



Full Year Results 2016

NIBC Bank

Paulus de Wilt, CEO
Herman Dijkhuizen, CFO

Moving Forward
8 March 2017

The world around us

Highlights Full Year 2016

Corporate Banking

Retail Banking

Financial Results Full Year 2016

Q&A

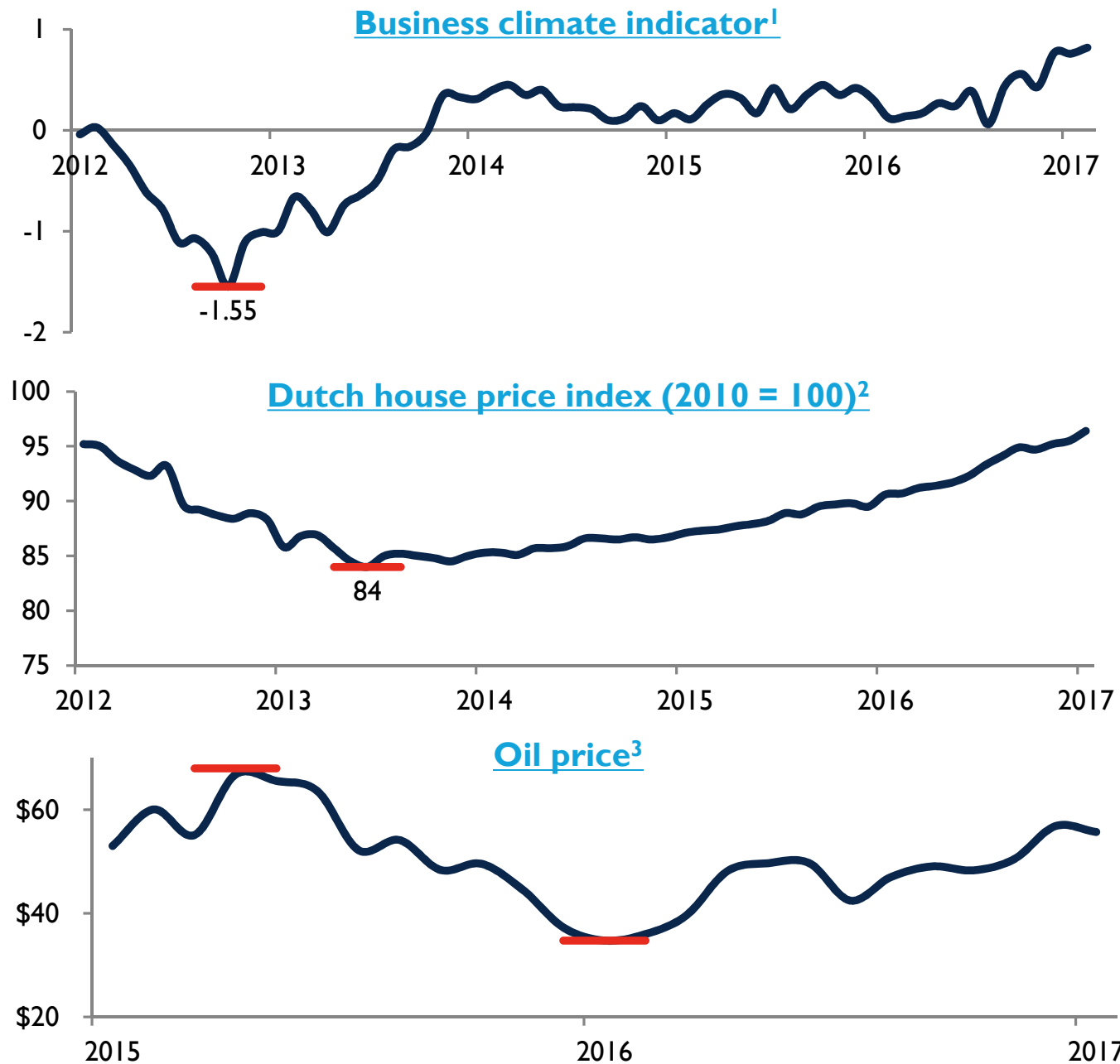


Full Year Results 2016

Paulus de Wilt
Chief Executive Officer

The world around us

- Improving fundamentals in the Netherlands:
 - GDP growth above EU average
 - Dutch consumer confidence and consumer spending are increasing
- Business climate in Europe still fragile, yet improving
- However, in some of our markets conditions remain challenging:
 - Volatile oil prices
 - Dry-bulk shipping segment remains under pressure
 - Timing and impact Brexit uncertain
- Ongoing regulatory developments:
 - SREP
 - Resolution regime / MREL
 - Basel IV



1: Source: European Commission Euro Area Business Climate Indicator

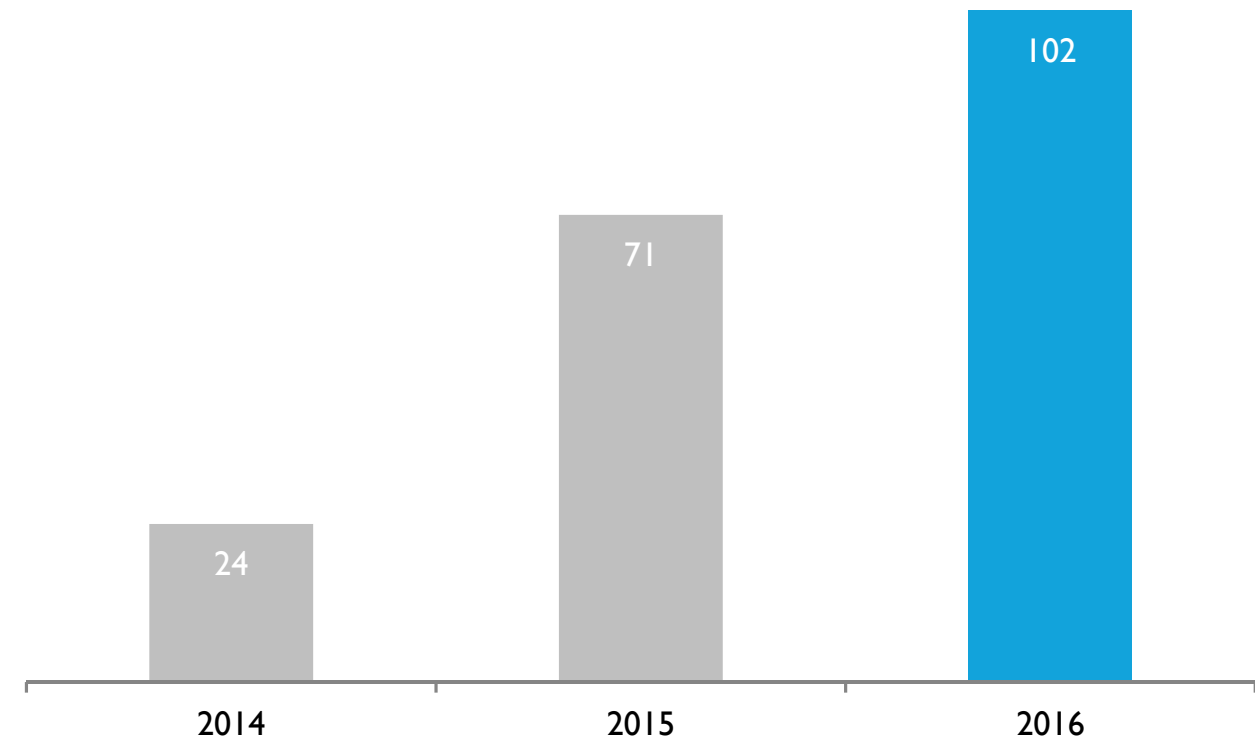
2: Source: Dutch Statistics Office

3: Source: Closing price active Brent Futures contract

Highlights Full Year 2016

- Net profit increased 44% in 2016 to EUR 102 mln, beating our intermediate ambition of EUR 100 mln
- Loan growth in both corporate banking (+4%) as well as retail banking (+3%)
- New business initiatives:
 - Expanding our product suite in corporate banking with acquisition of SNS Securities (renamed “NIBC Markets”)
 - BEEQUIP, our new heavy-equipment leasing venture, showed strong origination of EUR 124 mln
 - In retail banking, we secured our first ‘originate-to-manage’ mandate, while our buy-to-let portfolio displayed strong growth of almost EUR 250 mln
- Innovation Lab set up to create new business and to encourage our people to embrace innovation
- Both S&P and Fitch revised NIBC’s rating outlook to positive

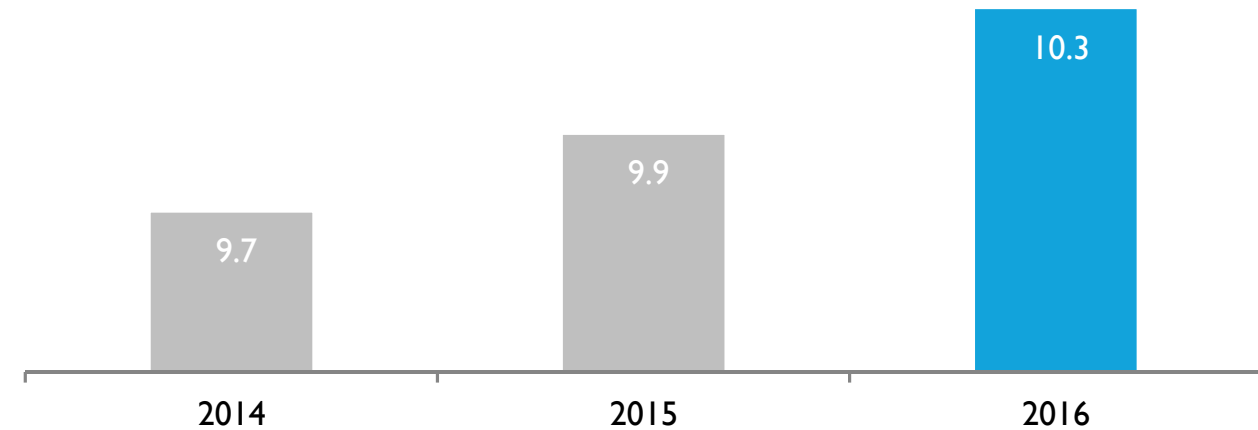
Net profit (EUR m)



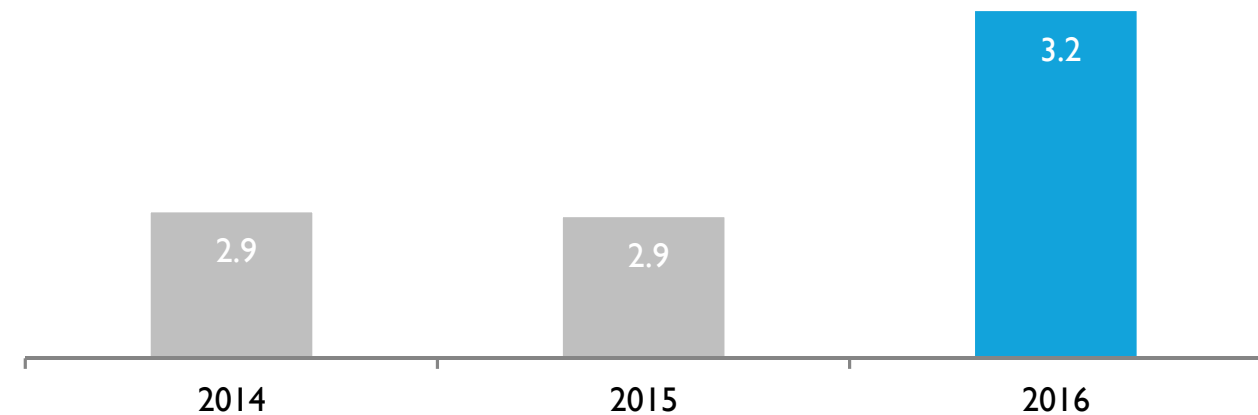
Corporate Banking

- NIBC’s niche strategy is to focus on clients and transactions where we can really add value, contributing to higher origination and portfolio spreads
- In both our home markets (Netherlands and Germany) we saw strong portfolio growth of 16% and 7% respectively
- Corporate banking origination grew by 10% to EUR 3.2 billion despite fierce competition and challenging market environment
- Our clients have again rewarded us with a strong Net Promoter Score (NPS) of +37%

Corporate banking exposure (EUR bln)



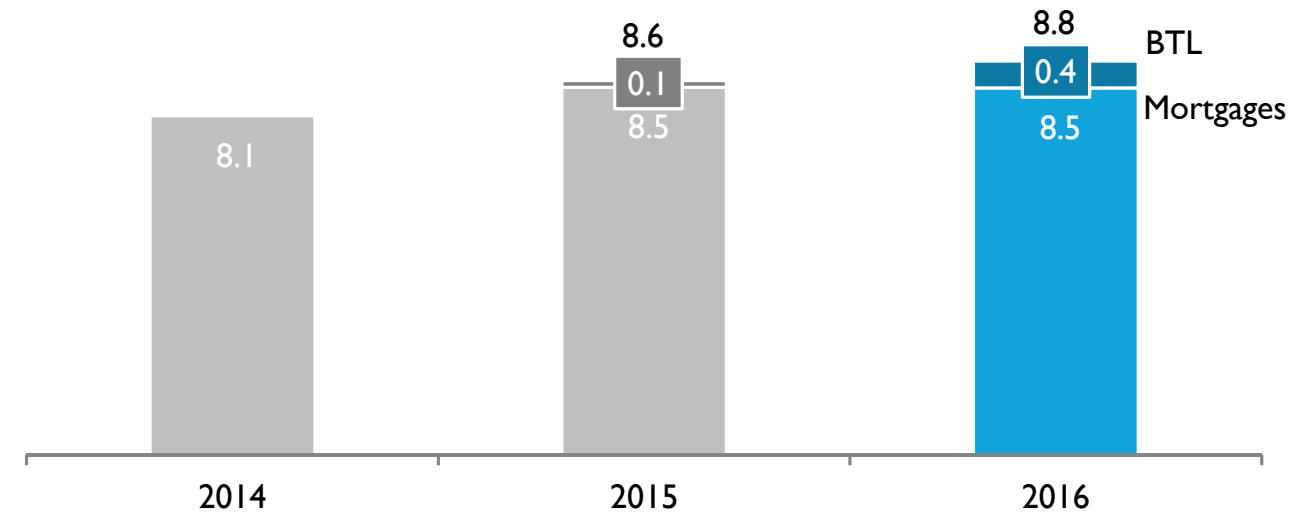
Corporate banking origination (EUR bln)



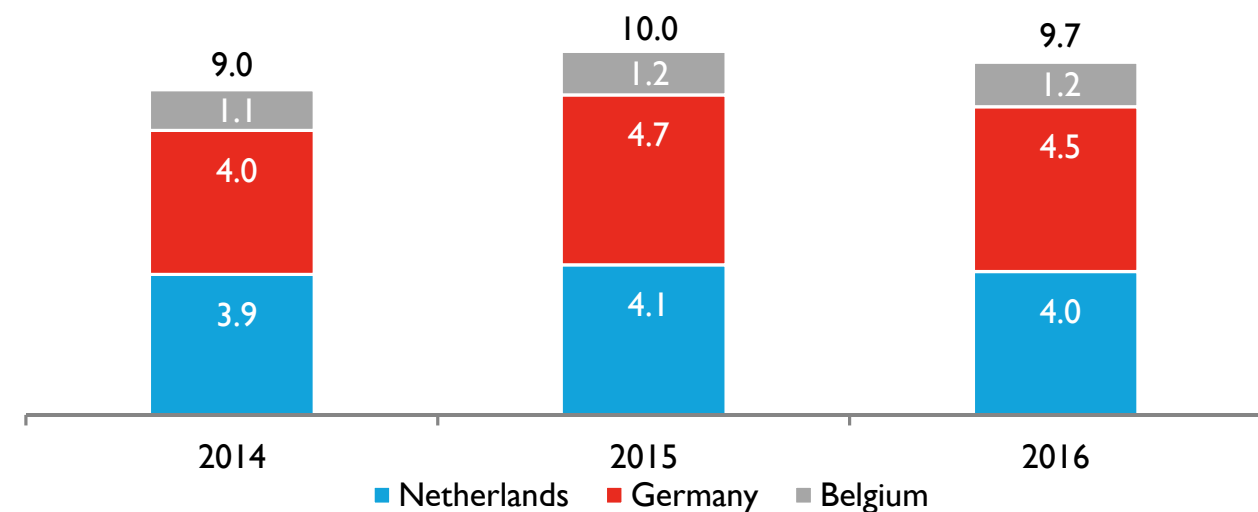
Retail Banking

- 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, portfolio is up by almost EUR 250 million to a total of more than EUR 360 million
- We secured our first 'originate-to-manage' mandate, where we originate and manage a portfolio of mainstream mortgages for an institutional investor
- Favorable conditions in the Dutch housing market: defaults down further in 2016 to 0.6% from 0.7% in 2015
- Our efforts to increase the share of on-demand deposits versus fixed-term savings have led to a controlled net outflow, reducing the total savings balance by 3%

Retail Banking Exposure (EUR bln)



Retail Banking Savings (EUR bln)





Financial Results Full Year 2016

Herman Dijkhuizen
Chief Financial Officer

P&L Statement

<i>euro millions</i>	Full year 2016	Full year 2015	Change (%)
Net interest income	306	286	7
Net fee and commission income	32	36	(11)
Investment income	31	4	
Net trading income	12	(12)	
Other operating income	0	1	
Operating Income	381	316	21
Payroll expenses	(96)	(91)	5
Other operating expenses	(77)	(76)	1
Depreciation and amortisation	(7)	(6)	17
Regulatory charges	(15)	(4)	
Operating Expenses	(194)	(177)	10
Impairments of financial assets	(57)	(63)	(10)
Profit before tax	129	77	68
Tax	(25)	(6)	
Profit after tax	104	71	46
Special Items (after tax)	(2)		
Net profit NIBC Bank after special items	102	71	44

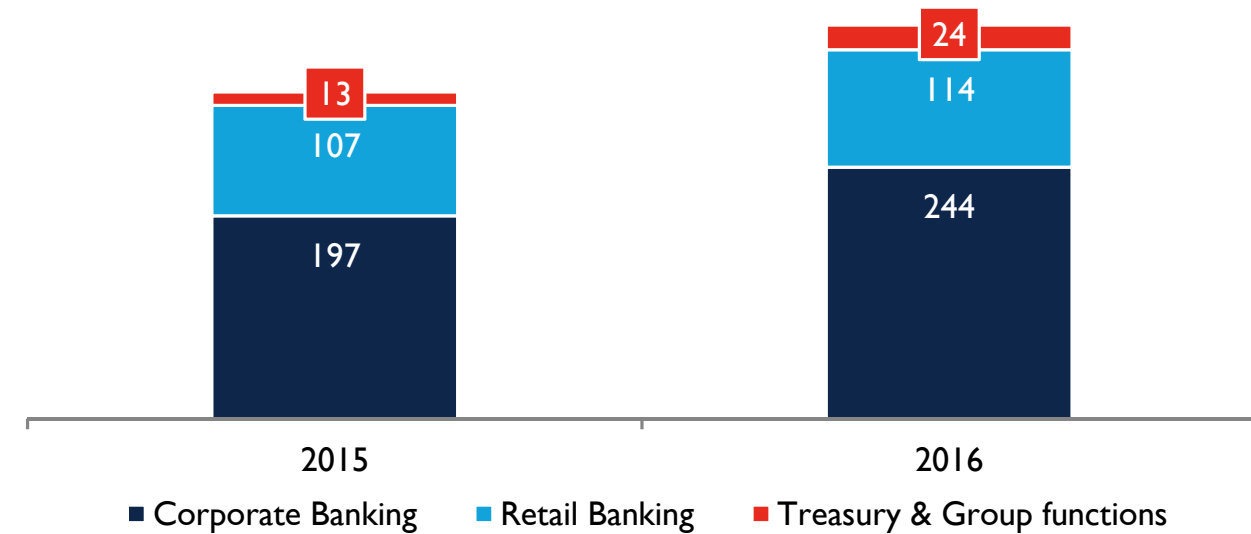
Financial Results FY2016

- Net profit increased 44% in 2016 to EUR 102 mln
- Net interest income up 7% to EUR 306 mln
- Operating income up 21% to EUR 381 mln
- Solid fee and commission income
- Regulatory charges of EUR 15 mln, impacting total operating expenses
- Impairments down 10%, but still at elevated levels, reflecting fragile and volatile economic environment, especially in Oil & Gas and dry-bulk Shipping
- Net profit growth pushes return-on-equity from 3.9% in 2015 to 5.4% in 2016. Return-on-equity for NIBC Holding increased from 4.2% to 6.0%
- Our increasing profitability and strong capital position allow us to restart dividend payments: proposed pay-out ratio of approximately 25%

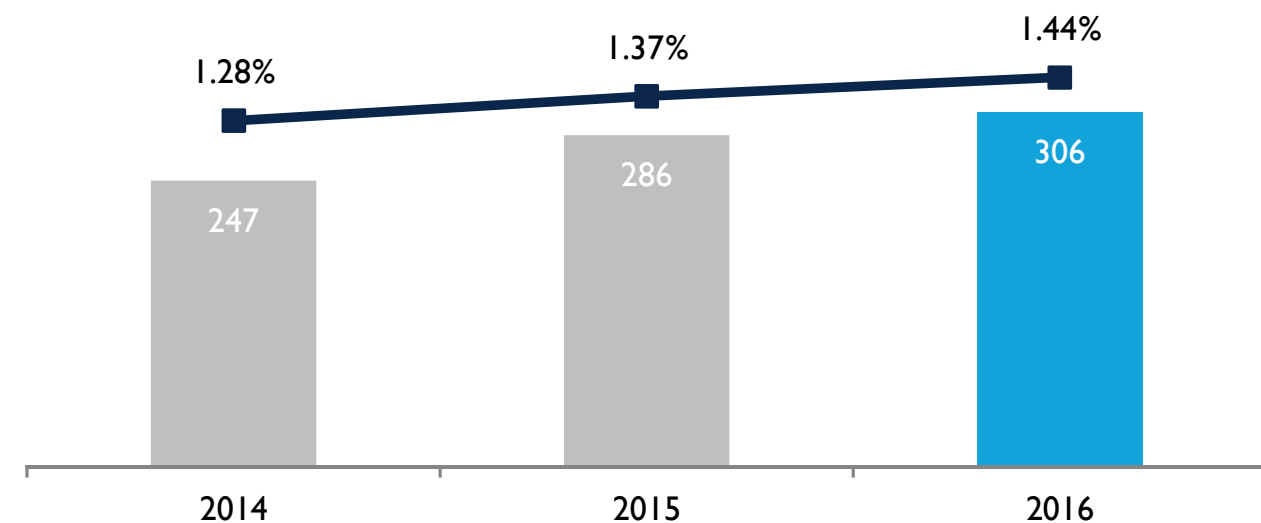
Income

- Increase of operating income in both our strategic business units
- The growth of net interest income is predominantly driven by:
 - Increase of the corporate banking portfolio as well as the retail banking portfolio
 - Increase of the portfolio spread (for both corporate banking and retail banking)
 - Lower funding costs
- Net interest income ticks up another 7bps in 2016 to 1.44%, continuing its positive trend

Operating income (EUR m)



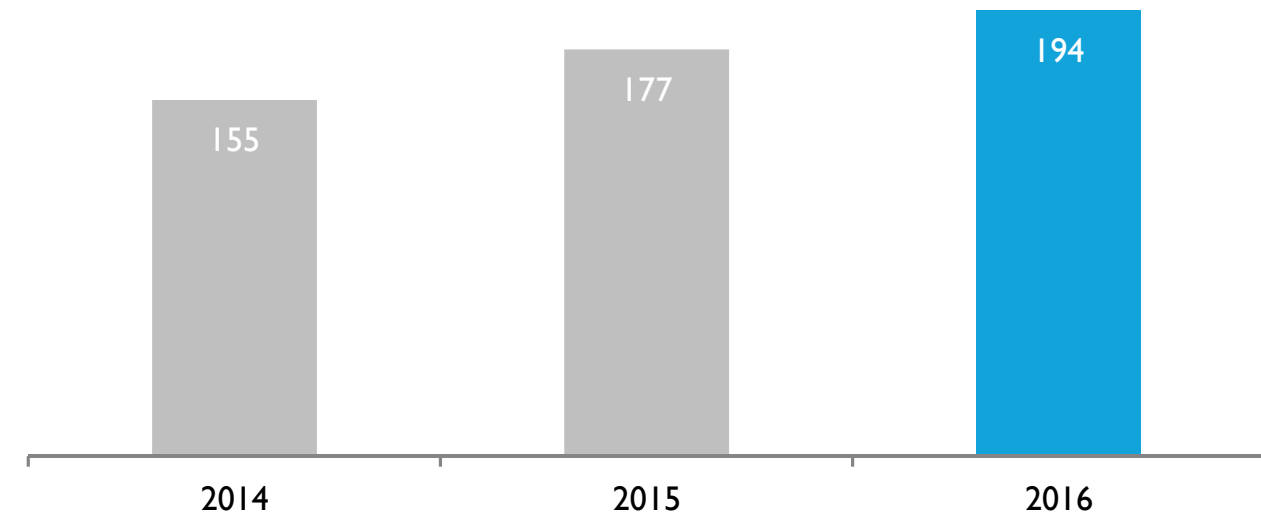
Net interest income (EUR m) & Net interest margin



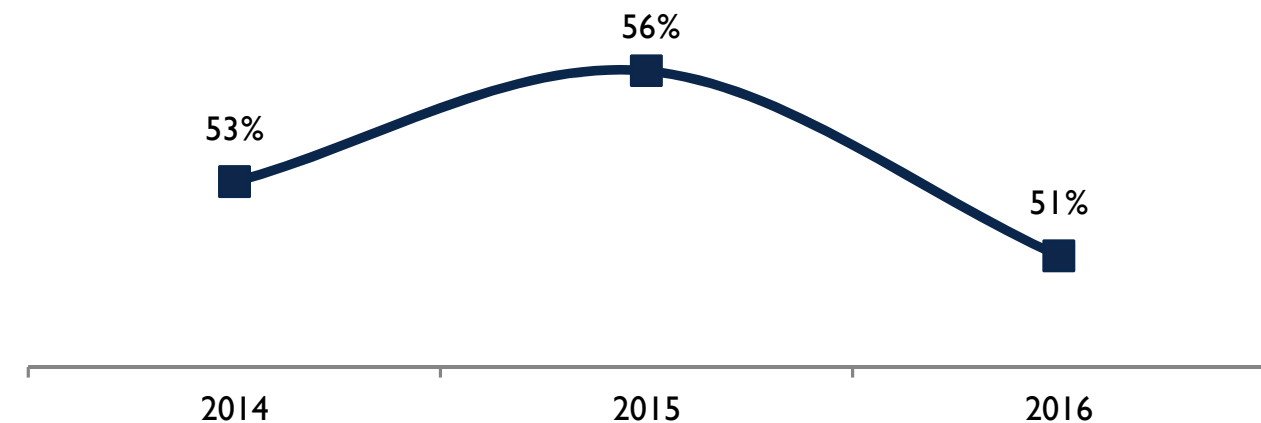
Expenses

- The increase in operating expenses (+10%) is predominantly driven by:
 - Higher regulatory charges, which increased from EUR 4mln to EUR 15mln
 - EUR 11mln operating expenses from the consolidation of SNS Securities (NIBC Markets)
- Payroll expenses (excluding NIBC Markets) decreased by EUR 2mln driven by further automation and efficiency gains and the outsourcing of part of our IT-infrastructure
- On the back of higher operating income our cost/income ratio decreased from 56% in 2015 to 51% in 2016

Operating expenses (EUR m)



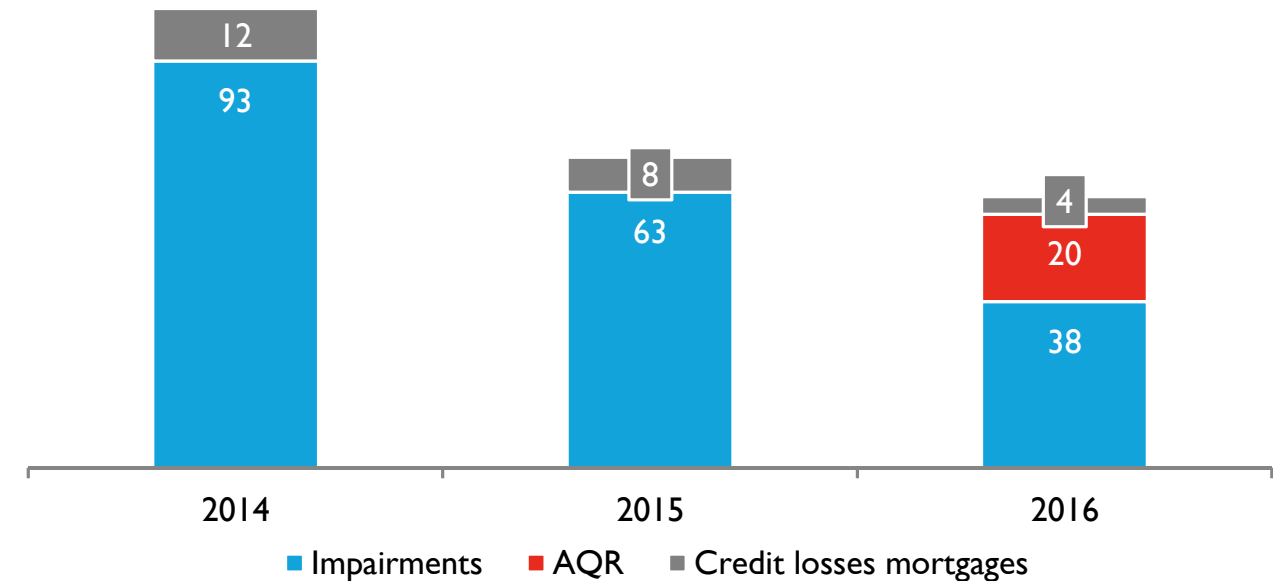
Cost / income ratio



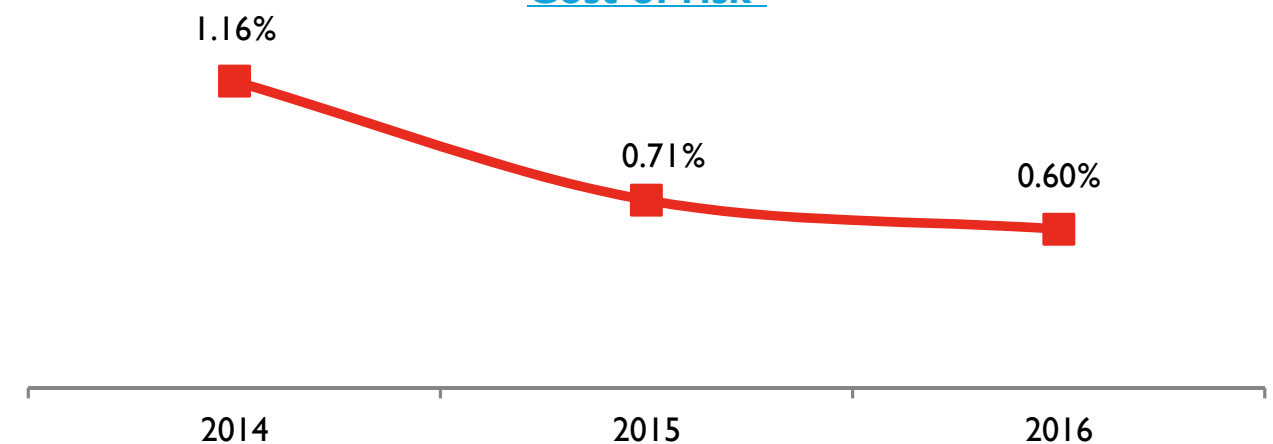
Impairments and cost-of-risk

- 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 6 bps in 2016
- The non-performing corporate loan portfolio increased, driven by our Oil & Gas and dry-bulk Shipping (sub)sectors. Excluding these sectors the non-performing loan portfolio decreased
- Impairments and cost-of-risk include the full impact of the Dutch Central Bank's asset quality review (AQR) performed on our corporate loan book in the second half of 2016

Impairments, credit losses and AQR (EUR m)¹



Cost-of-risk²



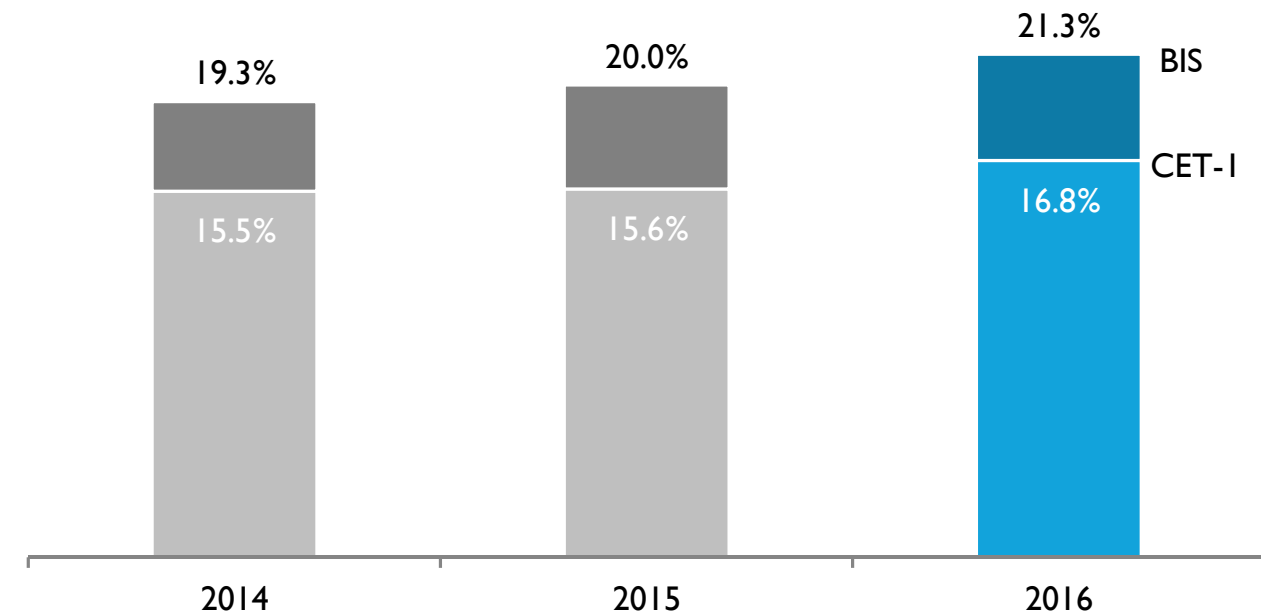
1: "Impairments, credit losses and AQR" exclude special items

2: "Cost-of-risk" excludes special items

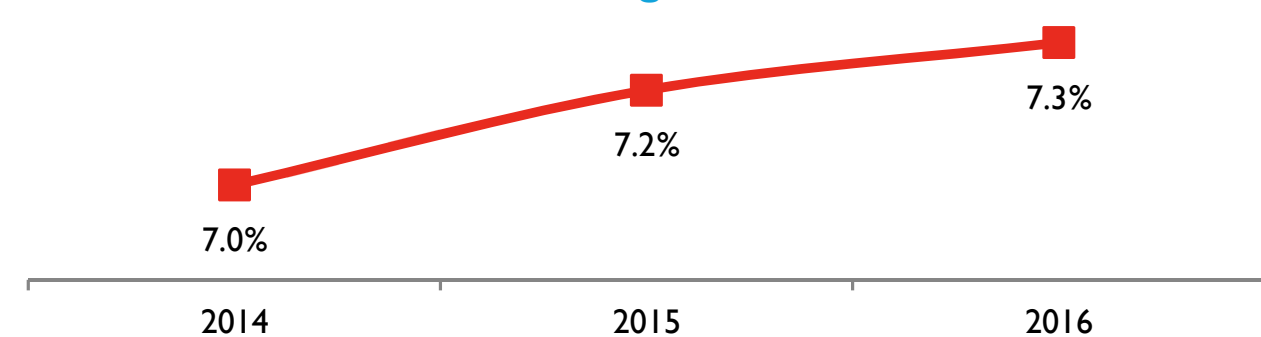
Funding, Capital and Rating

- Well diversified and balanced funding mix, with solid retail savings base of 45% of total funding
- Successful (public) wholesale funding transactions in 2016, including benchmark 10yrs covered bond and 3.5yrs senior unsecured transaction
- Further strengthening of our capital position is evidenced by our (fully-loaded) CET-1 ratio of 16.8% and BIS ratio of 21.3%, both comfortably above the required SREP-levels (set at NIBC Holding level)
- Based on structurally improved earnings capacity and improvements in our funding profile, both S&P and Fitch revised their rating outlook from stable to positive in 2016

Solvency ratios



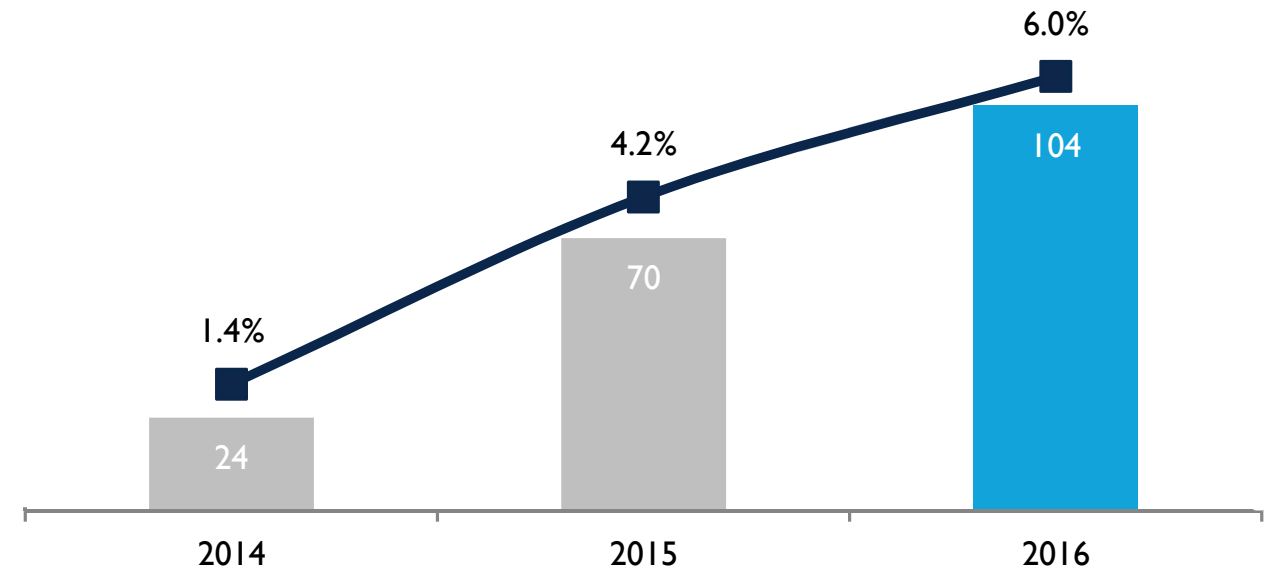
Leverage ratio



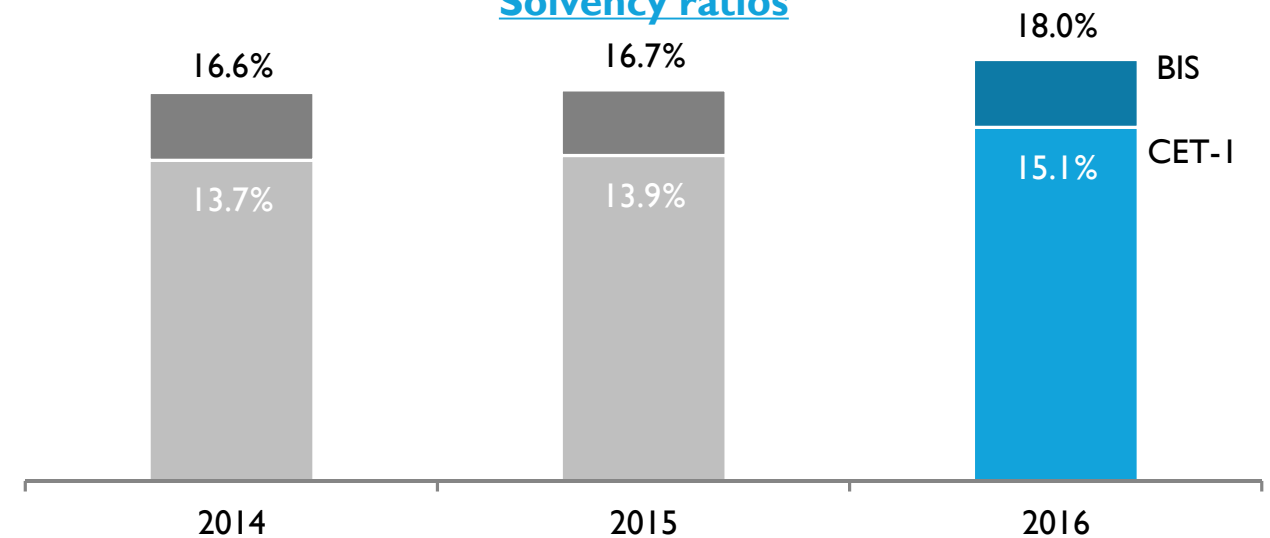
NIBC Holding

- NIBC Bank is the main operating company within NIBC Holding
- Net profit growth of 49% driven by business growth and lower funding costs; reaching our intermediate RoE ambition of 6%
- NIBC Holding's (fully-loaded) capital ratios (CET-1 ratio at 15.1% and BIS ratio at 18.0%) are comfortably above the required SREP levels
- Increasing profitability and strong capital position also allow NIBC Holding to restart dividend payments with a proposed pay-out ratio of approximately 25%

Net profit (EUR m) & Return-on-Equity¹



Solvency ratios



1: NIBC Holding 2014 net profit excludes the goodwill impairment of EUR 121m



Q&A

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