



**NIBC**

# Annual Results 2005

---

NIBC N.V.

13 February 2006



# Agenda

---

- New Name NIBC
- Results 2005
- Outlook 2006
- NIBC Business Model

# New Name NIBC

---

- Marking new phase
- An ambitious independent and private Merchant Bank
- With Dutch origins home base is Northwestern Europe
- Global activities in selected sectors
- Entrepreneurial with international scope
- Proven effective business model is starting point

# NIBC: The Merchant Bank of Choice

---

- Clear strategy
- Experienced and committed team
- Client focussed:
  - Advisor providing best solutions adding value
- High-performance culture:
  - Flexible and innovative

## 2005: An Extraordinary Year for NIBC

---

- Independent private Merchant Bank
- Consortium has given new impulse to the bank
- Results prove that changes have positive effects (2005 > 2004)
- We stick to our successful strategy and business model
- We are ready for the next phase

# NIBC Annual Results 2005

---

## Highlights

- Net Profit increases by 1% to Euro 185 million
  - Operating profit grows by 15% driven by substantial operating income growth in mid-market merchant banking activities
  - Further diversification of income sources
  - Current strategy will be accelerated by several growth initiatives
- 
- All numbers are based on IFRS and are presented in management format

# Key Figures

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	514	464	11%	102	131	-22%
OPERATING EXPENSES	-192	-163	18%	-66	-43	53%
OPERATING PROFIT (AFTER TAX)	266	231	15%	41	66	-38%
NET PROFIT	185	183	1%	40	54	-26%
COMPREHENSIVE RESULT	209	194	8%	23	77	-70%
EFFICIENCY RATIO	37%	34%				
RETURN ON NET ASSET VALUE	13.8%	12.6%				
RISK WEIGHTED ASSETS BANK (IN BILLION)	13.6	14.8				
SHAREHOLDERS' EQUITY	1,926	1,815	6%			
TIER-1 RATIO BANK	12.4%	10.9%				
AVERAGE NUMBER OF FTEs	665	650	2%			



Net profit in line with the 2004 record net profit level despite transition year



Strong Tier-I position

# Financial Results

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
NET INTEREST	291	289	1%	43	89	-52%
FEES	58	43	35%	13	14	-7%
TRADING	75	62	21%	6	18	-67%
OTHER REVENUES	90	70	29%	40	10	-
<b>OPERATING INCOME</b>	<b>514</b>	<b>464</b>	<b>11%</b>	<b>102</b>	<b>131</b>	<b>-22%</b>
OPERATING EXPENSES	-192	-163	18%	-66	-43	53%
OPERATING RESULT	322	301	7%	36	88	-59%
CREDIT IMPAIRMENT (RELEASE)	39	16		19	1	
OPERATING PROFIT BEFORE TAX	361	317	14%	55	89	-38%
TAX	-95	-86	10%	-14	-23	-39%
<b>OPERATING PROFIT</b>	<b>266</b>	<b>231</b>	<b>15%</b>	<b>41</b>	<b>66</b>	<b>-38%</b>
GOODWILL IMPAIRMENT	-1	-42		-1	0	
MINORITY INTEREST	-2	-1		-1	0	
OPERATING NET PROFIT	263	188	40%	39	66	-41%
NON-RECURRING RESULTS	-78	-5		1	-12	
<b>NET PROFIT</b>	<b>185</b>	<b>183</b>	<b>1%</b>	<b>40</b>	<b>54</b>	<b>-26%</b>

# Income

IN MILLIONS OF EUROS	2005	2004	CHANGE
NET INTEREST	291	289	+1%
FEEs	58	43	+35%
TRADING	75	62	+21%
OTHER INCOME	90	70	+30%
<b>OPERATING INCOME</b>	<b>514</b>	<b>464</b>	<b>+11%</b>
NON-INTEREST INCOME RATIO	43%	38%	

 Further diversification of sources of income

 Stable net interest income

 Fee increase of 35%

# Operating Profit Before Tax by SBU

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
CORPORATE FINANCE	131	144	-9%	40	23	74%
FINANCIAL MARKETS	54	80	-33%	5	10	-50%
REAL ESTATE MARKETS	96	81	19%	22	28	-21%
INVESTMENT MANAGEMENT	5	5	0%	1	2	-50%
PRINCIPAL INVESTMENTS	55	45	22%	10	12	-17%
CORPORATE CENTER	18	-39	-	-24	14	-
<b>TOTAL SBUs, INCL. MINORITY INTERESTS BEFORE TAX</b>	<b>359</b>	<b>316</b>	14%	<b>54</b>	<b>89</b>	-39%
MINORITY INTERESTS	2	1		1	0	
<b>OPERATING PROFIT BEFORE TAX</b>	<b>361</b>	<b>317</b>	14%	<b>55</b>	<b>89</b>	-38%



Diversified business model

# SBU Corporate Finance

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	160	180	-11%	42	38	11%
OPERATING EXPENSES	-60	-49	22%	-18	-14	29%
CREDIT IMPAIRMENT (RELEASE)	32	23	39%	16	-1	-
ALLOCATIONS	-1	-10	-90%	0	0	-
<b>OPERATING PROFIT BEFORE TAX</b>	<b>131</b>	<b>144</b>	<b>-9%</b>	<b>40</b>	<b>23</b>	<b>74%</b>
EFFICIENCY RATIO	43%	41%				
RETURN ON ALLOCATED ECONOMIC CAPITAL BEFORE TAX	20%	21%				
AVERAGE NUMBER OF FTEs	252	255				

- ➔ Declined operating income mainly concerns lower interest income (from Euro 138 million in 2004 to Euro 116 million in 2005)
- ➔ Income from advisory fees and corporate derivative transactions increased by 62% to Euro 34 million
- ➔ Operating expenses rose due to additional direct cost allocations from shared services and must be viewed together with the decrease in allocations
- ➔ Release of credit impairments in both 2005 and 2004 due to both favorable market circumstances as well as the healthy loan portfolio

# SBU Financial Markets

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	86	115	-25%	14	19	-26%
OPERATING EXPENSES	-34	-36	-6%	-10	-8	25%
CREDIT IMPAIRMENT	0	-2	-	0	0	-
ALLOCATIONS	2	3	-33%	1	-1	-
<b>OPERATING PROFIT BEFORE TAX</b>	<b>54</b>	<b>80</b>	<b>-33%</b>	<b>5</b>	<b>10</b>	<b>-50%</b>
EFFICIENCY RATIO	44%	37%				
RETURN ON ALLOCATED ECONOMIC CAPITAL BEFORE TAX	24%	24%				
AVERAGE NUMBER OF FTEs	127	131				



Operating income declined due to lower revenues in credit and income activities reflecting the low credit spread and interest rate environment in 2005




Return on economic capital before tax remained stable at 24% with lower operating profit being compensated by lower capital usage





Successful distribution of large securitisations to investor clients

# SBU Real Estate Markets

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	106	85	25%	26	30	-13%
OPERATING EXPENSES	-7	-6	17%	-3	-1	-
CREDIT IMPAIRMENT	0	2	-	0	0	-
ALLOCATIONS	-3	0	-	-1	-1	-
<b>OPERATING PROFIT BEFORE TAX</b>	<b>96</b>	<b>81</b>	<b>19%</b>	<b>22</b>	<b>28</b>	<b>-21%</b>
EFFICIENCY RATIO	12%	13%				
RETURN ON ALLOCATED ECONOMIC CAPITAL BEFORE TAX	60%	60%				
AVERAGE NUMBER OF FTEs	40	28				

- 

Strong income growth of 25% reflects higher interest income from the banks residential mortgage portfolio's (both own book and securitised), which grew by 10% to Euro 13.5 billion as well as improved mark-to-market revenues
- 

Return on economic capital and the efficiency ratio remained stable at very attractive levels
- 

Strong growth potential justifies stand-alone SBU

# SBU Investment Management

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	33	18	83%	9	9	0%
OPERATING EXPENSES	-25	-11	127%	-7	-7	0%
ALLOCATIONS	-2	-1	100%	-1	0	-
MINORITY INTERESTS	-1	-1	-	0	0	-
<b>OPERATING PROFIT BEFORE TAX</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-50%</b>
EFFICIENCY RATIO	80%	65%				
ASSETS UNDER MANAGEMENT	6,887	4,865				
AVERAGE NUMBER OF FTEs	88	54				



A successful year: assets under management increase by 42% to Euro 6.9 billion leading to an 83% rise in operating income, because of strong fee income growth at Harcourt and NIBC Credit Management



Operating expenses more than doubled due to expenses growth at Harcourt and a transfer of staff from Financial Markets to support the expanding investment management activities

# SBU Principal Investments

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	49	40	23%	10	11	-9%
OPERATING EXPENSES	-10	-5	100%	-6	-2	-
CREDIT IMPAIRMENT (RELEASE)	8	0	-	3	2	50%
ALLOCATIONS	8	10	-20%	3	1	-
OPERATING PROFIT BEFORE TAX	55	45	22%	10	12	-17%
COMPREHENSIVE RESULT BEFORE TAX	93	49	90%	23	27	-15%
COMPREHENSIVE RETURN ON ALLOCATED ECONOMIC CAPITAL BEFORE TAX	96%	35%				
AVERAGE NUMBER OF FTEs	24	16				



The SBU remains a consistently high operating profit contributor



Operating income increased by 23% driven by the high level of profitable exits in 2005



Expensed doubled reflecting staff growth and higher variable compensation



Euro 8 million release of credit impairments reflects an improvement in portfolio quality



The comprehensive result before tax includes fair market value changes of the portfolio in shareholders equity and increased by 90% to Euro 93 million

# SBU Corporate Center

IN MILLIONS OF EUROS	2005	2004	CHANGE	Q4-2005	Q3-2005	CHANGE
OPERATING INCOME	81	26		2	25	
- CORPORATE FUNCTIONS & SHARED SERVICES	-25	-37	-32%	-5	-5	0%
- NON-ATTRIBUTABLE EXPENSES	-32	-18	78%	-19	-6	-
TOTAL OPERATING EXPENSES	-57	-55	4%	-24	-11	-
CREDIT IMPAIRMENT	-1	-7		0	0	
ALLOCATIONS TO OTHER SBUs	-5	-3		-2	0	
<b>OPERATING PROFIT BEFORE TAX</b>	<b>18</b>	<b>-39</b>		<b>-24</b>	<b>14</b>	
AVERAGE NUMBER OF FTEs	134	166				



Comparative 2005 results positively impacted by one-off charges in 2004



Declined expenses of shared services concern the transfer of some of these services directly to the business lines as of the beginning of 2005. This also reflects the decline in FTE's



The increased non-attributable expenses are mainly related to the change of ownership

# Outlook 2006

---

- Diversify income sources
- Continuous growth initiatives and investment in human resources and technology
- Disciplined risk-return policy
- Result will depend on global economic and market developments

# Our Strategy

---

Built on four pillars:

- Strong multi-product client franchises
- Leading positions in specialized product-market combinations
- Investment Management franchise based on funds and securitisation
- Global distribution

# Our Business Model

---

- Unique positioning as an independent private Merchant Bank
- Mainly active in Northwest Europe, with global distribution strength
- Deep industry knowledge in seven client sectors:
  - Financial Institutions & Governments
  - Financial Sponsors
  - Food & Retail
  - General Industries
  - Infrastructure
  - Real Estate
  - Transport & Energy

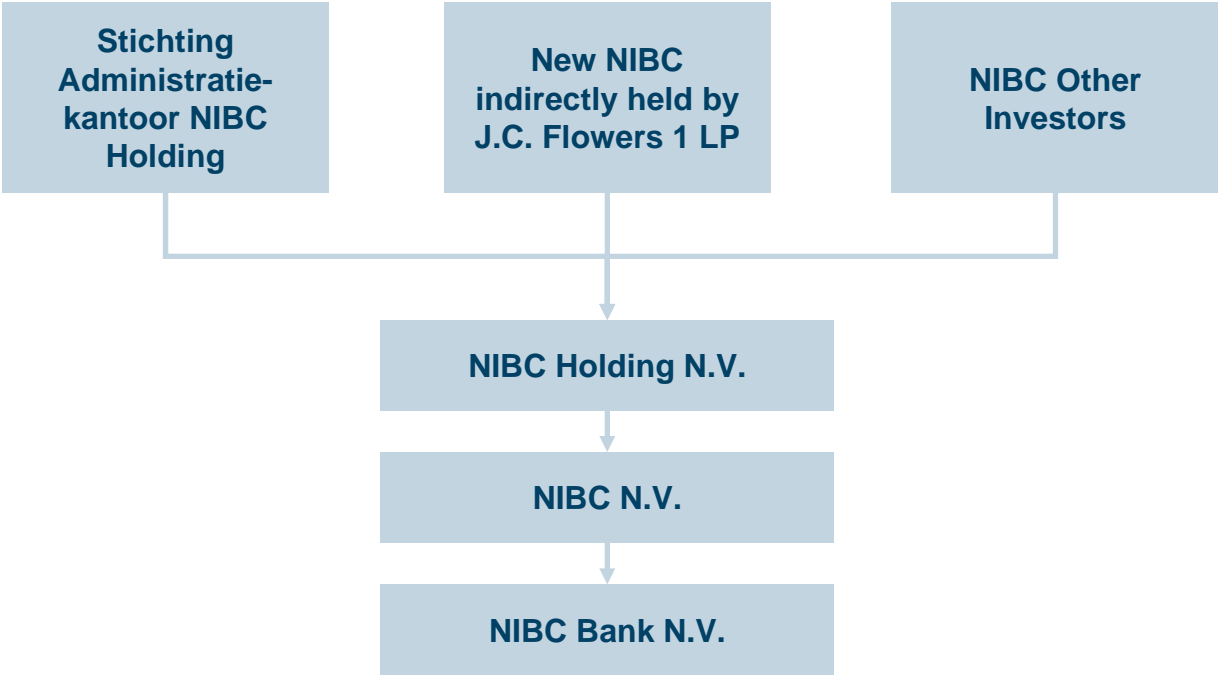
# Our Business Model

---

- Diversified business model with five commercial Strategic Business Units:
  - Corporate Finance
  - Financial Markets
  - Real Estate Markets
  - Investment Management
  - Principal Investments
  
- Integrated Financial Problem Solving through the Art of Partnership with our clients:
  - Corporate Finance Advisory
  - Debt & Equity-Related Financing
  - Risk Management Solutions
  - Investment Management

# Our New Ownership

---



# Realised for our Clients in 2005



**ECCLESIA**

EUR 700 MILLION  
WAREHOUSE FACILITY  
RESIDENTIAL  
MORTGAGE LOANS

Arranger  
DSB BANK

**DUTCH MBS XII**

EUR 1,500 MILLION  
RESIDENTIAL MORTGAGE  
BACKED SECURITIES

Sole Arranger &  
Joint Lead Manager

**ALLIANCE VII**

EUR 157 MILLION  
CREDIT FACILITIES  
ACQUISITION OF MULTI  
FAMILY REAL ESTATE  
PORTFOLIO

Sole Arranger

**INTRODUCTION  
OF THE  
SMART MORTGAGE**

Originator

**SOUND I**

EUR 2,250 MILLION  
NHG MORTGAGE  
BACKED SECURITIES

Sole Arranger &  
Joint Lead Manager

**DUTCH MBS XIV**

EUR 1,500 MILLION  
RESIDENTIAL MORTGAGE  
BACKED SECURITIES

Sole Arranger &  
Joint Lead Manager

**PROFILE I**

GBP 383 MILLION  
FIRST PUBLIC SYNTHETIC  
SECURITISATION OF UK  
PFI/PPP LOANS

SMBC  
Sole Arranger &  
Sole Lead Manager



EUR 1,030 MILLION  
CREDIT FACILITIES  
ACQUISITION OF  
THE VENDEX REAL ESTATE  
PORTFOLIO

Mandated Lead Manager



EUR 30 MILLION  
MEZZANINE FACILITY

Mandated Lead Arranger



EUR 45 MILLION  
SENIOR FACILITIES  
EUR 15 MILLION  
MEZZANINE FACILITY

Mandated Lead Arranger

# Realised for our Clients in 2005



**Schneider Area Systems**

EUR 267 MILLION  
SENIOR FACILITIES

EUR 30 MILLION  
MEZZANINE FACILITY

Mandated Lead Arranger  
& Sole Bookrunner

**Sundd**

EQUITY AND  
MEZZANINE FACILITY

Investor

**BELLE HAVEN  
ABS CDO 2005-1**

USD 750 MILLION

Joint Lead Manager &  
Collateral Manager

**FIELDSTREET  
FINANCE**

EUR 350 MILLION  
CREDIT FACILITIES

Joint Lead Arranger &  
Sole Bookrunner

**Getronics**

EUR 350 MILLION  
PUBLIC OFFER

**Pink Roccade**

Financial Advisor in  
acquisition of Pink Roccade

**THE CARLYLE GROUP**

EUR 523 MILLION  
PUBLIC OFFER

**PETROPLUS**

Financial Advisor in  
acquisition of Petroplus

**NORTHHAMPTON  
SCHOOLS**

GBP 185 MILLION  
CREDIT FACILITIES

Joint Lead Arranger

**SEAFORT EALING**

GBP 62 MILLION  
CREDIT FACILITIES

Lead Arranger

**EDEN  
HOTEL GROUP**

AQUISITION FINANCING  
FOR THE AMERICAN  
HOTEL IN AMSTERDAM

Mandated Lead Arranger