

**NIBC**

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# Full Year Results 2011

NIBC Bank N.V.

7 March 2012



# Agenda

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# Full Year Results 2011 Highlights

NIBC Bank N.V.

Jeroen Drost  
CEO

7 March 2011



# 2011 highlights

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## *Solid performance under difficult market circumstances*

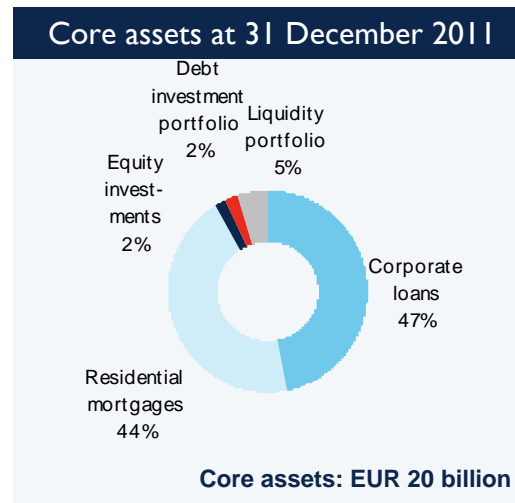
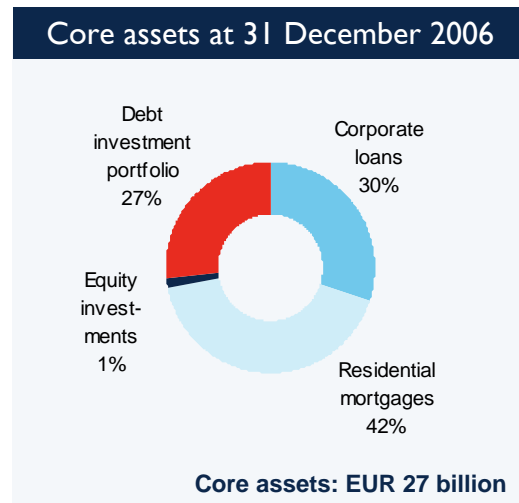
*Client focus, sustainable profitability and strong solvency and liquidity remained the drivers of everything we did last year*

- Further expansion of consumer and corporate activities
- Launch of corporate campaign around proposition of entrepreneurial and sustainable bank with 'Think yes' mentality
- Excellent Net Promoter Score of 25 for Corporate Banking clients (only 7% of Dutch companies have positive score); NIBC Direct customer poll resulted in rating of 7.8 out of 10
- Commitment of staff was re-emphasised in annual employee engagement survey: overall engagement of 86% - clearly ahead of other global financial services organisations
- NIBC Direct enjoyed another successful year with retail savings growing further, new products introduced and NIBC Direct successfully launched in Belgium
- The year saw some Managing Board changes. Petra van Hoeken was appointed as the successor of Jan Sijbrand, who left NIBC to become Executive Director of the Governing Board of the Dutch central bank

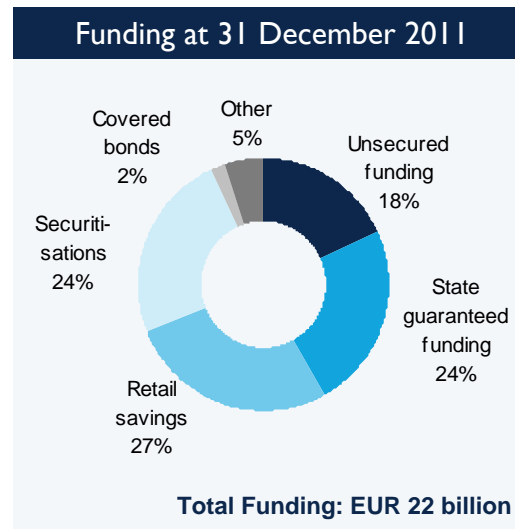
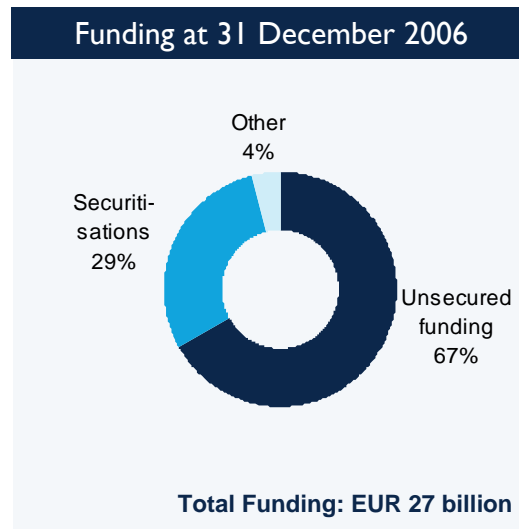
# Progress made in past five years

*Actions taken in previous years form the basis of the solid 2011 results*

*Balance sheet derisked*



*Funding diversified and strengthened*

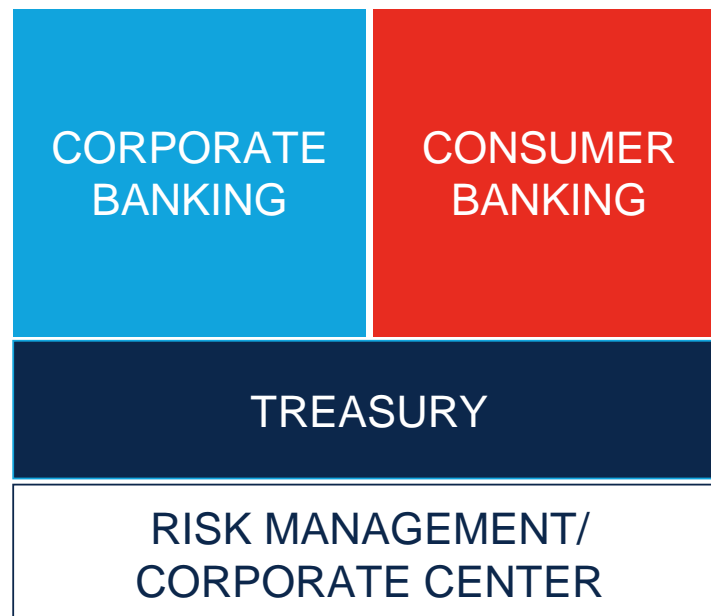


# Strategy

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*Highly effective strategy*

- Clients are our starting point, driving everything we do
- Highly effective strategy, based on client focus, sustainable profitability and strong liquidity and solvency
- As retail activities grow, we are taking logical step of progressing from two-pillar strategy around Merchant Banking and Specialised Finance into organisation focused on two main activities of Corporate Banking and Consumer Banking

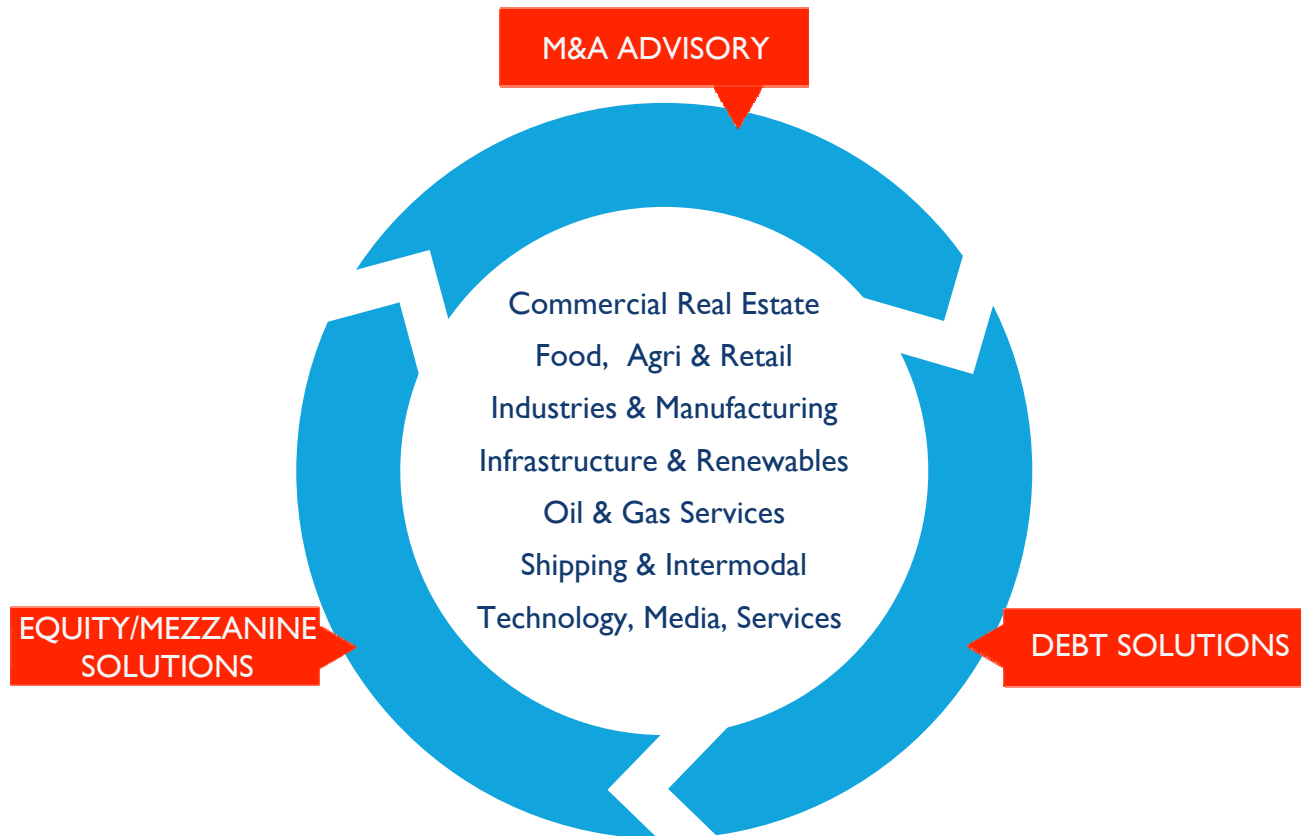




# Corporate Banking

*Crystal-clear answers to complex financial challenges*

*Size of Corporate  
Loan portfolio  
around EUR 10  
billion*



# Examples of 2011 Transactions

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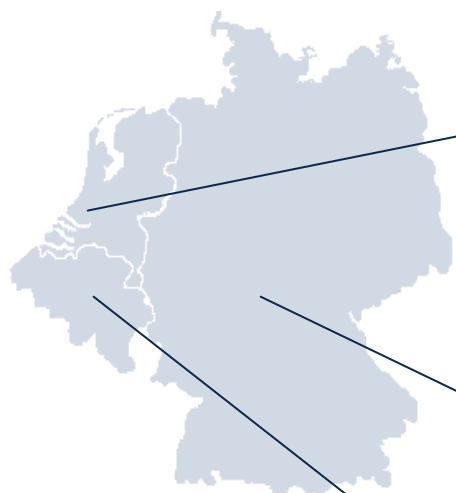
*Significant  
number of deals  
across key  
sectors and  
markets*

- *Commercial Real Estate:* NIBC advised Nieuwe Steen Investments on the merger with Vastned Offices/Industrial
- *Food, Agri & Retail:* NIBC acted as mandated lead arranger in the EUR 75 million senior facilities for Brand Loyalty
- *Industries & Manufacturing:* NIBC advised W.W. Grainger, Inc. on the acquisition of Fabory Group
- *Infrastructure & Renewables:* NIBC acted as modelling bank for the financing of the Sleaford straw fired biomass plant in the UK.
- *Oil & Gas Services:* NIBC closed a Senior Secured Credit Facility with Heerema Marine Contractors
- *Shipping & Intermodal:* NIBC acted as sole arranger and hedge provider in the USD 28 million facility for Vroon Group B.V.
- *Technology, Media & Services:* NIBC acted as sole financial advisor to KBC Private Equity, Indufin and management in the sale of Actief Interim to Gilde Equity Management and arranged and provided senior debt for the buyout
- *Investments:* NIBC and Avedon Capital Partners launched NIBC Growth Capital Fund II, a new private equity fund

# Consumer Banking

*Size of retail savings  
over EUR 6 billion*

*Size of mortgage  
portfolio over EUR  
8.5 billion*



## The Netherlands

- NIBC Direct successfully launched in the Netherlands in September 2008
- Residential mortgages (via white-label); origination partners are intermediary chains/networks and insurance companies

## Germany

- NIBC Direct launched in February 2009
- Brokerage services introduced in Summer 2011
- Limited portfolio residential mortgages

## Belgium

- NIBC Direct launched in December 2011



- Complete range of online saving products, from instant access accounts to longer-term deposits
- Transparent and secure, no complicated conditions
- Selective expansion of product range



# Examples of NIBC Direct Successes 2011

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## *The Netherlands*

- Consumentenbond: NIBC Direct term deposit 'Best Buy'
- Third position 'Gouden Spaarvarken'
- Top three position for customer-centric savings policy by Dutch regulator AFM

## *Germany*



## *Belgium*

- Savings account of the year – savings 2012

# Executive Summary

	Goals 2011	Achievements 2011
<b>Increased client focus</b>	<ul style="list-style-type: none"> <li>▪ Increase name recognition and strengthen position among client target groups</li> <li>▪ Grow corporate loan book</li> </ul>	<ul style="list-style-type: none"> <li>▪ Name recognition increased by launching corporate campaign</li> <li>▪ Growth corporate loan portfolio of 5% drawn; 2% including undrawn</li> </ul>
<b>Sustainable profitability</b>	<ul style="list-style-type: none"> <li>▪ Maintain tight credit risk control</li> <li>▪ Improve cost to income ratio</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continuation of profitability</li> <li>▪ Impairments decreased significantly</li> <li>▪ Cost-to-income ratio increased in 2011, but will improve in 2012</li> </ul>
<b>Strong capital and liquidity position</b>	<ul style="list-style-type: none"> <li>▪ Keep excellent Tier-I ratio</li> <li>▪ Continue funding diversification</li> <li>▪ Maintain strong liquidity position</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strongly capitalised, with a Core Tier-I ratio of 13.8%</li> <li>▪ Funding diversification continued</li> <li>▪ Strong liquidity position, even under stress</li> </ul>

# Financial Highlights 2011

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*Net profit EUR 68 million*

- Net profit 2011 of EUR 68 million for NIBC Bank (EUR 76 million in 2010)
- NIBC Holding posts net profit 2011 of EUR 86 million (EUR 77 million in 2010)

*Growth in corporate loan portfolio and lower funding costs create stable income base for further future growth*

- Corporate loan portfolio increases by 5%
- Recurrent income – net interest and net fee and commission income – increased from 52% to 73% of operating income; net trading income decreased
- Impairments decreased significantly in 2011
- NIBC Bank is strongly capitalised, with a Core Tier-I ratio of 13.8%
- Strong start of NIBC Direct Belgium attracting online savings well above expectations
- No debt exposure to sovereign entities in Greece, Ireland, Italy, Portugal and Spain

# Full Year Results 2011

NIBC Bank N.V.

Kees van Dijkhuizen  
CFO

7 March 2011



# Profit & Income

In EUR millions	FY	FY	H2	H1	H2
	2011	2010	2011	2011	2010
Net interest income	171	142	84	88	79
Net fee and commission income	36	26	20	16	15
Dividend income	5	10	4	1	6
Net trading income	18	91	4	14	42
Gains less losses from financial assets	50	50	25	25	30
Share in result of associates	2	3	1	2	0
Other operating income	(0)	1	(0)	0	(0)
<b>Operating income</b>	<b>282</b>	<b>323</b>	<b>138</b>	<b>144</b>	<b>172</b>
<b>Net profit attributable to parent shareholder</b>	<b>68</b>	<b>76</b>	<b>25</b>	<b>43</b>	<b>34</b>

- Composition of operating income improved in 2011 after a significant improvement in 2010
- Significant increase of recurrent income (net interest income and net fee and commission income) as proportion of overall operating income (73% in 2011 compared to 52% in 2010)
- Net trading income declined and gains less losses from financial assets were stable
- Growing client activity resulted in increase of corporate loan portfolio (5% drawn; 2% including undrawn)



# Expenses

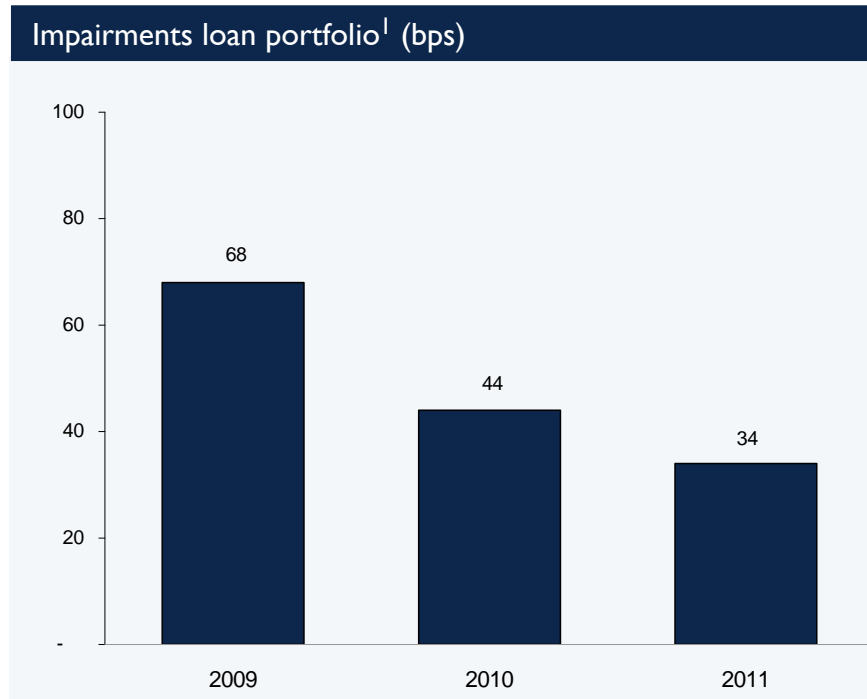
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In EUR millions	FY	FY
	2011	2010
Personnel expenses	(99)	(100)
Other operating expenses	(65)	(56)
Depreciation and amortisation	(6)	(6)
<b>Operating expenses</b>	<b>(170)</b>	<b>(163)</b>

*Operating expenses  
under control*

- Continued focus on operational efficiency
- Operating expenses increased as a result of investments in NIBC Direct, especially the launch of NIBC Direct in Belgium
- Cost-to-income ratio increased in 2011, but will go down in 2012

# Impairments

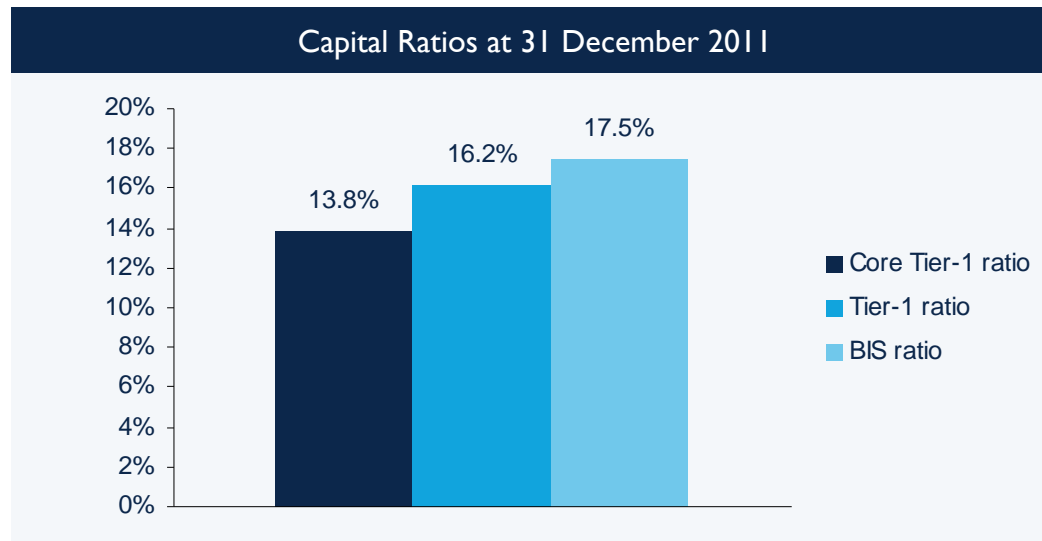


- Impairments significantly decreased in 2011

# Capital Adequacy

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- Strongly capitalised
- Well positioned for all upcoming Basel III capital requirements
- Core Tier-I ratio of 13.8% and Tier-I of 16.2% at 31 December 2011



# Funding Diversification

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Funding diversification successfully further expanded in 2011:

- EUR 500 million of covered bonds issued
- EUR 750 million of Dutch mortgage securitisations
- NIBC Direct savings increased from EUR 4.2 to EUR 6.1 billion
- Launch NIBC Direct Belgium

## NIBC Holding - FY Results 2011

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- NIBC Holding reported a profit of EUR 86 million in 2011, an increase of 12% compared to 2010
- The US portfolio has a carrying value of EUR 0.1 billion as at 31 December 2011
- The difference with the net profit of NIBC Bank is primarily the result of gains on the sale of a part of this US portfolio
- The capital ratios of NIBC Holding also remained strong with a core Tier-I ratio of 12.8%, a Tier-I ratio of 15.2% and a BIS ratio of 16.3%

# Summary and Outlook

NIBC Bank N.V.

Jeroen Drost  
CEO

7 March 2011



# Management Agenda 2012

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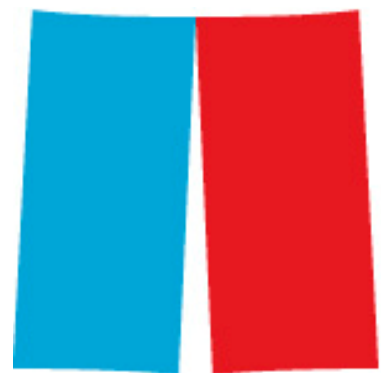
## NIBC Goals 2012

<b>Client focus</b>	<ul style="list-style-type: none"><li>▪ Strengthen proposition among client target groups</li><li>▪ Further balance Corporate Banking and Consumer Banking activities</li><li>▪ Increase sustainability in client business</li></ul>
<b>Sustainable Profitability</b>	<ul style="list-style-type: none"><li>▪ Cost-to-income ratio &lt; 50%</li><li>▪ Maintain tight credit risk control</li><li>▪ Impairment level of total loan portfolio &lt; 40 bps per year</li></ul>
<b>Strong solvency and liquidity</b>	<ul style="list-style-type: none"><li>▪ Core Tier-I ratio &gt; 10%</li><li>▪ Continue funding diversification</li><li>▪ Maintain strong liquidity position</li></ul>

# Questions & Answers







**NIBC**

# Appendices

NIBC Bank N.V.



# Balance Sheet & Income Statement

NIBC Bank N.V.



# Balance Sheet

Assets (in EUR million)			Liabilities (in EUR million)		
	31-Dec-11	31-Dec-10		31-Dec-11	31-Dec-10
<b>Financial assets at amortised cost</b>			<b>Financial liabilities at amortised cost</b>		
- Cash and balances with central banks	2,430	1,314	- Due to other banks	1,261	1,354
- Due from other banks	2,104	1,698	- Deposits from customers	6,644	4,781
- Loans and receivables			- Own debt securities in issue	7,096	8,209
- Loans	7,504	7,005	- Debt securities in issue related to securitised mortgages	5,416	5,562
- Debt investments	507	566			
- Securitised loans	613	614	<b>Financial liabilities at fair value through profit or loss (including trading)</b>		
<b>Financial assets at available for sale</b>			- Own debt securities in issue	41	46
- Equity investments	66	72	- Debt securities in issue structured	1,733	2,120
- Debt investments	887	1,190	- Derivative financial liabilities held for trading	3,966	3,334
			- Derivative financial liabilities used for hedging	34	48
<b>Financial assets at fair value through profit or loss (including trading)</b>			<b>Other financial liabilities</b>		
- Loans	998	1,074	Other liabilities	149	230
- Residential mortgages own book	3,185	4,429	Deferred tax	18	34
- Securitised residential mortgages	5,560	5,338	Employee benefit obligations	5	5
- Debt investments	164	577			
- Equity investments (incl investments in associates)	258	269	<b>Subordinated liabilities</b>		
- Derivative financial assets held for trading	3,657	3,113	- Amortised cost	85	119
- Derivative financial assets used for hedging	292	360	- Fair value through profit or loss	296	369
<b>Other</b>			<b>Total liabilities</b>	<b>26,744</b>	<b>26,211</b>
Investments in associates (equity method)	27	30			
Intangible assets	52	122	<b>Shareholder's equity</b>		
Property, plant and equipment	51	101	Share capital	80	80
Investment property	27	26	Other reserves	322	318
Current tax	3	4	Retained earnings	1,361	1,329
Other assets	169	112	Net profit attributable to parent shareholder	68	76
			(Interim) Dividend paid	(22)	(22)
<b>Total assets</b>	<b>28,554</b>	<b>28,014</b>	<b>Total parent shareholder's equity</b>	<b>1,809</b>	<b>1,781</b>
			<b>Non-controlling interests</b>	<b>1</b>	<b>22</b>
			<b>Total shareholder's equity</b>	<b>1,810</b>	<b>1,803</b>
			<b>Total liabilities and shareholder's equity</b>	<b>28,554</b>	<b>28,014</b>

# Income Statement

In EUR millions	FY	FY	H2	H1	H2
	2011	2010	2011	2011	2010
Net interest income	171	142	84	88	79
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<b>Operating income</b>	<b>282</b>	<b>323</b>	<b>138</b>	<b>144</b>	<b>172</b>
Personnel expenses	(99)	(100)	(48)	(50)	(51)
Other operating expenses	(65)	(56)	(35)	(30)	(31)
Depreciation and amortisation	(6)	(6)	(3)	(3)	(3)
<b>Operating expenses</b>	<b>(170)</b>	<b>(163)</b>	<b>(87)</b>	<b>(83)</b>	<b>(85)</b>
Impairments of financial assets	(44)	(75)	(34)	(9)	(43)
<b>Total expenses</b>	<b>(213)</b>	<b>(238)</b>	<b>(121)</b>	<b>(92)</b>	<b>(128)</b>
<b>Profit before tax</b>	<b>69</b>	<b>85</b>	<b>17</b>	<b>52</b>	<b>44</b>
Tax	(1)	(6)	7	(8)	(7)
<b>Profit after tax</b>	<b>68</b>	<b>80</b>	<b>24</b>	<b>44</b>	<b>37</b>
Result attributable to non-controlling interests	0	(3)	1	(1)	(2)
<b>Net profit attributable to parent shareholder</b>	<b>68</b>	<b>76</b>	<b>25</b>	<b>43</b>	<b>34</b>

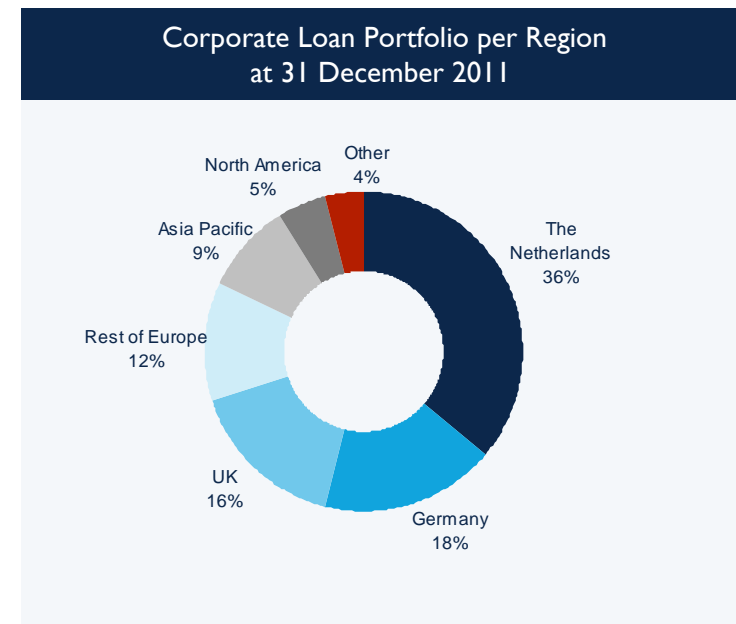
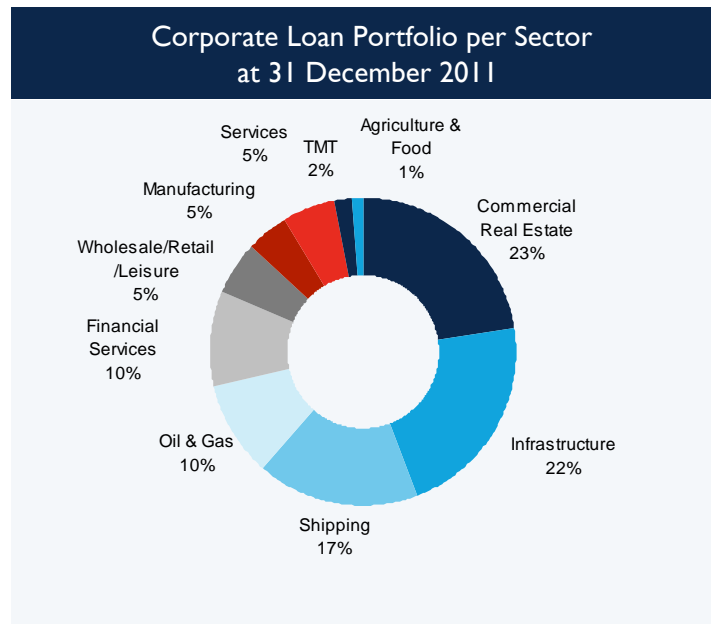
# NIBC Bank N.V.

Portfolio update 31 December 2011

# Diversified and Stable Loan Portfolio

Well diversified and stable loan portfolio of EUR 9.9 billion at 31 December 2011

- Prudent risk management and selective asset origination
- Highly collateralised portfolio which is concentrated in Western Europe

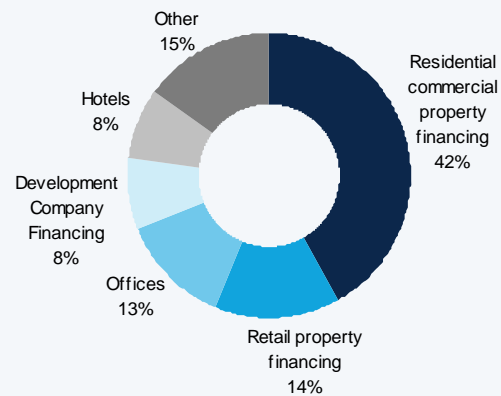


# Commercial Real Estate Exposure

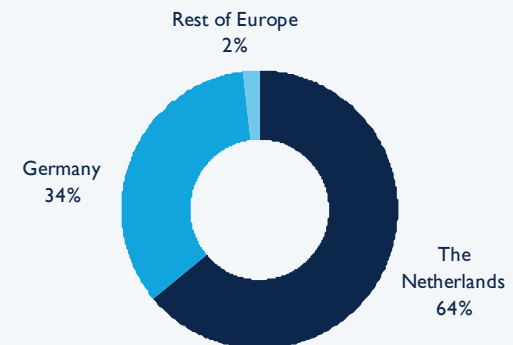
Portfolio of EUR 2.2 billion at 31 December 2011:

- Senior secured portfolio with large part of residential commercial property financing, mainly in Germany
- Total outstanding impairments amount to EUR 28 million
- The majority of the portfolio to be refinanced after 2014

Exposure per Sector at 31 December 2011



Exposure per Region at 31 December 2011



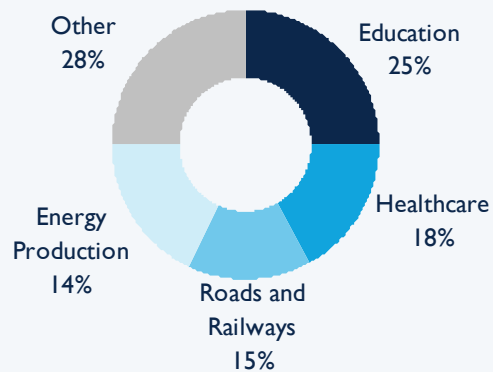


# Infrastructure & Renewables Exposure

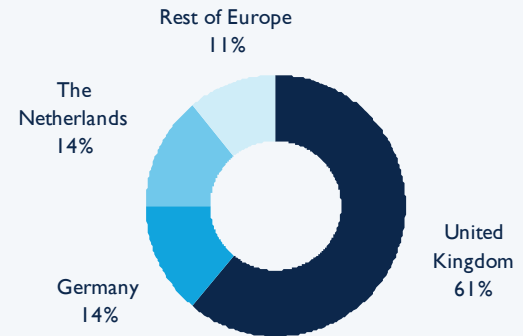
Portfolio of EUR 2.1 billion at 31 December 2011:

- Renewables part of the portfolio increased by almost 50%
- Total outstanding impairments amount to EUR 4 million
- 30% of portfolio in construction phase, 70% in operational phase

Exposure per Sector at 31 December 2011



Exposure per Region at 31 December 2011

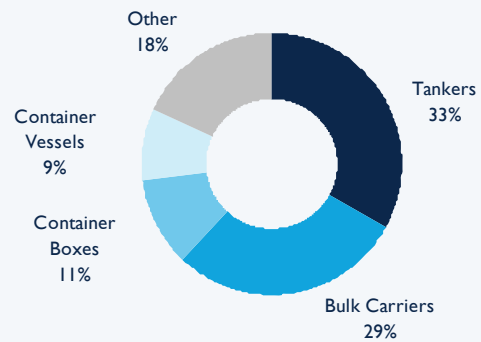


# Shipping & Intermodal Exposure

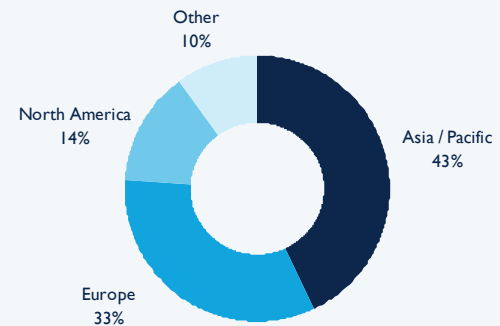
Portfolio of EUR 1.7 billion at 31 December 2011:

- Well secured portfolio divided over several sub sectors
- Total outstanding impairments amount to EUR 22 million

Exposure per Sector at 31 December 2011



Exposure per Region at 31 December 2011

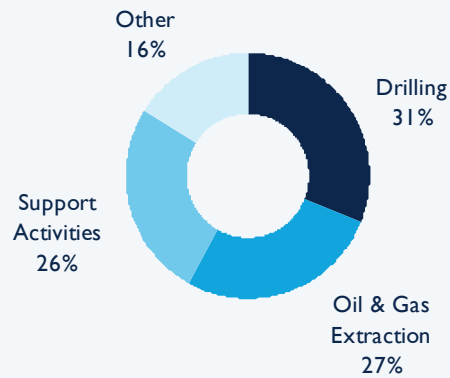


# Oil & Gas Exposure

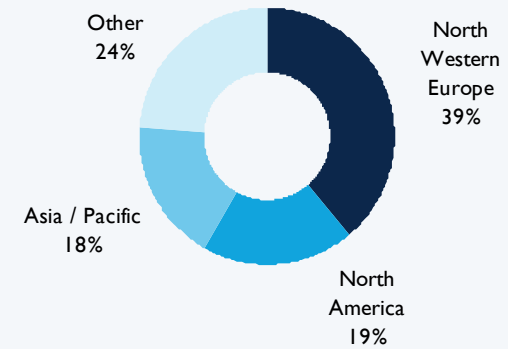
Well spread and solid portfolio of EUR 1.0 billion at 31 December 2011:

- All project financings and majority of corporate financings secured
- No impairment amounts

Exposure per Sector at 31 December 2011



Exposure per Region at 31 December 2011

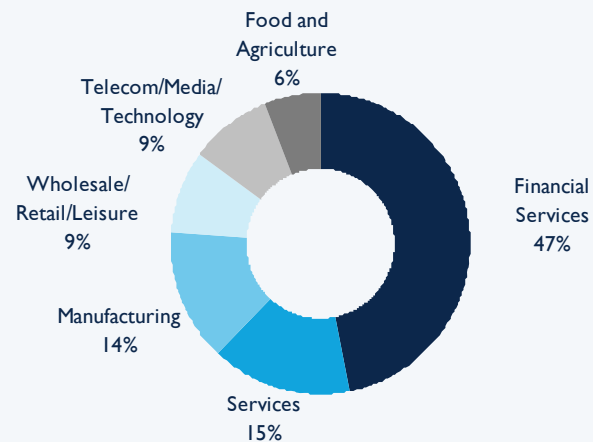


# Corporate Lending Exposure

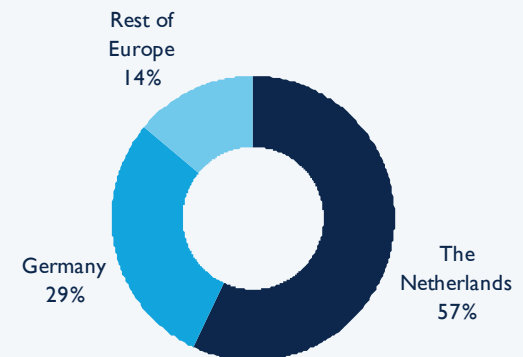
Portfolio of EUR 1.2 billion at 31 December 2011:

- Three focus areas: Food, Agri & Retail / Manufacturing & Industries / Technology, Media & Services
- Highly collateralised portfolio with large exposures related to reputable corporate clients

Exposure per Sector at 31 December 2011



Exposure per Region at 31 December 2011

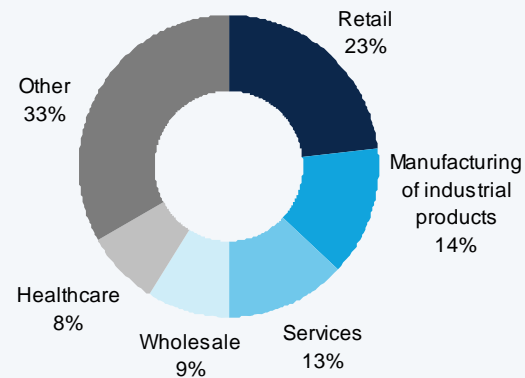


# Leveraged Finance Exposure

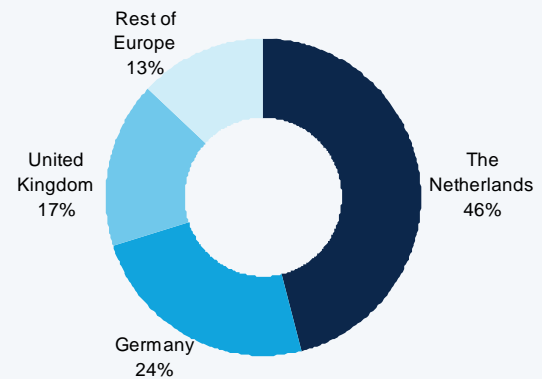
Well spread Leveraged Finance portfolio with total exposure of EUR 1.3 billion at 31 December 2011:

- Largely senior debt with relatively high collateral
- No covenant – lite transactions

Exposure per Sector at 31 December 2011



Exposure per Region at 31 December 2011



# Investment Management Loan and Equity Exposure

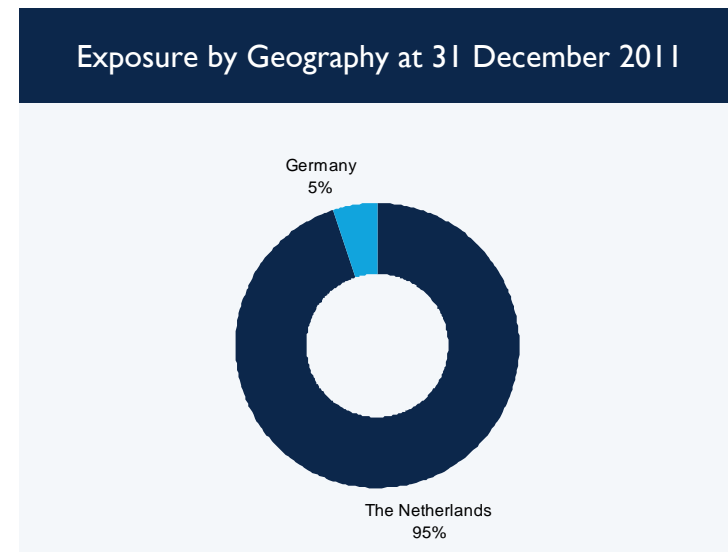
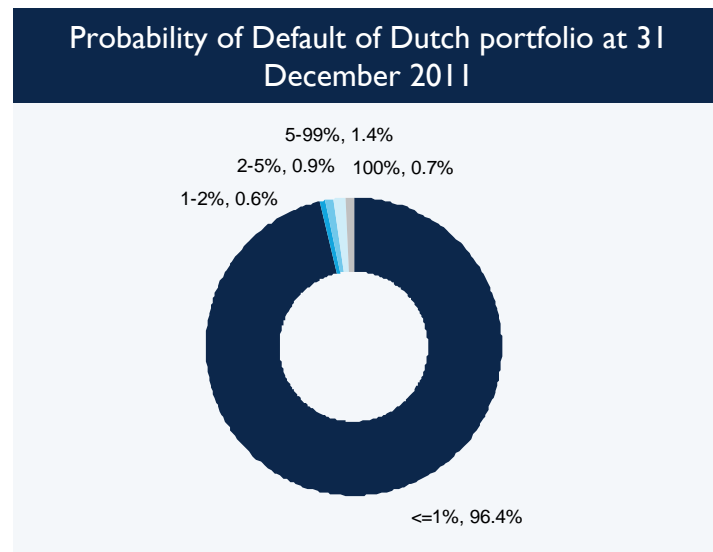
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- Total Investment Management portfolio of EUR 0.6 billion at 31 December 2011
  - Concentrated in Western Europe
  - 78% invested in the Netherlands, 12% in the UK and 3% in the United States
- Equity exposure amounts to EUR 0.4 billion at 31 December 2011
- Loan exposure amounts to EUR 0.2 billion at 31 December 2011
- Impairments on loan exposures amount to EUR 15 million

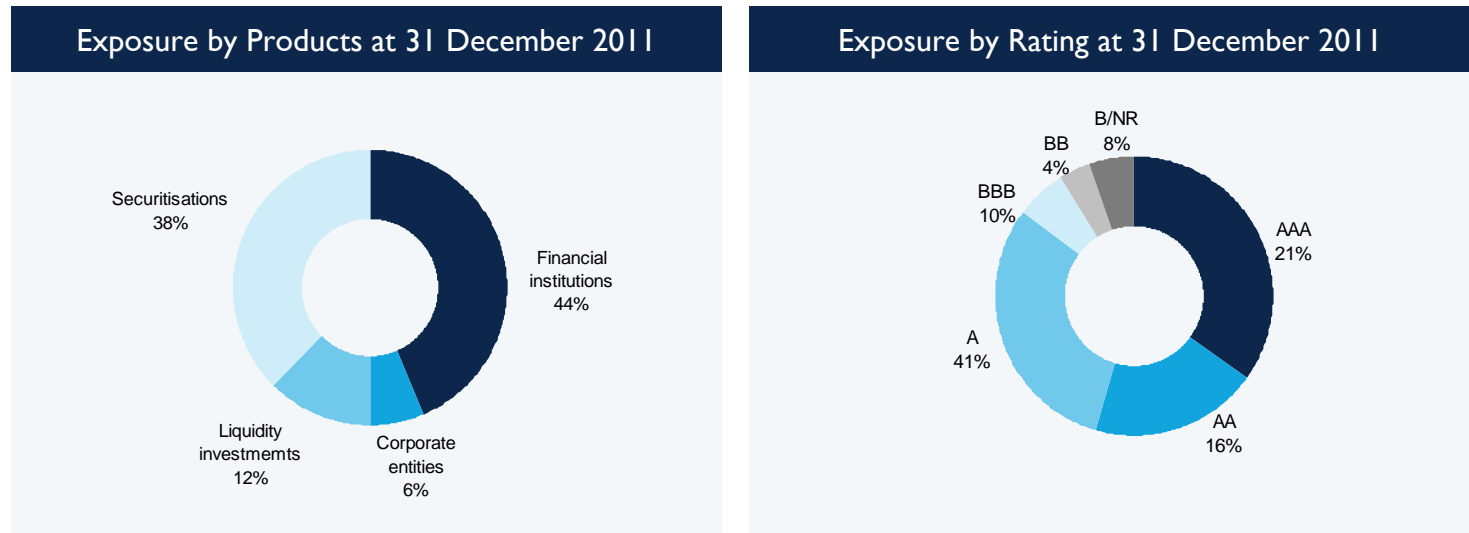
# Residential Mortgage Portfolio

Healthy Dutch and German residential mortgage portfolio of EUR 8.7 billion

- Own book of EUR 3.1 billion
- Securitised part of EUR 5.6 billion



# Highly Rated Debt Investments Portfolio



- Total debt investment portfolio decreased from EUR 2.3 billion to EUR 1.4 billion as at 31 December 2011
- The Liquidity Portfolio consists of our exposures to Financial institutions, Corporate entities and Liquidity investments
- 92% of the ultimate credit risk in Liquidity Portfolio is with counterparties rated A or higher