



# Half Year Results 2017

## NIBC Bank

Paulus de Wilt, CEO  
Reinout van Riel, CRO

Moving Ahead - 23 August 2017

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## Key Points

- NIBC Bank's net profit nearly doubled to EUR 87 mln in the first half of 2017 (HY1 2016: EUR 44 mln)
- Strong results reflect the continuation of growth in our underlying client franchise, with transformational investments over the past three years now starting to pay off
- NIBC is doing more business with more clients; with origination to corporate clients up by 28% and origination of mortgages more than doubled to EUR 1.1 bln
- Strong operating leverage, cost / income ratio well below 50%
- Return on Equity (ROE) improved to 8.9%, compared to 5.4% at the end of 2016
- NIBC proposes an interim dividend pay-out of EUR 30 mln (FY 2016: EUR 25 mln)
- Backed by its shareholder, NIBC has commenced an exploration of strategic alternatives

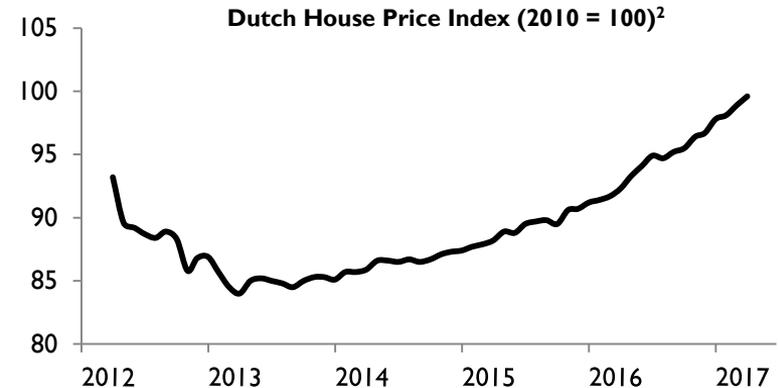
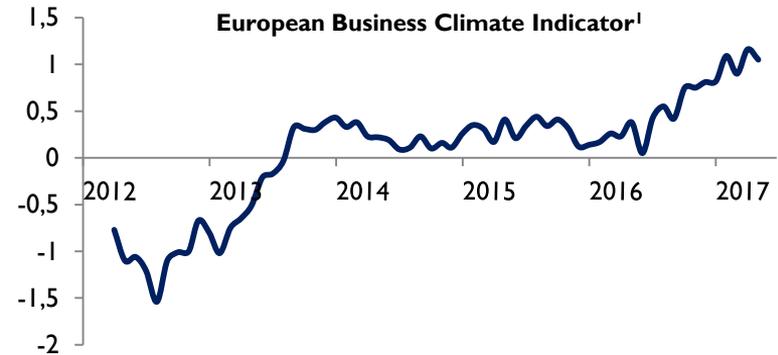


# Strategy and Business Update

Paulus de Wilt  
Chief Executive Officer

## The world around us

- Accelerating economic growth in the Netherlands:
  - GDP growth expectations for 2017 have been revised upwards to 3.3%
  - Business and consumer confidence increased further in H1 2017
  - Unemployment has dropped to 4.8% in July 2017
- Business climate in Europe also improved in H1 2017
- However, some challenges remain:
  - Volatile oil prices
  - Recovery in the various shipping markets is slow and remains fragile; overall outlook is positive
  - Timing and impact of the Brexit remains uncertain
- Ongoing regulatory developments:
  - Resolution regime, MREL, Basel IV, IFRS-9



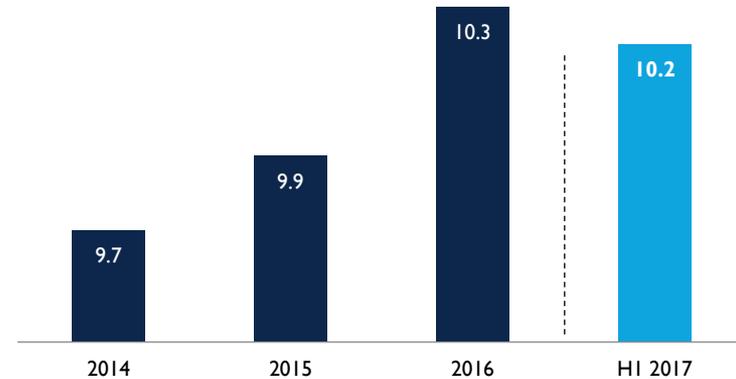
1: Source: European Commission Euro Area Business Climate Indicator

2: Source: Dutch Statistics Office

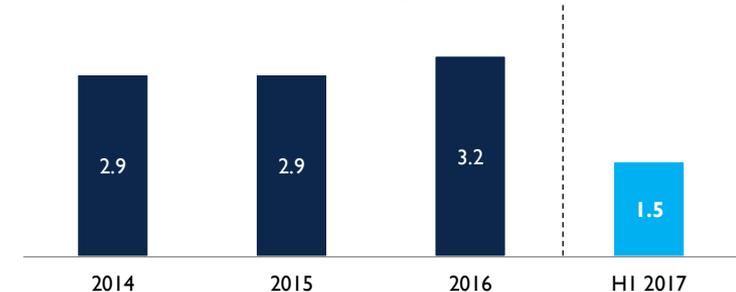
## Corporate Client Offering

- Focus has been on new initiatives to further diversify and strengthen our growth agenda
- NIBC Markets now fully integrated; offering tailored propositions in ECM, DCM, and brokerage services. Looking forward to moving into the new office in Amsterdam Zuid at the end of this month
- Further steps taken in progressing our 'Originate-to-Manage' strategy, whereby we originate and manage mid market Leveraged and Corporate Loans
- Corporate Clients origination grew by 28%, compared to HY1 2016, to EUR 1.5 bln. Exposure decreased by 1% to EUR 10.2 bln, with mainly (p)repayments and some currency revaluation effects offsetting origination
- Net Promoter Score (NPS) of +58% (YE 2016: +37%) emphasises time and efforts towards new and existing clients

Corporate clients exposure (EUR bln)



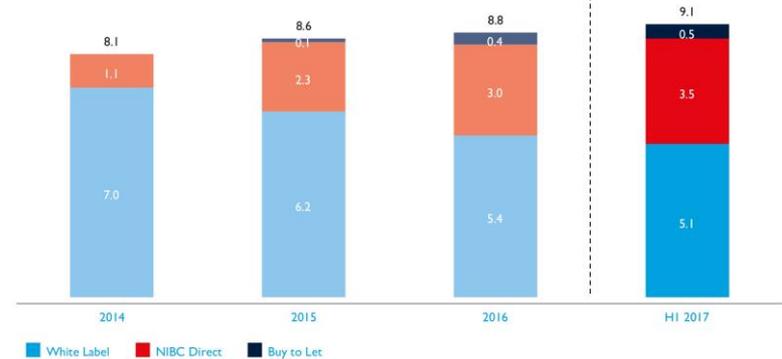
Corporate clients origination (EUR bln)



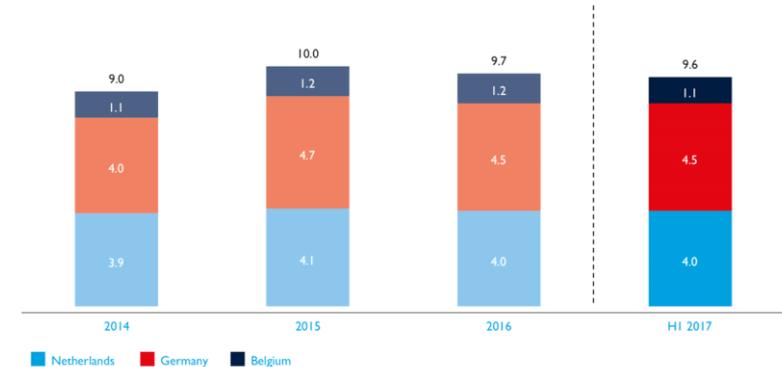
## Retail Client Offering

- Client-focused strategy successfully executed further in the first half of the 2017, including our originate-to-manage offering introducing 30yrs fixed interest rate mortgages to our clients
- Mortgage origination volumes reached EUR 1.1 bln in HY1 2017, (HY1 2016: EUR 0.5 bln) with continued progress in originate-to-manage mandates (EUR 0.3 bln) and Buy-to-Let mortgages showing robust growth (HY1 2017: EUR 0.5 bln vs EUR 0.2 bln last year)
- Further improvement of Dutch housing market and economic recovery aids further improvement of credit quality of the mortgage portfolio
- Total savings volume decreased by 1% to EUR 9.6 bln, as our efforts have led to a controlled net outflow of EUR 150 mln in HY1 2017

Mortgage portfolio management (in EUR billions)



Retail savings development (in EUR billions)





# Financial Results Half Year 2017

Reinout van Riel  
Chief Risk Officer

## Financial Results H1 2017

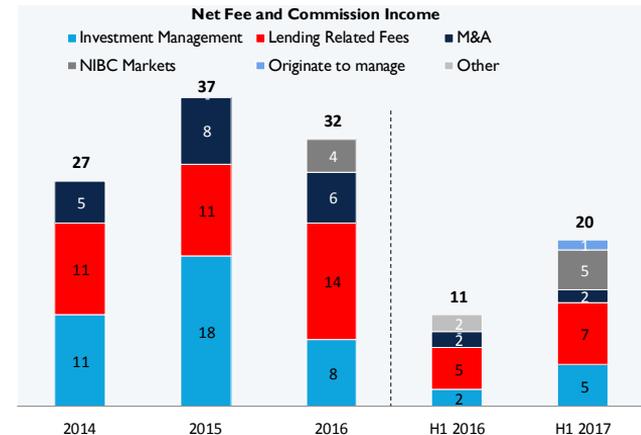
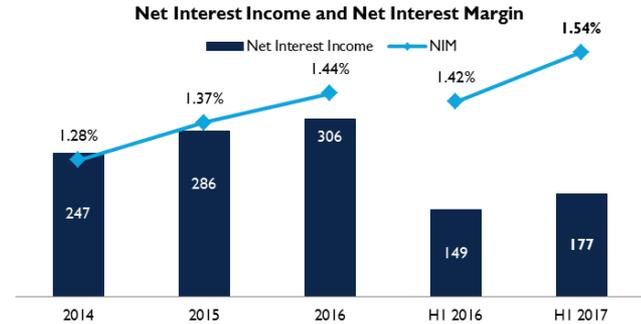
- Net profit nearly doubled to EUR 87 mln
- Operating income up 37% to EUR 226 mln:
  - Net interest income up 19% to EUR 177 mln
  - Strong increase in fee and commission income
- Higher operating expenses fully relate to NIBC Markets
- Impairments down 45% to EUR 12 mln, but economic environment remains fragile and volatile
- Net profit growth pushes Return on Equity (ROE) from 5.4% FY 2016 to 8.9% in H1 2017
- Following strong performance in HY1 2017 and the solid capital position, we propose an interim dividend of EUR 30 million (FY 2016: EUR 25 mln)

## P&L statement

in EUR millions	H1 2017	H1 2017 vs		FY 2016
		H1 2016	H1 2016	
Net interest income	177	149	19%	306
Net fee and commission income	20	11	82%	32
Investment Income	27	9		31
Net trading income	2	-4		12
Other operating income	0	1		0
<b>Operating income</b>	<b>226</b>	<b>165</b>	<b>37%</b>	<b>381</b>
Personnel expenses	54	44	23%	96
Other operating expenses	39	37	5%	77
Depreciation and amortisation	3	4		7
Regulatory charges	9	9		15
<b>Operating Expenses</b>	<b>105</b>	<b>93</b>	<b>13%</b>	<b>194</b>
<b>Net operating income</b>	<b>122</b>	<b>72</b>	<b>69%</b>	<b>187</b>
Impairments of financial assets	12	22	-45%	57
Tax	22	10		25
<b>Profit after tax</b>	<b>87</b>	<b>40</b>	<b>117%</b>	<b>104</b>
Profit attributable to non-controlling interest	0	0		0
<b>Net Profit NIBC Bank</b>	<b>87</b>	<b>44</b>	<b>98%</b>	<b>102</b>
<b>Net profit NIBC Holding</b>	<b>107</b>	<b>44</b>	<b>143%</b>	<b>104</b>

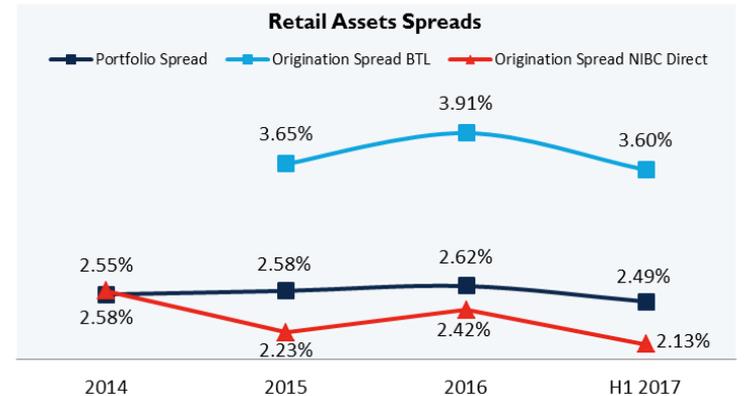
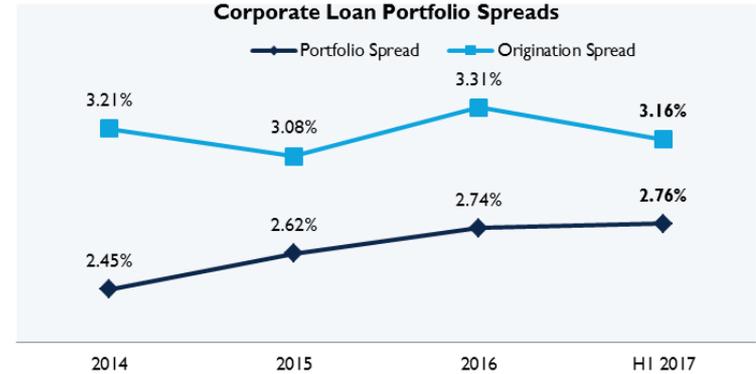
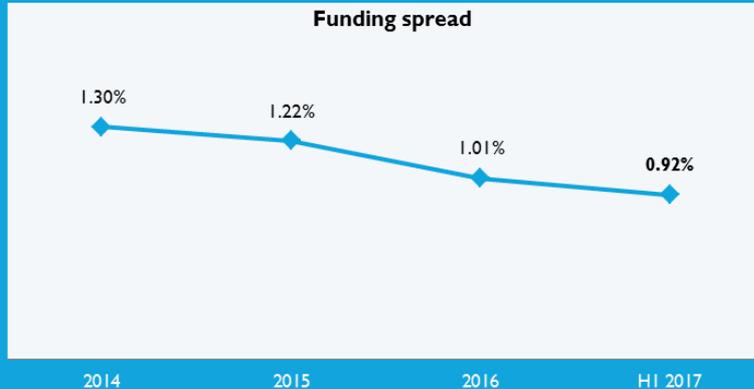
# Operating income

- Increase of operating income (+37%) is mainly driven by the underlying growth of our corporate client and retail client offering, as well as a further decrease in funding costs
- The growth of net interest income was driven by both higher portfolio levels as well as improved margins and fueled the increase of our net interest margin from to 1.54% mid 2017 from 1.42% mid 2016
- Net fee and commission income improved by 82%, driven by higher lending related and investment management fees as well as EUR 5 mln from NIBC Markets



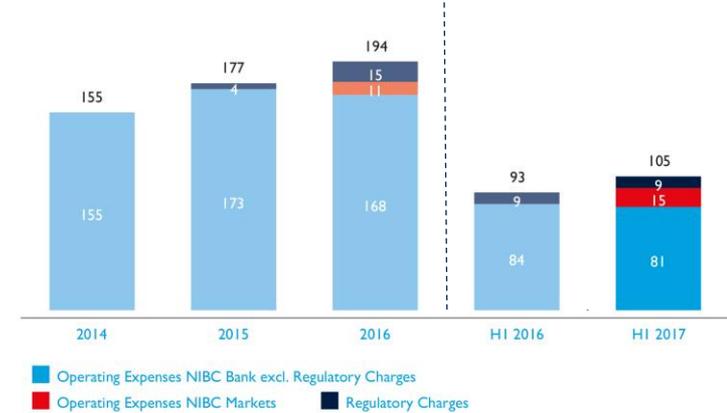
## Improved spreads, driving NIM

- Our average spread on the corporate loan portfolio continued to improve, albeit at a slower pace compared to previous years
- Our average funding spread improved further in 2017

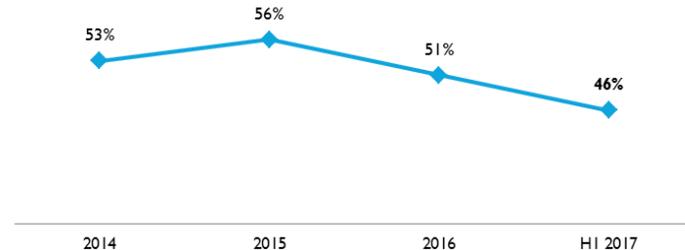


## Operating expenses

- The increase in operating expenses (+13%) is mainly due to:
  - Integration of NIBC markets, including
  - EUR 5mIn reorganisation provision, reflecting the discontinuation of the non-core part of Markets
- Excluding NIBC Markets, operating expenses decreased by 3%
- On the back of higher operating income our cost/income ratio further decreased from 51% in 2016 to 46% mid 2017



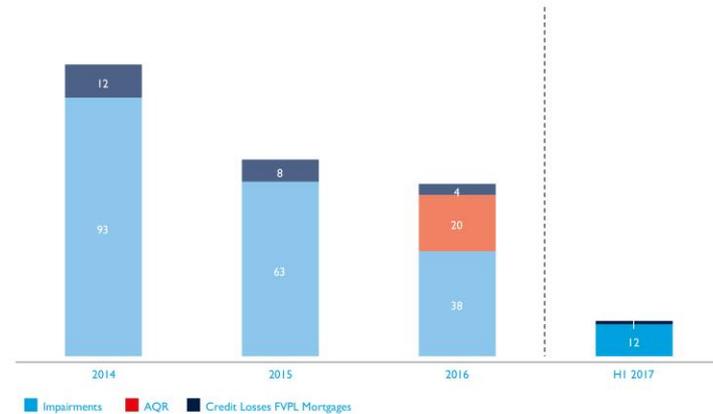
Cost to Income Ratio



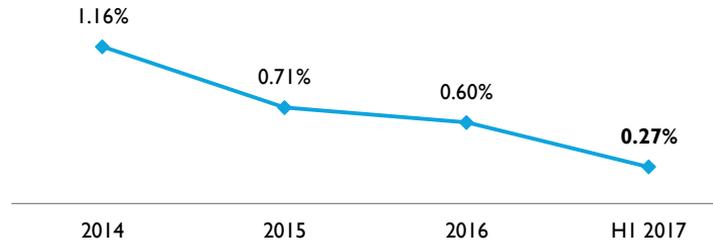
## Impairments and cost-of-risk

- Loan impairments in H1 2017 are limited to EUR 12m, a decrease of 45% compared to H1 2016
- In 2017 the NPL ratio reduced to 2.8% (from 3.8% FY 2016), the cost of risk decreased from 60bps to 27bps and the impairment ratio from 34bps to 14bps

Impairments and credit losses



Cost of Risk



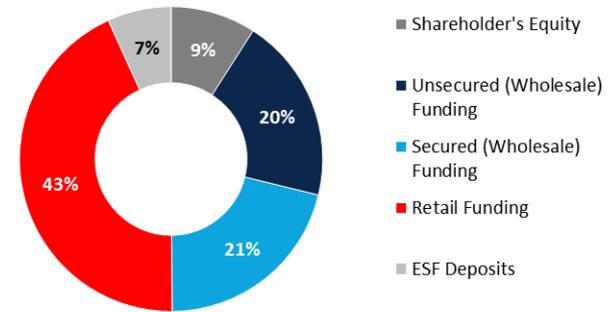
1: In 2016 "Impairments, credit losses and AQR" exclude special items

2: In 2016 "Cost-of-risk" excludes special items

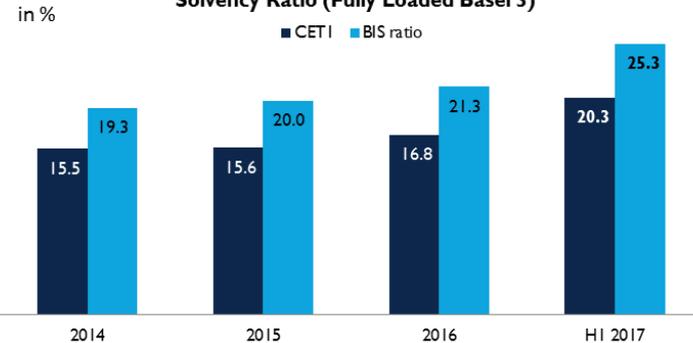
## Funding and Capital

- Well diversified and balanced funding mix, with solid retail savings base of 43% of total funding
- Successful (public) wholesale funding transactions in 2017, including a EUR 500 mln 5yrs senior unsecured transaction
- The sale of a CRE transaction in H1 2017 led to a decrease of EUR 1 bln in RWAs and had a positive impact on our CET1 ratio of 1.7%-points

Funding Composition HY 2017



Solvency Ratio (Fully Loaded Basel 3)



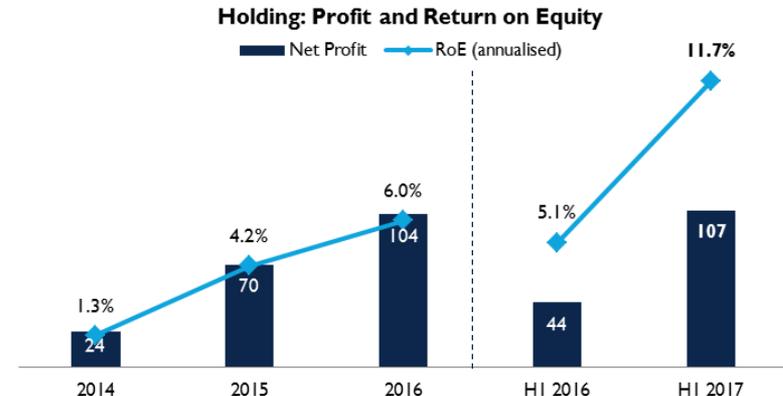
# NIBC Holding

## Key figures NIBC Holding

in EUR millions	HI 2017	HI 2016	FY 2016
Return on equity	11.7%	5.1%	6.0%
Net interest margin	1.58%	1.39%	1.47%
Cost / income ratio Bank	46%	56%	51%
Risk weighted assets	8,867	10,133	9,930
Cost of risk	0.72%	0.63%	0.73%
Loan to deposit ratio	143%	136%	145%
Asset encumbrance ratio	27%	26%	29%
<b>Fully loaded solvency ratios</b>			
CET I ratio	18.1%	14.3%	15.1%
BIS ratio	20.7%	17.1%	18.0%
<b>Liquidity ratios</b>			
LCR	261%	230%	124%
NSFR	118%	116%	112%
Number of FTEs	691	708	716
<b>Rating</b>			
Standard & Poor's	BBB- / Positive	BBB- / Stable	BBB- / Positive
Fitch	BBB- / Positive	BBB- / Positive	BBB- / Positive

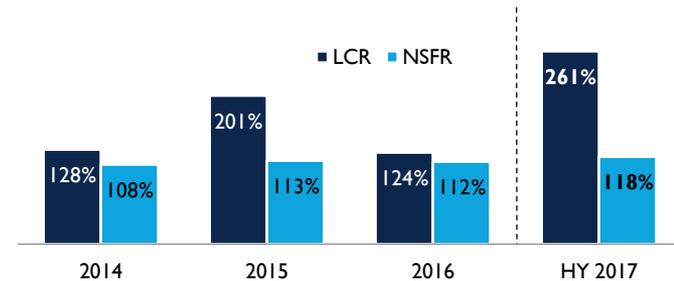
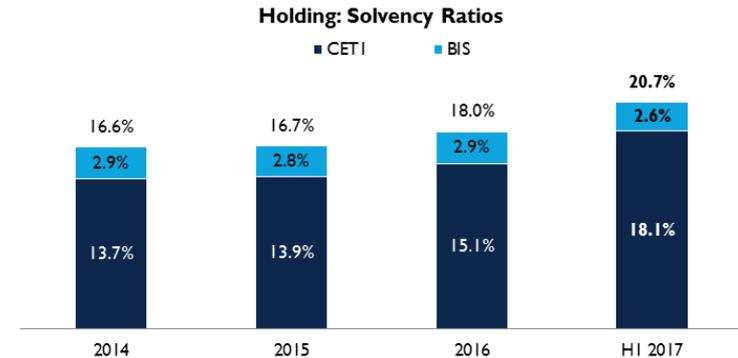
# Financial Results H1 2017

- Net profit in HY1 2017 of NIBC Holding is EUR 19 mln above that of NIBC Bank mainly due to a difference in accounting treatment between bank and holding to be neutralised over time
- Profitability strongly improved in HY1 2017, with both net profit and return on equity displaying substantial growth



## NIBC Holding: capital & liquidity

- Fully-loaded CET-1 ratio of 18.1% and BIS ratio of 20.7%
- Managing Board has proposed an interim dividend pay out of EUR 30m (EUR 0.21/share, FY 2016 EUR 0.17/share), which amounts to a pay out ratio of 28% for H1 2017 (25% FY 2016)
- NIBC has a solid liquidity position evidenced by: LCR of 261%, NSFR of 118% and liquidity buffers of EUR 2.3bn (after haircuts)



## NIBC Holding - Objectives

- The targets for 2015 - 2017 articulated in the Annual Report 2014, were based on the outcome of the annual Strategy Day held in June 2014
- In assessing NIBC's performance against these and other relevant targets: overall we are ahead
- At the Strategy Day held in June 2017, new objectives for the near term were articulated
- Based on applicable accounting standards as from 1 January 2018 (IFRS 9), we have raised our objectives for the near-term performance
- In raising our Return on Equity (ROE) objective - the definitive stamp of our business quality – to a minimum of 10%, we recognize that only by doing extremely well as a bank can we be there to help our clients tomorrow

	Targets 2015-2017	Near-term objectives
ROE	> 8-10%	>10%
Cost / income ratio	47-54%	<50%
CET I	>12%	>14%
Leverage ratio	>5%	>4.5%
Rating Bank	BBB	BBB+

## Moving Ahead

- Backed by our current shareholder, we have recently commenced a review of our strategic alternatives, which may include a potential Initial Public Offering
- The review is still in a preliminary stage and a final decision will only be made at a later date and be dependent upon market circumstances





## Q&A

Moving Ahead  
23 August 2017