



# Half Year Results 2016

## NIBC Bank

Paulus de Wilt, CEO  
Herman Dijkhuizen, CFO

Moving Forward  
31 August 2016



The world around us

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Highlights Half Year 2016

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Corporate Banking

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Consumer Banking

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Financial Results Half Year 2016

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Q&A



# Half Year Results 2016

Paulus de Wilt  
Chief Executive Officer

Christine Lagarde (5 April 2016):

*"Certainly, we have made much progress since the great financial crisis. But because growth has been too low for too long, too many people are simply not feeling it. This persistent low growth can be self-reinforcing through negative effects on potential output that can be hard to reverse."*

ECB Press release (21 July 2016):

*"The Governing Council continues to expect the key ECB interest rates to remain at present or lower levels for an extended period of time, and well past the horizon of the net asset purchases."*

Reuters (29 July 2016):

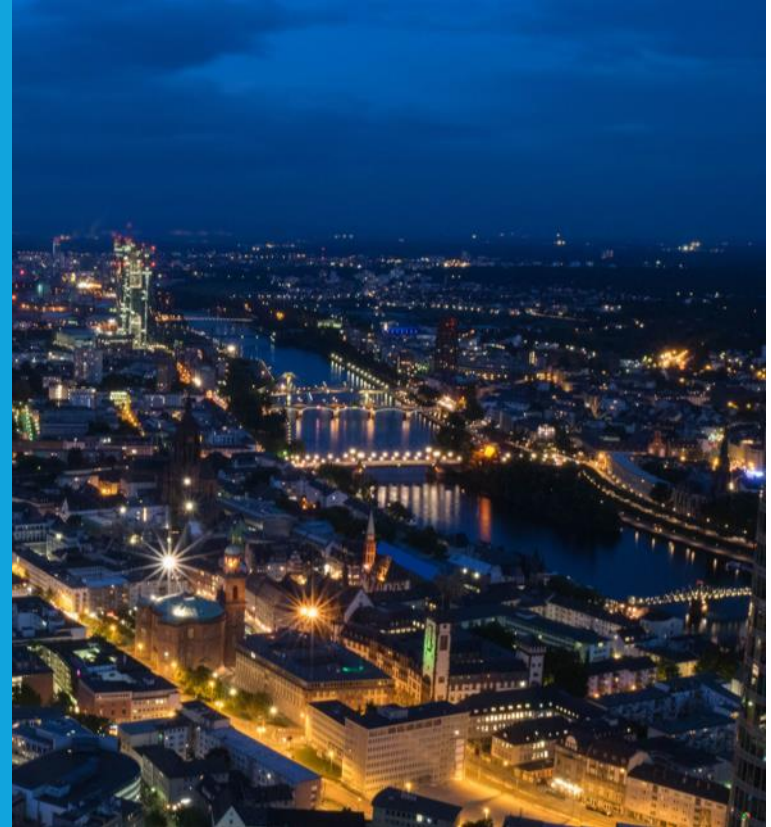
*"OPEC's oil output is likely in July to reach its highest in recent history, a Reuters survey found on Friday, as Iraq pumps more and Nigeria manages to export additional crude despite militant attacks on oil installations."*

## The world around us

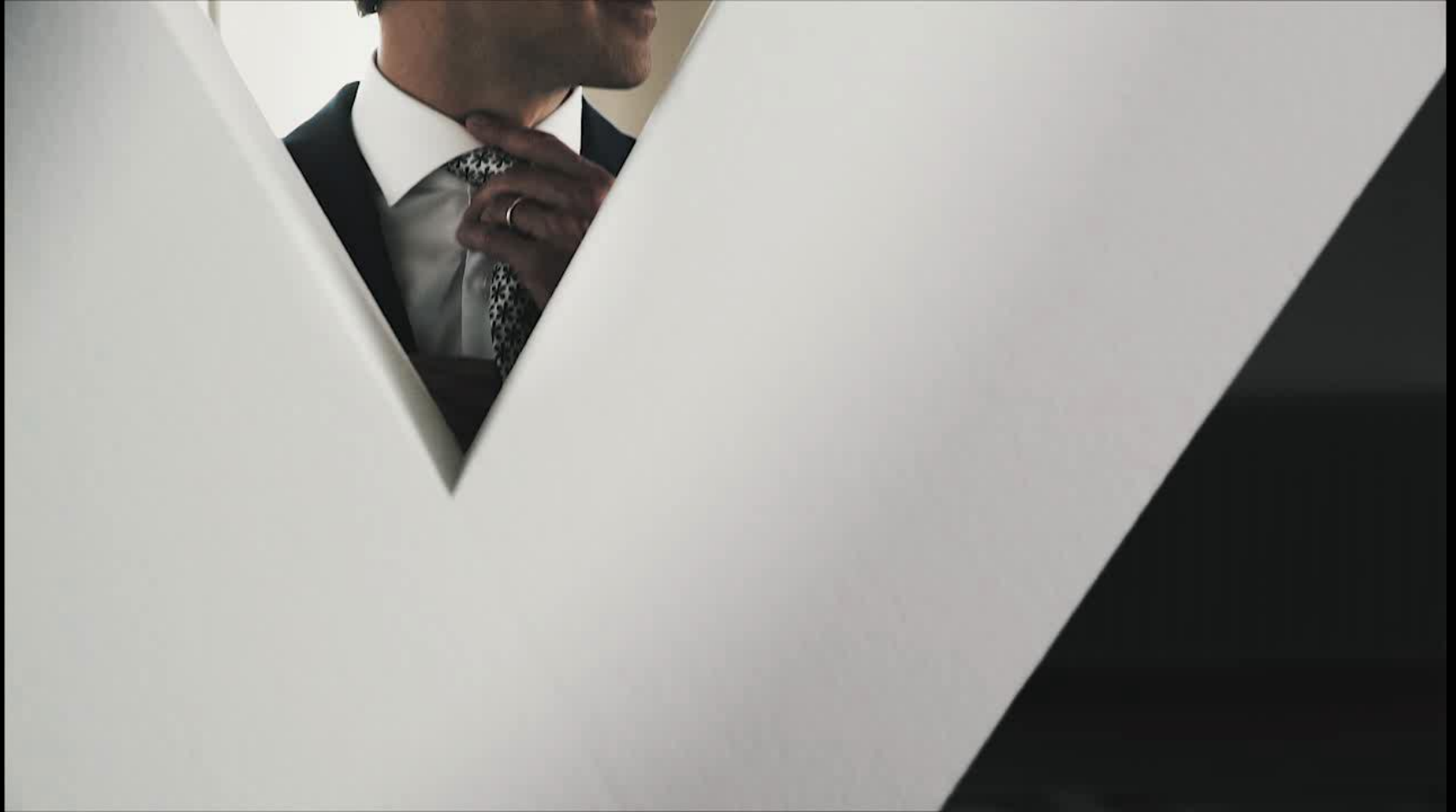
- Weak economic growth
- Interest rates expected to be lower for longer
- Long term impact Brexit uncertain
- Volatile oil markets
- Shipping rates, especially dry-bulk, remain under pressure
- Geopolitical tensions
- Ongoing regulatory developments

## Highlights Half Year 2016

- Net profit increased 33% in H1 2016 to EUR 44mln
- Corporate credit growth of 3%<sup>1</sup>
- NIBC Markets acquisition closed on 30 June 2016
- BEEQUIP (heavy equipment leasing) off to a good start with origination of EUR 60mln
- Mortgage portfolio grew 2% to EUR 8.8bln; strong buy-to-let origination of more than EUR 100mln
- Innovation Lab set up to create new business
- Fitch revised NIBC's rating outlook to positive



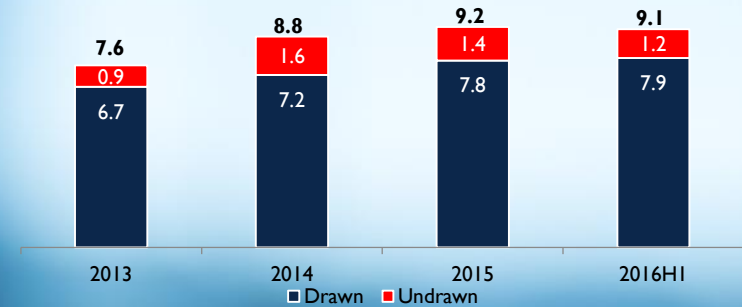
1: Corporate credit growth of 5% before currency effects



## Corporate Banking

- Solid origination of EUR 1.2bn across our sectors, coming from new as well as existing clients
- NIBC's niche strategy is to focus on clients and transactions where we can really add value, contributing to higher origination and portfolio spreads
- Clients first: our NPS score<sup>1</sup> remains at a high level of +35.3%, although lower than the +39.6% level over 2015
- Market conditions in the oil and gas sector as well as the shipping sector (particularly dry bulk) remain challenging

### Corporate Loan Portfolio (EUR bln)<sup>2</sup>



### Corporate Loan Spreads (bps)



1: The NPS score is calculated on a 12 months rolling basis

2: Excluding Investment Loans



## Corporate Banking

- NIBC Markets: further strengthening our mid-market proposition:
  - NIBC Markets franchise is recognised as the specialist in the Dutch small and midcap segment
  - ECM and DCM capabilities complement NIBC's financing, advisory and structuring services
- BEEQUIP: expanding our franchise through heavy equipment leasing
- In our second home market Germany our corporate loan portfolio grew by 9% to EUR 1.3bln

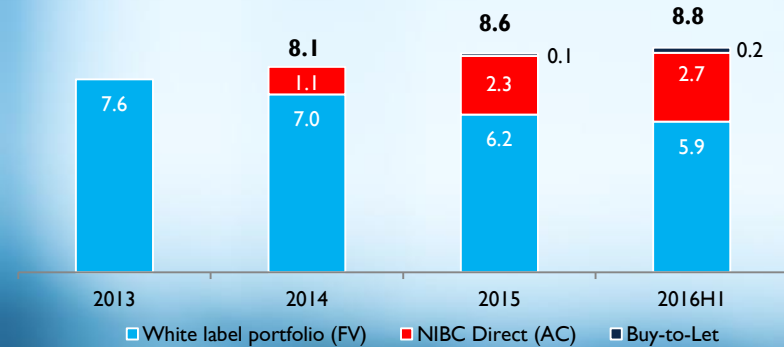




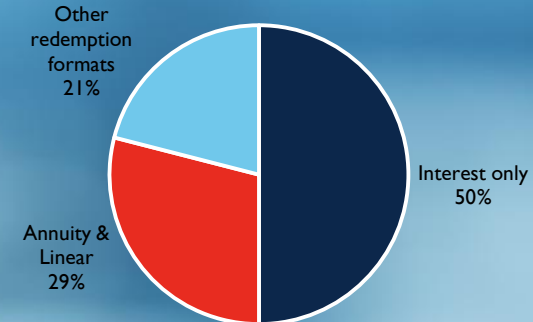
## Consumer Banking: Mortgages

- Current demand is concentrated in long maturities, 10 years, 20 years and longer
- NIBC's niche strategy is to focus on those segments of the market where we can offer added value: non-NHG and buy-to-let
- Buy-to-let mortgages are showing strong growth with origination of more than 100mln in H1 2016
- Recovery in Dutch housing market continues, also reflected in lower arrears for NIBC, which have come down from 1.1% in 2014 to 0.6% in H1 2016

### Total Mortgage Portfolio (EUR bln)



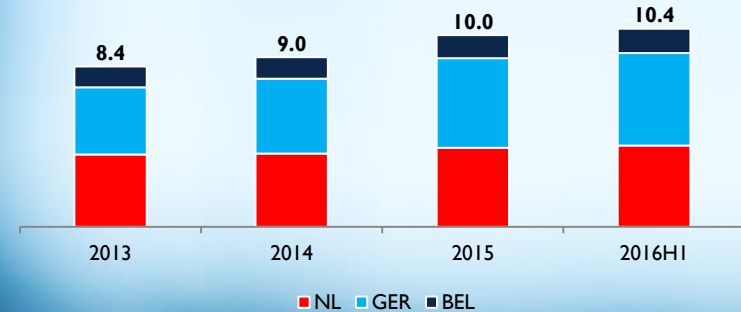
### Mortgage Portfolio Composition



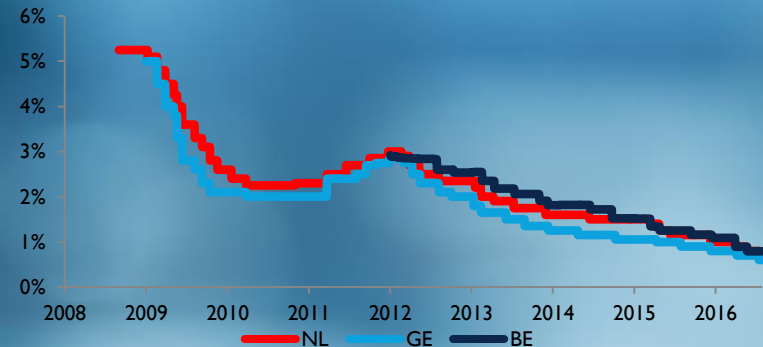
## Consumer Banking: NIBC Direct Retail Savings

- Retail savings grew 4% to EUR 10.4bln, representing almost half of total funding
- Savings rates continue to drop
- Significant part of retail savings (53%) are term deposits, further strengthening our retail funding base

### Savings Balance NIBC Direct (EUR bln)



### On-Demand Savings Rate





# Financial Results

Herman Dijkhuizen  
Chief Financial Officer

## NIBC Bank N.V.

<i>euro millions</i>	First half 2016	First half 2015	Change (%)	Full year 2015
Net interest income	149	139	7	286
Net fee and commission income	11	16	(31)	36
Investment income	9	6	50	4
Net trading income	(4)	(6)	33	(12)
Other operating income	1			1
<b>Operating Income</b>	<b>165</b>	<b>155</b>	<b>6</b>	<b>316</b>
Personnel expenses	(44)	(44)		(91)
Other operating expenses	(37)	(39)	(5)	(76)
Depreciation and amortisation	(4)	(3)	33	(6)
Regulatory charges	(9)			(4)
<b>Operating Expenses</b>	<b>(93)</b>	<b>(86)</b>	<b>8</b>	<b>(176)</b>
<b>Net Operating Income</b>	<b>72</b>	<b>69</b>	<b>4</b>	<b>140</b>
Impairments	(22)	(23)	(4)	(63)
Tax	(10)	(12)	(17)	(6)
<b>Net profit NIBC Bank before special items</b>	<b>40</b>	<b>33</b>	<b>21</b>	<b>71</b>
Special Items (net of tax)	4			
<b>Net profit NIBC Bank after special items</b>	<b>44</b>	<b>33</b>		

## Financials Results Half Year 2016

- Net profit increased 33% in H1 2016 to EUR 44mIn, with two special items:
  - EUR 22mIn<sup>1</sup> badwill for the acquisition of NIBC Markets
  - EUR 18mIn<sup>2</sup> charge mainly relates to a pre-crisis exposure in the retail sector
- Net interest income up 7% to EUR 149mIn
- Fee and commission income down 31%, partly reflecting challenging market conditions
- Regulatory charges of EUR 9mIn have a significant impact on operating expenses
- Impairments slightly lower at EUR 22mIn (excluding special item, as described above)

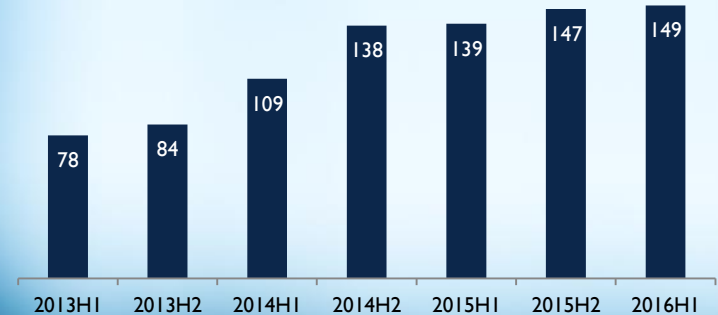
1: No tax effect on the EUR 22mIn badwill

2: EUR 18mIn is after tax. In the Interim Report 2016, EUR 8mIn (pre-tax) is accounted for in "Investment income" and EUR 12mIn (pre-tax) is accounted for in "Impairments of financial assets" and EUR 2mIn (pre-tax) is accounted for in "Impairments of non-financial assets"

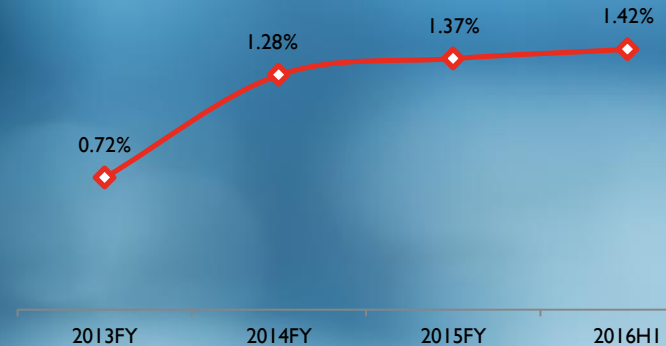
## Net Interest Income and Net Interest Margin

- Net interest income showing further growth, up 7% to EUR 149mn, compared to H1 2015. Growth is driven by the improved portfolio spread (for corporate loans and mortgages), as well as lower funding costs
- Net interest margin ticks up another 5bps in H1 2016 to 1.42%, continuing its positive trend

### Net Interest Income (EUR mln)



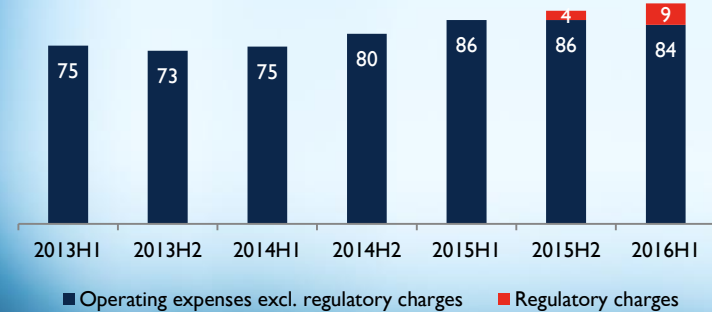
### Net Interest Margin (bps)



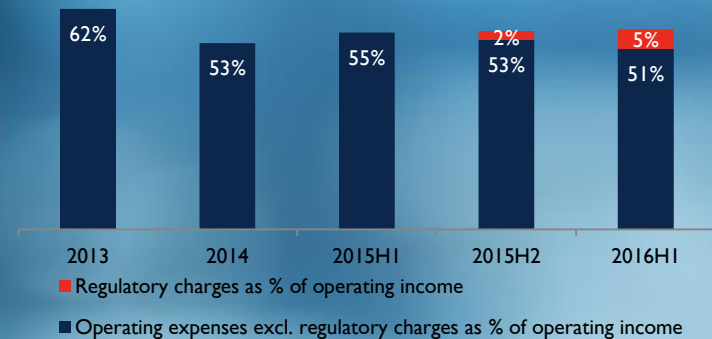
## Operating Expenses and Efficiency Ratio

- Costs are well under control, evidenced by a slight decrease in operating expenses (excluding the increased regulatory costs)
- Efficiency ratio (excluding regulatory charges) is trending lower, within our target range of 48% to 53%; driven by higher income and lower costs

### Operating Expenses (EUR mln)



### Efficiency Ratio<sup>1</sup>



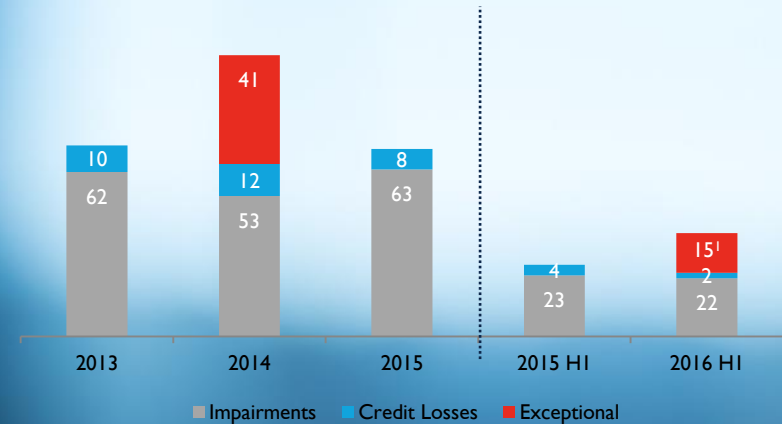
1: The 56% efficiency ratio for H1 2016 excludes the special items as disclosed on slide 14.



## Impairments and Credit Losses

- Asset quality improved slightly compared to H1 2015 (excluding exceptional charge related to pre-crisis exposure in the retail sector)
- As a result of the overall economic recovery as well as improved conditions in the Dutch housing market residential mortgage losses continue to decrease, from 11bps in 2015 to 5bps in H1 2016
- Oil&Gas and Shipping exposures have our attention, but are well manageable at current market levels

### Impairments and Credit Losses (EUR mln)

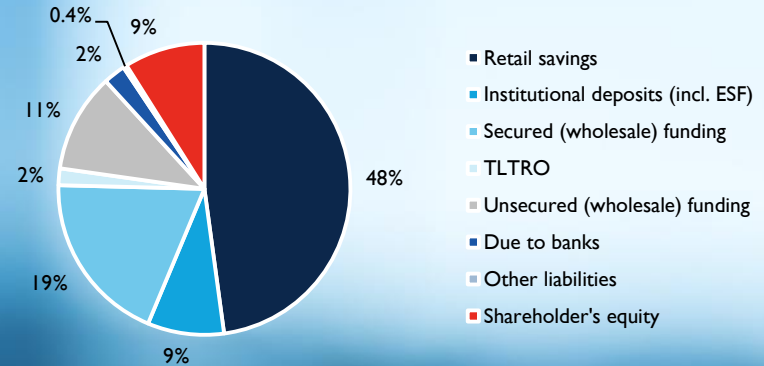


1: Special item of EUR 18mIn, as disclosed on slide 14, is after tax. In the Interim Report 2016, EUR 8mIn (pre-tax) is accounted for in "Investment income" and EUR 12mIn (pre-tax) is accounted for in "Impairments of financial assets" and EUR 2mIn (pre-tax) is accounted for in "Impairments of non-financial assets"

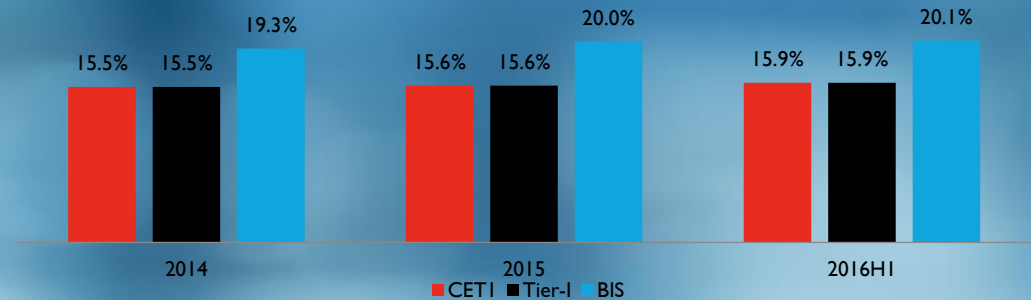
## Funding, Capital and Rating

- Well diversified and balanced funding mix, with solid retail savings base
- Several new secured and unsecured funding transactions in H1 2016, including 10yrs covered bond and unsecured deals in EUR and CHF
- Solid capital position with CET-1 ratio (fully-loaded) at 15.9% and leverage ratio at 7.8% up from 7.2% in December 2015
- In June Fitch revised NIBC's rating outlook to positive on the back of structurally improving earnings

### Funding Composition<sup>1</sup> (30 June 2016)



### Capital<sup>2</sup> (30 June 2016)



1: Liabilities excluding derivatives as per 30 June 2016

2: NIBC Bank, fully-loaded



## Q&A

Continued Underlying Growth  
31 August 2016