

# Full Year Results 2014

Continued Underlying Growth



Press Presentation 4 March 2015

# Highlights Full Year Results 2014

**NIBC Bank**

Paulus de Wilt  
CEO

4 March 2015



## Overall Highlights FY 2014

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- 2014: Continued Underlying Growth
- Underlying net profit almost doubles to EUR 42 million
- Interest income significantly higher with 56%, net fee income up 59%
- Cost-income ratio improved to 50%
- S&P's Outlook on NIBC's BBB- rating improved to stable

# NIBC Bank

## The Bank for Decisive Moments

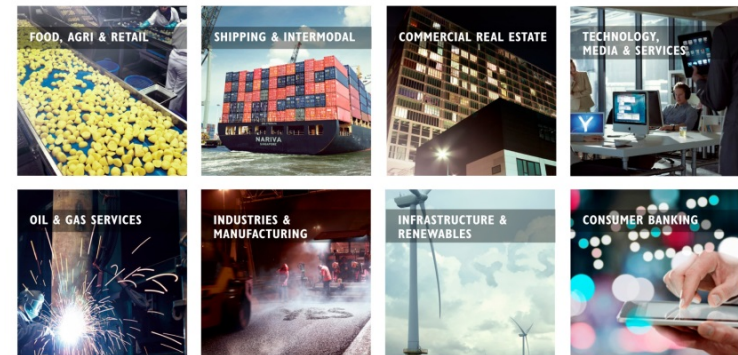
### Business Model

- Established in 1945 as De Nationale Investeringsbank
- Dutch bank offering corporate banking and consumer banking services through offices in The Hague, Frankfurt, Brussels and London
- Corporate Banking: advising, financing and co-investment solutions to medium-sized companies and entrepreneurs with a turnover of EUR 50 - 500 million
- Mainly family-/privately-owned
- Consumer Banking: residential mortgages, online retail saving deposits and brokerage services via NIBC Direct
- Entrepreneurial bank for clients' decisive moments

### Key figures

	2014	2013	2012
Common Equity Tier-I ratio	15.5%*	18.1%	15.3%
Operating income (EUR m)	278	225	272
Net profit (EUR m)	24	22	73
Number of FTEs	637	596	627

\*fully loaded Basel III



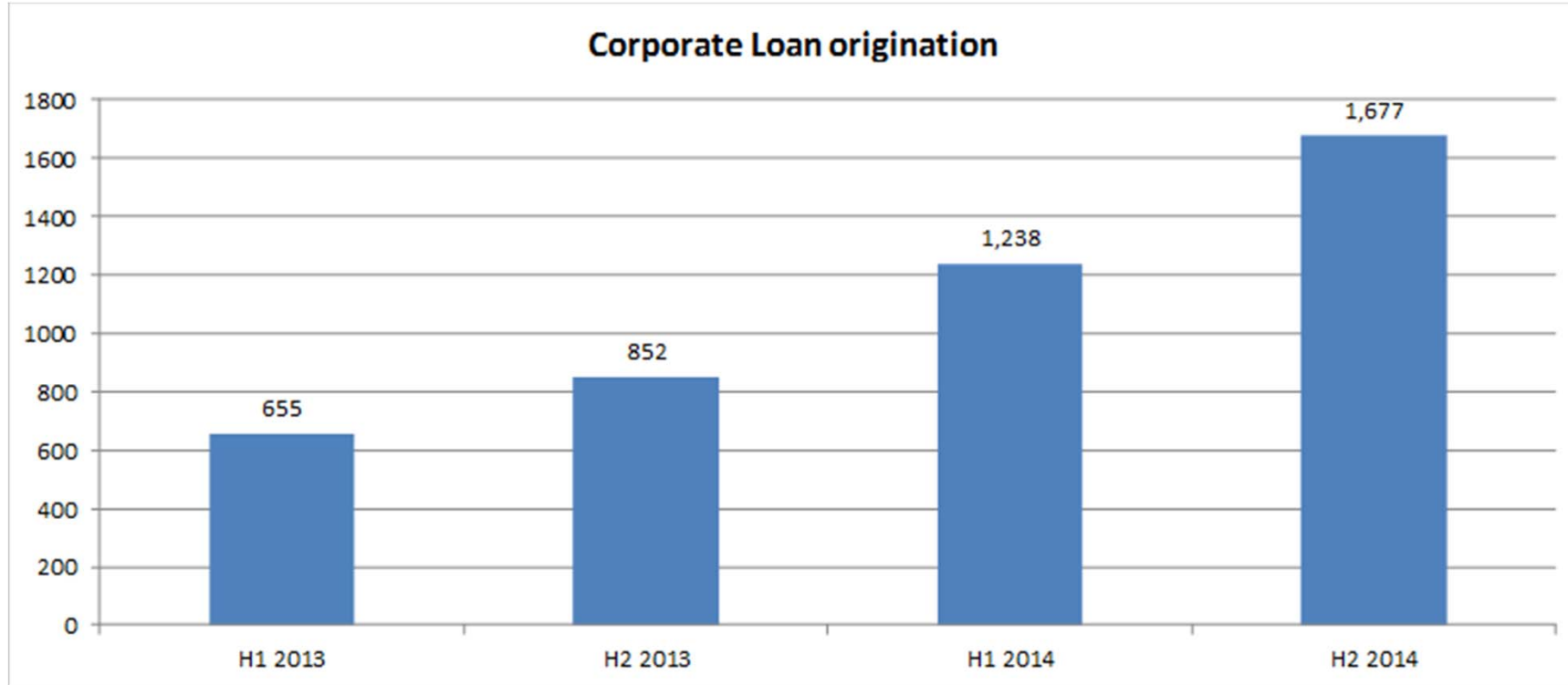
# Corporate Banking



# Corporate Banking - Strong business performance

## Business performance up substantially

- Corporate loans origination: up 93% to EUR 2.9bn in 2014
- Reflection of strong mid-market position and economic recovery
- Parallel strong growth of net fee income



# Corporate Banking - General

## Asset-based Financing

### Global client sectors:

- Oil & Gas / Shipping / Infrastructure & Renewables

### The Netherlands and Germany:

- Commercial Real Estate

## Corporate Lending / M&A

- Mid-market leadership in the Netherlands and Germany
- Food, Agri & Retail/Technology, Media & Services/Industries & Manufacturing
- Leveraged Finance
- Equity/Mezzanine
- M&A

## Market developments

### Geopolitical tensions

### Oil price at all-time low

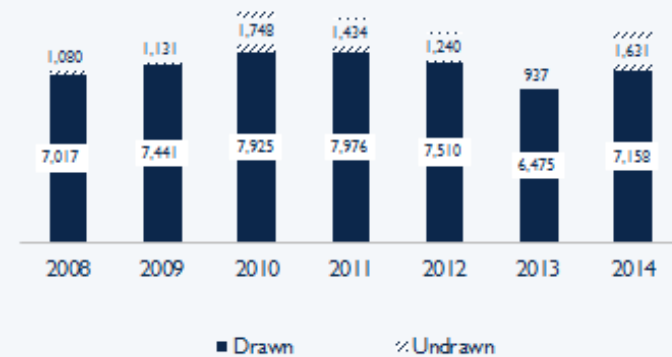
- Positively impacts economic environment: low fuel prices
- Slowdown investments in directly related sectors

### Dollar appreciation against euro

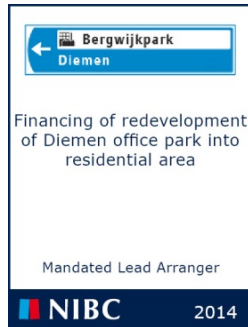
- Mixed picture, impact on asset-based sectors
- Impact on macro-economics and sentiment

### ECB QE – covered bonds and ABS

## Development Corporate Loan Portfolio



# Corporate Banking - Strong business performance



Bergwijkpark  
Diemen

Financing of redevelopment of Diemen office park into residential area

Mandated Lead Arranger

**NIBC** 2014

## Project Holland Park – Commercial Real Estate

- Large-scale sustainable redevelopment of an outdated office location into high-quality residential area in Diemen-Zuid;
- The new area consists of approximately 3,500 smaller and affordable apartments (price range EUR 150 – 250,000);
- NIBC participated with mezzanine and arranged substantial equity from its private investor base (e.g. family offices).



HEALTH AG  
HONORARMANAGEMENT

EUR 50 million  
Structured Healthcare  
Receivables Financing  
Facility

Sole Arranger and Lender

**NIBC** 2014

## Health AG – Technology, Media & Services Germany

- Sole arranger in a decisive EUR 50 million receivables financing facility for new client Health AG, part of a family-owned company;
- NIBC developed a structure that safeguards personal client/patient data protection;
- This financing enables Health AG to diversify its funding base and increase its financial independency;
- NIBC initially is the sole lender, but the transaction is structured in such a way that additional financing parties may be added at a later stage.



VROON

USD 20 million  
Senior Secured Facility

Bitumen Tankers

Sole Arranger

**NIBC** 2014

## Vroon Shipping – Shipping & Intermodal

- Vroon is the largest shipowner in the Netherlands;
- Client relationship with this family-owned company dates back to the 70's;
- NIBC closed a bilateral facility for two container vessels;
- Enables the company to continue its fleet renewal and expansion plan in a challenging economic environment.



# Consumer Banking



# Consumer Banking

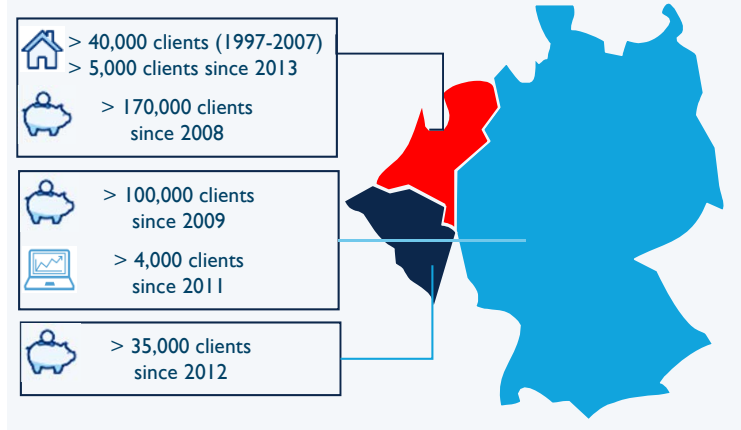
## Leading to a Growing, Loyal Base of Retail Clients

NIBC offers a range of fair and transparent savings and mortgage products to its retail clients

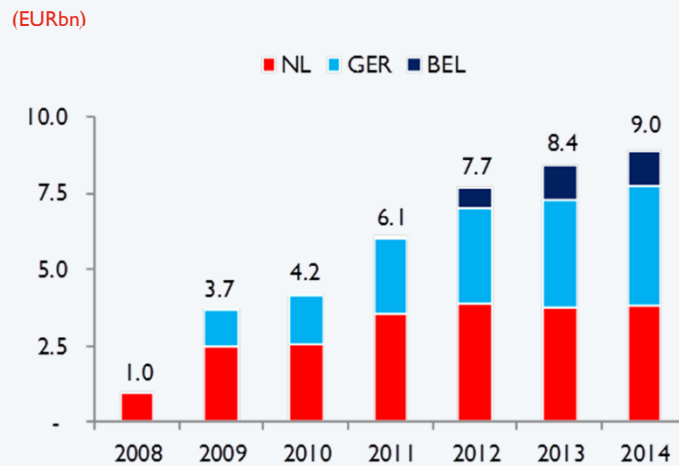
### More than 350.000 clients across 3 countries

- We score a 7.5/10 on customer satisfaction across 3 countries (NIBC Direct Customer Satisfaction Survey, 2014)
- Total savings balance increased to EUR 9.0bn
- High stickiness of NIBC's retail savings despite high level of competition
- NIBC successfully returned to mortgage market with a mortgage origination level of around EUR 1.0bn and a market share of 2.5% in 2014 (IG&H, 2014)
- At the end of 2014, the mortgage portfolio amounts EUR 7.3bn

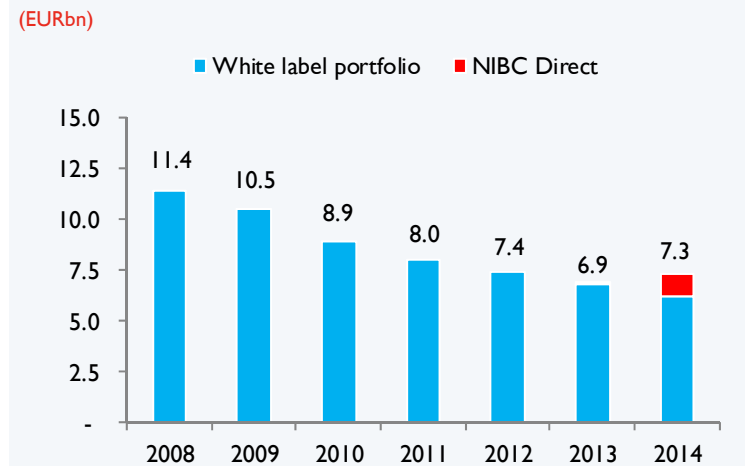
### Clients per Geography



### Savings Balance NIBC Direct



### Mortgage portfolio development



# Consumer Banking

## Mortgages

Affordability for homebuyers has improved significantly on the back of house price correction and historically low mortgage rates

Mortgage loan portfolio is increasing Y-o-Y

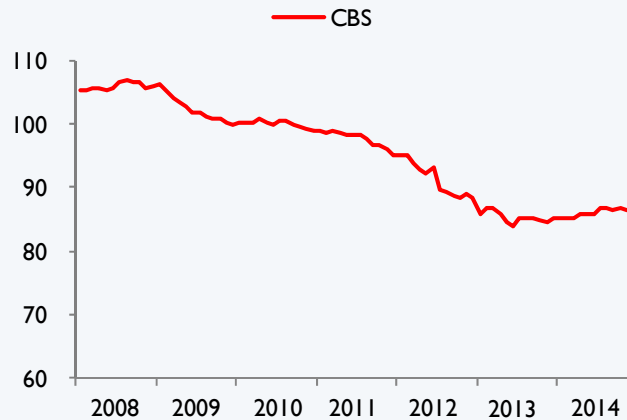
Well-seasoned portfolio

Late 2014, arrears and defaults (arrears > 3 months) have stabilised

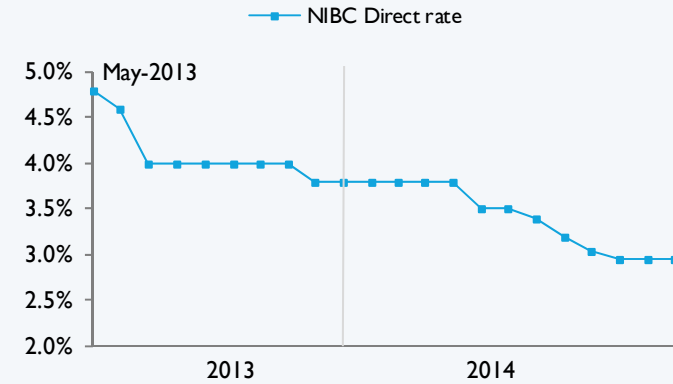
### Successful return to mortgage market

- Mortgage balance grew by 4% as NIBC Direct origination has offset prepayments of pre-crisis white label portfolio
- Domestic house prices continued to increase moderately, while the volume of property transactions increased to highest level in single year since 2008 (almost 40% higher compared to 2013)
- After annuity and linear type mortgage loans, product range has been extended with interest only type mortgage loans
- Last year, maximum loan amount for NHG application has been reduced from EUR 290.000 to EUR 265.000, whereas maximum LTMV decreased from 105% to 104% per 1 Jan 14
- NIBC decreased mortgage interest rates 7 times in 2014

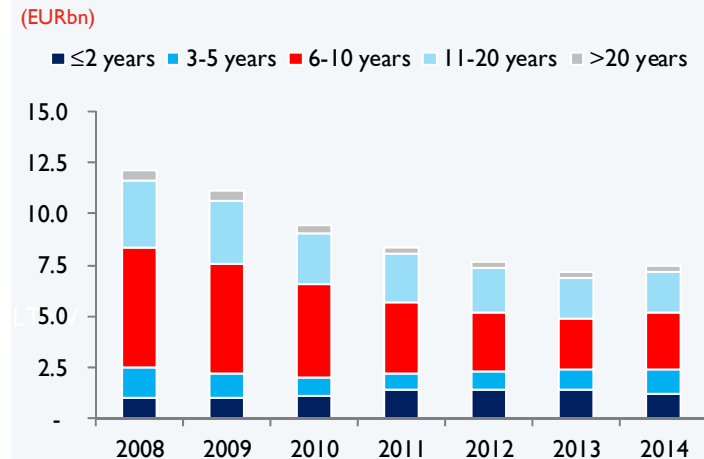
### House price development



### Historical 10-years NHG mortgage rates



### Fixed rate period composition of mortgage portfolio



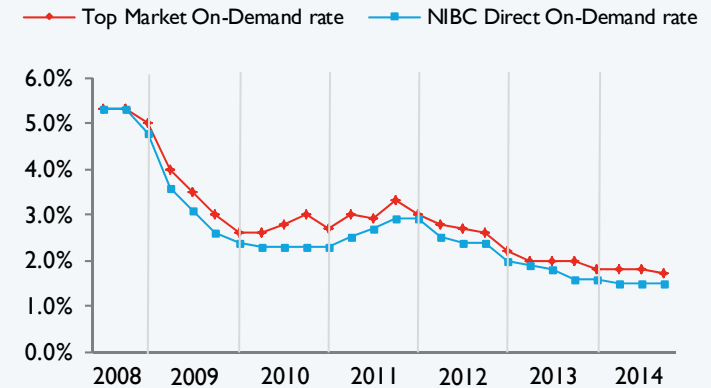
# Consumer Banking

## NIBC Direct Savings

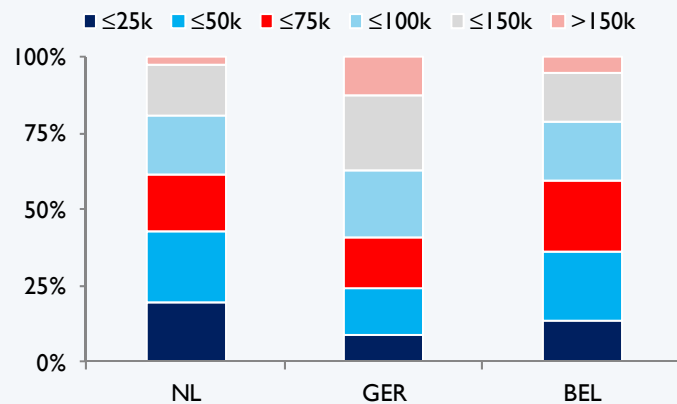
### High stickiness of retail savings

- NIBC offers a range of fair and transparent savings products, ranging from on-demand to term deposits up to 10 years
- Savings balance grew by EUR 0.6bn to EUR 9.0bn
- Increasing usage of social media for interaction with clients. 3<sup>rd</sup> place IPM score in the Netherlands
- High stickiness of NIBC's retail savings despite 6 interest rate declines in 2014
- Substantial higher term deposit share (46%) compared to market
- Average amount of NIBC Direct client EUR 29k

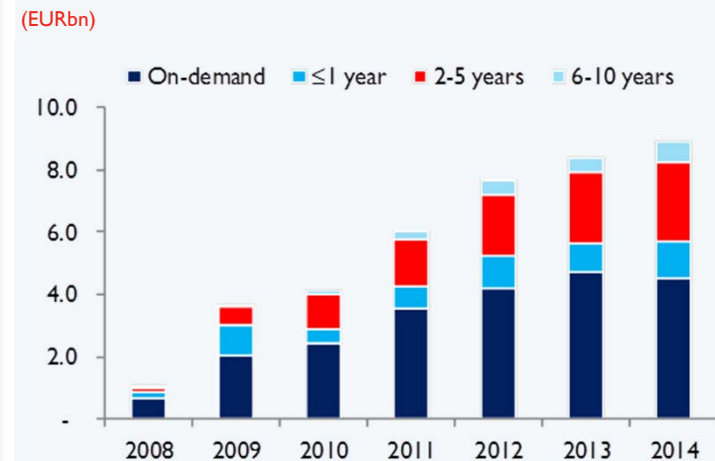
### ...despite sharp decreasing interest rates



### Composition of clients' savings balance per country



### Change in composition of deposit terms



# Full Year Results 2014

**NIBC Bank**

Herman Dijkhuizen  
CFO

4 March 2015



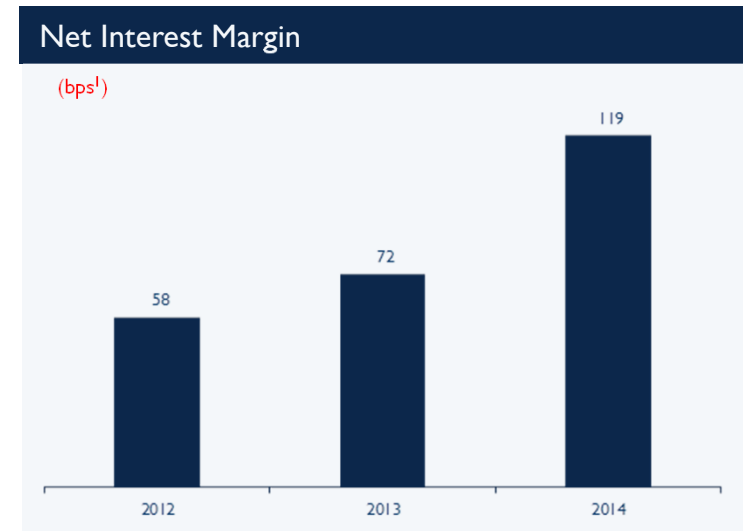
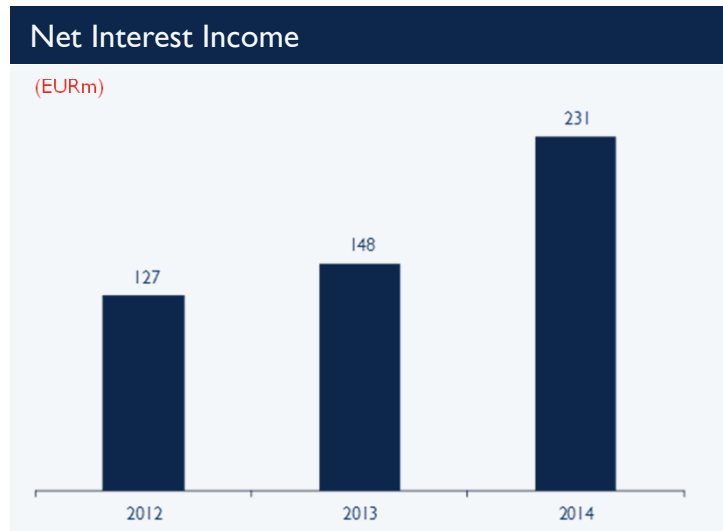
# Profit & Income

In EUR millions	FY 2014	FY 2013	H2 2014	H1 2014	H2 2013	H1 2013
Net interest income	231	148	130	100	78	71
Net fee and commission income	27	17	15	12	10	8
Net trading income	3	56	(1)	4	(15)	71
Dividend income	2	2		2	2	
Gains less losses from financial assets	16	1		16	9	(8)
Share in result of associates	1	(1)	1		(1)	
<b>Operating income</b>	<b>278</b>	<b>225</b>	<b>145</b>	<b>134</b>	<b>83</b>	<b>142</b>
Personnel expenses	(81)	(82)	(37)	(44)	(39)	(43)
Other operating expenses	(52)	(48)	(27)	(25)	(24)	(23)
Depreciation and amortisation	(5)	(5)	(3)	(3)	(3)	(2)
<b>Operating expenses</b>	<b>(139)</b>	<b>(134)</b>	<b>(67)</b>	<b>(72)</b>	<b>(66)</b>	<b>(68)</b>
<b>Net Operating income</b>	<b>140</b>	<b>90</b>	<b>78</b>	<b>62</b>	<b>17</b>	<b>74</b>
Impairments of financial assets	(93)	(62)	(66)	(28)	(26)	(36)
Corporate Tax	(4)	(6)	2	(6)	4	(11)
<b>Underlying net profit before special items</b>	<b>42</b>	<b>22</b>	<b>14</b>	<b>28</b>	<b>(5)</b>	<b>27</b>
<b>Special items</b>						
SNS Levy (Net)	(18)		(6)	(12)		
Reported net profit	24	22	9	15	(5)	27

- Underlying net profit FY 2014 up 91% to EUR 42 million;
- Reported net profit up 9% after resolution levy;
- Interest income up 56% mainly due to strong increased origination of both corporate and consumer loans, healthier origination spreads and re-pricing of pre-crisis exposures;
- Net fee income up 59% driven by increased M&A activity, increased origination in corporate loans and a near doubling in investment management fees;
- Net trading income mostly reflects our fair value through p&l accounting of certain assets & liabilities and was substantially lower, declining to EUR 3m. We are comfortable with having our net trading income in a narrow range;
- Impairments were up due to a prudent internal assessment of our real estate portfolio.

# Net Interest Income/Margin

Client business at better spreads and funding at lower spreads. Net interest income improved both quantitatively and qualitatively

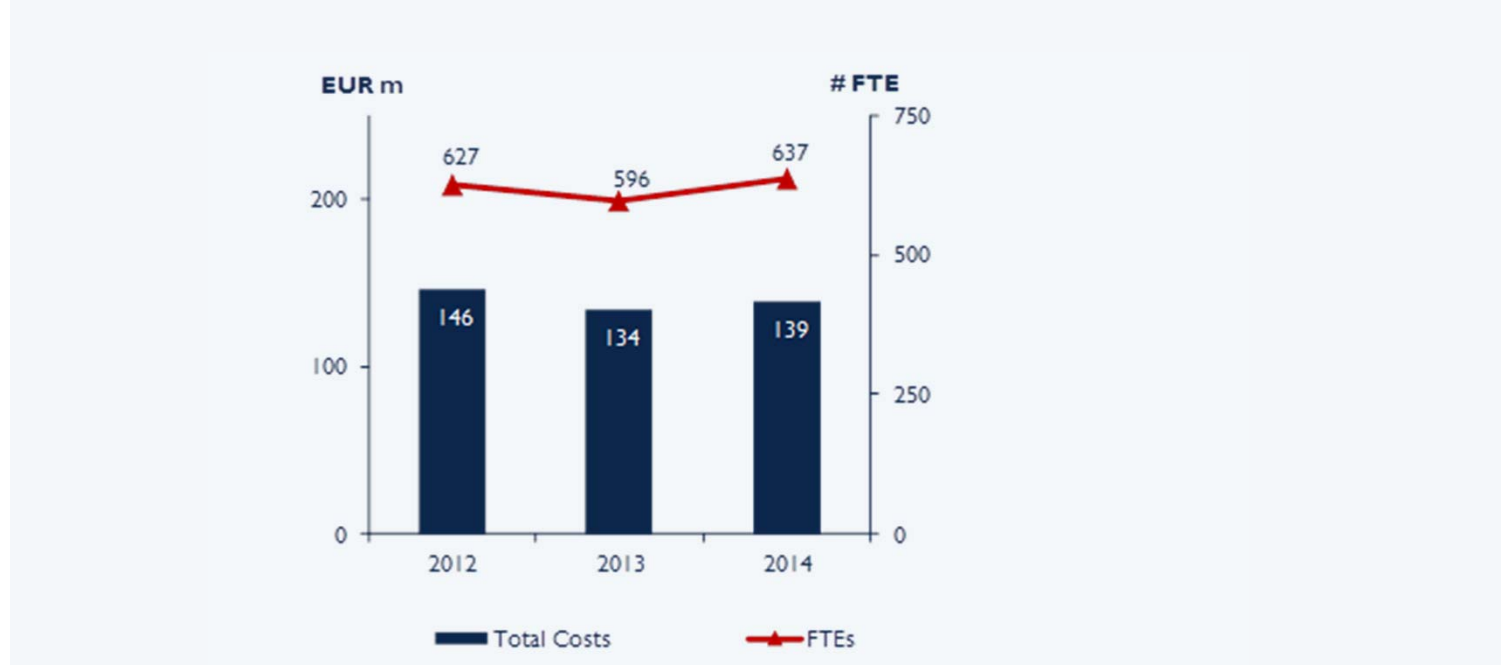


## Comments

- The level of net interest income is picking up again since 2012, mainly on the back of:
  - improved spreads on loans and mortgages
  - improved funding spreads
  - actively managed cash position

# Keeping Costs Under Control

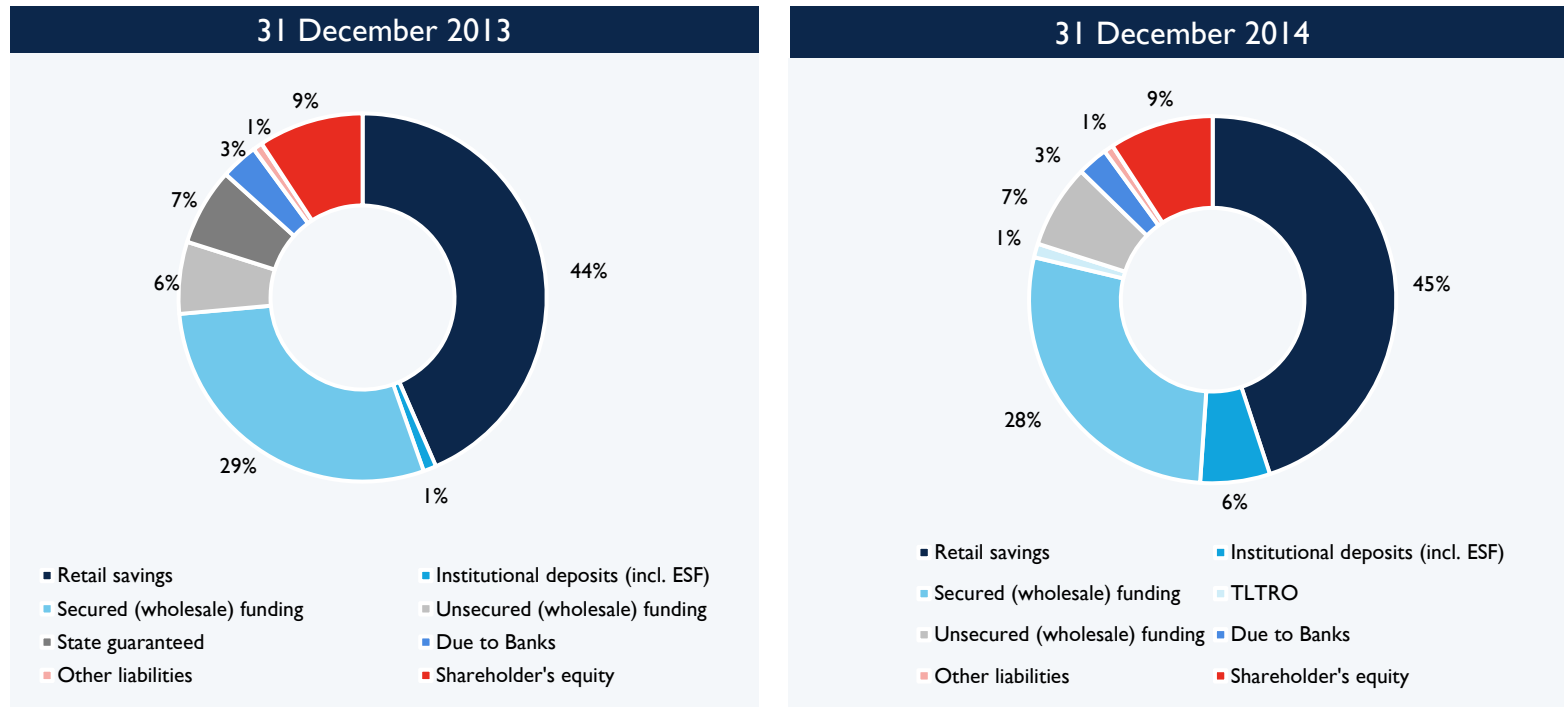
## Development of Operating Expenses



- Through tight cost control the level of expenses has been managed down substantially over the three years, from EUR 170m in 2011 to EUR 139m in 2014
- Total operating expenses of EUR 139m includes the consolidation since April 2014 of NIBC Bank Deutschland AG (“NIBC AG”, formerly Gallinat-Bank AG)
- The end of year 2014 FTE level of 637 includes 89 FTEs of NIBC Bank Deutschland AG
- One-off impact pension redesign offset by acquisition costs and IT-investments



# Funding Optimisation



- Funding composition matches diversification ambition level
- Focus now on further optimisation of funding
- Senior unsecured transaction in January 2015

# Year-to-date Highlights

- NIBC advised longstanding client Lucas Bols on the company's IPO and arranged a refinancing package
- Introduction Buy-to-Let as part of the further diversification of our mortgage franchise in the Netherlands
- First time since long successful unsecured funding transaction of EUR 300 million
- Employees signed Banker's Oath on 2 February 2015



# Questions & Answers