

NIB Capital Bank N.V.  
**Annual Report  
& Accounts**  
2004

NIB Capital Bank N.V.

ANNUAL REPORT & ACCOUNTS 2004

NIB Capital Bank N.V.

**Annual Report**  
**& Accounts**

2004

# Contents

<b>4</b>	<b>Report of the Managing Board</b>
<b>10</b>	<b>Report of the Supervisory Board</b>
<b>15</b>	<b>Annual Accounts</b>
<b>51</b>	<b>Other Information</b>
<b>52</b>	<b>List of principal participating interests</b>
<b>53</b>	<b>Auditors' Report</b>
<b>56</b>	<b>Principal subsidiaries, offices and representations</b>
<b>58</b>	<b>Key figures</b>

# Report of the Managing Board

## INTRODUCTION

NIBCapital Bank's principal ambition is to be a leading Merchant Bank, in Northwest Europe with a global distribution network.

The bank is a client-oriented organisation, and all activities are driven by the aim to meet our clients' needs creatively, professionally and effectively. The bank is in fact defined by its clients. They determine the organisation's direction, and the manner in which we adapt our products and services to meet their requirements today and help them to fulfill their ambitions for the future. The bank has been building its merchant bank business model on a long-standing tradition of understanding and managing risk and creating financial solutions for its clients.

We want to create a challenging and rewarding environment for our human capital, while upholding our business values of integrity, respect and professionalism. At NIBCapital Bank we are guided by our mission and business values in everything we do.

The bank concentrates its merchant banking activities in four commercial Strategic Business Units (SBUs): Corporate Finance, Principal Investments, Financial Markets and Investment Management. The head office of the bank is located in The Hague, The Netherlands. Offices in Brussels and London are important for the Northwest European market. The foreign offices in Singapore and Curacao mainly focus on international lending in specific industry sectors, such as transport and energy.

NIB Capital Bank N.V. is a group company of NIB Capital N.V. The parent company is currently in the process of reviewing the group's strategy.

## 2004 OPERATIONAL REVIEW

The year 2004 has been successful for the bank. All business lines have shown improved performance based on client driven innovative financial solutions. In Corporate Finance we have been involved as lead arranger and underwriter in a number of leading finance and advisory transactions. The capital market alliance with Bear Stearns was established to enable a full product range service to our clients. Furthermore, we have been active in secondary loan trading, portfolio trades and restructuring of distressed debt. Financial Markets and Corporate Finance have been involved in the structuring of the largest Commercial Mortgage Backed Security transaction in the Dutch market. The credit-related investment management activities, established in 2003, achieved new milestones with the launch of the North Westerly II, a Collateralised Loan Obligation ("CLO") structure of Acquisition Finance loans and the launch of a Collateralised Debt Obligation ("CDO") of US Mortgage Backed Securities, Belle Haven. Principal Investments showed substantial improvement in their results through successful exits. In 2004, no securitisations of own book residential mortgages have been completed. For the first half of 2005, we have planned to securitise part of the bank's residential mortgage portfolio. The 2004 structuring transactions as well as the planned transactions for 2005 underpin the bank's business model of asset velocity.

The following table presents the key figures for NIBCapital Bank with operating income and expenses shown on a structural basis.

in millions of euros

KEY FIGURES NIBCAPITAL BANK	2004	2003	CHANGE
<b>BANKING ACTIVITIES</b>			
INTEREST	284.9	282.3	1%
COMMISSION INCOME	28.5	28.0	2%
OTHER INCOME	84.7	55.9	52%
<b>OPERATING INCOME</b>	<b>398.1</b>	<b>366.2</b>	<b>9%</b>
OPERATING EXPENSES	-146.7	-118.6	24%
PROVISIONING FOR LOAN LOSSES	18.6	-53.8	
TAXATION	-78.9	-49.6	59%
<b>OPERATING PROFIT BANKING ACTIVITIES</b>	<b>191.1</b>	<b>144.2</b>	<b>33%</b>
OPERATING PROFIT EQUITY PARTICIPATIONS	25.4	-7.6	
MINORITY INTERESTS	5.6	-6.5	
<b>NET PROFIT NIBCAPITAL BANK</b>	<b>222.1</b>	<b>130.1</b>	<b>71%</b>
<b>OTHER KEY FIGURES</b>			
BALANCE SHEET TOTAL	24,756	20,985	18%
GROUP CAPITAL BASE (*)	1,901	2,073	-8%
LOANS & ADVANCES	15,014	11,229	34%
CORE CAPITAL (TIER I) RATIO	10.7%	12.8%	
SOLVENCY (BIS) RATIO	11.8%	14.9%	
EFFICIENCY RATIO	36%	34%	
AVERAGE NUMBER OF STAFF (FTE)	619	600	3%

(\*) AFTER PROFIT APPROPRIATION

**BANKING ACTIVITIES**

The operating profit of the banking activities increased in 2004 by 33% to € 191.1 million.

Operating income increased by 9% to € 398.1 million.

Interest income remained flat at € 284.9 million. The increase in volumes in the mortgage portfolio and increased interest related fees were offset by the impact of lower US-dollar/euro exchange rates and lower levels of market interest.

Commission income grew 2% to € 28.5 million. Higher arranging- and underwriting fees partly compensated by lower increase of structuring fees were the main reasons for the increase.

The increase of other income by 52% to € 84.7 million can be mainly explained by higher income from structured credit trading, results on portfolio trades, active roles in distressed debt restructuring and increased income from client driven derivatives transactions, partly compensated by deteriorating results realized by NIBC Petercam Derivatives.

The composition of income shows further diversification and less dependency on interest income.

Operating expenses are up 24% to € 146.7 million. Staff costs increased 40% to € 97.2 million, which can be largely explained by the 3% increase of FTE's, improvement of the staff quality and the increase of the income related bonuses and costs of Stock Appreciation Rights, which are included in the profit and loss account of NIBCapital Bank.

Furthermore, other operating expenses decreased 2% to € 38.5 million. Excluding costs related to the IFRS implementation other operating expenses dropped 12% due to tight cost control and savings from rationalisation of corporate processes. Depreciation charges increased from € 9.8 million in 2003 to € 11.1 million in 2004 due to higher level of ICT investments and full refurbishment, including a new dealing room, of The Hague Offices which will be completed in the first quarter of 2005.

Value adjustments to receivables dropped significantly to an € 18.6 million release in 2004 compared to a € 53.7 million loss in 2003. This is a reflection of the current economic environment and the tightening of the credit risk policies since 2000.

The effective tax rate rose to 29.2% compared to 25.6% in 2003. The decrease of the share of tax exempted income in total income, in combination with the management decision not to recognise uncertain deferred tax assets, explain this increase.

#### **EQUITY PARTICIPATIONS**

The results of the equity investment activities improved substantially in 2004 due to successful exits in the portfolio and the absence of substantial permanent downward revaluations in 2004.

#### **NET PROFIT**

In 2004 NIBCapital Bank realised a net profit of € 222.1 million, an increase of € 92.0 million (71%) compared to 2003. Both in 2003 and 2004 no non-recurring items were incurred.

#### **BALANCE SHEET AND RATIOS**

NIB Capital Bank's total assets at 2004 year-end amounted to € 24.8 billion, which is 18% up compared to 2003 year-end. The increase in total assets stemmed mainly from growth of the residential mortgage activities (€ 4.1 billion). Of this growth € 1.9 billion stemmed from government-guaranteed mortgages under "Nationale Hypotheek Garantie". Other assets remained, on balance, relatively stable.

In 2004 the group capital base, after proposed profit appropriation, decreased by € 0.2 billion (8%) to € 1.9 billion. This stemmed from a decrease of the subordinated loans of € 0.1 billion as result of redemptions and the proposed repayment of € 0.1 billion from other reserves. The capital ratio (group capital base relative to total assets) at 2004 year end was 7.6%, compared to 9.8% at year-end 2003. The tier-1 ratio decreased to 10.7% compared to 12.8% as at year-end of 2003, but remains substantially above the minimum levels.

Given the fact that management believes that the projected growth of the business can be supported by the current level of capital, management has decided to propose a repayment of other reserves.

#### **RISK MANAGEMENT**

Financial risk management is at the heart of the banking industry. NIBCapital's diversifying spectrum of activities and the implicitly growing complexity of our product range result in exposures to different levels of risk. NIBCapital systematically manages credit, market, liquidity and operational risk and has organized its risk management functions accordingly. Since risk management is about assessing, measuring and controlling risk and acting accordingly and proactively, NIBCapital has sophisticated and integrated risk management systems to measure and manage financial risk on an enterprise-wide basis.

The risk management framework that NIBCapital has developed over the last few years facilitates the generation of integrated risk profiles and stress scenarios. It also supports the new IFRS rules and provides sufficient data to meet the new Basel II requirements. This framework underpins internal decision

making, optimising Risk Adjusted Return On Capital (RAROC) and impairment calculations. It also supports and maintains the Aa3/AA-/A+ rating of the bank.

#### **CORPORATE GOVERNANCE**

The Supervisory Board and Managing Board paid hard attention to corporate governance issues in 2004, such as the implementation of the Dutch Corporate Governance Code and the adjustment of the Articles of Association. We refer to the Annual Report 2004 of NIB Capital N.V. for further information.

#### **INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

Starting 1 January 2005, NIB Capital Bank will adopt IFRS. This will result in first time adoption adjustments to Shareholders' Equity as of that date. All amounts in this paragraph are net of (deferred) tax.

#### **First Time Adoption Impact on Financial Instruments (IAS 32 and 39)**

NIB Capital Bank aims to provide as much insight as possible into the market value of individual assets. As a result, NIBCapital has opted under IFRS to value its assets based on “fair value”. The First Time Adoption (“FTA”) includes mainly:

- Commercial loans and equity investments (the latter is no change from Dutch GAAP) are classified as Available for Sale portfolio's showing the movements in fair value in the revaluation reserve within shareholders' equity.
- Upfront fees on existing corporate loans are required to be amortised over the expected maturity of the corporate loans, hence the historical upfront fees are reversed in the FTA.
- The IFRS impairment rules for the commercial loans are applied, however the impact is negligible.
- The Financial Market portfolio's including residential mortgages will all be classified as fair value through profit or trading. Both classifications result in booking of all fair value adjustments directly into the income statement.
- NIB Capital Bank manages its interest rate risk in terms of fair value on the basis of sensitivity of its fixed rate assets (corporate loans, mortgages and investments) and liabilities (funding). In addition to these sensitivity, based hedge activities, in order to lock in the interest rate margin of the banking book, certain floating assets are swapped into fixed rate positions, using (cross currency) interest rate swaps. Under IFRS derivatives are required to be valued at fair value, with changes in the income statement, while the hedged assets are valued at fair value, with changes in the revaluation reserve and hedged liabilities are valued at amortised cost. In order to mitigate the volatility in the income statement hedge accounting (fair value hedge accounting, respectively cash flow hedge accounting) is applied.

The total first time adoption impact of IAS 32 and 39 on Shareholders' Equity will be presented together with the announcement of the half year results 2005.

NIB Capital Bank will use the option in IAS 32 and 39 allowing for first time adoption on 1 January, 2005 without showing restated comparative figures over 2004. The main reason is the late announcement of the final IAS 32 and 39 standards by the IAS Board and the subsequent “carved out” approval (4th quarter 2004) of these standards by the European Community. Consequently, NIB Capital Bank did not have all formal documentation in respect of macro hedging for 2004 in place. This can not be reconstructed retrospectively. However, we will present pro-forma comparative figures 2004 for financial instruments indicating the basis for preparation of these comparatives to allow for analysis.

#### **First Time Adoption Impact of other IFRS Items**

The Fund for General Banking Risks (€ 136 million) will be reclassified to Retained Earnings.

The first time adoption effect on the retained earnings related to pension scheme obligations and the Stock appreciation rights program (SARs) will be respectively € 13 million (negative) and € 5 million (negative). The latter follows from the IFRS rule that only vested SARs should be provided for.

Furthermore, the balance sheet total will grow approximately € 4 billion as a result of the consolidation of the Dutch Mortgage Backed Securities transactions originated and arranged by NIB Capital Bank.

#### **COMPOSITION OF THE MANAGING BOARD**

On March 30, 2004 Mr. J.L. van Nieuwenhuizen has been appointed by the general meeting of shareholders as member of the Managing Board of NIB Capital Bank N.V.

#### **OWNERSHIP OF NIB CAPITAL BANK N.V.**

In May 2004, NIB Capital N.V. acquired the 15% remaining shares of NIB Capital Bank N.V. from the Dutch Government. This acquisition was already agreed upon in 1999 between the shareholders of NIB Capital N.V. and the Dutch Government. NIBCapital now owns 99.99% of the legal and economic interest of NIB Capital Bank N.V.

#### **OUTLOOK 2005**

NIB Capital Bank's positioning for the coming years remains favorable as a result of our client focused merchant banking business model. We see many opportunities for further growth. The positive development of the results in 2004 is a confirmation that our client strategy is effective.

We will continue to execute our strategy as Merchant Bank.

In view of market uncertainty and volatility, we prefer not to make any statements regarding NIB Capital Bank's net profit in 2005. On the basis of our growth plans we are confident about the development of the return on net asset value in 2005.

The Managing Board would like to thank the clients of the bank for their trust in our firm in 2004. As a client-oriented organization we will continue to pursue our mission to address our client needs creatively, professionally, and effectively.

The Managing Board would like to express their gratitude to our staff for their enormous commitment and contribution to the excellent performance of the bank in 2004.

THE HAGUE, 3 MARCH 2005

#### **THE MANAGING BOARD**

MICHAEL ENTHOVEN, Chairman

JURGEN B.J. STEGMANN, Vice-Chairman

ANTOINE L.V. DIJKSTRA

JAN L. VAN NIEUWENHUIZEN



# Report of the Supervisory Board

The excellent financial performance of the bank in 2004 underpins the success of its merchant banking strategy. NIBCapital Bank substantially exceeded its ambitious 2004 financial targets, resulting in a record financial year. The bank also accomplished most of its qualitative goals.

These achievements include the improvement of relationships with clients, diversification of income sources, further strengthening of risk management disciplines and continuing investments in human capital and technology.

## **ANNUAL ACCOUNTS AND DIVIDEND PROPOSAL**

We hereby present the Annual Report 2004 which, in addition to the Report of the Managing Board, also includes NIBCapital Bank's Annual Accounts 2004. These Annual Accounts were drawn up by the Managing Board and audited by PricewaterhouseCoopers Accountants N.V., who issued an unqualified opinion, dated 3 March 2005. The Supervisory Board proposes that you adopt the 2004 Annual Accounts as presented, without change. If you approve the Annual Accounts and the profit appropriation they specify, the result for the year, amounting to € 222 million, will be distributed as cash dividend. In addition, the Bank will distribute € 78 million cash dividend from other reserves. The Supervisory Board endorses the proposed dividend payments. We also propose that you discharge the Managing Board and the Supervisory Board for their respective management and supervision during the year.

## **PLENARY MEETINGS OF THE SUPERVISORY BOARD**

The Supervisory Board met on eight occasions in 2004 to discuss such matters as the interim and full-year figures 2004, the budget 2005, risk and control related topics, the composition of the Managing Board, corporate governance, new Articles of Associations and new charters for the Supervisory Board and its committees. The Annual Accounts, the auditor's report to the Board and the management letter were discussed in the presence of the external auditor. The majority of the discussions and decisions of the Supervisory Board were prepared in the five committees referred to below. The plenary meetings were attended by Mr. Stevens, Mr. Vrins, Mr. van den Goorbergh (all meetings), Mr. Groenenboom (7 meetings), Mr. Hulshoff (5 meetings) and Mr. Lindenberg (6 meetings). On behalf of the Bank, all meetings were attended by the members of the Managing Board and by the Corporate Secretary. The Supervisory Board held constructive discussions with the Managing Board and the two Shareholders of the parent company NIB Capital N.V., ABP(50%) and PGGM (50%), about the execution of the business model and the development of the financial results. As a result of these discussions, the Supervisory Board and the Managing Board have decided to investigate the feasibility of several strategic options for the parent company, including an Initial Public Offering and a merger. The final outcome of this evaluation process is expected in the course of 2005. Members of the Supervisory Board and the Managing Board also consulted together in committees of the Supervisory Board.

## **CORPORATE GOVERNANCE**

The Supervisory Board and Managing Board paid a lot of attention to corporate governance issues in 2004, such as the adjustment of the Articles of Association. We refer to the Annual Report 2004 of NIB Capital N.V. for further information.

## **MEETINGS OF THE COMMITTEES OF THE SUPERVISORY BOARD**

The Supervisory Board is supported by five committees: the Risk Policy Committee, the Audit Committee, the Corporate Governance & Nominating Committee, the Strategic Committee and the Compensation & Management Development Committee.

**THE RISK POLICY COMMITTEE**

**Members:** Mr. J.H. M. Lindenbergh (chairman) Mr. P.J. Groenenboom, and Mr. W.M. van den Goorbergh.

**Meetings:** the Risk Policy Committee met four times in 2004.

**Main topics:** general lending policy and exposure to large borrowers; capital market positions; limits for and exposure to financial counterparties and countries; risk reports and provisions; opinions on individual transactions; the development of NIBC Petercam Derivatives N.V.; the charter of the Committee; and the education of its members.

**Attendance:** Mr. Lindenbergh, Mr. Van den Goorbergh (all meetings), Mr. Groenenboom (three meetings). On behalf of the bank all meetings were attended by the Chief Risk Officer, the Managing Board member Financial Markets and the head of the BU Credit Risk Management. Furthermore, several other Managing Directors joined some of the meetings.

**THE AUDIT COMMITTEE**

**Members:** Mr. W.M. van den Goorbergh (chairman), Mr. J.H.M. Lindenbergh, Mr. W.F.C. Stevens and Mr. C.A.Vrins

**Meetings:** the Audit Committee met six times in 2004.

**Main topics:** quarterly, semi-annual and annual financial reports; report to the Managing and Supervisory Board of PricewaterhouseCoopers including follow-up; budget 2005; engagement letter and fee letter of the external auditor PricewaterhouseCoopers; International Financial Reporting Standards (IFRS); audit plan of PricewaterhouseCoopers and of the BU Internal Audit; progress reports of the BU Internal Audit; annual Internal Audit Report regarding 'Regulation on Organisation & Control' ('Regeling Organisatie & Beheersing') of the Dutch Central Bank; evaluation of the external and internal auditor, of the compliance-function and of the Audit Committee; the Dutch Corporate Governance Code; Information, Communication and Technology (ICT); the charter of the Audit Committee; and the education of its members.

**Attendance:** Mr. Van den Goorbergh, Mr. Vrins, Mr. Stevens and Mr. Lindenbergh (all meetings). On behalf of the bank, all meetings were attended by the Chairman of the Managing Board, the Chief Financial Officer and the head of the BU Internal Audit & Compliance. Most meetings were also attended by other Managing Board members.

The external auditor, PricewaterhouseCoopers Accountants N.V., was also represented at all meetings of the Audit Committee in 2004, including a part of one meeting without the members of the Managing Board present.

**THE CORPORATE GOVERNANCE & NOMINATING COMMITTEE**

**Members:** Mr. P.J. Groenenboom (chairman), Mr. W.F.C. Stevens and Mr. C.A.Vrins

**Meetings:** the Committee met four times in 2004.

**Main topics:** Implementation of the Dutch Code of Corporate Governance; new charter of the Supervisory Board including its profile; new Articles of Association; composition of the Managing Board; the charter of the Committee and the education of its members; and the appointment of the Vice-Chairman of the Supervisory Board.

**Attendance:** Mr. Groenenboom (three meetings), Mr. Stevens and Mr. Vrins (all meetings). On behalf of NIBCcapital, all meetings were attended by the Chairman and Vice-Chairman of the Managing Board, the Chief Financial Officer, the head of the BU Legal Affairs and the Corporate Secretary.

Additionally, this committee had three combined meetings with the Compensation & Management Development Committee about the appointments, performance evaluation, remuneration, and performance criteria of the Managing Board members and the other Managing Directors, as well as the determination of the total variable compensation pool.

**THE STRATEGIC COMMITTEE**

**Members:** Mr. W.M. van den Goorbergh (chairman), Mr. J.H.M. Lindenbergh and Mr. W.F.C. Stevens.

This committee is not a permanent committee, but is activated on occasion. On August 5, 2004 the Supervisory Board decided to activate this committee temporarily in view of its decision to commence a strategic evaluation.

**Meetings:** the Committee met four times in 2004 to evaluate the Medium Term Action Plan and to

consider strategic options, including the possibility of an Initial Public Offering and a merger. In this process, the Strategic Committee and the Managing Board are supported by external advisors.

**Attendance:** Mr. van den Goorbergh and Mr. Lindenberg (all meetings), Mr. Stevens (three meetings). On behalf of the bank, all meetings were attended by the Managing Board, some other Managing Directors and the Corporate Secretary.

#### THE COMPENSATION & MANAGEMENT DEVELOPMENT COMMITTEE

**Members:** Mr. C.A.Vrins (Chairman), Mr. M.J. Hulshoff and Mr.W.F.C. Stevens

**Meetings:** the Committee met seven times during 2004. Additionally, this committee had three combined meetings with the Corporate Governance & Nominating Committee as mentioned above.

**Main topics:** the remuneration policy of the Bank in light of the Dutch Corporate Governance Code; funding and distribution of the total available pool for variable compensation (bonus and SARs); the 2004 total compensation for the individual Managing Board members and the other Managing Directors; the collective and individual performance targets which form the basis for the variable pay elements for this group; the future of the SAR plan in the light of a possible "Liquidity Event" and resulting in a new Deferred Cash Plan for 2005; an initial outline of a Liquidity Event Plan (LEP); the charter of the Committee; various market benchmark reports for Managing Directors and specific SBUs; the performance and remuneration peer group of the Bank; the criteria and proposals for promotion to Managing Director as well as other Management Development aspects.

**Attendance:** Mr. Vrins, Mr. Stevens (all meetings) and Mr. Hulshoff (8 meetings). On behalf of NIBCapital, all meetings were attended by the Chairman of the Managing Board and a representative of the BU Human Resources with the Chief Financial Officer attending on a few occasions.

#### REMUNERATION REPORT

The objective of the remuneration policy of the Bank is to attract, retain and motivate highly-qualified staff. This objective is consistent with the Bank's ambition to be leading independent Merchant Bank. We refer to the Annual Report 2004 of NIB Capital N.V. for further information about the remuneration policy. Further information about the remuneration of the members of both the Supervisory Board and Managing Board is included in the Annual Accounts 2004.

#### COMPOSITION OF THE SUPERVISORY BOARD

On November 12, 2004 Mr. J.H.M. Lindenberg was appointed Vice-Chairman of the Supervisory Board. Members of the Supervisory Board do not have any other relation with the bank and are therefore independent. The Supervisory Board adequately addressed potential conflicts of interest with transactions of the bank. The Supervisory Board of NIB Capital Bank N.V. forms a personal unity with the Supervisory Board of NIB Capital N.V.

#### COMPOSITION OF THE MANAGING BOARD

On March 30, 2004 Mr. J.L. van Nieuwenhuizen was appointed by the general meeting of Shareholders as member of the Managing Board of NIB Capital Bank N.V. The Managing Board of NIB Capital Bank N.V. forms a personal unity with the Managing Board of NIB Capital N.V.

The Supervisory Board would like to thank the Managing Board, the staff of the Bank for their commitment to the Bank and their contribution to the excellent performance of the Bank in 2004.

THE HAGUE, 3 MARCH 2005

#### THE SUPERVISORY BOARD

WILLEM F.C. STEVENS, Chairman  
 J. HESSEL M. LINDENBERGH, Vice-Chairman  
 WIM. M.VAN DEN GOORBERGH  
 PETER J. GROENENBOOM  
 MAARTEN J. HULSHOFF  
 CEES A.VRINS

## MEMBERS OF THE SUPERVISORY BOARD

### MR. W.F.C. STEVENS, 1938, DUTCH, CHAIRMAN

Member of the Supervisory Board since 1999; second term expires in 2007.

Senior Counsel of Baker&McKenzie, former member of the Senate (1991-2003).

**Background:** legal and fiscal counsel.

Member of the Supervisory Boards of Aegon N.V., Schiphol Group N.V., TBI Holdings B.V., AZL N.V. and Ermenegildo Zegna International N.V.

### MR. J.H.M. LINDENBERGH, 1943, DUTCH, VICE-CHAIRMAN

Member of the Supervisory Board since 2004; first term expires in 2008.

Former board member of ING Groep N.V.

**Background:** international banking and finance.

Member of the Supervisory Boards of Deutsche Börse AG, DHV Holding N.V., Gamma Holding N.V., Koninklijke Numico N.V., Petroplus International N.V., Reggeborgh Groep, Chairman of the Supervisory Board of Spyker Cars N.V., Member Board of Trustees University of Amsterdam, Senior Counsel Boer & Croon.

### MR. W.M. VAN DEN GOORBERGH, 1948, DUTCH

Member of the Supervisory Board since 2003; first term expires in 2005.

Former Vice-Chairman and CFO of the Executive Board of Rabobank Nederland.

**Background:** international banking and finance.

Member of the Supervisory Boards of Bank Nederlandse Gemeenten, Athlon Holding N.V., TIAS Business School and Chairman of the Supervisory Board of De Welten Groep.

### MR. P.J. GROENENBOOM, 1935, DUTCH

Member of the Supervisory Board since 1999; second term expires in 2007.

Former Chairman of the Executive Board of Internatio-Müller N.V.

**Background:** industrial management.

Member of the Supervisory Boards of Imtech N.V., Stichting tot Beheer van Preferente Aandelen in IHC Caland N.V., KIT, Chairman of the Supervisory Boards of Philips Electronics Nederland B.V., Electrabel N.V., Tapijfabriek H. Desseaux N.V., Fonds voor de Topsport, Q-park N.V.

### MR. M.J. HULSHOFF, 1947, DUTCH

Member of the Supervisory Board since 2001; first term expires in 2005.

Chairman of the Managing Board of Rodamco Europe N.V.

**Background:** international banking, insurance and real estate.

Member of the Supervisory Board of TEB N.V.

### MR. C.A. VRINS, 1940, DUTCH

Member of the Supervisory Board since 2001; first term expires in 2005.

Former Chairman of ABVA KABO FNV.

**Background:** governmental management.

Member of the Supervisory Boards of MEDE Groep B.V. and RDW.





*Annual*  
Accounts  
2004

**CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004**  
before profit appropriation

ASSETS	NOTES	2004	2003
CASH	1	157	1,064
BANKS	2	1,236	1,059
LOANS AND ADVANCES	3		
GUARANTEED BY PUBLIC AUTHORITIES		2,900	1,109
TO THE PRIVATE SECTOR		12,114	10,120
		15,014	11,229
INTEREST-BEARING SECURITIES	4	6,489	6,106
SHARES	5	382	445
PARTICIPATING INTERESTS	6	118	128
INTANGIBLE FIXED ASSETS	7	1	1
PROPERTY AND EQUIPMENT	8	89	89
PREPAYMENTS AND ACCRUED INCOME	9	1,270	864
<b>TOTAL ASSETS</b>		<b>24,756</b>	<b>20,985</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2004	2003
BANKS	10	2,028	467
FUNDS ENTRUSTED	11	2,958	2,652
DEBT SECURITIES	12	15,715	14,259
OTHER LIABILITIES	13	243	52
ACCRUALS AND DEFERRED INCOME	14	1,579	1,363
PROVISIONS	15	32	28
		22,555	18,821
FUND FOR GENERAL BANKING RISKS		136	136
SUBORDINATED LIABILITIES	16	424	519
SHAREHOLDERS' EQUITY	17		
ISSUED AND PAID-UP CAPITAL		80	80
RESERVES		1,319	1,278
NET PROFIT FOR THE YEAR		222	130
GROUP EQUITY		1,621	1,488
THIRD-PARTY INTERESTS		20	21
GROUP CAPITAL BASE		2,201	2,164
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		24,756	20,985

CONTINGENT LIABILITIES	18	2,128	2,334
IRREVOCABLE FACILITIES	19	2,417	1,930

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2004

	NOTES	2004	2003
<b>INCOME</b>			
INTEREST INCOME*	21	801.5	920.1
INTEREST EXPENSE*	22	528.6	645.5
INTEREST		272.9	274.6
INCOME FROM SECURITIES AND PARTICIPATING INTERESTS		30.5	23.1
COMMISSION INCOME	23	29.3	30.1
COMMISSION EXPENSE	24	0.8	2.1
COMMISSION		28.5	28.0
RESULT ON FINANCIAL TRANSACTIONS	25	94.2	22.1
OTHER REVENUES	26	-0.4	5.8
<b>TOTAL INCOME</b>		<b>425.7</b>	<b>353.6</b>
<b>EXPENSES</b>			
PERSONNEL AND ADMINISTRATIVE EXPENSES	27		
PERSONNEL EXPENSES		100.8	70.4
OTHER ADMINISTRATIVE EXPENSES		41.7	40.1
		142.5	110.5
DEPRECIATION	28	11.1	9.8
OPERATING EXPENSES		153.6	120.3
VALUE ADJUSTMENTS TO RECEIVABLES		-18.6	53.7
<b>TOTAL EXPENSES</b>		<b>135.0</b>	<b>174.0</b>
<b>OPERATING RESULT BEFORE TAXATION</b>		<b>290.7</b>	<b>179.6</b>
TAXATION	29	74.1	43.0
THIRD-PARTY INTERESTS		-5.5	6.5
<b>NET PROFIT</b>		<b>222.1</b>	<b>130.1</b>

\* 2003 restated

## CASH FLOW STATEMENT FOR 2004

	2004	2003
NET PROFIT	222	130
ADJUSTMENTS:		
DEPRECIATION	11	10
VALUE ADJUSTMENTS TO RECEIVABLES	-19	54
MOVEMENTS IN PROVISIONS	4	-13
<b>CASH FLOW FROM NET PROFIT</b>	<b>218</b>	<b>181</b>
BANKS (NOT PAYABLE ON DEMAND)	1,567	300
LOANS AND ADVANCES	-3,766	660
FUNDS ENTRUSTED	306	-111
SHARES	63	-106
INTREST-BEARING SECURITIES TRADING PORTFOLIO	-332	-939
OTHER MOVEMENTS	-89	113
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-2,033</b>	<b>98</b>
INVESTMENT PORTFOLIO PURCHASES	-723	-960
REPAYMENTS AND DISPOSALS	672	513
INVESTMENT PORTFOLIO	-51	-447
PURCHASE OF PARTICIPATING INTERESTS	-8	0
DISPOSAL OF PARTICIPATING INTERESTS	16	10
OTHER	2	0
PARTICIPATING INTERESTS	10	10
PURCHASE OF TANGIBLE FIXED ASSETS	-11	-10
DISPOSAL OF TANGIBLE FIXED ASSETS	0	0
TANGIBLE ASSETS	-11	-10
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-52</b>	<b>-447</b>
DEBT SECURITIES	1,456	1,365
SUBORDINATED LIABILITIES	-95	122
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>1,361</b>	<b>1,487</b>
<b>CASH FLOW</b>	<b>-724</b>	<b>1,138</b>

# Accounting Policies

## GENERAL

The annual accounts have been prepared in accordance with the legal requirements for annual accounts contained in Title 9, Book 2, of the Netherlands Civil Code. Due to changes in Dutch General Agreement on Accounting Principles (GAAP), the proposed appropriation of results is not recorded as a liability in the annual accounts for the current financial year. Instead, the proposed appropriation of results is recognised by shareholders' equity. The company profit and loss account has been drawn up in accordance with Section 402, Book 2, of the Netherlands Civil Code. The list of information relating to subsidiaries and participating interests referred to in Section 379 and 414, Book 2, of the Netherlands Civil Code has been filed with the Chamber of Commerce in The Hague. NIB Capital N.V., The Hague, is the parent company of the group in which the figures of NIB Capital Bank N.V. are fully consolidated. All amounts are shown in millions of euros unless otherwise stated. Any significant comparative figures for the preceding year are shown in brackets in the notes to the accounts.

## CONSOLIDATION PRINCIPLES

The consolidated accounts include the assets, liabilities and results of the company and its group companies. The financial figures of joint ventures, insofar as they are financial institutions, are included on a pro rata basis in the consolidated accounts according to the interest held. The accounts of the joint venture NIBC Petercam Derivatives N.V., which deals in equity derivatives, are fully consolidated. The reason for this is that NIB Capital Bank N.V. is guarantor for the obligations ensuing from the derivatives contracts entered into by the joint venture with various counterparties. NIB Capital Bank N.V. is entitled to 60% of the net income of the joint venture. In view of the control exercised by the government over the policy of NIB Capital Bank's wholly owned participating interest De Nederlandse Participatie Maatschappij voor de Nederlandse Antillen N.V. (NPMNA), this company has not been treated as a group company. On behalf of the Dutch government, NPMNA provides funding to companies and institutions based in the Netherlands Antilles and Aruba. A list of the principal consolidated group companies is included in an appendix to these notes.

## PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS

### GENERAL

Assets and liabilities are included at face value unless otherwise indicated.

### FOREIGN CURRENCY TRANSLATION

Foreign currency receivables and payables, together with any related forward contracts, are translated at the spot rate ruling at balance sheet date. Transactions in foreign currencies are translated at the exchange rate ruling on the date of the transaction. Exchange differences arising on forward contracts relating to funding and lending are included in the balance sheet in prepayments and accrued income or accruals and deferred income, and are recognised as interest in the profit and loss account in proportion to the term of the contract. Forward contracts related to trading activities are carried at market value. Other exchange differences arising on translation are included in the profit and loss account as results on financial transactions.

#### **TRADING PORTFOLIO**

The trading portfolio comprises all interest-bearing securities, shares and other financial instruments (including derivatives) that are not treated as fixed assets but are basically intended for generating transaction results.

#### **INVESTMENT PORTFOLIO**

The investment portfolio includes all interest-bearing securities and shares treated as fixed assets and basically intended for permanent use in connection with the company's activities.

#### **OFF-BALANCE SHEET INSTRUMENTS**

Off-balance sheet instruments are used to hedge the group's own positions and are accounted for in accordance with the principles of valuation and determination of results applicable to the underlying positions. Rights and obligations under option contracts and similar contracts forming part of the trading portfolio:

- if traded on a regulated stock exchange, are stated at market value (quoted price);
- if entered into directly with counterparties, are stated at market value (estimated liquidation value).

To cover possible future hedging costs and option risks, part of the initial transaction result is included in a provision. These risks include volatility risks, credit risks, liquidity risks, financial model risks and other uncertainties. These provisions are adjusted to the market value of the underlying positions.

#### **BANKS AND LOANS AND ADVANCES**

Amounts receivable from credit institutions and clients are included at face value less any provisions deemed necessary.

#### **INTEREST-BEARING SECURITIES**

Bonds and other interest-bearing securities forming part of the investment portfolio are stated at redemption value less diminutions in value for credit risks. The difference between the carrying amount and cost is recognised as interest on a pro rata basis according to the remaining term of the securities.

Results on the sale of bonds and other interest-bearing securities treated as part of the investment portfolio are recognised as interest in the year under review and ensuing years based on the remaining term to maturity of the securities concerned, provided it does not, on balance, result in the capitalisation of losses. Securities on which interest is paid entirely or largely on redemption are included at cost less any diminutions in value for credit risks. The carrying amount is increased each year by the accrued interest calculated on the basis of the interest rate applicable at the time of acquisition. Interest-bearing securities forming part of the trading portfolio are stated at market value. Where NIB Capital Bank N.V. has purchased its own – non-subordinated – bonds or other securities for the purpose of resale, these are stated at the lower of cost and market value. Short positions in bonds and other fixed-income securities forming part of the trading portfolio are included in other liabilities. Transfers of interest-bearing securities between portfolios are made at market value. Results on transfers are treated in the same way as results on disposals.

#### **SHARES**

Shares forming part of the trading portfolio are included at market value or, if the securities concerned are not officially listed, at estimated net realisable value. Valuation differences are accounted for in the profit and loss account as results on financial transactions. Short positions in shares and other non-fixed-income securities forming part of the trading portfolio are included in other liabilities. Equity participations, i.e. capital interests not held on a lasting basis in connection with the company's own activities and not treated purely as investments, are included at market value. Unrealised (positive and negative) valuation differences and any reversals thereof are accounted for in the revaluation reserve. Only realised transaction results are accounted for in the profit and loss account as results on financial transactions. If the amount of the revaluation reserve is insufficient to absorb the total amount of negative valuation differences, the remaining amount is charged to the result. Dividends are accounted for as income from securities and participating interests. Equity participations which are underwritten by the government are stated at cost. In determining market value, the valuation principles set by the European Venture Capital Association (EVCA) are applied. The EVCA Guidelines make a distinction according to:

- Unquoted venture investments (venture capital for start-ups). For which cost is taken as the basis for fair

market value. A higher carrying amount than cost is possible if refinancing has taken place involving a third party, if the net asset value differs substantially from the cost or if the equity participation reports significant profits and the application of a price/earnings ratio is possible, subject to a discount to reflect restricted marketability and uncertainty in view of the relatively short period over which profits have been made.

- Unquoted development investments (mature equity participations). This category of equity participations is carried at fair market value, using the price/earnings ratio method and allowing for a discount to reflect restricted marketability and any other relevant factors.
- Quoted investments (equity participations in listed companies). In this case the fair market value is derived from the quoted price less an allowance for formal restrictions or restricted marketability of the shares.

#### **PARTICIPATING INTERESTS**

Participating interests, i.e. capital interests held on a lasting basis in connection with the company's own activities, are subdivided into the following categories:

- Participating interests in which the company exercises a controlling influence on policy; these companies are stated at net asset value.
- Participating interests in which the company does not exercise a controlling influence on policy but is in a position to exercise significant influence; these companies are also included at net asset value based on the most recent information available.
- Participating interests in which the company does not exercise a significant influence on policy; these companies are included at market value, any rise or fall in their value being accounted for in the revaluation reserve; if the amount of the revaluation reserve is insufficient to absorb negative valuation differences, any remainder is charged to the result.

If valuation is at net asset value, the amount recognised as income from securities and participating interests is the share of the result of the participating interest accruing to the company. In the case of valuation at market value, the amount recognised as income from securities and participating interests is the dividend received.

#### **INTANGIBLE FIXED ASSETS**

Goodwill paid on acquisition of participating interests stated at net asset value is capitalised as an intangible fixed asset and amortised over the useful life of the asset, with a maximum of 20 years. The net asset value is determined as far as possible on the same basis as applied in these annual accounts.

#### **PROPERTY AND EQUIPMENT**

Land and buildings are stated at market value, based on the most recent appraisals by outside experts, less straight-line depreciation over the estimated useful life, with a maximum of 50 years. No depreciation is applied to land and buildings in use by third parties. The market value of the buildings in use by the company is based on their value for sale by private treaty. For buildings that are held as investments and let, the market value is based on the highest price for which they could be sold, less associated selling costs. Investments made since the most recent professional appraisal are carried at cost less depreciation. Changes in value as a result of appraisals are credited or debited to the revaluation reserve, less any related taxation. Property acquired as a result of foreclosures or in settlement of debt is stated at the lower of cost and net realisable value. Other fixed assets, including computer equipment and software developed by third parties, are stated at cost less straight-line depreciation. Depreciation is based on expected useful life, with a maximum of five years; in general, a three-year depreciation period is used, and smaller investments are expensed in the year of purchase.

#### **PROVISION FOR DEFERRED TAX LIABILITIES**

Deferred tax assets and liabilities due to timing differences between the results for reporting purposes and for tax purposes, calculated at the applicable tax rates, are stated at net present value arrived at by applying a discount factor based on the net interest rate and taking into account the duration of the deferred tax items concerned. In view of the short-term nature of trading portfolio valuation differences, the related deferred tax liabilities are carried at face value. Deferred tax assets are only recognised to the extent that it is reasonable to assume that they can be set against tax liabilities in the future.

#### **OTHER PROVISIONS**

Staff pension rights are administered by the pension fund. A provision based on actuarial calculations is formed for current and future liabilities arising in connection with the Early Retirement Scheme.

#### **FUND FOR GENERAL BANKING RISKS**

The fund for general banking risks is intended to cover general risks in the banking industry. It is concerned with unforeseen problems such as nationalisation, fraud and other exceptional losses. The provision is net of tax, since tax has already been paid on the amounts making up this fund.

#### **REVALUATION RESERVE**

This reserve represents unrealised net positive differences on the revaluation of property and other equity interests (equity participations and participating interests) as at balance sheet date, after allowing for taxation.

#### **STATUTORY RESERVE FOR RETAINED EARNINGS OF PARTICIPATING INTERESTS**

This reserve represents the retained earnings of those participating interests in which the company does not exercise control, and which are stated at net asset value.

#### **OTHER RESERVES**

The other reserves are made up of retained earnings that are freely available for distribution to shareholders.

#### **INCOME**

Income is allocated to the period to which it relates, or in which the service is provided, with the exception of differences in value of the trading portfolio stated at market value, that are credited or charged directly to results on financial transactions. Interest income and commissions on lending are not recognised if there is any doubt concerning the collection of this income. Results from the sale of debentures and other fixed-income securities held in the investment portfolio are treated as interest income over the remaining term to maturity of the securities sold and allocated according to the remaining term to maturity of the securities sold, unless the sales are made in connection with a structural reduction in the investment portfolio. Sale results are in that case credited or debited directly to the profit and loss account as results on financial transactions. If results attributable to future periods are a net loss, they are charged directly to the profit and loss account.

#### **EXPENSES**

Expenses are allocated to the period to which they relate. The expenses of Stock Appreciation Rights granted to the management and other staff are included in the profit and loss account under staff expenses, thus providing a clear view of the expenses of the Stock Appreciation Right scheme. The premium is calculated on the basis of the appreciation in value expected during the term of the right and assuming a projected return on equity, which is then reduced to its present value using the risk-free rate of interest. Pension changes are calculated using the dynamic method.

#### **TAXATION**

Taxation is calculated on the result before tax according to the applicable tax rates on profits, allowing for exempted income and disallowed expenditure.

#### **CASH FLOW STATEMENT**

The cash flow statement provides a summary of the source and application of funds. Cash is defined as the cash in hand and demand deposits with De Nederlandsche Bank N.V. Cash flow is analysed into cash flow from operating activities, from investing activities and from financing activities.

## FINANCIAL RISK MANAGEMENT

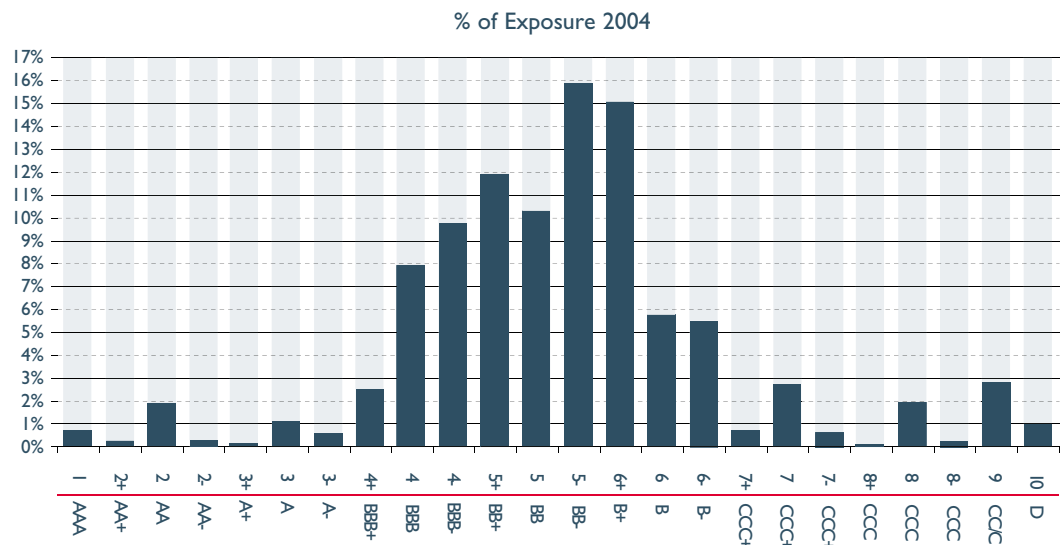
### RISK MANAGEMENT ORGANIZATION

The risk management activities are predominantly organized out of the Corporate Risk Management function. Various risk management BUs and committees deal with the main risk categories. Formal authority and ultimate decision making is the responsibility of the Risk Management Committee and its subcommittees. This ensures that approval of credit or market risk exposure is independent of the business originators. The risk management BUs carry out the daily risk control and monitoring activities, and also prepare and implement new review and control policies on all risk portfolios. The primary responsibility of these BUs is to identify, measure, evaluate and report on all credit risks (including counterparty risks), liquidity and market risk to which the bank is exposed.

It goes without saying that risk management is a core competence of a professional financial institution. All our staff are therefore constantly responsible for 'Intelligent' risk management. We consider the proactive involvement of our risk management BUs in our commercial activities and product development absolutely vital, also to ensure compliance with NIBCapital's Corporate Values and Business Principles.

### CREDIT RISK

The New Capital Accord, 'Basel II', requires sophisticated systems and historical data gathering in the processes of risk management. We took the initiative to set up a data pool with other comparable wholesale banks, to improve the data gathering for every participating bank. This will make it possible for every participating bank to qualify even more effectively for the so-called advanced approach. Based on our long experience in corporate lending, and in conjunction with Standard & Poor's and KPMG, and partly in anticipation of Basel II, in 2000 we developed a sophisticated credit rating methodology for all our relevant types of counterparty products. The rating system has been validated by S&P's for the fifth consecutive year with consistent strong mapping results. Several of our clients have already shown strong interest in our approach and have consulted us regarding rating methodology and modeling issues. Occasionally we provide a 'shadow rating' for our clients in anticipation of a formal rating.



Of the total loan portfolio, 95% is rated. The graph above gives a breakdown of our loan portfolio per rating category (and corresponding S&P rating). The rating categories are a reflection of the probabilities of default of our counterparties, but do not incorporate the underlying collateral positions of the

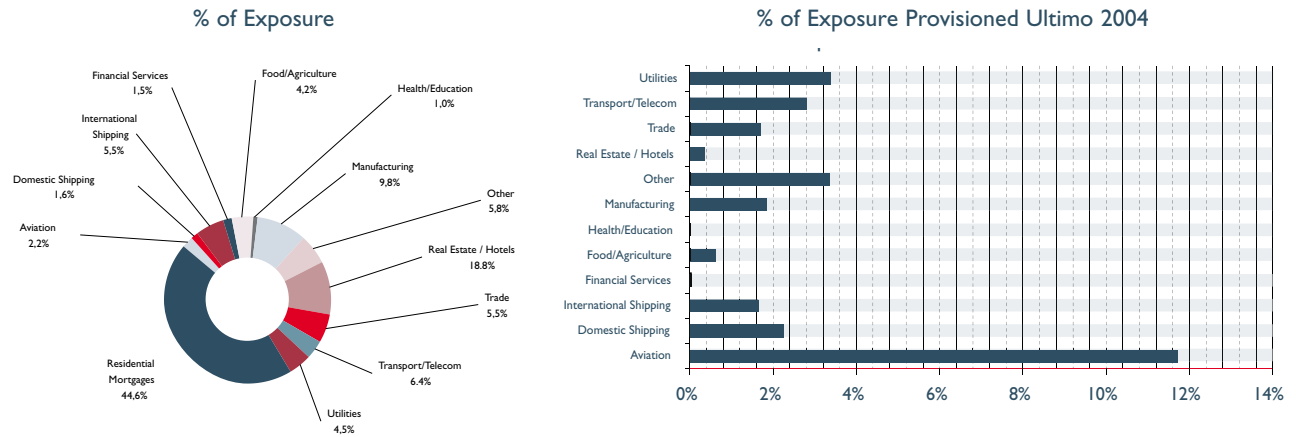
respective loans granted to these counterparties. Compared to last year it shows a relatively stable rated portfolio that in the second half of 2004 slightly improved.

The outcome of the rating system (Probability of Default per counterparty, and Expected Loss per facility) is used as the input for extensive credit portfolio analysis, taking into account the Global One Obligor Exposure and industry concentration and diversification effects. Throughout the credit process – acquisition, validation, portfolio management – the concepts of Risk Adjusted Return On Capital (RAROC), based among other things on the credit rating and loss data, and Economic Value Added (EVA), are implemented as the leading principles for optimizing the use of the bank’s economic capital.

After a few years of consecutive years of relative high provisioning, this year the provisioning returned to a net release. Looking at the IFRS impairment rules, for which we developed a new integrated cash flow model for our rating system, we believe the present provisioning level is adequate and compliant with IFRS standards.

The entire bank balance sheet has a strong credit profile due to a diversified portfolio of externally rated assets, combined with our mortgage, bank loan and equity & intermediate capital portfolios.

A substantial part of the credit risk is found in the corporate loan portfolio. The corporate loan portfolio has the following composition divided by exposure and provisions per sector at year-end 2004.



### MARKET RISK

Market risk is defined as the risk of a change in the value of an asset in response to changes in, for instance, market prices, interest rates, foreign exchange rates, credit spreads and equity prices. At the bank all market risks are concentrated in the SBU Financial Markets except for investing capital in Corporate Center. In order to manage market risks we have put in place a consistent set of risk limits, and implemented an advanced risk management system (Algorithmics) to calculate and to project the relevant risk figures. Virtually all transactions are analyzed within the Algorithmic system on a daily basis, giving us an instant overview of all the market risks of the bank. All relevant risk parameters, such as credit VaR (Value at Risk), interest rate VaR and Greeks (i.e. Delta, Gamma, Vega, Theta) are available on a daily basis and can be drilled down from SBU level to the transaction level. Economic capital for all activities is calculated weekly on the basis of these risk numbers.

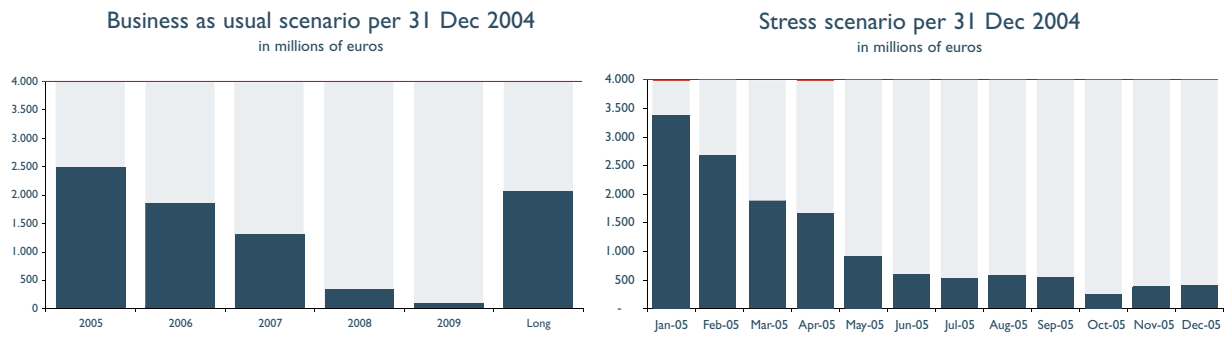
The Asset & Liability Committee (ALCO) resets the allocation of the banks’ total economic capital to the different activities each quarter, based on actual usage, as well as the realised and expected return on economic capital.

VaR is calculated as a result of one-day changes in market prices assuming a 99% confidence level and using one year of historical data. VaR limits have been set for all NIBCapital’s financial market activities. A wide set of scenarios, including stress testing and vulnerability identification, both based on historical events and on possible future scenarios, complement the risk reports.

For the trading books, all risk positions are measured on a daily basis. Any significant excess is reported to senior management together with the required background information. Senior management also receives P&L reports of the trading books on a daily basis. The ALCO receives periodical reports on all excesses.

#### LIQUIDITY RISK MANAGEMENT

Maintaining a healthy funding profile is one of the most important risk management measures. The funding profile is analysed by mapping all assets and liabilities in time buckets, corresponding to their maturities. Given the fact that trading assets are more liquid than their contractual maturity indicate, the bank treats them partly as liquids (with time buckets of six months or less) and partly as long term (with time buckets up to 10 years). The bank's policy is to maintain an excess of assets over liabilities, ensuring a comfortable liquidity position and protect asset spreads. The mapping below shows the actual position as of 31 december 2004:



Via the use of liquid investment and trading portfolios, we will ensure that we can meet our financial obligations, even in the – extremely unlikely – event of being temporarily unable to raise new funding. In this stress scenario it is assumed that we immediately sell all liquid bonds at a discount of 20%. The graph above shows that NIBCapital has an excellent liquidity position and that we will be able to meet our financial obligations even if we were unable to raise new funding over the next 12 months.

#### OPERATIONAL RISK

On a European level, the Basel Committee on Banking Supervision (BCBS) has reviewed its capital adequacy rules, laid down in the Basel Accord of 1988. The new Accord, which will come into effect in 2007, has added the new element of "Other Risks" to the rules on Credit Risk and Market Risk. The main component of "Other Risks" is Operational Risk, but it also includes such elements as Reputational Risk, Strategic Risk and Integrity Risk.

Our operational risk management function is built into our business processes, and monitored on a regular basis by the Internal Audit and Compliance BUs, which also closely monitor NIBCapital's Reputational and Integrity Risk.

## FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

In 2002 NIB Capital N.V. developed models to estimate the fair value of assets and liabilities not presented in the bank's balance sheet at their fair value. As it is the case for most of the group's financial assets and liabilities, no ready market bid and offer prices are available. A market-to-model approach is accordingly used to estimate the fair value of most financial assets and liabilities. The following table summarises the carrying amounts and fair values of assets and liabilities not presented in the group's balance sheet at their fair value.

	CARRYING VALUE 2004	FAIR VALUE 2004	CARRYING VALUE 2003	FAIR VALUE 2003
<b>FINANCIAL ASSETS</b>				
LOANS AND ADVANCES	15,014	15,118	11,229	11,347
INTEREST-BEARING SECURITIES	2,288	2,297	2,237	2,251
PARTICIPATING INTERESTS	118	118	128	128
<b>FINANCIAL LIABILITIES</b>				
DEBT SECURITIES	15,715	15,698	14,259	14,244
SUBORDINATED LIABILITIES	424	425	519	519

#### **LOANS AND ADVANCES**

Two models are used to estimate the fair value of loans and advances. For performing corporate loans, the estimated fair value is expressed as the present value of expected future cash flow. A Collateralised Loan Obligation (CLO) tranching model is used for cash flows. Market prices for recent CLO launches are set off against the average portfolio margin. Expected losses, cost of capital and expenses are also taken into account in arriving at the cash flows. The 5-year risk-free rate is used to determine the present value of cash flows. The fair value of non-performing corporate loans is assumed to be in line with their carrying value.

The Fitch IBCA 'Dutch Residential Mortgage Model II' is used for the tranching of the mortgage loan portfolio. This model is also used for mortgage backed securities transactions. As securitisation is part of the group's mortgage loan business model, this approach is believed to provide the best estimate of the fair market value of mortgage loans. Current market spreads for mortgages-backed securitisation notes are applied to the tranches to calculate the cash flows. The swap curve is used to arrive at the fair value of these cashflows.

#### **INTEREST-BEARING SECURITIES**

Interest-bearing securities include only non-trading interest-bearing securities, since interest-bearing securities held for trading purposes are presented in the balance sheet at fair market value. Fair value is based on market spreads or broker/ dealer spread quotations. Cash flows are calculated based on the size, maturity and difference between the original spread and current market spread. For discounting cash flows, the current swap curve is used.

Where market information or quotations are not available, fair value is estimated using quoted market prices for securities with similar credit, maturity and yield characteristics.

#### **PARTICIPATING INTERESTS**

The carrying value of the participating interests is based on their net asset value. Net asset value is considered to be in line with fair value.

#### **DEBT SECURITIES AND SUBORDINATED LIABILITIES**

Aggregate cash flows are calculated using a benchmark curve combining current levels for repurchasing debt securities and current levels for issuing new debt securities. The swap curve is used to arrive at the fair value of cash flows.

## CAPITAL ADEQUACY OF NIB CAPITAL BANK N.V.

The principal ratios for reviewing the capital adequacy of NIB Capital Bank N.V. are the Tier I ratio and the BIS ratio. These ratios, which were implemented by the Bank for International Settlements (BIS), are intended to promote comparability between financial institutions. They are still based on the 1988 Basel Capital I Accord. A comprehensive revision of this Basel Capital Accord, which is currently underway, will bring it closer into line with the concept of economic capital.

The bank monitors developments in the ratios on a monthly basis, including a comparison between the expected ratios and the actual ratios. These ratios indicate capital adequacy to hedge on-balance risks including off-balance sheet commitments and market risks and other risk positions expressed as risk-weighted items in order to reflect their relative risk.

Below is a summary of the risk positions comparing the notional amount and the risk-weighted amount. Tier I capital consists of share capital, reserves (excluding the revaluation reserve) and the Fund for General Banking Risks (FAR), net of intangible fixed assets. Total capital consists of Tier I capital plus revaluation reserve and subordinated loans adjusted for deductible items.

in millions of euros	BALANCE SHEET/ NOTIONAL AMOUNT		RISK-WEIGHTED AMOUNT	
	2004	2003	2004	2003
<b>BALANCE SHEET ASSETS (NET OF PROVISIONS)</b>				
CASH	157	1,064	-	-
RECEIVABLES FROM OTHER BANKS	1,236	1,059	98	93
LOANS AND ADVANCES TO THE PRIVATE SECTOR	15,013	11,229	8,789	7,442
TRADING AND INVESTMENT, INTEREST-BEARING SECURITIES	6,489	6,106	587	670
TRADING AND INVESTMENT, SHARES	382	445	167	201
INVESTMENTS IN PARTICIPATING INTERESTS	118	128	114	125
PROPERTY AND EQUIPMENT	89	89	89	89
OTHER ASSETS	1,272	865	929	531
<b>TOTAL</b>	<b>24,756</b>	<b>20,985</b>	<b>10,773</b>	<b>9,151</b>
<b>OFF-BALANCE SHEET POSITIONS</b>				
CREDIT-RELATED COMMITMENTS	5,212	4,816	1,645	1,322
OTC DERIVATIVE INSTRUMENTS, INTEREST CONTRACTS	87,304	48,462	170	146
OTC DERIVATIVE INSTRUMENTS, FOREIGN EXCHANGE CONTRACTS	15,381	12,704	166	132
OTC DERIVATIVE INSTRUMENTS, EQUITY CONTRACTS	5,927	6,966	103	77
<b>TOTAL</b>	<b>113,824</b>	<b>72,948</b>	<b>2,084</b>	<b>1,677</b>
UNASSIGNED MARKET-RISK COMPONENTS			1,898	2,252
<b>TOTAL RISK-WEIGHTED ASSETS</b>			<b>14,755</b>	<b>13,080</b>
<b>BIS CAPITAL RATIOS</b>	<b>CAPITAL</b>		<b>BIS%</b>	
TIER I CAPITAL *	1,586	1,668	10.7%	12.8%
TIER I + TIER 2 CAPITAL *	1,803	2,004	11.8%	14.9%

\* AFTER PROPOSED PROFIT APPROPRIATION

## NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2004

### 1 CASH

This includes all legal tender and credit balances with De Nederlandsche Bank N.V. payable on demand.

### 2 BANKS

This includes all receivables from credit institutions and De Nederlandsche Bank N.V. not classified as cash and not embodied in debentures or other fixed-income securities.

The item banks does not include receivables from participating interests. Subordinated loans included in this item amount to € 4.5 million (2003: € 11.3 million).

ANALYSIS:	2004	2003
PAYABLE ON DEMAND	832	592
NOT PAYABLE ON DEMAND	404	467
	1,236	1,059

MATURITY ANALYSIS OF THE ITEMS NOT PAYABLE ON DEMAND:	2004	2003
THREE MONTHS OR LESS	73	195
LONGER THAN THREE MONTHS BUT NOT LONGER THAN ONE YEAR	7	50
LONGER THAN ONE YEAR BUT NOT LONGER THAN FIVE YEARS	314	15
LONGER THAN FIVE YEARS	10	207
	404	467

### 3 LOANS AND ADVANCES

This includes all receivables, other than receivables from credit institutions and debentures or other fixed-income securities. The receivables include business loans and residential mortgages. At year end 2004 on € 973 million (2003: € 1,000 million) of the mortgage receivables credit protection has been purchased by means of a synthetic securitisation (Provide Orange). As at 31 December 2004 there are no receivables due from members of the Managing Board (2003: nil).

MATURITY ANALYSIS OF THE LOANS AND ADVANCES:	2004	2003
THREE MONTHS OR LESS	536	568
LONGER THAN THREE MONTHS BUT NOT LONGER THAN ONE YEAR	143	860
LONGER THAN ONE YEAR BUT NOT LONGER THAN FIVE YEARS	2,446	3,445
LONGER THAN FIVE YEARS	11,889	6,356
	15,014	11,229

Loans and Advances includes receivables from participating interests totalling € 63 million (2003: € 86 million), which does not include subordinated loans. The total amount of subordinated loans in this item, as at 31 December 2004, amounts to € 295 million (2003: € 357 million), of which € 222 million (2003: € 255 million) is guaranteed by the State of the Netherlands. The item Loans and Advances to the private sector includes provisions for doubtful debtors of € 271 million (2003: € 365 million).

in millions of euros

	2004
POSITION AS AT 31 DECEMBER 2003	365
INCREASE IN PROVISIONS	72
RELEASED FROM PROVISIONS	-93
	-21
INCREASE IN RESPECT OF INTEREST	6
WRITE-OFFS	-69
EXCHANGE DIFFERENCES	-10
POSITION AS AT 31 DECEMBER 2004	271

The provisions represent 0.2 % (2003: 0.5%) of the mortgage portfolio.  
The provisions represent 3.7 % (2003: 4.9%) of the other loan portfolio.

## SECURITISATIONS

In recent years, NIB Capital Bank N.V. has disposed of part of its own book mortgage portfolio by means of eleven separate mortgage securitisation transactions. Furthermore, NIB Capital Bank N.V. acquired all remaining risks of the SwAFE securitisations from the originator.

The following table shows the original and current principles of the securitised mortgages. The non-investment-grade notes issued by Dutch MBS companies and SwAFE and financed by NIB Capital Bank N.V. have been included at face value less provisions formed by NIB Capital Bank N.V. in respect thereof.

COMPANY NAME	ORIGINAL PRINCIPALS OF MORTGAGES	PRINCIPALS OF MORTGAGES AS AT 31 DECEMBER 2004	YEAR OF SECURITISATION	FIRST OPTIONAL REDEMPTION DATE	CONTRACTED MATURITY	NON-INVESTMENT- GRADE NOTE FINANCING GRANTED BY NIB CAPITAL BANK N.V. AS AT 31 DECEMBER 2004
DUTCH MBS 97-I B.V.	182	45	1997	NONE	2007	0
DUTCH MBS 97-II B.V. (*)	272	47	1997	NONE	2007	0
DUTCH MBS 98-I B.V. (**)	272	79	1998	NONE	2008	1.4
DUTCH MBS 99-I B.V.	290	145	1999	2008	2039	5.7
DUTCH MBS 99-II B.V.	300	167	1999	2008	2040	5.7
DUTCH MBS 99-III B.V. (**)	300	177	1999	2008	2031	2.8
DUTCH MBS 00-I B.V.	800	432	2000	2007	2076	8.8
DUTCH MBS 01-I B.V. (**)	750	491	2001	2008	2073	1.2
DUTCH MBS IX B.V.	900	476	2001	2008	2077	6.2
DUTCH MBS X	1,000	942	2003	2010	2079	4.8
DUTCH MBS XI	1,000	797	2003	2010	2035	4.8
SWAFE (***)	800	488	2002	2009	2079	0
<b>TOTAL</b>	<b>6,866</b>	<b>4,286</b>				<b>41.4</b>

(\*) These securitisation transactions concern mortgages originated by SR-Hypotheeken N.V. (50% interest). The principal information is provided on the basis of 100% of the mortgages securitised by SR-Hypotheeken N.V.

(\*\*) This transaction is made up equally of mortgages originated by SR-Hypotheeken N.V. and mortgages originated by ASR Bank N.V. The principal information is provided on the basis of the total original portfolio.

(\*\*\*) NIB Capital Bank N.V. is not the originator of the securitised mortgages.

All Dutch MBS companies including SwAFE are based in Amsterdam. Servicing of the mortgages has been outsourced.

The balance sheet of NIB Capital Bank N.V. includes assets totalling € 0.9 million (2003: € 2.0 million) in respect of the above securitisation transactions. This concerns the not yet amortised net present value of the conservatively estimated results on the various securitisation transactions. The capitalised amounts are amortised over the expected periods to maturity of the individual transactions.

## 4 INTEREST-BEARING SECURITIES

This includes debentures with fixed or floating interest rates issued by public bodies and others, together with other fixed-income securities.

in millions of euros

THIS ITEM COMPRISES:	2004	2003
A LISTED		
DEBENTURES ISSUED BY PUBLIC BODIES	152	353
DEBENTURES ISSUED BY OTHERS	4,161	3,683
OTHER FIXED-INCOME SECURITIES	94	123
B UNLISTED FIXED-INCOME SECURITIES	2,082	1,947
	6,489	6,106

THIS ITEM CAN ALSO BE ANALYSED INTO:	2004	2003
INVESTMENT PORTFOLIO	2,288	2,237
TRADING PORTFOLIO	4,201	3,869
TOTAL	6,489	6,106

Of the interest-bearing securities, an amount of € 540 million falls due in 2005.

MOVEMENTS IN THE INVESTMENT PORTFOLIO WERE AS FOLLOWS:	2004
POSITION AS AT 31 DECEMBER 2003	2,237
PURCHASES	723
DISPOSALS	-312
REPAYMENTS	-253
EXCHANGE DIFFERENCES	-36
OTHER MOVEMENTS	-71
POSITION AS AT 31 DECEMBER 2004	2,288

The net unamortised difference as at balance sheet date between redemption value and cost of debentures forming part of the investment portfolio amounts to € 46.9 million. The difference is included in accrued and deferred income in the balance sheet, and will be amortised over the remaining terms of the debentures concerned.

The item includes subordinated debentures and other subordinated fixed-income securities totalling € 214.6 million.

The bank cannot freely dispose of investment portfolio interest-bearing securities amounting to € 81.3 million owing to the Latitude synthetic securitisation transaction. Trading portfolio interest-bearing securities does not include own debentures at year-end 2004.

## 5 SHARES

This includes shares issued by parties other than participating interests together with other variable-income securities such as options.

THE ANALYSIS OF THE ITEM IS AS FOLLOWS:	2004	2003
LISTED	83	18
UNLISTED	299	427
	382	445

THE ITEM CAN ALSO BE ANALYSED INTO:	2004	2003
TRADING PORTFOLIO	46	99
EQUITY PARTICIPATIONS	336	346
	382	445

MOVEMENTS IN EQUITY PARTICIPATIONS WERE AS FOLLOWS:	2004	2003
POSITION AS AT 31 DECEMBER 2003	346	296
PURCHASES AND ADDITIONAL PAYMENTS	42	129
DISPOSALS	-60	-68
REVALUATIONS AS AT 31 DECEMBER 2004	5	7
OTHER MOVEMENTS	3	-18
POSITION AS AT 31 DECEMBER 2004	336	346

## 6 PARTICIPATING INTERESTS

THE SHARES IN PARTICIPATING INTERESTS CAN BE ANALYSED AS FOLLOWS:	2004	2003
LISTED	77	73
UNLISTED	41	55
	118	128

Movements in the item participating interests were as follows:

	2004
POSITION AS AT 31 DECEMBER 2003	128
PURCHASES AND ADDITIONAL PAYMENTS	8
DISPOSALS	-16
OTHER MOVEMENTS	-2
POSITION AS AT 31 DECEMBER 2004	118

A list of the share interests classified as participating interests is given in an appendix to these notes.

## 7 INTANGIBLE FIXED ASSETS

MOVEMENTS IN THE ITEM INTANGIBLE FIXED ASSETS WERE AS FOLLOWS:	2004
POSITION AS AT 31 DECEMBER 2003	1
AMORTISATION	0
POSITION AS AT 31 DECEMBER 2004	1

The accumulated depreciation as at 31 december 2004 was € 0.4 million.

## 8 PROPERTY AND EQUIPMENT

THIS ITEM COMPRISES:	2004	2003
LAND AND BUILDINGS IN USE BY THE COMPANY	49	42
LAND AND BUILDINGS IN USE BY THIRD PARTIES	25	30
FURNITURE AND EQUIPMENT	15	17
	89	89

MOVEMENTS IN PROPERTY AND EQUIPMENT WERE AS FOLLOWS:	2004
POSITION AS AT 31 DECEMBER 2003	89
(DIS)INVESTMENTS	11
IMPAIRMENT	-5
DEPRECIATION	-6
POSITION AS AT 31 DECEMBER 2004	89

Land and buildings in use by the company are insured for € 54.4 million. Land and buildings in use by third parties are insured for € 19.2 million. Furniture and equipment are insured for € 27.7 million. The total amount of the revaluation on property as at 31 December 2004 is € 3.8 million. The impairment is related to land and buildings in use by third parties.

THE ACCUMULATED DEPRECIATION AS AT 31 DECEMBER 2004 WAS AS FOLLOWS:	2004
LAND AND BUILDINGS IN USE BY THE COMPANY	20
FURNITURE AND EQUIPMENT	24
	44

## 9 PREPAYMENTS AND ACCRUED INCOME

This item includes prepaid amounts in respect of costs chargeable to future periods, the positive replacement value of the trading portfolio derivatives stated at market value (including NIBC Petercam Derivatives N.V. option positions whose underlying value consists of shares in amount of € 577 million), as well as amounts receivable, but not yet invoiced in 2004 such as interest of € 560.3 million (2003: € 545.9 million). This item also includes a deferred tax asset of € 7.5 million (at face value).

## LIABILITIES AND SHAREHOLDERS' EQUITY

### 10 BANKS

This includes non-subordinated amounts owed to credit institutions, other than debt securities.

ANALYSIS:	2004	2003
PAYABLE ON DEMAND	61	4
NOT PAYABLE ON DEMAND	1,967	463
	2,028	467
MATURITY ANALYSIS OF AMOUNTS NOT PAYABLE ON DEMAND:	2004	2003
THREE MONTHS OR LESS	653	182
LONGER THAN THREE MONTHS BUT NOT LONGER THAN ONE YEAR	77	72
LONGER THAN ONE YEAR BUT NOT LONGER THAN FIVE YEARS	467	124
LONGER THAN FIVE YEARS	770	85
	1,967	463

### 11 FUNDS ENTRUSTED

This item includes all non-subordinated liabilities other than amounts owed to credit institutions and debt securities. The amount of savings included in this item is not material.

ANALYSIS:	2004	2003
PAYABLE ON DEMAND	66	535
NOT PAYABLE ON DEMAND	2,892	2,117
	2,958	2,652
MATURITY ANALYSIS OF AMOUNTS NOT PAYABLE ON DEMAND:	2004	2003
THREE MONTHS OR LESS	474	829
LONGER THAN THREE MONTHS BUT NOT LONGER THAN ONE YEAR	109	72
LONGER THAN ONE YEAR BUT NOT LONGER THAN FIVE YEARS	2,004	865
LONGER THAN FIVE YEARS	305	351
	2,892	2,117

## 12 DEBT SECURITIES

This includes debentures and other negotiable fixed-income debt securities, other than subordinated items.

MATURITY ANALYSIS OF DEBT SECURITIES:	2004	2003
THREE MONTHS OR LESS	2,247	1,854
LONGER THAN THREE MONTHS BUT NOT LONGER THAN ONE YEAR	1,534	2,675
LONGER THAN ONE YEAR BUT NOT LONGER THAN FIVE YEARS	10,266	7,455
LONGER THAN FIVE YEARS	1,668	2,275
	15,715	14,259

## 13 OTHER LIABILITIES

This item comprises liabilities that cannot be classified under any other heading, such as short positions in financial instruments and taxation payable of € 111.1 million (2003: € 41.5 million).

## 14 ACCRUALS AND DEFERRED INCOME

This item includes income received in advance which is attributable to future periods and the negative replacement value of trading portfolio derivatives carried at market value. Furthermore, the NIBC Petercam Derivatives N.V. option positions amounting to € 586.6 million, accruals such as interest of € 638.7 million (2003: € 608.5 million) and the net liability on forward exchange contracts are included in this item.

## 15 PROVISIONS

	POSITION AS AT 31 DECEMBER 2003	INCREASE	DECREASE	UTILISED	POSITION AS AT 31 DECEMBER 2004
EARLY RETIREMENT & PENSIONS	11			-6	5
DEFERRED TAX LIABILITIES	13	2		-9	6
STOCK APPRECIATION RIGHTS	0	11			11
DEFERRED CASH BONUS		7			7
OTHER	4			-1	3
<b>TOTAL</b>	<b>28</b>	<b>20</b>	<b>0</b>	<b>-16</b>	<b>32</b>

The early retirement & pensions provision and the provision for deferred tax liabilities are long-term by nature. The Stock Appreciation Rights (SAR) scheme was introduced in 2001. A SAR entitles the holder to a share in the value growth of NIB Capital N.V. As from 2004 the expenses incurred related to the SAR scheme of NIB Capital are borne by NIB Capital Bank N.V. to the extent that those costs relate to employees of NIB Capital Bank N.V. The expected costs of the outstanding SAR's are provided for. The provision is calculated based on the difference between the exercise price as at 31 December 2004 and the exercise price at the grant date plus a future expected return of 10% until maturity. Furthermore 15% annual staff turnover and a discount rate of 3.45% have been applied.

No new SARs will be awarded with respect to the financial year 2004. The SAR scheme has been replaced by a deferred cash bonus which will be paid in three years, starting 2006. The nominal value of the 2004 deferred cash bonus amounts to € 8.8 million. In calculating the book value (€ 6.8 million) a 15% annual staff turnover and 3.45% discount rate has been applied.

## 16 SUBORDINATED LIABILITIES

The average interest rate on subordinated loans is 5.2%

MATURITY ANALYSIS OF SUBORDINATED LIABILITIES	2004	2003
LONGER THAN ONE YEAR BUT NOT LONGER THAN FIVE YEARS	210	144
LONGER THAN FIVE YEARS BUT NOT LONGER THAN TEN YEARS	191	194
LONGER THAN TEN YEARS	23	181
	424	519

All the above loans are subordinated to the other liabilities of the company. USD 200 million qualifying as Tier I capital for NIB Capital Bank N.V. is subordinated to other subordinated loans that rank pari passu. These securities are perpetual securities and may be redeemed by the Bank at its option after 9 years (2013) with the prior approval by the Dutch Central Bank. Interest of € 23.8 million was paid on subordinated liabilities during last year.

## 17 SHAREHOLDERS' EQUITY

OVERVIEW OF TOTAL GROUP RESULT	2004	2003
CONSOLIDATED NET RESULT AFTER TAXATION	222	130
REVALUATION TANGIBLE FIXED ASSETS	0	-3
WRITE-DOWN / REVALUATION OF FINANCIAL FIXED ASSETS	4	6
OTHER MOVEMENTS	-2	0
TOTAL OF DIRECT MOVEMENTS IN GROUP EQUITY	2	3
TOTAL GROUP RESULT	224	133

For further information regarding the shareholders' equity, reference is made to the notes to the company balance sheet on pages 45 and 46.

## COMMITMENTS NOT INCLUDED IN THE BALANCE SHEET

### 18 CONTINGENT LIABILITIES

These include commitments under contracts of suretyship and guarantees.

### 19 IRREVOCABLE FACILITIES

These concern all obligations arising from irrevocable commitments that could result in credit risks.

### 20 DERIVATIVES

The following statements present the notional amounts, the positive replacement value and the unweighted and weighted credit equivalents of NIB Capital Bank's derivative portfolio as at 31 December 2004. For comparison purposes the unweighted and weighted credit equivalents of the derivatives portfolio as at 31 December 2003 are also presented. The notional amounts are the principal amounts represented by the derivatives. Positive replacement value represents the loss to the bank in the event of default by all the counterparties as at balance sheet date. The positive replacement value depends on the market conditions prevailing on balance sheet date. The unweighted credit equivalent equals the positive replacement value plus a mark-up for potential credit risks, as prescribed by De Nederlandsche Bank N.V. Weighting the resulting credit equivalent according to BIS standards gives the weighted credit equivalent. The weighted credit equivalent of € 438 million (2003: € 355 million) results in a solvency requirement of € 35 million (2003: € 28 million).

NOTIONAL AMOUNT	TOTAL	< 1 YEAR	1 - 5 YEARS	> 5 YEARS	POSITIVE
					REPLACEMENT VALUE
<b>INTEREST RATE OTC CONTRACTS</b>					
SWAPS	86,781	29,605	38,528	18,648	1,169
OPTIONS	523	116	150	257	1
<b>FOREIGN EXCHANGE OTC CONTRACTS</b>					
SWAPS	15,353	4,750	7,573	3,030	743
FORWARDS	28	21	7	0	1
<b>EQUITY CONTRACTS OTC</b>					
SWAPS	1,661	177	1,381	103	51
OPTIONS	4,266	726	3,007	533	208
<b>TOTAL OTC CONTRACTS</b>	<b>108,612</b>	<b>35,395</b>	<b>50,646</b>	<b>22,571</b>	<b>2,173</b>
<b>LISTED</b>					
OPTIONS	5,176	2,021	3,042	113	N.A.
FUTURES	359	359	0	0	N.A.
<b>TOTAL DERIVATIVES</b>	<b>114,147</b>	<b>37,775</b>	<b>53,688</b>	<b>22,684</b>	<b>2,173</b>
OF WHICH NON-TRADING BOOK	76,999				
OF WHICH TRADING BOOK	37,148				
<b>CREDIT EQUIVALENT</b>					
		YEAR-END 2004		YEAR-END 2003	
		UNWEIGHTED	WEIGHTED	UNWEIGHTED	WEIGHTED
INTEREST RATE CONTRACTS		1,647	170	1,242	146
FOREIGN EXCHANGE CONTRACTS		1,396	166	1,055	132
EQUITY CONTRACTS		515	103	445	77
<b>TOTAL CONTRACTS</b>		<b>3,558</b>	<b>439</b>	<b>2,742</b>	<b>355</b>

As at year-end 2004, the derivatives trading portfolio amounted to € 37,148 million (2003: € 25,589 million) (notional amount), of which € 11,490 million (2003: € 9,770 million) related to the equity derivatives activity NIBC Petercam Derivatives N.V.. This amount comprises the portfolio of derivatives transactions contracted with counterparties as at year-end 2004, including the associated hedging transactions entered into on the market. The policy of NIBC Petercam Derivatives N.V. is aimed at hedging the risks associated with derivatives transactions as far as possible. Of the remaining balance of the derivatives trading portfolio with a total notional amount of some € 25,658 million, a part serves as a hedge against the interest rate and foreign currency risks in the on-balance sheet trading portfolio, while the other part consists of credit risk trading positions through Credit Default Swaps.

#### FOREIGN CURRENCY RISKS

The combined equivalent of assets denominated in foreign currencies amounts to € 8,286 million, while liabilities denominated in foreign currency amounted to € 11,772 million. The resulting positions have been almost entirely hedged.

#### OUTSTANDING FORWARD CONTRACTS

The forward transactions outstanding at the end of 2004 were entered into to cover foreign exchange positions included in the balance sheet.

## NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2004

### 21 INTEREST INCOME

This includes income arising from lending and related transactions together with related commission and other income similar to interest.

THE ITEM COMPRISES INTEREST AND SIMILAR INCOME FROM:	2004	2003
DEBENTURES AND OTHER FIXED-INCOME SECURITIES	217.3	216.3
OTHER	584.2	703.8
	801.5	920.1

### 22 INTEREST EXPENSE

This includes the costs arising from the borrowing of funds and related transactions as well as other charges similar to interest.

### 23 COMMISSION INCOME

This amount represents the charges for services performed for third parties, other than charges in the nature of interest.

### 24 COMMISSION EXPENSE

This amount represents the charges for services performed by third parties other than charges in the nature of interest.

### 25 RESULT ON FINANCIAL TRANSACTIONS

This represents realised and unrealised differences in value of equity participation and securities that are not included in the investment portfolio, plus exchange differences and capital gains and losses connected with trading in other financial instruments. The item also includes movements in the market value of the equity derivatives activities of NIBC Petercam Derivatives N.V..

RESULTS ON FINANCIAL TRANSACTIONS COMPRISE:	2004	2003
SECURITIES TRADING PORTFOLIO	60.8	36.6
OTHER INCOME	33.4	-14.5
	94.2	22.1

### 26 OTHER REVENUE

This item mainly relates to fees for other services that are not interest or commission related, which services are performed on behalf of third parties.

## 27 PERSONNEL AND ADMINISTRATIVE EXPENSES

	2004	2003
PERSONNEL EXPENSES	100.8	70.4
OTHER ADMINISTRATIVE EXPENSES	41.7	40.1
	142.5	110.5
<b>THE PERSONNEL EXPENSES COMPRISE:</b>	<b>2004</b>	<b>2003</b>
SALARIES	69.9	57.0
STOCK APPRECIATION RIGHTS EXPENSES / DEFERRED CASH BONUS	17.4	0.0
PENSION CHARGES (*)	7.5	8.2
OTHER SOCIAL SECURITY CHARGES (*)	4.8	4.2
OTHER STAFF EXPENSES	1.2	1.0
	100.8	70.4

\*) 2003 RESTATED

For further information on the expenses of the Stock Appreciation Rights, reference is made to the notes to the company balance sheet. The number of employees, expressed in terms of full-time equivalents, was 628, (2003: 591). On a full-time equivalent basis, the average number was 619 (2003: 600).

### REMUNERATION OF THE MANAGING BOARD

In this section we will present an abbreviated version of the Remuneration Report as published in the Annual Report 2004 of NIB Capital N.V. This abbreviated version contains the most important elements of the overall remuneration arrangements for the Managing Board. The Managing Board of NIB Capital N.V. forms a personal unity with the Managing Board of NIB Capital Bank N.V.

In 2004 the Managing Board consisted of 4 statutory directors appointed according to the articles of association (2003: 3). Mr. Van Nieuwenhuizen was appointed to the Managing Board on March 30, 2004. The total remuneration paid to the Managing Board amounted to € 5.1 million (2003: € 2.5 million, this is excluding the SAR compensation, see Note 15 regarding the SAR provisions) and is broken down as follows:

### OVERVIEW REMUNERATION MANAGING BOARD 2004

in euros

CURRENT MEMBERS	BASE SALARY	SHORT TERM BONUS	Δ 04/03	DEFERRED COMPENSATION	Δ 04/03*	TOTAL DIRECT COMPENSATION	Δ 04/03	PENSION COSTS	EXPENSE ALLOWANCE	OTHER EMOLUMENTS	TOTAL COMPENSATION
MICHAEL ENTHOVEN	650,000	490,000	40%	570,000	42%	1,710,000	22%	0	5,400	11,640	1,727,040
JURGEN B.J. STEGMANN	350,000	350,000	40%	350,000	9%	1,050,000	14%	62,992	4,404	16,578	1,133,974
ANTOINE L.V. DIJKSTRA	350,000	350,000	-18%	350,000	25%	1,050,000	6%	55,046	4,028	18,210	1,127,284
JAN L.VAN NIEUWENHUIZEN	350,000	350,000	40%	350,000	9%	1,050,000	14%	70,000	3,000	24,277	1,147,277
<b>TOTAL</b>	<b>1,700,000</b>	<b>1,540,000</b>	<b>21%</b>	<b>1,620,000</b>	<b>23%</b>	<b>4,860,000</b>	<b>15%</b>	<b>188,038</b>	<b>16,832</b>	<b>70,705</b>	<b>5,135,575</b>

\* THE DELTA INCLUDES THE SAR-COMPENSATION 2003

Mr. Enthoven and Mr. Stegmann have been statutory members of the Managing Board for the entire year 2004. The short term bonus for statutory members of the Managing Board is determined on the basis of the balanced scorecard methodology, which includes

corporate financial (50%) and individual (50%) performance criteria. These financial targets are: operating profit, return on net asset value and efficiency ratio. The specific details of targets are not disclosed as these qualify as commercially sensitive information. Targets are revised annually to ensure that they remain stretching but realistic.

Mr. Enthoven and Mr. Stegmann can earn a discretionary short term bonus of up to 75% of their base salary upon 100% realisation of the score card metrics. However, in view of the Bank's extraordinary performance this year, the Supervisory Board decided to exercise its discretion to grant Mr. Stegmann a short term bonus for 2004 of 100% of his base salary for that year. In respect of Mr. Enthoven it was decided to grant him a discretionary short term bonus for 2004 of 75% of his base salary for that year.

Mr. Dijkstra has been a statutory board member of the Bank for the entire year 2004 while Mr. Van Nieuwenhuizen has been appointed statutory member of the Managing Board in the course of the year 2004. For 2004, their variable compensation was determined on the basis of the then applicable balanced scorecard methodology which includes corporate financial (25%), SBU financial (25%) and individual performance criteria (50%). The amount of Mr. Dijkstra's short term bonus is discretionary whereas Mr. Van Nieuwenhuizen can earn a discretionary short term bonus of up to 75% of his base salary upon 100% realisation of the score card metrics. However, in view of NIBC Capital's extraordinary performance and the relative performance of their respective SBUs the Supervisory Board have decided to exercise its discretion and grant both Mr. Van Nieuwenhuizen and Mr. Dijkstra for 2004 a short term bonus equivalent to 100% of their base salary.

These bonuses also recognise the shared responsibility of the Managing Board for the successful overall transformation of the Bank in the past few years, in particular the significant improvements in the management of risk which have started to show the intended results, the change of the Corporate Finance SBU from a more traditional lending business to a full-service merchant banking unit with a significantly larger percentage of non-interest income and the ongoing development of the Financial Markets SBU.

#### **PENSION**

Mr. Enthoven has relinquished his rights to participate in the Bank's pension plan for the Managing Board. With respect to Mr. Stegmann and Mr. Dijkstra, a "final pay" pension arrangement applies (annual accrual of 2%) up to a salary limit of € 278,000 for Mr. Dijkstra, respectively € 350,000 for Mr. Stegmann. Furthermore, a defined contribution arrangement is applicable with respect to the salary above these amounts, with a cap on the basis for pension contributions at € 400,000. Mr. Van Nieuwenhuizen is entitled to a defined benefit pension arrangement up to € 77,347 (annually adjusted for general wage increases in line with the Collective Labour Agreement for Banks in the Netherlands) under the Bank's employee pension plan, and an additional defined contribution arrangement with a maximum salary limit of € 400,000.

All premiums are paid by the Bank. The pensionable age for all Managing Board members is 62 years.

#### **CONTRACTS OF EMPLOYMENT**

The contracts for the current members of the Managing Board are entered into for an indefinite period and provide for a notice period of two months upon termination by the Company, and a notice period of one month upon termination by the individual. With respect to Mr. Van Nieuwenhuizen, a notice period of four months upon termination by the Company is applicable, and two months upon termination by the individual.

On departure at the request of the Company, severance pay is agreed for Mr. Enthoven, Mr. Stegmann and Mr. Dijkstra amounting to 1.5 months' gross salary (including the average bonus of the last three years) for each full year of service until the age of 50, and 2 months gross salary per full year of service after that; with a minimum severance arrangement amounting to 12 months gross salary (including the average bonus of the last three years). Mr. Van Nieuwenhuizen has no severance arrangements in place.

**REMUNERATION OF THE SUPERVISORY BOARD**

In 2004 the Supervisory Board consisted of 6 members (2003: 5). During that year they received a combined total remuneration of € 0.35 million (2003: € 0.25 million). The Supervisory Board of NIB Capital N.V. forms a personal unity with the Supervisory Board of NIB Capital Bank N.V. The remuneration received therefore includes the supervision of NIB Capital Bank N.V. and is broken down as follows:

**OVERVIEW REMUNERATION SUPERVISORY BOARD 2004**

in euros

CURRENT MEMBERS	ANNUAL FIXED FEE	COMMITTEE FEES	EXPENSE ALLOWANCE	TOTAL REMUNERATION
WILLEM F.C. STEVENS	51,000	22,195	5,000	78,195
J. HESSEL M. LINDENBERGH	35,154	21,195	5,000	61,349
WIM M.VAN DEN GOORBERGH	34,000	21,195	5,000	60,195
PETER J. GROENENBOOM	34,000	16,500	5,000	55,500
MAARTEN J. HULSHOFF	34,000	7,500	5,000	46,500
CEES A. VRINS	34,000	17,500	5,000	56,500
<b>TOTAL</b>	<b>222,154</b>	<b>106,085</b>	<b>30,000</b>	<b>358,239</b>

The average number of Supervisory Board members in the year under review was 6 (2003:5). The Supervisory Board of NIB Capital Bank N.V. forms a personal unity with the Supervisory Board of NIB Capital N.V. For information on the remuneration of the Supervisory Board reference is made to the annual report of NIB Capital N.V.

## 28 DEPRECIATION

THE DEPRECIATION CHARGE COMPRISES:	2004	2003
LAND AND BUILDINGS IN USE BY THE COMPANY	1.5	1.5
FURNITURE AND EQUIPMENT	9.6	8.3
	11.1	9.8

## 29 TAXATION ON OPERATING RESULT

This comprises taxation on the gross operating result on ordinary activities as shown by the profit and loss account for the year.  
The tax burden can be analysed as follows:

OPERATING RESULT BEFORE TAX	290.7	
AVERAGE STANDARD RATE OF TAXATION		31.9%
PERMANENT DIFFERENCES	77.5	
TEMPORARY DIFFERENCES	-2.6	
	74.9	
EFFECT OF DIFFERENCES ON STANDARD RATE		-6.4%
TAX BURDEN IN THE PROFIT AND LOSS ACCOUNT	74.1	
EFFECTIVE TAX BURDEN		25.5%

Available tax relief facilities have been taken into account when determining the amount of tax. The difference between the effective tax rate and the average nominal tax rate is in particular due to losses that come within the scope of the participation exemption.

## COMPANY BALANCE SHEET AS AT 31 DECEMBER 2004

before profit appropriation

ASSETS	NOTES	2004	2003
CASH		157	1,064
BANKS	1	2,625	2,687
LOANS AND ADVANCES			
GUARANTEED BY PUBLIC AUTHORITIES		235	279
TO THE PRIVATE SECTOR		20,581	13,960
		20,816	14,239
INTEREST-BEARING SECURITIES		5,235	5,093
SHARES		250	233
PARTICIPATING INTERESTS IN GROUP COMPANIES	2	2,236	2,190
OTHER PARTICIPATING INTERESTS	3	79	76
INTANGIBLE FIXED ASSETS		1	1
PROPERTY AND EQUIPMENT		38	32
PREPAYMENTS AND ACCRUED INCOME		1,319	814
<b>TOTAL ASSETS</b>		<b>32,756</b>	<b>26,429</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	NOTES	2004	2003
BANKS		1,183	480
FUNDS ENTRUSTED		12,525	8,641
DEBT SECURITIES		15,682	14,256
OTHER LIABILITIES		151	36
ACCRUALS AND DEFERRED INCOME		1,004	854
PROVISIONS		30	19
		30,575	24,286
FUND FOR GENERAL BANKING RISKS		136	136
SUBORDINATED LIABILITIES		424	519
<b>SHAREHOLDERS' EQUITY</b>	4		
ISSUED AND PAID UP SHARE CAPITAL		80	80
SHARE PREMIUM RESERVE		238	238
REVALUATION RESERVE		37	33
STATUTORY RESERVES AND RESERVES PURSUANT TO ARTICLES		146	970
OTHER RESERVES		898	37
NET PROFIT FOR THE YEAR		222	130
		1,621	1,488
CAPITAL BASE		2,181	2,143
		32,756	26,429

CONTINGENT LIABILITIES	2,105	3,252
IRREVOCABLE FACILITIES	2,260	1,795

## COMPANY PROFIT AND LOSS ACCOUNT FOR 2004

	2004	2003
RESULTS OF PARTICIPATING INTERESTS AFTER TAX	103.2	82.3
OTHER RESULTS AFTER TAX	118.9	47.8
NET PROFIT	222.1	130.1

Presented in accordance with the provisions of article 402, Book 2, of the Netherlands Civil Code.

## NOTES TO THE COMPANY BALANCE SHEET AS AT 31 DECEMBER 2004

### ASSETS

#### 1 BANKS

This includes receivables from group companies amounting to € 447 million.

#### 2 PARTICIPATING INTERESTS IN GROUP COMPANIES

	2004
POSITION AS AT 31 DECEMBER 2003	2,190
PURCHASES AND ADDITIONAL PAYMENTS	-1
RESULTS OF GROUP COMPANIES	103
OTHER MOVEMENTS	-56
POSITION AS AT 31 DECEMBER 2004	2,236

Other movements comprises mainly negative foreign exchange results. The companies NIB Capital Bank (NA) N.V. and NIB Capital Bank Ltd. included here are registered credit institutions.

#### 3 OTHER PARTICIPATING INTERESTS

MOVEMENTS IN THE ITEM INTANGIBLE FIXED ASSETS WERE AS FOLLOWS:	2004
POSITION AS AT 31 DECEMBER 2003	76
OTHER MOVEMENTS	3
POSITION AS AT 31 DECEMBER 2004	79

#### 4 SHAREHOLDERS' EQUITY

The authorised capital amounts to € 875 million and is divided into A shares, of € 1.28 nominal value and preference shares of € 1.00 nominal value:

	2004
A SHARES	497,000,000
PREFERENCE B SHARES	84,000,000
PREFERENCE C SHARES	84,000,000
PREFERENCE D SHARES	84,000,000
PREFERENCE E SHARES	126,000,000
	875,000,000

The issued and paid up capital can be summarized as follows:

shares in millions of euros

	A	B	C	D	TOTAL
POSITION AS AT 31 DECEMBER 2003	58	11	5	6	80
CONVERSION OF PREFERENCE SHARE	4	-11	-5	-6	-18
INCREASE IN NOMINAL VALUE	18	0	0	0	18
<b>POSITION AS AT 31 DECEMBER 2004</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80</b>

99,9% of the issued capital are held by NIB Capital N.V.

On December 31, 2004 all issued and paid-up B, C and D shares have been converted into A-shares. Furthermore the nominal value of the A-shares have been increased from € 1.00 to € 1.28. This increase was settled by a reduction of the share premium reserve, to insure that no capital decrease took place as a result of the conversion.

The movement in shareholder's equity can be summarised as follows:

	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE	STATUTORY RESERVES	RESERVES PURSUANT TO ARTICLES	OTHER RESERVE	PROFIT FOR THE YEAR	TOTAL
POSITION AS AT 31 DECEMBER 2003	80	238	33	107	863	37	130	1,488
REVALUATION PARTICIPATIONS (RE)PAYMENTS			4		-91			4
OTHER MOVEMENTS					-902	900		-2
PROFIT APPROPRIATION					130		-130	0
PROFIT FOR THE YEAR							222	222
<b>POSITION AS AT 31 DECEMBER 2004</b>	<b>80</b>	<b>238</b>	<b>37</b>	<b>107</b>	<b>0</b>	<b>937</b>	<b>222</b>	<b>1,621</b>

The release from the reserves pursuant to articles has been the result of a change in the articles of association.

Movements in the share premium reserve were as follows:

	GENERAL	PREFERENCE C SHARES	PREFERENCE D SHARES	TOTAL
POSITION AS AT 31 DECEMBER 2003	89	76	73	238
CONVERSION OF PREFERENCE SHARE	167	-76	-73	18
INCREASE IN NOMINAL VALUE	-18			-18
<b>POSITION AS AT 31 DECEMBER 2004</b>	<b>238</b>	<b>0</b>	<b>0</b>	<b>238</b>

## COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

### GUARANTEES

This item includes € 1,982 million in respect of guarantees to group companies.

Guarantees within the meaning of Section 403, Book 2, of the Netherlands Civil Code have been given on behalf of De Nationale Maatschappij voor Industriële Financieringen B.V., PARNIB Holding N.V. and B.V. NIB Capital Mortgage Backed Assets B.V. NIB Capital Bank N.V. is guarantor for the liabilities under derivatives contracts entered into by joint venture NIBC Petercam Derivatives N.V. with various counterparties.

A complete list of the companies on behalf of which NIB Capital Bank N.V. has given guarantees within the meaning of Section 403, Book 2, of the Netherlands Civil Code has been filed with the Chamber of Commerce in The Hague.

Declarations of joint and several liability have also been made to the respective monetary authorities of DNI Inter Asset Bank N.V., NIB Securities N.V., NIB Capital Bank (NA) N.V. and NIB Capital Bank Ltd.

THE HAGUE, 3 MARCH 2005

### THE MANAGING BOARD

MICHAEL ENTHOVEN, Chairman  
JURGEN B.J. STEGMANN, Vice-Chairman  
ANTOINE L.V. DIJKSTRA  
JAN L. VAN NIEUWENHUIZEN

### THE SUPERVISORY BOARD

WILLEM F.C. STEVENS, Chairman  
J. HESSEL M. LINDENBERGH, Vice-Chairman  
WIM M. VAN DEN GOORBERGH  
PETER J. GROENENBOOM  
MAARTEN J. HULSHOFF  
CEES A. VRINS



# Other Information

## LIST OF PRINCIPAL PARTICIPATING INTERESTS

CONSOLIDATED PARTICIPATING INTERESTS	HOLDING
NIB CAPITAL BANK LTD., SINGAPORE	100%
NIB CAPITAL BANK (NA) N.V., WILLEMSTAD, CURAÇAO	100%
NATIONALE MAATSCHAPPIJ VOOR INDUSTRIËLE FINANCIERINGEN B.V., THE HAGUE	100%
B.V. NIB CAPITAL MORTGAGE BACKED ASSETS, THE HAGUE	100%
SR-HYPOTHEKEN N.V., ROTTERDAM (PROPORTIONATELY CONSOLIDATED)	50%
PARNIB HOLDING N.V., THE HAGUE	100%
NIBC PETERCAM DERIVATIVES N.V., BRUSSELS, BELGIUM	50%
YCAP GROUP B.V., THE HAGUE	100%
NIB CAPITAL PRINCIPAL INVESTMENTS B.V., THE HAGUE	100%
NON-CONSOLIDATED PARTICIPATING INTERESTS	
INCLUDED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 339, BOOK 2, OF THE NETHERLANDS CIVIL CODE	
DE NEDERLANDSE PARTICIPATIE MAATSCHAPPIJ VOOR DE NEDERLANDSE ANTILLEN N.V., THE HAGUE	100%
PARTICIPATIEMAATSCHAPPIJ MAINPORT ROTTERDAM B.V., THE HAGUE	50%
CAPITAL PARTNERS AS, BERGEN, NORWAY	16%
DUCATUS N.V., 'S HERTOGENBOSCH	22%

## AUDITORS' REPORT

TO THE SHAREHOLDERS OF NIB CAPITAL BANK N.V.

### INTRODUCTION

We have audited the 2004 financial statements of NIB Capital Bank N.V., The Hague, as included on pages 14 to 47. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

### SCOPE

We concluded our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2004, and of the result for the year then ended, in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code.

AMSTERDAM, 3 MARCH 2005

PRICEWATERHOUSECOOPERS ACCOUNTANTS N.V.

## PROFIT APPROPRIATION

	2004
NET PROFIT	222.1
PROFIT AVAILABLE FOR SHAREHOLDERS' DISTRIBUTION	222.1

## APPROPRIATION

	2004
PROPOSED DIVIDEND	222.1
PROFIT APPROPRIATION	222.1

The Annual General Meeting of Shareholders will be invited to approve a proposal to distribute a cash dividend of € 222 million in respect of the year under review. In addition a repayment of € 78 million from the other reserves will be proposed.

## SUMMARY OF ARTICLE 44 OF THE ARTICLES OF ASSOCIATION IS AS FOLLOWS:

**44.1** Distribution of profits pursuant to the provisions of this article shall be made following the adoption of the Annual Accounts which show that such distribution is allowed.

**44.2** With due observance of any amounts required by the law to be allocated to the reserves, and insofar as the profits permit, the holders of preference shares of the series B up to and including E shall be paid the dividend which accrues to each of them from the profits.

**44.5** The dividend which accrues to each holder of preference shares of the series B up to and including E shall be calculated on the basis of the number of days with respect to which the distribution is made.

**44.6** If in any year the profit does not or not completely permit the distributions as referred to in the preceding paragraphs of the present article, first the amount available for distribution shall be distributed to the holders of preference shares of the series B up to and including E, in proportion to the amounts to which they are then entitled.

**44.7** Of any amount which remains after application of the preceding provisions of this Article, the Managing Board will, with the approval of the Supervisory Board, with due observance of Article 27, paragraph 2, reserve as much as it deems necessary into the company reserve (statutaire reserve) or the free reserve. No payments to Shareholders can be made from the company reserve. To the extent profits are not being reserved in application of the preceding sentence, profits are at the disposal of the Annual General Meeting of Shareholders for reservation as free reserve or for distribution, provided that distributions on not fully paid-up shares shall be related to the nominal amount paid on those shares.

**44.8** The Company may make distributions to the Shareholders and other persons entitled from the profit available for distribution only insofar as its Shareholders' equity exceeds the amount of the paid up and called up part of the capital increased by the reserves to be maintained pursuant to the law.

**44.9** Without prejudice to the provisions as laid down in paragraph 8 of the present Article, the Annual General Meeting of Shareholders may resolve to wholly or partially distribute reserves.

**44.10** A deficit may only be repaid from the reserves prescribed by the law only insofar as permitted by the law.

## PRINCIPAL SUBSIDIARIES, OFFICES AND REPRESENTATIONS

### **NIB CAPITAL BANK N.V.**

#### **NETHERLANDS**

THE HAGUE NIB CAPITAL N.V.  
CARNEGIEPLEIN 4 2517 KJ THE HAGUE THE NETHERLANDS  
P.O. BOX 2501 BH THE HAGUE THE NETHERLANDS  
TELEPHONE + 31 (0) 703425425 FAX + 31 (0) 703651071

#### **BELGIUM**

BRUSSELS NIB CAPITAL BANK N.V.  
WETENSCHAPSSTRAAT 4 | 1040 BRUSSELS BELGIUM  
TELEPHONE + 32 (0) 22358800 FAX + 32 (0) 22358809

#### **UNITED KINGDOM**

LONDON NIB CAPITAL BANK N.V.  
7 BISHOPSGATE, LONDON EC2N 3BX UNITED KINGDOM  
TELEPHONE + 44 2073757777 FAX + 44 2075886483

#### **SINGAPORE**

SINGAPORE NIB CAPITAL BANK LTD  
1 FINLAYSON GREEN # 15-01 SINGAPORE 04926 REPUBLIC OF SINGAPORE  
TELEPHONE +65 65 380 736 FAX +65 65 382 510

#### **CURAÇAO**

WILLEMSTAD NIB CAPITAL BANK (NA) N.V.  
ROOI CATOOTJEWEG 2 POSTBUS 4773 WILLEMSTAD CURAÇAO  
TELEPHONE +5999 73 70 116 FAX +5999 73 70 527

#### **NORWAY**

BERGEN NIB CAPITAL BANK N.V.  
C. SUNDTSGATE 1 5004 BERGEN P.O. BOX 613 5806 BERGEN NORWAY  
TELEPHONE +47 553 025 50 FAX +47 553 025 01



## KEY FIGURES

in millions of euros

	2004	2003	2002	2001	2000	1999
GROUP CAPITAL BASE	2,201	2,164	1,902	2,006	1,931	1,667
LOAN PORTFOLIO (I)	13,694	9,769	11,989	11,742	12,060	12,332
BALANCE SHEET TOTAL	24,756	20,985	20,310	17,519	17,263	16,764
INTEREST	273	275	229	212	203	178
COMMISSION	29	28	23	20	24	18
OTHER OPERATING INCOME	124	51	235 <sup>**</sup>	141	354 <sup>*</sup>	127
TOTAL INCOME	426	354	487	373	581	323
OPERATING EXPENSES	154	120	144	110	103	105
VALUE ADJUSTMENTS TO RECEIVABLES	-19	54	68	67	77	55
TAXATION	74	43	7	8	5	17
NET PROFIT	222	130	265	184	396	146
BANKING ACTIVITIES	197	138	39	126	92	48
EQUITY PARTICIPATION ACTIVITIES	25	-8	226	58	304	98
NET PROFIT ATTRIBUTABLE TO						
ORDINARY A SHARES	222	118	253	172	384	134
RETURN ON EQUITY (A SHARES)	14.4%	9.1%	19.0%	14.2%	39.2%	19.0%
CORE CAPITAL RATIO (TIER I)	10.7%	12.8%	11.0%	10.4%	10.8%	9.1%
SOLVENCY RATIO (BIS)	11.8%	14.9%	13.4%	13.5%	14.6%	13.4%
EFFICIENCY RATIO	36.2	33.9	29.6	29.5	17.7	32.5
AVERAGE NUMBER OF EMPLOYEES (FTE)	619	600	635	626	571	515

(I) LOANS AND GUARANTEES, EXCLUDING THE PORTFOLIO OF BONDS ISSUED BY FOREIGN GOVERNMENTS AND FINANCIAL INSTITUTIONS, EXCLUDING ADVANCES AGAINST SECURITIES, AND EXCLUDING IRREVOCABLE FACILITIES.

<sup>\*</sup>) INCLUDING € 249 MILLION ON DISPOSAL OF NPM CAPITAL N.V.

<sup>\*\*</sup>) INCLUDING € 239 MILLION ON DISPOSAL OF THE MAJORITY OF THE EQUITY PARTICIPATING PORTFOLIO TO THE SHAREHOLDERS OF NIB CAPITAL N.V.



# ANNUAL REPORT 2004

**Concept/editorial:** Readershouse/Hearst, Amsterdam

**Design:** make, Rotterdam

**Printing:** Albani BV, The Hague

**Binding:** Bosboom Binders BV, The Hague