



 **NIBC**

CONDENSED  
INTERIM REPORT 2022  
NIBC BANK 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 are 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 Bank and all figures relate to those of NIBC Bank, unless stated otherwise.

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

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# LETTER FROM THE CEO

Dear reader,

Looking back at the first half of 2022, I am pleased to report a strong performance. Our sharpened business strategy allowed us to continue to deliver upon our promises, despite the increasing global political and economic uncertainty. The war in Ukraine has impacted the global economy in various ways. Delays in the global supply chain, tight labour markets, shortages in commodities and spiking energy prices have led to new challenges for governments, monetary authorities, businesses and households. Based on these changes in economic outlook, markets have reset long-term interest rate levels and monetary authorities have changed their policy stance to curb the rapidly increasing inflation, bringing short-term interest rates back into positive territory.

In this challenging environment, we continued to be an entrepreneurial financing partner to our clients, illustrated by strong growth of our core portfolios. Over the first half of 2022, we saw our mortgage loan portfolio grow with 9% to EUR 24 billion. Our continued investment in client service is being recognised: both NIBC Direct and Lot Hypotheken have been awarded 'best mortgage lenders of 2022'. At the same time, we saw an increase of 15% in our Asset-Backed & Specialty Finance segment driven by a strong origination in all asset classes. With this basis, we delivered a healthy underlying net profit of EUR 79 million (2021: EUR 88 million), before a non-recurring net loss of EUR 22 million related to the sale of two non-core portfolios, a major step in further de-risking the bank's balance sheet.

All in all, I am proud to say that these strong results confirm that our targeted strategy is paying off. We reinforced our position providing asset financing to both individuals and companies ranging from private housing to rental property, commercial real estate, vessels, data centres, cars and equipment. In line with the execution of our strategy, we have sold our Offshore Energy and Leveraged Finance portfolios. Going forward, we are carefully reducing our remaining non-core portfolios, in active dialogue with our clients.

As sustainability is core to our targeted strategy, we continue to actively manage our ESG profile. We are well positioned to contribute to a more sustainable, resilient and inclusive future for the communities we serve. In the first half of 2022, we have sold our Offshore Energy portfolio, taking an important step towards our net-zero ambition by putting our promises in the Climate Action Plan into practice. Our 'green' mortgage label Lot was nominated for the SEH Sustainability Award, as one of the most progressive mortgage lenders to actively incorporate sustainability into its mortgage policy. In April, our North Westerly CLO VII was awarded ESG Deal of the Year. Through all these steps, we continue to align our activities and portfolios with our overall business strategy, which integrates a balanced ESG approach.

I look forward to working with Anke Schlichting, who was appointed Chief Technology Officer and member of the NIBC Managing Board in July this year, as we believe that in today's tech-driven world, IT and Operations require a separate position at the most senior level of the bank. Anke has extensive experience in and in-depth knowledge of IT and Operations.

I am grateful for the commitment and dedication of our people towards their work and our clients. The past months have been demanding for our people as well as our clients. Looking ahead, economic conditions are likely to remain challenging. Nevertheless, NIBC is well-positioned to face these challenges and continue the execution of its business strategy as a focused asset-based financier. Supported by our 'Think Yes' mentality, the entrepreneurial spirit of our people and today's results, we are moving into the second half of 2022 with confidence. We will continue to be there for our clients, now and in the future.

The Hague, 17 August 2022

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

# KEY FIGURES

- NIBC's profitability is a reflection of the successful execution of our business strategy, as announced in November 2021. Our profit attributable to shareholders amounts to EUR 56 million (2021: EUR 88 million). Excluding non-recurring items, profit attributable to shareholders amounts to EUR 79 million.
- Non-recurring items relate to the sale of our Offshore Energy and Leveraged Finance portfolios. The non-recurring items consist of interest income related to the portfolios (EUR 3 million), a transaction loss in other income (EUR 41 million), partly offset by a release in credit loss expenses (EUR 9 million), and other operating expenses (EUR 2 million).

## Income statement

in EUR millions	ex. non-recurring		HI 2022 vs.	
	HI 2022	HI 2022	HI 2021	HI 2021
Net interest income	193	190	177	9%
Net fee and commission income	24	24	21	14%
Investment income	13	13	43	-70%
Other income	(21)	20	(8)	(>100%)
<b>Operating income</b>	<b>209</b>	<b>247</b>	<b>232</b>	<b>-10%</b>
Personnel expenses	46	46	49	-6%
Other operating expenses	61	59	42	45%
Depreciation and amortisation	2	2	2	0%
Regulatory charges and levies	14	14	13	8%
<b>Operating expenses</b>	<b>123</b>	<b>121</b>	<b>106</b>	<b>16%</b>
<b>Net operating income</b>	<b>86</b>	<b>126</b>	<b>126</b>	<b>-32%</b>
Credit loss expense/(recovery)	9	18	12	-25%
Tax	15	23	20	-25%
<b>Profit after tax</b>	<b>62</b>	<b>85</b>	<b>94</b>	<b>-34%</b>
Profit attributable to non-controlling interest	6	6	6	0%
<b>Profit after tax attributable to shareholder of NIBC Bank</b>	<b>56</b>	<b>79</b>	<b>88</b>	<b>-36%</b>

	HI 2022	ex. non-recurring HI 2022	2021	ex. non-recurring 2021	2020	ex. non-recurring 2020
<b>Earnings</b>						
Net interest margin	1.74%	1.72%	1.72%	1.72%	1.81%	1.81%
Cost/income ratio	59%	49%	47%	44%	52%	51%
Return on equity	6.5%	9.2%	10.6%	11.1%	2.8%	3.0%



### General developments

As the world is slowly adapting to a post-COVID-19 era, new challenges arise. In February, the world was shocked by the Russian invasion of Ukraine. The following war has created new uncertainty and impacted the global economy in various ways. Delays in the global supply chain, shortages in commodities and spiking energy prices have led to new challenges for governments, monetary authorities, businesses and households. These developments have put economies in a different phase. Based on these

changes in economic outlook, markets have reset long-term interest rate levels and monetary authorities have changed their policy stance to curb the quickly increasing inflation, bringing short-term interest rates back into positive territory. Under these continuously changing and uncertain circumstances, NIBC successfully continued the execution of its business strategy by focusing on growth in its core activities, i.e. providing asset-backed financing products to both individuals and corporates, and reducing its non-core exposures.

	HI 2022	2021	2020
<b>Asset quality</b>			
Cost of risk	0.22%	0.47%	1.77%
Impairment ratio	0.10%	0.20%	0.78%
Impairment coverage ratio	34%	28%	37%
NPL ratio	2.44%	2.6%	2.1%
<b>Solvency</b>			
Equity attributable to shareholder of the company	1,991	1,828	1,803
ATI and Subordinated liabilities	427	463	478
Balance sheet total	22,934	22,658	21,055
Risk-weighted assets	9,123	8,572	7,640
Common Equity Tier I ratio	17.8%	19.0%	21.3%
Tier I ratio	20.0%	21.4%	24.0%
Total Capital ratio	21.0%	22.5%	25.4%
Leverage ratio	7.6%	8.4%	9.2%
<b>Funding &amp; liquidity</b>			
Loan-to-deposit ratio	158%	163%	150%
S&P rating and outlook	BBB+ Stable	BBB+ Stable	BBB+ Negative
Fitch rating and outlook	BBB Stable	BBB Stable	BBB Negative

# 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 Bank N.V. and the companies included in the consolidation;

II. The Interim Report for the six-months period ending on 30 June 2022, 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 Bank N.V. and the companies included in the consolidation.

**The Hague, 17 August 2022**

## **Managing Board**

Paulus de Wilt , *Chief Executive Officer and Chairman*

Herman Dijkhuizen, *Chief Financial Officer and Vice-Chairman*

Reinout van Riel, *Chief Risk Officer*

Anke Schlichting, *Chief Technology Officer*

# CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT NIBC BANK N.V. 2022

Small differences are possible due to rounding.

## CONSOLIDATED INCOME STATEMENT

in EUR millions	note	For the period ended 30 June 2022	For the period ended 30 June 2021
Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income	<a href="#">2</a>	250	244
Interest income from financial instruments measured at fair value through profit or loss	<a href="#">2</a>	5	3
Interest expense from financial instruments measured at amortised cost	<a href="#">2</a>	59	69
Interest expense from financial instruments measured at fair value through profit or loss	<a href="#">2</a>	2	2
<b>Net interest income</b>		<b>194</b>	<b>177</b>
Fee income	<a href="#">3</a>	24	21
Fee expense	<a href="#">3</a>	-	-
<b>Net fee income</b>		<b>24</b>	<b>21</b>
Investment income	<a href="#">4</a>	13	43
Net trading income or (loss)	<a href="#">5</a>	(3)	2
Net gains or (losses) from assets and liabilities at fair value through profit or loss	<a href="#">6</a>	24	(5)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	<a href="#">7</a>	(42)	(5)
Other operating income		0	-
<b>Operating income</b>		<b>209</b>	<b>232</b>
Personnel expenses	<a href="#">8</a>	46	49
Other operating expenses	<a href="#">9</a>	61	42
Depreciation and amortisation		2	2
Regulatory charges and levies	<a href="#">10</a>	14	13
<b>Operating expenses</b>		<b>123</b>	<b>106</b>
Credit loss expense	<a href="#">11</a>	9	12
<b>Profit before tax</b>		<b>77</b>	<b>114</b>
Tax	<a href="#">12</a>	15	20
<b>Profit after tax</b>		<b>62</b>	<b>94</b>
<b>Attributable to:</b>			
Shareholders of the company		56	88
Holders of capital securities		6	6

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR millions	note	For the period ended 30 June 2022	For the period ended 30 June 2021
<b>Profit for the period</b>		<b>62</b>	<b>94</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation of property and equipment	<a href="#">22</a>	(1)	1
Movement in the fair value of own credit risk of financial liabilities designated at fair value through profit or loss	<a href="#">31</a>	34	(29)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net result on hedging instruments	<a href="#">31</a>	(4)	(2)
<b>Financial assets measured at fair value through other comprehensive income (FVOCI)</b>			
Movement in revaluation reserves for debt investments at FVOCI	<a href="#">16/31</a>	(12)	-
Income tax effect on net current period change		5	(1)
<b>Total other comprehensive income</b>		<b>21</b>	<b>(30)</b>
<b>Total comprehensive income</b>		<b>83</b>	<b>64</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of the company	<a href="#">31</a>	77	58
Holders of capital securities	<a href="#">32</a>	6	6
<b>Total comprehensive income</b>		<b>83</b>	<b>64</b>

**CONSOLIDATED BALANCE SHEET****Assets**

in EUR millions	note	30-Jun-22	31-Dec-21
<b>Assets</b>			
Cash and balances with central banks		2,152	1,793
Due from other banks		1,091	804
<b>Financial assets at fair value through profit or loss (including trading)</b>			
Debt investments	<a href="#">13</a>	40	47
Equity investments (including investments in associates)	<a href="#">14</a>	218	221
Loans	<a href="#">15</a>	155	148
Derivative financial instruments		245	334
<b>Financial assets at fair value through other comprehensive income</b>			
Debt investments	<a href="#">16</a>	871	852
<b>Financial assets at amortised cost</b>			
Debt investments		25	25
Loans	<a href="#">17</a>	6,059	6,381
Lease receivables	<a href="#">18</a>	5	8
Mortgage loans	<a href="#">19</a>	11,511	11,659
Securitised mortgage loans	<a href="#">20</a>	251	281
<b>Other</b>			
Investment property	<a href="#">21</a>	26	23
Investments in associates and joint ventures (equity method)		12	16
Property and equipment (including right-of-use assets)	<a href="#">22</a>	29	31
Intangible assets		-	-
Current tax assets		-	-
Deferred tax assets		9	5
Other assets	<a href="#">23</a>	234	28
<b>Total assets</b>		<b>22,934</b>	<b>22,658</b>

**Liabilities and equity**

in EUR millions	note	30-Jun-22	31-Dec-21
<b>Liabilities</b>			
Due to other banks		741	702
Deposits from customers		11,351	11,333
<b>Financial liabilities at fair value through profit or loss (including trading)</b>			
Debt securities in issue structured	<a href="#">24</a>	98	133
Derivative financial instruments		293	154
Current tax liabilities		4	3
Deferred tax liabilities		2	4
Provisions	<a href="#">25</a>	6	6
Accruals, deferred income and other liabilities	<a href="#">26</a>	84	98
<b>Debt securities in issue at amortised cost</b>			
Own debt securities in issue	<a href="#">27</a>	7,902	7,667
Debt securities in issue related to securitised mortgages	<a href="#">28</a>	235	267
<b>Subordinated liabilities</b>			
Fair value through profit or loss	<a href="#">29</a>	162	196
Amortised cost	<a href="#">30</a>	65	67
<b>Total liabilities</b>		<b>20,942</b>	<b>20,630</b>
<b>Equity</b>			
Share capital	<a href="#">31</a>	80	80
Share premium	<a href="#">31</a>	238	238
Revaluation reserves	<a href="#">31</a>	100	79
Retained profit	<a href="#">31</a>	1,374	1,431
<b>Equity attributable to the equity holders</b>		<b>1,792</b>	<b>1,828</b>
Capital securities	<a href="#">32</a>	200	200
<b>Total equity</b>		<b>1,992</b>	<b>2,028</b>
<b>Total liabilities and equity</b>		<b>22,934</b>	<b>22,658</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR millions	Attributable to				Equity of the company	Capital securities	Total equity
	Share capital	Share premium	Revaluation reserves	Retained profit			
<b>Balance at 1 January 2022</b>	<b>80</b>	<b>238</b>	<b>79</b>	<b>1,431</b>	<b>1,828</b>	<b>200</b>	<b>2,028</b>
Total comprehensive income for the period ended 30 June 2022	-	-	21	56	77	6	83
Other				(1)	(1)	-	(1)
<i>Distributions</i>							
Paid coupon on capital securities	-	-	-	-	-	(6)	(6)
Dividend declared and paid during the period	-	-	-	(112)	(112)	-	(112)
<b>Balance at 30 June 2022</b>	<b>80</b>	<b>238</b>	<b>100</b>	<b>1,374</b>	<b>1,792</b>	<b>200</b>	<b>1,992</b>

in EUR millions	Attributable to				Equity of the company	Capital securities	Total equity
	Share capital	Share premium	Revaluation reserves	Retained profit			
<b>Balance at 1 January 2021</b>	<b>80</b>	<b>238</b>	<b>118</b>	<b>1,367</b>	<b>1,803</b>	<b>200</b>	<b>2,003</b>
Total comprehensive income for the period ended 30 June 2021	-	-	(30)	88	58	6	64
<i>Distributions</i>							
Paid coupon on capital securities	-	-	-	-	-	(6)	(6)
Dividend declared and paid during the period	-	-	-	(49)	(49)	-	(49)
<b>Balance at 30 June 2021</b>	<b>80</b>	<b>238</b>	<b>88</b>	<b>1,405</b>	<b>1,811</b>	<b>200</b>	<b>2,011</b>

### Available distributable amount (subject to DNB approval)

in EUR millions	As at 30 June 2022	As at 30 June 2021
Equity attributable to the equity holders	1,792	1,811
Share capital	(80)	(80)
<b>Legal reserves</b>		
Within retained earnings	(10)	(5)
Revaluation reserves	(19)	(29)
<b>Total legal reserves</b>	<b>(29)</b>	<b>(33)</b>
<b>Total available distributable amount</b>	<b>1,683</b>	<b>1,698</b>



**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

<b>in EUR millions</b>	<b>For the period ended 30 June 2022</b>	<b>For the period ended 30 June 2021</b>
Operating profit after tax	62	94
Non-cash items recognised in operating income and expenses	(23)	(25)
Net change in assets and liabilities relating to operating activities	607	95
<b>Cash flows from operating activities</b>	<b>646</b>	<b>164</b>
Cash flows from investing activities	(17)	11
Cash flows from financing activities	58	330
<b>Net change in cash and cash equivalents</b>	<b>687</b>	<b>505</b>
<b>Cash and cash equivalents at 1 January</b>	<b>2,219</b>	<b>2,273</b>
Net foreign exchange difference	(65)	(59)
Net changes in cash and cash equivalents	687	505
<b>Cash and cash equivalents at 30 June</b>	<b>2,842</b>	<b>2,719</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and balances with central banks (maturity three months or less)	1,963	2,311
Due from other banks (maturity three months or less)	879	408
	<b>2,842</b>	<b>2,719</b>

## ACCOUNTING POLICIES

### Corporate 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 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 the entrepreneurial asset financier for businesses and individuals. NIBC finances assets from mortgages to buy-to-let, commercial real estate, shipping, infrastructure and tech-based solutions for automotive and equipment with a focus on clients in North-western Europe. Over the years NIBC initiated several new labels and platforms: Beequip (Equipment leasing solutions), Lot Hypotheken (mortgage provider) and OIMIO (financing of Commercial Real Estate for SMEs).

### Basis of preparation

The condensed consolidated interim financial report for the period ended 30 June 2022 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 2022, 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 changed macroeconomic situation (including inflation, increasing interest rates, energy crisis, the war in Ukraine, and post COVID-19 developments), 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 2022.

This condensed consolidated interim financial report was approved by the Managing Board on 17 August 2022 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 2021, 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 2021.

The accounting policies used in this condensed consolidated interim financial report are consistent with those set out in the notes to NIBC's consolidated financial statements 2021, except for a change in the presentation of the cash flow statement to provide more relevant information. Comparatives have been adjusted accordingly. NIBC's consolidated financial statements 2021 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 2022. Areas particularly important in the first half of 2022 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 macroeconomic 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 NIBC's consolidated financial statements 2021.

Refer to [note 11 Credit loss expense](#) where the impact of the changes and developments in the macroeconomic situation in the first half year 2022 on the determination of the ECL including management overlay are disclosed.

### 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 2022, the following amendments to existing standards issued by the *International Accounting Standards Board (IASB)* became mandatory.

- Amendments to IFRS 3 Business Combinations: Clarification of what constitutes an asset or a liability in a business combination, and a new exception for liabilities and contingent liabilities;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets: clarification of the meaning of 'costs to fulfil a contract';
- Annual Improvements 2018-2020: 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.

Note that these are only the amendments to IFRSs, effective for annual reporting periods beginning on or after 1 January 2022, that are relevant for NIBC.

The adoption of these amendments do not have a material effect on the condensed consolidated interim financial report for the period ended 30 June 2022.

### Future application of new IFRS-EU accounting standards

Below standards and amendments to existing standards, published prior to 30 June 2022, 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.

	IASB effective date	Endorsed by EU	Impact for NIBC
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	Yes	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	Yes	Low
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	Not yet	Low
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021) (The Amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.)	1 January 2023	Not yet	Low

### Interbank Offered Rate Reform (IBOR Reform)

Reference is made to the 'Interbank Offered Rate Reform (IBOR Reform)' section of NIBC's consolidated financial statements 2021 for disclosure on the background of the IBOR Reform.

For part of the GBP LIBOR portfolio, transition to SONIA is not yet completed. Some clients have opted for the end 2021 possibility to adopt a synthetic GBP LIBOR, or the first interest reset date for some loans is in the second half of 2022. There is no clarity yet if these clients will opt for synthetic GBP LIBOR or transition directly to SONIA. NIBC does not expect any issues from these remaining transitions.

The USD LIBOR will cease to be published after 30 June 2023. Preparations for the transition from USD LIBOR to SOFR will start later this year.

At 30 June 2022 there are no derivatives in active hedging relationships with a LIBOR interest rate benchmark.

The following table shows the carrying amounts as per 30 June 2022 for contracts with a (synthetic) LIBOR interest benchmark.

in EUR millions	(Synthetic) GBP LIBOR	USD LIBOR	Total
Derivatives	30	1,027	1,057
Non-derivative financial assets	187	828	1,014
Non-derivative financial liabilities	-	275	275
Loan commitments	10	22	31

The IBOR Reform phase 2 IFRS amendments effective as per 1 January 2021, do not have a material impact on NIBC's consolidated financial statements.

## NOTES TO THE (CONDENSED) CONSOLIDATED INTERIM FINANCIAL REPORT

### I Segment report

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

In 2022, NIBC has reviewed and adjusted its operating segments, following the sharpened strategy as announced at the end of 2021. In previous year NIBC reported three operating segments: Corporate Client Offering (CCO), Retail Client Offering (RCO) and Treasury & Group Functions. The sharpened, asset-based financing strategy triggered the distinction of three reportable operating segments: Mortgages, Asset-Backed & Specialty Finance, Non-Core Activities and one reconciling item Treasury & Group Functions. This primarily entails a further split of the previous commercial segments CCO and RCO.

NIBC's operating segment structure is brought in line with the allocation of resources in the first half of 2022. Consequently the previous commercial operating segments Corporate Client Offering and Retail Client Offering were sub-divided into four commercial operating segments. The corresponding information for the first half 2021 has been restated to the new set-up of NIBC's operating segment structure.

The description of the new operating segments is as follows:

#### **Mortgages**

The Mortgages segment reflects all activities related to mortgage lending and includes our offering in Owner-Occupied mortgage loans (both for own book and as Originate-to-Manage) and Buy-to-Let mortgage loans. The mortgage loan products are offered in the Netherlands.

#### **Asset-Backed & Specialty Finance**

The Asset-Backed & Specialty Finance consists of our corporate asset classes that continue to be a key part of NIBC's business strategy. In this segment we focus on asset-backed lending within the asset classes Commercial Real Estate, Infrastructure and Shipping. In addition we provide an originate-to-manage offering in the form of funds, managed accounts and CLOs, and equity financing/mezzanine through NIBC Investment Partners. Products are mainly offered in the Netherlands.

#### **Non-core Activities**

As a result of our strategic update in November 2021 a number of activities are considered to be non-core. Consequently, these activities are managed to run-down with no new origination and are therefore reported in this segment, separate from NIBC's core activities. The following asset classes are reported as non-core activities: Offshore Energy, PFI Infrastructure Lending, Mid Market Corporates, Leveraged Finance, Fintech & Structured Finance, Mobility and Lendex.

#### **Treasury & Group Functions**

Treasury and Group Functions includes NIBC's treasury function, asset and liability management, risk management and the bank's Corporate Centre which includes HR & Corporate Communications, Internal Audit, Legal & Compliance, Sustainability, Operations & Facilities, Information Technology,

Finance, Tax and Corporate Development. In addition to that, our retail savings that were part of the RCO segment are now being reported under Treasury & Group Functions. NIBC uses this segment as a reconciling item between the total segments result and the total result. A substantial part of the operating expenses as well as the full time equivalents (FTEs) of Group Functions are allocated to the segments 'Mortgages', 'Asset-Backed & Specialty Finance' and 'Non-core Activities'. Operational expenses are allocated based on an internal model, in which a distinction is made between direct and indirect allocations. For indirect allocations, NIBC uses various keys, such as transaction volumes or FTEs.

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. As a result, liabilities are not allocated to segments.

Certain financial assets and liabilities are not allocated to Mortgages, Asset-Backed & Specialty Finance, Non-Core activities segments 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, derivative assets and liabilities as well as majority of the holding's funding, including retail savings. As the assets of the commercial segments are funded internally with transfer pricing, the majority of NIBC's external funding is held within Treasury and Group Functions.

Inter-segment income and expenses are eliminated at the consolidated 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 period ended 30 June 2022:

in EUR millions	For the period ended 30 June 2022				Total (consolidated financial statements)
	Mortgages	Asset-Backed & Specialty Finance	Non-Core Activities	Treasury & Group Functions	
Net interest income	57	46	33	58	194
Net fee income	20	2	2	0	24
Investment income	-	13	-	-	13
Net trading income / (loss)	(0)	(5)	0	2	(3)
Net gains or (losses) from assets and liabilities at fair value through profit or loss	(0)	(4)	(1)	28	24
Net gains or (losses) on derecognition of financial assets measured at amortised cost	-	-	(42)	-	(42)
Other operating income	-	(0)	0	0	0
<b>Operating income</b>	<b>76</b>	<b>52</b>	<b>(8)</b>	<b>89</b>	<b>209</b>
Other operating expenses <sup>1</sup>	37	25	16	31	109
Regulatory charges and levies	-	-	-	14	14
<b>Operating expenses</b>	<b>37</b>	<b>25</b>	<b>16</b>	<b>45</b>	<b>123</b>
<b>Net operating income</b>	<b>40</b>	<b>26</b>	<b>(24)</b>	<b>44</b>	<b>86</b>
Credit loss expense / (release)	2	11	(3)	(0)	9
Impairment of non-financial assets	-	-	-	(0)	(0)
<b>Profit / (loss) before tax</b>	<b>38</b>	<b>16</b>	<b>(21)</b>	<b>44</b>	<b>77</b>
Tax	10	0	(5)	10	15
<b>Profit / (loss) after tax</b>	<b>28</b>	<b>16</b>	<b>(16)</b>	<b>34</b>	<b>62</b>
<b>Attributable to:</b>					
Shareholders of the company	28	16	(16)	28	56
Holders of capital securities	-	-	-	6	6
FTEs	159	196	100	153	607
Segment assets	12,096	3,699	2,046	5,093	22,934

<sup>1</sup> Other operating expenses include all operating expenses except regulatory charges and levies.



The following table presents the income and expenses incurred at each location for the period ended 30 June 2022:

### Income and expenses per country

in EUR millions	For the period ended 30 June 2022				Total
	The Netherlands	Germany	United Kingdom	Belgium	
Operating income	196	7	3	2	209
Operating expenses	114	5	3	1	123
Credit loss expense / (release)	9	(0)	-	-	9
Impairment of non-financial assets	-	-	-	-	-
<b>Profit / (loss) before tax</b>	<b>73</b>	<b>3</b>	<b>(0)</b>	<b>1</b>	<b>77</b>
Tax	14	1	(0)	0	15
<b>Profit / (loss) after tax</b>	<b>59</b>	<b>2</b>	<b>(0)</b>	<b>1</b>	<b>62</b>
FTEs	545	31	25	6	607
Segment assets	21,057	892	985	-	22,934

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 period ended 30 June 2021:

in EUR millions	For the period ended 30 June 2021				Total (consolidated financial statements)
	Mortgages	Asset-Backed & Specialty Finance	Non-Core Activities	Treasury & Group Functions	
Net interest income	55	37	36	49	177
Net fee income	14	3	3	0	21
Investment income	-	36	8	0	43
Net trading income / (loss)	(0)	2	(0)	0	2
Net gains or (losses) from assets and liabilities at fair value through profit or loss	0	1	(2)	(4)	(5)
Net gains or (losses) on derecognition of financial assets measured at amortised cost	-	0	(5)	-	(5)
Other operating income	-	(0)	0	0	0
<b>Operating income</b>	<b>69</b>	<b>79</b>	<b>39</b>	<b>45</b>	<b>232</b>
Other operating expenses	30	25	22	16	93
Regulatory charges and levies	-	-	-	13	13
<b>Operating expenses</b>	<b>30</b>	<b>25</b>	<b>22</b>	<b>28</b>	<b>106</b>
<b>Net operating income</b>	<b>38</b>	<b>54</b>	<b>16</b>	<b>17</b>	<b>126</b>
Credit loss expense / (release)	(2)	(16)	31	(0)	12
<b>Profit / (loss) before tax</b>	<b>40</b>	<b>71</b>	<b>(14)</b>	<b>17</b>	<b>114</b>
Tax	11	10	(4)	3	20
<b>Profit / (loss) after tax</b>	<b>30</b>	<b>60</b>	<b>(11)</b>	<b>14</b>	<b>94</b>
<b>Attributable to:</b>					
Shareholders of the company	30	60	(11)	8	88
Holders of capital securities	-	-	-	6	6
FTEs	120	189	188	144	641
Segment assets	10,070	2,719	3,185	5,355	21,329

The following table presents the income and expenses incurred at each location for the period ended 30 June 2021:

### Income and expenses per country

in EUR millions	For the period ended 30 June 2021				Total
	The Netherlands	Germany	United Kingdom	Belgium	
Operating income	224	4	1	3	232
Operating expenses	97	5	3	1	106
Credit loss expense / (release)	13	-	-	-	12
<b>Profit / (loss) before tax</b>	<b>115</b>	<b>(1)</b>	<b>(2)</b>	<b>2</b>	<b>114</b>
Tax	20	-	-	-	20
<b>Profit / (loss) after tax</b>	<b>95</b>	<b>(1)</b>	<b>(2)</b>	<b>1</b>	<b>94</b>
FTEs	564	47	24	6	641
Segment assets	19,196	1,084	1,049	-	21,329

## 2 Net interest income

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
<b>Interest and similar income</b>		
<b>Interest income from financial instruments measured at amortised cost and fair value through other comprehensive income</b>	<b>250</b>	<b>244</b>
Cash and balances with central banks	0	1
Due from other banks	(0)	1
Debt investments	1	-
Loans	111	103
Lease receivables	2	-
Mortgage loans	151	147
Derivatives related to assets at amortised cost	(15)	(7)
<b>Interest income from financial instruments measured at fair value through profit or loss</b>	<b>5</b>	<b>3</b>
Debt investments	2	1
Loans	3	1
Derivatives related to assets at fair value through profit or loss	0	1
	<b>255</b>	<b>248</b>
<b>Interest expense and similar charges</b>		
<b>Interest expense from financial instruments measured at amortised cost</b>	<b>59</b>	<b>69</b>
Cash and balances with central banks	3	4
Due to other banks	1	2
Deposits from customers	19	29
Debt investments	1	-
Debt securities	35	32
Subordinated liabilities	1	2
Derivatives related to liabilities at amortised cost	(1)	(1)
Other	1	1
<b>Interest expense from financial instruments measured at fair value through profit or loss</b>	<b>2</b>	<b>2</b>
Debt securities	3	3
Subordinated liabilities	3	3
Derivatives related to liabilities at fair value through profit or loss	(4)	(4)
	<b>62</b>	<b>71</b>
	<b>194</b>	<b>177</b>

Interest income includes negative interest from liabilities for an amount of EUR 26 million (2021 H1: EUR 22 million). This amount mainly relates to derivatives and includes the negative interest from TLTRO loans for an amount of EUR 1 million (2021 H1: 1 million). NIBC has drawn amounts under the TLTRO III program in 2022 (2021 H1: TLTRO programs II and III), the TLTRO II of EUR 448 million matured in the first half of 2021. TLTRO III has drawn amounts of EUR 250 million with a remaining maturity of two and a half years (maturity in 2024) and EUR 300 million with a remaining maturity of one year (maturity in 2023).

Interest expense includes negative interest from financial assets for an amount of EUR 34 million (2021 H1: EUR 32 million), mainly related to derivatives.

For loans the increase in interest income is due to the Asset backed & Specialty Finance loans. The increase in the interest income in the mortgage portfolio is mainly driven by an increase in the mortgage portfolio. This increase includes the acquisition of a mortgage portfolio of EUR 1.1 billion.

The decrease in interest expense on Deposits from customers is mainly related to decreased interest rates for on demand savings.

### 3 Net fee income

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
<b>Fee income per segment and major service lines</b>		
<b>Corporate Assets</b>		
Originate-to-Manage loans	2	2
Lending related fees	1	3
M&A fees	-	2
<b>Fee income Corporate Assets</b>	<b>4</b>	<b>7</b>
<b>Mortgages</b>		
Originate-to-Manage mortgages	20	14
<b>Fee income Mortgages</b>	<b>20</b>	<b>14</b>
<b>Total fee income</b>	<b>24</b>	<b>21</b>

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

The Originate-to-Manage mortgages consists of an origination fee of EUR 7 million (2021: EUR 5 million) and a management fee of EUR 13 million (2021: EUR 10 million).

### 4 Investment income

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Share in result of associates and joint ventures accounted for using the equity method	0	1
<b>Equity investments at fair value through profit or loss</b>		
Gains less losses from associates	3	23
Gains less losses from other equity investments	9	20
	<b>13</b>	<b>43</b>

Investment income in the first half of 2022 includes a realised gain of EUR 3 million due to realisation of a stake in a fund and a partial share sale of one of its strategic investments. The increased level of investment income of the first half year of 2021 can be assigned to the sale of the investment in Fletcher Hotels.

**5 Net trading income or (loss)**

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
<b>Financial instruments mandatory measured at fair value through profit or loss</b>		
Debt investments held for trading	(5)	2
Other assets and liabilities held for trading	2	-
	<b>(3)</b>	<b>2</b>

The debt investments held for trading include a fair value movement of EUR 5 million (loss) on the retained non-rated positions of the existing CLO transactions (H1 2021: gain of EUR 2 million). The fair market value of these transactions decreased during the first half of 2022 due to market conditions.

**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 2022	For the period ended 30 June 2021
<b>Financial instruments mandatory at fair value through profit or loss other than those included in net trading income</b>		
Debt securities	(0)	2
Derivatives held for hedge accounting		
Fair value hedges of interest rate risk	16	(6)
Cash flow hedges of interest rate risk	1	(0)
Interest rate instruments	8	1
Loans	(5)	(1)
<b>Other</b>		
Foreign exchange	1	0
<b>Non-financial instruments</b>		
Investment property		
Investment property - revaluation result	2	(0)
	<b>24</b>	<b>(5)</b>

Debt securities report a result of nil, related to repurchased securities (H1 2021: gain of EUR 2 million).

Fair value hedges of interest rate risk report a gain of EUR 16 million in the first half of 2022 (H1 2021: loss of EUR 6 million). This includes a loss of EUR 248 million on the hedged items (H1 2021: loss of EUR 76 million) and a gain of EUR 265 million on the hedging instruments (H1 2021: gain of EUR 70 million). Cash flow hedges report a gain of EUR 1 million (H1 2021: EUR 1 million).

Interest rate instruments (economic hedge without hedge accounting) report a gain of EUR 8 million in the first half of 2022 (H1 2021: gain of EUR 1 million). This result includes a loss of EUR 1 million

*Credit Value Adjustment (CVA)* (H1 2021: gain of EUR 1 million), a gain of EUR 4 million due to hedges that cannot be included in hedge accounting (H1 2021: nil) and a gain of EUR 3 million in cross currency swaps (H1 2021: loss of EUR 1 million).

Corporate loans report a loss of EUR 5 million (H1 2021: loss of EUR 1 million), which include EUR 1 million positive revaluations and EUR 6 million negative revaluations. The loss is mainly due to a decrease in fair value of the loans for the existing CLO transactions, the decrease in the first half of 2022 is due to market conditions ([see note 15 Loans at fair value through profit or loss](#)).

Investment property revaluation includes land and buildings revalued as of 30 June 2022 based on an independent external appraisal. Land and buildings with the available for rental status increased in value, leading to a gain of EUR 2 million in the first half of 2022 (H1 2021: loss of EUR 0.5 million).

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

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Loans	(42)	(5)
	<b>(42)</b>	<b>(5)</b>

The financial assets are derecognised as a result of a strategic portfolio sale transaction of the financial asset. The result includes financial assets sold against a price lower than the carrying value ([see note 36 Important events and transactions](#)).

## 8 Personnel expenses

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Personnel expenses	46	49
	<b>46</b>	<b>49</b>

The number of *Full Time Equivalents (FTEs)* decreased from 641 at 30 June 2021 to 607 at 30 June 2022.

The decline in personnel expenses in the first half of 2022 can mainly be explained by lower spending on variable compensations (H1 2021: included retention packages) and lower FTE count.

## 9 Other operating expenses

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Building, housing and services expenses	1	1
Project expenses and consultants	17	8
Control and supervision	2	2
Marketing expenses	3	1
Other employee expenses	2	1
ICT expenses	13	12
Data expenses	2	2
Process outsourcing	16	11
Other general expenses	1	1
Low-value assets lease expenses	1	1
Fees of auditors	2	1
	<b>61</b>	<b>42</b>

The increase of total operating expenses is partly explained by higher costs for external advisors as a result of the increased project activity compared to first half of 2021. In addition, the execution of the sharpened strategy as announced in November 2021 has led to additional spend on external legal and strategic advice. Operationally, higher business process outsourcing costs have been incurred related to the increased origination levels of mortgage loans, ICT expenses have increased as well and NIBC has invested in additional marketing campaigns.

## 10 Regulatory charges and levies

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Resolution levy	6	5
Deposit Guarantee Scheme	8	8
	<b>14</b>	<b>13</b>



## 11 Credit loss expense

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
<b>Financial assets at amortised cost / fair value through other comprehensive income</b>		
Loans	5	8
Lease receivables	4	7
Mortgages loans	1	(2)
<b>Total for on-balance sheet financial assets (in scope of ECL requirements)</b>	<b>9</b>	<b>13</b>
<b>Off-balance sheet financial instruments and credit lines</b>		
Committed facilities with respect to mortgage loans	0	(0)
Irrevocable loan commitments	(1)	(0)
<b>Total for off-balance sheet financial assets (in scope of ECL requirements)</b>	<b>(0)</b>	<b>(0)</b>
	<b>9</b>	<b>12</b>

The credit losses for loans related to stage 1, 3 and POCL assets (EUR 18 million) are partially offset by a gain on stage 2 assets (EUR 12 million). This includes the effects of macroeconomic scenarios and updated scenario weights (loss of EUR 1 million) and an increase in the management overlay (loss of EUR 2 million). Credit loss expenses for lease receivables of EUR 4 million relate to an additional impairment in stage 3 (2021: EUR 7 million). The credit loss expenses on mortgage loans increased due to an addition to the management overlay amounting of EUR 3 million ([see note 37 Important events and transactions](#)).

### Management overlay

#### Corporate exposure

As the ECL modelling outcome is the result of assumptions and inputs, the outcome may not fully reflect all risks and circumstances as they are present at reporting date. Management concluded that these circumstances are not fully captured in the predictive value of the model, nor are they included in the historical data on which the models have been constructed. In this period of increased uncertainty, especially with respect to economic developments and potential effects of inflation, strong house price increases, shortage of building material supply and a changing environment in public financing activities, a management overlay has been recognised to correctly reflect all risks and uncertainties per 30 June 2022. The nature of the management overlay focuses on sectors with elevated risk exposures, which are mainly recognised on non-core portfolios. The ECL management overlay for corporate exposures amounts to EUR 7 million (2021: EUR 5 million). Compared to 2021, the ECL management overlay in stage 2 decreased from EUR 4 million to EUR 1 million due to the strategic sale of non-core portfolios. The ECL management overlay in stage 1 increased from EUR 1 million to EUR 6 million mainly on non-core portfolios exposed to the above described uncertainties.

#### Mortgage loans

The increasing house prices result in further decreasing LGDs, and consequently further decreasing estimated credit losses. NIBC considered the current uncertainty on future developments in the house prices together with elevating inflation. With elevating inflation levels and increases in interest

rates there is uncertainty on the portfolio risk for mortgages. NIBC performed a stress test to quantify the uncertainties of a decline in the house prices. The outcome of the stress test was one of the considerations to include the ECL management overlay on mortgage loans. The ECL management overlay for mortgage loan exposures amounts to EUR 11 million (2021: EUR 8 million). The increase is due to the elevated macroeconomic uncertainties.

The resulting coverage ratios are reported below.

#### Coverage ratios including overlay (drawn and undrawn)

	Stage 1	Stage 2	Stage 3 & POCI
<b>Mortgages</b>			
Mortgage loans	0.04%	5.47%	0.85%
<b>Asset-Backed &amp; Specialty Finance</b>			
Commercial Real Estate	0.42%	0.68%	24.77%
OIMIO	0.27%	1.28%	0.00%
Infrastructure	0.26%	1.18%	0.00%
Shipping	0.49%	0.71%	52.62%
Investment loans	1.08%	2.52%	63.65%
<b>Non-Core Activities</b>			
Leveraged Finance	1.56%	6.98%	71.69%
Fintech & Structured Finance (incl. Mobility)	0.59%	2.63%	79.84%
Mid-Markets Corporates	0.67%	3.75%	28.64%
Public Finance Initiative	0.72%	7.44%	48.41%
Energy	0.00%	0.00%	10.18%
Lease Receivables	0.00%	0.00%	76.47%

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. The ECL management overlay is a post-model adjustment.

#### Macroeconomic scenarios

NIBC updates the macroeconomic scenarios twice a year. For the H1 2022 ECL calculations, NIBC has adjusted the macroeconomic scenarios. Key changes to macroeconomic assumptions and the related economic scenarios which affect the ECL estimate are disclosed below.

The growth outlook for the remainder of the year has worsened and though the recovery from the pandemic is expected to continue, the pace of growth will be subdued given the economic fallout from the Russian invasion of Ukraine. Inflation continues to increase in coming months, driven by energy prices and their second-round effects and strong service demand. The shock to energy and commodity prices caused by the invasion of Ukraine pushes inflation rates higher and lowers growth expectations.

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

year-on-year changes	2022	2023	2024	2025	2026
GDP (NL)	3.5%	1.9%	1.7%	1.3%	1.0%
GDP (UK)	3.7%	1.0%	1.5%	1.3%	1.0%
GDP (DE)	2.0%	2.6%	3.0%	2.0%	1.3%
Oil Price	40.0%	-25.1%	-13.4%	2.9%	4.1%
House Price Index (NL)	14.5%	2.4%	-1.1%	-1.6%	-0.6%
House Price Index (DE)	12.7%	7.0%	5.2%	4.5%	4.4%

NIBC has considered the number of scenarios and weights assigned to individual scenarios and decided to adjust the scenario weights, to better reflect the increased risk of a downturn. The assumptions made in relation to the forecast period used for scenario modelling have remained unchanged. In summary, the updates of the macroeconomic scenarios and weights during the first half year of 2022 have led to an increase in ECL of EUR 1 million.

### 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 <sup>1</sup>	2022	2023	2024	Unweighted ECL stages 1 and 2 in EUR million	Probability weighting in %	Reported ECL stages 1 and 2 in EUR million
		% year-on-year change					
<b>Upside scenario</b>	GDP (NL)	4.2%	3.7%	1.5%	21	10%	
	GDP (UK)	4.4%	3.0%	1.5%			
	GDP (DE)	2.7%	4.5%	2.7%			
	HPI (NL)	14.7%	4.5%	0.3%			
	HPI (DE)	13.0%	9.1%	6.1%			
	Oil Price	42.6%	-23.6%	-16.2%			
<b>Baseline scenario</b>	GDP (NL)	3.5%	1.9%	1.7%	23	30%	25
	GDP (UK)	3.7%	1.0%	1.5%			
	GDP (DE)	2.0%	2.6%	3.0%			
	HPI (NL)	14.5%	2.4%	-1.1%			
	HPI (DE)	12.7%	7.0%	5.2%			
	Oil Price	40.0%	-25.1%	-13.4%			
<b>Downside scenario</b>	GDP (NL)	3.1%	0.3%	2.4%	26	60%	
	GDP (UK)	3.1%	-1.7%	2.7%			
	GDP (DE)	1.5%	0.9%	3.8%			
	HPI (NL)	14.0%	0.2%	-2.1%			
	HPI (DE)	10.5%	6.4%	5.7%			
	Oil Price	48.6%	-12.5%	-17.2%			

<sup>1</sup> 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	2022	2023	2024	Unweighted ECL stages 1 and 2 in EUR million	Probability weighting in %	Reported ECL stages 1 and 2 in EUR million
		% year-on-year change					
<b>Upside scenario</b>	HPI (NL)	14.7%	4.5%	0.3%	1	10%	
	HPI (DE)	13.0%	9.1%	6.1%			
<b>Baseline scenario</b>	HPI (NL)	14.5%	2.4%	-1.1%	1	30%	1
	HPI (DE)	12.7%	7.0%	5.2%			
<b>Downside scenario</b>	HPI (NL)	14.0%	0.2%	-2.1%	1	60%	
	HPI (DE)	10.5%	6.4%	5.7%			

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

Scenario	Macro-economic variables <sup>1</sup>	2021	2022	2023	Unweighted ECL stages 1 and 2 in EUR million	Probability weighting in %	Reported ECL stages 1 and 2 in EUR million
		% year-on-year change					
<b>Upside scenario</b>	GDP (NL)	3.8%	3.7%	2.8%	36	30.0%	
	GDP (UK)	7.1%	8.8%	2.9%			
	GDP (DE)	2.5%	5.9%	3.9%			
	HPI (NL)	14.2%	8.1%	3.3%			
	HPI (DE)	9.6%	10.3%	8.1%			
	Oil Price	73.5%	0.4%	-4.8%			
<b>Baseline scenario</b>	GDP (NL)	3.8%	2.3%	1.5%	39	32.5%	39
	GDP (UK)	7.1%	5.5%	3.5%			
	GDP (DE)	2.5%	3.8%	2.8%			
	HPI (NL)	14.2%	6.3%	0.7%			
	HPI (DE)	9.6%	7.8%	6.0%			
	Oil Price	73.5%	-3.2%	-8.8%			
<b>Downside scenario</b>	GDP (NL)	3.8%	1.1%	1.2%	42	37.5%	
	GDP (UK)	7.1%	2.7%	3.9%			
	GDP (DE)	2.5%	2.4%	2.4%			
	HPI (NL)	14.2%	5.2%	-1.2%			
	HPI (DE)	9.6%	6.6%	4.5%			
	Oil Price	73.5%	-20.2%	1.6%			

<sup>1</sup> 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 weighting	Reported ECL stages 1 and 2
		% year-on-year change			in EUR million	in %	in EUR million
<b>Upside scenario</b>	HPI (NL)	14.2%	8.1%	3.3%	0.4	30.0%	
	HPI (DE)	9.6%	10.3%	8.1%			
<b>Baseline scenario</b>	HPI (NL)	14.2%	6.3%	0.7%	0.5	32.5%	0.5
	HPI (DE)	9.6%	7.8%	6.0%			
<b>Downside scenario</b>	HPI (NL)	14.2%	5.2%	-1.2%	0.6	37.5%	
	HPI (DE)	9.6%	6.6%	4.5%			

**12 Tax**

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Current tax	19	28
Deferred tax	(4)	(8)
	<b>15</b>	<b>20</b>
<b>Tax reconciliation</b>		
<b>Profit before tax</b>	<b>77</b>	<b>114</b>
Tax calculated at the nominal Dutch corporate tax rate of 25.8% (2021: 25.0%)	20	29
Impact of income not subject to tax	(5)	(9)
Actualisation including true-ups and revaluations	(0)	1
	<b>15</b>	<b>20</b>

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.

Income tax expense is recognised based on management's best estimate of the expected annualised income tax rate for the full financial year, as well as discrete items recognised in the first half of 2022. This results in an effective tax rate of 19.4% for the period ended 30 June 2022 (for the period ended 30 June 2021: 17.7%).

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 (fair value through profit or loss, including trading)**

in EUR millions	30-Jun-22	31-Dec-21
Debt investments (mandatory fair value through profit or loss)	40	47
	<b>40</b>	<b>47</b>

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

The decline in debt investments (held-for-sale) from EUR 47 million to EUR 40 million is mainly due to changes in fair value of the existing CLO positions.

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

in EUR millions	30-Jun-22	31-Dec-21
Investments in associates	112	97
Other equity investments	106	124
	<b>218</b>	<b>221</b>

During the first half of 2022, the equity investments (FVtPL) portfolio decreased slightly, largely due to the exit of J.C. Flowers IV Fund. The decrease is offset by positive value remeasurement of existing investments, further direct investments and fund capital calls.

**15 Loans (fair value through profit or loss)**

in EUR millions	30-Jun-22	31-Dec-21
Corporate loans	142	131
Consumer loans	13	17
	<b>155</b>	<b>148</b>
<b>Legal maturity analysis of corporate loans</b>		
Three months or less	30	1
Longer than three months but not longer than one year	11	46
Longer than one year but not longer than five years	101	83
Longer than five years	-	-
	<b>142</b>	<b>131</b>

in EUR millions	2022	2021
<b>Movement schedule of corporate loans</b>		
<b>Balance at 1 January</b>	<b>131</b>	<b>130</b>
Additions	22	48
Disposals	(7)	(75)
Changes in fair value	(4)	28
<b>Balance at 30 June / 31 December</b>	<b>142</b>	<b>131</b>

The maximum corporate exposure to credit risk without taking account of any collateral or other credit enhancement for these financial assets amounts to EUR 196 million as per 30 June 2022 (2021: EUR 132 million). This credit risk exposure is mitigated by the collateral held as security and other credit enhancements on these assets, for which the fair value amounts as per 30 June 2022 to EUR 127 million (2021: EUR 135 million).

## 16 Debt investments (fair value through other comprehensive income)

in EUR millions	30-Jun-22	31-Dec-21
Listed	871	852
Unlisted	0	-
	<b>871</b>	<b>852</b>
<b>Legal maturity analysis of debt investments</b>		
Three months or less	8	21
Longer than three months but not longer than one year	96	88
Longer than one year but not longer than five years	670	671
Longer than five years	97	73
	<b>871</b>	<b>852</b>

In the first half of 2022 EUR 22 million of debt investments consisted of government bonds (2021: EUR 22 million).

There are no contractual amounts outstanding on debt investments that were written off and are still subject to enforcement activity for 2022 and 2021.

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
<b>Movement schedule of carrying value debt investments</b>				
<b>Balance at 1 January 2022</b>	<b>850</b>	<b>3</b>	<b>-</b>	<b>852</b>
New financial assets originated or purchased	149	0	-	149
Financial assets that have been derecognised	(118)	(0)	-	(118)
Changes in fair value	(15)	(0)	-	(15)
Foreign exchange and other movements	3	-	-	3
<b>Balance at 30 June 2022</b>	<b>869</b>	<b>2</b>	<b>-</b>	<b>871</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Total
<b>Movement schedule of carrying value debt investments</b>				
<b>Balance at 1 January 2021</b>	<b>883</b>	<b>3</b>	<b>-</b>	<b>886</b>
New financial assets originated or purchased	268	-	-	268
Financial assets that have been derecognised	(302)	(0)	-	(303)
Changes in fair value	(2)	-	-	(2)
Foreign exchange and other movements	3	-	-	3
<b>Balance at 31 December 2021</b>	<b>850</b>	<b>3</b>	<b>-</b>	<b>852</b>

Due to market developments, overall prices decreased causing a change in fair value of EUR 15 million.

## 17 Loans (amortised cost)

in EUR millions	30-Jun-22	31-Dec-21
Corporate loans	4,960	5,456
Loans with group companies	1,100	926
	<b>6,059</b>	<b>6,381</b>
<b>Legal maturity analysis of loans</b>		
Three months or less	788	865
Longer than three months but not longer than one year	554	564
Longer than one year but not longer than five years	3,659	3,895
Longer than five years	1,058	1,058
	<b>6,059</b>	<b>6,381</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
<b>Movement schedule of carrying value loans</b>					
<b>Balance at 1 January 2022</b>	<b>5,645</b>	<b>531</b>	<b>163</b>	<b>43</b>	<b>6,381</b>
New financial assets originated or purchased	1,160	17	1	3	1,181
Financial assets that have been derecognised	(1,236)	(252)	(82)	-	(1,570)
Write-offs and restructurings	2	5	13	-	20
Net remeasurement of loss allowance	(6)	6	(10)	(1)	(11)
Changes in models / risk parameters	(1)	(0)	-	(0)	(1)
Foreign exchange and other movements	53	8	3	(3)	60
Transfers:					-
Transfer from stage 1 to stage 2	(51)	51	-	-	(0)
Transfer from stage 2 to stage 1	36	(36)	-	-	0
Transfer from stage 2 to stage 3	-	(22)	22	-	-
Transfer from stage 3 to stage 2	-	16	(16)	-	-
<b>Balance at 30 June 2022</b>	<b>5,602</b>	<b>324</b>	<b>93</b>	<b>41</b>	<b>6,059</b>

In the first half of 2022, financial assets that have been derecognised include strategic portfolio sales ([see note 36 Important events and transactions](#)).



in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
<b>Movement schedule of carrying value loans</b>					
<b>Balance at 1 January 2021</b>	<b>5,461</b>	<b>679</b>	<b>104</b>	<b>66</b>	<b>6,309</b>
New financial assets originated or purchased	1,968	18	2	10	1,999
Financial assets that have been derecognised	(1,747)	(240)	(77)	(28)	(2,092)
Write-offs and restructurings	-	0	25	(2)	23
Recoveries of amounts previously written off	-	-	0	-	0
Net remeasurement of loss allowance	3	(1)	(25)	(2)	(24)
Changes in models / risk parameters	0	(0)	-	-	-
Foreign exchange and other movements	150	18	0	(2)	166
Transfers:					
Transfer from stage 1 to stage 2	(293)	291	-	-	(2)
Transfer from stage 2 to stage 1	102	(100)	-	-	1
Transfer from stage 2 to stage 3	-	(134)	134	-	-
<b>Balance at 31 December 2021</b>	<b>5,644</b>	<b>531</b>	<b>163</b>	<b>43</b>	<b>6,381</b>

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
<b>Movement schedule of credit loss allowances on loans</b>					
<b>Balance at 1 January 2022</b>	<b>14</b>	<b>26</b>	<b>80</b>	<b>50</b>	<b>170</b>
<b>Movements with no impact on credit loss allowances of financial assets in the income statement</b>					
Transfers:					
Transfer from stage 2 to stage 3	-	(6)	6	-	(0)
Write-offs and restructurings	(2)	(5)	(13)	-	(20)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(3)	(1)	(4)
Foreign exchange and other movements	0	0	3	3	7
<b>Movements with no impact on credit loss allowances of financial assets in the income statement</b>	<b>(2)</b>	<b>(10)</b>	<b>(7)</b>	<b>2</b>	<b>(17)</b>
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>					
New financial assets originated or purchased	3	0	-	0	3
Financial assets that have been derecognised	(2)	(1)	(11)	-	(14)
Net remeasurement of loss allowance	6	(6)	10	1	11
Changes in model assumption and methodologies	1	0	-	0	1
Unwind of discount due to passage of time stage 1 and stage 2	-	-	3	1	4
Transfers:					
Transfer from stage 1 to stage 2	(0)	1	-	-	0
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>	<b>8</b>	<b>(7)</b>	<b>1</b>	<b>2</b>	<b>5</b>
<b>Balance at 30 June 2022</b>	<b>20</b>	<b>9</b>	<b>74</b>	<b>55</b>	<b>158</b>

The credit loss allowance on loans includes EUR 7 million of loss allowances per 30 June 2022 (2021: EUR 5 million), following the management overlay applied per 30 June 2022. This additional allowance is included in stage 1 (H1 2022: EUR 6 million, 2021: EUR 1 million) and stage 2 (H1 2022: EUR 1 million, 2021: EUR 4 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
<b>Movement schedule of credit loss allowances on loans</b>					
<b>Balance at 1 January 2021</b>	<b>17</b>	<b>27</b>	<b>72</b>	<b>43</b>	<b>158</b>
<b>Movements with no impact on credit loss allowances of financial assets in the income statement</b>					
Transfers:					
Transfer from stage 2 to stage 3	-	(2)	2	-	0
Write-offs and restructurings	-	(0)	(25)	2	(23)
Unwind of discount due to passage of time stage 3 within interest income	-	-	(4)	(1)	(5)
Foreign exchange and other movements	0	1	6	4	11
<b>Movements with no impact on credit loss allowances of financial assets in the income statement</b>	<b>0</b>	<b>(2)</b>	<b>(20)</b>	<b>4</b>	<b>(17)</b>
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>					
New financial assets originated or purchased	5	0	0	0	5
Financial assets that have been derecognised	(4)	(2)	-	-	(5)
Recoveries of amounts previously written off	-	-	(0)	-	(0)
Net remeasurement of loss allowance	(3)	1	25	2	24
Changes in model assumption and methodologies	(0)	0	-	-	(0)
Unwind of discount due to passage of time stage 1 and stage 2	-	-	4	1	5
Transfers:					
Transfer from stage 1 to stage 2	(2)	4	-	-	2
Transfer from stage 2 to stage 1	1	(2)	-	-	(1)
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>	<b>(3)</b>	<b>1</b>	<b>28</b>	<b>3</b>	<b>30</b>
<b>Balance at 31 December 2021</b>	<b>14</b>	<b>26</b>	<b>80</b>	<b>50</b>	<b>170</b>

There are no contractual amounts outstanding on loans that were written off and are still subject to enforcement activity for 2022 and 2021.

The maximum credit risk exposure including undrawn corporate credit facilities arising on loans at amortised cost amounted to EUR 6,923 million (2021: EUR 7,506 million).

The total amount of corporate subordinated loans in this item amounted to EUR 88 million per 30 June 2022 (2021: EUR 84 million).

As per 30 June 2022, EUR 29 million of corporate loan exposure (2021: EUR 30 million) was guaranteed by the Dutch State.

**18 Lease receivables (amortised cost)**

in EUR millions	30-Jun-22	31-Dec-21
<b>Legal maturity analysis of net investment in lease receivables</b>		
Three months or less	5	8
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	-	-
	<b>5</b>	<b>8</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Total
<b>Movement schedule of carrying value on lease receivables</b>				
<b>Balance at 1 January 2022</b>	-	-	<b>8</b>	<b>8</b>
Changes in models / risk parameters	-	-	(4)	(4)
<b>Balance at 30 June 2022</b>	-	-	<b>5</b>	<b>5</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Total
<b>Movement schedule of carrying value on lease receivables</b>				
<b>Balance at 1 January 2021</b>	-	-	<b>16</b>	<b>16</b>
Net remeasurement of loss allowance	-	-	(8)	(8)
<b>Balance at 31 December 2021</b>	-	-	<b>8</b>	<b>8</b>

in EUR millions	Stage 1 12-month ECL	Stage 2 Lifetime ECL not credit- impaired	Stage 3 Lifetime ECL credit- impaired	Total
<b>Movement schedule of credit loss allowances on lease receivables</b>				
<b>Balance at 1 January 2022</b>	-	-	<b>22</b>	<b>22</b>
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>				
Net remeasurement of loss allowance	-	-	4	4
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>	-	-	<b>4</b>	<b>4</b>
<b>Balance at 30 June 2022</b>	-	-	<b>26</b>	<b>26</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
<b>Movement schedule of credit loss allowances on lease receivables</b>				
<b>Balance at 1 January 2021</b>	-	-	14	14
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>				
Net remeasurement of loss allowance	-	-	8	8
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>	-	-	8	8
<b>Balance at 31 December 2021</b>	-	-	22	22

## 19 Mortgage loans (amortised cost)

in EUR millions	30-Jun-22	31-Dec-21
Owner-occupied mortgage loans	10,218	10,559
Buy-to-let mortgage loans	1,293	1,100
	<b>11,511</b>	<b>11,659</b>
<b>Legal maturity analysis of mortgage loans</b>		
Three months or less	7	7
Longer than three months but not longer than one year	59	30
Longer than one year but not longer than five years	185	170
Longer than five years	11,260	11,451
	<b>11,511</b>	<b>11,659</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
<b>Movement schedule of carrying value mortgage loans</b>					
<b>Balance at 1 January 2022</b>	<b>11,415</b>	<b>123</b>	<b>68</b>	<b>52</b>	<b>11,659</b>
New financial assets originated or purchased (including transfers from consolidated SPEs)	1,453	(0)	-	-	1,453
Financial assets that have been derecognised (sale and / or redemption)	(1,561)	(27)	(6)	(4)	(1,599)
Net remeasurement of loss allowance	(3)	(0)	0	0	(3)
Changes in models / risk parameters	0	0	0	0	1
Transfers:					-
Transfer from stage 1 to stage 2	(64)	64	-	-	(0)
Transfer from stage 1 to stage 3	(17)	-	17	-	(0)
Transfer from stage 2 to stage 1	39	(39)	-	-	0
Transfer from stage 2 to stage 3	-	(6)	6	-	-
Transfer from stage 3 to stage 1	9	-	(9)	-	-
Transfer from stage 3 to stage 2	-	6	(6)	-	-
<b>Balance at 30 June 2022</b>	<b>11,270</b>	<b>121</b>	<b>71</b>	<b>48</b>	<b>11,511</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
<b>Movement schedule of carrying value mortgage loans</b>					
<b>Balance at 1 January</b>	<b>9,707</b>	<b>190</b>	<b>5</b>	<b>-</b>	<b>9,902</b>
New financial assets originated or purchased (including transfers from consolidated SPEs)	3,622	-	1	51	3,675
Financial assets that have been derecognised (sale and / or redemption)	(1,881)	(40)	0	-	(1,921)
Net remeasurement of loss allowance	0	1	(1)	(0)	1
Changes in models / risk parameters	1	0	0	1	3
Transfers:					-
Transfer from stage 1 to stage 2	(104)	104	-	-	(0)
Transfer from stage 1 to stage 3	(37)	-	36	-	(0)
Transfer from stage 2 to stage 1	106	(106)	-	-	-
Transfer from stage 2 to stage 3	-	(26)	26	-	-
<b>Balance at 31 December</b>	<b>11,415</b>	<b>123</b>	<b>68</b>	<b>52</b>	<b>11,659</b>

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
<b>Movement schedule of credit loss allowances on mortgage loans</b>					
<b>Balance at 1 January 2022</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>9</b>
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>					
New financial assets originated or purchased	1	0	-	-	1
Financial assets that have been derecognised	(1)	(0)	-	(0)	(1)
Net remeasurement of loss allowance	3	0	(0)	(0)	3
Changes in model assumption and methodologies	(0)	(0)	(0)	(0)	(1)
Transfers:					
Transfer from stage 1 to stage 2	(0)	0	-	-	0
Transfer from stage 1 to stage 3	0	(0)	-	-	(0)
Transfer from stage 2 to stage 1	(0)	-	0	-	0
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>	<b>3</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>3</b>
<b>Balance at 30 June 2022</b>	<b>5</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>12</b>

The credit loss allowance on loans includes EUR 11 million of loss allowances per 30 June 2022 (2021: EUR 8 million), following the management overlay applied per 30 June 2022. 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	Purchased credit- impaired	Total
<b>Movement schedule of credit loss allowances on mortgage loans</b>					
<b>Balance at 1 January 2021</b>	2	8	1	-	11
<b>Movements with no impact on credit loss allowances of financial assets in the income statement</b>					
Transfers:					
Transfer from stage 2 to stage 3	-	(0)	0	-	-
Transfer from stage 3 to stage 1	0	-	(0)	-	-
Transfer from stage 3 to stage 2	-	0	(0)	-	-
<b>Movements with no impact on credit loss allowances of financial assets in the income statement</b>	<b>0</b>	<b>0</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>					
New financial assets originated or purchased	2	-	-	2	3
Financial assets that have been derecognised	(1)	(0)	(0)	(0)	(2)
Net remeasurement of loss allowance	(0)	(1)	1	0	(1)
Changes in model assumption and methodologies	(1)	(0)	(0)	(1)	(3)
<b>Movements with impact on credit loss allowances of financial assets in the income statement</b>	<b>(1)</b>	<b>(2)</b>	<b>0</b>	<b>0</b>	<b>(2)</b>
<b>Balance at 31 December 2021</b>	<b>2</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>9</b>

## 20 Securitised mortgage loans (amortised cost)

in EUR millions	30-Jun-22	31-Dec-21
<b>Legal maturity analysis of securitised mortgage loans</b>		
Three months or less	0	-
Longer than three months but not longer than one year	0	-
Longer than one year but not longer than five years	1	1
Longer than five years	250	280
	<b>251</b>	<b>281</b>



in EUR millions	Stage 1	Stage 2	Stage 3	Total
<b>Movement schedule of carrying value securitised mortgage loans</b>				
<b>Balance at 1 January 2022</b>	<b>278</b>	<b>3</b>	<b>0</b>	<b>281</b>
Financial assets that have been derecognised (sale and / or redemption)	(29)	(1)	0	(30)
Transfers:				
Transfer from stage 1 to stage 2	(0)	0	-	-
Transfer from stage 1 to stage 3	(0)	-	0	-
Transfer from stage 2 to stage 1	1	(1)	-	-
<b>Balance at 30 June 2022</b>	<b>250</b>	<b>3</b>	<b>1</b>	<b>251</b>

in EUR millions	Stage 1	Stage 2	Stage 3	Total
<b>Movement schedule of carrying value securitised mortgage loans</b>				
<b>Balance at 1 January 2021</b>	<b>339</b>	<b>4</b>	<b>-</b>	<b>343</b>
Financial assets that have been derecognised (sale and / or redemption)	(59)	(2)	-	(62)
Transfers:				
Transfer from stage 1 to stage 2	(4)	4	-	-
Transfer from stage 2 to stage 1	2	(2)	-	-
<b>Balance at 31 December 2021</b>	<b>278</b>	<b>3</b>	<b>0</b>	<b>281</b>

## 21 Investment property

in EUR millions	30-Jun-22	31-Dec-21
<b>The movement in investment property may be summarised as follows</b>		
<b>Balance 1 January</b>	<b>23</b>	<b>21</b>
Reclassification from property and equipment	-	1
Additions	0	1
Changes in fair value	2	1
<b>Balance at 30 June / 31 December</b>	<b>26</b>	<b>23</b>

Land and buildings were revalued as of 30 June 2022 based on an independent external appraisal. Investment property (land and buildings with the available for rental status) increased in value in H1 2022, leading to a gain of EUR 2 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](#).

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

in EUR millions	30-Jun-22	31-Dec-21
Land and buildings	25	26
Other fixed assets	1	2
Right-of-use assets <sup>1</sup>	3	3
	<b>29</b>	<b>31</b>

<sup>1</sup> The right-of-use assets reflect the rental of NIBC's offices in London, Frankfurt and Brussels.

Land and buildings were revalued as of 30 June 2022 based on an independent external appraisal. The negative 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 debited to the revaluation reserves in 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 26 Accruals, deferred income and other liabilities](#) for the lease liabilities corresponding to the right-of-use assets.

**23 Other assets**

in EUR millions	30-Jun-22	31-Dec-21
Accrued interest	0	0
Pending settlements	197	4
Other accruals and receivables	37	24
	<b>234</b>	<b>28</b>

Other assets include a pending settlement of EUR 197 million related to a strategic portfolio sale ([see note 36 Important events and transactions](#)).

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

in EUR millions	30-Jun-22	31-Dec-21
<b>Legal maturity analysis of debt securities in issue structured</b>		
Three months or less	-	-
Longer than three months but not longer than one year	-	20
Longer than one year but not longer than five years	38	40
Longer than five years	61	74
	<b>98</b>	<b>133</b>

in EUR millions	2022	2021
<b>Movement schedule of debt securities in issue structured</b>		
<b>Balance at 1 January</b>	<b>133</b>	<b>171</b>
Additions	1	0
Matured / redeemed	(31)	(38)
Changes in fair value	(5)	(1)
Other (including exchange rate differences)	1	1
<b>Balance at 30 June / 31 December</b>	<b>98</b>	<b>133</b>

The contractual amounts of these liabilities to be repaid at maturity, including unpaid but accrued interest at the balance sheet date, amounted to EUR 99 million at 30 June 2022 (2021: EUR 127 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 loss of EUR 1 million. The change for the first half of 2022 is a gain of EUR 7 million recognised in other comprehensive income (2021: loss of EUR 4 million). [See note 33.7](#) for further information with respect to IFRS 9 Own credit risk.

The disposals of debt securities in issue designated at fair value through profit or loss for the first half of 2022 include redemptions at the scheduled maturity date to an amount of EUR 31 million (2021: EUR 25 million) and repurchases of debt securities before the legal maturity date of nil (2021: EUR 13 million).

The changes in fair value reflect movements due to both market interest rate changes and market credit spread changes. As NIBC Holding 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 2022 (H1 2021: EUR 3 million).

## 25 Provisions

in EUR millions	30-Jun-22	31-Dec-21
ECL allowances for off-balance sheet financial instruments	4	4
Employee benefits	2	2
	<b>6</b>	<b>6</b>

Employee benefit obligations of EUR 1 million at 30 June 2022 are related to payments to be made in respect of other leave obligations (2021: EUR 1 million).

There was no material movement in the credit loss allowances on provisions in the first half of 2022 and 2021.

**26** Accruals, deferred income and other liabilities

in EUR millions	30-Jun-22	31-Dec-21
Payables	55	66
Lease liabilities <sup>1</sup>	3	4
Other accruals	25	19
Taxes and social securities	2	9
	<b>84</b>	<b>98</b>
<b>Legal maturity analysis of lease liabilities</b>		
Three months or less	0	0
Longer than three months but not longer than one year	1	1
Longer than one year but not longer than five years	1	1
Longer than five years	1	1
	<b>3</b>	<b>4</b>

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

in EUR millions	2022	2021
<b>Movement schedule of lease liabilities</b>		
<b>Balance at 1 January</b>	<b>4</b>	<b>5</b>
Repayments	(1)	(2)
<b>Balance at 30 June / 31 December</b>	<b>3</b>	<b>4</b>

**Lease liability**

For the period ended 30 June 2022, interest expense on lease liabilities amounted to nil (2021: 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 be exercised, and
- no payments of penalties for terminating the lease are included.

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

**Other accruals**

Taxes and social securities relate to EUR 1 million VAT (2021: EUR 2 million), no payroll tax (2021: EUR 4 million) and EUR 1 million withholding tax (2021: EUR 3 million).

**27 Own debt securities in issue (amortised cost)**

in EUR millions	30-Jun-22	31-Dec-21
<b>Legal maturity analysis of own debt securities in issue</b>		
Three months or less	20	485
Longer than three months but not longer than one year	595	521
Longer than one year but not longer than five years	4,421	3,271
Longer than five years	2,866	3,390
	<b>7,902</b>	<b>7,667</b>

in EUR millions	2022	2021
<b>Movement schedule of own debt securities in issue</b>		
<b>Balance at 1 January</b>	<b>7,667</b>	<b>5,954</b>
Additions	1,330	1,916
Matured / redeemed	(1,085)	(247)
Other (including exchange rate differences)	(11)	44
<b>Balance at 30 June / 31 December</b>	<b>7,902</b>	<b>7,667</b>

In the first half of 2022 NIBC issued a EUR 500 million fixed rate senior preferred bond with a maturity of five year and a Soft bullet Covered bond of EUR 500 million with a maturity of five years. Additionally four senior preferred floating note are issued (EUR 185 million) with maturities from two to five years and four fixed senior preferred note (EUR 100 million) with maturities within two years. The total disposals also include an EUR 8 million decrease of the cumulative hedge adjustment (2021: increase of EUR 19 million in additions).

The disposals of own debt securities in issue at amortised cost for the first half of 2022 include redemptions at the scheduled maturity date to an amount of EUR 1,013 million (2021: EUR 197 million) and (temporary) buyback of positions for EUR 49 million (2021: EUR 50 million).

Interest expense of EUR 35 million was recognised on own debt securities in issue at amortised cost liabilities during the first half of 2022 (H1 2021: EUR 32 million).

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

in EUR millions	30-Jun-22	31-Dec-21
<b>Legal maturity analysis of debt securities in issue related to securitised mortgage loans</b>		
Three months or less	0	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	-	-
Longer than five years	235	267
	<b>235</b>	<b>267</b>

in EUR millions	2022	2021
<b>Movement schedule of debt securities in issue related to securitised mortgage loans</b>		
<b>Balance at 1 January</b>	<b>267</b>	<b>327</b>
Matured / redeemed	(32)	(60)
<b>Balance at 30 June / 31 December</b>	<b>235</b>	<b>267</b>

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

in EUR millions	30-Jun-22	31-Dec-21
Non-qualifying as grandfathered additional Tier-I capital	57	72
Subordinated loans other	104	124
	<b>162</b>	<b>196</b>
<b>Legal maturity analysis of subordinated liabilities</b>		
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	162	196
	<b>162</b>	<b>196</b>

in EUR millions	2022	2021
<b>Movement schedule of subordinated liabilities</b>		
<b>Balance at 1 January</b>	<b>196</b>	<b>165</b>
Additions	2	2
Matured / redeemed	(2)	-
Changes in fair value	(42)	23
Other (including exchange rate differences)	8	6
<b>Balance at 30 June / 31 December</b>	<b>162</b>	<b>196</b>

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 272 million at 30 June 2022 (2021: EUR 262 million).

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

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 99 million (2021: loss of EUR 67 million). The change for the first half of 2022 is a loss of EUR 27 million recognised in other comprehensive income (2021: gain of EUR 30 million) is due to market conditions. [See note 33.7](#) for further information with respect to IFRS 9 Own credit risk.

Interest expense of EUR 3 million was recognised on subordinated liabilities in the first half of 2022 (H1 2021: EUR 3 million). In the first half of 2022 and 2021 no gains or losses were realised on the repurchase of liabilities with respect to this balance sheet item.

### 30 Subordinated liabilities (amortised cost)

in EUR millions	30-Jun-22	31-Dec-21
<b>Legal maturity analysis of subordinated liabilities</b>		
Three months or less	-	-
Longer than three months but not longer than one year	-	-
Longer than one year but not longer than five years	65	52
Longer than five years	-	15
	<b>65</b>	<b>67</b>
<hr/>		
in EUR millions	2022	2021
<b>Movement schedule of subordinated liabilities</b>		
<b>Balance at 1 January</b>	<b>67</b>	<b>113</b>
Additions	-	4
Matured / redeemed	(2)	(52)
Other (including exchange rate differences)	0	2
<b>Balance at 30 June / 31 December</b>	<b>65</b>	<b>67</b>

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. Interest expense of EUR 1 million was recognised on subordinated liabilities (AC) during the first half of 2022 (H1 2021: EUR 2 million).

The total disposals include a EUR 0.4 million decrease of the cumulative hedge adjustment (2021: EUR 4 million in additions).

### 31 Equity

The shareholders completed the legal squeeze out procedure commenced in 2021 after their successful bid on all issued ordinary shares NIBC Holding N.V. in 2020 in the first half of 2022. Consequently Flora Acquisition B.V. and Flora Holdings III Limited together are the legal holders of a 100% interest in the ordinary shares of NIBC Holding N.V. at 30 June 2022 (31 December 2021: 99.02%).

in EUR millions	30-Jun-22	31-Dec-21
<b>Equity attributable to the equity holders</b>		
Share capital	80	80
Share premium	238	238
Revaluation reserves		
Revaluation reserve - hedging instruments	5	9
Revaluation reserve - debt investments	(8)	1
Revaluation reserve - property	14	14
Revaluation reserve - own credit risk	89	55
Retained profit	1,374	1,431
	<b>1,792</b>	<b>1,828</b>

### Share capital

The share capital is fully paid.

	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	Numbers x 1,000		in EUR millions	
Authorised shares	183,598	183,598	215	215
Unissued share capital	121,011	121,011	135	135
<b>Issued share capital A shares</b>	<b>62,587</b>	<b>62,587</b>	<b>80</b>	<b>80</b>
	Numbers x 1,000		in EUR millions	
<b>The number and total amounts of authorised shares</b>				
Class A ordinary shares	110,938	110,938	142	142
Class B, C, D, E1 and E3 preference shares	72,600	72,600	73	73
Class E4 preference shares	60	60	-	-
	<b>183,598</b>	<b>183,598</b>	<b>215</b>	<b>215</b>
			in EUR	
<b>Classes and par values of authorised shares</b>				
Class A ordinary shares			1.28	1.28
Class B, C, D, E1 and E3 preference shares			1.00	1.00
Class E4 preference shares			5.00	5.00

### 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 at FVtPL that are attributable to changes in the credit risk of these liabilities other than those recognised in profit or loss ([see note 33.7 Own credit adjustments on financial liabilities designated at fair value](#)).

**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 banks are subject to restrictions on the amount of funds they may transfer in the form of dividend or otherwise to the parent company.

**32 Capital securities**

in EUR millions

	30-Jun-22	31-Dec-21
<b>Movement schedule of capital securities issued by NIBC</b>		
<b>Balance at 1 January</b>	<b>200</b>	<b>200</b>
Profit after tax attributable to holders of capital securities	6	12
Paid coupon on capital securities	(6)	(12)
<b>Balance at 30 June / 31 December</b>	<b>200</b>	<b>200</b>

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 five-year euro swap rate + 5.564%. Both the coupon and the notional are fully discretionary.

## 33 Fair value of financial instruments

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

- 33.1 Valuation principles
- 33.2 Valuation governance
- 33.3 Financial instruments by fair value hierarchy
- 33.4 Valuation techniques
- 33.5 Valuation adjustments and other inputs and considerations
- 33.6 Impact of valuation adjustments
- 33.7 Own credit adjustments on financial liabilities designated at fair value
- 33.8 Transfers between Level 1 and Level 2
- 33.9 Movements in level 3 financial instruments measured at fair value
- 33.10 Impact on fair value of level 3 financial instruments measured at fair value of changes to key assumptions
- 33.11 Sensitivity of fair value measurements to changes in observable market data
- 33.12 Fair value of financial instruments not measured at fair value
- 33.13 Non-financial assets valued at fair value

### 33.1 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).

### 33.2 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.

### 33.3 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 2022**

in EUR millions	Level 1	Level 2	Level 3	30-Jun-22
<b>Financial assets at fair value through profit or loss (including trading)</b>				
Debt investments	-	39	1	40
Equity investments (including investments in associates)	-	-	218	218
Loans	-	139	16	155
Derivative financial assets	-	245	-	245
	-	<b>424</b>	<b>234</b>	<b>658</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Debt investments	732	139	-	871
	<b>732</b>	<b>139</b>	-	<b>871</b>
	<b>732</b>	<b>563</b>	<b>234</b>	<b>1,529</b>

in EUR millions	Level 1	Level 2	Level 3	30-Jun-22
<b>Financial liabilities at fair value through profit or loss (including trading)</b>				
Debt securities in issue structured	-	98	-	98
Derivative financial liabilities	-	293	-	293
Subordinated liabilities	-	162	-	162
	-	<b>553</b>	-	<b>553</b>

**Fair value of financial instruments at 31 December 2021**

in EUR millions	Level 1	Level 2	Level 3	31-Dec-21
<b>Financial assets at fair value through profit or loss (including trading)</b>				
Debt investments	-	46	1	47
Equity investments (including investments in associates)	-	-	221	221
Loans	-	144	5	148
Derivative financial assets	-	334	-	334
	-	<b>523</b>	<b>227</b>	<b>750</b>
<b>Financial assets at fair value through other comprehensive income</b>				
Debt investments	810	42	-	852
	<b>810</b>	<b>42</b>	-	<b>852</b>
	<b>810</b>	<b>565</b>	<b>227</b>	<b>1,602</b>

in EUR millions	Level 1	Level 2	Level 3	31-Dec-21
<b>Financial liabilities at fair value through profit or loss (including trading)</b>				
Debt securities in issue structured	-	133	-	133
Derivative financial liabilities	-	154	-	154
Subordinated liabilities	-	196	-	196
	-	<b>483</b>	-	<b>483</b>

### 33.4 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 and at fair value through other comprehensive income

##### Debt investments - level 1

For the determination of fair value at 30 June 2022, 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 2022.

##### Debt investments - level 2

For the determination of fair value at 30 June 2022, 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 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.

### 33.5 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 uses bid-offer prices (the difference between prices quoted for sales and purchases) from independent sources.

#### 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.

### 33.6 Impact of valuation adjustments

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

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Day-1 profit	10	9
	<b>10</b>	<b>9</b>

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	2022	2021
<b>Movement schedule of Day-1 profit</b>		
<b>Balance at 1 January</b>	<b>8</b>	<b>10</b>
Subsequent recognition due to amortisation and monthly P&L	2	(1)
<b>Balance at 30 June</b>	<b>10</b>	<b>9</b>

### 33.7 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 2022	For the period ended 30 June 2021
<b>Recognised during the period (before tax)</b>		
Unrealised gain / (loss)	34	(29)
Unrealised life-to-date gain / (loss)	89	60

A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would change the fair value of financial liabilities at 30 June 2022 by EUR 2 million (31 December 2021: EUR 2 million).

The increase of the unrealised gain is due fair value changes resulting from changed market conditions.

### 33.8 Transfers between level 1 and level 2

Transfers between levels are reviewed semi-annually at the end of the reporting period. During the first half of 2022, there were no transfers between level 1 and level 2 fair value measurements.

### 33.9 Movements in level 3 financial instruments measured at fair value

During the period ended 30 June 2022 and 31 December 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 2022	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	At 30 June 2022
<b>Financial assets at fair value through profit or loss (including trading)</b>							
Debt investments	1	(1)	-	-	-	-	1
Equity investments (including investments in associates)	221	13	14	(30)	-	-	218
Loans	5	(4)	16	-	-	-	16
	<b>227</b>	<b>8</b>	<b>29</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>234</b>

in EUR millions	At 1 January 2021	Amounts recognised in the income statement	Purchases/ Additions	Sales	Settle-ments/ Disposals	Transfers into level 3	At 31 December 2021
<b>Financial assets at fair value through profit or loss (including trading)</b>							
Debt investments	1	1	0	-	(1)	1	1
Equity investments (including investments in associates)	212	86	24	(101)	-	-	221
Loans	33	(3)	(1)	(17)	(10)	3	5
	<b>246</b>	<b>83</b>	<b>24</b>	<b>(118)</b>	<b>(12)</b>	<b>4</b>	<b>227</b>

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

in EUR millions	For the period ended							
	30 June 2022				31 December 2021			
	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Investment income	Total	Net trading income	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Investment income	Total
<b>Financial assets at fair value through profit or loss (including trading)</b>								
Debt investments	(1)	-	-	(1)	1	-	-	1
Equity investments (including investments in associates)	-	-	13	13	-	-	86	86
Loans	-	(4)	-	(4)	-	(3)	-	(3)
	<b>(1)</b>	<b>(4)</b>	<b>13</b>	<b>8</b>	<b>1</b>	<b>(3)</b>	<b>86</b>	<b>83</b>

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	For the period ended			
	30 June 2022		31 December 2021	
	Held at balance sheet date	Derecognised during the period	Held at balance sheet date	Derecognised during the period
<b>Financial assets at fair value through profit or loss (including trading)</b>				
Debt investments	-	(1)	-	1
Equity investments (including investments in associates)	11	2	58	28
Loans	(5)	1	(3)	-
	<b>6</b>	<b>2</b>	<b>55</b>	<b>29</b>

### 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	For the period ended					
	30 June 2022			31 December 2021		
	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Investment income	Total	Net gains or (losses) from assets and liabilities at fair value through profit or loss	Investment income	Total
<b>Financial assets at fair value through profit or loss (including trading)</b>						
Equity investments (including investments in associates)	-	11	11	-	41	41
Loans	(5)	-	(5)	(3)	-	(3)
	<b>(5)</b>	<b>11</b>	<b>6</b>	<b>(3)</b>	<b>41</b>	<b>37</b>

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

Refer to section [33.3 Financial instruments by fair value hierarchy](#) for the fair value of level 3 financial instruments measured at fair value, and section [33.4 Valuation techniques](#) for the corresponding valuation techniques.

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 valuation uncertainty assessment, refer to section [33.11 Sensitivity of fair value measurements to changes in observable market data](#)

### 33.11 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:

in EUR millions	For the period ended			
	30 June 2022		31 December 2021	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
<b>Financial assets at fair value through profit or loss (including trading)</b>				
Debt investments	1	0	1	0
Equity investments (including investments in associates)	218	11	221	11
Loans	16	1	5	0

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.

### 33.12 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.

in EUR millions	Fair value information at 30 June 2022				
	Level 1	Level 2	Level 3	Carrying value	Fair value
<b>Financial assets at amortised cost</b>					
Debt investments	-	25	-	25	24
Loans	-	6,059	-	6,059	6,060
Lease receivables	-	5	-	5	5
Mortgage loans	-	-	11,511	11,511	10,722
Securitised mortgage loans	-	-	251	251	244
<b>Financial liabilities at amortised cost</b>					
Own debt securities in issue	-	7,902	-	7,902	7,560
Debt securities in issue related to securitised mortgages	-	-	235	235	235
Subordinated liabilities	-	65	-	65	68
in EUR millions	Fair value information at 31 December 2021				
	Level 1	Level 2	Level 3	Carrying value	Fair value
<b>Financial assets at amortised cost</b>					
Debt investments	-	25	-	25	25
Loans	-	6,381	-	6,381	6,302
Lease receivables	-	8	-	8	8
Mortgage loans	-	-	11,659	11,659	11,930
Securitised mortgage loans	-	-	281	281	297
<b>Financial liabilities at amortised cost</b>					
Own debt securities in issue	-	7,667	-	7,667	7,830
Debt securities in issue related to securitised mortgages	-	-	267	267	269
Subordinated liabilities	-	67	-	67	68

**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.

**33.13 Non-financial assets valued at fair value**

NIBC's land and buildings (in-own-use) are valued at fair value through equity, the carrying amount (level 3) as of 30 June 2022 is EUR 25 million (31 December 2021: EUR 26 million).

NIBC's investment property (available-for-rental) are valued at FVtPL, the carrying amount (level 3) as of 30 June 2022 is EUR 26 million (31 December 2021: EUR 23 million).

The fair value of the right-of-use assets does not materially deviate from the carrying amount.

**34 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-22	31-Dec-21
<b>Contract amount</b>		
Committed facilities with respect to corporate loan financing	1,367	1,584
Committed facilities with respect to mortgage loans	1,256	598
Capital commitments with respect to equity investments	20	22
Guarantees granted (including guarantees related to assets held for sale)	31	26
Irrevocable letters of credit	34	39
	<b>2,708</b>	<b>2,269</b>

Refer to [note 25 Provisions](#) for the ECL-allowances on off-balance sheet financial instrument positions.

The increase of the committed facilities with respect to mortgage loans is due to the increase in requests as a result of an upward trend in the interest mortgages.

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.

### **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 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 likelihood of a material adverse effect on the consolidated financial positions and the consolidated results of these proceedings is remote.

### 35 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 shareholder

During the first half of 2022, there are no new significant related party relationships, as well as no significant related party transactions that are relevant for disclosure to get an understanding of the changes in the consolidated financial position and performance of NIBC, since the end of the last annual reporting period.

#### Transactions with other entities controlled by the parent company

in EUR millions	30-Jun-22	31-Dec-21
<b>Transactions with other entities controlled by the parent company</b>		
Assets	501	501
Liabilities	(36)	(37)
Off-balance sheet commitments	78	123

in EUR millions	For the period ended 30 June 2022	For the period ended 30 June 2021
Income received	3	3
Expenses paid	-	-

### 36 Important events and transactions

#### Sale of Offshore Energy and Leveraged Finance loan portfolios

In the first half of 2022 as a result of the earlier announced sharpened strategic focus to enable growth in more sustainable financing solutions NIBC decided to sell the majority of its Offshore Energy and Leveraged Finance portfolios. These sale transactions were effected in the second quarter of 2022. As a consequence the credit risk exposure to the Offshore Energy and Leveraged Finance asset classes has been reduced by approximately EUR 640 million at 30 June 2022. The impact on the income statement of NIBC includes interest income related to the portfolios (EUR 3 million), a transaction loss in other income (EUR 41 million), which is partly offset by a release in credit loss expenses (EUR 9 million), based on file by file review, and other operating expenses (EUR 2 million).

### **First Soft bullet covered bond issue**

On 8 June NIBC Bank successfully launched its inaugural EUR 500 million soft bullet covered bond. The bond has a maturity of five years and a fixed rate coupon of 1.875%. NIBC's soft bullet covered bond program is Dutch law based and backed by a pool of prime Dutch residential mortgage loans.

### **37 Subsequent events**

Subsequent events were evaluated up to 17 August, 2022 which is the date the Condensed Consolidated Interim Financial Report included in this Interim Report for the six-month period ended 30 June, 2022 was approved.

### **Interim dividend**

In consultation with the Supervisory Board, it was decided to pay an interim dividend of EUR 0,67 per ordinary share, in total EUR 42 million from the net result over the first half of 2022. The pay-out from the net result over the first half of 2022 will not affect NIBC's capital ratios.

### **The Hague, 17 August 2022**

#### **Managing Board**

Paulus de Wilt , *Chief Executive Officer and Chairman*

Herman Dijkhuizen, *Chief Financial Officer and Vice-Chairman*

Reinout van Riel, *Chief Risk Officer*

Anke Schlichting, *Chief Technology Officer*

# OTHER INFORMATION



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working world

## Independent auditor's review report

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

### Our conclusion

We have reviewed the condensed consolidated interim financial report included in the accompanying condensed interim report of NIBC Bank N.V. based in 's Gravenhage for the period from 1 January 2022 to 30 June 2022.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial report of NIBC Bank N.V. for the period from 1 January 2022 to 30 June 2022, 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, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (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 Bank 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 Bank 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 Bank 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 Bank 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, 17 August 2022

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.

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

Dividend pay-out ratio	H1 2022	2021	2020
Dividend pay-out H1 2022	56		
Profit after tax H1 2022	56		
<b>Dividend pay-out ratio H1 2022 (%)</b>	<b>100</b>		
Dividend pay-out 2021		178	
Profit after tax 2021		178	
<b>Dividend pay-out ratio 2021 (%)</b>		<b>100</b>	
Dividend pay-out 2020			49
Profit after tax 2020			49
<b>Dividend pay-out ratio 2020 (%)</b>			<b>100</b>

## 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.

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

Cost/Income ratio	H1 2022	2021	2020
Operating expenses H1 2022	123		
Operating income H1 2022	209		
<b>Cost/income ratio H1 2022 (%)</b>	<b>59</b>		
Operating expenses 2021		235	
Operating income 2021		497	
<b>Cost/income ratio 2021 (%)</b>		<b>47</b>	
Operating expenses 2020			210
Operating income 2020			407
<b>Cost/income ratio 2020 (%)</b>			<b>52</b>

## 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.

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

Return on equity	HI 2022	2021	2020
Annualised Net profit attributable to parent shareholder	225		
Total shareholder's equity at the start of financial year	1,716		
<b>Return on equity 2021 (%)</b>	<b>6.5</b>		
Net profit attributable to parent shareholder		178	
Total shareholder's equity at the start of financial year		1,688	
<b>Return on equity HI 2022 (%)</b>		<b>10.6</b>	
Net profit attributable to parent shareholder			49
Total shareholder's equity at the start of financial year			1,756
<b>Return on equity 2020 (%)</b>			<b>2.8</b>

## 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.

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

Return on assets	HI 2022	2021	2020
Annualised Net profit attributable to parent shareholder	112		
Total assets at the beginning of the financial year	22,658		
<b>Return on assets HI 2022 (%)</b>	<b>0.50</b>		
Net profit attributable to parent shareholder		178	
Total assets at the beginning of the financial year		21,055	
<b>Return on assets 2021 (%)</b>		<b>0.85</b>	
Net profit attributable to parent shareholder			49
Total assets at the beginning of the financial year			22,407
<b>Return on assets 2020 (%)</b>			<b>0.22</b>

## 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 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 2022	2021	2020
Credit losses on AC loans	18		
Credit losses FVTPL loans	2		
Total credit losses	20		
Risk-weighted assets 2021	9,123		
Risk-weighted assets 2020	8,572		
Average risk-weighted assets 2021	8,848		
<b>Cost of risk 2021 (%)</b>	<b>0.22</b>		
Credit losses on AC loans		35	
Credit losses FVTPL loans		3	
Total credit losses		38	
Risk-weighted assets 2021		8,572	
Risk-weighted assets 2020		7,640	
Average risk-weighted assets 2021		8,106	
<b>Cost of risk 2021 (%)</b>		<b>0.47</b>	
Credit losses on AC loans			134
Credit losses FVTPL loans			10
Total credit losses			144
Risk-weighted assets 2020			7,640
Risk-weighted assets 2019			8,597
Average risk-weighted assets 2020			8,118
<b>Cost of risk 2020 (%)</b>			<b>1.77</b>

## 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 2022	2021	2020
Credit losses on amortised cost loans and mortgage loans	18		
Average financial assets at amortised cost: loans <sup>1</sup>	6,103		
Average financial assets at amortised cost: mortgage loans <sup>1</sup>	11,053		
Average financial assets regarding loans and mortgage loans (total)	17,156		
<b>Impairment ratio H1 2022 (%)</b>	<b>0.10</b>		
Credit losses on amortised cost loans and mortgage loans		35	
Average financial assets at amortised cost: loans <sup>1</sup>		6358	
Average financial assets at amortised cost: mortgage loans <sup>1</sup>		11,092	
Average financial assets regarding loans and mortgage loans (total)		17,450	
<b>Impairment ratio 2021 (%)</b>		<b>0.20</b>	
Credit losses on amortised cost loans and mortgage loans (page 134 annual report NIBC Bank N.V.)			134
Average financial assets at amortised cost: loans (page 136 annual report NIBC Bank N.V.) <sup>1</sup>			6,993
Average financial assets at amortised cost: mortgage loans (page 136 annual report NIBC Bank N.V.) <sup>1</sup>			10,144
Average financial assets regarding loans and mortgage loans (total)			17,138
<b>Impairment ratio 2020 (%)</b>			<b>0.78</b>

<sup>1</sup> Loans and residential mortgages are represented post IFRS 9 implementation

## 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.

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

NPL ratio	H1 2022	2021	2020
Non performing exposure corporate loans H1 2022	311		
Non performing exposure lease exposure H1 2022	31		
Non performing exposure mortgage loans H1 2022	120		
Non performing exposure H1 2022	463		
Total corporate loans drawn and undrawn H1 2022	6,995		
Total lease exposure H1 2022	945		
Total retail client assets H1 2022	12,096		
Total exposure H1 2022	20,036		
<b>NPL ratio H1 2022 (%)</b>	<b>2.4</b>		
Non performing exposure corporate loans 2021		346.4	
Non performing exposure lease exposure 2021		30.6	
Non performing exposure mortgage loans 2021		121.0	
<b>Non performing exposure 2021</b>		<b>498.0</b>	
Total corporate loans drawn and undrawn 2021		7188.5	
Total lease exposure 2021		30.6	
Total retail client assets 2021		11665.1	
<b>Total exposure 2021</b>		<b>18884.2</b>	
<b>NPL ratio 2021 (%)</b>		<b>2.6</b>	
Non performing exposure corporate loans 2020			307
Non performing exposure lease exposure 2020			31
Non performing exposure mortgage loans 2020			19
Non performing exposure 2020			356
Total corporate loans drawn and undrawn 2020			7,235
Total lease exposure 2020			31
Total retail client assets 2020			9,860
Total exposure 2020			17,126
<b>NPL ratio 2020 (%)</b>			<b>2.1</b>

## 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.

Inclusion of stage 1 and 2 credit losses would generate an unreliable measure as these impairments do not relate to impaired assets.

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

Impairment coverage ratio	HI 2022	2021	2020
Balance stage 3 credit losses on loans (loans, leases and mortgages)	158		
Total stage 3 credit impaired exposure 2021	469		
<b>Impairment coverage ratio HI 2022 (%)</b>	<b>34</b>		
Balance stage 3 credit losses on loans (loans, leases and mortgages)		152	
Total stage 3 credit impaired exposure 2021		538	
<b>Impairment coverage ratio 2021 (%)</b>		<b>28</b>	
Balance stage 3 credit losses on loans			130,052,1776
Total stage 3 credit impaired exposure 2020			356
<b>Impairment coverage ratio 2020 (%)</b>			<b>37</b>

## 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 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.

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

Loan to deposit ratio	HI 2022	2021	2020
Financial assets at amortised cost: loans	6,224		
Financial assets at amortised cost: residential mortgages	11,511		
Financial assets at amortised cost: securitised residential mortgages	251		
Financial assets at fair value through profit or loss: loans	0		
Financial assets regarding loans and residential mortgages (total)	17,986		
<b>Deposits from customers</b>	<b>11,351</b>		
<b>Loan to deposit ratio HI 2022 (%)</b>	<b>158</b>		
Financial assets at amortised cost: loans		6,390	
Financial assets at amortised cost: residential mortgages		11,659	
Financial assets at amortised cost: securitised residential mortgages		281	
Financial assets at fair value through profit or loss: loans		148	
<b>Financial assets regarding loans and residential mortgages (total)</b>		<b>18,478</b>	
<b>Deposits from customers</b>		<b>11,333</b>	
<b>Loan to deposit ratio 2021 (%)</b>		<b>163</b>	
Financial assets at amortised cost: loans			6,326
Financial assets at amortised cost: residential mortgages			9,902
Financial assets at amortised cost: securitised residential mortgages			343
Financial assets at fair value through profit or loss: loans			130
<b>Financial assets regarding loans and residential mortgages (total)</b>			<b>16,700</b>
<b>Deposits from customers</b>			<b>11,137</b>
<b>Loan to deposit ratio 2020 (%)</b>			<b>150</b>

## 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 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.

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

Net interest margin	HI 2022	2021	2020
Sum interest income last 12 Months	377		
12 Month average interest bearing assets	21,745		
<b>Net interest margin HI 2022 (%)</b>	<b>1.74</b>		
Sum interest income last 12 Months		361	
12 Month average interest bearing assets		20950	
<b>Net interest margin 2021 (%)</b>		<b>1.72</b>	
Sum interest income last 12 Months 2020			386
12 Month average interest bearing assets			21,321
<b>Net interest margin 2020 (%)</b>			<b>1.81</b>



## DISCLAIMER

### Presentation of information

The Annual Accounts of NIBC Bank N.V. ('NIBC') are prepared in accordance with International Financial Reporting Standards as adopted by the European Union 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 2022 (the 'Financial Report'), the same accounting principles are applied as in NIBC's 2021 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.

