

# PRESS RELEASE

The Hague, 4 March 2015



## **NIBC Bank underlying net profit almost doubles to EUR 42 million in 2014**

**Continued underlying growth driven by strong demand from both corporate and consumer clients**

- **Strong origination growth of 93% drives increase of corporate loan portfolio of 19%**
- **Successful return of NIBC Direct to the Dutch mortgage market with over EUR 1 billion of production; retail savings grow by EUR 0.6 billion**
- **Interest income grows 56%, net fee income up 59%**
- **Reported net profit up 9% after resolution levy**
- **Cost-income ratio improves from 60% to 50%; Leverage ratio of 7%**
- **S&P's Outlook on NIBC's BBB- rating improved to stable**

*Paulus de Wilt, Chief Executive Officer of NIBC:*

"After an encouraging first half-year, our business performance continued to improve driven by new loans to corporate clients at nearly twice the level of 2013, and by strong demand for NIBC Direct mortgages and savings by retail clients. Production of NIBC-branded mortgages exceeded EUR 1 billion. Underlying net profit was up 91% to EUR 42 million, before the one-off SNS levy of EUR 18 million.

Business growth was well spread over the bank's different key geographic segments in which NIBC operates. In Germany, where we established NIBC Deutschland AG after our takeover of Gallinat-Bank AG, our corporate banking activities are clearly increasing their contribution to NIBC's total growth. Our corporate loan portfolio in the United Kingdom increased among others by a few landmark transactions in Infrastructure & Renewables and Leveraged Finance.

Our cost-income ratio improved from 60% to 50%, mainly driven by strong top-line growth. The bank's capital position was solid with a fully loaded Basel III Common Equity Tier-1 ratio of 15.5%. Funding optimisation developed further by our growth in retail savings and by gaining access to the Einlagensicherungsfond (ESF), German institutional funding, through our acquisition of Gallinat-Bank AG. We issued our conditional pass-through covered bond again in 2014 and successfully issued a public senior unsecured bond for the first time in several years in January 2015.

All in all, 2014 was an encouraging year for NIBC Bank, proving our strategy is working to achieving sustainable profit growth. I want to thank both our corporate and consumer clients who more and more entrusted us with their need for financial products and services. And of course I'm proud of our employees, who are there for our clients every day and who enable the growth the bank is currently achieving."

## NIBC Bank - Profit & Loss

In EUR millions	FY 2014	FY 2013	H2 2014	H1 2014	H2 2013	H1 2013
Net interest income	231	148	130	100	78	71
Net fee and commission income	27	17	15	12	10	8
Net trading income	3	56	(1)	4	(15)	71
Dividend income	2	2		2	2	
Gains less losses from financial assets	16	1		16	9	(8)
Share in result of associates	1	(1)	1		(1)	
<b>Operating income</b>	<b>278</b>	<b>225</b>	<b>145</b>	<b>134</b>	<b>83</b>	<b>142</b>
Personnel expenses	(81)	(82)	(37)	(44)	(39)	(43)
Other operating expenses	(52)	(48)	(27)	(25)	(24)	(23)
Depreciation and amortisation	(5)	(5)	(3)	(3)	(3)	(2)
<b>Operating expenses</b>	<b>(139)</b>	<b>(134)</b>	<b>(67)</b>	<b>(72)</b>	<b>(66)</b>	<b>(68)</b>
<b>Net Operating income</b>	<b>140</b>	<b>90</b>	<b>78</b>	<b>62</b>	<b>17</b>	<b>74</b>
Impairments of financial assets	(93)	(62)	(66)	(28)	(26)	(36)
Corporate Tax	(4)	(6)	2	(6)	4	(11)
<b>Underlying net profit before special items</b>	<b>42</b>	<b>22</b>	<b>14</b>	<b>28</b>	<b>(5)</b>	<b>27</b>
<b>Special items</b>						
SNS Levy (Net)	(18)		(6)	(12)		
Reported net profit	24	22	9	15	(5)	27

*Small differences may occur in this table due to rounding.*

## NIBC Bank - Financial Results 2014

- Underlying net profit up to EUR 42 million, before the one-off SNS levy of EUR 18 million. This improvement in our underlying profit reflects the strong foundations of our top-line growth.
- Reported net profit amounts to EUR 24 million, compared to EUR 22 million in 2013.
- Substantial increase of net operating income by 56%, reflecting strong top-line growth.
- Net interest income increased by 56% to EUR 231 million from EUR 148 million in 2013. This reflects the outcome of our long-standing strategy to deleverage our balance sheet in previous years and to improve our funding profile, in order to create a healthier and more sustainable model. The growth in interest income was driven by strong increased origination of both corporate and consumer loans, healthier origination spreads and re-pricing of pre-crisis exposures.
- Our net fee and commission income increased by 59%, driven by higher mergers & acquisitions activity, increased origination in corporate loans and a near doubling in investment management fees.
- Net trading income mostly reflects our fair value through profit & loss accounting of certain assets & liabilities and was substantially lower than in 2013, declining to EUR 3 million from the previous year's EUR 56 million. We are comfortable with having our net trading income in a narrow range.
- Gains less losses increased sharply from EUR 1 million in 2013 to EUR 16 million in 2014, reflecting a more positive although still fragile economic climate.
- Cost-income ratio improved from 60% to 50% due to higher top-line growth.
- Our prudent internal assessment of our real estate portfolio led to an impairment of EUR 41 million. Consequently, total impairments increased to EUR 93 million.
- NIBC Bank's Leverage Ratio in 2014 was a comfortable 7%.

## NIBC Bank - Balance Sheet

In EUR millions	Dec 2014	Dec 2013	In EUR millions	Dec 2014	Dec 2013
CASH AND BANKS	2,760	2,947	RETAIL FUNDING	8,956	8,419
CORPORATE LOANS	6,899	6,332	STATE GUARANTEED FUNDING	0	1,310
LEASE RECEIVABLES	361	-	FUNDING FROM SECURITISED MORTGAGES	3,348	3,525
OTHER LOANS	341	334	INSTITUTIONAL DEPOSITS (INCLUDING ESF)	1,226	220
RESIDENTIAL MORTGAGES	8,058	7,561	ALL OTHER SENIOR FUNDING	4,080	3,644
DEBT INVESTMENTS	1,341	1,797	TIER 1 & SUBORDINATED FUNDING	320	298
EQUITY INVESTMENTS	334	312	DERIVATIVES	3,217	2,957
DERIVATIVES	2,851	2,800	ALL OTHER LIABILITIES	166	161
ALL OTHER ASSETS	198	241	<b>TOTAL LIABILITIES</b>	<b>21,313</b>	<b>20,534</b>
			<b>SHAREHOLDER'S EQUITY</b>	1,831	1,789
<b>TOTAL ASSETS</b>	<b>23,144</b>	<b>22,323</b>	<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>23,144</b>	<b>22,323</b>

Both residential mortgages and the corporate loan book grew healthily in 2014. The corporate loan book (drawn and undrawn) grew by EUR 1.4 billion to EUR 8.8 billion. The appreciation of the dollar versus the euro had a modest EUR 0.3 billion positive effect on our corporate loan book, reflecting our exposures to the oil & gas services and shipping sectors, which are mostly dollar-denominated.

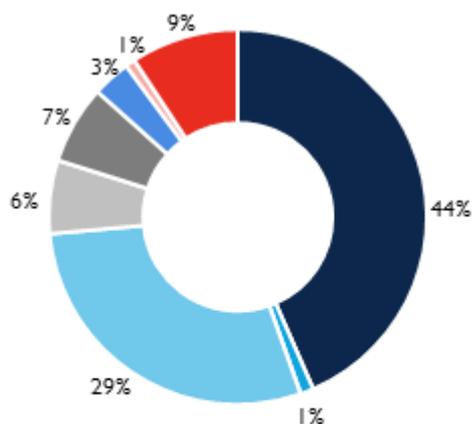
## NIBC Bank - Other key figures\*

NIBC Bank	31-Dec 2014	31-Dec 2013
Common Equity Tier-1 ratio	15.5%	18.1%
Tier-1 ratio	15.5%	21.3%
BIS ratio	19.3%	22.3%
Shareholder's equity (in EUR million)	1,831	1,789
Number of FTEs (end of period)	637	596
Risk weighted assets (in EUR billion)	9.6	8.4

\*2014 figures are fully loaded Basel III. The 2013 figures are Basel II.

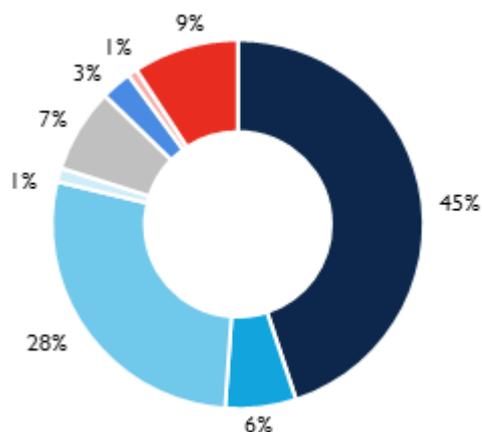
## NIBC Bank - Funding and Solvency

**Funding Composition**  
Per 31 December 2013



- Retail savings
- Institutional deposits (incl. ESF)
- Secured (wholesale) funding
- Unsecured (wholesale) funding
- State guaranteed
- Due to Banks
- Other liabilities
- Shareholder's equity

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Per 31 December 2014



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### Funding

After several years of deleveraging, 2014 was marked by both organic and non-organic growth of our asset base. This further fuelled our funding needs and funding diversification.

Diversification of funding has been a key part of our strategy since early 2008, when we started to build our retail savings franchise. We further diversified our funding sources in 2014 with corporate deposits under the German Einlagensicherungsfonds (ESF), which totalled 6% of our funding at end-2014. Overall, our funding mix shows a healthy balance between equity, wholesale and retail. With almost half our retail savings in term deposits, this is a sticky, durable form of funding.

Our solid financial position allowed us to repay all of our remaining outstanding GGBs in 2014.

In April 2014 we issued another EUR 500 million another conditional pass-through covered bond. The second issue of this landmark bond programme, backed by a pool of Dutch residential mortgage loans, was met with strong demand in both primary and secondary trading. The innovative bond programme has won widespread international acclaim and a string of accolades since we launched it in 2013.

We participated for the first time in in the European Central Bank's second Targeted Longer Term Refinancing Operation (TLTRO) auction in December. An amount of EUR 0.2 billion was allocated.

We maintained a healthy funding position in 2014, as evidenced by our Liquidity Coverage Ratio of 128% (versus 150% at year-end 2013) and Net Stable Funding Ratio of 108% (107% at end-2013).

In January 2015, we re-entered the unsecured market with a senior unsecured bond. It had an issue size of EUR 300 million, maturity of 3.5 years and a spread of 1.85%. Our broadly diversified funding enables us to build a curve in all our relevant funding sources.

## **Solvency**

NIBC has a solid capital base which we use to support the growth of our balance sheet, in both the corporate and consumer loan book. As a result of this growth, the risk-weighted assets of NIBC Bank also increased. As a consequence, the Common Equity Tier-1 ratio declined to 15.5% for NIBC Bank (2013:18.1% (Basel II)), Basel III fully loaded.

## **Non-financial information - Consumer Banking and Corporate Banking**

### **Consumer Banking**

We have set up a special retention team to further enhance our efforts to enable customers with mortgages in arrears to stay in their homes. The team consists of four specialists with many years of experience and deep expertise in the field of mortgages, special operations and restructuring. We have developed a tool box that we use to offer structural solutions to clients who have payment problems. The tools we employ include budget and job coaching, temporary interest holidays, and loan restructuring. Besides the good financial results, we have received positive feedback from our clients.

### **Corporate Banking – key transactions**

- **Lucas Bols - M&A**
  - Oldest distilled spirit brand in the world; founded in Amsterdam and heritage dating back to 1575;
  - NIBC was already involved in the financing of Lucas Bols' buy-out from Remy Cointreau in 2006;
  - In this deal, NIBC did a strategic review and advised Lucas Bols on the company's IPO on Euronext Amsterdam;
  - NIBC also arranged a refinancing package.
- **Health AG - Technology, Media & Services Germany**
  - Health AG is among the leading service providers in the German healthcare sector and offers its factoring services to doctors and small clinics, mostly active in the field of dentistry;
  - For this new client, NIBC was sole arranger in a EUR 50 million receivables financing facility;
  - This financing enables Health AG to diversify its funding base and increase its financial independency;
  - NIBC initially is the sole lender, but the transaction is structured in such a way that additional financing parties may be added at a later stage to support further growth of Health AG.
- **Project Holland Park - Commercial Real estate**
  - Large-scale sustainable redevelopment of an outdated office location into high-quality residential area in Diemen-Zuid;
  - The 16 outdated and vacant office buildings will be redeveloped into residential area;

- The new residential area consists of approximately 3,500 smaller and affordable apartments (price range EUR 150,000 – 250,000);
  - NIBC arranged substantial seed capital from its private investor base (e.g. family offices) to support.
- **Vroon Shipping - Shipping & Intermodal**
    - Vroon Shipping is the largest shipowner in the Netherlands;
    - NIBC closed a bilateral facility to Vroon Group, for two container vessels. Client relationship with this family-owned company dates back to the 70's;
    - Enables the company to continue its fleet renewal and expansion plan in a challenging economic environment;
    - True example of building long-term relationships with our clients.

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### **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, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. Consumer Banking offers residential mortgages in the Netherlands and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

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

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Or see the Condensed consolidated financial report for the year ended 31 December 2014 on our website:

Web: [www.nibc.com](http://www.nibc.com)

### **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 in Western Europe, 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.

### **Disclaimer**

The financial information included in this press release has been derived from the audited 2014 financial statements of NIBC Bank N.V.. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.