

## NIBC Bank N.V.

## Full Rating Report

## Ratings

## Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F3

Viability Rating	bbb
Individual Rating	C/D
Support Rating	5
Support Rating Floor	NF

## Sovereign Risk

Long-Term Foreign-Currency IDR	AAA
Long-Term Local-Currency IDR	AAA

## Outlooks

Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

## Financial Data

## NIBC Bank N.V.

	31 Dec 10	31 Dec 09
Total assets (USDm)	37,425	42,049
Total assets (EURm)	28,009	29,189
Total equity (EURm)	1,803	1,696
Operating profit (EURm)	44	-117
Net income (EURm)	80	43
Comprehensive income (EURm)	117	50
Operating ROAA (%)	0.15	-0.40
Operating ROAE (%)	2.50	-7.04
Tier 1 ratio (%)	14.50	16.20
Fitch core capital/regulatory weighted risks (%)	11.74	12.72

## Key Rating Drivers

**Niche Banking Business Model:** NIBC Bank N.V.'s (NIBC) ratings are driven by its niche banking business model, making it vulnerable to the economic cycle for earnings generation and implying a significant use of capital markets for funding needs. The bank has been mitigating these risks by maintaining a high buffer above minimum regulatory capital requirements and through cautious liquidity management.

**Improved Earnings Quality:** NIBC's earnings quality has materially improved since 2010. Capital gains realised on the buyback of the bank's own debt, viewed by Fitch Ratings as non-operating income, have fallen and revenues streams have returned to healthier client-based activities as a good level of new business has been underwritten. Impairment charges have reduced but should remain above pre-crisis levels in 2011 as the economic recovery weakens.

**Modest Profitability:** Performance has improved but remains rather modest. NIBC reported a EUR21m net profit in Q111, supported by recurring revenues and a further decrease in impairment charges. Fitch expects the bank to generate the same level of profitability in 2011.

**Manageable Asset Quality Deterioration:** Asset quality in the bank's EUR9.7bn corporate loan book, which is geared to cyclical sectors, has materially weakened in the aftermath of the severe economic downturn in 2009, but the deterioration has been manageable. Given significant collateral backing the loan book, loan impairment charges (LICs) have remained limited compared with the amount of defaulted loans.

**Wholesale Funding Dominant:** NIBC Direct, the bank's online retail savings product launched in 2008, had gathered EUR4.2bn of deposits at end-2010 and provides some diversification in funding, which nevertheless is largely geared to wholesale markets. Investor appetite for Dutch secured debt enabled the bank to place EUR750m of RMBS and EUR500m of covered bonds in H111. This helped NIBC pay back EUR0.5bn of its EUR6.5bn state-guaranteed debt and places it well to repay EUR2.3bn coming due by end-February 2012.

**Prudent Management of Liquidity:** This alleviates risks associated with NIBC's reliance on wholesale markets. Its liquidity position is ample, with EUR4bn of liquid assets at end-2010.

**Solid Capital Ratios:** These provide NIBC with a buffer against losses that could arise from a marked deterioration in the economy, as shown by the outcome of the European Banking Authority (EBA) stress tests voluntarily undergone by the bank.

**Support:** NIBC is ultimately owned by a consortium led by the private equity firm, JC Flowers & Co. Although the consortium could provide support to NIBC if need be, as demonstrated by a capital injection made in 2008 to the bank's parent company, NIBC Holding NV, such support cannot be relied upon, in Fitch's view, given the private equity nature of the stake.

## What Could Trigger a Rating Action

**Weakening Capital/Liquidity Management:** A material weakening in capitalisation or liquidity management would put downward pressure on the bank's ratings.

**Increased Funding Diversification/Profitability:** The bank's current business model limits the potential for an upgrade of its ratings, although further sustained diversification of funding sources, combined with a longer track record of improved quality of earnings and profitability, could allow upward potential over the medium term.

## Analysts

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- Independent Dutch bank active in specialised lending, corporate advisory services and residential mortgages
- Clear strategy focused on niche markets
- Good inflow of new business since 2010

## Profile

NIBC was established as De Nationale Investeringsbank NV by the Dutch government in 1945, to provide long-term finance for domestic reconstruction and economic development. Since then, the bank's focus has shifted toward the private sector, with a particular emphasis on asset and project finance, corporate lending, residential mortgages and equity investments. Its aim is to act as a primary relationship banker, offering its financing and advisory expertise in specific asset classes to international clients and its corporate banking services to mid-sized companies in selected well-known geographical areas (namely Benelux and Germany, a country where the bank intends to develop further).

Competition is strong in the bank's targeted markets, with competitors ranging from global banks to local boutiques. NIBC strives to differentiate itself through its long track record in its selected businesses, medium size, related flexibility in addressing clients' needs and long-term customer relationships. In 2010, its origination of new business was successful, as demonstrated by the increase in the corporate loan book (on- and off-balance sheet) to EUR9.7bn at the year-end from EUR8.6bn at end-2009.

NIBC's operations are structured around its two core business lines: Merchant Banking and Specialised Finance.

**Merchant Banking:** The merchant banking division offers advisory services and corporate lending to the bank's core clientele of mid-sized companies in Benelux and Germany. It also runs the bank's leveraged finance loan book and investment management activities, namely direct private equity and mezzanine investments (together totalling EUR0.6bn at end-2010). The latter business involves the management of various investment funds specialised in private equity, mezzanine, infrastructure and real estate on behalf of external investors (assets under management at end-2010: EUR1.7bn; end-2009: EUR2.7bn).

**Specialised Finance:** This division originates and structures lending facilities for a defined number of asset classes in which NIBC has developed expertise since its creation; these include real estate, shipping and infrastructure. The division is also in charge of the bank's retail activities, which include residential mortgages, sold via third-party distribution channels in the Netherlands and Germany (EUR9.7bn mortgage book at end-2010, of which EUR5.3bn was securitised). NIBC is also active in the retail segment through an online saving deposit facility (NIBC Direct) launched in the Netherlands in September 2008 and in Germany in February 2009.

In addition to the bank's two core business lines, the treasury department provides NIBC's customers with hedging instruments and is responsible for managing its fixed-income securities portfolio as well as the business lines' funding needs. There are significant interactions between the business lines, as NIBC aims to provide integrated solutions for its targeted customers. The specialised finance division contributes to NIBC's funds through the loans it originates, and the merchant banking division brings customers with bespoke financing needs to the specialised finance division.

NIBC is headquartered in The Hague, with branches in London, Brussels, Frankfurt and Singapore.

## Ownership and Corporate Governance

In 1999, the Dutch government sold the bank to two major Dutch public-sector pension funds, which in December 2005 sold it to a consortium of investors led by JC Flowers & Co, a private equity fund. NIBC is owned by NIBC Holding N.V., which is in turn controlled by the consortium. NIBC is the group's only material operating company.

### Related Criteria

[Global Financial Institutions Rating Criteria \(August 2010\)](#)

[Short-Term Ratings Criteria for Corporate Finance \(November 2010\)](#)

[Treatment of Hybrids in Bank Capital Analysis \(July 2011\)](#)

[Rating Hybrid Securities \(July 2011\)](#)

[Bank Holding Companies \(December 2009\)](#)

The consortium of investors demonstrated its commitment to support NIBC's capital via a EUR400m capital injection to the holding in 2008, at the height of the financial crisis. This capital injection was intended to protect the consortium's investment, and Fitch considers that, given the financial nature of the stake, the shareholders would dispose of their holdings in NIBC should an attractive opportunity arise.

Four of the nine members of the Supervisory Board represent the consortium and are not independent. While maximising the value of its investment is obviously the consortium's goal, corporate governance appears generally good at NIBC, with a healthy laissez-faire attitude among the professional shareholders regarding the operational management of the bank conducted by experienced bankers on the executive board.

**Presentation of Accounts**

Fitch conducts a performance analysis on NIBC's figures; however, reference to NIBC Holding N.V. is made as appropriate. The only material difference between NIBC Holding N.V.'s consolidated numbers and NIBC's numbers is goodwill inherited from the acquisition of NIBC by two Dutch pension funds in 1999 (partially written down in 2008) and the legacy portfolio of US commercial real-estate (CRE) securities (book value of EUR0.1bn at end-2010, ie, 22% of notional value) transferred to the holding company from the bank in 2007. Because of the transfer, the bank is shielded from further mark-to-market (MTM) losses or write-downs on this portfolio, and impairments gradually reduced, leading to a convergence of performance between NIBC and the holding company (see Figure 1).

**Performance**

NIBC reported higher net income in 2010 than 2009, but more importantly, the quality of its earnings improved significantly, as demonstrated by the large increase in operating profit, also driven by lower impairment charges in an improved economic environment. These trends were confirmed in the Q111 trading update, but the bank's profitability has remained modest so far and somewhat subject to the evolution of economic conditions.

Given its profile as a niche corporate bank, NIBC's performance is sensitive to the health of the economy, business sentiment and corporate profitability. Therefore, it is exposed to a potential weakening of the global economic recovery in the full-year 2011, caused by lower European consumer and industrial confidence. These have weakened during the year as concerns over a sovereign crisis have sharply mounted. That stated, the bank is not active in peripheral European countries and has in fact benefited from the so far robust German and Dutch economic growth.

The growth in client lending, along with widening of origination and repricing spreads, achieved since H209 has enabled NIBC to improve its net interest margin, which is gradually widening but remains low (0.52% according to Fitch's calculations). Net interest income was severely hampered by the cost of carrying sizeable liquidity obtained through rather expensive government-guaranteed debt and retail savings. The bank maintained reduced interest rates paid at NIBC Direct in 2010 in a low interest rate environment and given its large liquidity position, and saw a slowdown of new inflows but not large outflows (see *Funding* below). Given expected increased competition for customer deposits among banks, Fitch expects higher interest rates paid to NIBC Direct customers to somewhat slacken the upward trend in net interest income.

NIBC is not involved in proprietary trading activities, and revenues booked under Net Gains (Losses) on Trading and Derivatives in the attached income statement (line 9) largely relates to the positive impact of MTM revaluations of assets and liabilities accounted for at fair value through the P&L. As the mortgage loan book is accounted for at fair value through the P&L, any deterioration in the credit quality of the bank's own book results in a negative MTM revaluation (but no impairment charges). Actual losses remained below 10bp in 2010. The gains realised

- Significant improvement in quality of earnings driven by healthier and widening net interest margin
- Q111 performance in line with last year's trends, indicating modest full-year results expected

Figure 1  
**Net Income NIBC Bank/NIBC Holding**  
(EURm)

	2010	2009
Merchant banking	58	-62
Specialised finance	22	105
<b>NIBC bank net income</b>	<b>80</b>	<b>43</b>
NIBC bank minority interests	4	1
US legacy portfolio	-3	-62
Other results	-	-4
<b>NIBC holding consolidated net income</b>	<b>73</b>	<b>-22</b>

Source: NIBC

on repurchases of NIBC's own liabilities, which NIBC reports under its trading revenues, have been reclassified by Fitch as Non-recurring income (line 25). Trading earnings and Net Gains (Losses) on Other Securities (line 10), by nature volatile, also comprise capital gains realised on the disposals of fixed-income securities and client-related trading profits.

Net fees and commissions, a significant contributor to the operating revenue of the merchant banking division, are sourced from advisory, investment management and lending operations; they are therefore correlated to corporate activity and have reduced compared with pre-crisis levels.

Higher staff expenses in 2010 were largely a result of increased variable compensation but also a small increase in staff numbers to cope with the recovery in business demand. The relatively high share of the variable component in the bank's staff expenses (20% in 2010, 30%-40% before the crisis) offers some flexibility to NIBC in adjusting operating expenses to the evolution of revenue. At 58% in 2010, cost efficiency is low for a bank without a branch network, but this is caused by modest revenue generation.

LICs in the corporate loan book were high in 2010 (around 90bp of the total corporate loan book) due to lagging effects of the 2009 recession and their marked impact on vulnerable sectors such as CRE. However, while LICs wiped out 39% of pre-impairment operating profit, this remained manageable and, in the absence of major economic disruptions, should have peaked in 2010.

**Prospects:** Over the medium term, Fitch expects NIBC to continue to report moderate profitability, provided it maintains a healthy pace of new business. Given its good franchise in niche markets, the bank is beginning to achieve this, with loans originated at sustainable spreads with regards to its funding costs. Moreover, asset quality has proven rather resilient through the recent economic turmoil and LICs should soften. However, origination of new business and asset quality could be challenged by the weakening of the global economic recovery.

- Consistent and prudent risk management
- Deterioration of corporate loan portfolio has remained manageable despite sizeable exposures to cyclical sectors
- Limited market risk

## Risk Management

NIBC has reduced its risk appetite and invested most of the balance sheet in well-diversified and substantially secured corporate loans, residential mortgages and highly rated fixed-income securities. At the same time, market risk is kept intentionally low.

### Credit Risk

Credit risk is the most significant risk at NIBC. It arises from the bank's residential mortgages, corporate loan book, fixed-income securities and mezzanine loans. Approval criteria (leverage, covenants, pricing) for new underwriting have tightened significantly following the crisis and are prudent, in line with the bank's reduced risk appetite. The portfolio analysis is based on management figures that include on- and off-balance-sheet positions.

**Residential mortgages:** Within the residential mortgage book, accounted for at fair value through the P&L, EUR5.4bn was securitised and the credit risk is therefore carried by investors. However, as NIBC has retained junior tranches in transactions (EUR298m at end-2010), mortgages backing the transactions remain consolidated. The residual EUR4.8bn mortgage book, comprising Dutch mortgages (95%) and German mortgages (5%), is of high quality, as demonstrated by a historically low realised loss rate (8bp in 2010).

**Corporate loan book:** Despite the tough economic conditions and exposure to cyclical sectors (such as CRE, shipping and leverage finance), the overall quality of the corporate loan book (EUR9.7bn at end-2010, of which EUR7.9m drawn) has demonstrated resilience, owing to the bank's cautious risk management and long-established expertise in the asset classes. While the average rating of the corporate loan book is low (the largest chunk being in the 'BB/B'

Figure 2  
**Loan Book by Asset Type**

(EURbn)	2010	2009
<b>Residential mortgages</b>	<b>9.7</b>	<b>10.6</b>
Securitised Dutch mortgages	5.3	4.8
Dutch mortgages	3.9	5.3
German mortgages	0.5	0.5
<b>Corporate loan book</b>	<b>7.9</b>	<b>7.4</b>
Commercial real estate	2.2	2.2
Infrastructure & renewables	1.4	1.3
Shipping	1.3	1.0
Corporate	1.4	1.5
Leverage finance	1.1	1.0
Oil & Gas services	0.4	0.4
Other	0.6	0.8
<b>Mezzanine loans</b>	<b>0.2</b>	<b>0.2</b>
<b>Total</b>	<b>18.5</b>	<b>19.0</b>

Source: NIBC, Fitch

categories), reflecting the average small size of its clientele, collateralisation is solid (80% of the loan book had a loss-given default, expressing potential loss in the event of a default, of below 25%).

Fitch notes that impaired exposures (end-2010: EUR329m; end-2009: EUR218m) represent a rather low proportion of total exposures (3.4% and 2.5% respectively) for a corporate loan book. However, the amount of defaulted loans (ie, with a default rating on NIBC's internal rating scale) is much higher (exposures at default – EAD – of EUR917m at end-2010, or 11% of total EAD, up from 6% at end-2009). Defaulted loans do not need to be impaired when future expected cash flows from these loans exceed their respective book value, because of the restructuring of the facility or the value of the collateral. As such, LICs remained contained, while defaulted exposures increased.

In Fitch's view, NIBC's CRE exposure (EUR1.7bn at end-2010, 18% of the total corporate loan portfolio, EUR0.5bn having been securitised) carries higher risk than the rest of the portfolio, given the still-unsettled CRE markets. Asset quality in the CRE loan book significantly deteriorated in 2010, with impaired exposures rising to EUR149m at the year-end (or 9% of total exposures, from less than 1% a year earlier), covered by EUR27m impairments. While the agency recognises asset class diversification (see Figure 7 in the *Annex*), the lack of exposure to real estate markets, which experienced a severe downturn (see Figure 8), and tight management of the CRE loan book, this could prove insufficient to avoid additional LICs. There is no major refinancing risk until 2014, when 50% of the portfolio will mature.

Having experienced some strain in 2009, the overall quality of the leveraged finance loan book (EUR1.3bn at end-2010, EUR1.1bn drawn) improved in 2010. Sector and geography breakdowns provided in Figures 9 and 10 in the *Annex* show a diversified portfolio. Moreover, the portfolio is granular, with 79 transactions at end-2010 and an average exposure of EUR15m. NIBC informed Fitch that it has not participated in any "jumbo size", second-lien or "covenant-lite" leveraged loans, and virtually all the portfolio is senior loans. Average leverage in the portfolio decreased due to some debt amortisation, improving earnings from borrowers but also new deals underwritten at lower leverage ratios.

However, a large proportion of the portfolio exposure is represented by 2006-2007 vintages with high leverage ratios and reflects optimistic original management forecasts when taken in the context of current weakening economic conditions. Additional impairment on NIBC's leveraged-finance loan book can therefore not be ruled out. While a number of deals have been restructured, impaired loans stood at an acceptable EUR83m at end-2010 (6% of the leverage finance loan book), covered by EUR61m of impairments.

While the shipping industry, highly correlated to world trade and demand for raw materials, experienced a severe contraction in late 2008/early 2009, with freight rates sharply down on pre-crisis levels and prevailing overcapacity, NIBC has not reported any material impairment on its portfolio (EUR1.6bn at end-2010, EUR1.3bn drawn). Some facilities were also restructured in the shipping loan book, but its overall resilience demonstrates NIBC's ability to underwrite healthy business in the asset classes in which the bank has established expertise.

The mezzanine portfolio (EUR205m at end-2010) is predominantly invested in European companies and geared to the manufacturing and trade sectors.

**Other earning assets:** NIBC holds a portfolio of European fixed-income securities (lines B3, B5 and B8 in the attached balance sheet). As can be seen in Figure 3, virtually all these assets were investment-grade rated at end-2010 (60% rated 'AAA' or 'AA'). The legacy portfolio relates to pre-crisis investments in European securitisations and is being run down. NIBC does not have investments in peripheral southern European countries' debt and holds just small exposures to private sectors in these countries (EUR0.3bn at end-2010).

Figure 3  
**Fixed Income Securities at end-2010**

	Exposures (EURm)	Investment grade (%)
<b>Bonds</b>		
Financials	1,327	99
Corporate	38	69
<b>Structured assets</b>		
<b>Liquidity portfolio</b>		
Dutch RMBS	289	100
Other	72	81
<b>Legacy portfolio</b>		
RMBS	255	88
CMBS	156	82
CDO	158	72
ABS	17	88
<b>Total</b>	<b>2,312</b>	<b>94</b>

Source: NIBC, Fitch

Loans and advances to banks (EUR1.7bn at end-2010) related to cash collateral posted under Credit Support Annexes, standardised legal documentation for over-the-counter (OTC) transactions requiring collateral against “out-of-the-money” positions (EUR0.9bn), and other placements with banks rated in the ‘AA’ and ‘A’ categories. Cash and due from banks (EUR1.3bn) at end-2010 comprised a cash placement with the Dutch Central Bank.

Counterparty risk from derivatives is mitigated where possible through Credit Support Annex (standardised legal documentation for over-the-counter transactions requiring collateral against “out-of-the-money” positions). Including netting and collateral, NIBC had a EUR0.8bn counterparty exposure on derivatives at end-2010, including 40% of investment-grade-rated counterparties. The remaining exposures are to speculative-grade corporate customers.

### Market Risk

The bank is exposed to market risk through its small trading book (which solely relates to the interest rate markets and is notably managed to facilitate derivatives transactions with corporate customers), structural and mismatch interest rate positions, and its investment portfolios.

Currency risk is hedged through derivatives or by funding investments with the appropriate currency. The structural interest rate risk in the mortgage, corporate and debt investment portfolios is hedged using derivatives. Hence, the trading book, the interest mismatch position and credit spread constitute actual market risks.

NIBC uses a sophisticated risk management system to measure market risk, allowing the daily calculation of total market risk exposure. The bank mainly uses value-at-risk (VaR) and basis-point value (BPV) to monitor its market risk daily.

The VaR (one-day holding period, 99% confidence level) in the trading portfolio peaked at EUR1.8m in 2010 and is managed within a EUR3m limit, which appears reasonable. In the USD and EUR mismatch positions, VaRs reached EUR6.3m and EUR6.4m respectively during 2010, within NIBC’s self-imposed EUR7m limits for each currency. Finally, credit spread risk is essentially concentrated in the bank’s fixed-income investments and appears manageable.

Market risk is present in NIBC’s portfolio of private equity (PE) investments. The bank invests in the shares of Dutch companies with stable, predictable cash flows and good market positions. PE investments amounted to EUR345m at end-2010 (lines B3 and B7 of the attached balance sheet). These investments receive a 370% risk weighting under the calculation of regulatory weighted risks. NIBC mainly uses adjusted listed peer earnings multiples to assess the value of its PE investments. As equity markets recovered somewhat, the value of its PE investments increased in 2010, leading to positive mark-to-market revaluations of EUR29m.

### Operational Risk

Responsibility for monitoring and managing operational risk lies with the operational risk manager and a dedicated risk committee. Given NIBC’s lack of a retail network and low exposure to retail clients, operational risk is contained. The bank is building up a loss incidents database. It has adopted the standardised approach to measure operational risk under Basel II.

## Funding, Liquidity and Capital

### Funding and Liquidity

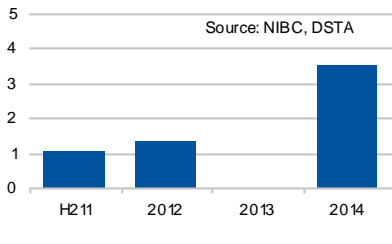
NIBC sources a large chunk of its funding on the wholesale market (see Figure 11 in the *Annex*), despite some diversification brought by retail savings raised through NIBC Direct in the Netherlands and Germany. Fitch welcomes the bank’s cautious liquidity management, which mitigates the risk associated with its reliance on access to capital markets for funding.

The largest funding source remains state-guaranteed debt raised under the credit guaranteed scheme set up the Dutch state at the height of the financial crisis as NIBC intended to build a

- Funding sources have been diversified but reliance on capital markets remains
- Cautious liquidity management
- Despite increased business volumes and resumption of a dividend payout, capitalisation is still adequate

Figure 4

### State guaranteed debt maturities (EURbn)



material buffer to weather the severe liquidity shortage in the capital markets. In February 2011, NIBC repurchased EUR491bn of state-guaranteed debt maturing in December 2011 (EUR336m) and February 2012 (EUR155m), using a comfortable liquidity position to ease its funding maturity schedule (see Figure 4). While a small premium was paid to buy back these securities, this is more than offset by the actualised savings in funding costs as this is a rather expensive funding source (due to the premium paid to the Dutch state).

Retail deposits gathered through NIBC Direct amounted to EUR4.2bn at end-2010, up from EUR3.7bn a year earlier. Interest rates paid to customers were fairly stable (and much lower than in 2009), in line with the pricing strategy adopted by competitors. Since the inception of NIBC Direct, despite rating downgrades experienced by NIBC and the collapse of a small retail bank in the Netherlands (DSB), customer deposits have been sticky, helped by the Dutch state deposit protection scheme. However, the proportion of core deposits obtained from this source is lower than for retail deposits obtained from a mature retail banking network.

NIBC has placed EUR2.6bn of Dutch RMBS in 2010/2011, including EUR0.75bn of RMBS in June 2011 and EUR0.5bn of covered bonds in March 2011, benefiting from investor appetite for Dutch secured issuance. Pledged assets for secured funding represented a high but still acceptable 25% of the total balance sheet at end-2010.

The bank's large liquidity buffer has decreased (benefiting its performance) but remains ample. At end-2010, it amounted to EUR4bn, made up of cash and a large portfolio of assets eligible for European Central Bank refinancing, including internal securitisations of a variety of assets (securities and loans). Liquidity is monitored using gap analysis and stress testing. NIBC's stress test shows a significant survival period.

### Capital

Fitch views the maintenance of solid capital ratios (11.74% Fitch Core Capital at end-2010) as necessary for the bank's current rating level given its risk profile. Some pressure has arisen on capitalisation owing to a rise in weighted risks (owing to new business underwritten and some downward rating migrations) and the resumption of a dividend payout policy. NIBC uses the advanced internal ratings-based approach under Basel II to calculate most of its credit-risk capital charges. The remainder are calculated using the standardised approach.

Existing capital provides the bank with a buffer that could absorb potential losses from a severe economic downturn. This has been illustrated by the outcome of the July 2011 EBA stress tests, voluntarily undergone by NIBC, where in the most adverse scenario, NIBC Holding's Core Tier 1 ratio would still reach 8.8% at end-2012. While, this represents a material 280bp decrease on the end-2010 level, this is mainly due to losses from the structured securities portfolio, given the particularly conservative approach adopted by the EBA for stressing these.

Fitch does not expect the implementation of Basel III to represent a material issue for NIBC. There is limited double leverage within the group.

## Annex

Figure 5

## Peer comparison ('Viability Rating')

(EURm)	NIBC Bank N.V. ( <i>'bbb'</i> )		ABN AMRO Group N.V. ( <i>'bbb+'</i> )		SNS Bank N.V. ( <i>'bbb+'</i> )		Friesland Bank N.V. ( <i>'bbb'</i> )	
	2010	2009	2010	2009	2010	2009	2010	2009
Total assets	28,009	29,189	379,599	386,524	78,918	80,289	11,055	11,010
Total equity	1,803	1,696	12,112	8,955	1,836	2,434	842	883
<b>Performance</b>								
Net interest income/average earning assets	0.52	0.33	1.34	1.16	1.15	0.90	1.10	0.90
Cost/Income ratio	58.42	98.72	71.50	76.49	53.92	60.32	73.10	91.20
Impairment charges/pre-imp. Operating profit	63.03	n.m.	36.49	88.06	194.43	137.80	92.10	147.90
Operating profit/average equity	2.50	-7.04	12.56	2.40	-19.49	5.89	0.60	-1.70
Operating profit/average total assets	0.15	-0.40	0.35	0.06	-0.53	-0.18	0.00	-0.10
<b>Asset quality</b>								
Impaired loans ratio	1.89	1.59	3.35	2.99	5.45	4.73	6.00	4.90
Coverage ratio	43.59	47.04	49.44	50.07	27.00	13.54	25.90	26.30
Loan impairment charges/ average gross loans	0.40	0.30	0.30	n.a.	1.05	0.65	0.40	0.40
Impaired loans less reserves for Impaired loans/equity	10.98	9.49	36.19	45.90	142.86	114.09	45.80	35.20
<b>Funding and liquidity</b>								
Loans-to-deposits ratio	389.31	440.79	136.67	142.67	174.19	198.17	182.20	171.60
Customer deposits/total funding	21.45	18.22	56.71	60.25	52.66	46.91	48.70	51.30
<b>Capitalisation</b>								
Fitch core capital ratio	11.74	12.72	9.56	n.a.	7.55	8.46	7.70	11.30
Core tier 1 ratio	12.90	n.a.	10.40	n.a.	8.10	8.30	n.a.	n.a.
Tier 1 ratio	14.50	16.20	12.80	n.a.	10.70	10.70	9.00	10.00
Equity/total assets	6.44	5.81	3.19	2.32	2.33	3.03	7.60	8.00

Source: Banks, Fitch

Figure 6

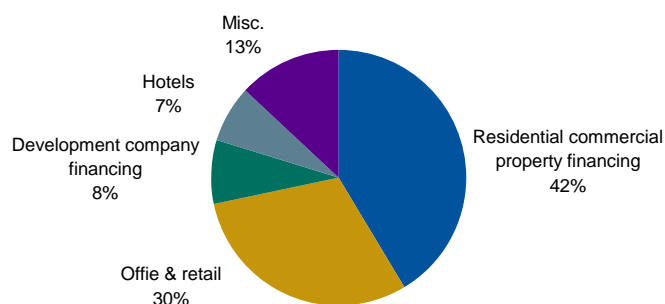
**NIBC FY10 and FY09 Performance by Business Unit**

(EURm)	Merchant banking		Specialised finance		NIBC Bank <sup>a</sup>	
	FY10	FY09	FY10	FY09	FY10	FY09
Net interest income	81	71	61	1	132	64
Net fees and commissions	20	27	5	5	26	32
Dividend	10	4	1	26	10	30
Trading income	7	-2	84	209	92	205
Gains/losses on investments	50	-21	-	-5	44	-19
Other operating revenues	3	1	2	5	80	40
<b>Operating income</b>	<b>170</b>	<b>79</b>	<b>153</b>	<b>242</b>	<b>384</b>	<b>352</b>
Operating expenses	-78	-66	-85	-87	-221	-187
Impairment charges	-32	-96	-43	-28	-75	-124
<b>Operating profit</b>	<b>60</b>	<b>-84</b>	<b>25</b>	<b>127</b>	<b>88</b>	<b>41</b>
Tax	-3	22	-3	-21	-8	2
<b>Net income</b>	<b>58</b>	<b>-62</b>	<b>22</b>	<b>106</b>	<b>80</b>	<b>43</b>
<b>Segment assets</b>	<b>2,464</b>	<b>2,421</b>	<b>25,351</b>	<b>26,639</b>	<b>28,009</b>	<b>29,189</b>

<sup>a</sup> Includes consolidation effects  
Source: NIBC segment reporting

Figure 7

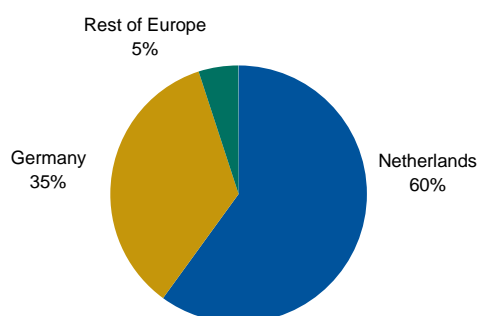
**CRE Exposure by Asset Class at End-2010**



Source: NIBC

Figure 8

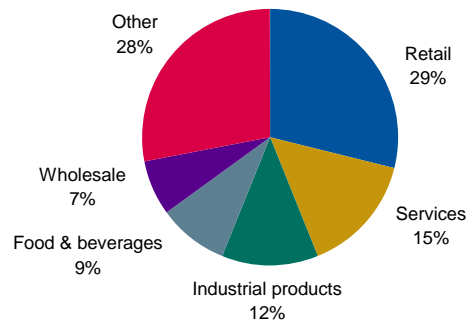
**CRE Exposure by Geography at End-2010**



Source: NIBC

Figure 9

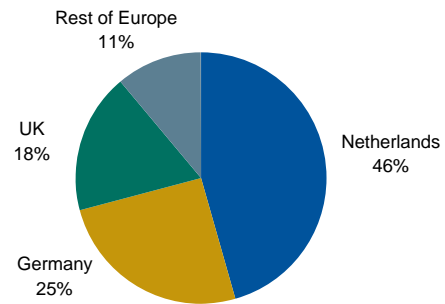
**Leverage Finance Exposure by Sector at End-2010**



Source: NIBC

Figure 10

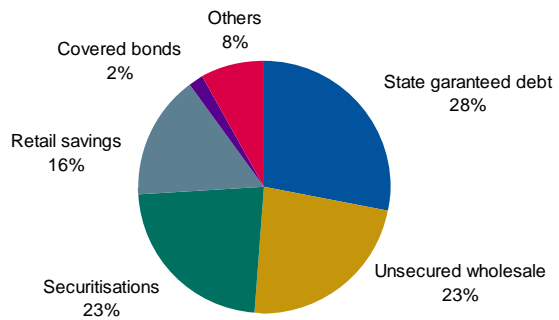
**Leverage Finance Exposure by Geography at End2010**



Source: NIBC

Figure 11

**Breakdown of Funding Sources at End-2010**



Source: NIBC

NIBC Bank N.V.

Income Statement

	31 Dec 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm Unqualified	EURm Unqualified	Earning Assets	EURm Unqualified	Earning Assets	EURm Unqualified	Earning Assets	EURm Unqualified	Earning Assets
1. Interest Income on Loans	n.a.	n.a.	-	n.a.	-	1,474.0	5.34	1,644.0	5.37
2. Other Interest Income	804.4	602.0	2.28	698.0	2.53	n.a.	-	0.0	0.00
3. Dividend Income	13.4	10.0	0.04	30.0	0.11	50.0	0.18	84.0	0.27
<b>4. Gross Interest and Dividend Income</b>	<b>817.7</b>	<b>612.0</b>	<b>2.32</b>	<b>728.0</b>	<b>2.64</b>	<b>1,524.0</b>	<b>5.52</b>	<b>1,728.0</b>	<b>5.64</b>
5. Interest Expense on Customer Deposits	225.8	169.0	0.64	214.0	0.77	n.a.	-	n.a.	-
6. Other Interest Expense	402.2	301.0	1.14	420.0	1.52	1,267.0	4.59	1,406.0	4.59
<b>7. Total Interest Expense</b>	<b>628.0</b>	<b>470.0</b>	<b>1.78</b>	<b>634.0</b>	<b>2.29</b>	<b>1,267.0</b>	<b>4.59</b>	<b>1,406.0</b>	<b>4.59</b>
<b>8. Net Interest Income</b>	<b>189.7</b>	<b>142.0</b>	<b>0.54</b>	<b>94.0</b>	<b>0.34</b>	<b>257.0</b>	<b>0.93</b>	<b>322.0</b>	<b>1.05</b>
9. Net Gains (Losses) on Trading and Derivatives	64.1	48.0	0.18	47.0	0.17	-66.0	-0.24	-24.0	-0.08
10. Net Gains (Losses) on Other Securities	58.8	44.0	0.17	-19.0	-0.07	-57.0	-0.21	108.0	0.35
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	34.7	26.0	0.10	32.0	0.12	43.0	0.16	62.0	0.20
14. Other Operating Income	25.4	19.0	0.07	2.0	0.01	5.0	0.02	6.0	0.02
<b>15. Total Non-Interest Operating Income</b>	<b>183.1</b>	<b>137.0</b>	<b>0.52</b>	<b>62.0</b>	<b>0.22</b>	<b>-75.0</b>	<b>-0.27</b>	<b>152.0</b>	<b>0.50</b>
16. Personnel Expenses	135.0	101.0	0.38	81.0	0.29	108.0	0.39	135.0	0.44
17. Other Operating Expenses	82.8	62.0	0.24	73.0	0.26	72.0	0.26	76.0	0.25
<b>18. Total Non-Interest Expenses</b>	<b>217.8</b>	<b>163.0</b>	<b>0.62</b>	<b>154.0</b>	<b>0.56</b>	<b>180.0</b>	<b>0.65</b>	<b>211.0</b>	<b>0.69</b>
19. Equity-accounted Profit/ Loss - Operating	4.0	3.0	0.01	5.0	0.02	7.0	0.03	1.0	0.00
<b>20. Pre-Impairment Operating Profit</b>	<b>159.0</b>	<b>119.0</b>	<b>0.45</b>	<b>7.0</b>	<b>0.03</b>	<b>9.0</b>	<b>0.03</b>	<b>264.0</b>	<b>0.86</b>
21. Loan Impairment Charge	100.2	75.0	0.28	59.0	0.21	42.0	0.15	2.0	0.01
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	65.0	0.24	20.0	0.07	n.a.	-
<b>23. Operating Profit</b>	<b>58.8</b>	<b>44.0</b>	<b>0.17</b>	<b>-117.0</b>	<b>-0.42</b>	<b>-53.0</b>	<b>-0.19</b>	<b>262.0</b>	<b>0.86</b>
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	58.8	44.0	0.17	158.0	0.57	147.0	0.53	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>29. Pre-tax Profit</b>	<b>117.6</b>	<b>88.0</b>	<b>0.33</b>	<b>41.0</b>	<b>0.15</b>	<b>94.0</b>	<b>0.34</b>	<b>262.0</b>	<b>0.86</b>
30. Tax expense	10.7	8.0	0.03	-2.0	-0.01	1.0	0.00	20.0	0.07
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	-141.0	-0.46
<b>32. Net Income</b>	<b>106.9</b>	<b>80.0</b>	<b>0.30</b>	<b>43.0</b>	<b>0.16</b>	<b>93.0</b>	<b>0.34</b>	<b>101.0</b>	<b>0.33</b>
33. Change in Value of AFS Investments	13.4	10.0	0.04	42.0	0.15	-62.0	-0.22	-164.0	-0.54
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	36.1	27.0	0.10	-35.0	-0.13	40.0	0.14	1.0	0.00
<b>37. Fitch Comprehensive Income</b>	<b>156.3</b>	<b>117.0</b>	<b>0.44</b>	<b>50.0</b>	<b>0.18</b>	<b>71.0</b>	<b>0.26</b>	<b>-62.0</b>	<b>-0.20</b>
38. Memo: Profit Allocation to Non-controlling Interests	5.3	4.0	0.02	-1.0	0.00	1.0	0.00	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	101.5	76.0	0.29	44.0	0.16	92.0	0.33	101.0	0.33
40. Memo: Common Dividends Relating to the Period	29.4	22.0	0.08	0.0	0.00	0.0	0.00	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
Exchange rate	USD1 = EUR0.74840			USD1 = EUR0.69416		USD1 = EUR0.71855		USD1 = EUR0.67930	

## NIBC Bank N.V.

### Balance Sheet

	31 Dec 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
<b>Assets</b>									
<b>A. Loans</b>									
1. Residential Mortgage Loans	13,050.5	9,767.0	34.87	10,600.0	36.32	11,451.0	39.57	11,641.0	36.61
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	11,819.9	8,846.0	31.58	8,495.0	29.10	8,149.0	28.16	8,934.0	28.10
5. Other Loans	n.a.	n.a.	-	n.a.	-	0.0	0.00	59.0	0.19
6. Less: Reserves for Impaired Loans/ NPLs	204.4	153.0	0.55	143.0	0.49	80.0	0.28	67.0	0.21
<b>7. Net Loans</b>	<b>24,666.0</b>	<b>18,460.0</b>	<b>65.91</b>	<b>18,952.0</b>	<b>64.93</b>	<b>19,520.0</b>	<b>67.46</b>	<b>20,567.0</b>	<b>64.69</b>
<b>8. Gross Loans</b>	<b>24,870.4</b>	<b>18,613.0</b>	<b>66.45</b>	<b>19,095.0</b>	<b>65.42</b>	<b>19,600.0</b>	<b>67.73</b>	<b>20,634.0</b>	<b>64.90</b>
9. Memo: Impaired Loans included above	469.0	351.0	1.25	304.0	1.04	130.0	0.45	451.0	1.42
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>B. Other Earning Assets</b>									
1. Loans and Advances to Banks	2,268.8	1,698.0	6.06	3,094.0	10.60	1,770.0	6.12	3,145.0	9.89
2. Reverse Repos and Cash Collateral	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	1,130.4	846.0	3.02	1,072.0	3.67	1,811.0	6.26	3,586.0	11.28
4. Derivatives	4,640.6	3,473.0	12.40	3,058.0	10.48	3,352.0	11.58	2,726.0	8.57
5. Available for Sale Securities	1,686.3	1,262.0	4.51	808.0	2.77	143.0	0.49	455.0	1.43
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. At-equity Investments in Associates	40.1	30.0	0.11	35.0	0.12	40.0	0.14	147.0	0.46
8. Other Securities	756.3	566.0	2.02	581.0	1.99	926.0	3.20	n.a.	-
<b>9. Total Securities</b>	<b>8,253.6</b>	<b>6,177.0</b>	<b>22.05</b>	<b>5,554.0</b>	<b>19.03</b>	<b>6,272.0</b>	<b>21.67</b>	<b>6,914.0</b>	<b>21.75</b>
10. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Memo: Total Securities Pledged	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Investments in Property	34.7	26.0	0.09	28.0	0.10	30.0	0.10	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	0.0	0.00
<b>15. Total Earning Assets</b>	<b>35,223.1</b>	<b>26,361.0</b>	<b>94.12</b>	<b>27,628.0</b>	<b>94.65</b>	<b>27,592.0</b>	<b>95.35</b>	<b>30,626.0</b>	<b>96.33</b>
<b>C. Non-Earning Assets</b>									
1. Cash and Due From Banks	1,755.7	1,314.0	4.69	1,353.0	4.64	1,113.0	3.85	874.0	2.75
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	135.0	101.0	0.36	101.0	0.35	102.0	0.35	72.0	0.23
5. Goodwill	78.8	59.0	0.21	20.0	0.07	20.0	0.07	n.a.	-
6. Other Intangibles	77.5	58.0	0.21	20.0	0.07	24.0	0.08	n.a.	-
7. Current Tax Assets	5.3	4.0	0.01	14.0	0.05	6.0	0.02	40.0	0.13
8. Deferred Tax Assets	n.a.	n.a.	-	n.a.	-	0.0	0.00	20.0	0.06
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	149.7	112.0	0.40	53.0	0.18	80.0	0.28	161.0	0.51
<b>11. Total Assets</b>	<b>37,425.2</b>	<b>28,009.0</b>	<b>100.00</b>	<b>29,189.0</b>	<b>100.00</b>	<b>28,937.0</b>	<b>100.00</b>	<b>31,793.0</b>	<b>100.00</b>
<b>Liabilities and Equity</b>									
<b>D. Interest-Bearing Liabilities</b>									
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	745.0	2.57	0.0	0.00
2. Customer Deposits - Savings	6,388.3	4,781.0	17.07	4,332.0	14.84	1,548.0	5.35	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	2.0	0.01
<b>4. Total Customer Deposits</b>	<b>6,388.3</b>	<b>4,781.0</b>	<b>17.07</b>	<b>4,332.0</b>	<b>14.84</b>	<b>2,293.0</b>	<b>7.92</b>	<b>2.0</b>	<b>0.01</b>
5. Deposits from Banks	954.0	714.0	2.55	1,210.0	4.15	5,537.0	19.13	4,700.0	14.78
6. Repos and Cash Collateral	855.2	640.0	2.28	1,391.0	4.77	n.a.	-	n.a.	-
7. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	1,514.0	4.76
<b>8. Total Deposits, Money Market and Short-term Funding</b>	<b>8,197.5</b>	<b>6,135.0</b>	<b>21.90</b>	<b>6,933.0</b>	<b>23.75</b>	<b>7,830.0</b>	<b>27.06</b>	<b>6,216.0</b>	<b>19.55</b>
9. Senior Debt Maturing after 1 Year	21,294.8	15,937.0	56.90	16,605.0	56.89	15,087.0	52.14	20,616.0	64.84
10. Subordinated Borrowing	287.3	215.0	0.77	238.0	0.82	341.0	1.18	378.0	1.19
11. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>12. Total Long Term Funding</b>	<b>21,582.0</b>	<b>16,152.0</b>	<b>57.67</b>	<b>16,843.0</b>	<b>57.70</b>	<b>15,428.0</b>	<b>53.32</b>	<b>20,994.0</b>	<b>66.03</b>
13. Derivatives	4,519.0	3,382.0	12.07	3,213.0	11.01	3,481.0	12.03	2,427.0	7.63
14. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>15. Total Funding</b>	<b>34,298.5</b>	<b>25,669.0</b>	<b>91.65</b>	<b>26,989.0</b>	<b>92.46</b>	<b>26,739.0</b>	<b>92.40</b>	<b>29,637.0</b>	<b>93.22</b>
<b>E. Non-Interest Bearing Liabilities</b>									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	6.7	5.0	0.02	5.0	0.02	8.0	0.03	n.a.	-
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	45.4	34.0	0.12	22.0	0.08	39.0	0.13	24.0	0.08
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	300.6	225.0	0.80	214.0	0.73	158.0	0.55	255.0	0.80
<b>10. Total Liabilities</b>	<b>34,651.3</b>	<b>25,933.0</b>	<b>92.59</b>	<b>27,230.0</b>	<b>93.29</b>	<b>26,944.0</b>	<b>93.11</b>	<b>29,916.0</b>	<b>94.10</b>
<b>F. Hybrid Capital</b>									
1. Pref. Shares and Hybrid Capital accounted for as Debt	364.8	273.0	0.97	263.0	0.90	355.0	1.23	355.0	1.12
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>G. Equity</b>									
1. Common Equity	2,272.8	1,701.0	6.07	1,635.0	5.60	1,585.0	5.48	1,453.0	4.57
2. Non-controlling Interest	29.4	22.0	0.08	18.0	0.06	17.0	0.06	11.0	0.03
3. Securities Revaluation Reserves	-20.0	-15.0	-0.05	-25.0	-0.09	-134.0	-0.46	-72.0	-0.23
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	126.9	95.0	0.34	68.0	0.23	170.0	0.59	130.0	0.41
<b>6. Total Equity</b>	<b>2,409.1</b>	<b>1,803.0</b>	<b>6.44</b>	<b>1,696.0</b>	<b>5.81</b>	<b>1,638.0</b>	<b>5.66</b>	<b>1,522.0</b>	<b>4.79</b>
<b>7. Total Liabilities and Equity</b>	<b>37,425.2</b>	<b>28,009.0</b>	<b>100.00</b>	<b>29,189.0</b>	<b>100.00</b>	<b>28,937.0</b>	<b>100.00</b>	<b>31,793.0</b>	<b>100.00</b>
8. Memo: Fitch Core Capital	2,072.4	1,551.0	5.54	1,501.0	5.14	1,521.0	5.26	n.a.	-
9. Memo: Fitch Eligible Capital	2,072.4	1,551.0	5.54	1,501.0	5.14	1,521.0	5.26	n.a.	-

Exchange rate

USD1 = EUR0.74840

USD1 = EUR0.69416

USD1 = EUR0.71855

USD1 = EUR0.67930

## NIBC Bank N.V.

### Summary Analytics

	31 Dec 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
	Year End	Year End	Year End	Year End
<b>A. Interest Ratios</b>				
1. Interest Income on Loans/ Average Gross Loans	n.a.	n.a.	7.29	8.85
2. Interest Expense on Customer Deposits/ Average Customer Deposits	3.73	5.72	n.a.	n.a.
3. Interest Income/ Average Earning Assets	2.25	2.56	5.24	5.41
4. Interest Expense/ Average Interest-bearing Liabilities	1.73	2.31	4.55	4.61
5. Net Interest Income/ Average Earning Assets	0.52	0.33	0.88	1.01
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	0.25	0.12	0.74	1.00
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	0.52	0.33	0.88	1.01
<b>B. Other Operating Profitability Ratios</b>				
1. Non-Interest Income/ Gross Revenues	49.10	39.74	-41.21	32.07
2. Non-Interest Expense/ Gross Revenues	58.42	98.72	98.90	44.51
3. Non-Interest Expense/ Average Assets	0.56	0.52	0.60	0.64
4. Pre-impairment Op. Profit/ Average Equity	6.76	0.42	0.57	16.70
5. Pre-impairment Op. Profit/ Average Total Assets	0.41	0.02	0.03	0.81
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	63.03	1,771.43	688.89	0.76
7. Operating Profit/ Average Equity	2.50	-7.04	-3.34	16.57
8. Operating Profit/ Average Total Assets	0.15	-0.40	-0.18	0.80
9. Taxes/ Pre-tax Profit	9.09	-4.88	1.06	7.63
10. Pre-Impairment Operating Profit / Risk Weighted Assets	0.90	0.06	0.08	1.71
11. Operating Profit / Risk Weighted Assets	0.33	-0.99	-0.46	1.70
<b>C. Other Profitability Ratios</b>				
1. Net Income/ Average Total Equity	4.55	2.59	5.87	6.39
2. Net Income/ Average Total Assets	0.27	0.15	0.31	0.31
3. Fitch Comprehensive Income/ Average Total Equity	6.65	3.01	4.48	-3.92
4. Fitch Comprehensive Income/ Average Total Assets	0.40	0.17	0.24	-0.19
5. Net Income/ Av. Total Assets plus Av. Managed Securitized Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.61	0.36	0.80	0.66
7. Fitch Comprehensive Income/ Risk Weighted Assets	0.89	0.42	0.61	-0.40
<b>D. Capitalization</b>				
1. Fitch Core Capital/Weighted Risks	11.74	12.72	13.06	n.a.
2. Fitch Eligible Capital/ Weighted Risks	11.74	12.72	13.27	n.a.
3. Tangible Common Equity/ Tangible Assets	6.04	5.68	5.52	4.73
4. Tier 1 Regulatory Capital Ratio	14.50	16.20	16.60	11.70
5. Total Regulatory Capital Ratio	15.80	18.40	18.90	13.40
6. Core Tier 1 Regulatory Capital Ratio	12.90	n.a.	n.a.	n.a.
7. Equity/ Total Assets	6.44	5.81	5.66	4.79
8. Cash Dividends Paid & Declared/ Net Income	27.50	0.00	0.00	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	18.80	0.00	0.00	n.a.
10. Cash Dividends & Share Repurchase/Net Income	n.a.	n.a.	n.a.	n.a.
11. Net Income - Cash Dividends/ Total Equity	3.22	2.54	5.68	6.64
<b>E. Loan Quality</b>				
1. Growth of Total Assets	-4.04	0.87	-8.98	-2.02
2. Growth of Gross Loans	-2.52	-2.58	-5.01	5.66
3. Impaired Loans(NPLs)/ Gross Loans	1.89	1.59	0.66	2.19
4. Reserves for Impaired Loans/ Gross loans	0.82	0.75	0.41	0.32
5. Reserves for Impaired Loans/ Impaired Loans	43.59	47.04	61.54	14.86
6. Impaired Loans less Reserves for Imp Loans/ Equity	10.98	9.49	3.05	25.23
7. Loan Impairment Charges/ Average Gross Loans	0.40	0.30	0.21	0.01
8. Net Charge-offs/ Average Gross Loans	0.25	0.13	n.a.	-0.08
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	1.89	1.59	0.66	2.19
<b>F. Funding</b>				
1. Loans/ Customer Deposits	389.31	440.79	854.78	1,031,700.00
2. Interbank Assets/ Interbank Liabilities	237.82	255.70	31.97	66.91
3. Customer Deposits/ Total Funding excl Derivatives	21.45	18.22	9.86	0.01

**NIBC Bank N.V.**

**Reference Data**

	31 Dec 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	Year End USDm	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets	Year End EURm	As % of Assets
<b>A. Off-Balance Sheet Items</b>									
1. Managed Securitised Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Business Volume	37,425.2	28,009.0	100.00	29,189.0	100.00	28,937.0	100.00	31,793.0	100.00
8. Memo: Total Weighted Risks	17,649.7	13,209.0	47.16	11,799.0	40.42	11,464.0	39.62	15,398.0	48.43
9. Fitch Adjustments to Weighted Risks.	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
10. Fitch Adjusted Weighted Risks	17,649.7	13,209.0	47.16	11,799.0	40.42	11,464.0	39.62	15,398.0	48.43
<b>B. Average Balance Sheet</b>									
Average Loans	25,363.8	18,982.3	67.77	19,382.6	66.40	20,209.3	69.84	18,586.3	58.46
Average Earning Assets	36,411.7	27,250.5	97.29	28,423.4	97.38	29,111.5	100.60	31,956.0	100.51
Average Assets	39,096.5	29,259.8	104.47	29,540.8	101.21	29,963.3	103.55	32,790.3	103.14
Average Managed Securitised Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	36,241.7	27,123.3	96.84	27,440.6	94.01	27,819.8	96.14	30,473.3	95.85
Average Common equity	2,283.9	1,709.3	6.10	1,621.8	5.56	1,543.8	5.34	1,480.0	4.66
Average Equity	2,351.4	1,759.8	6.28	1,661.8	5.69	1,584.5	5.48	1,580.7	4.97
Average Customer Deposits	6,054.0	4,530.8	16.18	3,740.8	12.82	766.0	2.65	6.3	0.02
<b>C. Maturities</b>									
<b>Asset Maturities:</b>									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>Liability Maturities:</b>									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1- 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Covered Bonds	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1- 5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	287.3	215.0	0.77	238.0	0.82	341.0	1.18	378.0	1.19
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
<b>D. Equity Reconciliation</b>									
1. Equity	2,409.1	1,803.0	6.44	1,696.0	5.81	1,638.0	5.66	1,522.0	4.79
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
4. Published Equity	2,409.1	1,803.0	6.44	1,696.0	5.81	1,638.0	5.66	n.a.	-
<b>E. Fitch Eligible Capital Reconciliation</b>									
1. Total Equity as reported (including non-controlling interests)	2,409.1	1,803.0	6.44	1,696.0	5.81	1,638.0	5.66	1,522.0	4.79
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	38.7	29.0	0.10	-102.0	-0.35	-60.0	-0.21	n.a.	-
3. Non-loss-absorbing non-controlling interests	5.3	4.0	0.01	0.0	0.00	0.0	0.00	n.a.	-
4. Goodwill	78.8	59.0	0.21	20.0	0.07	20.0	0.07	n.a.	-
5. Other intangibles	77.5	58.0	0.21	20.0	0.07	24.0	0.08	n.a.	-
6. Deferred tax assets deduction	18.7	14.0	0.05	5.0	0.02	0.0	0.00	20.0	0.06
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
8. First loss tranches of off-balance sheet securitizations	195.1	146.0	0.52	48.0	0.16	13.0	0.04	n.a.	-
<b>9. Fitch Core Capital</b>	<b>2,072.4</b>	<b>1,551.0</b>	<b>5.54</b>	<b>1,501.0</b>	<b>5.14</b>	<b>1,521.0</b>	<b>5.26</b>	<b>n.a.</b>	<b>-</b>
10. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
11. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	n.a.	-
<b>12. Fitch Eligible Capital</b>	<b>2,072.4</b>	<b>1,551.0</b>	<b>5.54</b>	<b>1,501.0</b>	<b>5.14</b>	<b>1,521.0</b>	<b>5.26</b>	<b>n.a.</b>	<b>-</b>

Exchange Rate USD1 = EUR0.74840 USD1 = EUR0.69416 USD1 = EUR0.71855 USD1 = EUR0.67930

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