

PRESS RELEASE

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NIBC Bank net profit at EUR 92 million for 2008

- Net profit at EUR 92 million for the year 2008, despite the challenging market environment
- Fourth quarter results significantly impacted by market conditions resulting in a net loss of EUR 61 million, mainly driven by fair value adjustments and impairments on equity and mezzanine investments
- Strong capitalisation with Tier-1 ratio of 16.6% (core Tier-1 ratio at 13.5% and BIS-ratio at 18.9%) and continued focus on de-risking by reducing non-client related portfolios
- Further improved diversity of funding; over EUR 5 billion in external funding raised since the beginning of 2008
- Decrease of operational expenses by 14%
- Members of the Managing Board voluntarily waived their end of year performance bonus

Jeroen Drost, Chief Executive Officer of NIBC

"The financial crisis that intensified in 2008 left few in the market unscathed. What began the year as an interbank crisis spread into the real economy. This is reflected in our fourth quarter results that were impacted by fair value adjustments and impairments on equity and mezzanine investments. For the year 2008 we made a profit of EUR 92 million and further strengthened our capital and liquidity position. By addressing the situation at an early stage, we minimised the impact on our financial performance and by the autumn were in a relatively stable shape. We sharpened our strategy and streamlined our organisation in order to focus on our strengths and are well placed to continue to deliver value added support to our key mid-sized clients."

NIBC Bank key figures *

In EUR millions	2008	2007	+/-	Q4 2008	Q3 2008	+/-	Q4 2007	+/-
Profit after tax from continuing operations	93	242	-61%	-61	45		38	
Net profit attributable to parent shareholder	92	98	-6%	-61	45		34	
Efficiency ratio	54%	45%			48%		48%	
Return on net asset value (after tax)	6%	17%		-16%	13%		11%	

* Figures in this press release are not audited

Note: small differences are possible in the tables due to rounding

Recent developments

Financial results NIBC Bank for the year 2008

- Net profit attributable to parent shareholders decreased by 6% to EUR 92 million; 2007 net profit included losses on discontinued operations. Profit after tax from continuing operations amounted to EUR 93 million in 2008, a decline of 61% compared to 2007. This decrease is mainly due to fair value adjustments and impairments on equity investments and mezzanine investments, partly compensated by positive trading income.
- NIBC's continued de-risking of the balance sheet resulted in total assets of EUR 28.8 billion as at 31 December 2008, compared to EUR 31.8 billion at year-end 2007. The de-risking primarily focused on reducing non-client related portfolios in the financial markets area and contributed to the strong Tier-1 ratio of 16.6%, with the core Tier-1 ratio at 13.5% and the BIS-ratio at 18.9%.
- Operational expenses were reduced by 14% in 2008, mainly as a result of the decrease in staff numbers, primarily due to natural turnover, and lower variable compensation.

Funding diversification strategy

- Diversification of funding is a key objective of NIBC's strategy. In 2008, NIBC took decisive steps to diversify its funding and ensured stable, transparent and tightly-controlled liquidity, which helped in Q3 and Q4 of 2008.
- NIBC's covered bond programme was launched in the second quarter of 2008 under which EUR 0.7 billion was issued in 2008.
- NIBC Direct, NIBC's online retail savings programme, was successfully launched in September 2008 in the Netherlands and recently reached the EUR 1 billion mark. On 3 February 2009, NIBC Direct was launched in Germany.
- In December 2008, NIBC successfully issued EUR 1.4 billion Medium Term Notes under the Dutch state's Credit Guarantee Scheme. In February 2009, a second issue of EUR 1.5 billion was closed.
- All in all NIBC has raised over EUR 5 billion in external funding since the beginning of 2008, which positions the bank well for the coming period.

Transactions

NIBC Bank arranged important transactions in its home markets and was thus able to support its key mid-sized clients during these challenging times.

- NIBC European Infrastructure Fund closed three transactions. The Fund took a minority stake in Electrawinds Biostoom NV, owner of the bio steam power plant that is currently being built in Ostend and acquired a 49% stake in the SAV group, an investment in waste incineration assets. As lead investor of a consortium consisting of infrastructure funds (the Appia Consortium), the Fund acquired Welcome Break Group Holdings, the second largest Motorway Service Areas operator in the United Kingdom.
- NIBC acted as mandated co-lead arranger in the buyout of See Tickets International, the ticketing service of Joop van den Ende's Stage Entertainment.
- Together with Commonwealth Investments, NIBC raised EUR 64 million for the European CMBS Opportunity Fund. This fund aims to capture some of the opportunities that have arisen in the current credit environment.
- NIBC Capital Partners closed several transactions for the NIBC Merchant Banking Fund. In the Netherlands, it provided EUR 20 million growth capital to CycloMedia Technology, acquired a significant majority stake in the Dutch

sheet pile specialist Busker Hei- en Waterwerken and invested in the management buy-out of Euretco, a retail service provider. In Germany, the fund acquired Gebr. Reinfurt GmbH Co. KG, a specialist manufacturer of miniature, high-precision ball bearings.

- Bookrunners and Mandated Lead Arrangers NIBC and Scotia Capital successfully closed syndication of the USD 225 million Term Loan for GE SeaCo SRL. The facility raised an oversubscription in general syndication and was increased to USD 250 million.
- NIBC acted as advisor to the family shareholders in the sale of Grolsch to SABMiller.
- Bookrunners and Mandated Lead Arrangers NIBC Bank, Bank of Scotland, and Standard Chartered Bank successfully closed syndication of the USD 465 million Secured Finance Facility for Bully 1 Limited. Bully 1 is a joint venture of Shell EP Offshore Ventures Ltd. and Frontier Drillships Ltd., a subsidiary of Frontier Drilling.
- NIBC sold its stake in Vitae to Manpower Netherlands.

Sharpened strategy

- We sharpened our strategy and streamlined our organisation in order to focus on our strengths. Our strengths lie in our credit skills, especially in asset finance, our strong mid market franchise, our investment management capabilities, and our high quality people and their entrepreneurial spirit. The shift to a structure based around the two pillars of Merchant Banking and Specialised Finance enables us to perform more effectively in addressing the needs of our mid-sized clients.
- With strong capital adequacy, diversified funding and a healthy geographical and industrial business mix, NIBC remains in a strong position to further deliver market leading services to its clients. This is exemplified by the transactions we did in 2008.
- In the context of the sharpened strategy and enhanced focus, and to keep pace with the changed market circumstances, NIBC has improved the efficiency of the organisation and continues to focus on cutting costs where possible and appropriate.
- Risk Management was a major focus throughout 2008. A new Chief Risk Officer was appointed and Risk Management staff was strengthened. Main priorities in 2008 were a tightly controlled liquidity plan, controlling the structured credit portfolios and keeping a close watch on the loan portfolio.

Supervisory Board

As per 19 February 2009, Mr. Flowers resigned as member of the Supervisory Board. The Supervisory Board has nominated Mrs. Rocker, Managing Director at J.C. Flowers & Co. LLC, for appointment in his place.

NIBC Bank profit & loss ¹

In EUR millions	2008	2007	+/-	Q4 2008	Q3 2008	+/-	Q4 2007	+/-
Net interest income	213	238		57	58		51	
Net fee and commission income	43	62		8	9		19	
Dividend income	50	84		10	11		20	
Net trading income	84	-24		5	22		-24	
Gains less losses from financial assets	-62	107		-88	-3		16	
Share in result of associates	8	1		1	0		0	
Other operating income	2	6		0	1		0	
Operating income	337	474	-29%	-6	98	-107%	82	-108%
Personnel expenses	-108	-135		-17	-27		-22	
Other operating expenses	-66	-59		-19	-18		-15	
Depreciation and amortisation	-8	-17		-2	-2		-2	
Operating expenses	-181	-211	-14%	-38	-47	-19%	-39	-3%
Impairment of corporate loans	-42	-2		-17	-1		-4	
Impairment of other interest bearing assets	-20	1		-20				
Total expenses	-242	-212	14%	-75	-48	57%	-44	73%
Operating profit	95	262	-64%	-82	50		38	
Tax	-1	-20		20	-4		0	
Profit after tax from continuing operations	93	242	-61%	-61	45		38	
Result from discontinued operations		-141					-2	
Net profit	93	101	-7%	-61	45		36	
Result attributable to minority interest	-1	-3		0	-1		-1	
Net profit attributable to parent shareholder	92	98	-6%	-61	45		34	

1) All figures exclude the consolidation effect of controlled non-financial investments (see enclosure for more information)

Income and expenses for the year 2008 compared to the year 2007

- Operating income declined 29% in the year 2008 compared to the year 2007. This decrease is mainly due to substantial negative fair value adjustments and impairments on equity and mezzanine investments and lower business volume in the current market resulting in lower interest, fee and dividend income, partly compensated by higher trading income in 2008.
- Client activity-related income sources, i.e. interest, fee and dividend income and gains less losses from financial assets, collectively account for EUR 244 million in income.
- Trading income is by its nature more volatile. A significant part of NIBC's balance sheet is designated as fair value through profit or loss. This means that as a result of credit spread movements, trading income is affected by mark-to-market movements on both assets and liabilities. The trading income of EUR 84 million was positively affected by repurchases and revaluations of liabilities.
- Operating expenses were reduced by 14% in 2008. This was caused by a decrease in staff numbers, mainly due to natural turnover, and lower variable compensation.
- Total impairments in 2008 were EUR 62 million, of which EUR 42 million concerned impairments on our corporate loan portfolio (which is approximately 52 bps of our corporate loan portfolio). The remaining impairments were on our mezzanine investments and other interest bearing assets.
- In 2008, tax expense decreased from EUR 20 million to EUR 1 million, which is mainly explained by the lower operating profit, partially off-set by a decrease of income components not subject to tax.

NIBC Bank other key figures

	31-Dec 2008 Basel II	31-Dec 2007 Basel II	31-Dec 2007 Basel I
Tier-1 ratio	16.6%	12.7%	11.7%
Core Tier-1 ratio	13.5%	10.2%	9.4%
BIS-ratio	18.9%	15.0%	13.4%
Shareholders' equity (in EUR million)	1,638	1,558	1,558
Number of FTEs (end of period)	614	703	703
Risk weighted assets (in EUR billion)	11.5	14.2	15.4

Shareholders' equity and capital ratios

- In 2008, shareholders' equity of NIBC Bank increased from EUR 1,558 million¹ to EUR 1,638 million. The increase of EUR 80 million mainly stems from the net profit of EUR 92 million.
- The further de-risking of the balance sheet resulted in total assets of EUR 28.8 billion as at end-December 2008, compared to EUR 31.8 billion at year-end 2007. This de-risking has primarily taken place by reducing non-client related portfolios in the financial markets area.
- In July 2008, NIBC reclassified certain assets, for which no active market existed and which management intends to hold for the foreseeable future. These reclassifications have a positive effect of EUR 124 million on net profit. The fair value loss that would have been recognised in the revaluation reserve would have amounted to EUR 220 million. For further detail, please refer to the enclosures.
- The capital ratios of NIBC Bank are very strong (Tier-1 ratio of 16.6%, core Tier-1 ratio of 13.5% and a BIS-ratio of 18.9%) and well above the industry standard.

NIBC Holding results

- NIBC Holding is the parent company of NIBC Bank.
- The US commercial real estate securities portfolio in NIBC Holding is the main difference between NIBC Holding and NIBC Bank. NIBC had no exposure to US residential mortgages since August 2007. The total US commercial real estate securities portfolio has a carrying value of EUR 195 million at 31 December 2008 (being 28% of the nominal value).
- NIBC Holding posted a consolidated net loss of EUR 312 million in the fourth quarter of 2008, which is primarily the result of our yearly recalculations of the goodwill on our balance sheet that originates from the takeover by ABP/PGGM in 1999 (a non-cash event, resulting in an impairment of EUR 217 million) and the reported loss in the Bank in the fourth quarter. This results in an overall loss in NIBC Holding of EUR 414 million for the year 2008.
- The shareholders of NIBC Holding invested an additional EUR 400 million of equity in the first quarter of 2008, a clear endorsement of the strategy. This resulted in the capital ratios of NIBC Holding remaining very strong with a Tier-1 ratio of 16.7%, core Tier-1 ratio of 13.4% and a BIS-ratio of 19.0%.
- NIBC Holding will not pay any dividend to its shareholders over the year 2008.

¹ Shareholders' equity of NIBC Bank N.V. on 31 December 2007 has been increased by EUR 36 million compared to the figure displayed in the financial statements 2007 due to the implementation of IFRS/IFRIC 11.

Two pillar strategy: Merchant Banking and Specialised Finance

NIBC has sharpened its business strategy around two strategic pillars - Merchant Banking and Specialised Finance. We have streamlined our structure to concentrate on what we are good at.

- Combining advice, financing and co-investing, NIBC offers integrated solutions to mid-cap clients in the Benelux and Germany. In addition to the wide range of merchant bank activities, NIBC is a meaningful player in a select number of clearly defined asset financing classes. NIBC employs its credit skills to provide asset financing in sectors such as corporate lending, leveraged finance, oil & gas services, infrastructure, shipping and real estate.
- Nimble and flexible, NIBC reacts swiftly to the demands of its clients and the markets. NIBC is an accessible and innovative player, constantly seeking to develop state-of-the-art new products and services that are tailored to meet clients' evolving needs.

Profit after tax from continuing operations of NIBC Bank per strategic pillar

In EUR millions			+/-			+/-			+/-
	2008	2007		Q4 2008	Q3 2008		Q4 2007		
Merchant Banking	-55	140		-87	-5		26		
Specialised Finance	148	102		26	50		12		
NIBC Total	93	242	-61%	-61	45		38		

Allocation

To give a clear overview of the results of the two strategic pillars Merchant Banking and Specialised Finance, income and expenses are allocated as follows:

- The expenses incurred within Risk Management and Corporate Center are allocated to the two strategic pillars based on the number of FTEs in each pillar.
- Certain client-related portfolios are managed by Merchant Banking and Specialised Finance together; all related income and expenses of these portfolios (interest, fee and trading income, but also impairments) are therefore allocated equally to the two strategic pillars.
- Treasury income and expenses are booked as part of Specialised Finance. However, the income on the strategic mismatch position is allocated equally to the two strategic pillars.

Merchant Banking

Through the Merchant Banking business, NIBC advises, finances, and co-invests with its mid-cap clients in the Benelux and Germany.

In EUR millions				Q4			Q3		
	2008	2007	+/-	2008	2008	+/-	2007	+/-	
Net interest income	48	65		13	11		12		
Net fee and commission income	33	35		5	6		13		
Dividend income	10	38		1	1		9		
Net trading income	-3	-6		0	-3		0		
Gains less losses from financial assets	-60	107		-87	-3		15		
Share in result of associates	3	1		1	0		0		
Other operating income	1	2		0	0		0		
Operating income	32	242	-87%	-67	13		49		
Operating expenses	-73	-94	-23%	-14	-19	-26%	-20	-32%	
Impairment of corporate loans	-22	0		-9	-1		1		
Impairment of other interest bearing assets	-20	1		-21					
Total expenses	-115	-93	23%	-44	-20	123%	-20	121%	
Operating profit	-83	149		-111	-7		30		
Tax	28	-9		23	2		-3		
Profit after tax	-55	140	-139%	-87	-5		26		

Activities

The following services are provided by Merchant Banking:

- *Coverage bankers* maintain long-term relationships and provide strategic advice to NIBC's mid-cap clients in the Benelux and Germany. Together with product specialists operating in multidisciplinary teams, client teams deliver a wide range of customised products and solutions, including M&A advisory, financing, derivative products, mezzanine and equity investments.
- *M&A* provides advisory services in close cooperation with the coverage bankers. It executes M&A-related transactions, including mergers, acquisitions, disposals and buyouts.
- *Investment Management* creates and manages funds that are open to third-party investors. Funds have been developed in the fields of private equity and mezzanine (in companies), infrastructure and real estate. Investment Management also manages and services the bank's direct investments and investments in third-party funds.

Financial Results

Net interest income consists of the interest margin on the allocated corporate loan portfolio and the mezzanine portfolio managed by Investment Management. Fee income consists of M&A fees, Investment Management fees and fees on the allocated corporate loan portfolio. Dividend income and gains less losses from financial assets relate to NIBC's own equity/mezzanine investments portfolio. Net trading income is mark-to-market income on the equity/mezzanine investments portfolio and the allocated corporate loan portfolio.

- In line with the difficult market circumstances, the Merchant Banking activities were under pressure in 2008.
- In the fourth quarter of 2008, the level of gains less losses from financial assets was affected by the turmoil in the financial markets, which led to significant negative fair value adjustments and impairments on equity investments. Although we saw some profitable exits in the first half of 2008, no material exits took place in the second half of the year.
- The decline in net interest income mainly reflects the decrease in the average size of the allocated corporate loan portfolio.

- Fee income stayed relatively stable during the year, but saw a slowdown in the second half of the year as a result of the deteriorating economic environment.
- The decrease in dividend is due to large one-off dividends of EUR 21 million received on equity investments in the first half of 2007.
- Lower operating expenses are mainly the result of a decrease in the variable compensation and the number of staff.
- The impairment amount relates for EUR 22 million to impairments on the allocated corporate loan portfolio and for EUR 20 million to impairments on the mezzanine investments and other interest bearing assets.
- In 2008, tax expense turned into a gain of EUR 28 million, which is mainly explained by the lower profit before tax, partially off-set by a decrease of income components not subject to tax.

Specialised Finance

Specialised Finance provides asset and project financing in a select number of clearly-defined asset classes: corporate lending, leveraged finance, shipping, oil & gas services, infrastructure and real estate. It also includes NIBC's retail activities in the residential mortgage market and in savings via NIBC Direct.

In EUR millions	2008			2007			+/-	Q4 2008			Q3 2008			+/-	Q4 2007			+/-
	2008	2007	+/-	2008	2007	+/-		2008	2007	+/-	2008	2007	+/-		2008	2007	+/-	
Net interest income	165	173		44	47		39											
Net fee and commission income	10	27		3	3		6											
Dividend income	40	46		10	10		11											
Net trading income	87	-18		5	25		-24											
Gains less losses from financial assets	-2	1		-1	0		1											
Share in result of associates	4	0		0	0		-1											
Other operating income	1	4		0	0		0											
Operating income	305	233	31%	61	85	-28%	32	88%										
Operating expenses	-108	-117	-8%	-24	-28	-14%	-19	29%										
Impairment of corporate loans	-20	-2		-8	0		-5											
Impairment of other interest bearing assets	0	0		0														
Total expenses	-128	-119	7%	-32	-29	11%	-24	33%										
Operating profit	178	113	57%	29	56	-48%	9											
Tax	-29	-11		-3	-6		3											
Profit after tax	148	102	45%	26	50	-48%	12	123%										

Activities

Specialised Finance groups together services in the following areas:

- *Origination* structures, arranges and underwrites debt financing for its clients and is organised around six asset classes: corporate lending, leveraged finance, shipping, oil & gas services, infrastructure & renewables and real estate.
- *Structuring* is the liaison between the origination and distribution teams and is responsible for structuring highly sophisticated transactions for clients as well as fund and tax structuring.
- The *distribution* team is the integrated distribution platform of NIBC and matches investor appetite with NIBC's origination network and structuring capabilities.
- *Portfolio management* works closely together with NIBC's coverage bankers and origination teams to monitor borrower performance. The team proactively monitors credit quality and covenant compliance of borrowers and reviews the status of assets provided as collateral.
- *Retail markets* activities include residential mortgage origination in the Netherlands and Germany on the basis of white labelling through a number of distribution partners and NIBC's online retail savings initiative, NIBC Direct.

Financial Results

Net interest income mainly consists of interest margin on the allocated corporate loan portfolio, the residential mortgages portfolio and commercial treasury portfolios. Fee income comprises fee income on the allocated corporate loan portfolio. Net trading income is mark-to-market income on the commercial treasury portfolios and allocated corporate loan portfolio.

- The decline in net interest income in 2008 is mainly due to a smaller average corporate loan portfolio.
- The lower fee income fully reflects the low level of origination as a result of the challenging business climate and the decreased average corporate loan portfolio.
- Dividend income within Specialised Finance is a stable source of income. The small decrease in this line item reflects the decrease of the average structured investment portfolio in 2008.
- In 2008, net trading income was positively affected by repurchases and revaluations of liabilities.
- Operating expenses fell by 8% because staff numbers decreased and variable compensation was lower.
- The impairment amount relates to impairments on the allocated corporate loan portfolio.

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Profile of NIBC

NIBC is a Dutch merchant bank that offers integrated solutions to mid-cap clients in the Benelux and Germany through a combination of advising, financing and co-investing. The bank is also a meaningful player in a select number of clearly defined asset financing classes. It employs its expertise to provide asset financing in sectors such as corporate lending, leveraged finance, oil & gas services, infrastructure, real estate and shipping.

NIBC is an integrated, nimble and flexible organisation that reacts swiftly to the demands of its clients and markets. It is an innovative player that constantly seeks to develop products and services that are tailored to meet clients' evolving needs.

NIBC's clients are mid-cap companies, financial institutions, institutional investors, financial sponsors, family offices and high net worth entrepreneurs/owners. NIBC has offices in The Hague, Brussels, Frankfurt, London, Singapore and New York.

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Enclosures

- Financial Report 2008, NIBC Bank N.V.
- Financial Report 2008, NIBC Holding N.V.

Disclaimer

The figures in this press release and the enclosures are not audited.

Presentation of information

The Annual Accounts of both NIBC Bank N.V. and NIBC Holding N.V. ("NIBC") are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in the Financial Reports for the year ended 31 December 2008 for both NIBC Bank N.V. and NIBC Holding N.V. (the "Financial Reports"), the same accounting principles are applied as in the 2007 NIBC's Annual Accounts except for the changes further explained in the Financial Report. All figures in this press release, the Financial Reports, and the enclosures are not audited. Small differences are possible in the tables due to rounding.



CONDENSED FINANCIAL REPORT
for the year ended 31 December 2008
NON AUDITED FIGURES

NIBC Bank N.V.
23 February 2009

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DISCLAIMER

Presentation of information

The Financial Statements of NIBC Bank N.V. ("NIBC") are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this Condensed Financial Report for the year ended 31 December 2008 (the "Condensed Financial Report"), the same accounting principles are applied as in the 2007 NIBC's Financial Statements except for the changes further explained in the General Information paragraph of the Condensed Financial Report. All figures in this Condensed Financial Report are unaudited. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

Certain statements in the Condensed Financial Report are not historical facts and are "forward-looking" statements that relate to, among other things, NIBC's business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof.

These statements are based on NIBC's current view with respect to future events and financial performance. Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve uncertainties and are subject to certain risks, including, but not limited to (i) general economic conditions, in particular in NIBC's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets (ix) changes in law and regulations, including taxes (x) changes in policies of governments and/or regulatory authorities, (xi) the results of our strategy and investment policies and objectives and (xii) the risks and uncertainties as addressed in the Interim Financial Report, the occurrence of which could cause NIBC's actual results and/or performance to differ from those predicted in such forward-looking statements and from past results.

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

EXPLANATORY REMARKS

Consolidation non-financial companies

In 2008, NIBC invested in a number of non-financial companies over which NIBC exercises control. IFRS requires NIBC to treat these non-financial companies as subsidiaries and thereby consolidate these investments in NIBC's Financial Statements 2008. NIBC believes that combining these non-financial companies with the core banking business does not provide a meaningful basis for discussion of the financial condition and results of operations. Therefore, in the presentation of NIBC's results in the press release, the effects of a line-by-line consolidation in the income statement of these non-financial companies are removed. The reconciliation between the income statement 2008 in this Condensed Financial Report and the income statement 2008 excluding these consolidation effects as presented in the press release is displayed below.

In EUR millions	Income statement 2008			Income statement 2007
	Financial Statements (IFRS)	Consolidation effect	Excluding consolidation effect	
NET INTEREST INCOME	207	(6)	213	238
NET FEE AND COMMISSION INCOME	43	0	43	62
DIVIDEND INCOME	50	0	50	84
NET TRADING INCOME	81	(2)	84	(24)
GAINS LESS LOSSES FROM FINANCIAL ASSETS	(57)	4	(62)	107
SHARE IN RESULT OF ASSOCIATES	7	(1)	8	1
OTHER OPERATING INCOME	40	39	2	6
OPERATING INCOME	371	34	337	474
PERSONNEL EXPENSES	125	18	108	135
OTHER OPERATING EXPENSES	73	7	66	59
DEPRECIATION AND AMORTISATION	17	10	8	17
OPERATING EXPENSES	215	34	181	211
IMPAIRMENT OF CORPORATE LOANS	42	0	42	2
IMPAIRMENT OF OTHER INTEREST BEARING ASSETS	20	1	20	(1)
TOTAL EXPENSES	277	35	242	212
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	94	(0)	95	262
TAX	1	(0)	1	20
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	93	0	93	242
RESULT FROM DISCONTINUED OPERATIONS	0	0	0	(141)
NET PROFIT	93	0	93	101
RESULT ATTRIBUTABLE TO MINORITY INTEREST	1	(0)	1	3
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDERS	92	0	92	98

Consolidated Income Statement
For the period ended 31 December

In EUR millions	notes	31-Dec-08	31-Dec-07
NET INTEREST INCOME		207	238
NET FEE AND COMMISSION INCOME		43	62
DIVIDEND INCOME		50	84
NET TRADING INCOME	2	81	(24)
GAINS LESS LOSSES FROM FINANCIAL ASSETS	3	(57)	107
SHARE IN RESULT OF ASSOCIATES		7	1
OTHER OPERATING INCOME		40	6
OPERATING INCOME		371	474
PERSONNEL EXPENSES	4	125	135
OTHER OPERATING EXPENSES		73	59
DEPRECIATION AND AMORTISATION		17	17
OPERATING EXPENSES		215	211
IMPAIRMENT OF CORPORATE LOANS		42	2
IMPAIRMENT OF OTHER INTEREST BEARING ASSETS		20	(1)
TOTAL EXPENSES		277	212
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		94	262
TAX	5	1	20
PROFIT AFTER TAX FROM CONTINUING OPERATIONS		93	242
RESULT FROM DISCONTINUED OPERATIONS	15	0	(141)
NET PROFIT		93	101
RESULT ATTRIBUTABLE TO MINORITY INTEREST		1	3
NET PROFIT ATTRIBUTABLE TO PARENT SHAREHOLDERS		92	98

Consolidated Balance Sheet

In EUR millions	31-Dec-08	31-Dec-07
ASSETS		
FINANCIAL ASSETS AT AMORTISED COST		
- CASH AND BALANCES WITH CENTRAL BANKS	1,113	874
- DUE FROM OTHER BANKS	1,770	3,145
- LOANS AND RECEIVABLES		
- Loans	6,303	1,794
- Debt Investments	738	
- Securitised Loans	630	638
FINANCIAL ASSETS AT AVAILABLE FOR SALE		
- LOANS	0	5,164
- EQUITY INVESTMENTS	108	144
- DEBT INVESTMENTS	35	311
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)		
- LOANS	1,136	1,374
- RESIDENTIAL MORTGAGES OWN BOOK	6,201	5,285
- SECURITISED RESIDENTIAL MORTGAGES	5,250	6,356
- DEBT INVESTMENTS	641	2,329
- STRUCTURED INVESTMENTS	1,079	1,212
- INVESTMENTS IN ASSOCIATES	188	147
- DERIVATIVE FINANCIAL ASSETS HELD FOR TRADING	3,137	2,641
- DERIVATIVE FINANCIAL ASSETS USED FOR HEDGING	215	85
INVESTMENTS IN ASSOCIATES (EQUITY METHOD)	40	44
INTANGIBLE ASSETS	44	-
PROPERTY, PLANT AND EQUIPMENT	102	72
INVESTMENT PROPERTY	30	1
CURRENT TAX	6	40
OTHER ASSETS	80	153
TOTAL ASSETS	28,846	31,809

Consolidated Balance Sheet

In EUR millions	notes	31-Dec-08	31-Dec-07
LIABILITIES			
FINANCIAL LIABILITIES AT AMORTISED COST			
- DUE TO OTHER BANKS		5,537	4,700
- DEPOSITS FROM CUSTOMERS		2,293	1,516
- OWN DEBT SECURITIES IN ISSUE	6	5,974	9,035
- DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES	7	5,744	7,214
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING TRADING)			
- DEBT SECURITIES IN ISSUE STRUCTURED	8	3,110	4,152
- OWN DEBT SECURITIES IN ISSUE	9	168	215
- DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING		3,439	2,374
- DERIVATIVE FINANCIAL LIABILITIES USED FOR HEDGING		42	53
OTHER LIABILITIES		158	244
DEFERRED TAX		39	4
EMPLOYEE BENEFIT OBLIGATIONS		8	11
SUBORDINATED LIABILITIES			
- AMORTISED COST	10	229	236
- FAIR VALUE THROUGH PROFIT OR LOSS	11	467	497
TOTAL LIABILITIES		27,208	30,251
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	13	80	80
OTHER RESERVES		274	296
RETAINED EARNINGS		1,175	1,073
NET RESULT ATTRIBUTABLE TO PARENT SHAREHOLDERS		92	98
TOTAL PARENT SHAREHOLDERS' EQUITY		1,621	1,547
TOTAL MINORITY INTEREST		17	11
TOTAL SHAREHOLDERS' EQUITY		1,638	1,558
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		28,846	31,809

Consolidated Statement of Changes in Shareholders' Equity

In EUR millions	ATTRIBUTABLE TO PARENT SHAREHOLDERS (1)					TOTAL
	SHARE CAPITAL	OTHER RESERVES	RETAINED EARNINGS	NET PROFIT	MINORITY INTEREST	
BALANCE AT 1 JANUARY 2007	80	470	923	243	-	1,716
FIRST TIME ADOPTION CAPITAL CONTRIBUTION SHARE BASED PAYMENTS (2)			24			24
BALANCE AT 1 JANUARY 2007	80	470	947	243	-	1,740
NET RESULT ON CASH FLOW HEDGING INSTRUMENTS		(11)				(11)
REVALUATION LOANS AND RECEIVABLES (NET OF TAX)		(117)				(117)
REVALUATION EQUITY INVESTMENTS (NET OF TAX) (3)		(41)	17			(24)
REVALUATION DEBT INVESTMENTS (NET OF TAX)		(6)				(6)
REVALUATION PROPERTY, PLANT AND EQUIPMENT (NET OF TAX)		1				1
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	0	(174)	17	0	0	(157)
PROFIT APPROPRIATION			243	(243)		0
NET RESULT FOR THE PERIOD				98	3	101
COMPREHENSIVE NET RESULT	0	(174)	260	(145)	3	(56)
DIVIDENDS (4)			(146)		(1)	(147)
CAPITAL CONTRIBUTION OF THIRD PARTIES IN A SUBSIDIARY CONTROLLED BY NIBC					9	9
CAPITAL CONTRIBUTION SHARE BASED PAYMENTS (2)			12			12
BALANCE AT 31 DECEMBER 2007	80	296	1,073	98	11	1,558
BALANCE AT 1 JANUARY 2008	80	296	1,073	98	11	1,558
NET RESULT ON CASH FLOW HEDGING INSTRUMENTS		40				40
REVALUATION LOANS AND RECEIVABLES (NET OF TAX)		(14)				(14)
REVALUATION EQUITY INVESTMENTS (NET OF TAX)		(36)				(36)
REVALUATION DEBT INVESTMENTS (NET OF TAX)		(12)				(12)
REVALUATION PROPERTY, PLANT AND EQUIPMENT (NET OF TAX)		0				0
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	0	(22)	0	0	0	(22)
TRANSFER NET RESULT TO RETAINED EARNINGS			98	(98)		0
NET PROFIT				92	1	93
COMPREHENSIVE NET RESULT	0	(22)	98	(6)	1	71
CAPITAL CONTRIBUTION OF THIRD PARTIES IN A SUBSIDIARY CONTROLLED BY NIBC					5	5
CAPITAL CONTRIBUTION SHARE BASED PAYMENTS			4			4
BALANCE AT 31 DECEMBER 2008	80	274	1,175	92	17	1,638

(1) See note 12 for the impact of the implementation of IASB amendment "IAS 39 Financial Instruments: Recognition and Measurement" on Shareholders' Equity at 31 December 2008.

(2) Shareholders' equity at 1 January 2007 has been increased by EUR 24 million and at 31 December 2007 by EUR 36 million compared to the figures displayed in the financial statements 2007 due to the implementation of IFRS IFRIC 11.

(3) In 2004, NIBC sold a number of investments and did not release the corresponding revaluation reserve of EUR 17 million. The correction of this error, to transfer the reserve of EUR 17 million directly to retained earnings, has no effect on the income statements of 2007, nor on total shareholders' equity and the balance sheet total at 31 December 2007.

(4) Dividends in 2007 are comprised of EUR 61 million final ordinary dividend over 2006 and EUR 85 million extraordinary dividend in 2007.

Condensed Consolidated Cash Flow Statement
For the year ended 31 December

In EUR millions	31-Dec-08	31-Dec-07
CASH FLOWS FROM OPERATING ACTIVITIES	3,096	2,609
CASH FLOWS FROM INVESTING ACTIVITIES	(117)	(24)
CASH FLOWS FROM FINANCING ACTIVITIES	(4,187)	(587)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,208)	1,998
CASH AND CASH EQUIVALENTS AT 1 JANUARY	3,976	1,978
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,208)	1,998
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	2,768	3,976
RECONCILIATION OF CASH AND CASH EQUIVALENTS:		
- CASH AND BALANCES WITH CENTRAL BANKS	1,113	874
- DUE FROM OTHER BANKS (MATURITY 3 MONTHS OR LESS)	1,655	3,102
	2,768	3,976

NIBC Bank N.V.

General Information

NIBC Bank N.V. (the "Company"), together with its subsidiaries ("NIBC" or the "Group") is a Dutch merchant bank that offers integrated solutions to mid-cap clients in the Benelux and Germany through a combination of advising, financing and co-investing. The bank is also a meaningful player in a select number of clearly defined asset classes. It employs its expertise to provide asset financing in sectors such as leveraged finance, oil & gas services, infrastructure and real estate. NIBC's clients are mid-cap companies, financial institutions, institutional investors, financial sponsors, family offices and high net worth entrepreneurs/owners. NIBC has offices in The Hague, Brussels, Frankfurt, London and Singapore. NIBC Bank N.V. is domiciled in The Netherlands, and is a 100% subsidiary of NIBC Holding N.V.

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

Basis of Preparation

The Group's condensed financial report over the financial year 2008 should be read in conjunction with NIBC's annual financial statements for the year ended 31 December 2007.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in the annual financial statements for the year ended 31 December 2007 except for the changes further explained. In 2008 NIBC reclassified certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions were met.

The preparation of financial information requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The most significant areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the condensed financial information are described below under 'Most significant critical accounting estimates and judgements'.

New standards and interpretations

Standards, amendment and interpretations effective in 2008

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions'. IFRIC 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. IFRIC 11 was implemented with effect from 1 January 2008. The retrospective application of IFRIC 11 affected the Group's equity position as of 1 January 2007 and 31 December 2007. The impact at 1 January 2007 amounts to a credit of EUR 24 million and at 31 December 2007 to a credit of EUR 36 million compared to the amounts presented in the financial statements of NIBC Bank N.V. for the year ended 31 December 2007.
- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. NIBC has applied IFRIC 14 from 1 January 2008, but it has no material impact on NIBC's financial position.

Amendments effective from 1 July 2008

The IAS 39, 'Financial instruments: Recognition and measurement', amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-

for-sale categories if specified conditions are met. The related amendment to IFRS 7, 'Financial instruments: Disclosures', introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. The Group adopted the amendment from 1 July 2008.

Standards, amendments and interpretations early adopted by NIBC

IFRS 8, 'Operating segments' (effective 1 January 2009). IFRS 8 replaces IAS 14 'Segment Reporting' and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. NIBC Bank N.V. decided to early adopt IFRS 8 as of the third quarter of 2008. This has resulted in a decrease in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.
- IAS 23 (Amendment), 'Borrowing costs'. The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. NIBC will apply IAS 23 (Amended) from 1 January 2009, but the Standard is currently not applicable to NIBC as NIBC has no qualifying assets.
- IFRIC 13, 'Customer loyalty programmes'. IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. IFRIC 13 is not relevant to NIBC's operations because NIBC does not operate any loyalty programmes.
- IAS 1 (Revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or

reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The group will apply IAS 1 (Revised) from 1 January 2009. It is likely that both the income statement and statement of comprehensive income will be presented as performance statements.

- IFRS 2 (Amendment), 'Share-based payment: Vesting conditions and cancellations' (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The group will apply IFRS 2 (Amendment) from 1 January 2009, but is not expected to have a material impact on the Group's financial statements.

'Financial assets - reclassification'

In accordance with the amendment to IAS 39: 'Reclassifications of Financial Assets' NIBC may reclassify certain non-derivative financial assets held for trading to either the loans and receivables or available for sale categories. The amendment also allows the transfer of certain non-derivative financial assets from available for sale to loans and receivables.

NIBC is allowed to reclassify certain financial assets out of the held for trading category if they are no longer held for the purpose of selling or repurchasing them in the near term.

The amendments distinguish between those financial assets which would be eligible for classification as loans and receivables and those which would not. The former are those instruments which, apart from being held with the intent of sale in the near term, have fixed or determinable payments, are not quoted in an active market and contain no features that could cause the holder not to recover substantially all of its initial investment, except through credit deterioration.

Financial assets that are not eligible for classification as loans and receivables, may be transferred from held for trading to available for sale, only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Financial assets that would now meet the criteria to be classified as loans and receivables, may be transferred from held for trading to loans and receivables, if the entity has the intention and the ability to hold them for the foreseeable future.

In addition, financial assets that would now meet the criteria to be classified as loans and receivables, may be classified out of the available for sale category to loans and receivables, if the entity has the intention and the ability to hold them for the foreseeable future.

Reclassifications are recorded at the fair value of the financial asset as of the reclassification date. The fair value at the date of reclassification becomes the new cost or amortised cost as applicable. Gains or losses due to changes in the fair value of the financial asset recognised in profit or loss prior to reclassification date shall not be reversed. Effective interest rates for financial assets reclassified to the loans and receivables category are determined at the reclassification date as the discount rate applicable to amortise the fair value back to expected future cash flows at that date. Subsequent increases in estimated future cash flows will result in a prospective adjustment to the effective interest rate applied.

For financial assets reclassified from available for sale to loans and receivables, previous changes in fair value that have been recognised in the equity revaluation reserve shall be amortised to profit or loss over

the remaining life of the asset using the effective interest rate method. If such assets are subsequently determined to be impaired, the remaining balance of losses previously recognised in equity shall be released to profit or loss to the extent of the impairment loss amount and if necessary, additional impairment losses shall be recorded in profit or loss to the extent they exceed the remaining valuation reserve in equity.

Changes to the classification of financial assets

As of 1 July 2008, the effective date of the amendments to IAS 39 and IFRS 7, the classification of the following financial assets was changed:

- Loans and receivables: loans and receivables, except for those that were designated at fair value through profit or loss, were reclassified out of the available for sale category to loans and receivables at amortised cost.
- Debt investments:
 - EU Structured Credits originated after 1 July 2007 were reclassified out of the available for sale category to loans and receivables at amortised cost to the extent the assets meet the definition of loans and receivables.
 - EU Corporate Credits and EU Structured Credits originated before 1 July 2007 were reclassified out of the held for trading category to loans and receivables at amortised cost to the extent the assets meet the definition of loans and receivables.
 - EU CDO Equity: EU CDO Equity was reclassified out of the held for trading category to the available for sale category. Any subsequent change in fair value (other than amortisation of interest through the new effective interest rate) from the fair value at the date of reclassification will be recorded in the (available for sale) revaluation reserve unless it is determined to be impaired or until the instrument is derecognised.

The amendments to IFRS 7 regarding reclassifications require disclosure of, among others, the impact of the reclassification for each category of financial assets on the financial position and performance of NIBC. See note 12 to the condensed financial report for a description of the effect of the reclassifications.

Change in accounting policy

Segment report

Basis of segment preparation

The segment information has been prepared in accordance with IFRS 8, 'Operating Segments', which defines requirements for the disclosure of financial information of an entity's operating segments as NIBC decided to early adopt IFRS 8. IFRS 8 replaces IAS 14, 'Segment Reporting'.

Accounting methods

IFRS 8 requires the disclosure of the information used by the chief operating decision maker to allocate resources and to assess performance. Management reporting in NIBC is based on IFRS. Segment reporting under IFRS 8 requires a presentation of the segment results based on management reporting methods and a reconciliation between the results of the operating segments and the Group's condensed financial report. For further details regarding the reconciliation, please refer to note xx of this report.

Business combinations

The majority interests in the non-financial companies acquired in 2008 are consolidated in this condensed financial report. For the impact of these acquisitions on the different balance sheet line items and income statement line items reference is made to the notes to the Group's condensed financial report.

Most significant critical accounting estimates and judgements

NIBC makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of certain financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable willing parties in an arm's length transaction. NIBC determines fair value either by reference to a quoted price in an active market for a given financial instrument or, when a quoted price in an active market is not available, by using a valuation technique.

If NIBC determines fair value using valuation techniques (for example, in the case of mortgage loans, loans (for disclosure purposes only) and certain debt investments), the valuation is determined by discounting to present value the cash flows (after expected pre-payments) that it expects to receive from holding the instrument. These discounted cash flow models require management to estimate a number of parameters, including interest rate yield curves, credit spreads, liquidity risk premiums, equity and commodity prices, option volatilities and currency rates. Some parameters are either directly observable or are implied from instrument prices in the market place. In light of the dramatic widening in credit spreads, valuations have become particularly sensitive to this parameter. Due to absence of liquidity in a number of financial instruments, directly observable data on credit spreads is sparse.

The calculation of fair value for any financial instrument may also require adjustment of the quoted price or the value generated by the valuation technique to reflect the cost of credit risk and liquidity risk (where not embedded in underlying models or prices used) or to reflect hedging costs not captured in the valuation model (to the extent that they would be taken into account by market participants in determining a price).

The process of determining fair value for illiquid instruments using valuation techniques requires estimation of the expected maturity of an instrument (and therefore the expected cash flows), certain pricing parameters, or other assumptions or model characteristics. Although NIBC calibrates its valuation techniques against industry standards and observable transaction prices (to the extent that this is possible in current market conditions), the calculation of fair value is an inherently subjective process, particularly when data on observable transactions is sparse.

In the first half of 2008, market conditions were characterised by the near absence of liquidity in credit markets and a significant widening of credit spreads. In these market conditions, the estimation of the fair value of NIBC's residential mortgage loans, loans (for disclosure purposes only) and its own liabilities designated at Fair Value through Profit or Loss and the financial assets reclassified out of held for trading and available for sale category is highly judgemental and necessarily subjective, given the absence of market transactions and other observable market data. Consequently, the ranges within which NIBC has estimated the fair value of these portfolios have widened significantly.

Gains (or losses) are recognised upon initial recognition only when such profits (or losses) can be measured by reference to observable current market transactions or valuation techniques based on observable market inputs.

EU Structured Credits

NIBC considers the European ABS market to be inactive, as meant in IAS 39, AG 71 as per 1 July 2008. As per 1 July 2008 debt investments amounting to EUR 838 million have been reclassified from financial assets at Fair Value through Profit or Loss (trading) and Available for Sale to financial assets at amortised cost. Consequently, the fair value as per 30 June 2008 of the Debt Investments at Fair Value through Profit or Loss (trading) has been used as the amortised cost of the reclassified debt investments.

For the valuation as per 30 June 2008 NIBC incorporated where available, market observable prices and rates derived from market verifiable data. Where such factors are not market observable, changes in assumptions could affect the reported fair value of financial instruments. NIBC applied its method to determine fair value consistently from one period to the next, ensuring comparability and continuity of valuations over time, but estimating fair value inherently involves a significant degree of judgment. Valuation adjustments are also made to reflect such elements as deteriorating creditworthiness and liquidity. Although a significant degree of judgment is, in some cases, required in establishing fair values, management believes that the fair values recorded in the balance sheet and the changes in fair values recorded in the income statement reflect the underlying economics, based on NIBC's established fair value and model governance policies and the related controls and procedural safeguards.

All parameters and estimates are reviewed, challenged and approved by NIBC's Parameter Committee. This Committee consists of staff from Market Risk Management, Portfolio Management and is chaired by Finance.

After 1 July 2008, the effective date that Debt Investments have been reclassified from financial assets at Fair Value through Profit or Loss (trading) and at Available for Sale to the financial assets at amortised cost, the carrying value is not linked any more with changes in credit spreads. Debt Investments reclassified to financial assets at Amortised Cost are included in the quarterly impairment assessment procedure (refer 'Impairment of Loans and Receivables' paragraph).

Own liabilities designated at Fair Value through Profit or Loss

At 31 December 2008, the fair value of these liabilities was estimated to be EUR 3.744 million (31 December 2007: EUR 4.864 million). 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:

- Financial Liabilities at fair value through profit or loss (Debt securities in issue structured)
- Financial Liabilities at fair value through profit or loss (Own debt securities in issue)
- Financial Liabilities at fair value through profit or loss (Subordinated liabilities)

The market for these liabilities is inactive. 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 a valuation model developed by a third party employing Monte Carlo simulation, lattice valuations or closed formulas, depending on the type of embedded derivative.

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.

The credit spread used to revalue these liabilities was based on the observable spread (including guarantee fee) on NIBC's issue of EUR 1.4 billion of three year funding notes issued in December 2008. This funding was guaranteed by the Dutch State under Credit Guarantee Scheme. Whilst recognising that NIBC's obligations under this funding transaction are guaranteed by the Dutch State, management believes that it provides the most appropriate spread for revaluation purposes because the spread is based on a directly observable transaction and because other data on applicable credit spreads (e.g. credit default swap rates and funding transactions by other comparable institutions) is sparse and its application to NIBC's funding programmes is highly subjective.

The valuation of all the above classes of liabilities at fair value through profit or loss is sensitive to the estimated credit spread used to discount future expected cash flows. A 10 basis point change in the weighted average credit spread used to discount future expected cash flows would increase or decrease profit after tax from continuing operations by EUR 11 million (2007: EUR 14 million).

Residential mortgages

NIBC determines the fair value of residential mortgages (both those it holds in its own warehouse and those it has securitised) by using a valuation model developed by NIBC. NIBC considers the market for these assets to be inactive. To calculate the fair value, NIBC discounts expected cash flows (after expected prepayments) to present value using inter bank zero-coupon rates, adjusted for a spread that principally takes into account the credit spread risk of the mortgages and uncertainty relating to prepayment estimates. In the absence of observable primary RMBS transactions in combination with the declining relevance of RMBS indices, NIBC has used observed mortgage rates as an additional benchmark to determine this spread.

On the basis of the available data on RMBS spreads and offered mortgage rates, NIBC has concluded that in 2008 the use of offered mortgage rates provides the best estimate of the spread that would be inherent in a hypothetical transaction at the balance sheet date motivated by normal business considerations. The underlying assumption underpinning the valuations is that professional market parties interested in building exposures in the residential mortgage market would be indifferent between originating the loans themselves or acquiring existing portfolios.

The offered mortgage rate is determined by collecting mortgage rates from other professional lenders sorted by product, loan to value class and the fixed rate period. The discount spread is derived by comparing the mortgage rate to the market interest rates taking into account the expected prepayment for determining the fixed rate period, and the upfront mortgage offering costs embedded in the mortgage offered rate.

Prices for mortgage loans in the form of offered mortgage rates and the prepayment estimate rate are the most significant and subjective parameters used in the valuation of the residential mortgages as of 31 December 2008. The determination of the applicable mortgage offer rates and prepayment rates requires NIBC to make subjective judgments. A one basis point shift in either direction of the mortgage offer rate across the mortgage portfolio would have had either a positive or a negative impact as of 31st December 2008 of approximately EUR 3.6 million (31 December 2007: EUR 3.5 million) on the fair value of the mortgages. A 1% point shift in the assumption NIBC makes about expected prepayments would have had an impact as of 31 December 2008 of approximately EUR - 1.5 million (31 December 2007: EUR 11.2 million) on the fair value of the mortgages.

All parameters and estimates are reviewed, challenged and approved by NIBC's Parameter Committee. This Committee consists of staff from Market Risk Management, Portfolio Management and is chaired by Finance.

Loans

Loans at Fair Value through profit or loss

Loans designated at Fair Value through Profit or Loss consists of assets that are traded in the secondary loan market or active syndications market. In an active market environment these assets are mark-to-market by applying market bid quotes observed on the secondary market. The quotes received from other banks or brokers and applied in the mark-to-market process are calibrated to actual trades executed and settled to the extent possible.

During 2008 the secondary loan market was confronted with exceptionally low volumes and on the syndication market only a few deals could be used as pricing references for the loans designated at Fair

Value through Profit or Loss as at 31 December 2008. In certain instances additional pricing reference points have been obtained by collecting spreads using primary transactions which are comparable with the loans in the Fair Value through Profit or Loss category.

A one basis point shift in the applicable credit spread in either direction would have an impact of EUR 0.45 million on the fair value of the loans designated at Fair Value through Profit or Loss as at 31 December 2008.

Loans designated as Available for Sale

NIBC applied an internal valuation model for determining the fair value of the loans designated as Available for Sale. The reason for applying a valuation model is that there is no active market for these assets. As at 1 July 2008 all loans in the amount of EUR 4,285 million designated as Available for Sale have been reclassified to loans at Amortised Cost. Consequently, the fair value as at 30 June 2008 of the loans designated as Available for Sale has been used as the Amortised Cost of the reclassified loans.

The model used to determine the fair value as at 30 June 2008 assumed that the book is securitised. The most significant valuation parameters are yield curves by currency and the credit discount spread. An average life of the loan book of four years is assumed, consistent with NIBC's historical experience. The valuation is particularly sensitive to the credit spread assumptions. This spread reflects two important inputs. The first is Collateralised Loan Obligation (CLO) and CMBS spreads, both derived from independent brokers. The CLO and CMBS markets were both characterised by the near absence of primary issuances. Consequently, in the absence of observable primary transactions, the credit spread used for valuation purposes as at 30 June 2008 was derived largely from spreads quoted by independent banks.

The second input is the model used to tranche the portfolio. NIBC applies the Fitch Vector model (version 3.01), including the probabilities of default provided by Fitch.

In the current year before reclassification, NIBC recognised in the revaluation reserve in equity a fair value loss amounting to EUR 34 million on financial assets reclassified out of the Available for Sale category into the Loans and Receivables category. The negative revaluation reserve at 31 December 2008 amounts to EUR 64 million after taxation (2007: EUR 49 million).

A one basis point shift in the applicable credit spread as at 30 June 2008 in either direction would have an impact of EUR 1 million (2007: EUR 1 million) on the revaluation reserve, before taxation.

All parameters and estimates are reviewed, challenged and approved before usage in our Parameter Committee. This committee consists of staff from Market Risk Management, Portfolio Management and is chaired by Finance.

After 1 July 2008, the effective date loans designated as at Available for Sale have been reclassified to Loans and Receivables at Amortised Cost, the carrying value of the loans and the revaluation reserve are not linked any more with changes in the credit spreads. Available for Sale loans reclassified to the Loans and Receivables at Amortised Cost are included in the quarterly impairment assessment procedure (refer "Impairment of Loans and Receivables" paragraph).

Fair value of financial assets venture capital organisation within operating segment Merchant Banking

The Group estimates the fair value of its venture capital assets using valuation models, and it applies the valuation principles set forth by the International Private Equity and Venture Capital Valuation Guidelines to the extent these are consistent with IAS 39.

At 31 December 2008, the fair value of this portfolio was estimated to be EUR 302 million. This portfolio is reported on the face of the balance sheet under financial assets at fair value through profit or loss on the line item investments in associates (EUR 194 million) and under financial assets at available for sale in the line item equity investments (EUR 108 million).

The fair value of equity investments is established by applying capitalisation multiples to maintainable earnings. Maintainable earnings are estimated based on the last twelve months' EBITDA, adjusted for one off gains and losses. Capitalisation multiples are derived from the enterprise value and the normalised trailing last twelve months EBITDA at the time of the acquisition. At each balance sheet date, the capitalisation multiple of each equity investment is compared against those derived from the market capitalisation and publicly available earnings information of traded peers, where these can be identified. Peer capitalisation multiples are normalised for factors such as, amongst others, differences in regional and economic environment, time lags in earnings information, liquidity and one off gains and losses.

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

The determination of the fair value of unlisted financial assets in this manner is necessarily a subjective process. For the equity investments as at 31 December 2008, a 10% increase in the capitalisation multiples that the Group uses would have produced an increase in the fair value of the equity and warrant investments of approximately EUR 32.8 million. A 10% decrease in capitalisation multiples would have produced a decrease in the fair value of the equity investments of approximately EUR 31.9 million.

Impact of reclassified financial assets

NIBC has chosen to reclassify as of 1 July 2008 certain financial assets that are no longer held for the purpose of selling in the near term as permitted by the October 2008 amendment to IAS 39 and IFRS 7. In NIBC's judgement, the deterioration in the world's financial markets is an example of a rare circumstance. Had NIBC determined that the market conditions during the third quarter of 2008 did not represent a rare circumstance or that NIBC did not have the intention and ability to hold the financial assets for the foreseeable future or until maturity and had NIBC therefore not reclassified the financial assets, a net loss of EUR 124 million would have been recognised in profit or loss and a net loss of EUR 220 million would have been recognised in the revaluation reserve in equity due to incremental fair value losses.

Impairment of Corporate Loans

NIBC assesses whether there is an indication of impairment of corporate loans classified as Available for Sale assets or as Loans and Receivables at Amortised Cost on an individual basis and at least quarterly. NIBC considers a range of factors that have a bearing on the expected future cash flows that it expects to receive from the loan, including the business prospects of the borrower and its industry sector, the realisable value of collateral held, the level of subordination relative to other lenders and creditors, and the likely cost and likely duration of any recovery process. Subjective judgements are made in the process including, among others, the determination of expected future cash flows and their timing, the market value of collateral, and market discount rates. Furthermore, NIBC's judgements change with time as new information becomes available, or as recovery strategies evolve, resulting in frequent revisions to individual impairments, on a case-by-case basis. NIBC regularly reviews the methodology and assumptions used for estimating both the amount and timing of future cash flows, to reduce any differences between loss estimates and actual loss experience.

If, as at 31 December 2008, for each of the impaired corporate loans, the net present value of the estimated cash flows had been 5% lower than estimated, NIBC would have recognised an additional impairment loss of EUR 6.5 million (2007: EUR 6.8 million). If, as at 31 December 2008, for each of NIBC's impaired corporate loans, the net present value of the estimated cash flows had been 5% higher than we estimated, our impairment loss would have been reduced by EUR 6.5 million (2007: EUR 6.8 million).

Impairment of equity investments classified as Available for Sale

NIBC determines an impairment loss on the Available for Sale equity investments held in the investment portfolio of the venture capital organisation within the operating segment Merchant Banking when there has been a significant or prolonged decline in the fair value below its original cost (including previous impairment losses). NIBC exercises judgement in determining what is "significant" or "prolonged" by evaluating, among other factors, whether the decline is outside the normal range of volatility in the asset's price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the company whose securities we hold, a decline in industry or sector performance, adverse changes in technology or problems with operational or financing cash flows.

The level of the impairment loss that NIBC recognises in the consolidated income statement is the cumulative loss that had been recognised directly in equity. If NIBC had deemed "significant" or "prolonged" all of the declines in fair value of our equity investments below cost, the effect would have been a € 2.2 million (2007: EUR 0.8 million) reduction in the profit before tax from continuing operations (gains less losses from financial assets) in 2008.

Notes to the Consolidated Financial Statements

Basis of segment preparation

The segment information has been prepared in accordance with IFRS 8, 'Operating Segments', which defines requirements for the disclosure of financial information of an entity's operating segments as NIBC decided to early adopt IFRS 8. IFRS 8 replaces IAS 14, 'Segment Reporting'.

Identification of segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess segment performance.

From 1 July 2008, the early adoption date of IFRS 8 Operating Segments, NIBC is comprised of the following operating segments:

- Merchant Banking;
- Specialised Finance.

Segment information for these two operating segments is presented in these financial statements on the same basis as used for internal reporting within NIBC.

Through the Merchant Banking business NIBC advises, finances, and co-invests with its mid-cap clients in the Benelux and Germany. The following services are provided by Merchant Banking:

- Coverage bankers maintain long-term relationships and provide strategic advice to NIBC's mid-cap clients in the Benelux and Germany. Together with product specialists operating in multidisciplinary teams, client teams deliver a wide range of customised products and solutions, including Merger & Acquisition advisory, financing, derivative products, mezzanine and equity investments.
- Mergers & Acquisitions provides advisory services in close cooperation with the coverage bankers. It executes Mergers & Acquisitions-related transactions, including mergers, acquisitions, disposals and buyouts.
- Investment Management creates and manages funds that are open to third-party investors. Funds have been developed in the fields of private equity and mezzanine (for our corporate clients), infrastructure and real estate. Investment Management also manages and services the bank's direct investments (including private equity investments in non financial companies controlled by NIBC) and investments in third-party funds.

Specialised Finance provides asset and project financing in a select number of clearly-defined asset classes: corporate lending, leveraged finance, shipping, oil & gas services, infrastructure and real estate. It also includes NIBC's retail activities in the residential mortgage market and in savings via NIBC Direct. Specialised Finance performs the following functions:

- Origination structures, arranges and underwrites debt financing for its clients and is organised around the six asset classes.
- Structuring is the liaison between the origination and distribution teams and is responsible for structuring transactions for clients as well as fund and tax structuring.
- Distribution is the integrated distribution platform of NIBC and matches investor appetite with NIBC's origination network and structuring capabilities.
- Portfolio management pro-actively monitors credit quality and covenant compliance of borrowers and reviews the status of assets provided as collateral.
- Retail markets activities include residential mortgage origination in the Netherlands and Germany on the basis of white labelling through a number of distribution partners and NIBC's online retail savings initiative, NIBC Direct.

IFRS 8 requires the disclosure of the information used by the chief operating decision maker to allocate resources and to assess performance. Management reporting in NIBC is based on IFRS. Segment reporting under IFRS 8 requires a presentation of the segment results based on management reporting methods and a reconciliation between the results of the operating segments and the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Segment reporting

The following table presents the results of the operating segments including a reconciliation to the consolidated results under IFRS for the year 2008 and 2007.

Operating segments	Merchant Banking		Specialised Finance		Total (internal management report)		Consolidation Effects		Total (financial statements)	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
In EUR millions										
Net interest income	47.8	64.6	165.1	173.3	212.9	237.9	(5.9)	-	207.0	237.9
Net fee and commission income	32.8	35.4	10.1	26.9	42.9	62.3	-	-	42.9	62.3
Dividend income	9.8	37.7	40.0	45.8	49.8	83.5	-	-	49.8	83.5
Net trading income	(3.3)	(5.7)	86.8	(17.9)	83.5	(23.6)	(2.1)	-	81.4	(23.6)
Gains less losses from financial assets	(59.8)	106.8	(1.7)	0.5	(61.5)	107.3	4.3	-	(57.2)	107.3
Share in result of associates	3.3	1.1	4.3	0.2	7.6	1.3	(0.6)	-	7.0	1.3
Other operating income	1.0	1.9	0.8	3.8	1.8	5.7	38.5	-	40.3	5.7
Operating income	31.6	241.8	305.4	232.6	337.0	474.4	34.2	-	371.2	474.4
Operating expenses	72.5	94.0	108.4	117.4	180.9	211.4	34.0	-	214.9	211.4
Impairment of corporate loans	21.8	0.1	19.9	1.9	41.7	2.0	-	-	41.7	2.0
Impairment of other interest bearing assets	20.2	(0.9)	(0.4)	(0.1)	19.8	(1.0)	0.6	-	20.4	(1.0)
Total expenses	114.5	93.2	127.9	119.2	242.4	212.4	34.6	-	277.0	212.4
Profit before tax from continuing operations	(82.9)	148.6	177.5	113.4	94.6	262.0	(0.4)	-	94.2	262.0
Tax	(27.9)	8.7	29.1	11.4	1.2	20.1	(0.4)	-	0.8	20.1
Profit after tax from continuing operations	(55.0)	139.9	148.4	102.0	93.4	241.9	0.0	-	93.4	241.9
Average allocated economic capital	365	382	985	918	1,350	1,300	-	-	1,350	1,300
Average unallocated capital	-	-	198	200	198	200	-	-	198	200
Segment assets	2,674	3,377	26,031	28,432	28,705	31,809	141	-	28,846	31,809
Segment liabilities	2,523	3,212	24,560	27,039	27,083	30,251	125	-	27,208	30,251
Capital expenditure	1	2	1	5	2	7	-	-	2	7
Share in result of associates based on the net equity method	3	1	4	0	8	1	-	-	8	1
Investments in associates based on the net equity method	20	20	20	24	40	44	-	-	40	44

Notes to the Consolidated Financial Statements

Continuation of note 1

NIBC's operating segments were implemented during 2008. This segment report reflects this organizational change, including comparative figures for 2007.

The measurement of segment assets and liabilities and segment revenues and results is based on the accounting policies set out in the accounting policy note. Transactions between segments are conducted on normal commercial terms and conditions. The funding requirements of each segment reflect funding at market interest rates. Segment revenues, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The items displayed under "consolidation effects" refer to entities over which IMerchant Banking has control. IFRS requires NIBC to consolidate these entities. In the segment report, we defer from this, as the investments in these entities are non strategic and the activities of these entities are non-financial. Therefore, in the income statement of Merchant Banking in the segment report we include only NIBC's share in the net profit of these entities in the line-item "Share in result of associates" and subsequently under consolidation effects eliminate this and replace it by the figures of these entities used in the consolidated financial statements of NIBC.

In the income statements of Merchant Banking and Specialised Finance the following allocations are made:

- All expenses relating to support and overhead, including Risk Management, Human Resources, Finance, Technology and Operations, Legal, Corporate Tax, Internal Audit, Compliance, Facilities and Services and the Managing Board are allocated to the two segments based on the number of direct FTEs in each segment. Total operating expenses relating to overhead and support amounted to EUR 74 million in 2008 (2007: EUR 99 million).
- Certain client-related portfolios are managed by Merchant Banking and Specialised Finance together; all related income and expenses of these portfolios (interest, fee and trading income, impairments and also related operating expenses) are therefore allocated on a 50/50 base to the two operating segments. Total operating income from these portfolios amounted to EUR 70 million in 2008 (2007: EUR 121 million), total operating expenses to EUR 7 million (2007: EUR 6 million) and impairments to EUR 44 million (2007: nil).
- All income and expenses related to Treasury and Distribution activities are included in Specialised Finance, with the exception of income from NIBC's strategic mismatch position, which is allocated equally to the two operating segments. Income from NIBC
- During 2008, an average of EUR 365 million of economic capital was allocated to Merchant Banking (2007: EUR 382 million), the remainder was allocated to Specialised Finance. The average before tax return on average economic capital for Merchant Banking was 4% in 2008 (2007: 2.75%).

Besides the allocations mentioned above, there are no further inter-segment revenues and expenses in 2008 and 2007.

NIBC generated 102% of its revenues in the Netherlands (2007: 84%) and -2% abroad (2007: 16%). Due to negative trading income in the abroad branches in 2008 total operating income in these branches was negative.

2. NET TRADING INCOME

Net trading income in 2008 of EUR 81 million reflects EUR 201 million of realised net gains on disposals of assets and liabilities (including repurchased liabilities) and EUR 120 million of net losses due to mark-to-market movements on assets and liabilities Held for Trading or designated as Fair Value through Profit or Loss.

3. GAINS LESS LOSSES FROM FINANCIAL ASSETS

In EUR millions	2008	2007
Equity investments		
Gains less losses from equity investments (available for sale):		
- Net gain/(losses) on disposal	9	10
- Net revaluation gain/(losses) transferred from equity	27	20
Gains less losses from associates (fair value through profit or loss)	(25)	78
Impairment losses equity investments	(65)	(1)
	(54)	107
Debt investments		
Gains less losses from debt investments (available for sale)	(3)	-
	(3)	-
	(57)	107

Impairment losses relating to debt investments (available for sale) are presented under impairment of other interest bearing assets.

4. PERSONNEL EXPENSES

The number of average FTE's (excluding FTE's of consolidated non-financial companies) decreased from 700 in 2007 to 664 in 2008.

5. TAX

In EUR millions	2008	2007
<i>The tax expense can be analysed as follows:</i>		
Profit before tax from continuing operations	94	262
Tax calculated at the nominal Dutch corporate tax rate of 25.5% (2007: 25.5%)	24	67
Effect of different tax rates in other countries	-	1
Impact of income not subject to tax	(23)	(53)
Impact of expenses not deductible for tax purposes	2	7
Utilisation of previously unrecognised tax losses	(2)	(2)
	<u>1</u>	<u>20</u>
Effective tax rate	1.1%	7.6%

6. FINANCIAL LIABILITIES AT AMORTISED COST
Own debt securities in issue

In EUR millions	2008	2007
Bonds and notes issued	5,926	9,059
Fair value hedge adjustment	48	(24)
	<u>5,974</u>	<u>9,035</u>

The movement in own debt securities in issue may be summarised as follows:

Balance at 1 January	9,035	9,335
Issued	2,173	2,159
Disposals	(5,182)	(2,246)
Other movements and exchange differences	(52)	(213)
Balance at 31 December	<u>5,974</u>	<u>9,035</u>

For an amount of EUR 1,390 million of the issued notes, the State of The Netherlands has unconditionally and irrevocably guaranteed the due payment of all amounts of principal and interest due by NIBC under these notes according and subject to (I) the Rules governing the 2008 Credit Guarantee Scheme of the State of The Netherlands and (II) the Guarantee Certificate issued under those Rules in respect of these Notes. Those Rules and that Guarantee Certificate are available at www.dutchstate.nl.

7. FINANCIAL LIABILITIES AT AMORTISED COST
Debt securities in issue related to securitised mortgages

In EUR millions	2008	2007
Bonds and notes issued	5,744	7,218
Fair value hedge adjustment	-	(4)
	<u>5,744</u>	<u>7,214</u>

The movement in debt securities in issue related to securitised mortgages may be summarised as follows:

Balance at 1 January	7,214	7,246
Issued	43	1,360
Disposals	(1,513)	(1,392)
Balance at 31 December	<u>5,744</u>	<u>7,214</u>

8. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
Debt securities in issue structured

In EUR millions	2008	2007
Bonds and notes issued	3,110	4,152
	<u>3,110</u>	<u>4,152</u>

The movement in debt securities in issue structured may be summarised as follows:

Balance at 1 January	4,152	4,553
Issued	23	2,082
Disposals	(1,152)	(2,210)
Changes in fair value	(33)	(120)
Exchange differences	120	(153)
Balance at 31 December	<u>3,110</u>	<u>4,152</u>

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 elsewhere in the balance sheet.

9. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS
Own debt securities in issue

In EUR millions	2008	2007
Bonds and notes issued	168	215
	<u>168</u>	<u>215</u>

The movement in own debt securities in issue may be summarised as follows:

Balance at 1 January	215	-
Issued	44	217
Disposals	(94)	-
Changes in fair value	6	(2)
Exchange differences	(3)	-
Balance at 31 December	<u>168</u>	<u>215</u>

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 elsewhere in the balance sheet.

10. SUBORDINATED LIABILITIES - AMORTISED COST

In EUR millions	2008	2007
Subordinated loans qualifying as Tier-I capital	130	136
Other subordinated loans	99	100
	<u>229</u>	<u>236</u>

The movement in subordinated liabilities - amortised cost may be summarised as follows:

Balance at 1 January	236	255
Additions	6	2
Disposals	(21)	(5)
Exchange rate differences	8	(16)
Balance at 31 December	<u>229</u>	<u>236</u>

11. SUBORDINATED LIABILITIES - DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS

In EUR millions	2008	2007
Subordinated loans qualifying as Tier-I capital	225	219
Other subordinated loans	242	278
	<u>467</u>	<u>497</u>

The movement in subordinated liabilities - fair value may be summarised as follows:

Balance at 1 January	497	432
Additions	1	100
Disposals	(19)	(13)
Changes in fair value	(20)	(23)
Exchange rate differences	8	-
Balance at 31 December	<u>467</u>	<u>496</u>

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 elsewhere in the balance sheet.

12. IMPACT RECLASSIFICATION FINANCIAL INSTRUMENTS ON FINANCIAL POSITION AND PERFORMANCE (application of amendments to IAS 39 and IFRS 7)

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

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

The fair values of reclassified financial assets as of the date of reclassification (1 July 2008) are disclosed below:

In EUR millions	Fair values on date of reclassification	Carrying value as per 31 December 2008	Fair value as per 31 December 2008
Reclassified from held for trading to available for sale			
- Debt Securities	28	9	9
Reclassified from available for sale to loans and receivables at amortised cost			
- Corporate Lending	4,285	3,632	3,356
- Debt Securities	142	137	112
Reclassified from held for trading to loans and receivables at amortised cost			
- Debt Securities	696	601	458

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

In EUR millions	For the period ended		
	31 December 2008	31 December 2008	31 December 2007
	After reclassification	Before reclassification	
Net Interest Income	331	323	505
Net Trading Income	(45)	(201)	(22)
Impairment of Financial Assets	(35)	(27)	(7)

NIBC has chosen to reclassify as of 1 July 2008 certain financial assets that are no longer held for the purpose of selling in the near term as permitted by the October 2008 amendment to IAS 39 and IFRS 7. In NIBC's judgement, the deterioration in the world's financial markets is an example of a rare circumstance. Had NIBC determined that the market conditions during 2008 did not represent a rare circumstance or that NIBC did not have the intention and ability to hold the financial assets for the foreseeable future or until maturity and had NIBC therefore not reclassified the financial assets and would have used the sparse observables in the illiquid market environment as at 31 December 2008, a net loss of EUR 124 million would have been recognised in profit or loss and a net loss of EUR 220 million would have been recognised in the revaluation reserve in equity due to incremental fair value losses.

13. **SHAREHOLDERS' EQUITY**

The parent company is NIBC Holding N.V., a company incorporated in The Netherlands.

Share capital

In EUR millions	2008	2007
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This item can be categorised as follows:

Paid up capital	80	80
	<u>80</u>	<u>80</u>

The number of authorised shares is specified as follows:

Number of authorised shares 1)	218,937,500	218,937,500
Number of shares issued and fully paid 2)	62,586,794	62,586,794
Par value per A-share	1.28	1.28
Par value per preferent share	1.00	1.00

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

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

14. BUSINESS COMBINATIONS

Acquisitions completed in 2008

In 2008, the Company acquired 100% ownership of GRW Bearing GmbH, and 75% ownership of NIBusker Holding B.V. The total cash settled consideration including directly attributable costs for these acquisitions amounts to EUR 100 million. Approximately EUR 20 million of this amount relates to goodwill (preliminary, subject to completion purchase price allocation process).

Name of acquired company	GRW Bearing GmbH
Transaction date	29 February 2008
Interest acquired	100%
Activity	Miniature, high precision ball and groove ball bearings manufacturer.
Name of acquired company	NIBusker Holding B.V.
Transaction date	16 April 2008
Interest acquired	75%
Activity	Niche player in the building/construction industry

The acquired businesses contributed net revenues of EUR 37.0 million and net result of EUR 3.0 million (loss) to NIBC from acquisition date to 31 December 2008. If the acquisitions had occurred on 1 January 2008 net revenue from financial companies included as private equity investments would have been EUR 39.7 million, and loss before allocations would have been EUR 1.1 million.

15. DISCONTINUED OPERATIONS

In 2007, NIBC discontinued its US structured credit investments and trading business. The income statement and cash flow statement of these activities in 2007 are displayed below:

In EUR millions	2008	2007
Net interest income	-	11
Net fee and commission income	-	(4)
Net trading income	-	(196)
Operating income	-	(189)
Operating expenses	-	-
Operating profit	-	(189)
Result on disposal of subsidiaries	-	-
Tax	-	48
Result from discontinued operations	-	(141)
Result attributable to minority interest	-	-
Net profit attributable to parent shareholders	-	(141)

16. RELATED PARTY TRANSACTIONS

Transactions related to associates

As at 31 December 2008, NIBC had EUR 245 million of loans advanced to its associates (2007: EUR 286 million). Besides interest income on these loans, NIBC earned EUR 7.0 million (2007: EUR 1.6 million) in fees from these associates.

In June 2007, NIBC launched the NIBC European Infrastructure Fund I, (which was NIBC's first third-party equity fund) with a final close in August 2008. During 2007 and 2008, NIBC raised EUR 347 million, of which EUR 247 million was provided by four third party investors and EUR 100 million by NIBC. The fund invests in infrastructure projects in Western Europe. In 2007, NIBC sold all of its assets related to this activity to the fund, and realised a gain on disposal in 2007 in operating income of EUR 9 million. In addition to this, NIBC realised losses from its investment in the fund of EUR 14.6 million in 2008 (2007: loss of EUR 0.4 million) and earned fees of EUR 5.5 million (EUR 4.3 million). In NIBC's financial statements, this fund is classified as an associate at fair value through profit or loss.

At 31 December 2008, NIBC had EUR 27.6 million of loans granted to a joint venture in which 'NIBC Grondwaarde Fonds I' acquired a 50% equity stake in June 2008. 'NIBC Grondwaarde Fonds I', a wholly owned subsidiary of NIBC, that invests in land in Western Europe was launched in the second quarter of 2008. NIBC's income from this fund in 2008 was minor. In NIBC's financial statements the joint venture is classified as an associate at fair value through profit or loss.

In September 2008, NIBC launched the NIBC European CMBS Opportunity Fund and raised EUR 64 million, of which EUR 49 million was provided by third party investors and EUR 15 million by NIBC. The fund invests in commercial real estate in Western Europe. NIBC's income from this fund in 2008 was minor. In NIBC's financial statements, this fund is classified as an associate at fair value through profit of loss.

In 2008, NIBC paid fees relating to the servicing of its internet savings program "NIBC Direct" to Welke Beheer B.V. of EUR 2.3 million (2007: nil). In 2007, NIBC acquired a 25% stake in Welke Beheer B.V. In NIBC's financial statements, this entity is classified as an investment in an associate (equity method).

Transactions involving NIBC's shareholders

Significant related party transactions executed in 2008 and 2007 concern the following:

At 31 December 2008, NIBC had EUR 438 million of loans advanced to its parent and to entities controlled by its parent entity (2007: EUR 296 million).

In June 2006, the general partner of J.C. Flowers II LP (together with its sister vehicle, "Flowers Fund II"), an investment fund managed by an affiliate of J.C. Flowers & Co., accepted a USD 100 million capital commitment from NIBC. The management fee and the profits interest otherwise payable by limited partners in such fund were waived with respect to the investment by NIBC. In addition, NIBC will receive a portion of (i) the profits interest payable to an affiliate of J.C. Flowers & Co. by investors in Flowers Fund II, and (ii) the management fee payable to J.C. Flowers & Co. by Flowers Fund II, in each case based on the percentage of aggregate capital commitments to Flowers Fund II represented by the capital commitment of NIBC. During 2008, NIBC's commitment was fully drawn. In 2008, NIBC earned fees of EUR 0.8 million (2007: EUR 1.2 million) relating to this transaction.

Investment advisory firm J.C. Flowers & Co., receives a management fee from Flowers Fund II in consideration for acting as investment adviser to Flowers Fund II. NIBC performs fund-raising activities for this fund for which a placement fee is received.

In 2007, Mr. Enthoven, the then Chairman of the Managing Board and Chief Executive Officer of NIBC and Mr. Jansen Schoonhoven, one of NIBC's senior managers, served on the Transaction and Advisory Committee of Flowers Fund II. This committee met weekly to discuss new investment prospects, structuring and execution of investments under consideration and enhancing value in current portfolio companies of Flowers Fund II. Mr. Enthoven and Mr. Jansen Schoonhoven stepped down from this committee at the beginning of 2008. At 31 December 2008, one member of NIBC's Managing Board and some of NIBC's employees had personally invested in Flowers Fund II as limited partners.

NIBC's US sub-prime related portfolio was sold on 24 August 2007 to a company controlled by the shareholders of NIBC Holding N.V. for USD 528 million. The acquisition by that company was partially funded by USD 248 million from NIBC Holding N.V. advanced in exchange for preference shares in the company, which were subsequently distributed by NIBC Holding N.V. to NIBC Holding N.V.'s shareholders as a dividend. During 2007, NIBC recognised a pre tax trading loss of EUR 124 million on this portfolio. As of 24 August 2007, both NIBC Bank N.V. and NIBC Holding N.V. are no longer exposed to US sub prime residential mortgage securities.

On 24 August 2007, NIBC entered into a total return swap under which all gains and losses on NIBC's portfolio of US Commercial Real Estate structured credits (mainly CMBS and CRE CDOs) were transferred to NIBC Venture Capital N.V., a public limited liability company incorporated under the laws of the Netherlands (Veca). Veca is indirectly a 100% subsidiary of NIBC Holding N.V. Under the terms of the total return swap between Veca and NIBC, Veca prepaid the equivalent of EUR 948 million to NIBC. Veca financed itself through EUR 300 million of equity provided by NIBC Holding N.V., EUR 198 million of subordinated financing provided by NIBC and EUR 450 million of senior debt provided by a third party.

Under the terms of the total return swap between NIBC and Veca, fair value movements on the US commercial real estate portfolio are offset by compensating fair value movements on the total return swap. On 21 December 2007, NIBC terminated the total return swap by transferring the contractual rights to receive cash flows on the portfolio of US Commercial Real Estate structured credits to Veca. As a consequence of this transfer, NIBC derecognised these assets on 21 December 2007. In the period from 1 January 2007 to 24 August 2007, NIBC recognised a trading loss of EUR 48 million net of tax on this portfolio.

In the first quarter of 2008, after NIBC Holding N.V. attracted EUR 400 million of new capital from its shareholders, NIBC's loan to Veca was prepaid. As of that moment, Veca is fully financed by NIBC Holding and NIBC no longer has exposure to Veca.

On 21 December 2007, NIBC entered into a securities lending agreement with an entity controlled by NIBC Holding N.V. and a related party of NIBC, in which NIBC borrowed on an unsecured basis securities for a period ending 20 August 2009. The nominal value of the securities is EUR 612 million as at 31 December 2008 (2007: 882 million).

In 2008, fees were paid to NIBC Holding N.V. of nil (2007: EUR 3.1 million) related to asset management activities. Furthermore, in 2007 a fee of EUR 3.0 million was received from NIBC Holding N.V., relating to NIBC's role in the sale of an associate.

In 2007, NIBC supported the bid of JC Flowers together with JP Morgan and Bank of America to acquire SLM Corp (Sallie Mae), the US student loan company. NIBC committed USD 75 million to the Sallie Mae acquisition, of which about half is syndicated. NIBC subscribed to a further USD 20 million co-investment with JC Flowers. NIBC had a commitment of USD 100 million in the JC Flowers II LP, of which at 31 December 2007 USD 25 million was drawn. JC Flowers subsequently invoked the "material adverse effect" clause and Sallie Mae responded with legal proceedings. In January 2008, Sallie Mae agreed to cease its pending lawsuit against JCF and the co-investors. In addition, the parties have agreed to terminate the merger agreement. The Buyer Group is not and will not be obligated to make any payment of any kind to Sallie Mae, which means that NIBC has no Sallie Mae-related exposure at 31 December 2008.

Loan from NIBC Bank N.V. to the Pension Fund

At the balance sheet date, NIBC has advanced a subordinated loan (interest charge: 0%) for an amount of EUR 3 million (2007: EUR 3 million) to the trustee-administered fund (NIBC's Pension Fund). There will be no repayment of this loan until the fund has reached a solvency ratio of 150%.

17. LEGAL PROCEEDINGS

There were a number of legal proceedings outstanding against NIBC at 31 December 2008. No provision has been made, as legal advice indicates that it is unlikely that any significant loss will arise.

18. SUBSEQUENT EVENTS

On 10 February 2009, NIBC issued a three-year senior unsecured bond under the Dutch State's credit guarantee scheme. The bond has a total size of EUR 1.5 billion and was issued under NIBC's European Medium Term Note programme.

19. COMMITMENTS AND CONTINGENT ASSETS & LIABILITIES

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

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

The contractual amounts of commitments (excluding mortgages commitments of EUR 82 million at 31 December 2008 (2007: EUR 239 million), which in these financial statements are measured at fair value through profit or loss) and contingent liabilities are set out in the following table by category. In the table, it is assumed that amounts are fully advanced.

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

In EUR millions	2008	2007
Contract amount		
Committed facilities with respect to corporate loan financing	1,203	2,380
Guarantees granted	214	588
Irrevocable letters of credit	76	79
	<u>1,493</u>	<u>3,047</u>

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



SUPPLEMENTARY FINANCIAL INFORMATION
for the year ended 31 December 2008
NON AUDITED FIGURES

NIBC Holding N.V.
23 February 2009

DISCLAIMER

Presentation of information

The Annual Accounts of NIBC Holding N.V. ("NIBC") are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this Supplementary Financial Information for the year 31 December 2008 (the "Supplementary Financial Information"), the same accounting principles are applied as in the 2007 NIBC's Annual Accounts except for the changes further explained in the Financial Report of NIBC Bank N.V.. All figures in this Supplementary Financial Information are unaudited. Small differences are possible in the tables due to rounding.

Cautionary statement regarding forward-looking statements

Certain statements in the Supplementary Financial Information are not historical facts and are "forward-looking" statements that relate to, among other things, NIBC's business, result of operation, financial condition, plans, objectives, goals, strategies, future events, future revenues and/or performance, capital expenditures, financing needs, plans or intentions, as well as assumptions thereof.

These statements are based on NIBC's current view with respect to future events and financial performance. Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve uncertainties and are subject to certain risks, including, but not limited to (i) general economic conditions, in particular in NIBC's core and niche markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness (iii) performance of financial markets, including developing markets, (iv) interest rate levels, (v) credit spread levels, (vi) currency exchange rates, (vii) general competitive factors, (viii) general changes in the valuation of assets (ix) changes in law and regulations, including taxes (x) changes in policies of governments and/or regulatory authorities, (xi) the results of our strategy and investment policies and objectives and (xii) the risks and uncertainties as addressed in the Supplementary Financial Information, the occurrence of which could cause NIBC's actual results and/or performance to differ from those predicted in such forward-looking statements and from past results.

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

Consolidated Income Statement
For the period ended 31 December

In EUR millions	31-Dec-08	31-Dec-07
NET INTEREST INCOME	206	247
NET FEE AND COMMISSION INCOME	47	63
DIVIDEND INCOME	50	84
NET TRADING INCOME	(272)	(372)
GAINS LESS LOSSES FROM FINANCIAL ASSETS	(57)	107
SHARE IN RESULT OF ASSOCIATES	7	11
OTHER OPERATING INCOME	40	5
OPERATING INCOME	21	145
PERSONNEL EXPENSES	130	141
OTHER OPERATING EXPENSES	76	63
DEPRECIATION AND AMORTISATION	17	17
OPERATING EXPENSES	223	221
IMPAIRMENT OF GOODWILL	217	-
IMPAIRMENT OF FINANCIAL ASSETS	42	2
IMPAIRMENT OF OTHER INTEREST BEARING ASSETS	50	(1)
TOTAL EXPENSES	532	222
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	(511)	(77)
TAX	(98)	(75)
NET RESULT	(413)	(2)
RESULT ATTRIBUTABLE TO MINORITY INTEREST	1	3
NET RESULT ATTRIBUTABLE TO PARENT SHAREHOLDERS	(414)	(5)

Consolidated Balance Sheet

In EUR millions	31-Dec-08	31-Dec-07
ASSETS		
FINANCIAL ASSETS AT AMORTISED COST		
- CASH AND BALANCES WITH CENTRAL BANKS	1,113	874
- DUE FROM OTHER BANKS	1,774	3,150
- LOANS AND RECEIVABLES		
- Loans	5,512	1,258
- Debt Investments	907	-
- Securitised Loans	630	638
FINANCIAL ASSETS AT AVAILABLE FOR SALE		
- LOANS	-	5,164
- EQUITY INVESTMENTS	108	144
- DEBT INVESTMENTS	35	311
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
- LOANS	1,136	1,374
- RESIDENTIAL MORTGAGES OWN BOOK	6,201	5,285
- SECURITISED RESIDENTIAL MORTGAGES	5,250	6,356
- DEBT INVESTMENTS	667	3,055
- STRUCTURED INVESTMENTS	1,079	1,212
- INVESTMENTS IN ASSOCIATES	188	147
- DERIVATIVE FINANCIAL ASSETS HELD FOR TRADING	3,113	2,633
- DERIVATIVE FINANCIAL ASSETS USED FOR HEDGING	216	85
INVESTMENTS IN ASSOCIATES (EQUITY METHOD)	40	44
INTANGIBLE ASSETS	165	338
PROPERTY, PLANT AND EQUIPMENT	102	72
INVESTMENT PROPERTY	30	1
CURRENT TAX ASSETS	-	106
DEFERRED TAX ASSETS	104	-
OTHER ASSETS	69	142
TOTAL ASSETS	28,439	32,389

Consolidated Balance Sheet

In EUR millions	31-Dec-08	31-Dec-07
LIABILITIES		
FINANCIAL LIABILITIES AT AMORTISED COST		
- DUE TO OTHER BANKS	5,537	5,455
- DEPOSITS FROM CUSTOMERS	1,942	1,284
- OWN DEBT SECURITIES IN ISSUE	5,974	9,035
- DEBT SECURITIES IN ISSUE RELATED TO SECURITISED MORTGAGES	5,744	7,214
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
- OWN DEBT SECURITIES IN ISSUE	168	215
- DEBT SECURITIES IN ISSUE STRUCTURED	3,110	4,152
- DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	3,386	2,291
- DERIVATIVE FINANCIAL LIABILITIES USED FOR HEDGING	42	53
OTHER LIABILITIES	156	252
CURRENT TAX LIABILITIES	16	-
DEFERRED TAX LIABILITIES	-	4
EMPLOYEE BENEFIT OBLIGATIONS	8	11
SUBORDINATED LIABILITIES		
- AMORTISED COST	229	236
- FAIR VALUE THROUGH PROFIT OR LOSS	467	497
TOTAL LIABILITIES	26,779	30,699
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	1,408	1,363
OTHER RESERVES	560	225
RETAINED EARNINGS	89	96
NET RESULT ALLOCATED TO PARENT SHAREHOLDERS	(414)	(5)
TOTAL PARENT SHAREHOLDERS' EQUITY	1,643	1,679
MINORITY INTEREST	17	11
TOTAL SHAREHOLDERS' EQUITY	1,660	1,690
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28,439	32,389

Consolidated Statement of Changes in Shareholders' Equity

In EUR millions	ATTRIBUTABLE TO PARENT SHAREHOLDERS (1)					TOTAL
	SHARE CAPITAL	OTHER RESERVES (2)	RETAINED EARNINGS	NET RESULT	MINORITY INTEREST	
BALANCE AT 1 JANUARY 2007	1,363	369	79	288	0	2,099
INSTRUMENTS (NET OF TAX)		(11)				(11)
OF TAX)		(117)				(117)
OF TAX)		(24)				(24)
TAX)		(6)				(6)
		1				1
DIRECTLY IN EQUITY	-	(157)	-	-	-	(157)
PROFIT APPROPRIATION			288	(288)		-
NET PROFIT FOR THE PERIOD				(5)	3	(2)
DIVIDEND (3)			(274)		(1)	(275)
CAPITAL CONTRIBUTION OF THIRD PARTIES IN A SUBSIDIARY CONTROLLED BY NIBC					9	9
PROCEEDS FROM SHARES ISSUED		7				7
TREASURY SHARE PURCHASED BY STAK		(7)				(7)
RELEASE LIABILITY NIBC CHOICE		4				4
NIBC CHOICE EXPENSE		9	2			11
OTHER MOVEMENTS		-	1			1
BALANCE AT 31 DECEMBER 2007	1,363	225	96	-5	11	1,690
BALANCE AT 1 JANUARY 2008	1,363	225	96	(5)	11	1,690
INSTRUMENTS (NET OF TAX)		40				40
OF TAX)		(14)				(14)
OF TAX)		(36)				(36)
OF TAX)		(12)				(12)
TAX)		-				-
DIRECTLY IN EQUITY	-	(22)	-	-	-	(22)
PROFIT APPROPRIATION			(5)	5		-
NET PROFIT FOR THE PERIOD				(414)	1	(413)
CAPITAL CONTRIBUTION OF THIRD PARTIES IN A SUBSIDIARY CONTROLLED BY NIBC					5	5
PROCEEDS FROM SHARES ISSUED	45	360				405
TREASURY SHARE PURCHASED BY STAK		(5)				(5)
RELEASE LIABILITY NIBC CHOICE		2				2
NIBC CHOICE EXPENSE						-
OTHER MOVEMENTS			(2)			(2)
BALANCE AT 31 DECEMBER 2008	1,408	560	89	(414)	17	1,660

(1) See note 2 for the impact of the implementation of IASB amendment "IAS 39 Financial Instruments: Recognition and Measurement" on Shareholders' Equity at 31 December 2008.

(2) Other reserves include Share premium, Hedging reserve and Revaluation

(3) Dividends in 2007 are comprised of EUR 61 million final ordinary dividend over 2006 and EUR 213 million extraordinary dividend in 2007.

1. SHAREHOLDERS' EQUITY

The ultimate parent company is New NIB limited, a company incorporated in Ireland.

Share capital

In EUR millions	31-Dec-08	31-Dec-07
This item can be categorised as follows:		
Paid up capital	1,408	1,363
Shares issued	-	-
Balance as at 31 December	<u>1,408</u>	<u>1,363</u>

The number of authorised shares is specified below:

Number of authorised shares	500,000,000	500,000,000
Number of shares issued	147,495,369	102,783,356
Par value per share	1	1

Reconciliation of number of shares outstanding:

As at 1 January	102,783,356	102,402,346
Additional shares issued	44,712,013	381,010
As at 31 December	<u>147,495,369</u>	<u>102,783,356</u>

Out of the total number of shares issued as at 31 December 2008 by NIBC Holding N.V., 3.608.508 shares are held by Stichting Administratiekantoor NIBC Holding (31 December 2007: 3.034.160).

2. IMPACT RECLASSIFICATION FINANCIAL INSTRUMENTS ON FINANCIAL POSITION AND PERFORMANCE (application of amendments to IAS 39 and IFRS 7)

From 1 July 2008, the effective date of the amendments to IAS 39 and IFRS 7, the classification of certain financial instruments (financial assets) has been changed. In addition to the reclassified financial assets as described in section 'General Information, most significant critical accounting estimates and judgements' of the Condensed Financial Report for the year ended 31 December 2008 of NIBC Bank N.V. the following financial assetS has been reclassified by NIBC Holding N.V.:

US Structured Credits: US Structured Credits is accounted for as Held for Trading with fair value changes recognised in the income statement in net trading income as they arise. The US Structured Credits (excluding CMBS positions and Synthetic Arbitrage CDOs) are reclassified from Held for Trading to Loans and Receivables at Amortised Cost. At the date of reclassification (1 July 2008) NIBC had the intention and ability to hold these reclassified loans and receivables for the foreseeable future or until maturity. The fair value of these debt securities at 1 July 2008, the date of reclassification - becomes its new amortised cost - using the effective interest method as of that date. Further increases in estimates of cash flows adjust effective interest prospectively.

The fair values of reclassified financial assets as of the date of reclassification (1 July 2008) are disclosed below:

In EUR millions	Fair values on date of reclassification	Carrying value as per 31-Dec-08	Fair value as per 31-Dec-08
Reclassified from Held for Trading to Available for Sale			
- Debt Investments	28	9	9
Reclassified from Available for Sale to Loans and Receivables at Amortised Cost			
- Loans	4,285	3,632	3,356
- Debt Investments	142	137	112
Reclassified from Held for Trading to Loans and Receivables at amortised cost			
- Debt Investments	877	771	521

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

In EUR millions	For the period ended		
	31-Dec-08	31-Dec-08	31-Dec-07
	After reclassification	Before reclassification	
Net Interest Income	348	340	537
Net Trading Income	(246)	(509)	(136)
Impairment of Financial Assets	(64)	(27)	(7)

NIBC has chosen to reclassify as of 1 July 2008 certain financial assets that are no longer held for the purpose of selling in the near term as permitted by the October 2008 amendment to IAS 39 and IFRS 7. In NIBC's judgement, the deterioration in the world's financial markets is an example of a rare circumstance. Had NIBC determined that the market conditions during 2008 did not represent a rare circumstance or that NIBC did not have the intention and ability to hold the financial assets for the foreseeable future or until maturity and had NIBC therefore not reclassified the financial assets and would have used the sparse observables in the illiquid market environment as at 31 December 2008, a net loss of EUR 182 million would have been recognised in profit or loss and a net loss of EUR 220 million would have been recognised in the revaluation reserve in equity due to incremental fair value losses.

3. INTANGIBLE ASSETS

In EUR millions	31-Dec-08	31-Dec-07
Intangible assets	165	338
	<u>165</u>	<u>338</u>
Balance at 1 January	338	338
Impairment of goodwill	(217)	-
Acquired by business combinations adjusted for accumulated amortisation	44	
Balance at 31 December	<u>165</u>	<u>338</u>

Goodwill is revised annually for impairment or more frequently when there are indications that impairments may have occurred by comparing the recoverable amount of each group of cash generating units (CGUs) to which goodwill has been allocated with its carrying value.

As goodwill is allocated by management to (a group of) cash generating units, the change in reportable segments required a reallocation of goodwill from the old operating segments Corporate Finance, Financial Markets, Real Estate Markets and Principal Investments to the new operating segments Merchant Banking and Specialised Finance. The allocation to new segments has not resulted in any impairment of goodwill.

As the carrying value plus goodwill was lower than the recoverable amount in 2008 on segment level a goodwill impairment charge of EUR 217 million was taken in the operating segment Merchant Banking (EUR 94 million) and Specialised Finance (EUR 123 million) in 2008.

Goodwill allocated to the operating segments (group of cash generating units) is as follows at 31 December:

In EUR millions	31-Dec-08	31-Dec-07
Merchant Banking	16	110
Specialised Finance	105	228
	<u>121</u>	<u>338</u>