

**NIBC**

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# Half Year Results 2010

NIBC Bank N.V.

24 August 2010



# Agenda

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# Half Year Results 2010 Highlights

NIBC Bank N.V.

Jeroen Drost  
CEO

24 August 2010



# Financial Highlights First Half Year 2010

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*Net profit grows to EUR 42 million*

- NIBC Bank continues to show progressive growth with net profit of EUR 42 million for H1 2010
- Net profit in H1 2010 more than doubled compared to H1 2009

*Net interest income increased*

- Net interest income further improved due to increased origination of new loans and lower cost of funds resulting in more diversified and improved income mix

*New funding arranged*

- Capital markets are opening up: NIBC further diversified funding with successful issue of Dutch MBS XV, a EUR 750 million residential mortgage backed securitisation in March 2010

*Strong capitalisation, also after stress test*

- Continued strong capitalisation with Tier-I ratio of 15.2%; NIBC comfortably passed European stress test
- Favourable business conditions and lower impairments, in line with expectations
- NIBC Holding reports net profit of EUR 41 million in H1 2010

# Operational / Business Highlights

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*Unique position and client focus are paying off*

- Increasingly strong demand from clients for our products and services across the full range of our activities
- NIBC in strong position to seize opportunities
- Solid and stable partner for our clients

# Strategy

NIBC Bank N.V.

Jeroen Drost  
CEO

24 August 2010





# Client Focused Strategy

*Crystal-clear answers to complex financial challenges*

## *Clients*

Corporate clients, financial institutions, institutional investors, financial sponsors, family offices, entrepreneurial investors

## *Product & Services*

- Advisory services
- Debt finance, leveraged finance, project and asset finance
- Derivatives
- Structured transactions via various risk transfer techniques
- Distributing assets and investments, underwriting and syndication of loans
- Growth capital via mezzanine and equity investments
- Investment funds that are open for third parties

## *Sector focus*

### Merchant Banking

- Food, Agriculture & Retail
- Technology, Media & Services
- Manufacturing

### Specialised Finance

- Shipping
- Oil & Gas services
- Infrastructure & Renewables
- Commercial Real Estate

# Client Focused Strategy

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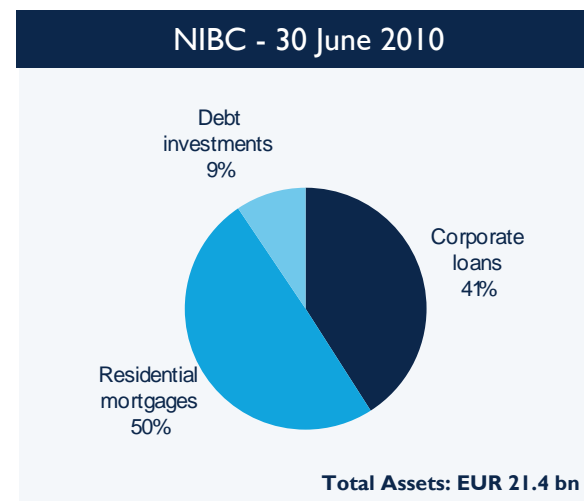
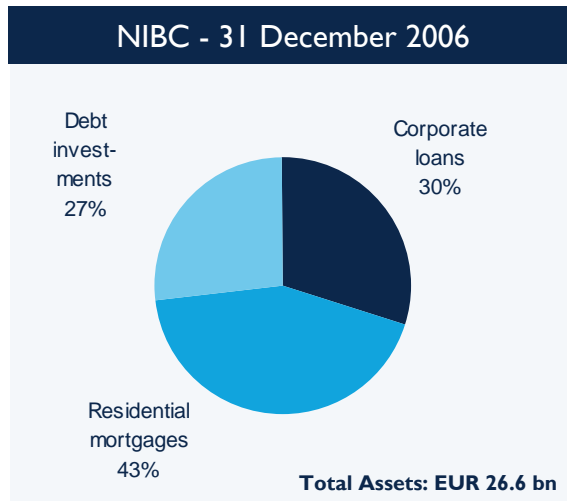
*65 years of client and sector focus*

## *Mission*

- To be the bank of choice for decisive financial moments
- Strategy is based on asset classes and geographies we know well
- We have sharpened our strategy to concentrate on long-term relationships of trust with clients, helping them to navigate in a complex financial world by providing clear, sustainable solutions at moments crucial to their company's development
- The strength of the bank lies in financing, advising and co-investing with its core clients in the Benelux and Germany and in clearly defined international asset financing classes
- NIBC's relatively small size enables sector and product specialists to work closely together and offer tailor-made financial solutions to clients

# Asset Focus

## Balance sheet composition



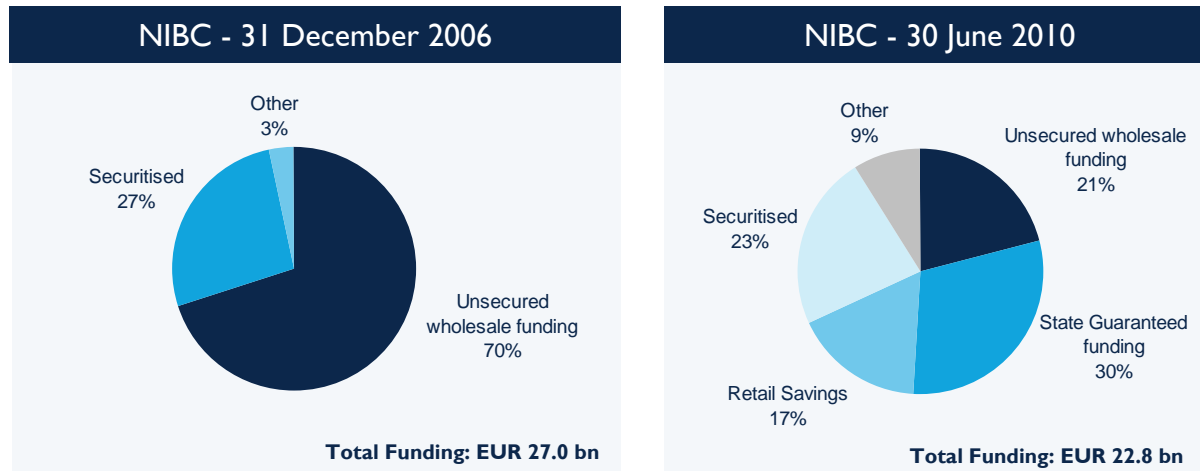
- Debt Investments portfolio significantly reduced in past years
- Clear sector focus

Looking ahead

- Further grow corporate loan book

# Funding Diversification

*Funding diversification is one of NIBC's strategic attention points*



- Funding diversification strategy is paying off
- NIBC can comfortably meet its financial obligations for the coming years
- Other funding includes covered bonds and term repos

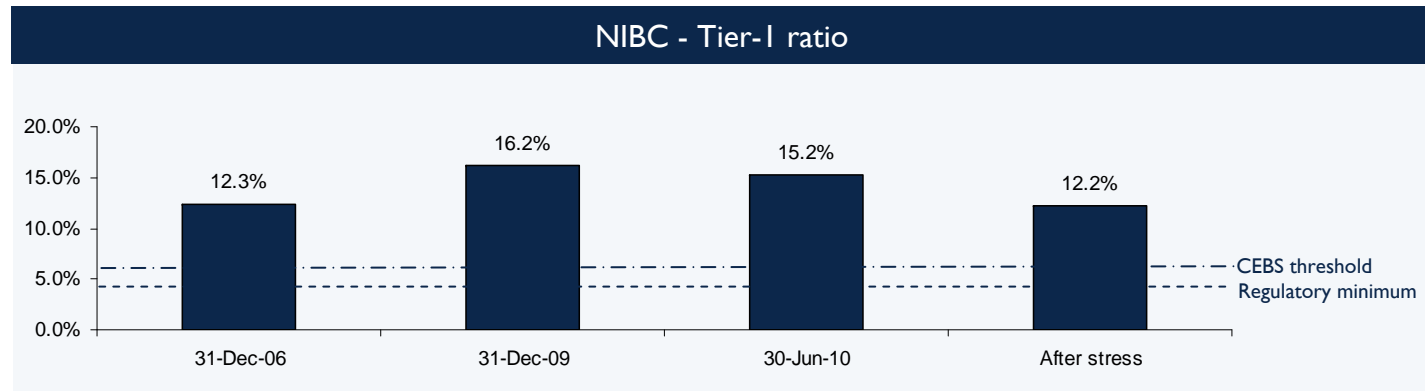
Looking ahead

- Grow retail funding as percentage of total funding
- There still remains EUR 5 billion mortgage portfolio for funding via securitisation/covered bond

# Strong Capitalisation

*Strong shareholder support*

*Continued strong capitalisation*



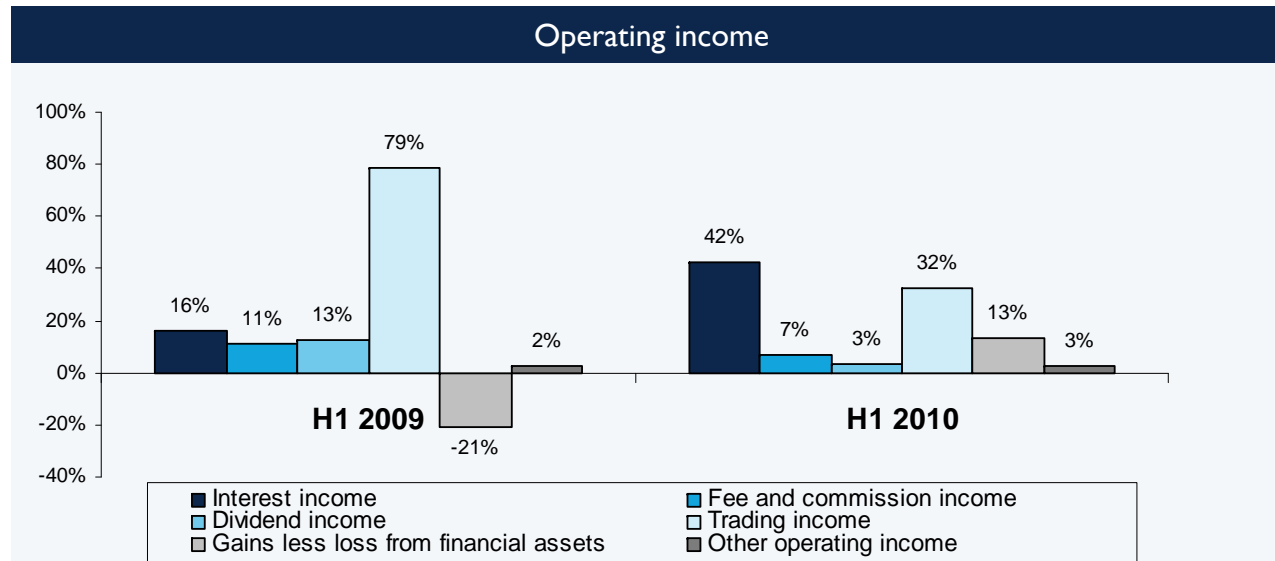
- Substantial increase of capital ratios since start of crisis as a result of
  - derisking balance sheet
  - additional equity raised among existing shareholders in Q1 2008
- NIBC comfortably meets European stress test with a Tier-I ratio of 12.2% and a buffer of EUR 757 million Tier-I capital after stress <sup>1</sup>

Looking ahead

- Retain strong Tier-I ratio

# Improved income mix

*Diversified and improved income mix*



- Continued improvement in net interest income

## Looking ahead

- Further improve composition of operating income
  - Increase stable components (e.g. interest income)
  - Reduce volatile elements (e.g. trading income)

# Half Year Results 2010

NIBC Bank N.V.

Kees van Dijkhuizen  
CFO

24 August 2010



# Profit & Income

In EUR millions	H1 2010	H2 2009	H1 2009
Net interest income	64	44	27
Net fee and commission income	10	12	19
Dividend income	5	8	22
Net trading income	49	72	136
Gains less losses from financial assets	20	10	(36)
Other income	4	2	4
<b>Operating income</b>	<b>151</b>	<b>148</b>	<b>172</b>
<b>Net profit</b>	<b>42</b>	<b>29</b>	<b>15</b>

*Continued growth in net profit*

*Income mix improved*

- Positive trend continued with net profit of EUR 42 million in the first half of 2010, compared to EUR 29 million in H2 2009 and EUR 15 million in H1 2009
- Income mix improved further as net interest income continued to grow as a result of new origination of loans and lower cost of funds and net trading income declined
- Gains less losses from financial assets improved for the second half year in a row



## Expenses & Impairments

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In EUR millions	H1 2010	H2 2009	H1 2009
<b>Operating expenses</b>	<b>(78)</b>	<b>(82)</b>	<b>(72)</b>
<b>Impairment of corporate loans</b>	<b>(31)</b>	<b>(18)</b>	<b>(41)</b>
<b>Impairment of other interest bearing assets</b>	<b>(1)</b>	<b>(15)</b>	<b>(50)</b>

*Continued focus on  
operational efficiency*

- Due to continued focus on operational efficiency we were able to maintain a strong cost-income ratio of 51%
- The level of impairments of corporate loans in the first half of 2010 at 75 bps is in line with the average level of 2009
- The level of impairments of other interest bearing assets (mezzanine and debt investments) at EUR 1 million is significantly lower than the EUR 65 million last year
- The default losses on our residential mortgage portfolio are only 6 bps in 2010 (booked in trading income)
- Due to the volatile economic environment we continue to remain prudent regarding the impact of potential future impairments

# Merchant Banking

In EUR millions	H1 2010	H2 2009	H1 2009
Net interest income	42	38	32
Net fee and commission income	8	11	16
Dividend income	4	1	3
Net trading income	4	10	(13)
Gains less losses from financial assets	20	10	(31)
Share in result of associates	2	-	1
Other operating income	-	-	-
<b>Operating income</b>	<b>81</b>	<b>70</b>	<b>9</b>
<b>Operating expenses</b>	<b>(38)</b>	<b>(36)</b>	<b>(30)</b>
Impairment of corporate loans	(18)	(9)	(41)
Impairment of other interest bearing assets	-	(3)	(43)
<b>Total expenses</b>	<b>(55)</b>	<b>(48)</b>	<b>(115)</b>
<b>Profit before tax</b>	<b>26</b>	<b>22</b>	<b>(107)</b>
Tax	1	(2)	24
<b>Profit after tax</b>	<b>26</b>	<b>20</b>	<b>(82)</b>

*Strong origination  
and engagement with  
clients*

- Positive trend continues with a profit of EUR 26 million H1 2010, coming from a low in H1 2009
- As expected interest income increased and gains less losses from financial assets, which relates to NIBC's equity investments portfolio, saw positive results in H1 2010
- The level of impairments of corporate loans in H1 2010 was below the average in 2009. Impairments of other interest bearing assets (mezzanine) were zero in H1 2010

# Specialised Finance

In EUR millions	H1 2010	H2 2009	H1 2009
Net interest income	22	6	(5)
Net fee and commission income	2	2	4
Dividend income	-	7	19
Net trading income	44	61	148
Gains less losses from financial assets	-	-	(5)
Share in result of associates	1	2	3
Other operating income	-	-	-
<b>Operating income</b>	<b>70</b>	<b>78</b>	<b>164</b>
<b>Operating expenses</b>	<b>(40)</b>	<b>(46)</b>	<b>(41)</b>
Impairment of corporate loans	(13)	(9)	-
Impairment of other interest bearing assets	(1)	(12)	(7)
<b>Total expenses</b>	<b>(54)</b>	<b>(67)</b>	<b>(48)</b>
<b>Profit before tax</b>	<b>16</b>	<b>11</b>	<b>116</b>
Tax	1	(1)	(20)
<b>Profit after tax</b>	<b>17</b>	<b>10</b>	<b>95</b>

## *Increase in client activities*

- Profit increased to EUR 17 million compared to H2 2009 after a high in H1 2009
- Income mix further improved with net interest income steadily improving as expected.
- EUR 13 million of impairments were taken on the corporate loan portfolio in H1 2010. Impairments of other interest bearing assets (debt investments) were with EUR 1 million clearly below the level of 2009

# Summary and Outlook

NIBC Bank N.V.

Jeroen Drost  
CEO

24 August 2010



# Executive Summary

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## Increase in business activities

- Our unique positioning and client focus is paying off
- Strong demand for our products and services lead to increased business activity across sectors and regions
- Increasing need for more tailored and flexible services for our clients

## Strong capital and liquidity position

- Successfully diversified funding position with a Dutch RMBS transaction resulting in tightly-controlled liquidity
- Tier-I ratio at consistently strong level of 15.2%
- NIBC comfortably meets European stress test

## Sustainable profitability

- Net profit of EUR 42 million, more than double the result in the first half of 2009 and continued to show successive growth
- Further improvement in net interest income as a result of new origination and lower cost of funds

## Looking ahead



















- Solid foundation on which to build future growth
- Well positioned to deliver market leading services to our clients
- Focus on sustainable profitability while sufficiently controlling risks

# Strategic Priorities & Progress

	<b>NIBC Action</b>	<b>Expected Outlook</b>
<b>Clients</b>	<ul style="list-style-type: none"> <li>▪ Deliver market-leading services to support clients in difficult markets</li> <li>▪ Anticipate on demand for deal structures with multiple partners and advisors</li> <li>▪ Continue to act on new business opportunities expected in M&amp;A, financing and co-investing</li> </ul>	<b>Further grow corporate loan book</b>
<b>Sustainable Profitability</b>	<ul style="list-style-type: none"> <li>▪ Further grow corporate loan portfolio and maintain stable base of interest income</li> <li>▪ Create growth while sufficiently controlling risk</li> <li>▪ Maintain strict cost management</li> </ul>	<b>Further improve composition of operating income</b>
<b>Solvency and liquidity</b>	<ul style="list-style-type: none"> <li>▪ Focus on long-term sustainable funding</li> <li>▪ Maintain strong Tier-I ratio</li> </ul>	<p><b>Continue funding diversification strategy</b></p> <p><b>Retain strong Tier-I ratio</b></p>

# Selection Credentials 2010

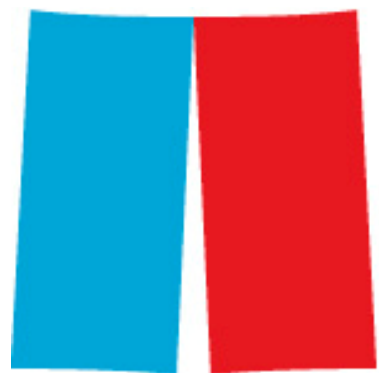
*Significant number of deals across the range of our activities*

 <p>Management Buy-Out</p>  <p>Advisor to Gilde</p> <p><b>NIBC</b> 2010</p>	 <p>Sale of fire extinguishing businesses</p>  <p>Advisor to Imtech</p> <p><b>NIBC</b> 2010</p>	 <p>Sale of De Marne Mosterd</p>  <p>Advisor to Gyma Group</p> <p><b>NIBC</b> 2010</p>	 <p>USD 170 million Senior Secured Term Loan for the financing of two Very Large Crude Carriers</p> <p>Mandated Lead Arranger and Hedge Provider</p> <p><b>NIBC</b> 2010</p>	 <p>USD 725 million Senior Secured Facility to refinance 26 Crude Oil Tankers</p> <p>Co-Arranger and Co-Hedge Provider</p> <p><b>NIBC</b> 2010</p>
 <p>Acquisition of</p>  <p>Advisor to Summit Partners</p> <p><b>NIBC</b> 2010</p>	 <p>Senior Facilities</p> <p>Mandated Lead Arranger</p> <p><b>NIBC</b> 2010</p>	 <p>Development of Dutch Offshore Wind Projects</p> <p>Financial Advisor</p> <p><b>NIBC</b> 2010</p>	<p>Dutch MBS XV</p> <p>EUR 750 million Residential Mortgage Backed Securities</p> <p>Sole Arranger and Joint Lead Manager</p> <p><b>NIBC</b> 2010</p>	 <p>EUR 100 million Senior Facilities</p> <p>Mandated Lead Arranger and Facility Agent</p> <p><b>NIBC</b> 2010</p>
 <p>USD 225 million Senior Secured Term Loan for PetroRig III Drilling Platform</p> <p>Joint Bookrunner and Mandated Lead Arranger</p> <p><b>NIBC</b> 2010</p>	 <p>EUR 75 million Senior Secured Revolving Credit Facility</p> <p>Arranger</p> <p><b>NIBC</b> 2010</p>	 <p>Senior Acquisition Facilities</p> <p>Lead Arranger</p> <p><b>NIBC</b> 2010</p>	 <p>USD 1,200 million Senior Secured Credit Facility</p> <p>Mandated Lead Arranger</p> <p><b>NIBC</b> 2010</p>	 <p>Senior Facilities</p> <p>Mandated Lead Arranger</p> <p><b>NIBC</b> 2010</p>

# 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)		
	30-Jun-10	31-Dec-09		30-Jun-10	31-Dec-09
<b>Financial assets at amortised cost</b>			<b>Financial liabilities at amortised cost</b>		
- Cash and balances with central banks	1,843	1,353	- Due to other banks	2,680	2,601
- Due from other banks	2,098	3,094	- Deposits from customers	4,519	4,332
- Loans and receivables			- Own debt securities in issue	8,630	8,836
- Loans	6,969	6,633	- Debt securities in issue related to securitised mortgages	5,071	5,231
- Debt investments	618	581			
- Securitised loans	613	616	<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	46	85
- Equity investments	98	94	- Debt securities in issue structured	2,432	2,453
- Debt investments	828	714	- Derivative financial liabilities held for trading	3,918	3,133
<b>Financial assets at fair value through profit or loss (including trading)</b>			- Derivative financial liabilities used for hedging	45	80
- Loans	1,105	1,103	Other liabilities	191	214
- Residential mortgages own book	5,565	5,817	Deferred tax	43	22
- Securitised residential mortgages	4,806	4,783	Employee benefit obligations	5	5
- Debt investments	607	804	<b>Subordinated liabilities</b>		
- Enhanced investments	34	53	- Amortised cost	125	132
- Equity investments (incl investments in associates)	242	215	- Fair value through profit or loss	434	369
- Derivative financial assets held for trading	3,774	2,816	<b>Total liabilities</b>	<b>28,139</b>	<b>27,493</b>
- Derivative financial assets used for hedging	415	242			
Investments in associates (equity method)	63	35	<b>Shareholder's equity</b>		
Intangible assets	39	40	Share capital	80	80
Property, plant and equipment	98	101	Other reserves	339	281
Investment property	27	28	Retained earnings	1,319	1,273
Current tax	4	14	Net profit attributable to parent shareholder	42	44
Other assets	93	53	<b>Total parent shareholder's equity</b>	<b>1,780</b>	<b>1,678</b>
<b>Total assets</b>	<b>29,939</b>	<b>29,189</b>	Total minority interest	20	18
			<b>Total shareholder's equity</b>	<b>1,800</b>	<b>1,696</b>
			<b>Total liabilities and shareholder's equity</b>	<b>29,939</b>	<b>29,189</b>

# Income Statement

In EUR millions	H1 2010	H2 2009	H1 2009
Net interest income	64	44	27
Net fee and commission income	10	12	19
Dividend income	5	8	22
Net trading income	49	72	136
Gains less losses from financial assets	20	10	(36)
Share in result of associates	3	2	3
Other operating income	1	1	1
<b>Operating income</b>	<b>151</b>	<b>148</b>	<b>172</b>
Personnel expenses	(49)	(44)	(38)
Other operating expenses	(25)	(34)	(30)
Depreciation and amortisation	(3)	(4)	(4)
<b>Operating expenses</b>	<b>(78)</b>	<b>(82)</b>	<b>(72)</b>
Impairment of corporate loans	(31)	(18)	(41)
Impairment of other interest bearing assets	(1)	(15)	(50)
<b>Total expenses</b>	<b>(109)</b>	<b>(115)</b>	<b>(163)</b>
<b>Profit before tax</b>	<b>41</b>	<b>33</b>	<b>9</b>
Tax	2	(3)	4
<b>Profit after tax</b>	<b>43</b>	<b>30</b>	<b>13</b>
Profit attributable to minority interest	(1)	(1)	2
<b>Net profit attributable to parent shareholder</b>	<b>42</b>	<b>29</b>	<b>15</b>

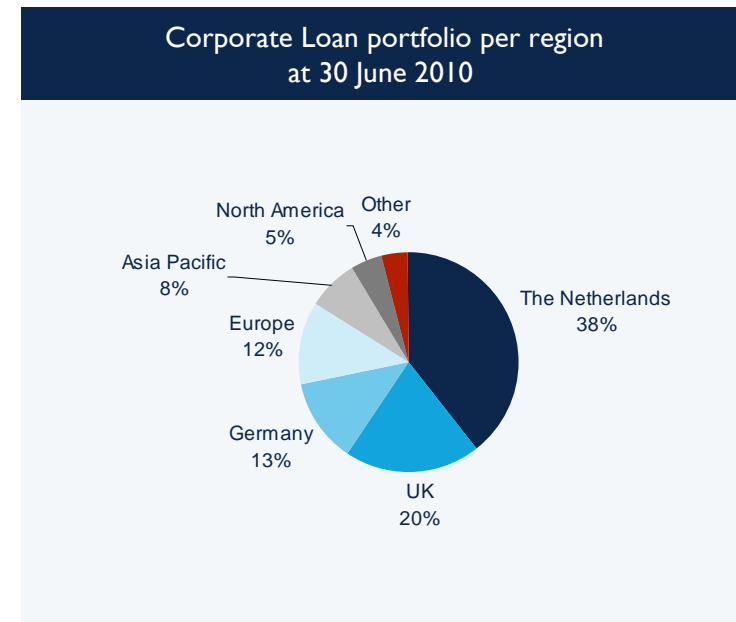
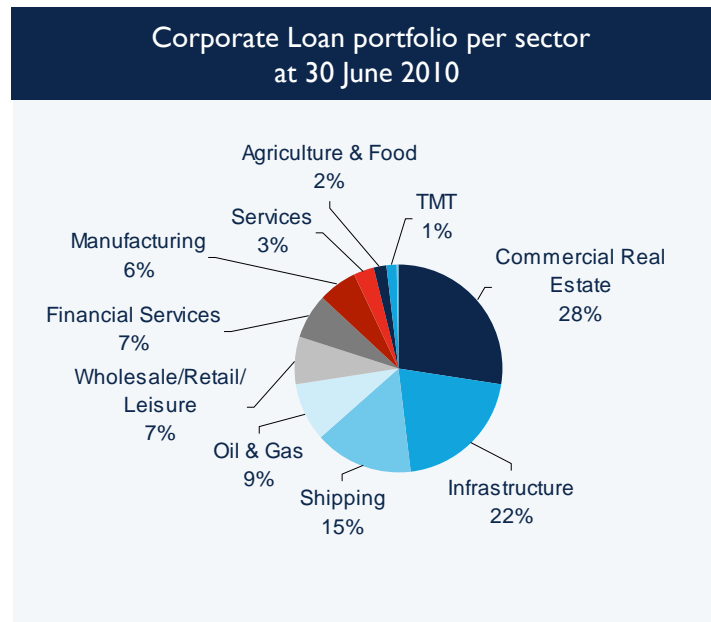
NIBC Bank N.V.

Portfolio update 30 June 2010



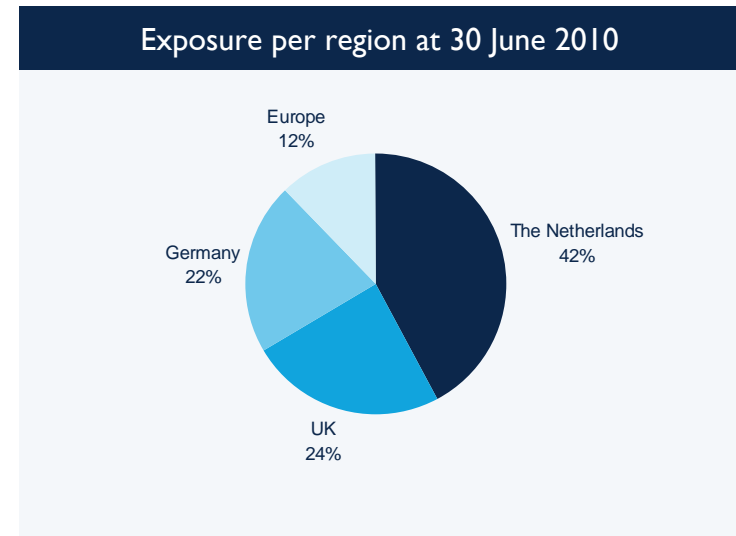
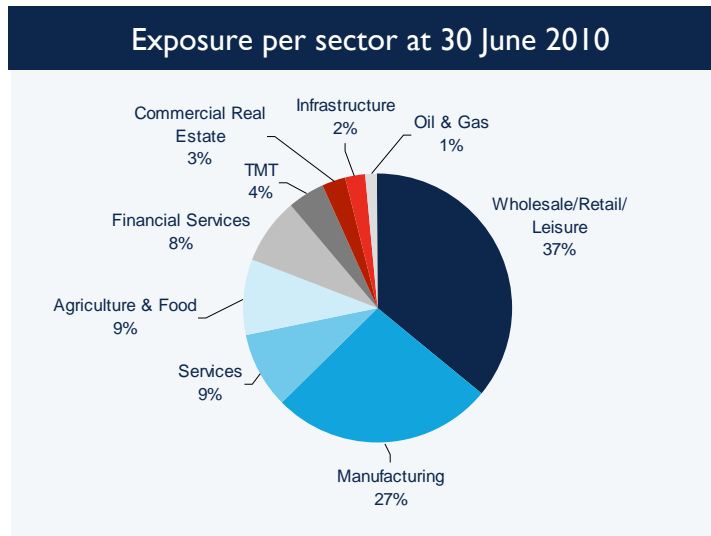
# Diversified and Stable Corporate Loan Portfolio

- Well diversified and stable Corporate Loan portfolio of EUR 9.0 billion at 30 June 2010
  - Prudent risk management and selective asset origination
  - Highly collateralised portfolio
  - Portfolio concentrated in Western Europe



# Leveraged Finance

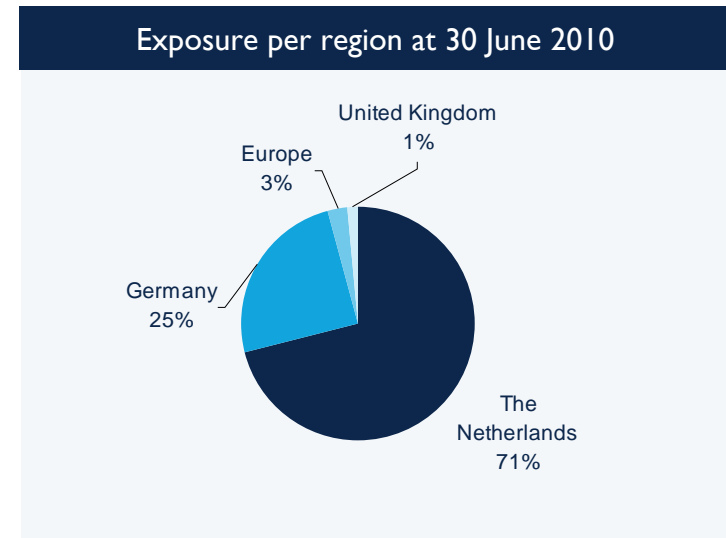
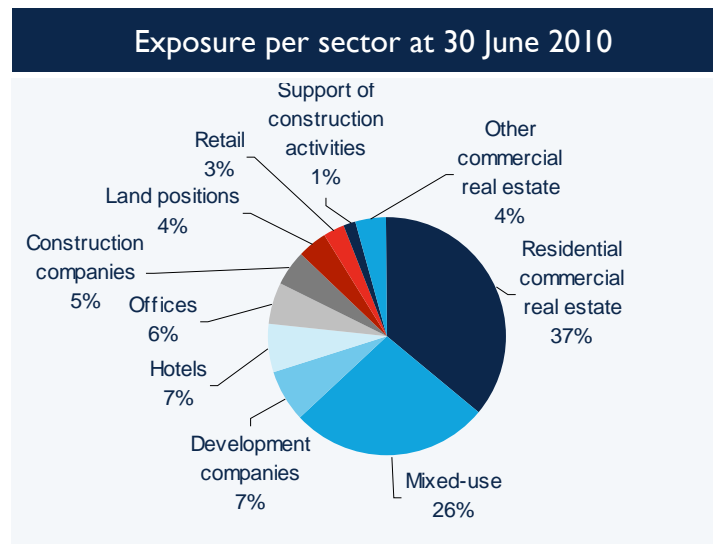
- Well spread Leveraged Finance portfolio with total exposure of EUR 1.2 billion at 30 June 2010:
  - Largely senior debt with relatively high collateral
  - No covenant-lite transactions
  - Total impairments amount to EUR 63 million
  - Average exposure per client of EUR 17 million
- Adjustment of industry sectors according to the overall sector classification





# Commercial Real Estate

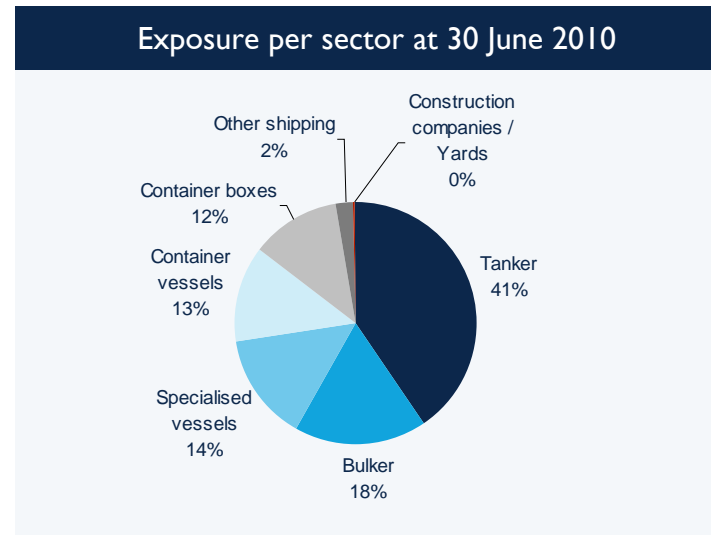
- Portfolio of EUR 2.5 billion at 30 June 2010:
  - Senior secured portfolio with large part multi-family property financing
  - Total impairments amount to EUR 1.4 million
  - The vast majority of the portfolio to be refinanced after 2014



# Shipping Exposure

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- Well spread and solid portfolio of EUR 1.4 billion at 30 June 2010:
  - Solid and secured portfolio divided over several sub sectors
  - Total impairments amount to EUR 0.4 million
  - Average exposure per client of EUR 16 million



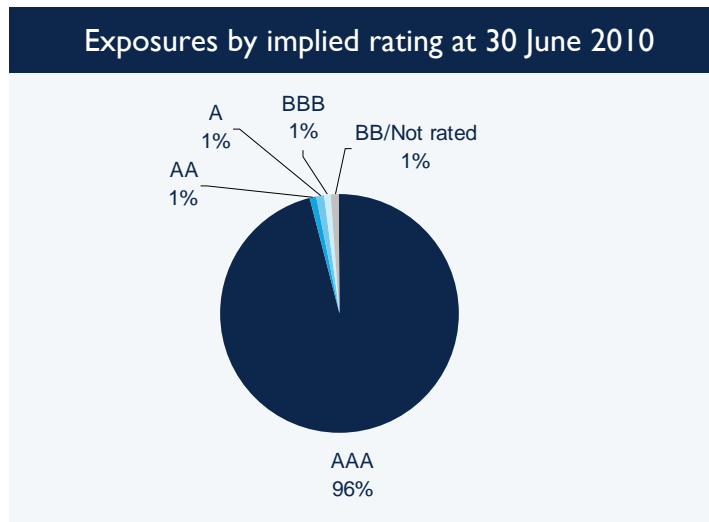
# Mezzanine and Equity Portfolio

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- Total Investment Management portfolio of EUR 0.65 billion at 30 June 2010
  - Concentrated in Western Europe
  - 73% invested in the Netherlands, 10% in the UK, 5% in Germany, 5% in Europe, 5% in the United States and 2% in other countries
- Equity exposure amounts to EUR 0.4 billion at 30 June 2010
- Loan exposure amounts to EUR 0.25 billion at 30 June 2010

# Residential Mortgage Portfolio

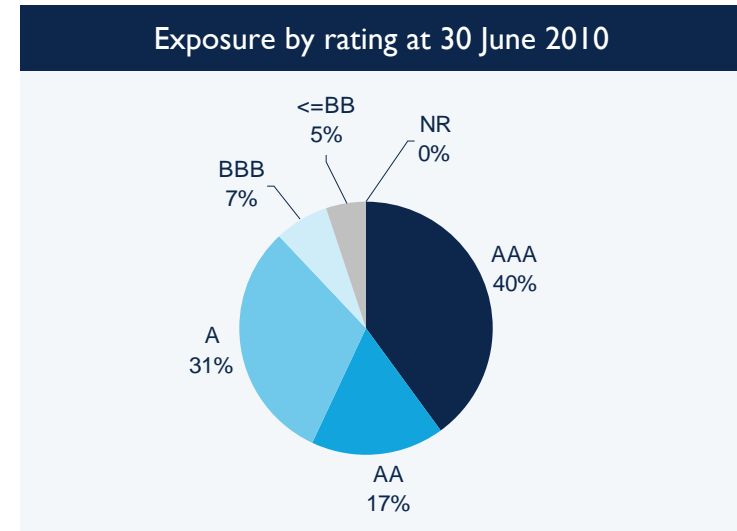
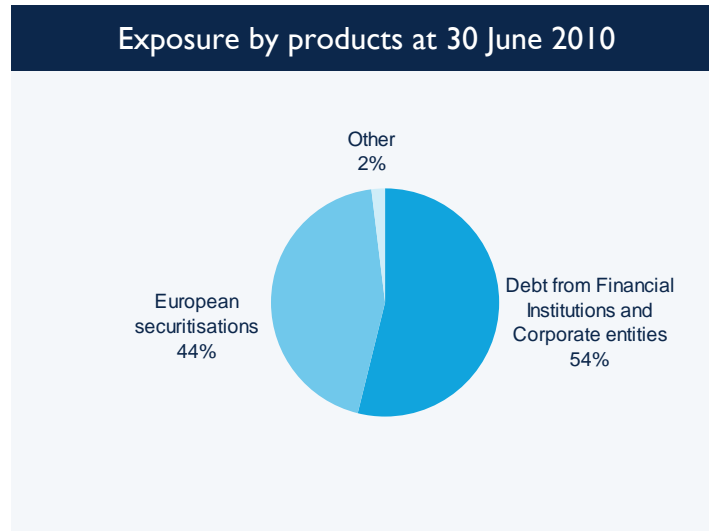
- Healthy Dutch and German residential mortgage portfolio of EUR 10.4 billion
  - Own book of EUR 5.6 billion
  - Securitised part of EUR 4.8 billion
  - Default losses in H1 2010 of EUR 3.2 million, being 6 bps



\* The own book portfolio includes a synthetic RMBS securitisation of EUR 0.7 billion of which credit (spread) risk has been sold via a credit default swap.

# Debt Investments Portfolio

*Highly rated portfolio*



- Debt Investments portfolio of EUR 2.1 billion as at 30 June 2009
- 94% investment grade
- The Financials & Sovereigns portfolio consists entirely of plain vanilla securities, with ultimate credit risk on minimal A-rated financials and sovereigns

NIBC Holding N.V.

30 June 2010



# H1 Results 2010 NIBC Holding

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- NIBC Holding reported a profit of EUR 41 million in H1 2010 of 2009, in line with the result in NIBC Bank
- The US portfolio has a carrying value of EUR 122 million as at 30 June 2010
- The capital ratios of NIBC Holding also remained strong with a BIS ratio of 16.3%, a Tier-I ratio of 14.5% and a core Tier-I ratio of 11.8%.
- NIBC Holding voluntarily participated in the European stress test. The stress test results confirm our strong financial position with a Tier-I ratio of 12.2% after the two year stress scenario a buffer of EUR 757 million Tier-I capital