

# PRESS RELEASE

The Hague, 26 August 2015



## NIBC shows continued growth in net profit H1 2015

- **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%**
  - **The corporate loan book is stable at EUR 8.7 billion after some large repayments in H1 2015 from EUR 8.8 billion in 2014, 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-1 of 15.9% (2014: 15.5%)**
  - **Leverage ratio 6.6% in H1 2015**
- **Launch Think YES campaign to stimulate business growth by more positive brand appreciation**

*Statement of the CEO, Paulus de Wilt:*

"NIBC's results in H1 2015 further improved as a result of successful execution of NIBC's strategy and in line with the general economic developments. Our improved business performance in both corporate and consumer banking is partly driven by new mortgages and savings from retail clients, a stable and more profitable corporate loan book and an increase in fee income from advisory services to our corporate clients. The improved business position of the bank is reflected by the increased operating income of 9% compared to H1 2014, a strong cost-income ratio and substantially lower impairments of financial assets (-17% compared to H1 2014).

All in all we are pleased with the growth of our reported net profit on the back of sustained growth in corporate and consumer banking. The corporate banking portfolio showed a healthy balance with new deals closed and planned reduction of several larger exposures. This resulted in an improved risk profile and profitability of the overall book. Currency effects from a stronger USD contributed to the growth of our book. In Germany, our second home market, the originating power is gaining momentum with an improved pipeline of corporate transactions.

Consumer banking is gradually growing a loyal base of retail clients. In H1 2015 the total savings balance increased to EUR 9.6 billion, proving loyalty of our savings customers despite the interest rate reductions. The consumer bank recorded further volume growth of our mortgage portfolio to EUR 8.2 billion despite increased competition on the mortgage markets. The recently introduced buy-to-let product shows a promising start, especially when we take into consideration that we are still building the distribution network for this unique product.

With a cost-income ratio of 53%, our cost base increased in order to facilitate future growth by investing in origination capacity in Germany, the Think Yes campaign, the insourcing of our retail contact centre and the roll out of the NIBCity project, which entails the implementation of flexible working throughout the organisation.

In June, our Think YES campaign entered a new phase. It perfectly reflects our entrepreneurial mentality, making us unique within our sector and greatly appreciated by our customers. This is evidenced in our net promotor score of +24% over the past 12 months. I would like to share my appreciation for the continued trust from all our clients in our financial products and services, which gives me the confidence that we will reach our mid-term objectives.”

### NIBC Bank profit & loss

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

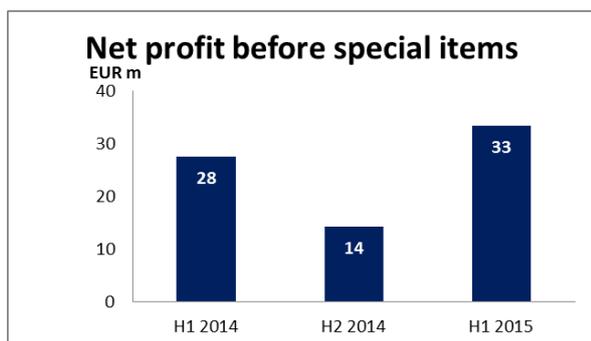
*The income statement differs from the one presented in the Condensed Consolidated Interim Financial Report (included in the Interim Report 2015) due to the treatment of non-financial companies controlled by NIBC. This only affects the presentation of the income statement and not the bottom-line profit figures. Small differences may occur in this table due to rounding.*

- 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

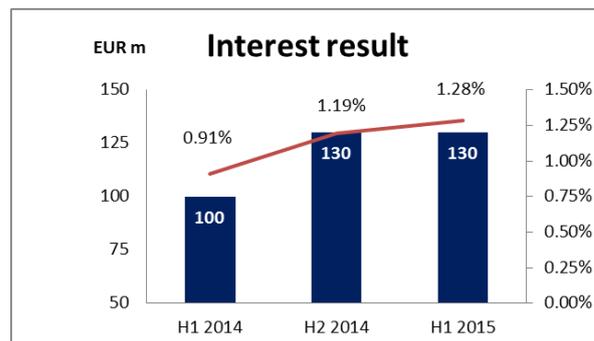
## NIBC Bank H1 2015 financial results

NIBC posted a solid first half year result. Net profit was up to EUR 33 million in H1 2015, compared to EUR 15 million in the same period in 2014. 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, mainly from advisory services to clients in the fields of mergers and acquisitions and investment management. Net interest income and fee income were in line with the second half year in 2014. Excluding the effect of the one-off SNS Levy of EUR 12 million in H1 2014, net profit increased 18%.

Net profit before special items (in EUR million)



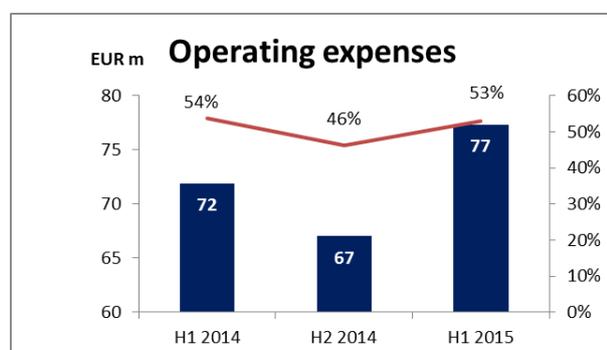
Interest result (in EUR million) and interest margin (in %)



Net trading income shows a limited loss of EUR 6 million, mainly reflecting the (unrealised) fair value changes of the assets and liabilities classified at fair value through profit or loss. In addition, the results include credit losses on fair value through profit or loss assets.

The cost-income ratio over H1 2015 was 53%, up compared to H2 2014 (46%) due to targeted investments, but still within communicated range. The main drivers were investments in origination capacity in Germany (FTE's), the Think Yes campaign, which started in June 2015, the insourcing of our retail contact centre and the roll out of the NIBCity project, which entails the implementation of more flexible working throughout the organization and investments in IT. These investments facilitate future growth of our business.

Operating expenses (in EUR million) and cost-income ratio (in %)



Impairments were down to EUR 23 million in H1 2015, from EUR 28 million in H1 2014. Additional impairments were spread across various sectors. In H1 2015, credit losses on mortgages amounted to EUR 4 million; predominantly in our Dutch mortgages portfolio and slightly lower than in H1 2014.

Residential mortgages increased to just under EUR 8.2 billion in the first half year of 2015, while the savings balance grew to EUR 9.6 billion. The quality of the corporate loan book improved as we received repayments of some larger exposures in line with plan and by balancing our origination effort in specific sectors. The positive currency effect on our drawn corporate loan book amounted to EUR 290 million, reflecting our exposures to the oil & gas services and shipping sectors, which are mostly dollar-denominated. Our corporate loan portfolio (drawn and undrawn) remained stable in H1 2015 at EUR 8.7 billion.

### Balance sheet NIBC Bank

<i>In EUR Millions</i>	Jun 2015	Dec 2014	Dec 2013	<i>In EUR Millions</i>	Jun 2015	Dec 2014	Dec 2013
Cash and banks	3,364	2,760	2,947	Retail funding	9,550	8,956	8,419
Loans	7,460	7,240	6,666	Funding from securitised mortgages	2,672	3,348	3,525
Lease receivables	341	361	-	Covered bonds	1,508	1,034	919
Residential mortgages	8,163	8,058	7,561	ESF	1,025	992	-
Debt investments	1,503	1,341	1,797	All other senior funding	3,659	3,280	2,946
Equity investments	308	334	312	State guaranteed funding	-	-	1,310
Derivatives	2,255	2,851	2,800	Tier I & subordinated funding	390	320	298
All other assets	188	198	241	Derivatives	2,776	3,217	2,957
				All other liabilities	148	166	161
				<b>TOTAL LIABILITIES</b>	<b>21,728</b>	<b>21,313</b>	<b>20,534</b>
				<b>SHAREHOLDER'S EQUITY</b>	<b>1,854</b>	<b>1,831</b>	<b>1,789</b>
<b>TOTAL ASSETS</b>	<b>23,581</b>	<b>23,144</b>	<b>22,323</b>	<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>23,581</b>	<b>23,144</b>	<b>22,323</b>

### NIBC Bank – other key figures

<b>NIBC Bank</b>	<b>30-Jun 2015</b>	<b>31-Dec 2014</b>
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%

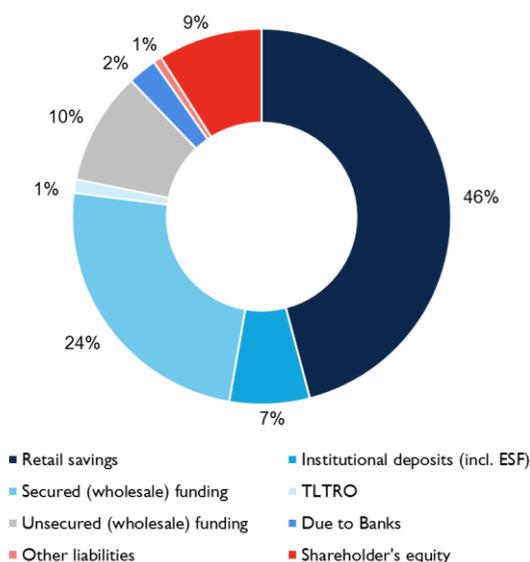
- Solvency ratios are fully loaded (end state) Basel III and the 30-Jun 2015 ratios include the net profit in HY 2015
- Solid capital position, with a Common Equity Tier-1 of 15.9% (2014: 15.5%) and a BIS ratio of 20.5% (2014: 19.3%)
- The leverage ratio decreased from 7.0% to 6.6%, but still comfortable in this market

## Funding

Our current funding diversification reflects a balanced mix of equity, wholesale and retail funding. We returned to the public senior unsecured market with a 3.5 years EUR benchmark transaction, issuing EUR 300 million in January and increasing the transaction to EUR 500 million in March. In the covered bond market we extended our curve with a 7 years EUR benchmark transaction under our conditional pass-through covered bond programme. We are actively expanding our presence and visibility in the public debt markets.

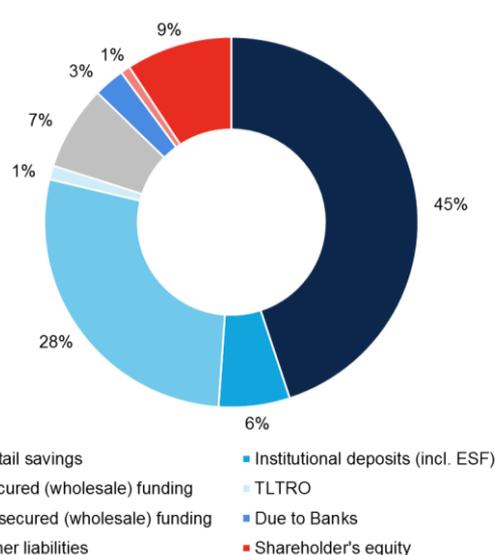
### Funding Composition

Per 30 June 2015



### Funding Composition

Per 31 December 2014



Our NIBC Direct retail savings grew by 7% to EUR 9.6 billion, almost half of which is in term deposits, further supporting the stickiness of our retail savings.

Our strong liquidity position is evidenced by an LCR of 279% and an NSFR of 112% at 30 June 2015. Our ample liquidity position demonstrates NIBC's prudent approach to uncertainties in the market, especially around the situation in Greece.

Over the past 12 months we have seen encouraging developments in our ratings. In November of last year S&P changed its outlook on NIBC from negative to stable. In June 2015 Fitch affirmed our rating at BBB- with a stable outlook and following a rating review Moody's upgraded NIBC's (unsolicited, non-participative) rating to Baa1, from Baa3.

## Corporate Banking – key transactions

NIBC was involved in a number of important transactions across its key sectors and markets. A selection of transactions in HY 2015:

### Lucas Bols – Mergers & Aquisitions

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

### NPEX Ondernemersfonds – Structuring, Distribution and Industries & Manufacturing

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

### Megastores – Commercial Real Estate

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

### Consumer Banking

Our consumer banking activities showed strong performance, especially considering the challenging business environment with competition and lower interest rates. NIBC Direct is gradually growing a loyal base of retail clients. In H1 2015 the total savings balance increased by EUR 0.6 billion to EUR 9.6 billion, proving stickiness of savings despite the interest rate reductions in line with underlying market developments.

The mortgage portfolio increased to EUR 8.2 billion. The housing market trends in the Netherlands are favourable. Transaction activity is recovering and house prices are in an upward trend. However, margins are under pressure due to increased competition. In January 2015 the Buy-To-Let mortgage product was successfully introduced.

### NIBC Holding – other key figures

NIBC Holding	30-Jun 2015 <sup>1</sup>	31-Dec 2014
Common Equity Tier-1 ratio	14.1%	13.7%
Tier-1 ratio	14.1%	13.7%
BIS ratio	16.9%	16.6%
Net profit before special items (in EUR million)	33	41
Total assets (in EUR billion)	23.6	23.0
Shareholder's equity (in EUR million)	1,706	1,684
Number of FTEs (end of period)	650	637
Risk weighted assets (in EUR billion)	9.3	9.4

1) including net profit H1 2015

Fully loaded (end state) Basel III ratios



**Profile of NIBC**

NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment in the sectors Food, Agri, Retail & Health, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. Consumer Banking offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

Headquartered in The Hague, NIBC also has offices in Frankfurt, London and Brussels.

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**Forward-looking statements**

The forward-looking statements included in this press release with respect to the business, results of operation and financial condition of NIBC are subject to a number of risks and uncertainties that could cause actual results to differ materially from forecasts, estimates or other statements set forth in this release, including but not limited to the following: changes in economic conditions, changes in credit spreads or interest rates, the results of our strategy and investment policies and objectives. NIBC undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this release.

We refer to our Condensed Financial Statements published on our [website](#) for further information

**Disclaimer**

The financial information included in this press release and the Condensed Consolidated Financial Interim Report (NIBC Bank) and the Condensed Consolidated Interim Financial Report (NIBC Holding) for the six months period ended 30 June 2015 as referred to in this press release have been reviewed by the Independent Auditor of the company. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.