PRESS RELEASE

NIBC

The Hague, 8 February 2018

Net profit for 2017 more than doubled to EUR 213 mln (FY 2016: EUR 104 mln)

- **Return on Equity (ROE) nearly doubled to 11.9% for the full year 2017, compared to 6.0% full year 2016;**
- **Corporate Client offering added substantial revenues from fee and investment income on the back of increased client activity;**
- **Retail Client offering realised strong growth in mortgage origination for own book as well as for third parties;**
- **Cost/income ratio for the bank improved to 44%;**
- **The full year 2017 was positively influenced by the sale of a German CRE legacy portfolio (EUR 53 mln);**
- **Solid solvency ratios, with the fully loaded CET 1 ratio increasing to 19.3% from 15.1%;**
- **Both Fitch and S&P updated their rating for NIBC to ‘BBB’; and**
- **NIBC proposes a second interim dividend of EUR 66 mln totalling EUR 96 mln (pay-out 45%).**

Statement of the CEO, Paulus de Wilt:

“2017 was an extremely strong year for NIBC. Our culture based on our three core values, Professional, Entrepreneurial and Inventive, is thriving and propelled by the ‘Think YES’ attitude we are moving full steam ahead with our client-focused strategy. We have the agility to continuously reinvent ourselves and proactively manage the relationship with a growing number of mid-market businesses and retail clients that we serve.

On the back of healthy economic growth, we continue to harvest the benefits from the rebalancing of our businesses over the past years. Driven also by our new business lines such as Buy-to-Let, Originate-to-Manage (OTM), BEEQUIP (leasing) and Receivables Finance, which we all started as greenfields in recent years, we have shown growth in various parts of our core markets in 2017 and delivered another year of improved financial performance. In addition, the bank’s current state and the way we are viewed by the market was reflected in the credit upgrades to ‘BBB’ that both S&P and Fitch announced in the fourth quarter of 2017.

Net profit of NIBC Holding more than doubled from EUR 104 million in 2016 to EUR 213 million in 2017, backed by the further expansion of our client franchise and including a EUR 53 million positive effect from the sale of the German commercial real estate (CRE) legacy portfolio of Vijlma. Overall ROE reached 11.9% although we feel the ROE excluding this positive legacy effect of 8.9% provides a better reflection of the real performance.

Net Interest Income continued to improve, strongly supported by further lowered funding costs. Income from Fees and Equity Investments was exceptionally high reflecting the strong economic environment and quality of the portfolio. At the same time, the low interest rate environment and abundant liquidity continue to put pressure on volumes as well as margins. As we have a strategy of ‘margin over volume’, we remain prudent and disciplined in our origination to selectively ‘pick and choose’, as is also visible in our Corporate franchise. Despite a continued solid origination of over EUR 3 billion, total outstanding volume decreased in 2017 as origination was more than offset by a combination of (p)repayments, the sale of the German CRE legacy portfolio and FX effects resulting from the strong Euro.

The mortgage market also experiences fierce price competition from non-banks and traditional players defending market share. Margins are under pressure in all terms and consumer preference is moving to the longer fixed interest rates. Nevertheless, origination was very strong and almost doubled to EUR 1.9 billion, thanks to the addition of our new OTM proposition. The (on-balance) mortgage portfolio grew by more than 3% in 2017 to EUR 9.1 billion at year end, including a EUR 220 million portfolio acquisition.

Cost for the bank were up considerable due to extra investments in IT, regulatory projects like MIFID II and IFRS 9, the reorganisation of NIBC Markets, and the review of the strategic options that is ongoing. Nevertheless, the cost/income ratio for the bank improved from 51% in 2016 to 44% in 2017 (excluding positive effect of legacy CRE sale 47%).

On the regulatory front, more clarity was obtained on Basel IV; though we cannot be sure yet of the exact translation of the new Basel Accord into local legislation, we expect that we can manage the effects and will remain solidly capitalised above our desired levels.

Although IFRS 9 will only affect us as from 2018, we are pleased to see that the effect resulting from an amended expected loss calculation can be absorbed within the bandwidth mentioned in our H1 2017 report; more importantly we have now, as from 1 January 2018, classified all our mortgages at amortised cost, which treatment is in line with market practice for mortgages. The transition to IFRS 9 results in an overall negative impact of approximately 4%-points on our CET 1 ratio of 19.3%.

In 2014, we embarked on a journey to revitalise the bank and improve the profitability and resilience of the bank by focusing firmly on our clients and on the future. Looking back at the past few years, we are pleased to report that we achieved all of our 2015-2017 targets. We therefore announced new medium-term objectives, which are a reflection of our improved performance and our solid foundation for continued growth going forward.

For the coming period, we target a sustainable ROE of 10-12% and a cost/income ratio structurally below 45%, as we maintain an agile organisation with disciplined cost control. In addition, we aim for a CET 1 capital ratio above 14%, a dividend pay-out of at least 50% of net profit and a long-term BBB+ credit rating.

At the H1 2017 results in August 2017, we announced that, backed by our current shareholder, we commenced a review of our strategic alternatives, which may include an Initial Public Offering (IPO). This process is ongoing and preparations are progressing well. A final decision will be made at a later date and will be dependent upon market circumstances.

In closing, I would like to express my sincere gratitude to our employees with their tireless dedication and enthusiasm. They are the reason why we are trusted by an increasing number of clients to support them at the moments that matter most in business and life. I am fully confident that we can continue to make a difference at our clients' most decisive moments and build profitable growth well into the future".

We refer to our Condensed Year Report 2017 NIBC Bank N.V. published on our website for further details.

Profile of NIBC

NIBC is an enterprising bank focused on its clients' most decisive financial moments. Our Corporate Client offering comprises a combination of corporate finance & capital markets, financing and investing in the sectors Food, Agri, Retail & Health, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Offshore Energy, Shipping & Intermodal and Telecom, Media, Technology & Services. Our Retail Client offering comprises residential mortgages in the Netherlands and online retail saving deposits in the Netherlands, Belgium and Germany via NIBC Direct.

Headquartered in The Hague, NIBC also has offices in Amsterdam, Brussels, Frankfurt and London. For more information, please contact:

Michèle Negen – Jacobusse
Investor Relations
T: +31 70 342 9590
E: michele.negen@nibc.com

Toine Teulings
Debt Investor Relations
T: +31 70 342 9836
E: toine.teulings@nibc.com

Forward-looking statements

The forward-looking statements included in this press release with respect to the business, results of operation and financial condition of NIBC are subject to a number of risks and uncertainties that could cause actual results to differ materially from forecasts, estimates or other statements set forth in this release, including but not limited to the following: changes in economic conditions, changes in credit spreads or interest rates, the results of our strategy and investment policies and objectives. NIBC undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this release.

Disclaimer

The financial information included in the Condensed Year Report 2017 NIBC Bank N.V. and NIBC Holding N.V. is non-audited and may be subject to adjustments from subsequent events. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.