PRESS RELEASE

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NIBC reports net profit of EUR 3 million in first half of 2020 (H1 2019: EUR 83 million) and an increased CET 1 ratio of 18.5%

Business highlights:

- **We continue to support our clients also in these unprecedented times. Initially fully focused on supporting existing clients, we are open for new business focusing on those transactions that fit our franchise and our risk appetite in retail and selected corporate asset classes;**
- **Total assets for corporate clients were however EUR 1 billion lower due to conscious rebalancing and reduction of our cyclical sectors and high pre- and repayments in other sectors;**
- **On the retail client side origination of mortgages continued to be strong with total origination of EUR 2.2 billion in H1 2020, surpassing the EUR 15 billion mark (+10% versus 31 December 2019) for the total mortgage portfolio (including a 30% growth for originate-to-manage), with the Buy-to-Let portfolio showing growth of 7%.**

Financial highlights:

- **Net profit significantly impacted by elevated levels of credit losses of EUR 84 million, including a EUR 20 million management overlay reflecting continued COVID-19 uncertainty. This overlay was added to credit loss expenses, consisting of EUR 5 million of expected credit loss allowance (ECL) attributable to the retail mortgage portfolio and EUR 15 million of ECL attributable to the corporate portfolios;**
- **Supported by stable net interest income of EUR 208 million and stable net fee and commission income, but negatively impacted by lower investment income and negative other income, operating income reported of EUR 215 million (-14%) compared to EUR 251 million in H1 2019;**
- **Operating expenses of EUR 117 million in line with H1 2019. Due to lower operating income, the cost/income ratio increased to 54%;**
- **Return on Equity (ROE) close to zero in the first half of 2020;**
- **Solvency ratios continued to be strong, with a CET 1 ratio of 18.5% reflecting the continued and actively managed reduction of RWA’s, the addition of retained earnings for 2019 and exits in our equity investment portfolio in H1 2020. Liquidity coverage ratio (LCR) is well above the 2019 level with elevated liquidity buffers providing for a strong liquidity position.**

Statement of the CEO, Paulus de Wilt:

"We currently live in unprecedented times. The COVID-19 pandemic continues to influence our personal lives, families, and communities. In turn, businesses and economies are impacted on a scale we have not seen before. And the end is not yet in sight, as some countries are still battling or recovering from the first wave, while numbers of COVID-19 infected people in other countries have again started to increase, fuelling further uncertainty as to where this might go. We are adapting our way of dealing with each other, keeping 1.5 m distance and wearing more and more face masks seeking to get control on the further spread of the COVID-19 virus. All this while a second wave is lurking and the race for a vaccine continues without any certainty as to a clear timetable.

When COVID-19 first surfaced in the Netherlands at the end of February, a COVID-19 crisis team was installed and quickly scaled up, co-chaired by two members of the Managing Board. In the first months, our priority was the safety and well-being of our colleagues and clients, with bi-daily meetings of the COVID-19 crisis team. As we have offices in several countries, keeping a clear view on the virus developments across different countries was and remains important in order to take timely and appropriate actions in each country. Supported by the continued investments in IT and our organisation in the past years, we have seamlessly transitioned to working from home since the 16th of March, for all our offices. Like many other companies we are now gradually and in a safe manner facilitating our staff to work at our offices again. I doubt however that in general our work environment will go back to pre-COVID-19 circumstances any time soon, if ever.

Amidst the continued global macro-economic and geopolitical uncertainty, we announce our half year results 2020. With the first quarter being more or less unaffected by COVID-19, also the succeeding period started off to remain relatively quiet. Government support schemes were quickly launched helping large numbers of individuals and companies to address the first challenges of COVID-19. And even though headline after headline was filled with COVID-19 related news with negative impact on businesses, no alarming issues revealed themselves as if we were in the eye of the storm. Unfortunately not for long, as through our clients we slowly but surely see the negative effects of COVID-19 being translated to our portfolios. Half year results are thus clearly impacted by COVID-19, and are substantially lower than our own ambitions and our previous expectations for 2020 with bottom line results almost evaporated to a net profit EUR 3 million.

On the client side, for the first half of 2020, performance of the retail (mortgage) client offering proved to be resilient. The corporate client side has been impacted more severely by COVID-19, significantly impacting overall net profit by the elevated level of credit loss expenses due to the COVID-19 pandemic. Furthermore, the first half of 2020 is only the midpoint of this year, and uncertainty remains as to a potential second wave, as well as to the effects of ending government support schemes later on this year. Given these circumstances, and after having followed our normal credit review process, we have decided to add an additional EUR 20 million of management overlay to the credit loss expenses in the profit and loss for the first half of 2020. This consists of EUR 5 million of expected credit loss allowance (ECL) attributable to the retail portfolios and EUR 15 million of ECL attributable to the corporate portfolios. As we have always done, we will continue to look with great caution at how the markets in which we operate will develop. We will focus on those transactions that fit our franchise and our risk parameters as we remain selectively open for business.

Despite the challenging market circumstances on the corporate client side, we continue investing further in selected activities and asset classes like leasing through Beequip, commercial real-estate lending, also via our new Oimio label, and receivable finance, while at the same time continue to rebalance and reduce our exposures in other sectors. Furthermore, we expanded our digital infrastructure franchise, realised several equity divestments from our investment book, and were pleased to see the successful delisting of VolkerWessels for which we provided a large part of the financing and acted as advisor to Reggeborgh. Our leasing offering through Beequip, offering (second hand) rolling stock leasing equipment to the Dutch local market displayed a positive result of EUR 2 million, with a 14% growth of the portfolio. Our 'originate-to-manage' portfolio on the corporate client side increased with 270 million in H1 2020 to approximately EUR 1 billion. Total assets on the corporate client side decreased with EUR 1.0 billion, due to conscious reduction of our cyclical sectors and high pre- and repayments in other sectors. Active portfolio management with close cooperation between business and risk management, and our partner Oaknorth, proved to be very useful in these challenging times.

Aligned with our overall rebalancing strategy over the past years, we have been growing further on the retail client side. Contrary to what might be expected in a crisis, mortgage origination levels were very strong in the first half of 2020. Total origination equaled EUR 2.2 billion, of which originate-to-manage was EUR 1.5 billion, still supported by the continuing low-for-longer interest rate environment. Again, we have been able to provide more clients with a suitable mortgage offering, bringing our total retail client assets to over EUR 15 billion. Our owner-occupied mortgage portfolio for own book remained stable, while the Buy-to-Let portfolio showed a healthy increase of 7%. Supported by our competitive originate-to-manage (OTM) offering, the OTM portfolio grew by EUR 1.3 billion (+30%) to EUR 5.6 billion, with OTM mandates further increased in the first half of 2020 to EUR 8.8 billion at the end of June 2020.

Fitch conducted an industry review in light of the COVID-19 pandemic, and decided on 1 April 2020 in line with other rating actions across the industry, to put the BBB rating of NIBC on rating watch negative. S&P decided on 23 April 2020 to change the outlook of the BBB+ rating of NIBC from stable to negative (and affirmed the BBB+ rating).

We continue to focus on asset quality and a further rebalancing of our exposures, both on- and off-balance, while actively managing our risk weighted assets. Despite all external developments, our capital position remains strong as reflected in a CET 1 ratio of 18.5% at the end of June 2020. With our liquidity coverage ratio (LCR) well above its 2019 level and elevated liquidity buffers at the end of June 2020, our liquidity position is also strong and able to address both the COVID-19 uncertainties as well as the intended merger between the NIBC Bank Deutschland AG and NIBC Bank N.V.

On the cost side, operating expenses were stable compared to H1 2019. However, due to lower operating income, the cost/income ratio increased to 54%, coming from 46% in the first half of 2019.

Last but not least, in the first half of 2020, we jointly announced the public offer by Blackstone on all NIBC shares at the end of February. With the macro-economic developments and the changes we have seen in the world around us, several announcements related to the transaction have been made. I refer to our website to all details including the relevant timelines going forward. On August 7th, the offer launch press release was published together with the Offer Memorandum, the position statement and the convocation for the EGM on 7 October 2020.

I am excited we have been able to announce this important next step for the future of our company with the launch of the Offer last Friday. With Blackstone, NIBC will have a strong partner to support our strategy through the current challenging environment and continue to seek to innovate through new avenues of growth.

In these unprecedented times, I am grateful for the commitment and dedication of our people towards their work and our clients. Driven by our ‘Think Yes’ mentality and the entrepreneurial spirit of our people, we will be able to weather the current storm. The ability to rebalance and develop new activities is at the core of our business. And as we face the challenges brought to us by the COVID-19 pandemic together, I am confident we will also find new opportunities. In doing so, we will continue to put the wellbeing of our people first in order to be there on the decisive moments of our clients, now and in the future.”

NIBC Holding N.V. – Key Figures

in EUR millions	IFRS 9 H1 2020	IFRS 9 H1 2019	IFRS 9 2019
Operating income	**215**	**251**	**537**
Operating expenses	**117**	**116**	**237**
Net operating income	**98**	**135**	**300**
Impairments of financial and non financial assets	84	21	49
Tax	5	25	45
Profit after tax	**9**	**89**	**206**
Profit attributable to non-controlling shareholders (AT-1)	6	6	12
Profit after tax attributable to shareholders	**3**	**83**	**194**
Return on equity	0.3%	9.7%	11.4%
CET 1 ratio	18.5%	16.1%	17.1%
Cost/income ratio	54%	46%	44%

We refer to our Condensed Consolidated Interim Financial Report published on our website for further information.

For more information, visit our website at https://www.nibc.com/ or contact:

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About NIBC

NIBC is best suited to help entrepreneurs at their decisive moments. Now and in the future. As a bank for entrepreneurs, we are committed to cultivating our 'THINK YES' mentality by being flexible and agile and by matching our clients' can-do attitude. We support our corporate clients in building their businesses. For our retail clients in the Netherlands, Germany and Belgium we offer mortgages, online savings and brokerage products that are accessible, easy to understand and fairly priced. Operating in the Netherlands (The Hague and Amsterdam), Germany and UK, our corporate clients business (mainly mid-market) offers advice and debt, mezzanine and equity financing solutions to entrepreneurs across select sectors and sub-sectors in which we have strong expertise and market positions. The midmarket is dynamic by nature and requires a bank that can respond quickly and in a highly flexible way. Our aim is to meet the market's requirements at decisive moments such as mergers and acquisitions, management buy-outs, investments and strategic financings and re-financings.