

PRESS RELEASE

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MEDIA CONTACT:

Corporate Secretariat
 Telephone +31 (0)70 342 55 03
 +31 (0)70 342 59 05
 E-mail csc@nibcapital.com
 Internet www.nibcapital.com

Merchant Bank NIBCapital posts 83% increase in net profit in first nine months 2004

- Net profit increases 83% from € 64 million to € 117 million.
- Value adjustments to receivables continue to be at a low level.
- Operating profit increases 9%.
- Cooperation with strategic partners leads to innovative solutions for clients and a further diversification of revenues.
- Assets under Management increase 57% to EUR 3.1 billion.

Key figures (in millions of euros)

	30-Sep 2004	30-Sep 2003	Change	Q 3-2004	Q 2-2004	Change
Operating income	313	286	+9%	104	104	-
Operating expenses	111	98	+13%	35	35	-
Operating profit	150	96	+56%	51	53	-4%
Net profit	117	64	+83%	39	42	-7%
Efficiency ratio	35%	34%		34%	34%	
Average number of FTE's	664	640				
		Ult. 2003				
Return on net asset value	11.3%	6.4%				
Total assets	25,138	21,549				
Group equity	1,807	1.692				
Bank's Tier-1 ratio	12.5%	12.8%				

Michael Enthoven, Chairman of the Managing Board of NIB Capital N.V.: "During the first 9 months of 2004 NIBCapital has realised higher results in all Strategic Business Units (SBU's). The growth of client based revenues and the increasing diversification of revenues result in a further improvement in the quality of our income. This is also reflected in our growing pipeline of transactions and mandates. Considering the volatility of the markets, we are satisfied with the stabilisation of operating income in the third quarter 2004."

Consolidated Balance Sheet as at 30 September 2004

AFTER PROPOSED PROFIT APPROPRIATION

IN MILLIONS OF EUROS

	30-9-2004 *	31-dec-03
Assets		
CASH	293	1.064
BANKS	3.065	1.106
LOANS AND ADVANCES		
- Guaranteed by public authorities	1.722	1.109
- To the private sector	<u>11.024</u>	<u>9.878</u>
	12.746	10.987
INTEREST-BEARING SECURITIES	7.216	6.133
SHARES	496	509
PARTICIPATING INTERESTS	114	129
INTANGIBLE FIXED ASSETS	358	630
PROPERTY AND EQUIPMENT	90	92
PREPAYMENTS AND ACCRUED INCOME	760	899
	<u>25.138</u>	<u>21.549</u>

* All figures are unaudited

IN MILLIONS OF EUROS

	30-9-2004 *	31-dec-03
Liabilities and Shareholders' Equity		
BANKS	1.954	467
FUNDS ENTRUSTED	3.219	2.523
DEBT SECURITIES	15.876	14.259
OTHER LIABILITIES	168	94
ACCRUALS AND DEFERRED INCOME	1.446	1.367
PROVISIONS	56	69
	<u>22.719</u>	<u>18.779</u>
FUNDS FOR GENERAL BANKING RISKS	136	136
SUBORDINATED LIABILITIES	451	519
SHAREHOLDERS' EQUITY		
ISSUED AND PAID-UP CAPITAL	1.362	1.362
RESERVES		
- Proposed repayment of share premium	0	270
- Proposed repayment from other reserves	0	56
- Other	328	330
	<u>328</u>	<u>656</u>
NET PROFIT FOR THE YEAR		
- Proposed retained profit for the year	0	0
- Proposed dividends from profit appropriation	0	74
	<u>0</u>	<u>74</u>
GROUP EQUITY	1.690	2.092
THIRD-PARTY INTERESTS	<u>25</u>	<u>23</u>
GROUP CAPITAL BASE	<u>2.302</u>	<u>2.770</u>
Profit for the year	<u>117</u>	
	<u>25.138</u>	<u>21.549</u>
CONTINGENT LIABILITIES	2.933	2.334
IRREVOCABLE FACILITIES	1.961	1.930

* All figures are unaudited

Consolidated Profit and Loss Account

YTD 30 September 2004

IN MILLIONS OF EUROS

	30-9-2004 *	30-9-2003 *
INCOME		
INTEREST INCOME	620,9	678,6
INTEREST EXPENSE	<u>421,8</u>	<u>490,7</u>
INTEREST	199,1	187,9
INCOME FROM SECURITIES AND PARTICIPATING INTERESTS	264,3	19,4
COMMISSION INCOME	29,1	62,5
COMMISSION EXPENSE	<u>1,5</u>	<u>1,3</u>
COMMISSION	27,6	61,2
RESULT ON FINANCIAL TRANSACTIONS	63,1	48,5
OTHER REVENUES	4,5	5,0
TOTAL INCOME	<u>558,6</u>	<u>322,0</u>
EXPENSES		
PERSONNEL AND ADMINISTRATIVE EXPENSES		
- PERSONNEL EXPENSES	71,6	72,4
- OTHER ADMINISTRATIVE EXPENSES	<u>30,5</u>	<u>37,3</u>
	102,1	109,7
DEPRECIATION	<u>8,5</u>	<u>9,1</u>
OPERATING EXPENSES	110,6	118,8
VALUE ADJUSTMENTS TO RECEIVABLES	<u>11,2</u>	<u>65,4</u>
TOTAL EXPENSES	121,8	184,2
OPERATING RESULT BEFORE TAXATION AND BEFORE AMORTISATION OF GOODWILL AND COST PRICE ADJUSTMENT	436,8	137,8
TAXATION	<u>41,9</u>	<u>32,3</u>
NET OPERATING PROFIT BEFORE AMORTISATION OF GOODWILL AND COST PRICE ADJUSTMENTS	394,9	105,5
AMORTISATION OF GOODWILL	276,6	30,5
AMORTISATION OF COST PRICE ADJUSTMENTS	<u>0,0</u>	<u>6,0</u>
	276,6	36,5
	118,3	69,0
THIRD-PARTY INTERESTS	<u>1,6</u>	<u>5,0</u>
NET PROFIT	<u><u>116,7</u></u>	<u><u>64,0</u></u>

* All figures are unaudited

Consolidated Profit and Loss Account

QTD 30 September 2004

IN MILLIONS OF EUROS

	Q3 2004 *	Q3 2003 *
INCOME		
INTEREST INCOME	200,5	235,2
INTEREST EXPENSE	<u>132,6</u>	<u>168,5</u>
INTEREST	67,9	66,7
INCOME FROM SECURITIES AND PARTICIPATING INTERESTS	7,0	9,1
COMMISSION INCOME	11,5	18,3
COMMISSION EXPENSE	<u>0,6</u>	<u>0,3</u>
COMMISSION	10,9	18,0
RESULT ON FINANCIAL TRANSACTIONS	15,8	13,0
OTHER REVENUES	2,0	2,5
TOTAL INCOME	<u>103,6</u>	<u>109,3</u>
EXPENSES		
PERSONNEL AND ADMINISTRATIVE EXPENSES		
- PERSONNEL EXPENSES	22,5	23,6
- OTHER ADMINISTRATIVE EXPENSES	<u>9,3</u>	<u>13,2</u>
	31,8	36,8
DEPRECIATION	<u>2,8</u>	<u>3,3</u>
OPERATING EXPENSES	34,6	40,1
VALUE ADJUSTMENTS TO RECEIVABLES	<u>2,4</u>	<u>31,5</u>
TOTAL EXPENSES	37,0	71,6
OPERATING RESULT BEFORE TAXATION AND BEFORE AMORTISATION OF GOODWILL AND COST PRICE ADJUSTMENT	66,6	37,7
TAXATION	<u>16,2</u>	<u>5,7</u>
NET OPERATING PROFIT BEFORE AMORTISATION OF GOODWILL AND COST PRICE ADJUSTMENTS	50,4	32,0
AMORTISATION OF GOODWILL	10,6	10,3
AMORTISATION OF COST PRICE ADJUSTMENTS	<u>0,0</u>	<u>0,0</u>
	<u>10,6</u>	<u>10,3</u>
	39,8	21,7
THIRD-PARTY INTERESTS	<u>0,9</u>	<u>1,3</u>
NET PROFIT	<u><u>38,9</u></u>	<u><u>20,4</u></u>

* All figures are unaudited

Statement of changes in shareholders' equity

IN MILLIONS OF EUROS

	Share Capital	Share Premium Reserve	Revaluation Reserve	Other Reserve	Profit for the year	Total
Position as at 31 December 2002	1.362	670	9	222	0	2.263
Revaluation participations group companies			5			5
Purchases						0
(Re)payments		-250				-250
Other movements						0
Profit for the year					74	74
Position as at 31 December 2003	1.362	420	14	222	74	2.092
	Share Capital	Share Premium Reserve	Revaluation Reserve	Other Reserve	Profit for the year	Total
Position as at 31 December 2003	1.362	420	14	222	74	2.092
Revaluation participations group companies						0
Purchases						0
(Re)payments		-270		-132		-402
Other movements						0
Profit for the year				74	-74	0
Position as at 30 September 2004	1.362	150	14	164	0	1.690

Cash Flow Statement for 2004

IN MILLIONS OF EUROS

	30-9-2004 *	30-9-2003 *
NET PROFIT	117	64
Adjustments:		
DEPRECIATION	285	46
VALUE ADJUSTMENTS TO RECEIVABLES	11	65
MOVEMENTS IN PROVISIONS	<u>13-</u>	<u>23-</u>
CASH FLOW FROM NET PROFIT	400	152
BANKS	472-	573-
LOANS AND ADVANCES	1.770-	80-
FUNDS ENTRUSTED	696	55
SHARES	13	88-
INTREST-BEARING SECURITIES TRADING PORTFOLIO	977-	470-
OTHER MOVEMENTS	<u>107-</u>	<u>60-</u>
CASH FLOW FROM OPERATING ACTIVITIES	2.217-	-1.064
INVESTMENT PORTFOLIO	107-	422-
PARTICIPATING INTERESTS	15	7
TANGIBLE ASSETS	7-	42-
INTANGIBLE ASSETS	<u>5-</u>	<u>2-</u>
CASH FLOW FROM INVESTING ACTIVITIES	103-	-459
DEBT SECURITIES	1.617	1.605
SUBORDINATED LIABILITIES	<u>68-</u>	<u>22-</u>
CASH FLOW FROM FINANCING ACTIVITIES	1.549	1.583
CASH FLOW	771-	60

* All figures are unaudited

Comparison Profit & Loss Account and results presented in press release

IN MILLIONS OF EUROS

	30-sep-2004			30-sep-2003		
	p&l account	press release	DIFFERENCE	p&l account	press release	DIFFERENCE
TOTAL INCOME	559	313	246	322	286	36
OPERATING EXPENSES	-111	-111	0	-119	-98	-21
VALUE ADJUSTMENTS TO RECEIVABLES	-11	-11	0	-65	-65	0
OPERATING RESULT BEFORE TAXATION AND BEFORE AMORTISATION OF GOODWILL AND COST PRICE ADJUSTMENTS	437	191	246	138	123	15
TAXATION	-41	-41	0	-32	-27	-5
NET OPERATING PROFIT BEFORE AMORTISATION AND COST PRICE ADJUSTMENTS	396	99	246	106	96	10
AMORTISATION OF GOODWILL AND COST PRICE ADJUSTMENTS	-277	-32	-245	-37	-37	0
THIRD-PARTY INTERESTS	-2	-2	0	-5	-5	0
NON-RECURRING RESULTS	0	1	-1	0	10	-10
NET PROFIT	117	117	0	64	64	0

THE DIFFERENCE BETWEEN BOTH STATEMENTS IS THE WAY OF PRESENTING THE RESULTS OF THE FORMER NIBC PRIVATE EQUITY, WHICH HAS BEEN SPUN OFF EARLY 2004.

IN THE PRESS RELEASE THE 2003 RESULTS OF NIBC PRIVATE EQUITY ARE PRESENTED ON BALANCE AS NON-RECURRING RESULTS (EUR 6 MILLION) IN THE P&L ACCOUNT THE INCOME AND EXPENSES REGARDING NIBC PRIVATE EQUITY IN 2003 ARE PRESENTED SEPARATELY.

THE DIFFERENCE IN 2004 IS CAUSED BY THE WAY OF PRESENTATION OF THE RESULT OF THE SPIN-OFF OF NIBC PRIVATE EQUITY. IN THE PRESS RELEASE THE RESULT OF THE SPIN-OFF (ON BALANCE EUR 1 MILLION) IS PRESENTED UNDER NON-RECURRING RESULTS. IN THE P&L ACCOUNT THE DIFFERENCE BETWEEN THE BOOKVALUE AND THE SALE PRICE (EUR 246 MILLION) OF NIBC PRIVATE EQUITY IS PRESENTED AS INCOME. MEANWHILE AN ADJUSTMENT OF GOODWILL HAS TAKEN PLACE FOR AN AMOUNT OF EUR 245 MILLION, WHICH IS PRESENTED SEPARATELY IN THE P&L ACCOUNT.

All figures in this document are unaudited

Operating profit before taxation per Strategic Business Unit (SBU)

in millions of euros	30-Sep 2004	30-Sep 2003	Change	Q-3 2004	Q-2 2004	Change
Corporate Finance	82	25	+228%	26	22	18%
Financial Markets						
<i>Mortgage Banking</i>	34	41		12	12	
<i>Trading & Distribution</i>	63	48		23	23	
Total	97	89	+9%	35	35	
Principal Investments	35	10	+250%	8	14	-43%
Investment Management	3	0		1	0	
Corporate Center	-26	-1		-3	-8	
Operating profit before taxation	191	123	+55%	67	63	+6%

The **SBU Corporate Finance** focuses on originating and executing financing, risk management and advisory services for clients. In this activity client-sector teams, together with product specialists operating in multidisciplinary teams, deliver a wide range of customised products and solutions. In the first three quarters a number of major financing and advisory projects were completed.

The tripling of the operating profit in the first nine months of 2004 as compared to the same period last year was largely due to sharply lower credit risk provisioning.

The **SBU Financial Markets** focuses on the financial markets and the world-wide distribution of NIBCapital's assets. The SBU's main activities involve the mortgage banking business, credit related arbitrage activities and risk management for clients. This concerns trading and distribution activities for corporates, financial institutions, institutional investors and family offices. The 9% rise in the operating profit is mainly the consequence of higher trading results in structured credits and an increase in derivatives and hedge fund transactions with clients. This is related to the growing co-operation with Corporate Finance and our strategic partner Harcourt Investment Consulting in Zurich.

The **SBU Principal Investments** comprises all of NIBCapital's intermediate capital activities. These activities represent a major addition to the services for corporate finance clients, by means of innovative total solutions to complex financing problems. The substantial increase in the results in the nine months of 2004 mainly stems from results realised from exits of part of the existing portfolio.

The **SBU Investment Management** accounts for credit-related asset management activities and includes the results of the majority interest in Harcourt Investment Consulting. Harcourt is a Swiss fund of hedge funds, which saw its assets under management grow in the first three quarters of 2004 by over 65% to EUR 1.8 billion. The credit-related assets under management by NIBC Credit Management rose 45% in the first nine months of 2004, primarily as a result of the placement of CLO NorthWesterly II. With this transaction total assets under management in the first three quarters increase 57% tot EUR 3.1 billion.

NIBC Wealth Management started 1 September 2004 with a team of 10 professionals and focuses on discretionary asset management, mainly for wealthy individuals.

As mentioned in the press release of 9 August 2004, announcing the half year results of 2004, the decline in the results of the **SBU Corporate Center** is mainly caused by of the impairment in the value of a strategic participating interest and a provision for the indemnification of investors in an investment product.

Strong rise in operating income and lower addition to provisions for credit risks leads to sharp increase in net profit

NIBCapital achieved a net profit of € 117 million in the first nine months of 2004 (first nine months of 2003: € 64 million). This strong increase was mainly the result of the rise in operating income with € 27 million and lower value adjustments to receivables (€ - 54 million). Operating expenses rose mainly due to an increase in the number of employees within the Investment Management and Principal Investment SBUs as well as the increase in compensation costs per FTE. These new activities make a significant contribution to the ongoing product development activities and the desired diversification of income sources.

Results and balance sheet

Results of NIBCapital

in millions of euros

	30-sep 2004	30-sep 2003	Change	Q3- 2004	Q2- 2004	Change
Interest	199	187	+6%	68	71	-4%
Commission	28	27	+3%	11	4	+275%
Results on financial transactions	63	49	+29%	16	27	-59%
Other revenues	23	23	-	9	2	+350%
Operating income	313	286	+9%	104	104	-
Operating expenses	-111	-98	+13%	-35	-35	-
Operating result	202	188	+7%	69	69	-
Value adjustments to receivable:	-11	-65		-2	-6	
Operating profit before taxation	191	123	+55%	67	63	+6%
Taxation	-41	-27		-16	-10	+60%
Operating profit	150	96	+56%	51	53	-4%
Amortisation of goodwill	-32	-37		-11	-11	
Minority interests	-2	-5		-1	-1	
Operating net profit	116	54	+114%	39	41	-5%
Non-recurring results	1	10		0	1	
Net profit	117	64	+83%	39	42	-7%

Operating profit for the first nine months of 2004 amounted to € 150 million, up 56% relative to the first nine months of 2003.

Total income increased 9% compared to the same period in 2003.

Interest income rose 6% to € 199 million, mainly as a result of the improved margin in the corporate loan portfolio.

Commission income decreased 3% to € 28 million primarily due to the strong increase in assets under management and structuring fees. The structuring fees are partly related to the successful placement of North Westerly II, the second CLO by NIBC consisting of a portfolio of acquisition financings.

The strong increase in structured credits trading results and results realised from exits of part of the portfolio of intermediate capital financings contribute to the rise of results on financial transactions with 29%. This development is largely offset by lagging results of the NIBC Petercam Derivatives joint venture.

Operating expenses are up € 13 million to € 111 million. This increase is largely attributable to higher compensation costs as well as investments in human capital and technology.

The developments mentioned above are leading to a favourable efficiency ratio (operating expenses/operating income) of 35%. The ratio is in line with the medium-term goal to maintain the efficiency ratio below 40%.

Value adjustments to receivables amounted to € 11 million in the first nine months of 2004 versus € 65 million in the first nine months of 2003.

Operating return improves sharply

The operating return on net asset value, defined as the operating profit divided by average shareholders' equity less the book value of goodwill plus the FAR (Fund for general banking risks) amounted to 11.3% versus 6.4% at year-end 2003.

NIBC Capital maintains strong capital structure

NIBC Capital's total assets increased 17% to € 25.1 billion in the first nine months of 2004 compared to year-end 2003. The increase in balance sheet total is mainly due to the increased mortgage portfolio and CDO portfolio with € 1.6 billion and € 1 billion, respectively.

The Bank's Tier-1 ratio amounted to 12.5% at end of September 2004, testifying to the strength of the Bank's capital structure (minimum Tier-1 requirement is 4%). The rating of the Bank remains unchanged at AA-.

NIBC will apply International Financial Accounting Standards

Starting 1 January, 2005 NIBC Capital will implement IFRS.

NIBC Capital aims to provide as much insight as possible into the market value of the individual assets. As a result the assets will be valued based on 'fair value' when using IFRS. For commercial loans the movements in market value will be booked through shareholders' equity position and the Financial Markets portfolios will be booked through our profit and loss statement. In order to mitigate the volatility in our results as a result of interest risks macro hedge accounting is being used. This is in line with the way NIBC Capital mitigates interest risks from a risk management perspective.

The first application of IFRS (First Time Adoption (FTA)) will, on balance, have a positive effect on our shareholders' equity. This is excluding the effect of the reclassifying of the Fund for General Banking Risks (FAR; EUR 136m) to our shareholders' equity. These FTA adjustments in our shareholders' equity are, with the exception of the FAR, timing differences.

The FTA effect related to the pension- and stock appreciation rights will, on balance, be limited. Additionally, the balance sheet total will grow approximately EUR 4 billion as a result of the consolidation of the Dutch Mortgage Backed Securities transactions arranged by NIBCcapital.

NIBCcapital takes the initiative to establish a data pool of European banks in preparation for the Basel II agreement.

NIBCcapital has taken the initiative to set up a data pool with a large number of European banks. In this data pool, called the Pan-European Credit Data Consortium, the relevant banks will bring together all corporate loan categories and specialized lending statistics about credit losses. This way they create a reliable and sizeable database of historical figures, which can be used for appropriate risk analysis and effective allocation of economic capital.

This initiative is directly related to the preparation of the implementation of the Basel II agreement in 2007. According to this agreement banks may chose to allocate the minimum equity per individual loan based on the relevant historical data. This is the so-called 'advanced method'. NIBCcapital is not formally required to adhere to this method. However, it fits within the ambition of NIBCcapital to optimize it's risk management and equity allocation. This is the reason for NIBC to take this initiative.

More than twenty banks from fourteen European countries are involved in this initiative; sixteen of these banks have already signed a letter of intent.

Prospects: Strong basis for further growth

As an independent Merchant Bank NIBCcapital sees many opportunities for further growth. Ongoing investments in human capital and technology, further product development and intensifying the co-operation with our strategic partners form the foundation of the merchant banking business model of NIBCcapital. We are confident about the development of our results for the whole year, with the qualification that current market conditions are leading to an increase in the volatility of our results.

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Profile of NIBCapital

NIBCapital is an independent Merchant Bank with a global distribution network. The compact and professional organisation and AA-rating give the Bank a unique positioning. As a Merchant Bank, NIBCapital's business model is aimed at providing corporate finance, risk management and structured investment solutions to corporates, financial institutions, institutional investors and family offices. This model offers innovative solutions to our clients' complex problems. The Bank has offices in The Hague, London, Brussels, Greenwich (US), Singapore and Curaçao as well as representations through strategic partnerships in New York, Zurich and Bergen (Norway).

For more information, please contact Hans Rijnberg, corporate secretary.

Tel. +31 (0)70 342 59 05

Web www.nibcapital.com

The accounting principles applied in this document correspond with those applied in the Annual Accounts 2003 of NIB Capital N.V.. All figures in this document are not audited.

Enclosures:

- Consolidated Balance sheet NIB Capital N.V. as at 30 September 2004
- Consolidated Profit and Loss account first nine months of 2004 as well as 3rd quarter 2004 with explanation
- Cashflow statement first nine months of 2004
- Statement of changes in shareholder equity as at 30 September 2004