



**YES**

# Half Year Results 2015

Continued growth in reported net profit

26 August 2015

 **NIBC**

# Table of Contents

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Think Yes Campaign	4
Overall Highlights HY 2015	5
NIBC Profile	6
The world around us	7
Corporate Banking	8
Consumer Banking	10
Half Year results 2015	14
Net Interest & Fee Income	15
Operational expenses facilitate future growth	16
Funding shows balanced mix	17
Summary	18

# Highlights Half Year Results 2015

**NIBC Bank**

Paulus de Wilt  
CEO

26 August 2015



# Think Yes campaign

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Print, online, television and radio

Effective campaign, especially online and television

Effects on brand image perception and call to action substantial

Second flight will follow in H2 2015



# Overall Highlights HY 2015

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## Continued growth in reported net profit

- Net profit more than doubles to EUR 33 million from EUR 15 million. Excluding SNS levy, net profit increases 18%:
  - The corporate loan book is stable at EUR 8.7 billion after some large repayments, while fee income increases to EUR 16 million.
  - Sustained business performance in Consumer Banking driven by increased mortgage portfolio to EUR 8.2 billion and savings balance of EUR 9.6 billion.
  - Net interest margin improves to 1.28% from 1.19%.
  - Impairments decrease 17% compared to H1 2014 to EUR 23 million.
- Solid Capital position:
  - Common Equity Tier-I of 15.9% (2014: 15.5%)
  - Leverage ratio 6.6% in H1 2015

# NIBC Bank

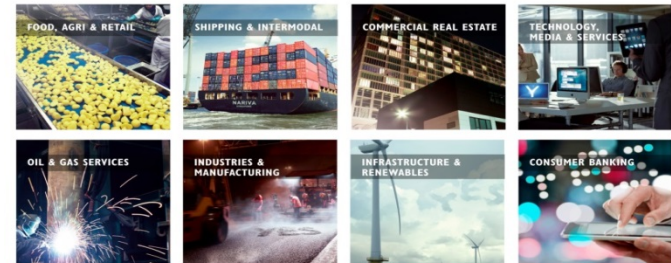
## The Bank for Decisive Moments

### Business Model

- Established in 1945 as De Nationale Investeringsbank
- Dutch bank offering corporate banking and consumer banking services through offices in The Hague, Frankfurt, Brussels and London
- Corporate Banking: advising, financing and co-investment solutions to medium-sized companies and entrepreneurs with a turnover of EUR 50 - 500 million
- Mainly family-/privately-owned
- Consumer Banking: residential mortgages, online retail saving deposits and brokerage services via NIBC Direct
- Entrepreneurial bank for clients' decisive moments

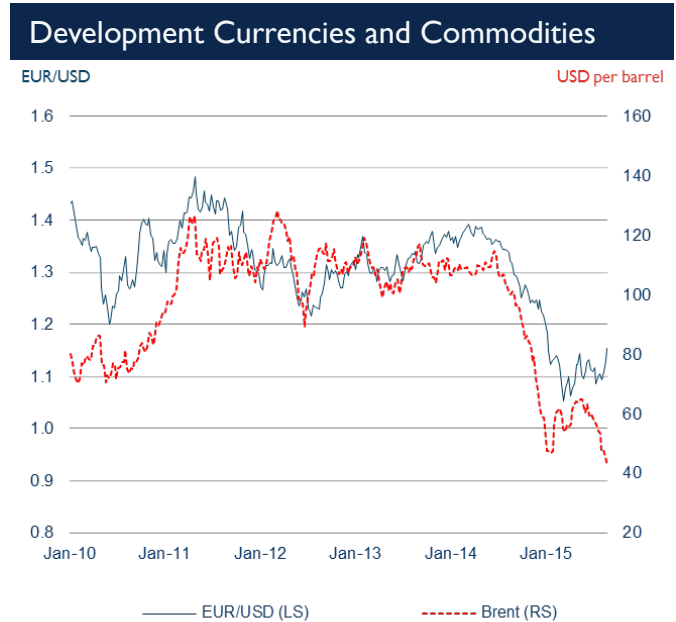
### Key figures

	HI '15	2014	2013
Common Equity Tier-I ratio	15.9%	15.5%	18.1%
Operating income (EUR m)	146	278	225
Net profit (EUR m)	33	28	22
Number of FTEs	650	637	596



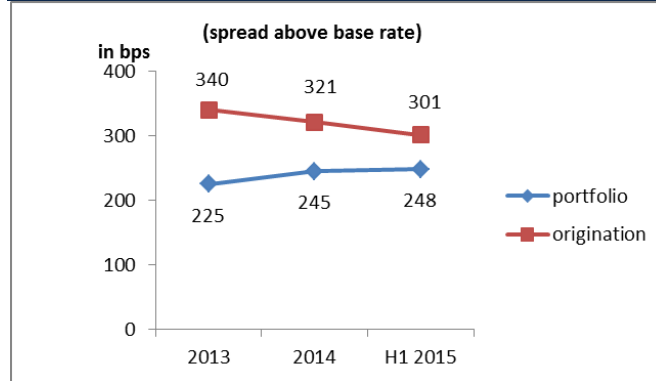
# The world around us

- Geopolitical tension (Stock markets, Greece)
- US Dollar appreciation against euro
- Oil price low
- Low interest rate environment
- Repayments and prepayments relatively high
- Increased competitive pressure on mortgage market



# Corporate Banking

## Spread corporate loans



## Comments

- Corporate banking portfolio shows healthy balance with new deals and planned reduction of several larger exposures
- Improved composition and profitability of the overall book
- In Germany origination is gaining momentum with improved pipeline
- Strong demand from existing and new clients across all sectors
- Strong Net Promoter Score +24%, yearly moving average



# Transactions HY 2015

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## Lucas Bols – M&A

- The Dutch drinks company did an initial public offering (IPO) at Euronext Amsterdam.
- At this decisive moment for Lucas Bols, NIBC assisted the company and shareholders to transfer from private to public ownership.

## NPEX – Structuring, Distribution and Industries & Manufacturing

- NIBC participates in the trend of disintermediation of the funding market for corporates in the Netherlands.
- In collaboration with Stichting Pensioenfonds ABP as cornerstone investor NIBC launched the NPEX Ondernemersfonds for Dutch SME's.
- The purpose of this EUR 25 million fund is to invest in subordinated bonds newly available on the NPEX platform.

## Megastores – Commercial Real Estate

- Advised Meijer Realty Partners (MRP) and CQS on the acquisition of the MegaStores Den Haag shopping mall from ING Real Estate.
- NIBC was able to bring parties together at a decisive moment in the negotiations and come to a positive conclusion.

# Consumer Banking

## Leading to a Growing, Loyal Base of Retail Clients

NIBC offers a range of fair and transparent savings and mortgage products to its retail clients

### Comments

- Growing a loyal customer base.
- Total savings balance increased to EUR 9.6bn.
- No accelerated outflow proving high loyalty of our saving customers , despite price reductions (14bps).
- The mortgage portfolio increased to EUR 8.2bn.
- White label book steadily declines but is more than offset by new NIBC Direct mortgage production.

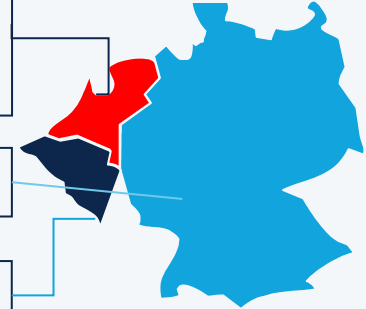
### Clients per geography

 > 37,000 clients (1997-2007)  
 > 8,000 clients since 2013

 > 172,000 clients since 2008

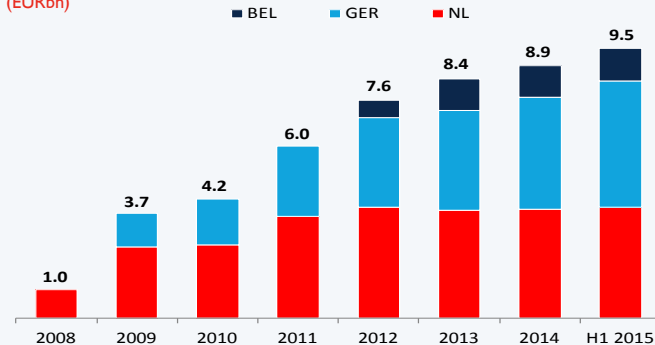
 > 111,000 clients since 2009

 > 36,000 clients since 2012



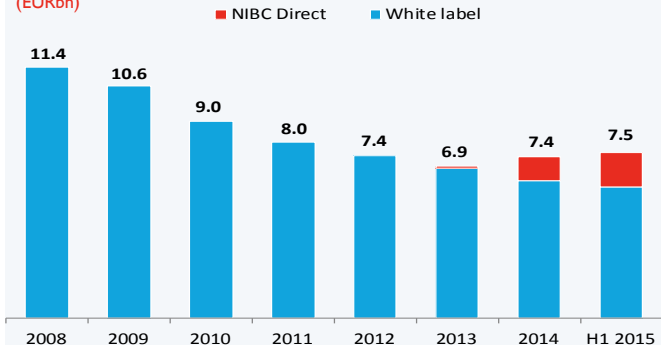
### Savings balance NIBC Direct

(EURbn)



### Mortgage portfolio development

(EURbn)



These amounts are excluding accrued interest.

# Consumer Banking

## Mortgages

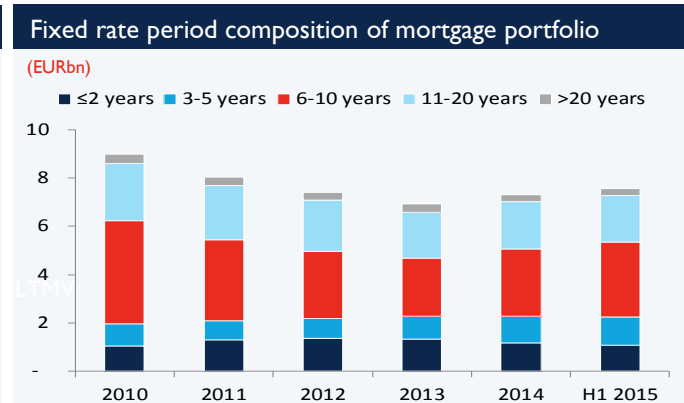
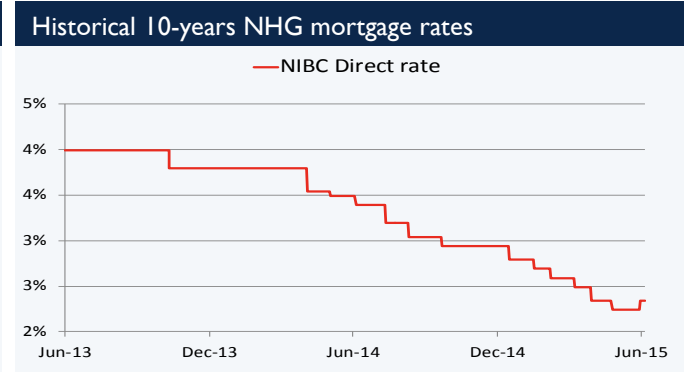
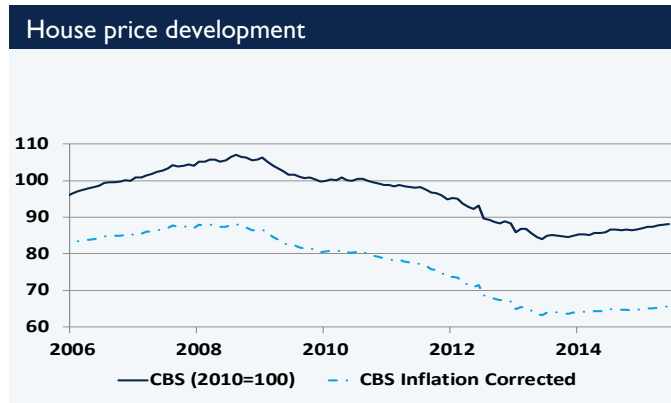
Favorable housing market trends in The Netherlands

But competition in the mortgage market is fierce and price focused

Mortgage loan portfolio is increasing YoY

Credit quality of the portfolio continues to improve as the % of loans in arrears decreases

Remarks
<ul style="list-style-type: none"> <li>Housing market trends are favorable in the Netherlands. Transaction activity is recovering and house prices are on an upward trend</li> <li>However, margins are under pressure due to increased competition</li> <li>In January 2015 the Buy-To-Let mortgage product was successfully introduced</li> <li>% of newly originated non-NHG loans increases</li> <li>Per 1-7-2015, maximum loan amount for NHG application reduced from EUR 265.000 to EUR 245.000 and maximum LTMV decreased from 104% to 103% per 1-1-2015.</li> </ul>



# Consumer Banking

## NIBC Direct Savings

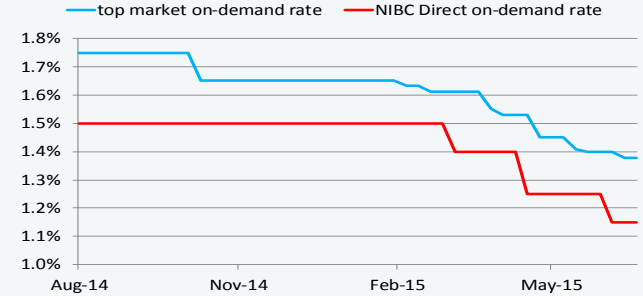
Still growth in savings volumes. Permanent focus on reducing the savings spread

Loyalty of our saving customers despite price reductions

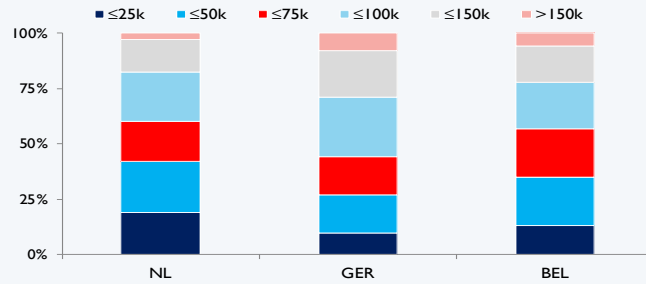
### Comments

- NIBC offers a range of fair and transparent savings products, ranging from on-demand to term deposits up to 10 years.
- Savings balance grew by EUR 0.6bn to EUR 9.6bn.
- Despite price reductions no accelerated outflow proving loyalty of our saving customers.
- Substantial higher term deposit share (50%) compared to market.
- Successful insourcing customer contact centre.

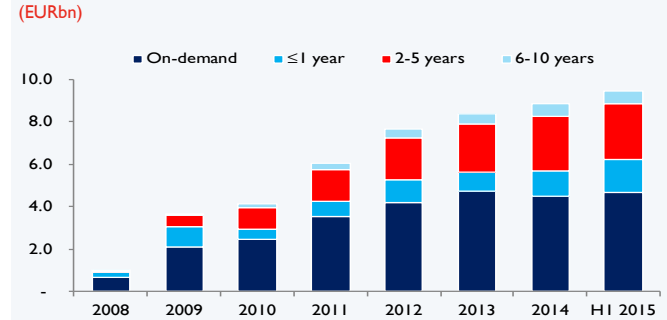
### Interest rate development



### Composition of clients' savings balance per country



### Development in composition of deposit terms



# Half Year Results 2015

**NIBC Bank**

Herman Dijkhuizen  
CFO

26 August 2015



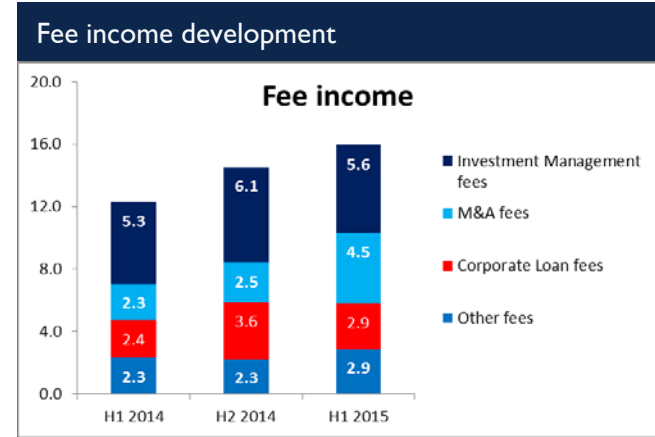
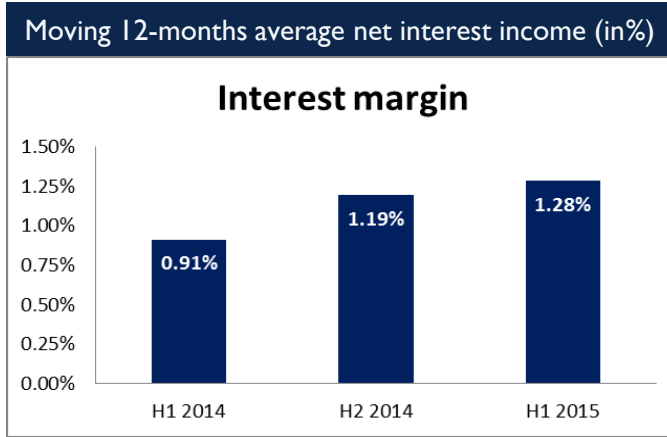
# Half Year results 2015

In EUR millions	H1 2015	H1 2014	FY 2014	H2 2014
Net interest income	130	100	231	130
Net fee and commission income	16	12	27	15
Net trading income	(6)	4	3	(1)
Dividend income		2	2	
Gains less losses from financial assets	5	16	16	
Share in result of associates	1		1	1
<b>Operating income</b>	<b>146</b>	<b>134</b>	<b>278</b>	<b>145</b>
Personnel expenses	(44)	(44)	(81)	(37)
Other operating expenses	(30)	(25)	(52)	(27)
Depreciation and amortisation	(3)	(3)	(5)	(3)
<b>Operating expenses</b>	<b>(77)</b>	<b>(72)</b>	<b>(139)</b>	<b>(67)</b>
<b>Net Operating income</b>	<b>69</b>	<b>62</b>	<b>140</b>	<b>78</b>
Impairments of financial assets	(23)	(28)	(93)	(66)
Corporate Tax	(12)	(6)	(4)	2
<b>Net profit before special items</b>	<b>33</b>	<b>28</b>	<b>42</b>	<b>14</b>
<b>Special items</b>				
SNS Levy (Net)		(12)	(18)	(6)
Reported net profit	33	15	24	8.9

NIBC Bank	30-Jun 2015	31-Dec 2014
Common Equity Tier-1 ratio	15.9%	15.5%
Tier-1 ratio	15.9%	15.5%
BIS ratio	20.5%	19.3%
Leverage ratio	6.6%	7.0%

- Net profit before special items increases 18% to EUR 33 million from EUR 28 million in H1 2014
- Operating income EUR 146 million, up 9% compared to H1 2014
- Operating expenses EUR 77 million, up 7% to fuel future growth
- Impairments down 17% to EUR 23 million

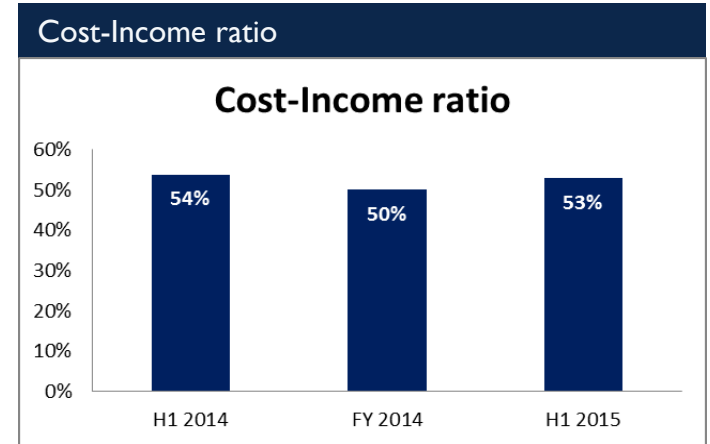
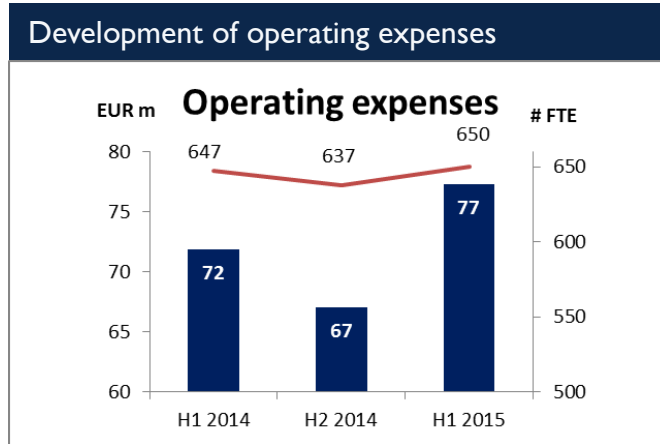
# Net Interest & Fee Income



## Comments

- Average Net Interest Income further increased in H1 2015
- Fee income increased to EUR 16 million from EUR 12 million
- M&A and Investment Management experienced strong HY

# Operating expenses facilitate future growth



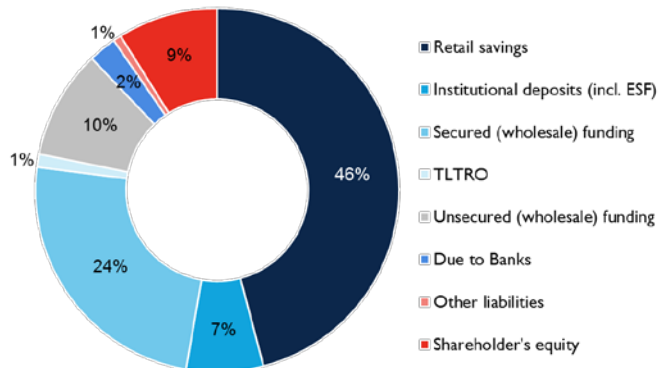
## Comments

- Cost income ratio increased to 53% to facilitate future growth
- Additional investments in origination capacity in Germany
- New phase of the Think Yes campaign
- Insourcing retail contact centre
- Implementation of flexible working as part of internal NIBCity project (Bricks, Bytes and Behaviour)

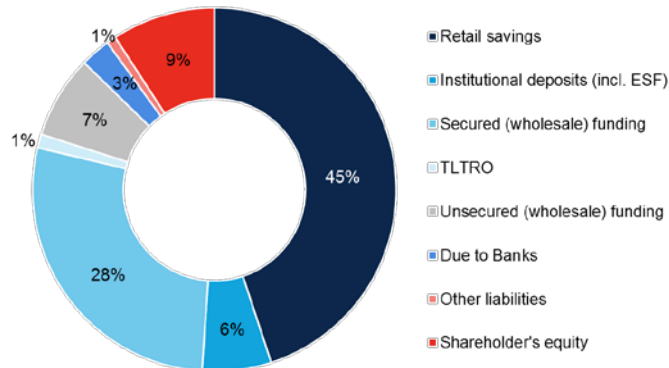


# Funding shows balanced mix

Funding composition per 30 June 2015



Funding composition per 31 December 2014



- Balanced mix of equity, wholesale and retail funding
- 3.5 years unsecured EUR benchmark transaction, issued EUR 300 million in January and increased the transaction to EUR 500 million in March
- Extended the covered bond curve with a 7 years EUR benchmark transaction under our conditional pass-through covered bond programme
- Retail savings grew 7% to EUR 9.6 billion, almost half of which is in term deposits, further supporting the stickiness of our retail savings.
- Fitch affirmed our rating at BBB- with a stable outlook and Moody's upgraded NIBC's (unsolicited, non participative) rating to Baa1 from Baa3.

# Summary

## ■ The overall bank performance in H1 2015 shows continuing growth

<b>Franchise</b>	<ul style="list-style-type: none"><li>■ Sustained business performance, driven by the relatively stable corporate loan balance (drawn + undrawn) at EUR 8.7 billion<sup>1</sup> and the increased mortgage portfolio to EUR 8.2 billion.</li><li>■ In January 2015 NIBC successfully introduced the Buy-To-Let mortgage product.</li><li>■ Launch Think YES campaign stimulates business growth by more positive brand appreciation.</li><li>■ Net Promotor Score continues to be very positive with +24% for new and existing clients.</li></ul>
<b>Capital</b>	<ul style="list-style-type: none"><li>■ NIBC continues to display a strong capital position with a fully loaded Basel III Common Equity Tier I ratio of 15.9% (EOY 2014 the CET-1 was 15.5%).</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>■ NIBC is actively expanding its presence and visibility in the public debt markets. In Q1 NIBC successfully returned to the public senior unsecured market with a 3.5 year benchmark transaction of EUR 500m. In Q2 NIBC extended its curve in the covered bond market with a 7 years EUR 500m benchmark transaction</li><li>■ NIBC Direct retail savings grew by 7% to EUR 9.6 billion, almost half of which is in term deposits, further supporting the stickiness.</li></ul>
<b>Liquidity</b>	<ul style="list-style-type: none"><li>■ Liquidity remains strong, demonstrated by an LCR of 279% and an NSFR of 112%. The ample liquidity position demonstrates NIBC's prudent approach to uncertainties in the market, especially around the situation in Greece.</li></ul>
<b>Asset quality</b>	<ul style="list-style-type: none"><li>■ Impairments of EUR 23 million reduced with more than 17% compared to H1 2014.</li><li>■ Losses on Dutch residential mortgages remain limited, partly due to the improved Dutch housing market and reduced unemployment rate.</li><li>■ The quality of the corporate loan book improved due to the repayments of some larger exposures and by balancing the origination effort in specific sectors.</li></ul>
<b>Sustainable Profitability</b>	<ul style="list-style-type: none"><li>■ The reported net profit more than doubles to EUR 33 million in H1 2015 from EUR 15 million H1 2014. Excluding the one off SNS levy in H1 2014, net profit increases 18%.</li><li>■ Net interest income increased by 30% to EUR 130 million compared to H1 2014. Fee income increased by 33% to EUR 16 million in the period.</li></ul>

# Questions & Answers

