

# PRESS RELEASE

The Hague, 9 March 2016



## Strong growth in client business fuels NIBC 2015 net profit to EUR 71 million

- **Increased net credit lending of close to EUR 1 billion provided to clients in 2015**
  - Corporate loan book grew EUR 450 million to EUR 9.2 billion from EUR 8.8 billion; an increase of 5%;
  - Mortgage portfolio increased EUR 500 million to EUR 8.6 billion from EUR 8.1 billion; an increase of 6.5%.
- **Net profit improved to EUR 71 million in 2015 from EUR 42 million (before special items); an increase of 69%**
  - Strong Net Interest Income up by 16% to EUR 286 million from EUR 247 million in the previous year;
  - Fee income increased to EUR 36 million in 2015 from EUR 27 million; an increase of 33%.
- **Solid capital position**
  - Common Equity Tier-1 of 15.6% (2014: 15.5%)
  - Leverage ratio 7.2% in 2015

*Statement of the CEO, Paulus de Wilt:*

"In 2015, NIBC has provided almost EUR 1 billion additional net credit lending to mid-sized corporate and retail clients as in the previous year. Proof that our 'Think Yes'-mentality is valued by our clients. This is also evidenced by the net promoter score of +40%. Corporate clients rewarded us for our in-depth knowledge, our professionalism and agility. This mentality was well represented in our 'Think YES'-campaign which aired in June and September last year, of being the bank for entrepreneurial people. Our retail clients gave NIBC a 7.7 in the customer survey score, which is 0.2 higher than in 2014.

In our corporate banking activities, we were able to provide medium-sized Dutch and German companies with around EUR 450 million of additional new credits, due to strong origination amounting to EUR 2.9 billion and after repayments and prepayments. We were able to balance our origination efforts to more favourable sectors, effectively reacting to shifts in economic environment. At the same time, we actively managed our relationship with clients in sectors that became relatively under pressure.

Our consumer bank continued to grow in the challenging economic environment of low interest rates. It is proof that the strategy of offering complete products against a fair price is working. NIBC Direct was awarded the 'Website of the year' by the Dutch Marketing Authority. Our buy-to-let product 'vastgoed hypotheek' has experienced a first year in existence that exceeded expectations. Our mortgage portfolio increased with more than EUR 500 million to EUR 8.6 billion on the back of EUR 1.3 billion new production more than compensating repayments. Retail savings increased in 2015 by 12% from EUR 9.0 billion to EUR 10.0 billion.

In 2016, clients can expect even more inventive, tailor-made financing solutions from NIBC as a result of an expanded product suite. In Q2, we expect to close the SNS Securities acquisition. With this transaction we expand our client offering from corporate banking to financial markets. Furthermore, we were co-founder of a new equipment leasing company and as a strategic partner we will also be a major funding provider. Through this investment we are broadening our scope into smaller ticket financing and will offer our clients the possibility to lease their assets. After a start up period, the new leasing activities will be launched in the spring of 2016.

We are confident that these unique activities will contribute to the growth of NIBC on the mid-term, as it is an answer to the diverse needs we have identified with our clients. We are looking forward to working closely with our clients in 2016 and beyond, as we continue to build, with confidence, the NIBC we aspire to be: professional, entrepreneurial and inventive."

## NIBC Bank FY 2015 financial results

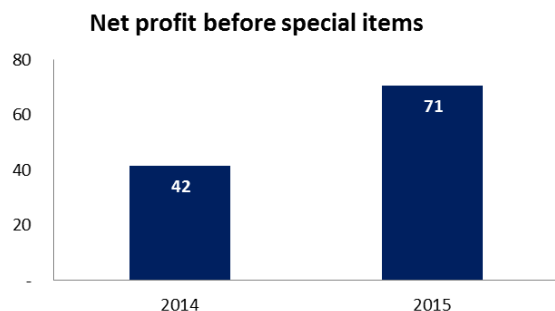
- In 2015 net profit increased by 69% to EUR 71 million from EUR 42 million
- Strong growing client portfolios: drawn corporate loan portfolio up 8% to EUR 7.8 billion; mortgage portfolio up 6% to EUR 8.6 million
- Operating income of EUR 316 million, up 7% compared to 2014 driven by net interest income (+16%) and net fee income (+33%)
- Impairments down 32% to more normalised levels
- Solid solvency ratios with a fully loaded CET1 at 15.6%, 2014: 15.5%

In EUR millions	FY 2015	FY 2014	Δ
Net interest income	286	247	16%
Net fee and commission income	36	27	33%
Net trading income	(12)	3	
Dividend income	1	2	
Gains less losses from financial assets	2	16	
Share in result of associates and other	2	1	
<b>Operating income</b>	<b>316</b>	<b>295</b>	<b>7%</b>
Personnel expenses	(91)	(81)	
Other operating expenses	(76)	(68)	
Depreciation and amortisation	(6)	(5)	
<b>Operating expenses</b>	<b>(172)</b>	<b>(155)</b>	<b>11%</b>
<b>Net Operating income</b>	<b>144</b>	<b>140</b>	<b>3%</b>
Resolution levy / DGS	(4)		
Impairments of financial assets	(63)	(93)	-32%
Corporate Tax	(6)	(4)	
<b>Net profit before special items</b>	<b>71</b>	<b>42</b>	<b>69%</b>
<b>Special items</b>			
SNS Levy (Net)		(18)	
<b>Reported net profit</b>	<b>71</b>	<b>24</b>	

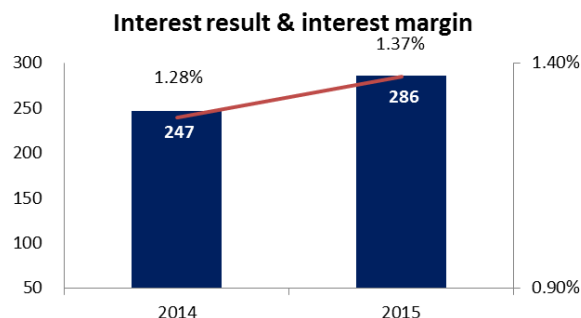
- The income statement differs from that presented in the Condensed Consolidated Financial Report for the year ended 31 December 2015 due to the treatment of non-financial companies controlled by NIBC. This only affects the presentation of the income statement and not the bottom-line profit figures.
- Small differences are possible in this table due to rounding.
- Compared to the presentation in the Annual Report 2014 servicing expenses for mortgage and retail savings have been reclassified from net interest income to other operating expenses. This concerns EUR 18 million of servicing expenses in 2015 and EUR 16 million of servicing expenses in 2014.

NIBC's underlying net profit (before the EUR 18 million net one-off SNS levy in 2014) increased by 69% from EUR 42 million in 2014 to EUR 71 million in 2015. This substantial improvement mainly reflects the strong foundations of the income line-items net interest income and net fee-income driving our top-line growth. Operating income further increased in 2015 from EUR 295 million to EUR 316 million, an increase of 7%.

#### Net profit before special items (in EUR million)



#### Interest result (in EUR million) and interest margin (in %)



#### Net interest income

Net interest income increased by 16% in 2015 to EUR 286 million from EUR 247 million in 2014. The growth of net interest income was driven by the increase of our client business in both Corporate and Consumer Banking, in combination with the improvement of our funding profile:

- Our drawn corporate loan portfolio increased in 2015 by 8% from EUR 7.2 billion to 7.8 billion, driven by loan origination of EUR 2.9 billion more than compensating re- and prepayments. The positive impact on net interest income was supported by healthy origination spreads, leading to an increase in 2015 of 5% of the average portfolio spread.
- Our mortgage portfolio grew in 2015 by 6% to EUR 8.6 billion from EUR 8.1 billion, supported by origination of EUR 1.3 billion.
- Our funding profile combined with on average lower funding rates also contributed to the increase of net interest income in 2015.
- The US dollar's appreciation against the euro had a positive impact of EUR 6 million (or 2%) on net interest income.

#### Net fee and commission income

Net fee and commission income further increased by 33% in 2015, after an increase of 59% in 2014. All fee activities displayed an improvement in 2015, contributing to the increase of net fee income from EUR 27 million to EUR 36 million, M&A/Advisory services (+55%) and investment management (+29%) showed the largest increases.

#### Net trading income

Net trading income in 2015 amounted to a loss of EUR 12 million compared to a gain of EUR 3 million in 2014. The decline includes fair value changes relating to the portion of our old mortgage portfolio and funding portfolios accounted for at fair value through profit or loss.

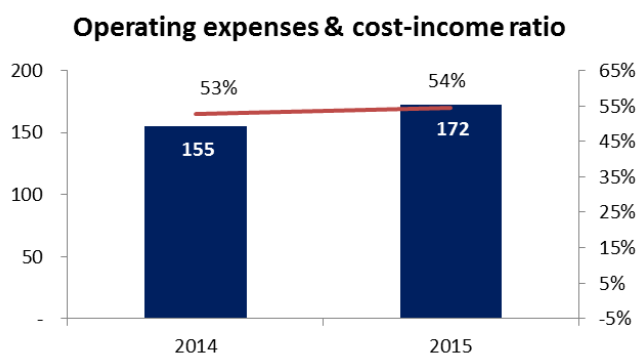
#### Gains less losses from financial assets

Gains less losses decreased from EUR 16 million in 2014 to EUR 2 million in 2015, even though the underlying portfolio performed well and some exits with substantial positive results were realised. Gains less losses were negatively influenced by significant value adjustments on pre-crisis equity investments.

## Operating expenses

The increase in operating expenses, from EUR 155 million to EUR 172 million, reflects both investments made in 2015 in people and special projects and the one-off pension benefit in 2014 (EUR 5 million). These investments include the increase of origination capacity, the Think Yes campaign, the insourcing of our retail contact centre and the roll out of the NIBCity project, which entails the implementation of more flexible working throughout the organization and investments in IT. The investments facilitate future growth of our business. The cost-income ratio is stable at 54%.

### Operating expenses (in EUR million) and cost-income ratio (in %)



## Impairments on financial assets

In absolute terms, impairments decreased from EUR 93 million in 2014 to EUR 63 million in 2015. The year 2014 was influenced by an impairment of EUR 41 million resulting from restructuring actions and a prudent internal assessment on our real estate portfolio. In the 2015 impairments we added EUR 5 million to the provision for “Incurred but not Reported” (IBNR) by adjusting the loss emergence period from 3 to 6 months, bringing this in line with market practice. Furthermore, the 2015 underlying impairment level reflects the fragile and volatile economic environment, especially in our global sectors.

### Balance sheet NIBC Bank

In EUR Millions	Dec 2015	Dec 2014	In EUR Millions	Dec 2015	Dec 2014
Cash and banks	2,491	2,760	Retail funding	10,016	8,956
Loans	7,790	7,240	Funding from securitised mortgages	2,062	3,348
Lease receivables	212	361	Covered bonds	1,513	1,034
Residential mortgages	8,580	8,058	ESF	1,127	992
Debt investments	1,377	1,341	All other senior funding	3,548	3,280
Equity investments	277	334	Tier I & subordinated funding	400	320
Derivatives	2,151	2,851	Derivatives	2,350	3,217
All other assets	165	198	All other liabilities	139	166
			<b>TOTAL LIABILITIES</b>	<b>21,156</b>	<b>21,313</b>
			<b>SHAREHOLDER'S EQUITY</b>	<b>1,886</b>	<b>1,831</b>
<b>TOTAL ASSETS</b>	<b>23,042</b>	<b>23,144</b>	<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>23,042</b>	<b>23,144</b>

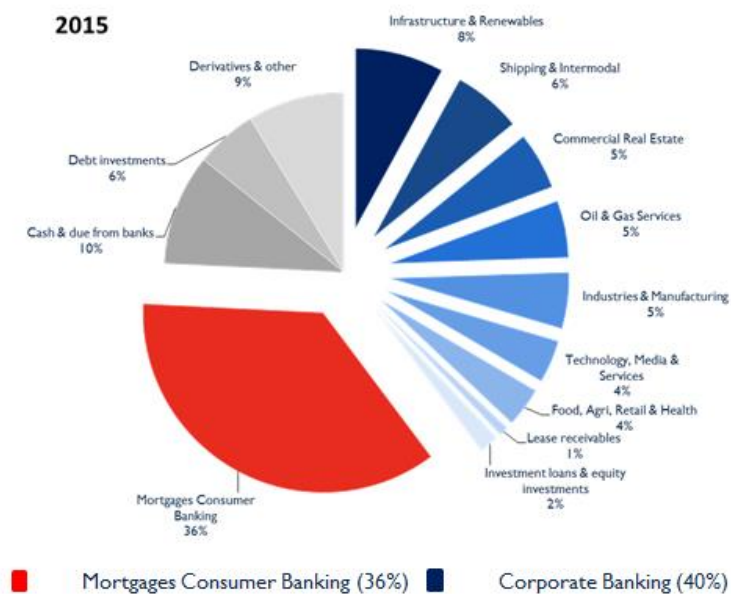
Both residential mortgages and the corporate loan book displayed a healthy growth in 2015, reflecting the trust of our clients in NIBC.

The drawn corporate loan book grew by EUR 0.6 billion to EUR 7.8 billion. The appreciation of the dollar versus the

euro had a EUR 0.3 billion positive effect on our corporate loan book, reflecting our exposures to the Oil & Gas Services and Shipping & Intermodal sectors, which are mostly dollar-denominated. Total corporate banking assets grew modestly, including undrawn, lease receivables, investment loans and equity investments, from EUR 9.7 billion last year to EUR 9.9 billion in 2015.

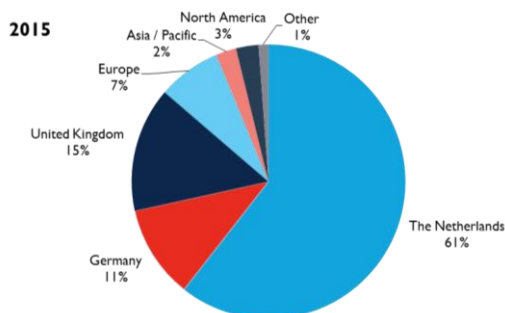
#### Breakdown total assets

The composition of the balance sheet compared to 2014 slightly changed. The relative volume of corporate banking assets grew with 2% and consumer banking assets with 3%. Against a slight reduction of Other assets, especially derivatives.



#### Breakdown total balance sheet by region

The assets in the Netherlands showed a relative growth of 2% against a small decline in the UK and the rest of Europe compared to previous year.

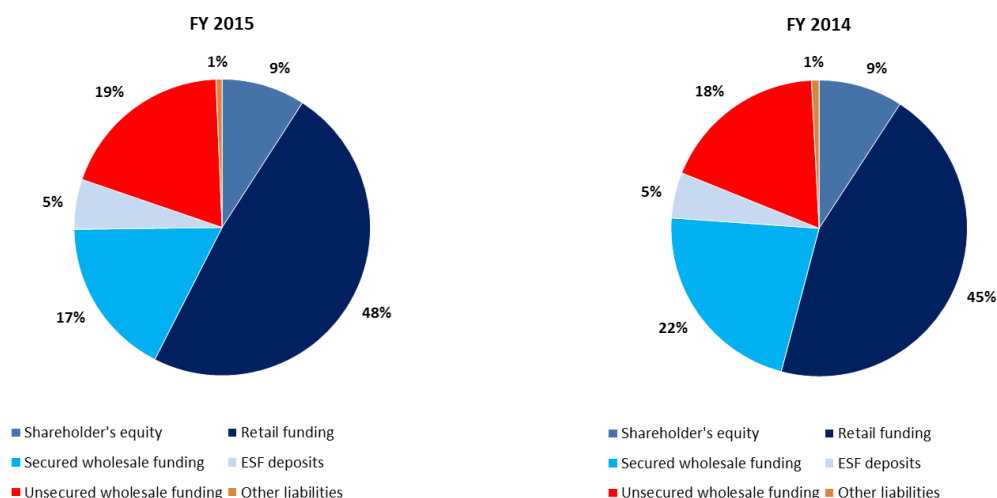


Our mortgage portfolio grew in 2015 by 6% to EUR 8.6 billion from EUR 8.1 billion, supported by origination of EUR 1.3 billion.

As was the case in 2014, 2015 was marked by growth of our client base. This development continued to fuel our funding needs and funding diversification. Diversification of funding has been a key part of our strategy since early 2008, when we started to build our retail savings franchise. We continued to diversify our funding sources in 2015. Overall, our funding mix shows a healthy balance between wholesale and retail:

- Retail savings increased in 2015 by 12% from EUR 9.0 billion to EUR 10.0 billion.
- With respect to wholesale funding we re-entered the unsecured market in the first quarter of 2015 with a senior unsecured bond. It had a total size of EUR 500 million, maturity of 3.5 years and pays on average interest of 1.7% above the swap rate. In April 2015 we issued our third conditional pass-through covered bond. The transaction, backed by a pool of Dutch residential mortgages, met strong demand in both the primary and secondary markets. The transaction size was EUR 500 million, had a maturity of 7 years and was priced +1 bps above the swap rate. In March 2015 we issued a privately placed EUR 50 million subordinated Tier II transaction with a maturity of 10 years, supporting our capital base. Additionally during 2015 various senior funding transactions at maturities ranging between 1.5 and 15 years were privately placed.
- Institutional deposits attracted in Germany under the EinlagenSicherungsFonds (ESF) increased in 2015 by 14% to more than EUR 1.1 billion.

## Funding composition



The healthy funding and liquidity position in 2015 of NIBC is further evidenced by the following ratios:

- our Liquidity Coverage Ratio of 201% (versus 128% at year-end 2014) and Net Stable Funding Ratio of 113% (108% at year-end 2014)
- our asset encumbrance ratio of 29% (2014: 35%), which meets our ambition to maintain this ratio below 30%
- our loan to deposit ratio of 143% (2014: 154%), which is in line with our ambition to maintain this ratio at a level between 140%-160%.

## NIBC Bank – other key figures

NIBC Bank	31-Dec 2015	31-Dec 2014
Common Equity Tier-1 ratio	15.6%	15.5%
Tier-1 ratio	15.6%	15.5%
BIS ratio	20.0%	19.3%
Leverage ratio	7.2%	7.0%

Fully loaded (end state) Basel III ratios, including the full net profit of 2015/2014

## Ratings

Over the past 18 months we have seen some encouraging developments in our ratings. In November 2014 S&P changed its outlook on NIBC from negative to stable. In June 2015 Fitch affirmed our rating at BBB- with a stable outlook and following a rating review Moody's upgraded NIBC's (unsolicited, non-participative) rating to Baa1, from Baa3.



## **Corporate Banking – key transactions**

Corporate banking clients awarded us with a net promotor score of +40%, based on the response of 154 clients on our survey. NIBC was involved in a number of important transactions across its key sectors and markets. A selection of transactions in 2015:

### **Cloetta – Food, Agri, Retail & Health**

Scandinavian confectioner Cloetta recently strengthened its position in the Netherlands by acquiring Lonka, a Dutch maker of fudge, nougat and chocolate. NIBC played a key role as Cloetta's financial advisor during the EUR 31.4 million transaction, which closed on 17 July. The acquisition will make Cloetta – which already owns Dutch candy brands Venco, Sportlife and Redband – the number one sweets maker in the Netherlands, while also significantly strengthening its position in other European markets.

### **WCF Finetrading**

For our client WCF Finetrading GmbH (WCF), NIBC closed a structured financing solution. The solution enables WCF to grow in its core product Finetrading and launch a new inventory financing solution into the market. The off-balance solution supports WCF in optimising their balance sheets and WCF in obtaining an independent and flexible refinancing of its business. WCF is an innovator in inventory and working capital financing for SMEs (the German Mittelstand), providing its clients with flexible means to manage liquidity by purchasing from their suppliers advance stock, raw materials and goods and pre-financing them until they are called off and paid by the clients. In addition, WCF helps its clients in optimising their balance sheets by holding inventory in consignment stock.

### **Van Dijck – Food, Agri, Retail & Health**

Van Dijck Groenteproducties (VDG) is a Dutch cultivator of leaf vegetables and best known in its role as most important cultivator for Lidl Netherlands. With a mezzanine investment and senior facility, NIBC (in cooperation with Rabobank) supported VDG in realizing a 5 hectare high-tech greenhouse. The greenhouse enables VDG to produce locally and year-round, ensuring complete traceability of its vegetables which is becoming increasingly important for supermarkets. It was the first time that NIBC provided a mezzanine facility in this sector.

### **Docdata – Mergers & Acquisitions**

In October, we acted as advisor to Docdata in the EUR 155 million sale of its e-commerce activities to US-based Ingram Micro. Our services comprised a number of critical tasks, including the valuation analysis of Docdata and its e-commerce activities; stakeholder engagement efforts; corporate governance advice; advice on strategy, tactics, negotiation, structuring and financial planning; and day-to-day project management, including the due diligence process. In December, we also advised Docdata in the EUR 22 million sale of its IAI division to ASSA ABLOY. These transactions solidify NIBC's position in advising in complex public situations and realising a swift transaction process.

## Consumer Banking

In 2015, Consumer Banking delivered a robust performance, with 6.5% growth in its Mortgage portfolio, increasing to EUR 8.6 billion (2014: EUR 8.1 billion), and 12% growth in the total savings balance, which rose to EUR 10 billion (2014: EUR 9 billion). It also launched new products in its markets such as the buy-to-let mortgage product, and enhanced the client service by establishing a dedicated in-house client service centre for its clients in the Netherlands.

Strong performance in Mortgages was due to the favourable market conditions, and to our successful efforts to offset falling prices driven by increased standardisation in the market, more product similarity and increased competition. We expanded our distribution network, to reach a broader audience especially for non-National Mortgage Guarantee (NHG) mortgages, while also intensifying our relationship and activities with existing distribution partners. In the year, we added 4 distribution channels, taking the total number of channels selling NIBC Direct mortgages to 10, covering 2,000 intermediaries.

The launch of our new buy-to-let mortgages in the Netherlands fits our strategy of focusing on specific market segments and fulfils special needs in the market. The success of this product in its first year demonstrated that there is an increasing number of private investors investing in rented residential real estate.

Total volume of savings rose by 12% to EUR 10 billion from EUR 9 billion in 2014. This growth was primarily driven by Germany, which accounted for EUR 0.7 billion, while The Netherlands accounted for EUR 0.3 billion. NIBC's German brokerage business, assets under management increased from EUR 92 million assets to EUR 131 million, an increase of 42%.

In November, NIBC Direct was awarded the 'Website of the year' by the Dutch Marketing Authority. The public commended the website's simplicity and straight-forward interface, reflecting our strong client focused approach for the savings and mortgage products.

## NIBC Holding – key figures

NIBC Holding	31-Dec 2015	31-Dec 2014
Common Equity Tier-1 ratio	13.9%	13.7%
Tier-1 ratio	13.9%	13.7%
BIS ratio	16.7%	16.6%
Net profit before special items (EUR million)	70	41
Total assets (EUR billion)	23.0	23.0
Shareholder's equity (EUR million)	1,735	1,683

*Fully loaded (end state) Basel III ratios, including the full net profit of 2015/2014*

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**Profile of NIBC**

NIBC is the bank of choice for decisive financial moments. Our Corporate Banking activities offer a combination of advice, financing and co-investment in the sectors Food, Agri, Retail & Health, Industries & Manufacturing, Infrastructure & Renewables, Commercial Real Estate, Oil & Gas Services, Shipping & Intermodal and Technology, Media & Services. Consumer Banking offers residential mortgages and online retail saving deposits via NIBC Direct in the Netherlands, Belgium and Germany.

Headquartered in The Hague, NIBC also has offices in Frankfurt, London and Brussels.

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**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.

We refer to our Condensed Consolidated Financial Report for the year ended 31 December 2015 published on our [website](#) for further information

**Disclaimer**

The financial information included in this press release and the Condensed Consolidated Financial Report (NIBC Bank) for the year ended 31 December 2015 as referred to in this press release have not been audited or reviewed by the Independent Auditor of the company. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.