



# NIBC Bank Additional Tier-I Investor Presentation

September 2017

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- (b) there must not be any communication or approval of an invitation or inducement to participate in, acquire or underwrite such securities (or the beneficial interest in such securities) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the EEA (in each case, within the meaning of the PI Rules), other than in accordance with the limited exemptions set out in the PI Rules.

The Managers (and/or their respective affiliates) are required to comply with the PI Rules. By purchasing, or making or accepting an offer to purchase, any Capital Securities (or a beneficial interest in such Capital Securities) from the Issuer and/or the Managers, each prospective investor will be deemed to represent, warrant, agree with, and undertakes to the Issuer and each of the Managers that:

- (a) it is not a retail client in any jurisdiction of the EEA (as defined in the PI Rules);
- (b) whether or not it is subject to the PI Rules, it will not:
  - (i) sell or offer the Capital Securities (or any beneficial interest in such securities) to retail clients in any jurisdiction of the EEA; or
  - (ii) communicate (including the distribution of this Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Capital Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in any jurisdiction of the EEA (in each case within the meaning of the PI Rules),  
in any such case other than (i) in relation to any sale of or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in or resident in the United Kingdom, in circumstances that do not and will not give rise to a contravention of the PI Rules by any person and/or (ii) in relation to any sale of or offer to sell Capital Securities (or any beneficial interests therein) to a retail client in any EEA member state other than the United Kingdom, where (a) it has conducted an assessment and concluded that the relevant retail client understands the risks of an investment in the Capital Securities (or any beneficial interests therein) and is able to bear the potential losses involved in an investment in the Capital Securities (or any beneficial interests therein) and (b) it has at all times acted in relation to such sale or offer in compliance with the Markets in Financial Instruments Directive (2004/39/EC) (**MiFID**) to the extent it applies to it or, to the extent MiFID does not apply to it, in a manner which would be in compliance with MiFID if it were to apply to it; and
- (c) it will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of the Capital Securities (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Capital Securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

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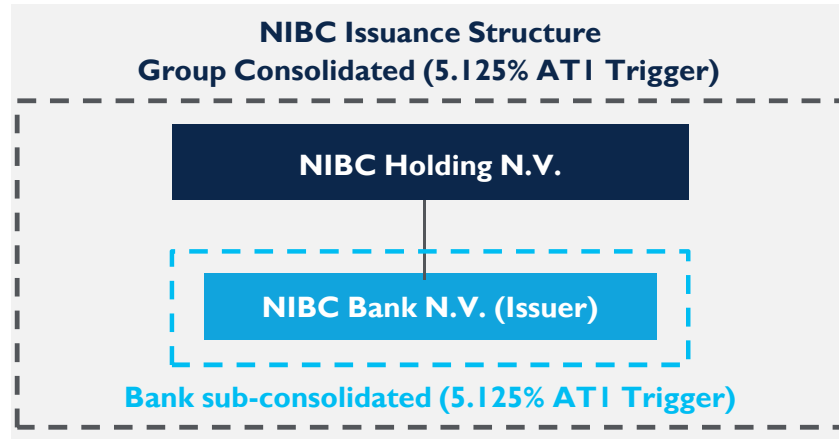
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# Table of Contents

Transaction Overview: Investment Thesis	5	
1. NIBC: Moving Ahead		
Overview	6	
Rating and Capital	12	
Objectives	14	
2. Transaction Details	16	
Appendix I	Mortgage Reclassification: expected IFRS 9 impact	22
Appendix II	Key Figures and Balance Sheet	24
Appendix III	Asset Quality	29

# Transaction Overview: Investment Thesis

## Group structure NIBC



## AT1 transaction rationale

- Capital optimisation and fulfilment of the 1.5% AT1 requirement
- Reinforcing already strong leverage ratio (fully-loaded 7.4% at HI 2017)
- RAC eligibility
- Contributing to future MREL requirements

## Summary terms

- Additional Tier I Capital issued by NIBC Bank N.V.
- Perpetual maturity
- EUR denominated
- Callable after [5-7] years and semi-annually thereafter
- 5.125% CET1 trigger at Group and/or Issuer
- Temporary write-down loss absorption mechanism
- Discretionary, semi-annual, non-cumulative coupons
- Expected rating B+ (S&P)

## Investment thesis<sup>1</sup>

- Solid fully-loaded CET1 ratios: 20.3% (18.1%)
- Ample headroom to trigger: 15.2% (13.0%)
- Large buffer to MDA restrictions: 7.8% (5.6%)
- Robust level of ADIs: over 135x coupon coverage<sup>2</sup>
- Limited amount of AT1 to be issued by NIBC
- Growing franchise and increasing profitability

# I. NIBC: Moving Ahead

# Focused mid-market corporate and retail franchise with differentiated approach

## Our business model

Mid-market corporate client offering	Retail client offering
<ul style="list-style-type: none"> <li>Full spectrum from advising, structuring, financing, and co-investing across debt and equity</li> </ul>	<ul style="list-style-type: none"> <li>Mortgages ranging from residential to buy-to-let</li> <li>Focus on entrepreneurs and small businesses</li> <li>Leasing</li> <li>Online savings</li> </ul>
€10.2bn client exposure <sup>1</sup>	€9.1bn client exposure <sup>1</sup>
Typical ticket size: €10-50m	Typical ticket size: €100k – 2.5m

## Our differentiated approach

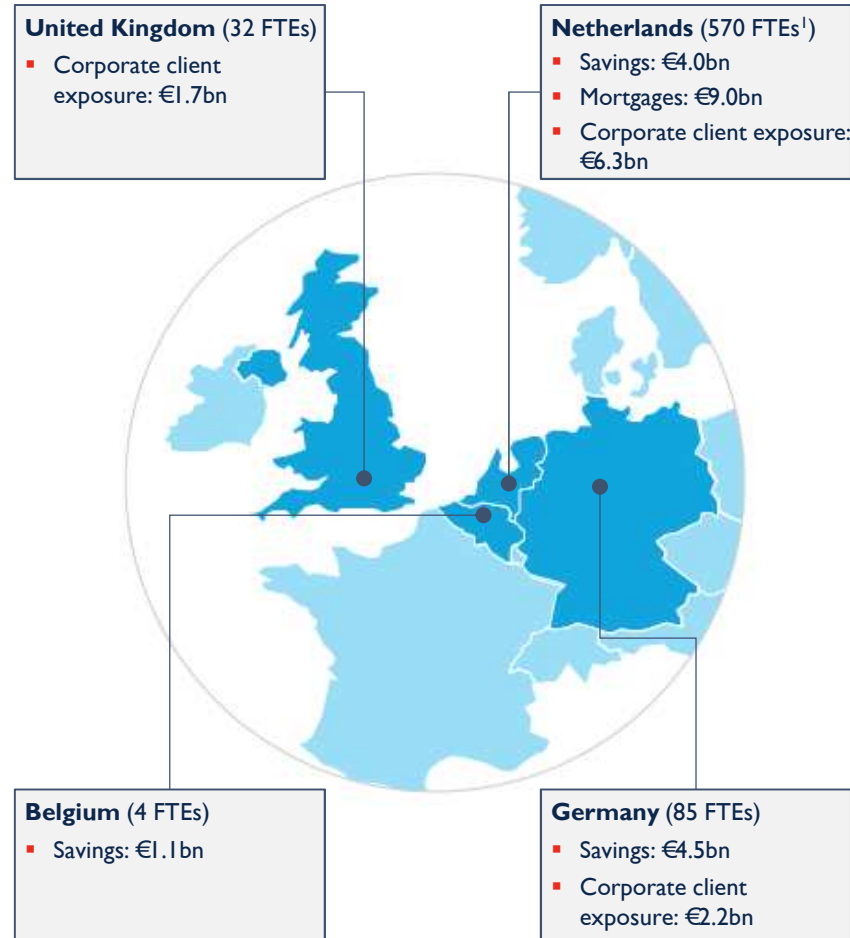
- Agile organisation with an entrepreneurial spirit
- Focus on profitable niches and (sub)sectors
- Modest corporate portfolio size and limited number of clients allow more complete insight and overview
- Culture of empowerment, accountability and action
- Tailored and disciplined risk management culture and risk-adjusted returns strategy
- No current accounts offered and no branch network

## Key indicators

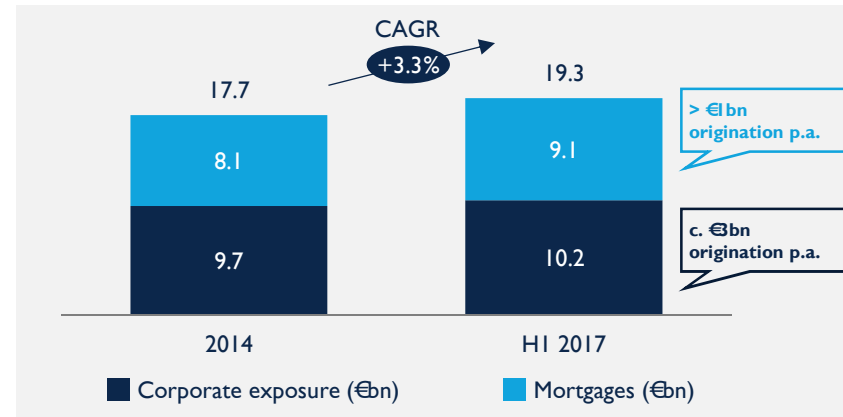
- €23.6bn Total assets
- €1.9bn Equity
- 18.1% CET1 ratio before impact of c. -4% for mortgage reclassification (IFRS 9)<sup>2</sup>
- +58% NPS
- 8.9% ROE<sup>1</sup>

# Targeted growth backed by resilient Northwestern European markets

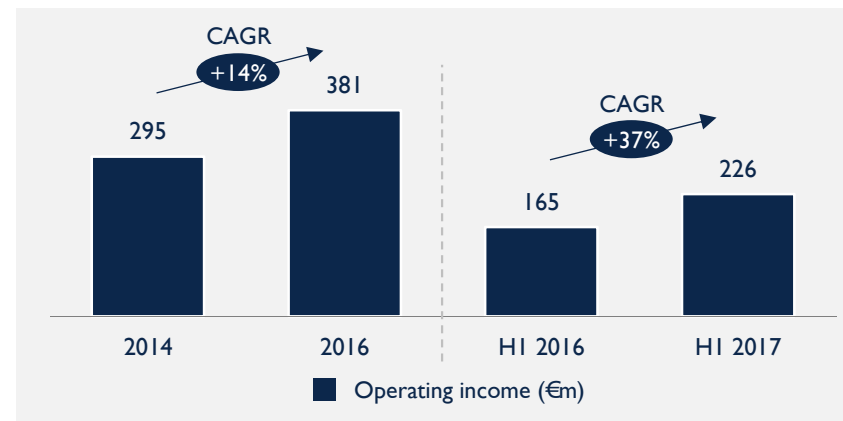
## Focus on Northwestern Europe



## Growing and transforming client exposures...



## ... driving revenues expansion





# Efficient, entrepreneurial and agile culture

## Our purpose

**Making a difference at decisive moments**

## Our heritage

- Founded in 1945 to help rebuild the Netherlands after World War Two
- Evolved from a pure-play longterm lending bank to an enterprising bank offering advisory services, financing and co-investing to our clients

## Key indicators




**THINK YES**

**691** FTEs<sup>1</sup>

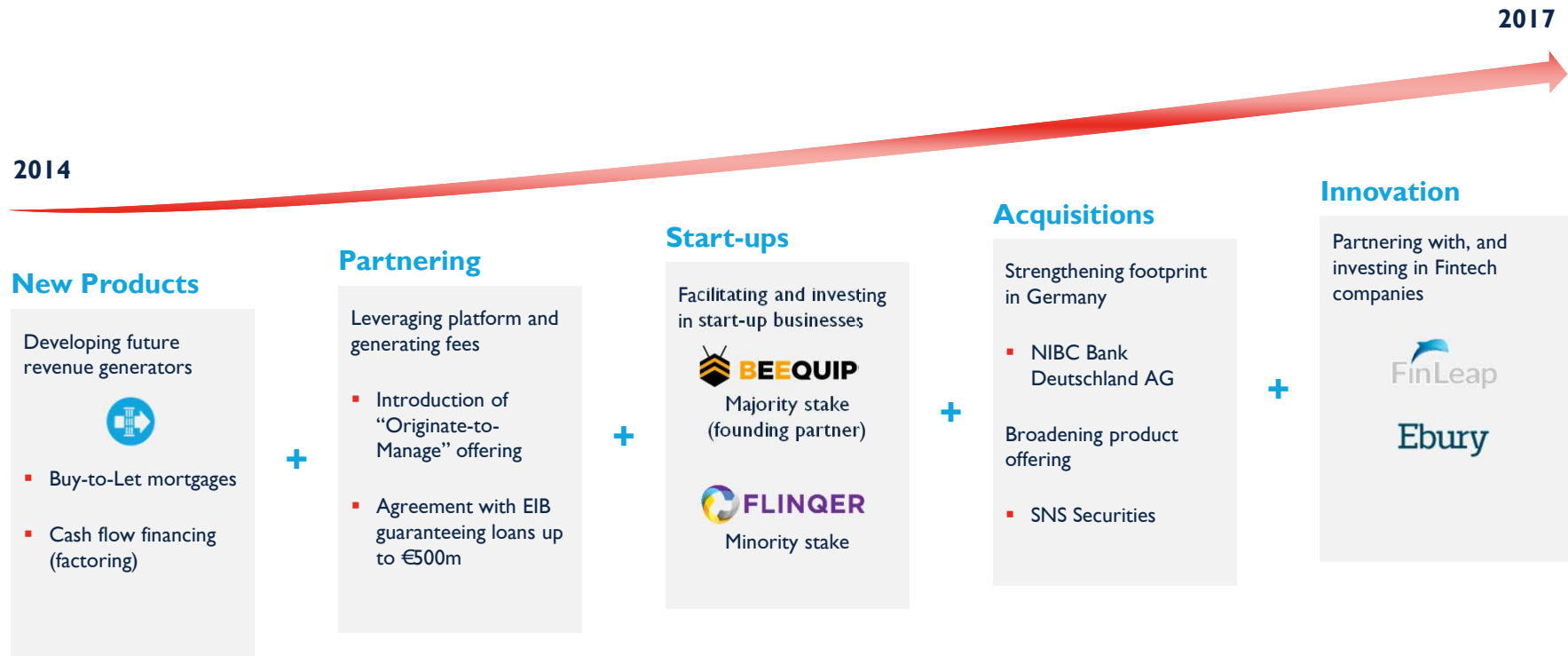
**80%** Employee engagement<sup>2</sup>

**46%** Cost to income ratio<sup>3</sup>

## Our values

		
<b>Professional</b>	<b>Entrepreneurial</b>	<b>Inventive</b>
<ul style="list-style-type: none"><li>▪ In-depth sector knowledge</li><li>▪ Expert financial solutions</li><li>▪ Tailored risk management</li></ul>	<ul style="list-style-type: none"><li>▪ Sound, enterprising bank</li><li>▪ Decisive moments in clients' business and life</li><li>▪ Agile execution</li></ul>	<ul style="list-style-type: none"><li>▪ Bespoke solutions</li><li>▪ Think creatively to meet clients' financial needs</li><li>▪ Structuring DNA</li></ul>

# Continuously anticipating trends and adapting our offering to the future



## Building and transforming upon our core product offering

<p> <b>Financing</b></p> <ul style="list-style-type: none"> <li>Debt financing</li> <li>Leasing</li> </ul>	<p> <b>Corporate Finance &amp; Capital Markets</b></p> <ul style="list-style-type: none"> <li>Mergers &amp; acquisitions</li> <li>Capital structuring</li> <li>DCM &amp; ECM</li> </ul>	<p> <b>Retail Solutions</b></p> <ul style="list-style-type: none"> <li>Mortgages</li> <li>Online savings and brokerage</li> </ul>	<p> <b>Investing</b></p> <ul style="list-style-type: none"> <li>Mezzanine and equity solutions</li> </ul>
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# Flexibility to adapt origination focus ensures attractive risk adjusted returns

## Corporate lending<sup>1</sup>

€4.2bn<sup>2</sup>

- Recent initiatives focused on receivables lending as well as selected equity and mezzanine opportunities, eliminating outsized exposures

## Commercial real estate

€1.4bn<sup>2</sup>

- Exit of legacy files, focus of origination on value added non-standard solutions in Dutch market with typical smaller ticket sizes

## Infrastructure & Renewables

€1.6bn<sup>2</sup>

- Transition to shorter term financing of digital infrastructure assets and renewable projects

## Shipping & Intermodal

€1.4bn<sup>2</sup>

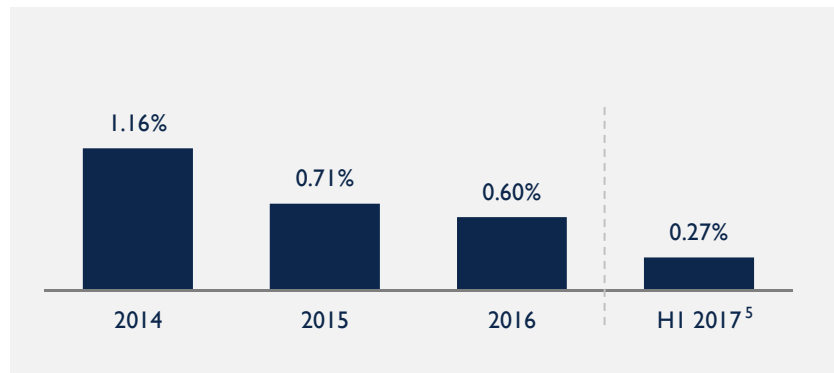
- Moderate portfolio size allows for close monitoring of dry bulk exposure while new focus is on wet bulk and niche segments

## Mortgages (incl. buy-to-let)

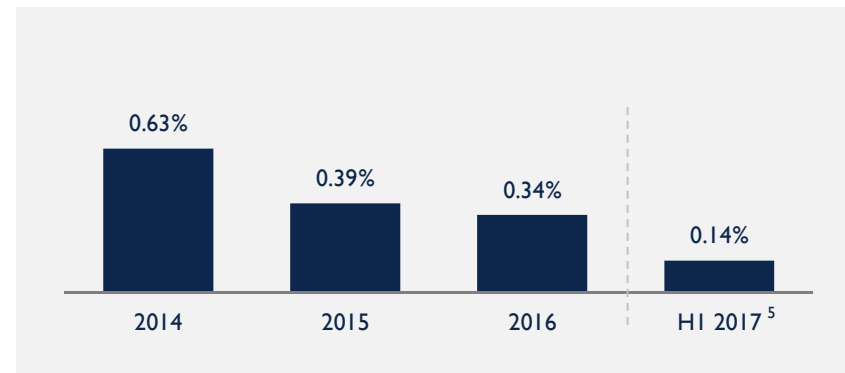
€9.1bn<sup>2</sup>

- Shift from bias to main stream NHG (State guarantee) backed mortgages to non-NHG mortgages and niches such as “buy to let”

## Cost of risk<sup>3</sup>

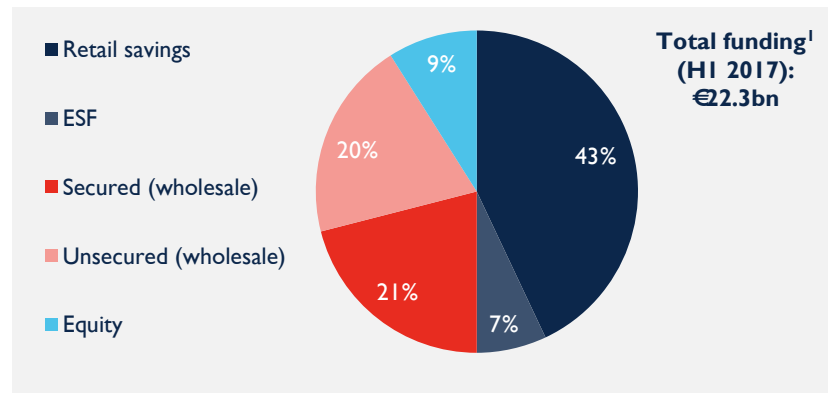


## Impairment ratio<sup>4</sup>

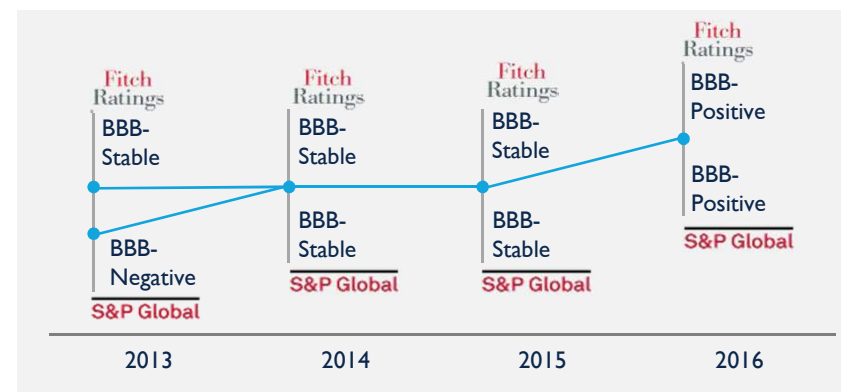


# Improved rating outlook and decreasing cost of funding

## Solid and diversified funding base



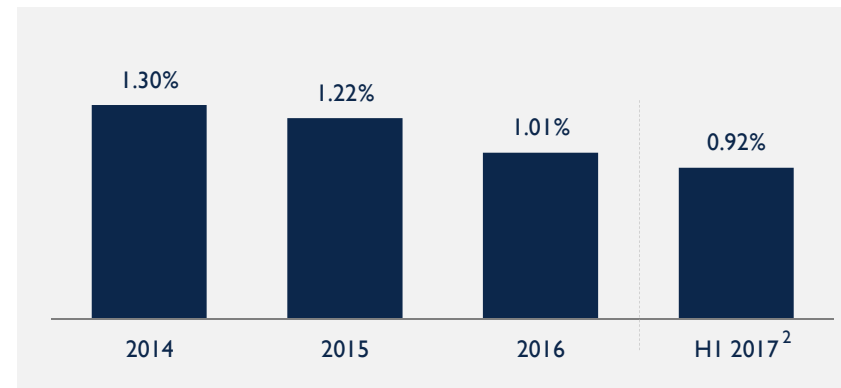
## Positive rating development



## Improved funding: ready for the future

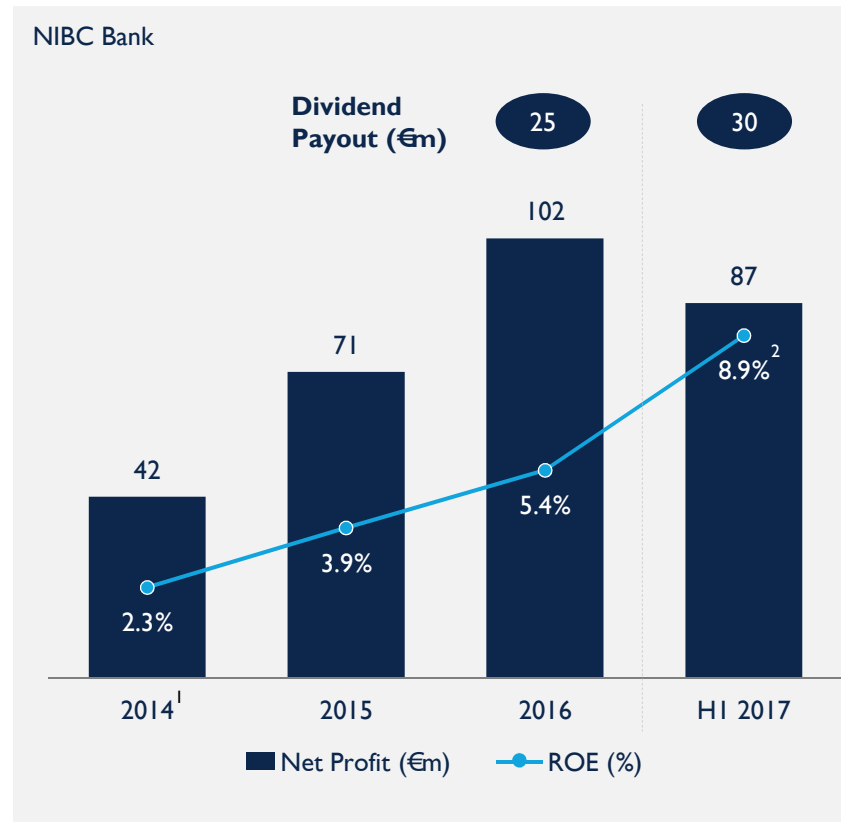
- Repaid all government guaranteed funding
- Restarted issuing wholesale senior unsecured
- Added new funding instruments ESF<sup>3</sup> and (T)LTRO
- Softened redemption scheme funding

## Reducing cost of funding

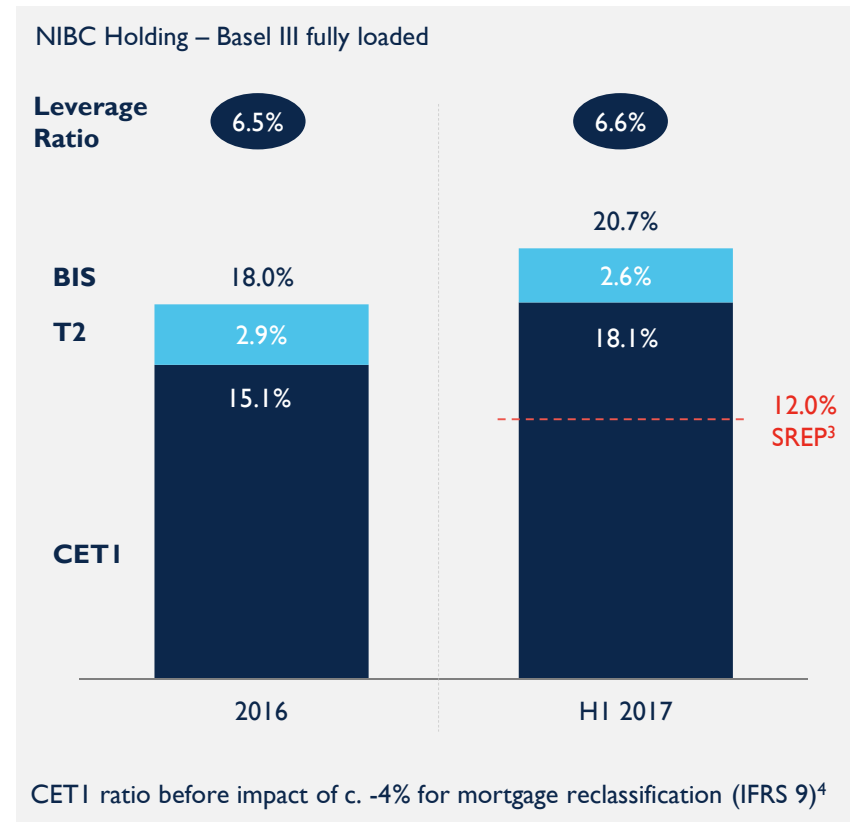


# Strong capital generation allowing attractive dividend capacity

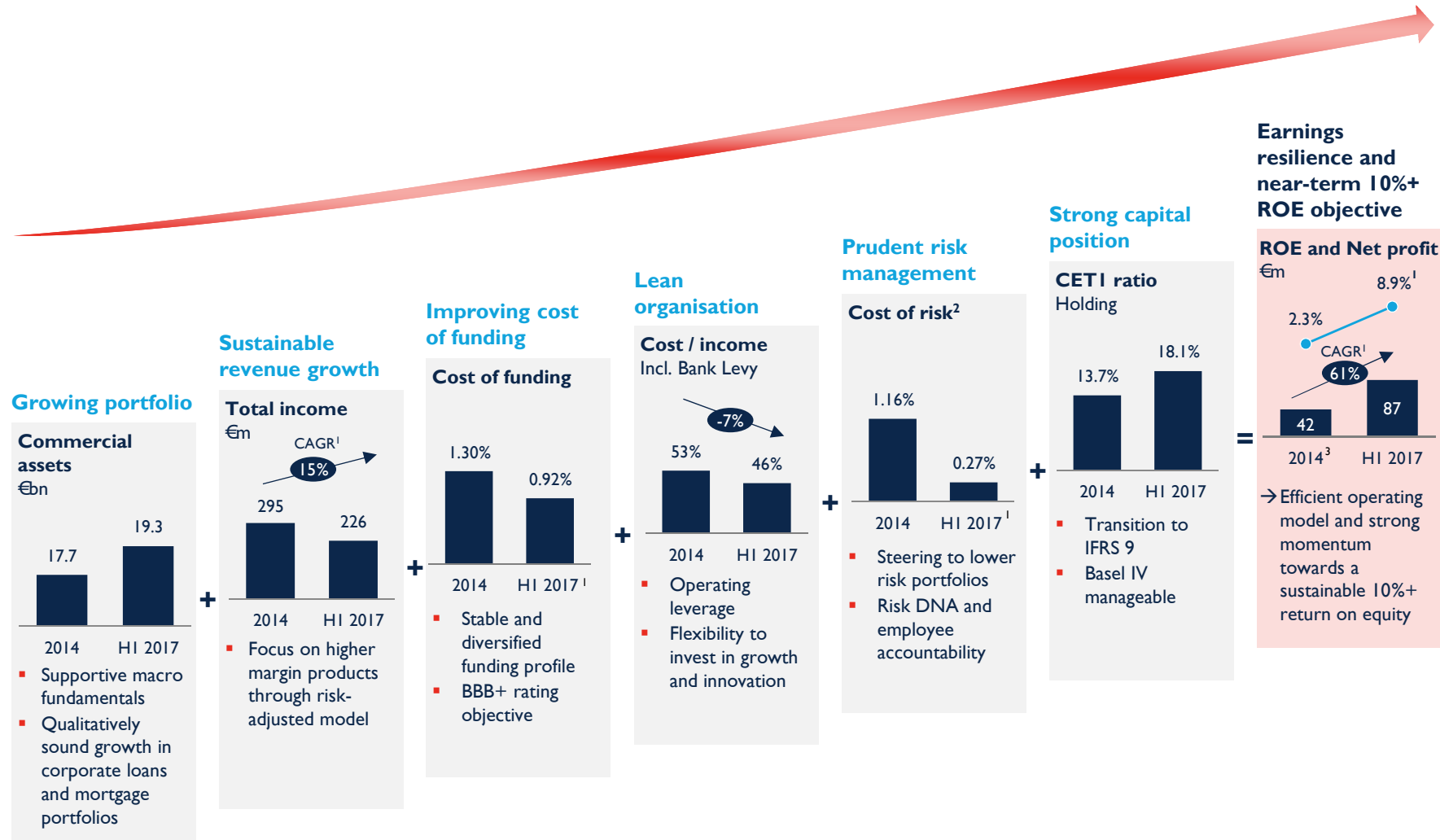
## Significant improvement of performance...



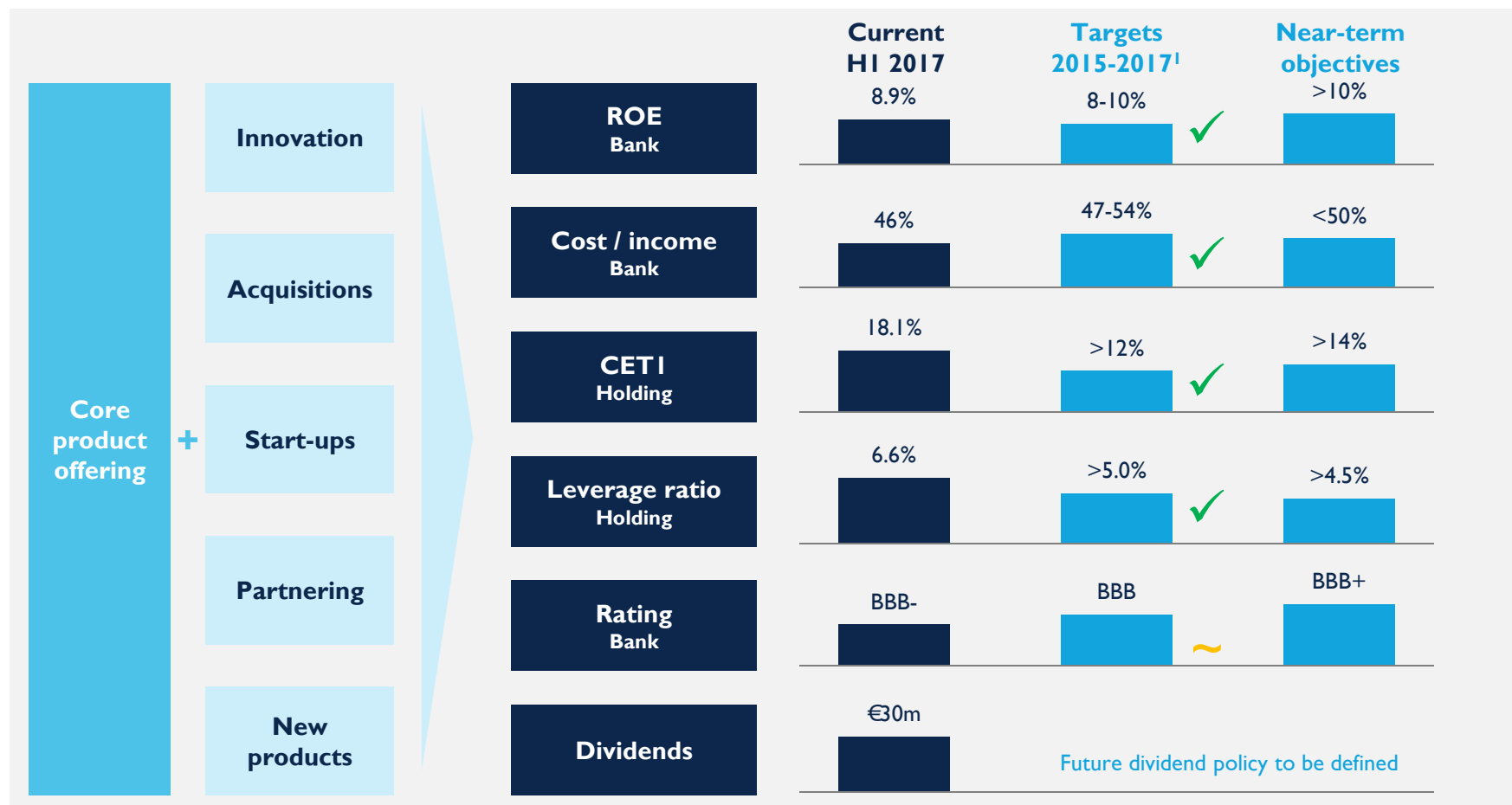
## ... with solid capital position



# Strong fundamentals supporting 10%+ ROE going forward...



...with clear targets and near-term objectives...



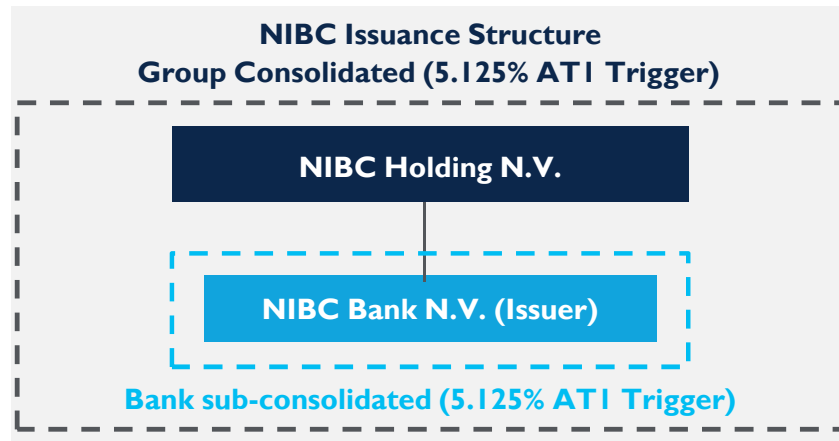
**BACKED BY OUR CURRENT SHAREHOLDER WE HAVE RECENTLY COMMENCED A REVIEW OF OUR STRATEGIC ALTERNATIVES, WHICH MAY INCLUDE A POTENTIAL INITIAL PUBLIC OFFERING**

## 2. Transaction Details



# Transaction Overview: Investment Thesis

## Group structure NIBC



## AT1 transaction rationale

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- Reinforcing already strong leverage ratio (fully-loaded 7.4% at HI 2017)
- RAC eligibility
- Contributing to future MREL requirements

## Summary terms

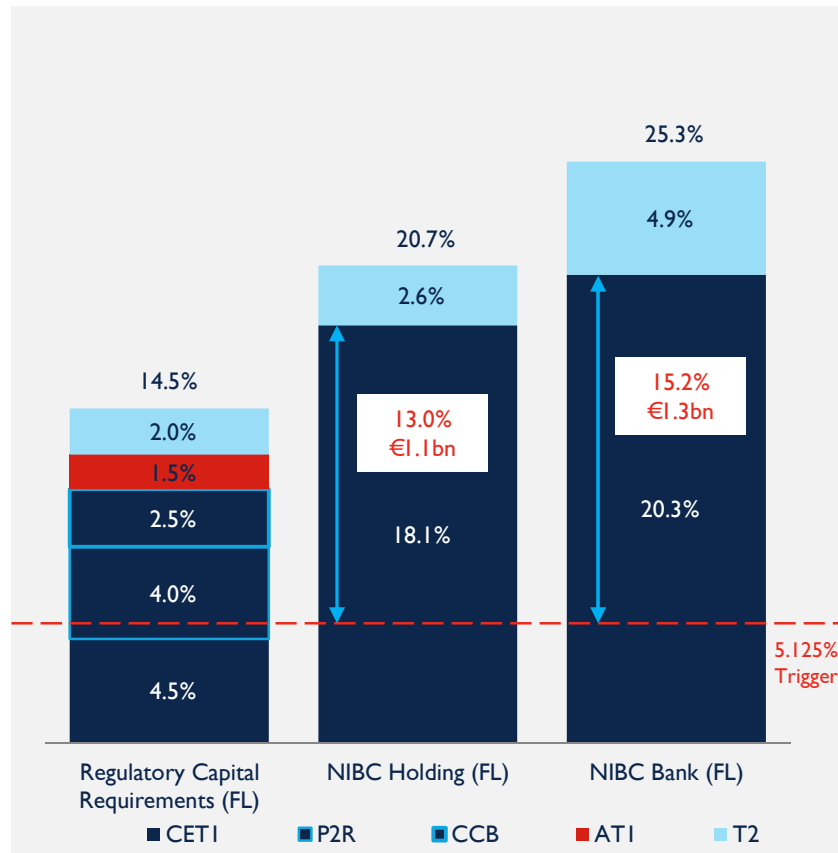
- Additional Tier I Capital issued by NIBC Bank N.V.
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- Callable after [5-7] years and semi-annually thereafter
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- Temporary write-down loss absorption mechanism
- Discretionary, semi-annual, non-cumulative coupons
- Expected rating B+ (S&P)

## Investment thesis<sup>1</sup>

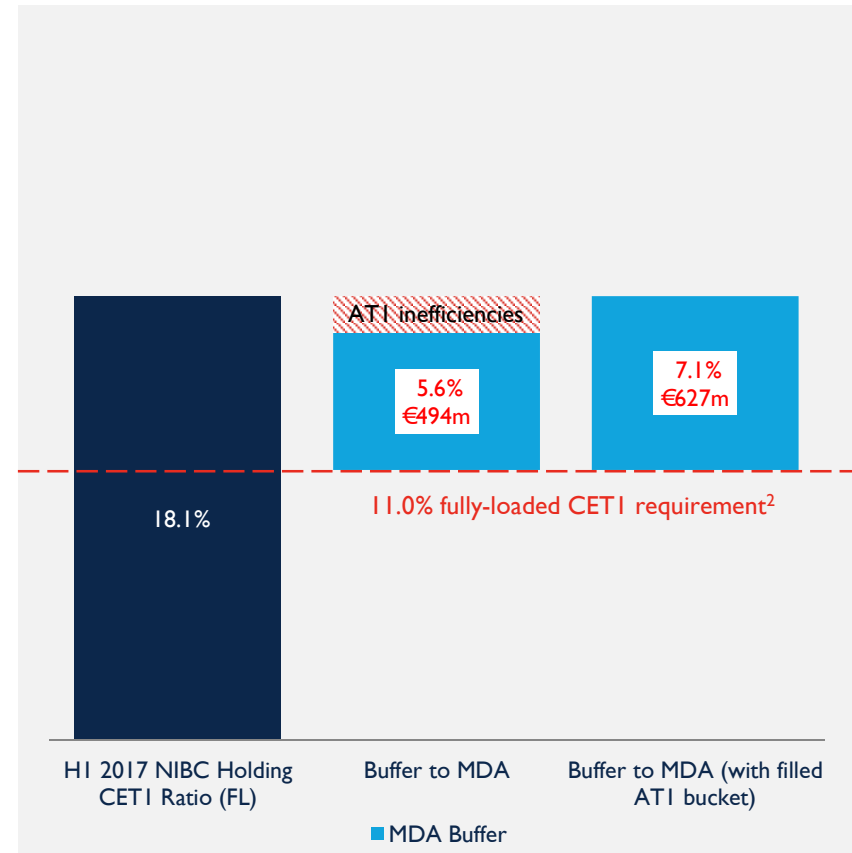
- Solid fully-loaded CET1 ratios: 20.3% (18.1%)
- Ample headroom to trigger: 15.2% (13.0%)
- Large buffer to MDA restrictions: 7.8% (5.6%)
- Robust level of ADIs: over 135x coupon coverage<sup>2</sup>
- Limited amount of AT1 to be issued by NIBC
- Growing franchise and increasing profitability

# Distance to Trigger & MDA Restrictions

Capital requirements vs current capital structure: ample headroom to trigger<sup>1</sup>



Large buffer to MDA restrictions<sup>1</sup>



<sup>1</sup>: CET1 ratios exclude expected IFRS 9 impact from reclassification of NIBC residential mortgage portfolio from fair-value-through-P&L to amortised cost. If NIBC were to implement IFRS 9 based on the H1 2017 figures, the impact is estimated to be approximately 4%. In addition, the impact for NIBC of the IFRS 9 impairment model change from incurred loss to expected loss is expected to come out below the expected market average as reported by EBA  
<sup>2</sup>: Includes 2.5% Capital Conservation Buffer

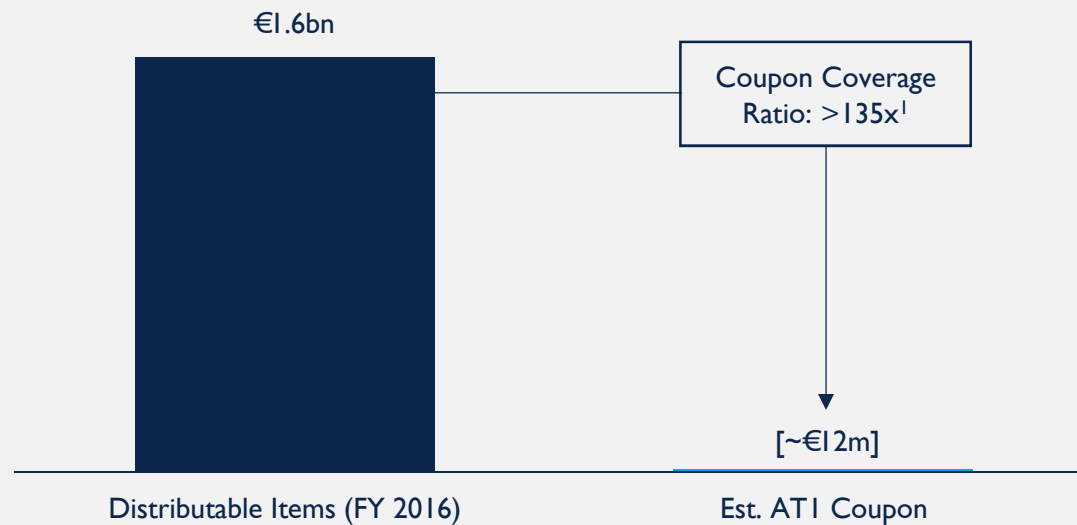
# Capital Management Philosophy & Distribution Capacity

## Dividend policy and capital hierarchy statement

- Future dividend policy to be defined
- Management intends to give due consideration to the capital hierarchy and preserve seniority of claims

## Available Distributable Items (ADI)

- Comfortable ADIs relative to estimated ATI coupon costs
- Growing franchise and increasing profitability support sustainability of coupon distributions









# Summary of the Terms & Conditions of the Transaction

## Summary terms of the additional tier I capital securities

<b>Issuer</b>	<ul style="list-style-type: none"> <li>NIBC Bank N.V.</li> </ul>
<b>Instrument</b>	<ul style="list-style-type: none"> <li>€ [ ] Undated Deeply Subordinated Additional Tier I Fixed Rate Resettable Callable Securities (the “Capital Securities”)</li> </ul>
<b>Issuer Senior Rating<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Baa1 (stable) / BBB- (pos.) / BBB- (pos.) - Moody's / S&amp;P / Fitch</li> </ul>
<b>Expected Issue Rating</b>	<ul style="list-style-type: none"> <li>NR / B+ / NR</li> </ul>
<b>Status</b>	<ul style="list-style-type: none"> <li>Unsecured and deeply subordinated obligations of the Issuer; senior only to the rights and claims of share capital and subordinated obligations ranking, or expressed to rank, junior to the Capital Securities</li> </ul>
<b>Tenor</b>	<ul style="list-style-type: none"> <li>Perpetual NC [5-7]</li> </ul>
<b>Optional Redemption</b>	<ul style="list-style-type: none"> <li>Redeemable at the option of the issuer at the Prevailing Principal Amount on the first call date [ ] or on any Interest Payment Date thereafter, or upon the occurrence of a Tax Event (loss of tax-deductibility or application of Additional Amounts) or Capital Event (full or partial loss of Additional Tier I treatment for the Issuer or the Group). Redemptions subject to prior regulatory approval and Applicable Banking Regulations</li> </ul>
<b>Interest</b>	<ul style="list-style-type: none"> <li>[ ]% semi-annually payable in arrear, reset at the First Call Date and every fifth anniversary thereafter at the 5-year Mid-Swap Rate plus the Initial Margin</li> </ul>
<b>Non-Cumulative Interest Cancellation</b>	<ul style="list-style-type: none"> <li>At any time at the Issuer's discretion. Mandatory cancellation upon insufficient Distributable Items or if payment exceeds the Maximum Distributable Amount or if competent authority orders cancellation</li> </ul>
<b>Loss Absorption Mechanism</b>	<ul style="list-style-type: none"> <li>Temporary write-down upon breach of 5.125% CET1 ratio at Group and/or Issuer; discretionary write-up (subject to certain conditions/restrictions). Subject to statutory PONV</li> </ul>
<b>Governing Law</b>	<ul style="list-style-type: none"> <li>Laws of the Netherlands</li> </ul>
<b>Denominations / Listing</b>	<ul style="list-style-type: none"> <li>€ 200,000 x 1,000 / Luxembourg Stock Exchange</li> </ul>

# ATI Structural Comparison

## Comparison with selected ATI precedents

	 NIBC	 Raiffeisen Bank International	 INTESA SANPAOLO	 ING	 ABN-AMRO	 Acreal Bank
IssueDate	[ ] 2017	Jul 2017	May 2017	Nov 2016	Sep 2015	Nov 2014
Coupon	[ ]	6.125%	6.25%	6.875%	5.75%	7.625%
Size & Currency	€ [ ]	€650m	€750m	US\$1bn	€1bn	€300m
Maturity / First Call	PerpNC[5-7]	PerpNC5	PerpNC7	PerpNC5.5	PerpNC5	PerpNC5.5
Coupon Cancellation	Discretionary, non-cumulative	Disrectionary, non-cumulative	Disrectionary, non-cumulative	Disrectionary, non-cumulative	Disrectionary, non-cumulative	Disrectionary, non-cumulative
Issue Ratings (M / S&P / F)	NR / B+ / NR expected	NR / BB / NR	Ba3 / B+ / B+	Ba1 / NR / BBB-	NR / BB / BB+	NR / NR / BB-
CET1 Trigger Level	5.125% (Bank / Group)	5.125% Bank / Group	5.125% Bank / Group	7% Group	7% Group, 5.125% Bank Solo & Sub	7%
Loss Absorption Mechanism	Temporary Write-down	Temporary Write-down	Temporary Write-down	Conversion	Temporary Write-down	Temporary Write-down
PONV	Statutory	Statutory	Statutory	Statutory	Statutory	Statutory
Format	Reg S	Reg S	Reg S	Reg S	Reg S	Reg S

# Appendix I

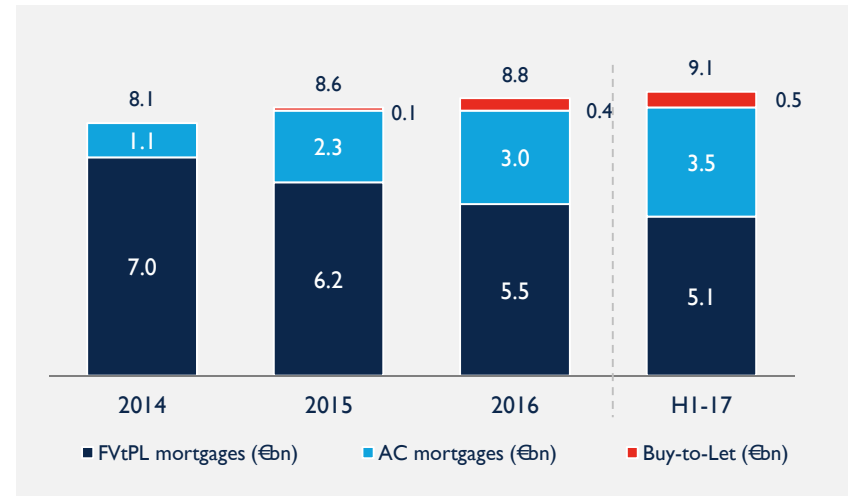
## Mortgage Reclassification: expected IFRS 9 impact

# Expected impact of mortgage reclassification (IFRS 9)

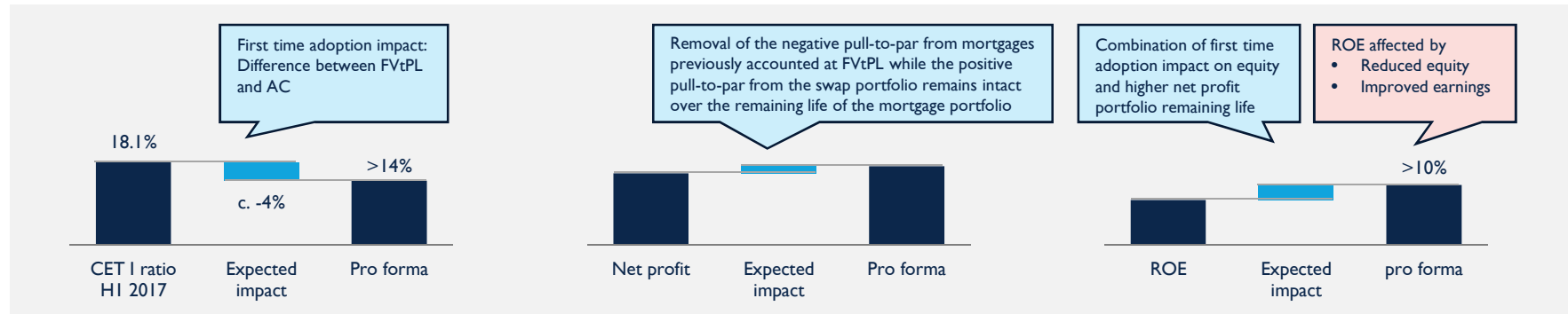
## Mortgage reclassification from IFRS 9 on 1-Jan-2018

- As of 30-Jun-2017, NIBC's mortgage portfolio consists of:
  - Mortgages originated since 2013: held to maturity and accounted for at amortised cost (AC) - €4.0bn
  - Mortgages originated before the crisis: valued at fair value through profit or loss (FVtPL) - €5.1bn**
- FVtPL chosen when IFRS first adopted reflecting NIBC 'originate to distribute' business model at that time
  - FVtPL mortgages in practice now hold to maturity
  - €104m positive pre-tax revaluation accounted on balance sheet as of 30/06/017, consisting of
    - a €362m pre-tax revaluation gain on the mortgages, and
    - a €258m pre-tax revaluation loss on the related hedging swaps
- As of 1/1/2018, NIBC intends to **reclassify its FVtPL mortgage portfolio to AC**, in line with its hold to maturity business model and general market practice, resulting in a one-off loss through shareholders' equity
- If NIBC were to implement IFRS 9 based on the 30/06/2017 figures, the reclassification would result in
  - an **estimated negative impact on NIBC's CET I ratio of approximately 4%**, and
  - a **future positive pull-to-par effect through the income statement** over the remaining life of the portfolio

## Mortgage portfolio evolution



## Preliminary pro forma financial impact of mortgages reclassification (IFRS 9)



# Appendix II

## Key Figures and Balance Sheet



# Key figures NIBC Bank

## Earnings and assets

€m	2014	2015	2016	HI 2017
<b>Earnings</b>				
Operating income	295	316	381	226
Operating expenses	155	177	194	105
Net profit attributable to parent shareholder	24	71	102	87
Net profit before special items	42	71	104	87
Net interest income	247	286	306	177
Net fee and commission income	27	36	32	20
Net trading income	3	(12)	12	2
Impairments	93	63	57	12
Net interest margin <sup>1</sup>	1.28%	1.37%	1.44%	1.54%
Dividend payout ratio	0%	0%	25%	35%
Cost-to-income ratio	53%	56%	51%	46%
Return on equity <sup>2</sup>	1.3%	3.9%	5.4%	8.9%
<b>Corporate &amp; consumer banking assets</b>				
Corporate Banking Assets (Drawn + Undrawn)				
Infrastructure & Renewables	2,070	1,990	1,618	1,582
Industries & Manufacturing	1,118	1,266	1,514	1,766
Shipping & Intermodal	1,357	1,537	1,512	1,366
Commercial Real Estate	1,321	1,293	1,375	1,388
Telecom, Media, Technology & Services	744	968	1,257	1,142
Oil & Gas Services	1,316	1,282	1,233	1,055
Food, Agri, Retail & Health	864	896	1,149	1,260
<b>Total corporate loans (drawn + undrawn)</b>	<b>8,789</b>	<b>9,232</b>	<b>9,658</b>	<b>9,560</b>
Lease receivables	361	221	123	88
Investment loans	154	161	246	258
Equity investments	377	300	262	278
<b>Total corporate banking assets (drawn + undrawn)</b>	<b>9,681</b>	<b>9,914</b>	<b>10,289</b>	<b>10,184</b>
<b>Corporate banking assets (drawn + undrawn) per region</b>				
The Netherlands	2,983	3,304	3,849	4,285
Germany	2,293	2,229	2,378	2,182
United Kingdom	1,788	1,700	1,678	1,723
Other	2,617	2,681	2,384	1,994
<b>Total corporate banking assets (drawn + undrawn)</b>	<b>9,681</b>	<b>9,914</b>	<b>10,289</b>	<b>10,184</b>
<b>Retail banking assets</b>				
Mortgages - The Netherlands	7,891	8,463	8,847	9,008
Mortgages - Germany	167	117	84	67
<b>Total consumer banking assets</b>	<b>8,058</b>	<b>8,580</b>	<b>8,831</b>	<b>9,075</b>

## Asset quality, solvency and funding & liquidity

€m	2014	2015	2016	HI 2017
<b>Asset quality</b>				
Risk-weighted assets	9,646	10,162	10,109	8,773
Cost of risk <sup>3</sup>	1.18%	0.71%	0.60%	0.27%
Impairment ratio <sup>4</sup>	0.63%	0.39%	0.34%	0.14%
NPL ratio <sup>5</sup>	3.4%	3.7%	3.8%	2.8%
Impaired exposure	454	503	629	396
Impaired coverage ratio <sup>6</sup>	38%	34%	33%	49%
Top-20 exposure / Common Equity Tier-I	104%	86%	79%	75%
Exposure corporate loans that display an arrear > 90 days	0.8%	0.7%	0.9%	0.9%
Exposure residential mortgages that display an arrear > 90 days	1.0%	0.7%	0.6%	0.5%
Loan to value Dutch Residential mortgages <sup>7</sup>	82%	84%	85%	84%
Loan to value BTL mortgages	n/a	61%	56%	61%
<b>Solvency information<sup>8</sup></b>				
Shareholder's equity	1,831	1,886	1,969	2,023
Subordinated liabilities	320	400	398	387
Group capital base	2,151	2,286	2,367	2,409
Balance sheet total	23,331	23,229	23,580	23,769
Common Equity Tier-I ratio	15.5%	15.6%	16.8%	20.3%
Tier-I ratio	15.5%	15.6%	16.8%	20.3%
BIS ratio	19.3%	20.0%	21.3%	25.3%
Leverage ratio	7.0%	7.2%	7.3%	7.4%
<b>Funding &amp; liquidity<sup>9</sup></b>				
LCR	128%	201%	124%	261%
NSFR	108%	113%	112%	118%
Loan-to-deposit ratio	154%	143%	148%	146%
Asset encumbrance ratio <sup>10</sup>	35%	29%	29%	27%
Retail savings / Total funding	47%	48%	45%	43%
Secured funding / Total funding	30%	24%	22%	21%
ESF / Total funding	5%	6%	6%	7%
S&P rating & outlook	BBB- / Stable	BBB- / Stable	BBB- / Positive	BBB- / Positive
Fitch rating & outlook	BBB- / Stable	BBB- / Stable	BBB- / Positive	BBB- / Positive
Moody's rating & outlook (unsolicited and non-participative)	Baa3 / Stable	Baa1 / Stable	Baa1 / Stable	Baa1 / Stable
<b>Other information</b>				
Assets under management for third parties	1,732	1,703	1,538	1,787

## Key figures NIBC Bank (continued)

### Notes to the key figures

1. 12 months net interest income / 12 months average interest-bearing assets
2. Net profit attributable to parent shareholder / total shareholder's equity at the beginning of the year
3. Impairments & credit losses mortgages in net trading income / average total risk weighted assets (RWA)
4. Impairments / average carrying value of loans and mortgages
5. Total non-performing exposure (corporate and consumer loans); non-performing exposure determined at customer level
6. Impairment amounts recognised on corporate and retail exposures / impaired corporate and retail exposures. Impairment amounts includes amounts recognised as IBNR
7. Loan-To-Indexed-Market-Value (LTIMV), excluding NHG guaranteed mortgages
8. The solvency information is based on the CRR / CRD IV regulation, calculated for NIBC Bank consolidated on a fully loaded base and including the half-year net profit and taking into account the proposed dividend payment
9. All funding & liquidity ratios with exception of loan-to-deposit are calculated at NIBC Holding level; loan-to-deposit ratio is calculated at NIBC Bank level
10. Encumbered assets & total collateral received re-used / total assets & total collateral re-used

## Balance Sheet NIBC Bank

### Assets

€m	2015	2016	HI 2017
Cash and banks	2,491	2,346	3,385
Loans	7,790	8,380	8,113
Lease receivables	212	123	88
Residential mortgages	8,767	9,020	9,263
Debt investments	1,377	1,375	1,019
Equity investments	277	252	271
Derivatives	2,151	1,817	1,499
All other assets	165	267	131
<b>Total assets</b>	<b>23,229</b>	<b>23,580</b>	<b>23,769</b>

### Liabilities

€m	2015	2016	HI 2017
Retail funding	10,016	9,721	9,571
Funding from securitised mortgages	2,062	1,337	759
Covered bonds	1,513	2,028	2,008
ESF	1,127	1,230	1,503
All other senior funding (Wholesale)	3,735	4,650	5,876
Tier 1 & Subordinated funding	400	398	387
Derivatives	2,350	2,006	1,499
All other liabilities	139	241	144
<b>Total liabilities</b>	<b>21,343</b>	<b>21,611</b>	<b>21,746</b>
<b>Shareholder's equity</b>	<b>1,886</b>	<b>1,969</b>	<b>2,023</b>
<b>Total liabilities &amp; shareholder's equity</b>	<b>23,229</b>	<b>23,580</b>	<b>23,769</b>

## Balance Sheet NIBC Holding

### Assets

€m	2015	2016	HI 2017
Cash and banks	2,512	2,386	3,399
Loans	7,397	7,931	7,703
Lease receivables	212	123	88
Residential mortgages	8,767	9,020	9,263
Debt investments	1,377	1,375	1,019
Equity investments	277	252	271
Derivatives	2,141	1,811	1,499
All other assets	470	597	396
<b>Total assets</b>	<b>23,153</b>	<b>23,495</b>	<b>23,638</b>

### Liabilities

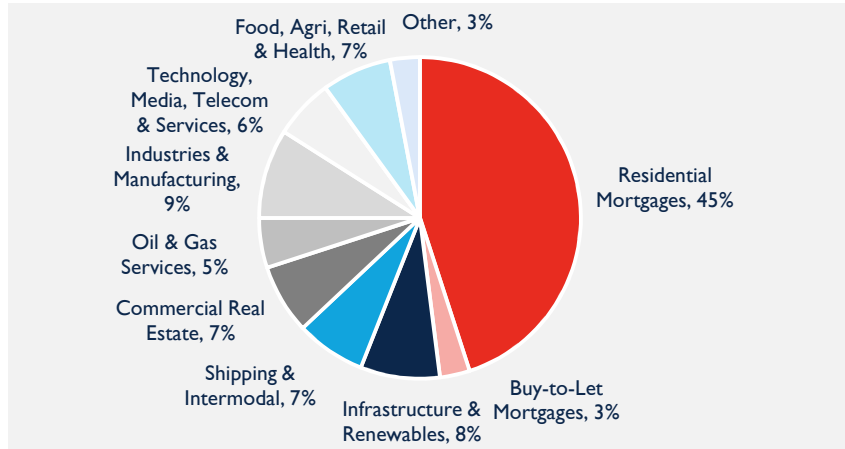
€m	2015	2016	HI 2017
Retail funding	10,016	9,721	9,571
Funding from securitised mortgages	2,062	1,337	759
Covered bonds	1,513	2,028	2,008
ESF	1,127	1,230	1,503
All other senior funding (Wholesale)	3,786	4,674	5,868
Tier 1 & Subordinated funding	400	398	387
Derivatives	2,350	2,006	1,499
All other liabilities	158	281	162
<b>Total liabilities</b>	<b>21,418</b>	<b>21,676</b>	<b>21,757</b>
<b>Shareholder's equity</b>	<b>1,735</b>	<b>1,819</b>	<b>1,881</b>
<b>Total liabilities &amp; shareholder's equity</b>	<b>23,153</b>	<b>23,495</b>	<b>23,638</b>

# Appendix III

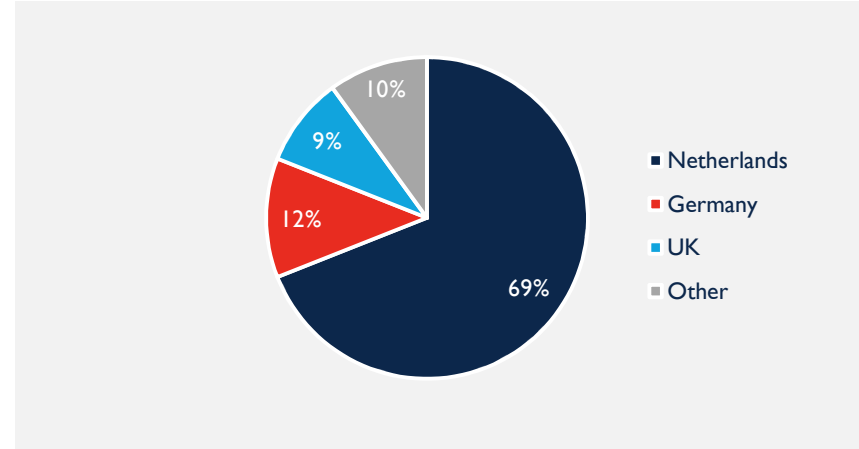
## Asset Quality

# Strong and Diversified Asset Base (HI 2017)

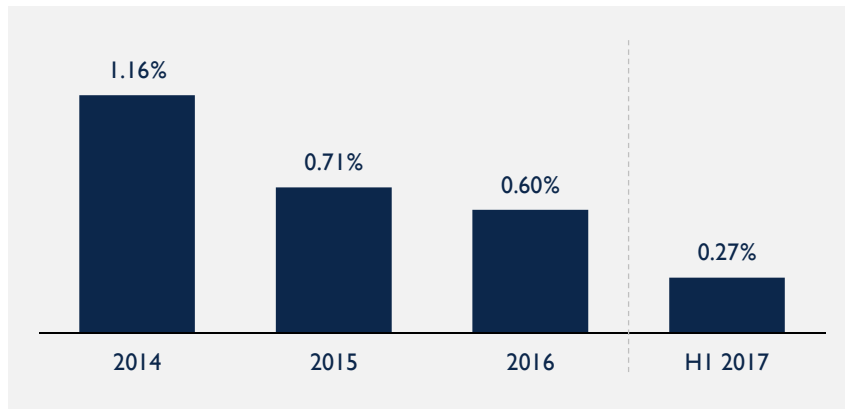
## Well diversified client assets (€19.3bn)



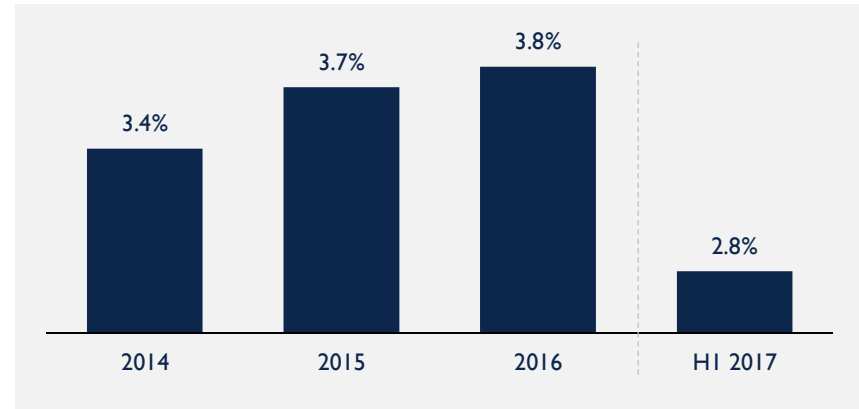
## Focus on north-western Europe



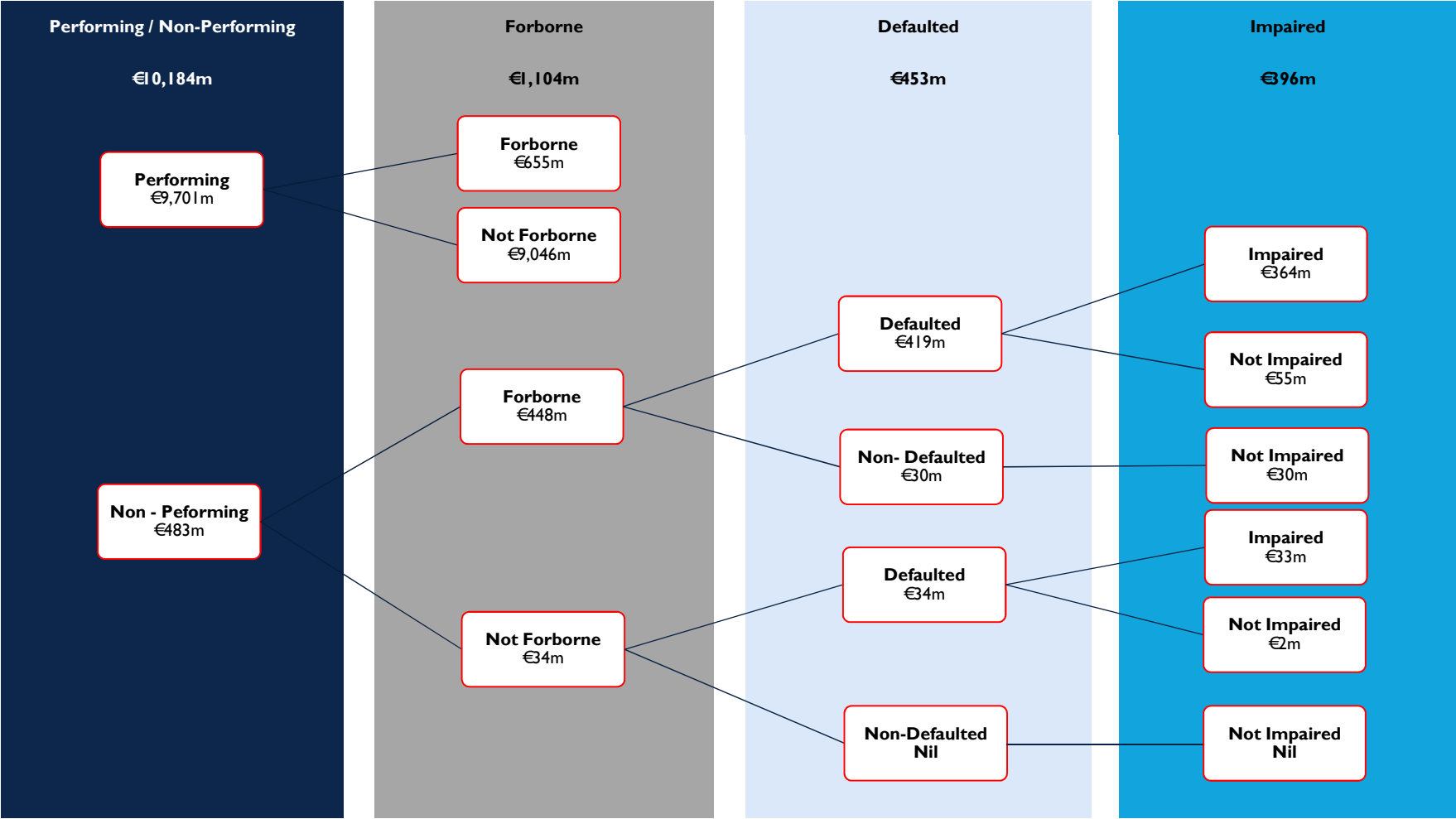
## Declining cost-of-risk<sup>1</sup>



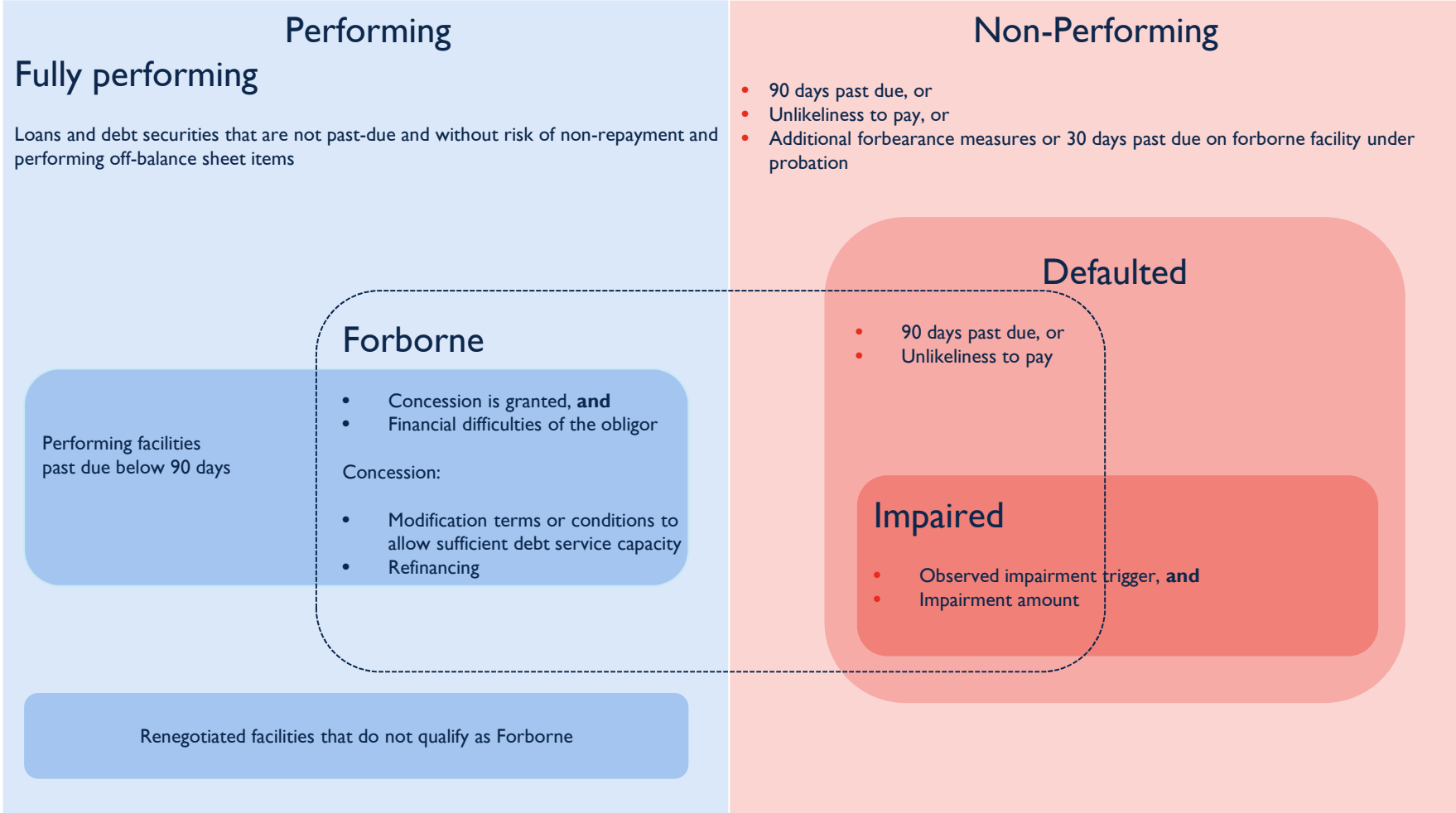
## Declining NPL



# Corporate Loan Portfolio Performance (HI 2017)



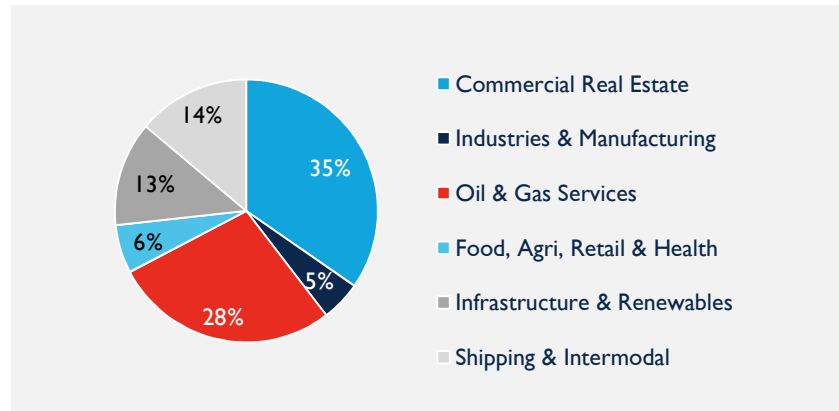
# Impaired, Defaulted, Non-Performing and Forborne Reference Card: Determination Guidance



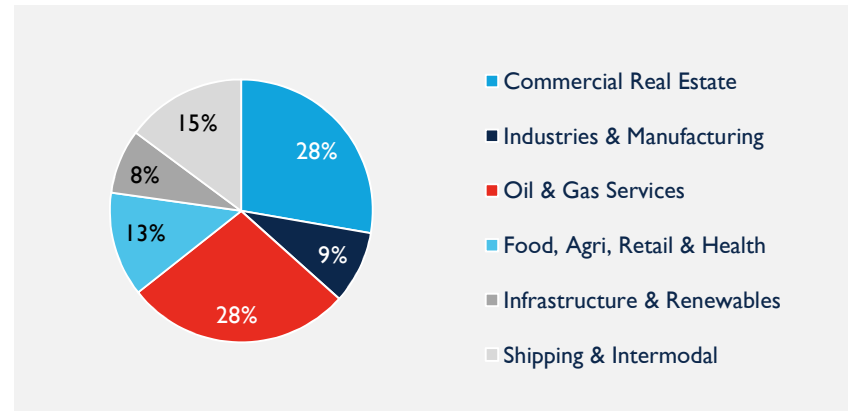


# Asset Quality: Corporate Banking (H1 2017)

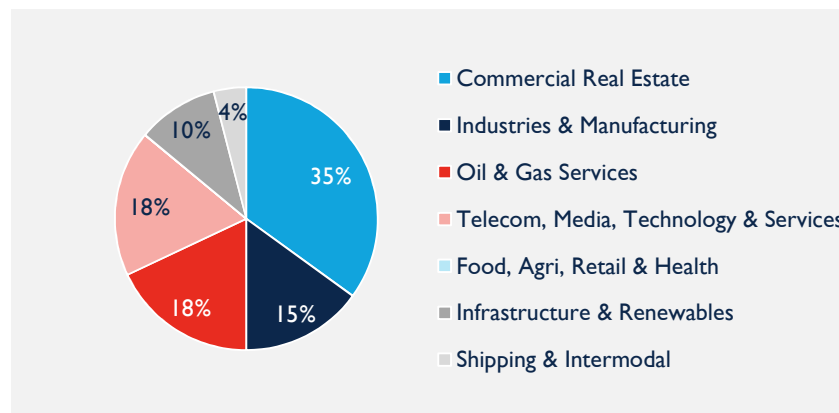
Impaired exposure: €96m



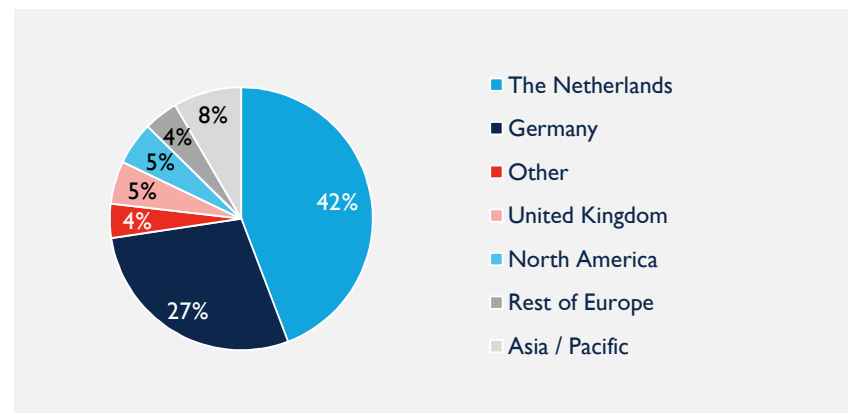
Outstanding impairments: €194m



Top-20 exposures at €1.3bn, split per sector<sup>1</sup>



Top-20 exposures at €1.3bn, split per region

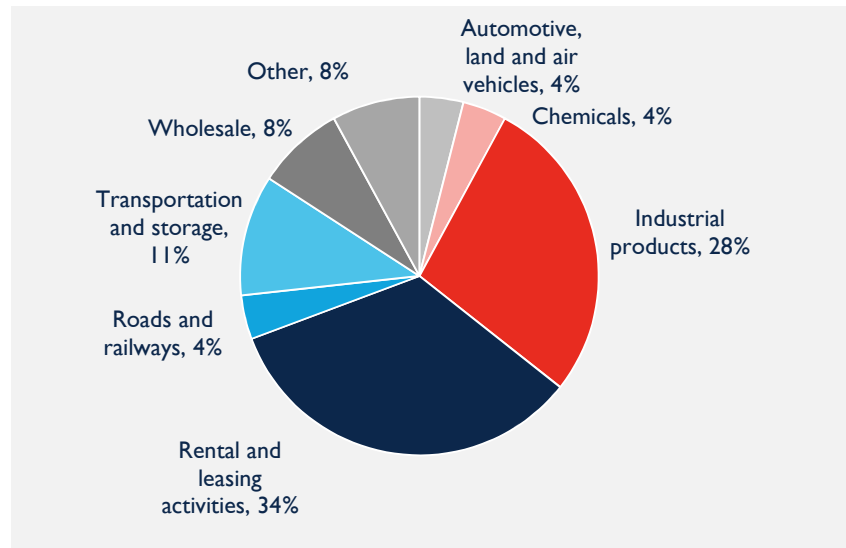


# Industries & Manufacturing

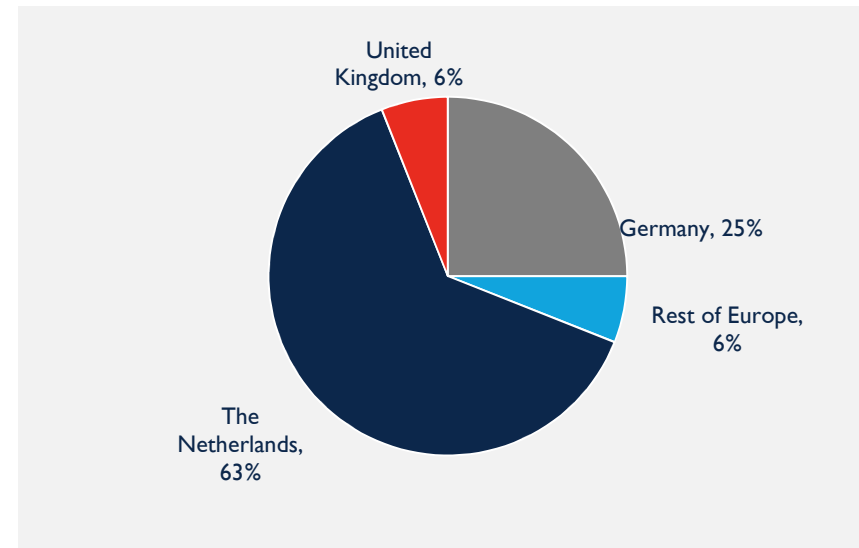
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	1,118	1,266	1,514	1,766
Non-performing exposure	3.3%	3.2%	2.0%	1.2%
Impaired exposure	2.9%	2.4%	1.8%	1.1%
Coverage ratio	18%	41%	53%	77%

## Exposure per sector



## Exposure per region

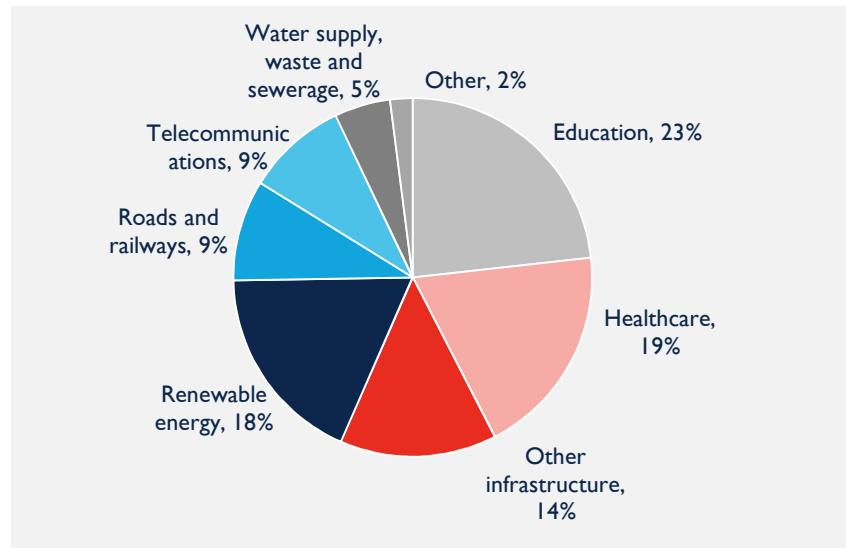


# Infrastructure & Renewables

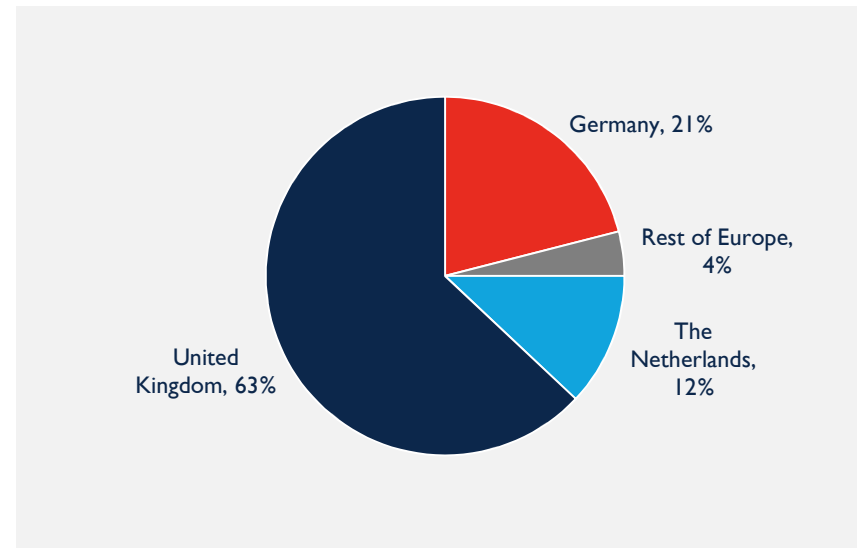
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	2,070	1,990	1,618	1,582
Non-performing exposure	2.5%	2.6%	3.2%	3.2%
Impaired exposure	2.2%	2.2%	3.2%	3.2%
Coverage ratio	21%	31%	28%	29%

## Exposure per sector



## Exposure per region

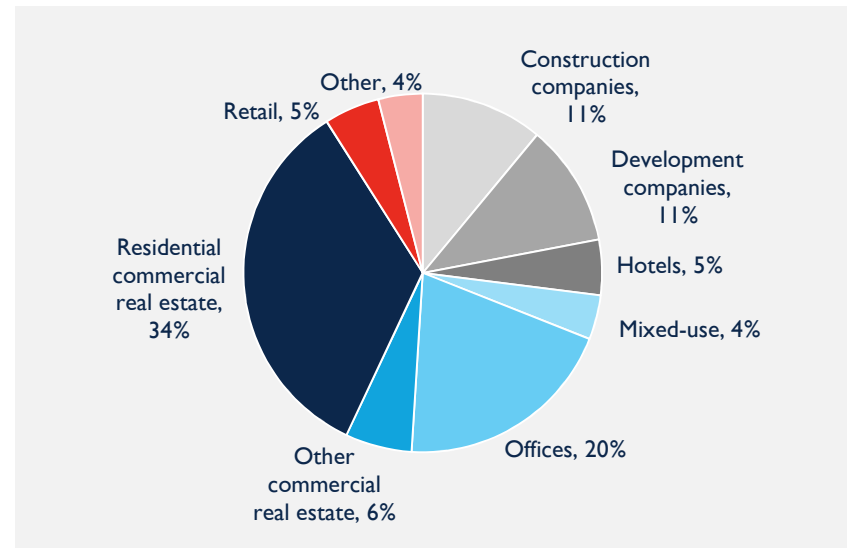


# Commercial Real Estate

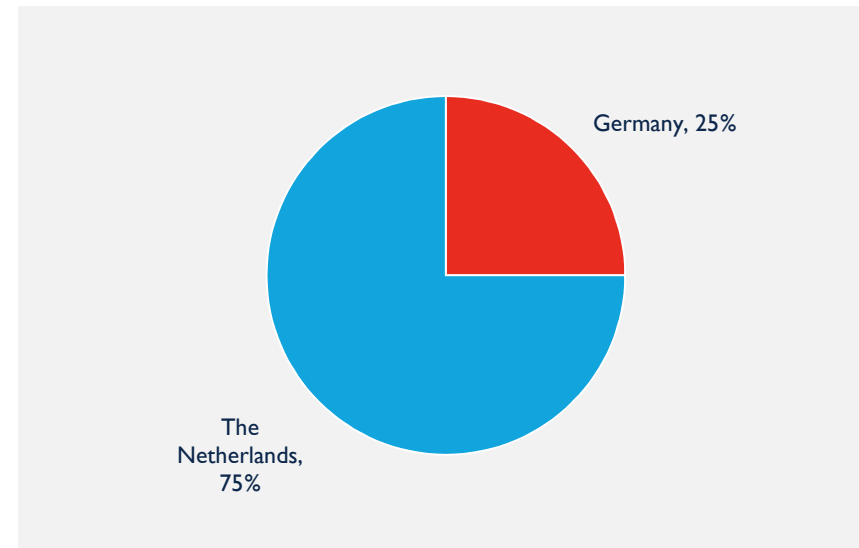
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	1,321	1,293	1,375	1,388
Non-performing exposure	25.2%	29.6%	26.4%	9.9%
Impaired exposure	23.0%	26.0%	26.4%	9.9%
Coverage ratio	33%	27%	21%	36%

## Exposure per sector



## Exposure per region

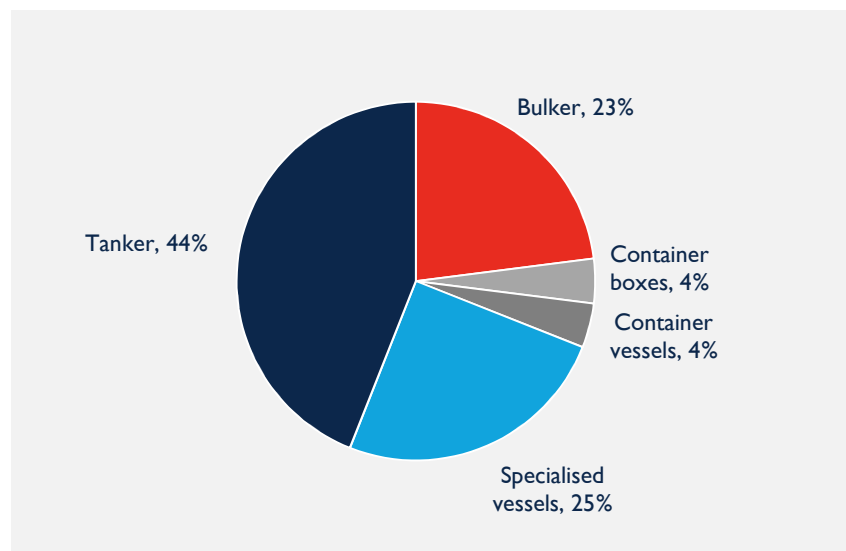


# Shipping & Intermodal

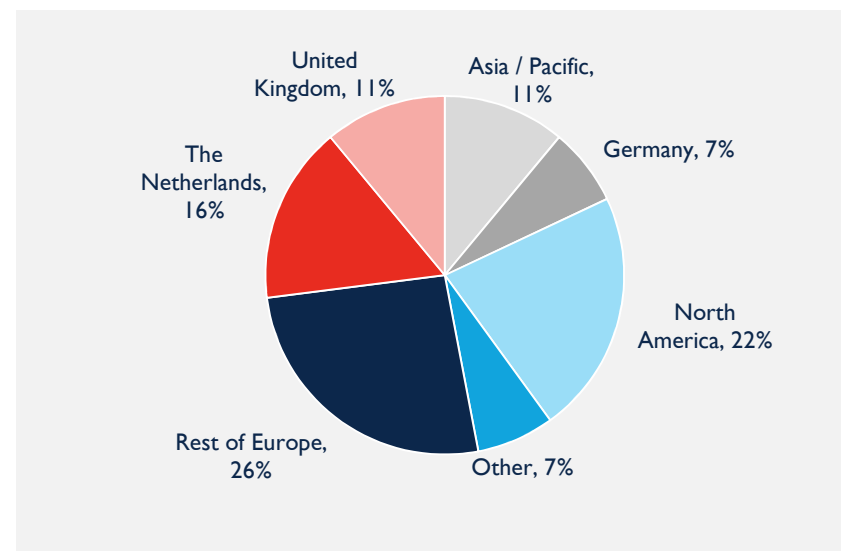
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	1,357	1,537	1,512	1,366
Non-performing exposure	3.6%	2.4%	3.8%	5.4%
Impaired exposure	3.6%	0.6%	3.8%	4.0%
Coverage ratio	75%	20%	48%	48%

## Exposure per sector



## Exposure per region

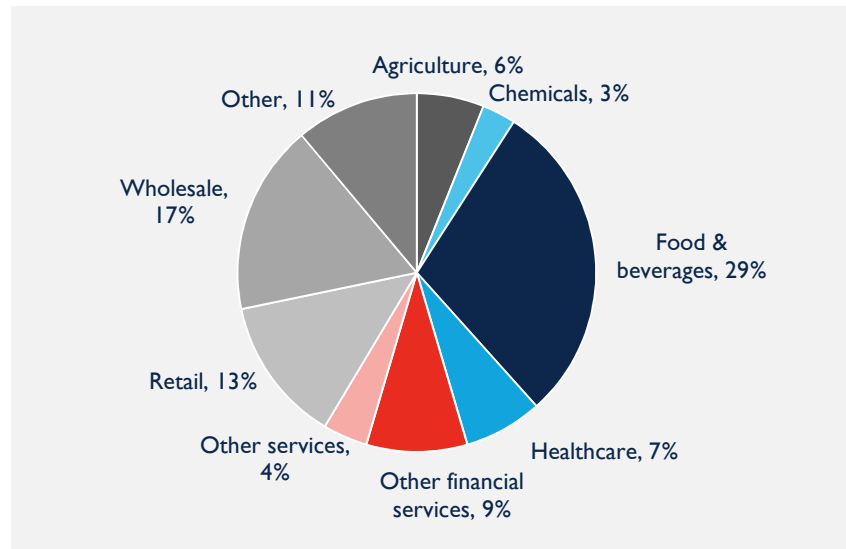


# Food, Agri, Retail & Health

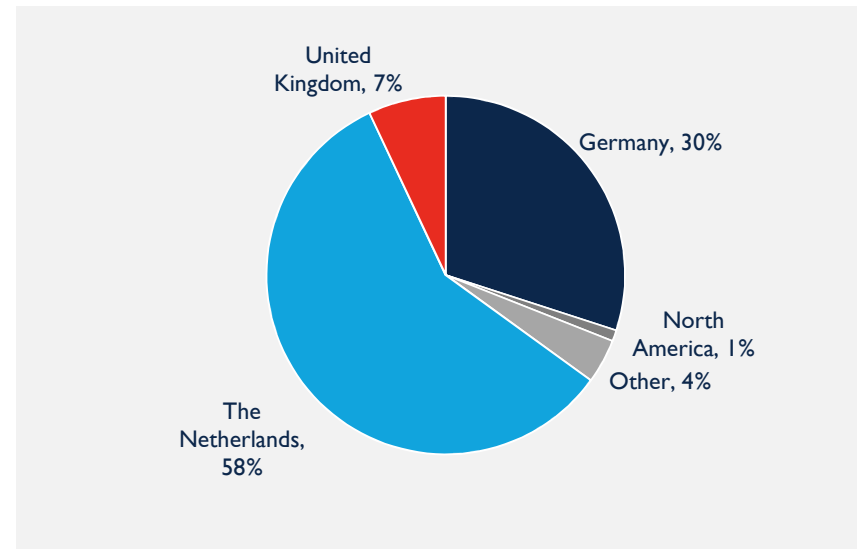
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	864	896	1,149	1,260
Non-performing exposure	1.3%	1.3%	2.6%	2.6%
Impaired exposure	1.2%	1.2%	2.6%	1.7%
Coverage ratio	61%	63%	55%	100%

## Exposure per sector



## Exposure per region

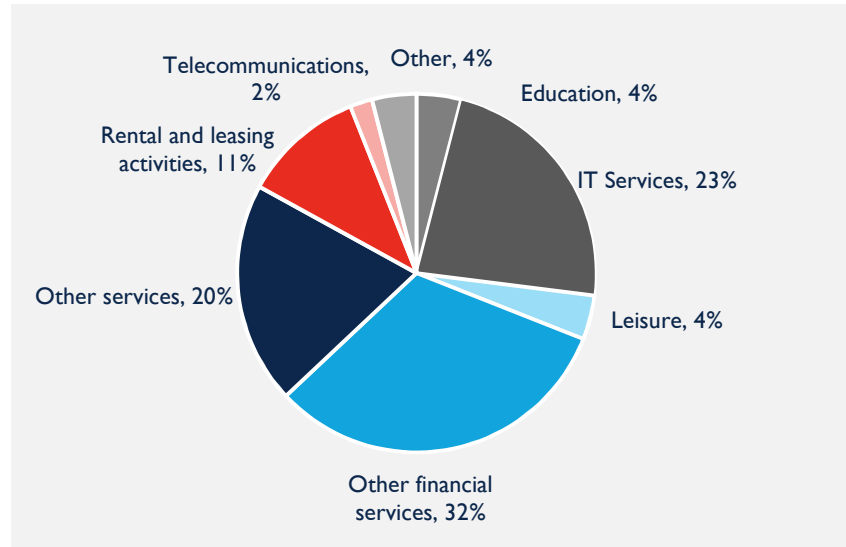


# Telecom, Media, Technology & Services

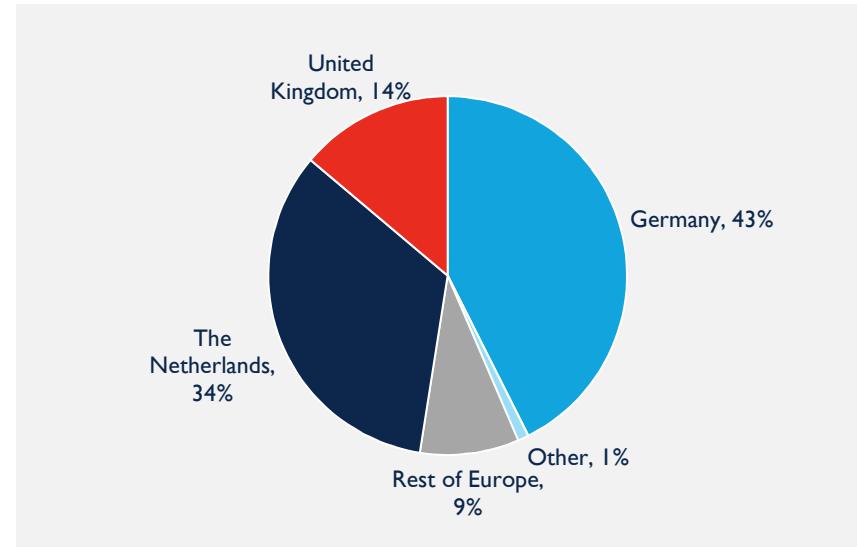
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	744	968	1,257	1,142
Non-performing exposure	3.8%	3.3%	1.0%	1.8%
Impaired exposure	1.9%	2.4%	1.0%	0.0%
Coverage ratio	40%	60%	53%	100%

## Exposure per sector



## Exposure per region

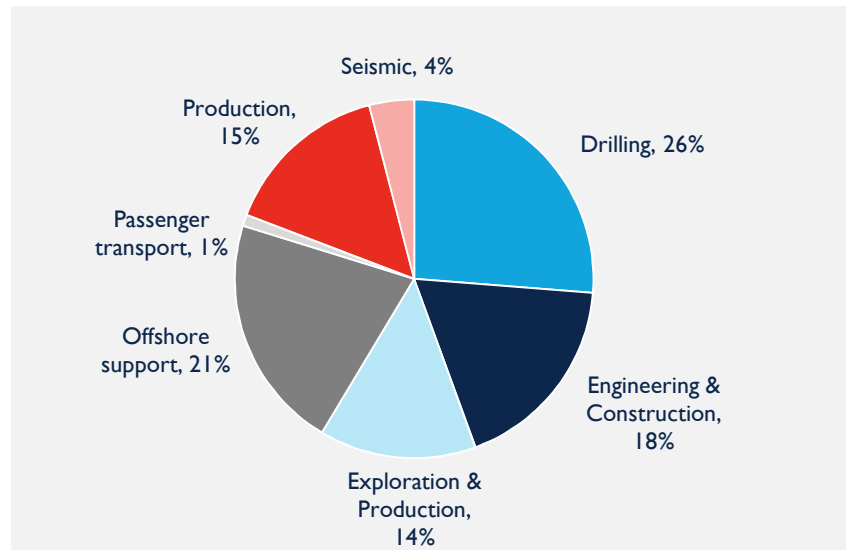


# Oil & Gas Services

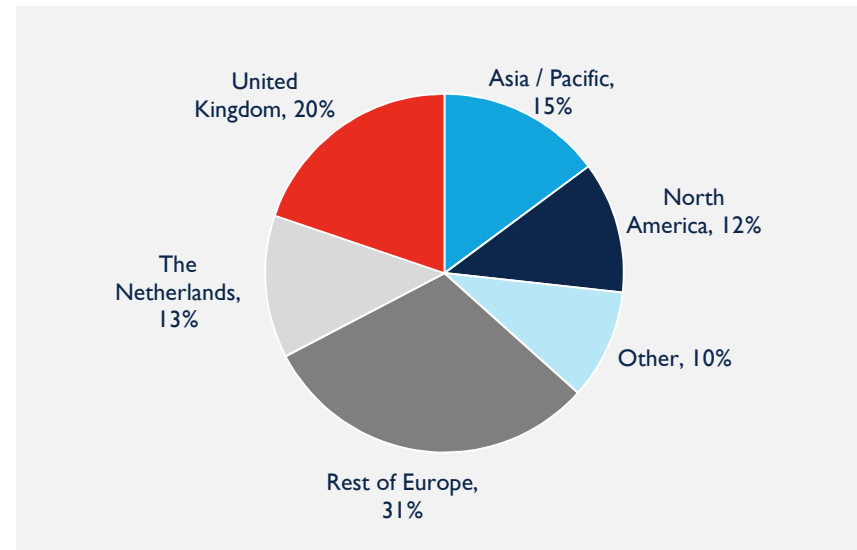
## Credit quality

	2014	2015	2016	HI 2017
Exposure (€m)	1,316	1,282	1,233	1,055
Non-performing exposure	0.0%	3.8%	9.2%	13.7%
Impaired exposure	0.0%	3.8%	7.0%	10.5%
Coverage ratio	n/a	47%	36%	44%

## Exposure per sector



## Exposure per region





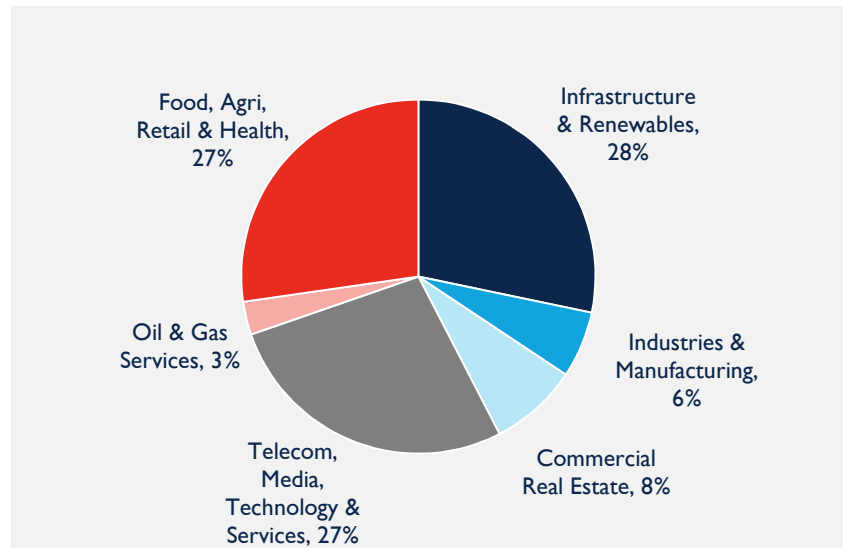
# Equity and Investment Loans

## Introduction

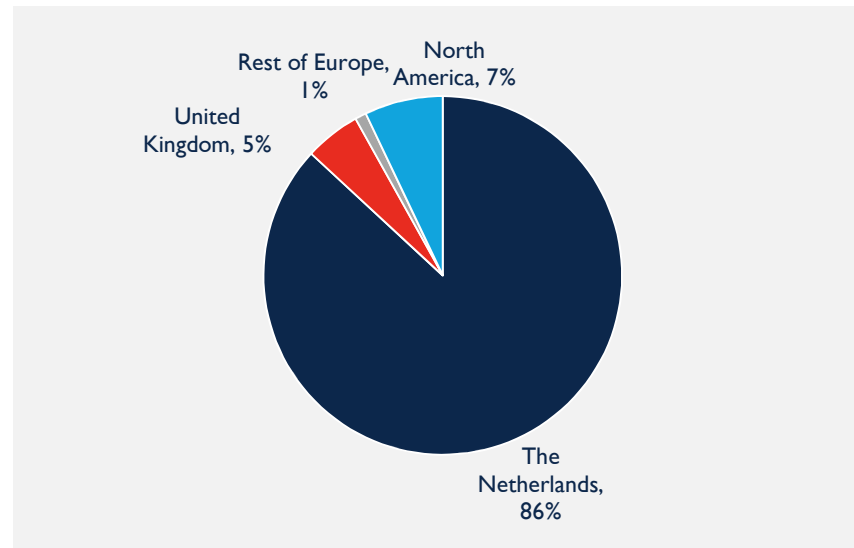
Investment portfolio is concentrated in the Netherlands

- Investment portfolio of €0.54bn at 30 June 2017, split between €278m equity exposure and €258m investment loan exposure

## Exposure per sector

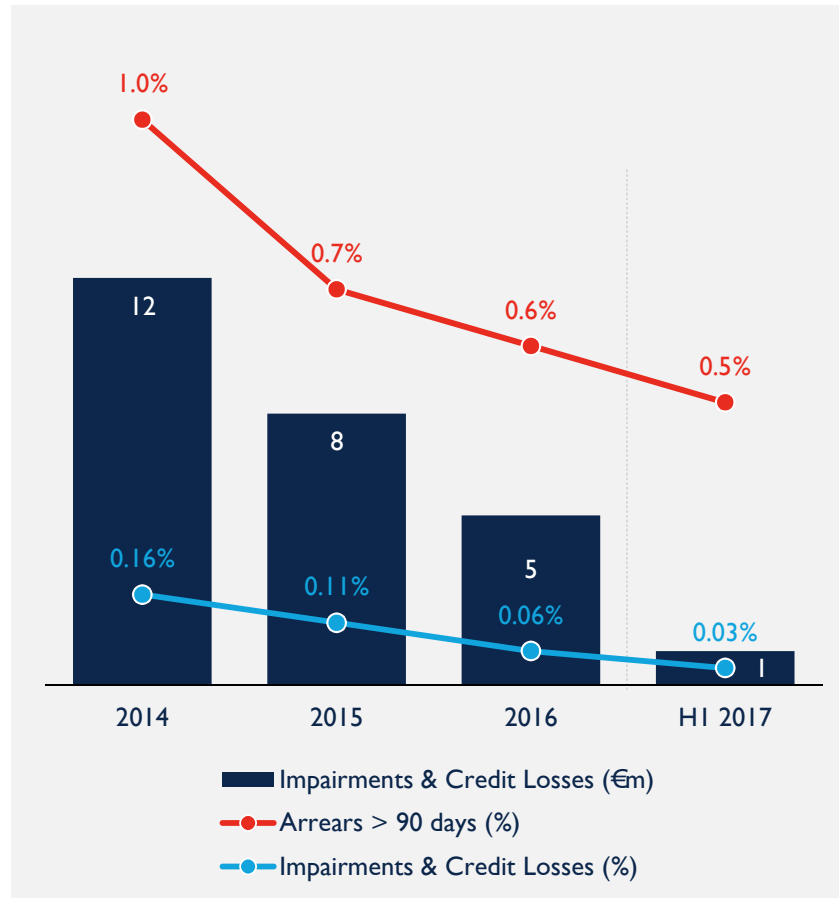


## Exposure per region



# Asset Quality: Retail Banking (HI 2017)

Mortgage loan arrears, impairments and credit losses trending down



Portfolio indexed LtMV decreased over the past few years: 84% for HI 2017

