,810**

IN EUR MILLIONS	Attributable to parent shareholder: Share capital	Other reserves [1]	Retained earnings	Net profit	Distribution charged to net profit	Total	Non-controlling interests	Total share-holder's equity
BALANCE AT 1 JANUARY 2012	**80**	**322**	**1,361**	**68**	**(22)**	**1,809**	**1**	**1,810**
Transfer of net profit 2011 to retained earnings	-	-	46	(68)	22	-	-	-
Total comprehensive income for the year ended 31 December 2012	-	(10)	-	73	-	63	-	63
Dividend paid [2]	-	-	(22)	-	(19)	(41)	-	(41)
BALANCE AT 31 DECEMBER 2012	**80**	**312**	**1,385**	**73**	**(19)**	**1,831**	**1**	**1,832**

1. Other reserves include share premium, hedging reserve and revaluation reserves.
2. Ordinary interim and final dividend paid in 2012 and 2011 to equity holder.

Condensed consolidated statement of cash flows

for the year ended 31 December 2012

IN EUR MILLIONS	2012	2011
Cash flows from operating activities	1,975	2,601
Cash flows from investing activities	98	158
Cash flows from financing activities	(2,943)	(1,656)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(870)**	**1,103**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**3,107**	**2,004**
Net increase / (decrease) in cash and cash equivalents	(870)	1,103
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**2,237**	**3,107**
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and balances with central banks	1,604	2,430
Due from other banks (maturity three months or less)	633	677
	2,237	**3,107**

General information and Basis of preparation

General information

NIBC Bank N.V., together with its subsidiaries (**NIBC or the group**), is incorporated and domiciled in the Netherlands, and is a 100% subsidiary of *NIBC Holding N.V.* (**NIBC Holding**). NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment. For every transaction we put together a hand-picked cross-discipline team from our Corporate Banking activities: Food, Agri & Retail, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. NIBC Consumer Banking offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

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

Basis of preparation

Statement of IFRS compliance

NIBC prepares the consolidated financial statements in accordance with the *International Financial Reporting Standards* (**IFRS**) as adopted by the *European Union* (**EU**). In preparing the financial information in this condensed consolidated financial report over the financial year 2012, the same accounting principles are applied as in NIBC's consolidated financial statements for the year ended 31 December 2011, except for the impact of the adoption of the standards and interpretations and amendments to standards and interpretations described below. NIBC's Annual Report for 2011 is available on NIBC's website.

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

New and amended standards adopted by NIBC in 2012:
- Amendment to IFRS 7 'Disclosures – Transfer of Financial Assets'.
- IAS 12 'Income Taxes' (Amendment) – Deferred Taxes: Recovery of Underlying Assets.
- Amendment to IFRS 1 'First-Time Adoption of IFRS – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopter'.

There are no IFRSs that are effective for the first time for the financial year beginning 1 January 2012 that have a significant effect on the financial position or performance on NIBC or the group.

New standards, amendments and interpretations that are not yet effective and have not been early-adopted by NIBC:
- Amendments to IAS 1 'Presentation of Financial Statements - 'Presentation of Items of Other Comprehensive Income (OCI)' – is effective for annual periods beginning on or after 1 July 2012.
- IFRS 10 'Consolidated Financial Statements' – is effective as from 1 January 2014.
- IFRS 11 'Joint Arrangements' – is effective as from 1 January 2014.
- IFRS 12 'Disclosure of Interests in Other Entities' – is effective as from 1 January 2014.
- IFRS 13 'Fair Value Measurement' – is effective as from 1 January 2013.
- IAS 27 'Separate Financial Statements' (Revised) – is effective as from 1 January 2014.
- IAS 28 'Investments in Associates and Joint Ventures' (Revised) – is effective as from 1 January 2014.
- IFRS 7 'Disclosures, Offsetting Financial Assets and Financial Liabilities' (Amendment) – is effective as from 1 January 2013.
- IAS 32 'Offsetting Financial Assets and Financial Liabilities' (Amendment) – is effective as from 1 January 2014).
- IAS 19 'Employee Benefits' (Revised) – is effective as from 1 January 2013.

IAS 19 Employee Benefits (Revised) requires that actuarial gains and losses arising from defined benefit pension schemes are recognised in full. Previously NIBC deferred these over the remaining average service lives of the employees (the 'corridor' approach). From 1 January 2013, in accordance with amendments to IAS 19, the balance sheet will fully reflect the pension liability or asset, including any previously unrecognised actuarial losses or gains. As at 31 December 2012 there were unrecognised actuarial losses of EUR 7 million (net of tax). In addition, NIBC will recognise interest charge or income on the net pension liability or asset, rather than the expected return on the schemes' assets and interest cost on the schemes' benefit obligation. NIBC will no longer recognise the amortisation of unrecognised actuarial gains or losses. Had NIBC applied this method in 2012 no gains or losses would have been recognized in the income statement. Given these amendments the charge for 2012 would have been equal under the amended standard, and a charge of EUR 2 million (net of tax) would have been recognised in OCI. Therefore this amendment has an insignificant impact on the financial position of NIBC at the first application date 1 January 2013. Furthermore the classification of the different pension plans will not alter.

According to the amended IAS 19 Employee Benefits a defined benefit pension liability should be recognized directly in Common Equity Tier I. Due to the recognition of the defined benefit pension liability as from 1 January 2013 to an amount of EUR 7 million (net of tax) the Core Tier I ratio will be adversely affected by 0.07%.

The impact of adopting the amendments to IAS 1, IFRS 7, IFRS 11, IFRS 12, IFRS 13, IAS 27, IAS 28 and IAS 32 is not expected to be material on NIBC's financial position or performance. NIBC is currently assessing the impact of adopting IFRS 10.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The information provided as of the reclassification dates (various notes) relates only to financial assets remaining on the balance sheet as of the reporting date 31 December 2012.

Unless otherwise stated, all amounts are stated in millions of EUR.

Notes to the condensed consolidated financial report

1. Segment report

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

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

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

The following table presents the results of the single operating segment, being NIBC Bank, including a reconciliation to the consolidated results under IFRS for the years ended 31 December 2012 and 31 December 2011.

	Internal management report operating segment NIBC Bank [1]		Consolidation effects [2]		Total (condensed consolidated financial report)	
IN EUR MILLIONS	2012	2011	2012	2011	2012	2011
Net interest income	127	172	(1)	(7)	126	165
Net fee and commission income	18	36	-	-	17	36
Dividend income	8	5	-	-	8	5
Net trading income	94	18	-	1	94	19
Gains less losses from financial assets	27	50	2	(2)	28	48
Share in result of associates	(1)	1	-	-	(1)	1
Other operating income	-	-	22	64	22	64
OPERATING INCOME	**272**	**282**	**22**	**56**	**294**	**338**
OPERATING EXPENSES	**146**	**170**	**21**	**57**	**168**	**226**
Impairments of financial assets	45	44	-	-	45	44
TOTAL EXPENSES	**192**	**213**	**21**	**57**	**213**	**270**
PROFIT BEFORE TAX	**80**	**69**	**1**	**(1)**	**81**	**68**
Tax	7	1	1	-	8	1
PROFIT AFTER TAX	73	68	-	(1)	73	67
Result attributable to non-controlling interests	-	-	-	(1)	-	(1)
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDER	73	68	-	-	73	68
Average allocated economic capital	1,418	1,438	-	-	1,418	1,438
Average unallocated capital	237	117	-	-	237	117
Segment assets	26,137	28,424	104	130	26,242	28,554
Segment liabilities	24,340	26,651	69	93	24,410	26,744

1. Small differences are possible in the table due to rounding.
2. The items displayed under 'consolidation effects' refer to the non-financial entities over which NIBC has control. IFRS requires NIBC to consolidate these entities. The internal management report differs from this, as the investments in these entities are non-strategic and the activities of these entities are non-financial. Therefore, in the income statement of the Bank, only NIBC's share in the net result of these entities is included in the line-item 'gains less losses from financial assets'. Subsequently, under 'consolidation effects' this is eliminated and replaced by the figures of these entities used in the condensed consolidated financial report.

NIBC generated 86% of its revenues in the Netherlands (2011: 87%) and 14% abroad (2011: 13%).

2. Net trading income

IN EUR MILLIONS	2012	2011
Assets and liabilities designated at fair value through profit or loss (including related derivatives)	84	(4)
Assets and liabilities held for trading	30	7
Other net trading income	(20)	16
	94	**19**

Net trading income in 2012 of EUR 94 million reflects realised net gains and or losses on disposals of assets and liabilities (including repurchased liabilities) and net gains and or losses due to mark to market movements on assets and liabilities held for trading or designated at fair value through profit or loss.

3. Gains less losses from financial assets

IN EUR MILLIONS	2012	2011
EQUITY INVESTMENTS		
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (AVAILABLE-FOR-SALE)		
Net gain/(losses) on disposal	34	7
Net revaluation gain/(losses) transferred from equity on disposal	-	1
Impairment losses equity investments	-	(1)
GAINS LESS LOSSES FROM EQUITY INVESTMENTS (FAIR VALUE THROUGH PROFIT OR LOSS)		
Gains less losses from associates	(3)	31
Gains less losses from other equity investments	(3)	8
	28	**46**
DEBT INVESTMENTS		
Gains less losses from debt investments (available-for-sale)	-	2
	-	**2**
	28	**48**

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

4. Personnel expenses

The number of *Full Time Equivalents* (**FTEs**) (excluding the non-financial companies included in the consolidation) decreased from 664 at 31 December 2011 to 627 at 31 December 2012.

5. Impairments of financial assets

IN EUR MILLIONS	2012	2011
IMPAIRMENTS		
Loans classified at amortised cost	45	67
Debt investments classified at amortised cost	8	5
Debt investments classified at available-for-sale	1	-
	54	**72**
REVERSALS OF IMPAIRMENTS		
Loans classified at amortised cost	(8)	(19)
Debt investments classified at amortised cost	-	-
Debt investments classified at available-for-sale	(2)	(5)
	(10)	**(24)**
Other	1	(4)
	45	**44**

6. Tax

IN EUR MILLIONS	2012	2011
TAX DIFFERENCES CAN BE ANALYSED AS FOLLOWS:		
PROFIT BEFORE TAX	**81**	**68**
Tax calculated at the nominal Dutch corporate tax rate of 25.0% (2011: 25.0%)	20	17
Impact of income not subject to tax	(13)	(12)
Impact of expenses not deductible for tax purposes	1	(1)
Effect of different tax rates in other countries	(1)	(1)
Result final tax assessment previous years	1	(2)
	8	**1**
Effective tax rate	**9.4%**	**1.5%**

The current tax expense related to non-financial companies included in the consolidation is EUR 1 million (2011: nil).

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

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

IN EUR MILLIONS	2012	2011
Loans	7,343	7,517
	7,343	**7,517**
THE LEGAL MATURITY ANALYSIS OF LOANS IS ANALYSED AS FOLLOWS:		
Three months or less	331	564
Longer than three months but not longer than one yea	396	487
Longer than one year but not longer than five years	3,766	3,107
Longer than five years	2,850	3,359
	7,343	**7,517**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN IMPAIRMENTS MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**130**	**153**
Additional allowances	45	67
Write-offs	(28)	(71)
Amounts released	(8)	(19)
Unwinding of discount adjustment	(7)	(3)
Other (including exchange rate differences)	6	3
BALANCE AT 31 DECEMBER	**138**	**130**

If NIBC had fair valued the loans classified at amortised cost using the valuation methodology applied to loans designated as available-for-sale as per 31 December 2012, then the carrying amount would have decreased at the balance sheet date by EUR 117 million (2011: EUR 90 million). This decrease would reflect both changes due to interest rates and credit spreads. NIBC hedges its interest rate risk from these assets.

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 31 December 2012	Fair value as per 31 December 2012
Loan portfolio reclassified from available-for-sale category	1,639	1,625	1,536

The effective interest rates on financial assets reclassified into loans and receivables as at the date of reclassification - 1 July 2008 - ranged from 5% to 9% with expected undiscounted recoverable cash flows of EUR 1,624 million. Ranges of effective interest rates were determined based on weighted average rates.

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

IN EUR MILLIONS	2012	2011
Debt investments	366	507
	366	**507**
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS ANALYSED AS FOLLOWS:		
Three months or less	1	1
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	66	110
Longer than five years	299	396
	366	**507**

In the year 2012, EUR 8 million impairments were recorded on the debt investments at amortised cost (2011: EUR 5 million).

If NIBC had fair valued the debt investments classified as amortised cost using the valuation methodology applied to debt investments at held for trading or available-for-sale as per 31 December 2012, the carrying amount would decrease at the balance sheet date by EUR 59 million (2011: EUR 113 million). This decrease would reflect both changes due to interest rates and credit spreads. NIBC hedges its interest rate risk from these assets.

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 31 December 2012	Fair value as per 31 December 2012
DEBT INVESTMENTS RECLASSIFIED FROM:			
Held for trading category	400	257	201
Available-for-sale category	65	60	57

The effective interest rates on held for trading assets reclassified into debt investments at amortised cost as at the date of reclassification - 1 July 2008 - ranged from 5% to 20% with expected undiscounted recoverable cash flows of EUR 623 million.

The effective interest rates on available for sale debt investments as at the date of reclassification - on 1 July 2008 - ranged from 5% to 8% with expected undiscounted recoverable cash flows of EUR 99 million. Ranges of effective interest rates were determined based on weighted average rates.

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

IN EUR MILLIONS	2012	2011
Loans to corporate entities	611	613
	611	**613**
THE LEGAL MATURITY ANALYSIS OF SECURITISED LOANS IS ANALYSED AS FOLLOWS:		
Three months or less	1	3
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	610	610
Longer than five years	-	-
	611	**613**

No impairments were recorded in 2012 and 2011 on securitised loans at amortised cost.

If NIBC had fair valued the securitised loans classified as amortised cost using the valuation methodology applied to loans designated as available-for-sale as per 31 December 2012, then the balance sheet amount would have decreased at the balance sheet date by EUR 41 million (2011: EUR 53 million). The fair value reflects movements due to both interest rate changes and credit spread changes. NIBC hedges its interest rate risk from these assets.

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

IN EUR MILLIONS	2012	2011
Debt investments	985	887
	985	**887**
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS IS ANALYSED AS FOLLOWS:		
Three months or less	99	86
Longer than three months but not longer than one yea	132	161
Longer than one year but not longer than five years	261	342
Longer than five years	493	298
	985	**887**

In 2012, there was a reversal of impairment on debt investments at available-for-sale of EUR 1 million (2011: reversal of impairment of EUR 5 million).

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

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

IN EUR MILLIONS	Fair value on date of reclassification	Carrying amount as per 31 December 2012	Fair value as per 31 December 2012
Debt investments reclassified from held for trading category	24	4	4

The effective interest rates on trading assets reclassified into debt investments available for sale as at the date of reclassification - 1 July 2008 - ranged from 13% to 26% with expected undiscounted recoverable cash flows of EUR 55 million. Ranges of effective interest rates were determined based on weighted average rates.

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

IN EUR MILLIONS	2012	2011
Loans to corporate entities	515	998
	515	**998**
THE LEGAL MATURITY ANALYSIS OF LOANS IS ANALYSED AS FOLLOWS:		
Three months or less	13	5
Longer than three months but not longer than one yea	21	17
Longer than one year but not longer than five years	314	808
Longer than five years	167	168
	515	**998**

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

IN EUR MILLIONS	2012	2011
Residential mortgages own book	3,675	3,185
	3,675	**3,185**
THE LEGAL MATURITY ANALYSIS OF RESIDENTIAL MORTGAGES OWN BOOK IS ANALYSED AS FOLLOWS:		
Three months or less	33	20
Longer than three months but not longer than one yea	24	15
Longer than one year but not longer than five year:	41	36
Longer than five years	3,577	3,114
	3,675	**3,185**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN RESIDENTIAL MORTGAGES OWN BOOK MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**3,185**	**4,429**
Additions (including transfers from consolidated SPEs)	1,269	27
Disposals (sale and/or redemption, including replenishment of consolidated SPEs)	(864)	(1,251)
Changes in fair value	85	(20)
BALANCE AT 31 DECEMBER	**3,675**	**3,185**

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

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

The maximum credit exposure including committed but undrawn facilities was EUR 3,681 million (2011: EUR 3,190 million

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

IN EUR MILLIONS	2012	2011
Securitised residential mortgages	4,512	5,560
	4,512	**5,560**
THE LEGAL MATURITY ANALYSIS OF SECURITISED RESIDENTIAL MORTGAGES IS ANALYSED AS FOLLOWS:		
Three months or less	1	1
Longer than three months but not longer than one yea	3	2
Longer than one year but not longer than five year:	17	22
Longer than five years	4,491	5,535
	4,512	**5,560**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN SECURITISED RESIDENTIAL MORTGAGES MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**5,560**	**5,338**
Additions	527	750
Disposals (sale and/or redemption including transfers to own book)	(1,625)	(569)
Changes in fair value	50	41
BALANCE AT 31 DECEMBER	**4,512**	**5,560**

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

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

At 31 December 2012, securitised residential mortgages in the amount of EUR 4,512 million (2011: EUR 5,560 million) were pledged as collateral for NIBC's own liabilities.

The maximum credit exposure was EUR 4,512 million at 31 December 2012 (2011: EUR 5,560 million)

Securitised residential mortgages are recognised on NIBC's balance sheet based on the risks and rewards NIBC retains in the SPEs issuing the mortgage-backed notes. Risks and rewards can be retained by NIBC by retaining issued notes, providing overcollateralisation to the SPEs or implementing reserve accounts in the SPEs. At the balance sheet date, NIBC retained EUR 461 million (2011: EUR 600 million) of notes issued by the SPEs, overcollateralisation provided to the SPEs amounted to EUR 21 million (2011: EUR 21 million) and reserve accounts amounted to EUR 18 million (2011: EUR 15 million).

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

IN EUR MILLIONS	2012	2011
Held for trading	49	58
Designated at fair value through profit or loss	75	106
	124	**164**

All debt investments are non-government

IN EUR MILLIONS	2012	2011
THE LEGAL MATURITY ANALYSIS OF DEBT INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS IS ANALYSED AS FOLLOWS:		
Three months or less	-	-
Longer than three months but not longer than one yea	23	31
Longer than one year but not longer than five year:	45	67
Longer than five years	7	8
	75	**106**

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

IN EUR MILLIONS	2012	2011
Bonds and notes issued	4,314	7,096
	4,314	**7,096**
THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS ANALYSED AS FOLLOWS:		
Three months or less	-	2,373
Longer than three months but not longer than one yea	220	62
Longer than one year but not longer than five year:	4,024	4,588
Longer than five years	70	73
	4,314	**7,096**

The Dutch State has unconditionally and irrevocably guaranteed the due payment of all amounts of principal and interest due by NIBC for EUR 3,311 million (2011: EUR 5,410 million) of the issued notes according and subject to (i) the Rules governing the 2008 Dutch State's Credit Scheme and (ii) the Guarantee Certificate issued under those Rules in respect of these notes. These Rules and that Guarantee Certificate are available at www.dutchstate.nl. In 2012 losses of EUR 12 million were realised on the repurchase of own debt securities in issue at amortised cost (2011: loss of EUR 6 million).

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**7,096**	**8,209**
Additions	312	578
Disposals	(3,041)	(1,759)
Other movements and exchange rate differences	(53)	68
BALANCE AT 31 DECEMBER	**4,314**	**7,096**

The disposals of own debt securities in issue at amortised cost for 2012 include redemptions at the scheduled maturity date to an amount of EUR 2,488 million (2011: EUR 1,150 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 553 million (2011: EUR 609 million). The remaining legal maturity at time of repurchase of these debt securities is between 2 and 4 years.

16. Financial liabilities (amortised cost)

Debt securities in issue related to securitised mortgages

IN EUR MILLIONS	2012	2011
Bonds and notes issued	4,470	5,416
	4,470	**5,416**
THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES IS ANALYSED AS FOLLOWS:		
Three months or less	6	15
Longer than three months but not longer than one yea	-	-
Longer than one year but not longer than five years	16	-
Longer than five years	4,448	5,401
	4,470	**5,416**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**5,416**	**5,562**
Additions	483	689
Disposals	(1,429)	(835)
BALANCE AT 31 DECEMBER	**4,470**	**5,416**

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

Own debt securities in issue

IN EUR MILLIONS	2012	2011
Bonds and notes issued	34	41
	34	**41**
THE LEGAL MATURITY ANALYSIS OF OWN DEBT SECURITIES IN ISSUE IS ANALYSED AS FOLLOWS:		
Three months or less	-	11
Longer than three months but not longer than one yea	-	-
Longer than one year but not longer than five years	6	6
Longer than five years	28	24
	34	**41**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN OWN DEBT SECURITIES IN ISSUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**41**	**46**
Additions	1	1
Disposals	(11)	(6)
Changes in fair value	3	-
BALANCE AT 31 DECEMBER	**34**	**41**

The disposals of own debt securities in issue designated at fair value through profit or loss in 2012 and 2011, reflect the redemptions at the scheduled maturity date. The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated with results on financial derivatives.

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

IN EUR MILLIONS	2012	2011
Bonds and notes issued	1,654	1,733
	1,654	**1,733**
THE LEGAL MATURITY ANALYSIS OF DEBT SECURITIES IN ISSUE STRUCTURED IS ANALYSED AS FOLLOWS:		
Three months or less	-	25
Longer than three months but not longer than one yea	690	701
Longer than one year but not longer than five years	307	326
Longer than five years	657	681
	1,654	**1,733**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN DEBT SECURITIES IN ISSUE STRUCTURED MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**1,733**	**2,120**
Additions	56	28
Disposals	(133)	(302)
Changes in fair value	45	(151)
Exchange rate differences	(47)	38
BALANCE AT 31 DECEMBER	**1,654**	**1,733**

The disposals of debt securities in issue designated at fair value through profit or loss for 2012 include redemptions at the scheduled maturity date to an amount of EUR 112 million (2011: EUR 276 million) and repurchases of debt securities before the legal maturity date to an amount of EUR 21 million (2011: EUR 26 million). The remaining legal maturity at time of repurchase of these debt securities is between 2 and 27 years. The changes in fair value reflects movements due to both interest rate changes and credit spread changes. As NIBC hedges its interest rate risk from these liabilities, the movement due to interest rate changes is compensated with results on financial derivatives.

19. Subordinated liabilities - amortised cost

IN EUR MILLIONS	2012	2011
Subordinated loans qualifying as Tier-I capital	46	48
Other subordinated loans	37	37
	83	**85**
THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - AMORTISED COST IS ANALYSED AS FOLLOWS:		
One year or less	25	-
Longer than one year but not longer than five years	-	25
Longer than five years but not longer than ten years	-	1
Longer than ten years	58	59
	83	**85**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN SUBORDINATED LIABILITIES - AMORTISED COST MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**85**	**119**
Additions	-	1
Disposals	(1)	(34)
Exchange rate differences	(1)	(1)
BALANCE AT 31 DECEMBER	**83**	**85**

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

IN EUR MILLIONS	2012	2011
Subordinated loans qualifying as Tier-I capital	144	138
Other subordinated loans	120	158
	264	**296**
THE LEGAL MATURITY ANALYSIS OF SUBORDINATED LIABILITIES - FAIR VALUE IS ANALYSED AS FOLLOWS:		
One year or less	-	-
Longer than one year but not longer than five years	40	39
Longer than five years but not longer than ten years	-	4
Longer than ten years	224	253
	264	**296**

IN EUR MILLIONS	2012	2011
THE MOVEMENT IN SUBORDINATED LIABILITIES - FAIR VALUE MAY BE SUMMARISED AS FOLLOWS:		
BALANCE AT 1 JANUARY	**296**	**369**
Additions	1	1
Disposals	(31)	(10)
Changes in fair value	1	(69)
Exchange rate differences	(3)	5
BALANCE AT 31 DECEMBER	**264**	**296**

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

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

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

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

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

IN EUR MILLIONS	2012 After reclassification	2012 Before reclassification	2011 After reclassification	2011 Before reclassification
Net interest income	74	69	96	87
Net trading income	(7)	40	4	(4)
Impairment of financial assets	(18)	(11)	(5)	(6)

If the reclassifications had not been made in 2008, the income statement for 2012 would have included an additional net of tax gain on the reclassified financial assets of EUR 36 million (2011: net of tax loss of EUR 13 million) mainly due to year-to-date fair value increases of debt investments. On the reclassified financial assets there would have been an additional net of tax gain in 2012 of EUR 5 million (net of tax gain in 2011: EUR 5 million) in other comprehensive income (revaluation reserve) representing unrealised fair value gains and losses on the reclassified financial assets available for sale which are not impaired.

22. Capital and shares

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

Share capital

IN EUR MILLIONS	2012	2011
Paid-up capital	80	80
	80	**80**

	2012	2011
THE NUMBER OF AUTHORISED SHARES IS SPECIFIED AS FOLLOWS:		
Number of authorised shares[1]	183,597,500	183,597,500
Number of shares issued and fully paid[2]	62,586,794	62,586,794
Par value per A share	1.28	1.28
Par value class B, C, D, E1 and E3 preference share	1.00	1.00
Par value class E4 preference share	5.00	5.00

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

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

23. Related party transactions

Transactions involving NIBC's shareholders

At 31 December 2012, NIBC had EUR 307 million of net exposure (assets minus liabilities) to its parent and to entities controlled by its parent entity (2011: EUR 389 million). The interest received and paid on this exposure was at arm's length.

Transactions related to associates

As at 31 December 2012, NIBC had EUR 56 million of loans advanced to its associates (2011: EUR 59 million). Besides net interest income on these loans, NIBC did not earn fees from these associates in 2012 and 2011.

24. Legal proceedings

There were a number of legal proceedings outstanding against NIBC at 31 December 2012. No provision has been made, as legal advice indicates that it is unlikely that any significant loss will arise.

25. Business combinations

There were no new business combinations acquired in the year ended 31 December 2012 and 2011.

At 31 December 2012, NIBC has the potential obligation to sell a minority stake (less than 10%) in Olympia Nederland Holding B.V. to a third party. No material gain or loss is expected on this disposal.

26. Commitments and contingent assets and liabilities

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

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

The contractual amounts of commitments (excluding residential mortgage commitments of EUR 6 million at 31 December 2012 (2011: EUR 5 million), which in these financial statements are measured at fair value through profit or loss) and contingent liabilities are set out in the following table by category. In the table, it is assumed that amounts are fully advanced. The amounts for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the balance sheet date if counterparties failed completely to perform as contracted.

IN EUR MILLIONS	2012	2011
Contract amount		
Committed facilities with respect to corporate loan financing (including investment management loans)	1,153	1,428
Capital commitments with respect to equity investments	43	67
Guarantees granted	95	104
Irrevocable letters of credit	34	4
	1,325	**1,603**

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

27. Subsequent events

On 1 February 2013, the State of the Netherlands nationalised SNS Reaal N.V. by means of expropriation of all related equity and subordinated debt. Furthermore the State of the Netherlands have imposed a EUR 1 billion one-time levy on Dutch banks to be paid in 2014 to share the costs of the SNS Reaal N.V. nationalisation. NIBC's share is estimated to be between EUR 15 million and EUR 20 million.

Disclaimer

Presentation of information

Each of the Annual Accounts of NIBC Bank N.V. and NIBC Holding N.V. (together 'NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this condensed consolidated financial report (NIBC Bank N.V.) and supplementary financial information (NIBC Holding N.V.) for the year ended 31 December 2012 (collectively: the 'Financial Report'), the same accounting principles are applied as in the respective 2011 Annual Account, save for any change described in the paragraph 'Accounting Principles'. All figures in this Financial Report have not been subject to audit or review. However, the financial information included therein is derived from the audited 2012 financial statements of NIBC Bank N.V. and NIBC Holding N.V. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

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

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

The Hague, 6 March 2013

Managing Board

Jeroen Drost, *Chairman, Chief Executive Officer*
Kees van Dijkhuizen, *Vice-Chairman,Chief Financial Officer*
Rob ten Heggeler, *Chief Client Officer*
Petra van Hoeken, *Chief Risk Officer*