

PRESS RELEASE

The Hague, 17 May 2005

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Operating profit of Merchant Bank NIBCapital 5% up on last quarter of 2004

- Net profit rises by 37% from € 38 million to € 52 million compared to the first quarter of 2004, but falls by 13% compared to the last quarter of 2004.
- First Time Adoption of IFRS increases group equity by 14%.
- Decision to wind down Petercam Derivatives activities, which may result in further trading losses.
- A number of significant advisory transactions strengthen market position in Northwest Europe.

Key figures

In millions of euros

	pro-forma			pro-forma			Quarterly
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004		change
Operating income	138	115	20%	138	140		-1%
Operating expenses	-42	-41	2%	-42	-52		-19%
Operating profit	80	50	60%	80	76		5%
Net profit	52	38	37%	52	60		-13%
Efficiency ratio	31%	35%					
Return on net asset value (excl. NPD)	18.9%	12.8%					
Total assets	31 billion	29 billion (end 2004)					
Group equity (after dividend)	1.898	1.838 (end 2004)					
Tier-1 ratio Bank (after dividend)	10.7%	10.9% (end 2004)					
Average number of FTEs (excl NPD)	661	656	1%				

Michael Enthoven, Chairman of the Managing Board of NIB Capital N.V.: "Our core business performed well in the first quarter of 2005, with income up in all business lines on a year-on-year basis. Compared to the exceptionally strong fourth quarter of 2004, operating profit was 5% higher. With a number of leading advisory transactions we further strengthened our market position in Northwest Europe. Unfortunately, this positive development was partly offset by the continued substantial trading losses of the NIBC Petercam Derivatives joint venture, which has resulted in the decision to wind down this joint venture. As a result, net profit fell by 13% compared to the previous quarter. The implementation of IFRS had a positive effect on the 2005 opening balance sheet and the 2004 results, but will also lead to increased volatility of future results. Given the significant deterioration in market conditions since April, we refrain from making a forecast for the whole of 2005. The focus of our strategy remains on further income diversification, as a means of mitigating the impact of market volatility."

NIBC Capital and IFRS

Since the start of 2005 NIBC Capital reports its balance sheets and results under the International Financial Reporting Standards (IFRS). All figures for 2004 and 2005 in this press release are on the basis of IFRS. In the case of 2004 these are pro forma figures. These pro forma figures are the actual first quarter of 2004 figures under Dutch GAAP with a pro rata allocation of the IFRS effects over 2004. On balance, the IFRS effect on the 2004 results is limited. Net profit for 2004 increased by 4% to € 183 million under IFRS compared to Dutch GAAP.

The First Time Adoption of IFRS (FTA), namely the adjustment of the balance sheet total as at 1 January 2005, led to an increase in NIBC Capital's group equity of € 270 million (+14%). Total assets per December 31, 2004 increased by € 4 billion to € 29 billion, mainly because a number of securitisations of mortgage portfolios came on-balance, as announced previously. The attachment with this press release include a summary of adjustments. The FTA and the first quarter 2005 results are unaudited.

The implementation of IFRS has been a complex and far-reaching project for NIBC Capital. Furthermore, the consequent market valuation of total assets has implications for both transaction origination and balance sheet management. The mark-to-market valuation fits in with NIBC Capital's merchant banking strategy, which is aimed at further accelerating the velocity of assets and a strict focus on risk-adjusted returns.

NIBC Petercam Derivatives

In our press release of 14 February 2005 we reported disappointing results of NIBC Petercam Derivatives (NPD), the 50-50 joint venture with Petercam N.V. This negative trend continued in the early months of 2005. This prompted us to intensify the restructuring operation launched in 2004. In the context of our previously reported evaluation of NIBC Capital's strategic options, we have decided, in consultation with fellow shareholder Petercam N.V., to wind down the activities of NPD over time. For that reason the NPD results are presented under "non-recurring results" in this press release, and the comparative figures for 2004 have also been adjusted accordingly. The non-recurring results line in 2004 and 2005 refers solely to NPD and have been adjusted to allow for the minority interest held by fellow shareholder Petercam N.V. Potential further NPD trading losses – which did occur in April as well – will be borne by NIBC Capital in full.

Net profit increases owing to a strong rise in operating income and lower addition to provisions for credit risks compared to the first quarter of 2004

In the first quarter of 2005 all core activities contributed to strong growth in operating income compared to the first quarter of 2004. Net profit growth of € 14 million (+37%) was achieved through a strong increase in operating income by € 23 million, with expenses virtually unchanged and a substantially lower addition (€ -15 million) to provisions for credit risks. This positive development was partly offset by NPD losses of € 28 million (after tax). The favourable efficiency ratio (i.e. operating expenses divided by operating income) improved further from 35% to 31%.

Results and balance sheet

Results NIBCapital

In million of euros

	pro-forma			pro-forma		Quarterly
	Q1- 2005	Q1- 2004	Change	Q1- 2005	Q4- 2004	change
Interest	69	67	3%	69	73	-5%
Commission	18	13	38%	18	15	20%
Trading	31	21	48%	31	17	82%
Other revenues	20	14	43%	20	35	-43%
Operating income	138	115	20%	138	140	-1%
Operating expenses	-42	-41	2%	-42	-52	-19%
Operating profit	96	74	30%	96	88	9%
Value adjustments to receivables	11	-4		11	29	-62%
Operating profit before tax	107	70	53%	107	117	-9%
Taxation	-27	-20	35%	-27	-41	-34%
Operating profit	80	50	60%	80	76	5%
Amortisation of goodwill	0	-10		0	-11	
Minority interests	0	-1		0	0	
Operating net profit	80	39	105%	80	65	23%
Non-recurring results	-28	-1		-28	-5	
Net profit	52	38	37%	52	60	-13%

Operating profit for the first quarter of 2005 amounted to € 80 million, an increase of 60% and 5% respectively, compared to the first quarter of 2004 and the fourth quarter of 2004.

The 20% increase in income compared to the first quarter of 2004 was due in part to increased client-related revenues. Interest income remained virtually stable, while non-interest income increased by 43% to € 69 million. This is in line with the goal of raising the ratio between non-interest income and interest income, as part of the strategic objective of further diversifying revenues. The increase in operating income was due above all to the following developments:

- The 38% increase in commission income to € 18 million was due to the completion of a number of leading advisory transactions and an increase in assets under management to € 5.4 billion.
- The 48% increase in trading results to € 31 million was mainly due to a further narrowing of spreads in the credit markets.
- The improvement in other income arose from a write down of a strategic participating interest in the first quarter of 2004 (in the comparative figures).

Compared to the exceptionally strong fourth quarter of 2004, operating income was slightly down by 1%.

Operating expenses remained virtually stable at € 42 million, which translated into a strong improvement in the efficiency ratio from 35% to 31%.

The net reduction of € 11 million in provisions for credit risks in the first quarter of 2005 was due to a combination of favourable economic conditions and the healthy credit portfolio. The low level of provisions for credit risks for the whole of 2004 and the first quarter of 2005 is exceptional.

Owing to the reduction in the Dutch corporation tax rate from 34.5% to 31.5%, the tax burden fell from 29% to 25% compared to the first quarter of 2004.

Operating return improves sharply

The return on net asset value, defined as the operating profit divided by average group equity less (a) the book value of goodwill, (b) the hedging reserve and (c) the part of the revaluation reserve related to the corporate loan portfolio, amounted to 18.9% compared to 12.8% for the whole of 2004. This return excludes the reported results for NPD, which are presented as "non-recurring results". Including the NPD results, the operating return came to 12.2%.

NIBCapital maintains strong capital structure

NIBCapital's total assets increased by € 2 billion to € 31 billion compared to year-end 2004. The increase in the balance sheet total was among others due to the origination of mortgages and growth in the corporate loan portfolio. The total mortgage portfolio at end March 2005 amounted to € 12.7 billion (41% of total assets). In May 2005 mortgage assets will be reduced by € 1.5 billion by means of an off-balance-sheet securitisation.

The tier-1 ratio of NIBCapital Bank, after distribution of a dividend of € 300 million, amounted to 10.7% at end March 2005. This attests to the strength of the Bank's capital structure (the minimum tier-1 requirement is 4%).

Group equity of € 1.9 billion at end March 2005 is exclusive of dividend for 2004, which was paid on 1 April 2005. As mentioned above, the First Time Adoption of IFRS increased group equity of NIBCapital by € 270 million (+14%).

Operating profit before tax per Strategic Business Unit (SBU)

In millions of euros	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Corporate Finance	40	35	14%	40	62	-35%
Financial Markets						
<i>Mortgage Banking</i>	24	21	14%	24	21	14%
<i>Trading & Distribution</i>	31	22	41%	31	9	
Total	55	43	28%	55	30	83%
Investment Management	2	1	100%	2	3	-33%
Principal Investments	13	14	-7%	13	10	30%
Corporate Center	-3	-23		-3	12	-
Operating profit before tax	107	70	53%	107	117	-9%

SBU Corporate Finance

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. For capital market transactions the SBU cooperates with Bear Stearns.

In millions of euros	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	43	42	2%	43	62	-31%
Operating expenses	-14	-11	27%	-14	-18	-22%
Value adjustments to receivables	11	4	175%	11	27	-59%
Allocations ¹	0	0	-	0	-9	-
Operating profit before tax	40	35	14%	40	62	-35%
Efficiency ratio	38%	38%				
Return on allocated EC before tax ²	24%	22%				
Average number of FTEs	256	256				

³ Allocations by SBU Corporate Centre consist of interest on allocated capital, tax gross-up, and allocated indirect expenses for supporting activities. A shift took place in 2005 from allocated expenses to direct expenses. This was offset in the allocations by a lower interest on allocated capital.

⁴ EC = Economic Capital

Corporate Finance's operating income was slightly up on the corresponding period in 2004. This was due to the sharp increase in fee income (€ 4 million) arising from the successful completion of a number of advisory mandates. However, this increase was partly offset by lower credit-related fee income owing to NIBC Capital's selective, risk/reward-driven acceptance policy. The increase in operating expenses compared to the first quarter of 2004 was due in particular to the above-mentioned shift from allocations to direct expenses.

In addition to the higher income, the further reduction in provisions for credit risks accounted for a 14% increase in operating profit compared to the first quarter of 2004. Corporate Finance achieved an exceptionally good result in the last quarter of 2004, owing to a combination of the completion of a number of significant transactions and low credit costs.

SBU Financial Markets

The SBU Financial Markets focuses on global markets and the worldwide distribution of NIBC Capital'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 en family offices. The joint ventures with Harcourt Investment Consulting and Integrated Finance Limited assist the SBU to provide investment management services to clients.

In millions of euros	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	64	51	25%	64	51	25%
Operating expenses	-9	-8	13%	-9	-17	-47%
Value adjustments to receivables	0	-1	-	0	0	-
Allocations ¹	0	1	-	0	-4	-
Operating profit before tax	55	43	28%	55	30	83%
Efficiency ratio	19%	22%				
Return on allocated EC before tax ²	51%	52%				
Average number of FTEs	166	172				

Financial Markets' income in the first quarter of 2005 increased by € 13 million (+25%) compared to the corresponding period of 2004. This was due mainly to the higher interest income from the larger mortgage portfolio (€ 5 million) and higher trading results owing to a further narrowing of spreads in the corporate and structured credit markets (€ 10 million). April 2005 saw a clear reversal in this trend of narrowing spreads. In May 2005 € 1.5 billion of the mortgage portfolio will be securitised (Dutch RMBS XII).

The separate results of the Mortgage Banking and Distribution & Trading BUs are indicated below.

BU Mortgage Banking

In millions of euros

	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	25	21	19%	25	25	0%
Operating expenses	-1	-1	-	-1	-2	-
Value adjustments to receivables	0	0	-	0	0	-
Allocations ¹	0	0	-	0	-2	-
Operating profit before tax	24	20	20%	24	21	14%
Efficiency ratio	5%	8%				
Return on allocated EC before tax ²	58%	33%				
Average number of FTEs	31	28				

BU Trading & Distribution

In millions of euros

	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	39	30	30%	39	26	50%
Operating expenses	-8	-7	14%	-8	-15	-47%
Allocations ¹	0	0	-	0	-2	-
Operating profit before tax	31	23	35%	31	9	244%
Efficiency ratio	20%	22%				
Return on allocated EC before tax ²	12%	11%				
Average number of FTEs	135	127				

SBU Investment Management

The SBU Investment Management accounts for the credit-related investment management activities of NIBC Credit Management, and includes the results of the majority interests in Harcourt Investment Consulting and NIBC Wealth Management.

In millions of euros	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	9	4	125%	9	6	50%
Operating expenses	-6	-2	200%	-6	-3	100%
Allocations ¹	-1	0	-	-1	0	-
Minority interests	0	-1	-	0	0	-
Operating profit before tax	2	1	100%	2	3	-33%
Efficiency ratio	74%	59%				
Assets under management	5,405	2,146				
Average number of FTEs	86	49				

The trend of strong growth in operating income continued in 2005. Two factors played a role here. First, the credit-related assets managed by NIBC Credit Management increased, primarily as a result of transactions placed in 2004 (the CLO North Westerly II and the CDO Belle Haven), which started to generate income in the first quarter of 2005. Secondly, the assets under management by Harcourt, a Swiss fund of hedge funds manager, increased by 46% to € 1.9 billion. Total assets under management thus increased to € 5.4 billion. Expenses rose mainly because of the recruitment of new employees. Operating profit before tax doubled to € 2 million.

SBU Principal Investments

The SBU Principal Investments comprises all of NIBC Capital's intermediate capital and equity activities. These activities represent an important addition to the services for corporate finance clients, by means of innovative total capital structure solutions for complex financing problems.

In millions of euros	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	13	12	8%	13	8	63%
Operating expenses	-2	-1	-	-2	-2	-
Value adjustments to receivables	2	-1	-	2	1	-
Allocations ¹	0	4	-	0	3	-
Operating profit before taxation	13	14	-7%	13	10	30%
"Comprehensive" result before taxation	22	16		22	13	
Return on allocated EC before taxation ²	41%	49%				
Average number of FTEs	22	9				

The further rise in income in the first quarter of 2005 was attributable to the transformation of the portfolio to higher-yielding investments and the results realised from exits of part of the existing portfolio. Principal Investments is now contributing consistently to NIBC Capital's operating profit. Comprehensive result (operating profit plus changes in revaluations through group equity) increased strongly in the first quarter 2005.

SBU Corporate Centre

The SBU Corporate Centre supports all activities of NIBC Capital. This support consist a.o. of human resources, finance, corporate communications, information technology, legal and tax affairs, internal audit and compliance. The Working Capital Management Sector (WCMS) also forms part of the Corporate Centre. The WCMS manages NIBC's shareholders' equity and the other assets and liabilities not allocated to the individual SBUs.

In millions of euros	pro-forma			pro-forma		Quarterly change
	Q 1-2005	Q 1-2004	Change	Q 1-2005	Q 4-2004	
Operating income	10	7	43%	10	12	-17%
Operating expenses						
<i>Services en Support</i>	-6	-10		-6	-6	
<i>Non-attributable activities</i>	-6	-9		-6	-6	
<i>Total</i>	-12	-19	-37%	-12	-12	-
Value adjustments to receivables	0	-7	-	0	0	-
Allocations to other SBU's	-1	-4	-75%	-1	12	-108%
Operating profit before taxation	<u>-3</u>	<u>-23</u>		<u>-3</u>	<u>12</u>	
Average number of FTEs	131	166				

The sharp improvement in the Corporate Centre's results compared to the first quarter of 2004 was due in particular to a non-recurring provision not allocated to the business lines in the first quarter of 2004. The reduction in the number of FTEs was due to allocating more support staff directly to the other SBUs. The fall in operating profit before tax compared to the fourth quarter of 2004 related to retroactive correction of allocations to the other SBUs booked in the fourth quarter of 2004.

Prospects: Strong basis for further growth

As a private Merchant Bank focused on the mid-market segment in Northwest Europe, NIBC Capital sees many opportunities for further growth. Our business model fulfils a definite client need. On the basis of our growth plans we are confident about the development of the return on net asset value in 2005. This with the qualification, however, that market conditions are difficult and volatile, and under IFRS these may have an even greater impact on the results. The restructuring of NPD will also require much attention and may have an impact on future results of NIBC Capital, depending on market developments and the wind down of activities. NIBC Capital aims to achieve a further diversification of revenues and a consolidation of its market position in Northwest Europe.

As previously mentioned in our press release of 14 February 2005, our encouraging financial results have prompted us to revise the targets in the Medium Term Action Plan upwards. The main financial goals for the period 2005-2007 are as follows:

- Growth of "sustainable" net profit to more than € 200 million with moderate volatility;
- Comprehensive return on net asset value in excess of 12% throughout the cycle;
- Maintain the efficiency ratio below 40%, adjusted for minority interests.

In addition to autonomous growth on the basis of the current successful business model, NIBC Capital is considering strategic options for further growth opportunities. We expect to be in a position to announce the outcome of this evaluation in the course of June 2005.

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Profile of NIBC Capital

NIBCcapital is a private Merchant Bank with a global distribution network focused on the mid-market segment in Northwest Europe. The compact and professional organisation and a AA3/AA-/A+ rating give the Bank a unique position. NIBCcapital's business model as a Merchant Bank is aimed at offering innovative corporate finance, risk management and structured investment solutions. Clients are corporates, financial institutions, institutional investors and family offices. The Bank has offices in The Hague, London, Brussels, Frankfurt, Greenwich (US), Singapore and Curaçao, as well as representations through strategic partnerships in New York, Zurich and Bergen (Norway).

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Enclosure:

- Overview of First Time Adoption