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# NIBC Bank N.V.

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# NIBC Bank N.V.

| SACP | bbb- |
|---|---|
| Anchor | bbb+ | |
| Business Position | Weak | -2 |
| Capital and Earnings | Strong | +1 |
| Risk Position | Adequate | 0 |
| Funding | Below Average | -1 |
| Liquidity | Adequate | |

+

| Support | 0 |
|---|---|
| ALAC Support | 0 |
| GRE Support | 0 |
| Group Support | 0 |
| Sovereign Support | 0 |

+

| Additional Factors | 0 |
|---|---|

**Issuer Credit Rating**

**BBB-/Positive/A-3**

## Major Rating Factors

| Strengths: | Weaknesses: |
|---|---|
| • Strong capitalization.<br>• Well collateralized loan book and sound risk management capabilities.<br>• Focused strategy and long-standing sector expertise. | • Niche corporate banking and mortgage franchises.<br>• Business and revenue concentration.<br>• Exposure to earnings volatility relative to other Dutch banks. |

**Outlook: Positive**

The positive outlook reflects the possibility that we could raise our long- and short-term ratings on NIBC Bank N.V. by one notch if recent progress and further strengthening of the funding profile support its stand-alone creditworthiness. We intend to focus on the bank's funding profile balance over our two-year rating horizon, and assess to what extent stable funding sources support further growth in NIBC's stable revenue sources.

### Upside Scenario

We could raise the long- and short-term ratings on NIBC by one notch if the bank continues to make progress evolving its funding profile, leading to a reduction in its overall confidence sensitivity and improving earnings prospects. Specifically, we could revise our funding assessment to average from below average if NIBC:

- Maintains funding ratios broadly in line with the Dutch industry average;
- Demonstrates further growth in retail term deposits and stickiness in retail on-demand deposits, supporting a strengthening of its deposit franchise; and
- Provides evidence that its balanced funding mix leads to further controlled growth in stable sources of revenue, such as long-term residential mortgages.

### Downside Scenario

We could revise the outlook back to stable if NIBC reverted to overreliance on wholesale sources of funding, or if an improving mix of funding sources did not support a strengthening in revenue stability or reduce recent pressure on profitability.

We could also revise the outlook back to stable if we saw a deterioration in the bank's asset quality, particularly in some of the more vulnerable segments such as shipping or oil and gas; an increase in risk appetite; or a material shift in the bank's pace of credit growth. This scenario could be relevant especially if our risk-adjusted capital (RAC) forecast is very close to the 10% threshold for the current strong capital and earnings assessment.

## Rationale

The starting point in assigning our ratings on NIBC is the 'bbb+' anchor, which results from our weighted average calculation of its geographically diversified credit exposures, and our view of the Dutch banking sector. NIBC is domiciled in the Netherlands and primarily regulated there. Our business position assessment is constrained by our view of NIBC's niche franchises; the potential volatility in some of its chosen sectors; and the bank's modest overall market position. Capitalization is strong, and our expectation of further credit growth, potential capital distributions, and improving earnings leads to our projection of its RAC ratio operating at 10.5%-11.0% over the next two years. Our assessment of NIBC's risk position balances its sound long-term loss experience and our belief that new lending is being well managed with the concentrated nature of its corporate loan book. Its funding and liquidity assessment factors in the bank's reducing reliance on wholesale funding, narrow retail deposit franchise relative to Dutch banking peers, and satisfactory liquidity profile.

The outcome is a 'bbb-' stand-alone credit profile (SACP), which is the same as the issuer credit rating because we make no adjustments for external support or other factors.

### Anchor: 'bbb+' for banks in The Netherlands

Our bank criteria use our Banking Industry Country Risk Assessment (BICRA) economic and industry risk scores to determine a bank's anchor--the starting point in assigning an issuer credit rating. The anchor for a commercial bank operating only in The Netherlands is 'bbb+'. Although NIBC is exposed to other countries--mainly Germany and the U.K.--our blended economic risk score is based upon reported exposure at default, which we calculate to be just over '3' at Dec. 31, 2015. It is mainly driven by the score for The Netherlands, where the majority of NIBC's exposures reside. Absent a change in our view of economic risk for the country, we expect our blended economic risk score to remain unchanged over the next two years.

We base our assessment of economic risk on our view that the Dutch economy is wealthy, diversified, open, and competitive, as seen in its high income per capita, its net external asset position, recurrent and elevated current account surpluses, and long track record of prudent and flexible macroeconomic policies. Following real GDP growth of 2.0% in 2015, we believe that The Netherlands' real GDP will post 1.8% growth this year before falling to a 1.5% average during 2017-2019. The ongoing recovery continues to be fueled by strong domestic demand. Although residential house prices have been rising since mid-2013, the recovery in the commercial real estate segment is lagging behind. We anticipate that the improving conditions for the private sector will remain, to some extent, constrained by still-elevated gross household leverage and the subpar growth outlook in the European Economic and Monetary Union (EMU) and the U.K., especially after the U.K.'s referendum vote to leave the EU.

Our assessment of industry risks for Dutch banks incorporates high domestic concentration and our view of a stable competitive environment. We consider that the prospective profitability of domestic banking activities is adequate. Some of the large banks have completed large restructuring efforts in exchange for state aid. Cost optimization programs continue in the context of the persistently low-interest-rate environment and cost of risk has also improved, mitigating asset repricing. The system's relatively large reliance on wholesale funding is partly attributable to households' propensity to save in life insurance and pension products, rather than in bank deposits. We consider that Dutch systemwide funding benefits from, among other things, the depth of the domestic capital market and the Dutch authorities' good track record in providing liquidity support.

**Table 1**

NIBC Bank N.V. -- Key Figures

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(Mil. €)** | **2016*** | **2015** | **2014** | **2013** | **2012** |
| Adjusted assets | 24,067.0 | 23,042.0 | 23,101.0 | 22,276.0 | 26,192.0 |
| Customer loans (gross) | 17,165.0 | 16,754.0 | 15,828.0 | 14,337.0 | 16,790.0 |
| Adjusted common equity | 1,878.0 | 1,834.0 | 1,721.0 | 1,685.0 | 1,688.0 |
| Operating revenues | 157.0 | 352.0 | 300.0 | 224.7 | 272.4 |
| Noninterest expenses | 92.5 | 191.0 | 159.0 | 135.0 | 147.0 |
| Core earnings | 43.9 | 91.0 | 38.4 | 21.7 | 73.4 |

*Data as of June 30.

### Business position: Two niche franchises but long-standing selected corporate sectorial expertise

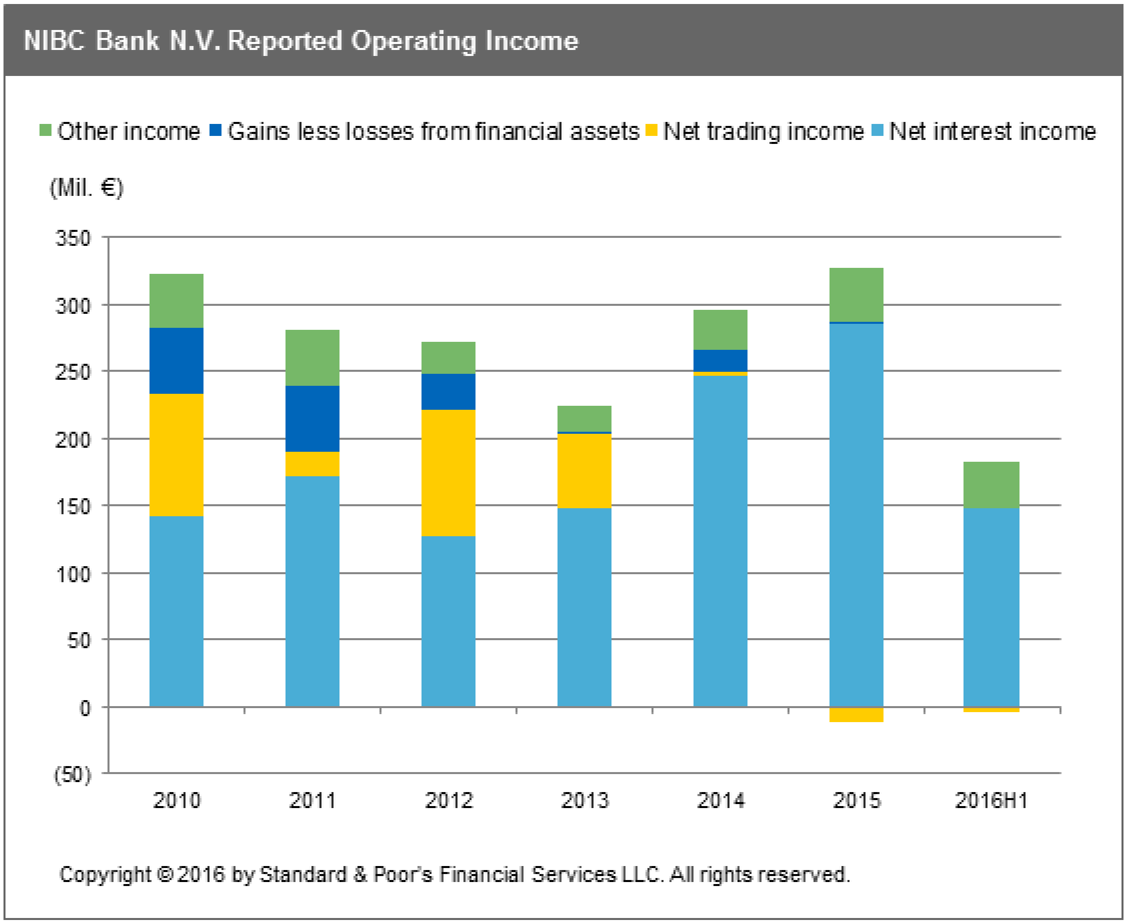
We consider NIBC's business position to be constrained by the bank's niche franchises, our view of potential volatility in a few of its sectors, and modest overall market position. With total assets of €24.1 billion at June 30, 2016, NIBC is a midsize bank within the overall Dutch system.

We consider the bank's activities are much less diversified than its larger domestic peers (ABN AMRO, ING, and Rabobank), whose business position assessments range from adequate to very strong. We also compare NIBC with smaller Dutch banks--including SNS Bank and Van Lanschot, which also have lower business position assessments,--although their business activities are not directly comparable.

The majority of NIBC's corporate banking income originates from lending and providing advisory services to mid-cap companies in the Benelux region and Germany, and internationally to a few niche sectors--including infrastructure, shipping, and oil and gas. We regard the bank's consumer banking franchise (NIBC Direct), which mainly comprises online deposit-gathering activities and mortgage lending, as relatively limited. For example, its share of stock of the Dutch mortgage market is just under 2%. Although NIBC's small size and niche focus provides it with alternative avenues for growth, we consider its niche franchises as leading to a potentially more confidence sensitive business model.

NIBC spent several years focusing on managing and reducing higher-risk exposures and rebalancing its funding profile in a generally difficult operating environment. During the past two years, the bank has returned to net lending, which has been supported by its long-standing expertise in its corporate niches and utilization of its NIBC Direct franchise. In our view, NIBC is well positioned to expand both businesses, but we note that a fairly high proportion of income is often derived from less predictable sources than is typical for a commercial bank (see chart 1).

**Chart 1**




We view management capabilities as good and the strategic focus as clear. In 2016, NIBC launched BEEQUIP, an equipment leasing company for corporate small and midsize enterprises (SMEs) in infrastructure, construction, and logistics. This product offering sits well in the context of NIBC's existing corporate client base. The bank also acquired SNS Securities (since rebranded NIBC Markets), which will support NIBC's advisory services. Another example of NIBC's growth ambitions was its launch, in 2015, of a buy-to-let (BTL) mortgage product, which we understand is a rarity in the Dutch market.

We note that NIBC has been owned for several years by private equity (PE) firm J.C. Flowers & Co. LLC and funds that it manages on behalf of co-investors. As an experienced investor in midsize financial institutions, J.C. Flowers & Co. LLC's presence on NIBC's supervisory board adds value to the bank's managing board and provides a useful global perspective on its plans to grow NIBC's niche franchises, in our view. For example, we note that the PE owner has experience of the BTL mortgage product from the U.K. banks it has been involved with. We also note that the dividend policy has not been overly aggressive, with NIBC consistently maintaining robust capitalization, by our measures. NIBC's PE ownership, which is uncommon for a commercial bank, is currently neutral for our credit assessment.

**Table 2**

| NIBC Bank N.V. -- Business Position | | | | | |
|---|---|---|---|---|---|
| | | --Year-ended Dec. 31-- | | | |
| (%) | 2016* | 2015 | 2014 | 2013 | 2012 |
| Total revenues from business line (mil. €) | 179.0 | 352.0 | 300.0 | 245.0 | 294.0 |
| Commercial & retail banking/total revenues from business line** | 83.2 | 81.3 | 92.7 | 91.8 | 91.5 |
| Trading and sales income/total revenues from business line | (2.2) | 3.1 | N/A | N/A | N/A |
| Corporate finance/total revenues from business line | 6.1 | 6.3 | 6.0 | 5.3 | 6.5 |
| Asset management/total revenues from business line | N/A | 4.3 | 3.7 | 2.4 | 2.0 |
| Other revenues/total revenues from business line | 12.8 | 5.1 | (2.3) | 0.4 | N/A |
| Investment banking/total revenues from business line | 3.9 | 9.4 | 6.0 | 5.3 | 6.5 |
| Return on equity | 4.6 | 3.8 | 1.3 | 1.2 | 4.0 |

*Data as of June 30. **Includes income from residential mortgage portfolio and lending to mid-cap companies in a variety of corporate segments. N/A--Not applicable.

## Capital and earnings: We assume little change in capitalization

We view NIBC's capitalization as strong, primarily based on our expectation that our RAC ratio will be 10.5%-11.0% through end-2018. We calculate the bank's RAC ratio from the Pillar 3 report of its holding company, NIBC Holdings N.V., to avoid any double leverage considerations as there is a difference in the size of equity at the bank and the holding company level. The difference in exposures between the two, however, is minimal.

The RAC ratio was 11.5% at end-2015, up from 10.7% at end-2014 reflecting an increase in retained earnings and a reduction in NIBC's market risk.

Our projected RAC range over the forecast period is based primarily on the following assumptions:

- S&P Global Ratings' risk-weighted assets to rise as a result of growth in the loan book. We forecast around 5% on average per year over the projection period, with a bias towards faster growth in 2018;
- An improvement in pre-provision income (from €161 million in 2015, by our calculation) on the back of a growing balance sheet, broadly flat net interest margins, and growth in operating expenses generally matching revenue growth;
- Impairment charges to be broadly stable relative to the €63 million reported in 2015, and to remain little changed in 2017 and 2018; and.
- Shareholder distributions of up to 50% of net income;
- No exceptional items of note.

In the first half of 2016, we observe that the bank's profit before tax rose to a reported €44 million from €33 million in the same period in 2015. This improvement includes a regulatory charge of €9 million, which did not occur in the first half of 2015. Earnings were therefore better year-on-year as higher net interest income and slightly lower operating expenses more than offset the fall in net fee and commission income. The improvement in net interest income was supported by asset growth and lower funding costs.

The difference between our capital measure and the higher regulatory ratios reported by NIBC Holding N.V. (13.9% common equity Tier 1 ratio at Dec. 31, 2015) is somewhat attributable to the fact that we do not include the group's hybrid instruments in our measure of total adjusted capital. It also reflects the higher risk weights we assign to some of the bank's exposures, such as securitizations, corporates, and equity holdings.

**Table 3**

## NIBC Bank N.V. -- Capital And Earnings

| | --Year-ended Dec. 31-- | | | | |
|---|---|---|---|---|---|
| **(%)** | **2016*** | **2015** | **2014** | **2013** | **2012** |
| Tier 1 capital ratio | 15.9 | 15.6 | 15.5 | 21.3 | 18.1 |
| Adjusted common equity/total adjusted capital | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Net interest income/operating revenues | 94.9 | 81.3 | 76.7 | 65.9 | 46.6 |
| Fee income/operating revenues | 7.0 | 10.2 | 9.0 | 7.7 | 6.6 |
| Market-sensitive income/operating revenues | (2.5) | 3.1 | 6.0 | 25.5 | 44.4 |
| Noninterest expenses/operating revenues | 58.9 | 54.3 | 53.0 | 60.1 | 54.0 |
| Preprovision operating income/average assets | 0.5 | 0.7 | 0.6 | 0.4 | 0.5 |
| Core earnings/average managed assets | 0.4 | 0.4 | 0.2 | 0.1 | 0.3 |

*Data as of June 30.

**Table 4**

## NIBC Holdings N.V. -- Risk-Adjusted Capital Framework Data

| **(Mil. €)** | **Exposure*** | **Basel RWA** | **Average Basel RW (%)** | **S&P Global Ratings RWA** | **Average S&P Global Ratings RW (%)** |
|---|---|---|---|---|---|
| **Credit risk** | | | | | |
| Government and central banks | 866 | 0 | 0 | 26 | 3 |
| Institutions | 1,366 | 713 | 52 | 290 | 21 |
| Corporate | 10,026 | 5,688 | 57 | 8,178 | 82 |
| Retail | 8,965 | 1,213 | 14 | 1,957 | 22 |
| Of which mortgage | 8,744 | 1,063 | 12 | 1,824 | 21 |
| Securitization§ | 680 | 150 | 22 | 945 | 139 |
| Other assets | 211 | 213 | 101 | 237 | 113 |
| Total credit risk | 22,114 | 7,975 | 36 | 11,633 | 53 |
| **Market risk** | | | | | |
| Equity in the banking book† | 211 | 1,113 | 527 | 1,647 | 781 |
| Trading book market risk | -- | 138 | -- | 206 | -- |
| Total market risk | -- | 1,250 | -- | 1,853 | -- |
| **Insurance risk** | | | | | |
| Total insurance risk | -- | -- | -- | 0 | -- |
| **Operational risk** | | | | | |
| Total operational risk | -- | 463 | -- | 606 | -- |
| | | **Basel RWA** | | **Standard & Poor's RWA** | **% of Standard & Poor's RWA** |
| **Diversification adjustments** | | | | | |
| RWA before diversification | | 9,850 | | 14,092 | 100 |
| Total Diversification/Concentration Adjustments | | -- | | 886 | 6 |
| RWA after diversification | | 9,850 | | 14,978 | 106 |

**Table 4**

| NIBC Holdings N.V. -- Risk-Adjusted Capital Framework Data (cont.) | Tier 1 capital | Tier 1 ratio (%) | Total adjusted capital | S&P Global Ratings RAC ratio (%) |
|---|---|---|---|---|
| **Capital ratio** | | | | |
| Capital ratio before adjustments | 1,543 | 15.7 | 1,617 | 11.5 |
| Capital ratio after adjustments‡ | 1,543 | 15.7 | 1,617 | 10.8 |

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of Dec. 31, 2015, S&P Global Ratings.

### Risk position: Sound asset quality track record and reduction in large risk exposures

Our view of NIBC's risk position as adequate reflects our belief that our RAC framework adequately captures the risks that the bank faces. NIBC's long-term loss experience in corporate and retail lending, in our view, is broadly comparable with the Dutch industry average, despite some corporate sector concentrations. Going forward, key rating considerations will be based on the relative pace of credit growth and the performance of key segments of NIBC's corporate banking assets, in particular the shipping, commercial real estate, and oil and gas segments. Although we have seen a faster pace of credit growth in the past 12 months relative to prior periods, we consider growth to be well controlled with no extension of risk appetite. Our RAC projection incorporates a relatively benign credit outlook, with new impairment charges averaging just under 30 basis points over the 2016-2018 period, which is predicated upon our understanding of NIBC's good risk management capabilities and the stable outlook for the Dutch economy and property markets.

NIBC's key risk exposures, by our calculations, totaled €18.5 billion as of June 30, 2016. Management-reported data includes undrawn corporate exposure commitments, whereas figures on the balance sheet are only drawn balances with the exception of equity investments.

These exposures were fairly evenly balanced between corporate lending and residential mortgages, €9.8 billion and €8.8 billion, respectively (see chart 2). We note that a portion of corporate lending include leverage finance (NIBC no longer discloses the amount). Our view of the key risk exposures also includes equity investments of €283 million and investment loans--typically unsecured subordinated loans--of €202 million.

**Chart 2**

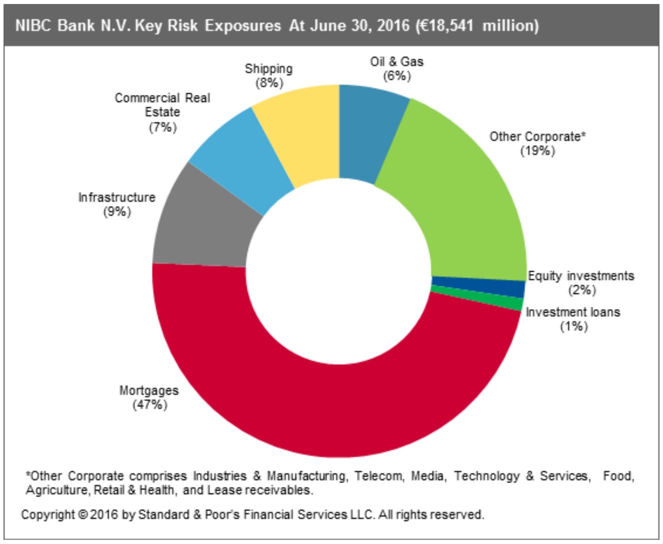
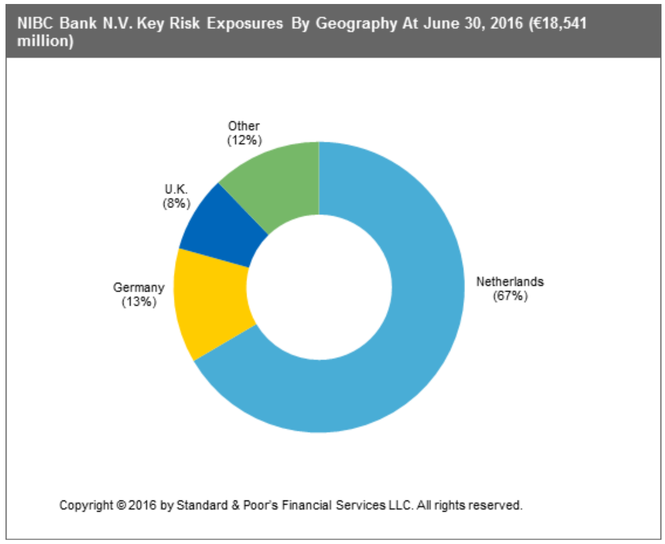



**Chart 3**




The corporate book is mainly spread between Dutch, German, and U.K. clients. NIBC focuses on just seven sectors. The largest sector exposure is infrastructure (about €1.7 billion, of which the majority is U.K. clients). Other noteworthy segments include shipping (€1.4 billion), commercial real estate (€1.3 billion; purely based in Germany and The Netherlands); and oil and gas (€1.2 billion). Reported exposure to the latter three segments decreased marginally to €4.0 billion as of June 30, 2016, from €4.1 billion at end-2015.

We observe that risks so far appear to have been mitigated by the collateralized nature of most lending activities, and sound sector knowledge and underwriting criteria. Despite the generally sound relative loss experience, we consider the profile of the loan book to be more aggressive than we would typically observe at a commercial bank. NIBC states that the weighted average counterparty credit rating of the corporate loan book is equivalent to 'B+' but that loss given default is concentrated in categories that correspond to recoveries in the upper-end of the 80%-90% range. Nevertheless, we believe that our 82% average risk weight for NIBC's corporate exposures in our RAC calculation adequately captures the risks in this book.

The mortgage book is 98% Dutch and 2% German and is now solely originated under the NIBC Direct label (since May 2013; previously it was just white label). While we are cognizant of the asset quality of the back book, we view it as seasoned and reported arrears levels and defaults are falling. We understand that gross lending has been of a good quality since 2013, with the bank avoiding large loans, and the majority of lending covered by the Dutch National Housing Guarantee. We will continue to monitor the evolution of new lending, especially buy-to-let originations. However, buy-to-let growth to date has been conservatively underwritten and the pace of growth has been relatively slow.

**Table 5**

**NIBC Bank N.V. Risk Position**

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(%)** | **2016*** | **2015** | **2014** | **2013** | **2012** |
| Growth in customer loans | 4.9 | 5.9 | 10.4 | (14.6) | (6.6) |

**Table 5**

NIBC Bank N.V. Risk Position (cont.)

| | | --Year-ended Dec. 31-- | | | |
|---|---|---|---|---|---|
| **(%)** | **2016*** | **2015** | **2014** | **2013** | **2012** |
| Total managed assets/adjusted common equity (x) | 12.8 | 12.6 | 13.4 | 13.2 | 15.5 |
| New loan loss provisions/average customer loans | 0.2 | 0.4 | 0.6 | 0.4 | 0.3 |
| Net charge-offs/average customer loans | 0.2 | 0.2 | 0.1 | 0.5 | 0.2 |
| Gross nonperforming assets/customer loans + other real estate owned | N/A | 3.0 | 2.9 | 2.8 | 2.5 |
| Loan loss reserves/gross nonperforming assets | N/A | 34.2 | 37.5 | 26.8 | 31.8 |

*Data as of June 30. N/A--Not applicable.

### Funding and liquidity: Improving funding profile should support the stability of earnings

We view NIBC's funding as below average and its liquidity as adequate. Our funding assessment is constrained by the absence of a franchise driven deposit base and the bank's historical greater-than-average reliance on wholesale funding. That said, we note that NIBC's reliance on wholesale funding has been reducing, and is now augmented by a broadening range of long-term wholesale issuance. Its online retail deposit book, of which NIBC states that almost half is in term deposits, continues to grow, which supports our stable funding metric, which is broadly similar to Dutch peers. Although we expect the funding mix to remain broadly stable, our base-case expectation is that NIBC will continue to make progress to strengthen its funding profile, which will support continued growth into stable longer-term revenue sources, such as long-term residential mortgages.

By our measures, customer deposits were 62% of the funding base at year-end 2015, up from 57% in the prior year. This proportion is lower than many Dutch peers but has been improving, increasing from 29% at year-end 2011. We calculate that NIBC's loan-to-deposit ratio was 139% on June 30, 2016. Although it has improved, it continues to remain higher than most Dutch peers.

While we tend to view online deposits as potentially more volatile than more relationship-based savings, we note the material share of term deposits in NIBC's overall book; the good granularity and very high proportion of insured balances; the geographic diversity; and the stable track record, even after a prolonged series of reductions in pricing. We consider the maturity profile of the bank's funding as adequate, illustrated by our S&P Global Rating's stable funding ratio, which we expect to continue to exceed 100% at end-2016.

NIBC's liquidity position is supported by its large portfolio of liquid assets, in the form of cash or securities eligible for repurchase agreement activity. As of June 30, 2016, cash and balances at central banks totaled €1.4 billion. In addition, a debt securities portfolio of €421 million, comprised of highly-rated bank bonds, is used to support liquidity. The bank states that on June 30, 2016, its Basel III-required liquidity coverage and net stable funding ratios were at 230% and 116%, respectively. We expect our ratio of broad liquid assets to short-term wholesale funding to comfortably exceed 1x at end-2015.

**Table 6**

| NIBC Bank N.V. Funding And Liquidity | | | | | |
|---|---|---|---|---|---|
| | | --Year-ended Dec. 31-- | | | |
| **(%)** | **2016*** | **2015** | **2014** | **2013** | **2012** |
| Core deposits/funding base | 62.1 | 62.1 | 56.8 | 49.6 | 41.3 |
| Customer loans (net)/customer deposits | 139.4 | 143.1 | 153.8 | 164.7 | 199.5 |
| Long term funding ratio | 96.6 | 96.1 | 95.9 | 88.7 | 94.2 |
| Stable funding ratio | 110.1 | 104.9 | 102.7 | 101.9 | 108.0 |
| Short-term wholesale funding/funding base | 3.7 | 4.3 | 4.5 | 12.5 | 6.3 |
| Broad liquid assets/short-term wholesale funding (x) | 4.0 | 2.7 | 2.4 | 1.3 | 2.5 |
| Net broad liquid assets/short-term customer deposits | 51.9 | 34.1 | 44.3 | 48.7 | 31.3 |
| Short-term wholesale funding/total wholesale funding | 9.8 | 11.3 | 10.4 | 24.7 | 10.7 |
| Narrow liquid assets/3-month wholesale funding (x) | 6.7 | 4.9 | 2.7 | 10.0 | 8.9 |

*Data as of June 30.

## External support: Low systemic importance in The Netherlands

The counterparty credit rating is in line with the SACP, reflecting our assessment of NIBC's low systemic importance in The Netherlands. This is based on the bank's modest share of the overall Dutch banking system and our view of its limited domestic retail franchise.

Although we include notches of uplift under our additional loss absorbing capacity methodology (ALAC) for some large Dutch banks, we do not currently do so for NIBC. This is because we see it as being of low systemic importance in the Netherlands, and this implies to us that the bank might be put into bankruptcy if regulators determined it to be nonviable. By contrast, we anticipate that the most systemically important Dutch banks would likely be subject to a well-defined bail-in resolution process whose key objective is to ensure the timely and full payment of all these banks' senior unsecured obligations. Where we additionally see a credible plan for these banks to build a substantial buffer of ALAC in the coming years, we apply some uplift in the issuer credit rating.

We continue to monitor developments in this area (see "As The Tier 3 Ball Starts To Roll, European Banks Continue To Plot Their Bail-In Buffers", published June 6, 2016 on RatingsDirect). For example, we anticipate that regulators will set a minimum requirement for eligible liabilities on NIBC within the next year. We anticipate that this, among other elements, could inform us of the authorities' preferred resolution strategy and so the possible eligibility for ALAC uplift.

The bank is owned by NIBC Holding, itself owned by a consortium of investors led by private equity firm JC Flowers & Co LLC since 2005. Despite previous support received from its owners, we do not factor any notches of group support in our ratings, reflecting, among other things, the private equity nature of its ownership.

## Additional rating factors:None

No additional factors affect this rating.

# Related Criteria And Research

## Related Criteria

- Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Bank Capital Methodology And Assumptions, Dec. 6, 2010

## Related Research

- Banking Industry Country Risk Assessment: The Netherlands, Nov. 4, 2014

**Anchor Matrix**

| Industry Risk | Economic Risk | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | **3** | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1 | a | a | a- | bbb+ | bbb+ | bbb | - | - | - | - |
| 2 | a | a- | a- | bbb+ | bbb | bbb | bbb- | - | - | - |
| **3** | a- | a- | **bbb+** | bbb+ | bbb | bbb- | bbb- | bb+ | - | - |
| 4 | bbb+ | bbb+ | bbb+ | bbb | bbb | bbb- | bb+ | bb | bb | - |
| 5 | bbb+ | bbb | bbb | bbb | bbb- | bbb- | bb+ | bb | bb- | b+ |
| 6 | bbb | bbb | bbb- | bbb- | bbb- | bb+ | bb | bb | bb- | b+ |
| 7 | - | bbb- | bbb- | bb+ | bb+ | bb | bb | bb- | b+ | b+ |
| 8 | - | - | bb+ | bb | bb | bb | bb- | bb- | b+ | b |
| 9 | - | - | - | bb | bb- | bb- | b+ | b+ | b+ | b |
| 10 | - | - | - | - | b+ | b+ | b+ | b | b | b- |

| Ratings Detail (As Of November 2, 2016) | |
|---|---|
| **NIBC Bank N.V.** | |
| Counterparty Credit Rating | BBB-/Positive/A-3 |
| Commercial Paper | |
| *Local Currency* | A-3 |
| Junior Subordinated | B+ |
| Senior Unsecured | BBB- |
| Short-Term Debt | A-3 |
| Subordinated | BB |
| **Counterparty Credit Ratings History** | |
| 19-Oct-2016 | BBB-/Positive/A-3 |
| 04-Nov-2014 | BBB-/Stable/A-3 |
| 04-Oct-2012 | BBB-/Negative/A-3 |
| 08-Dec-2011 | BBB-/Stable/A-3 |

| Ratings Detail (As Of November 2, 2016) (cont.) | |
|---|---|
| **Sovereign Rating** | |
| Netherlands (State of The) | AAA/Stable/A-1+ |

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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