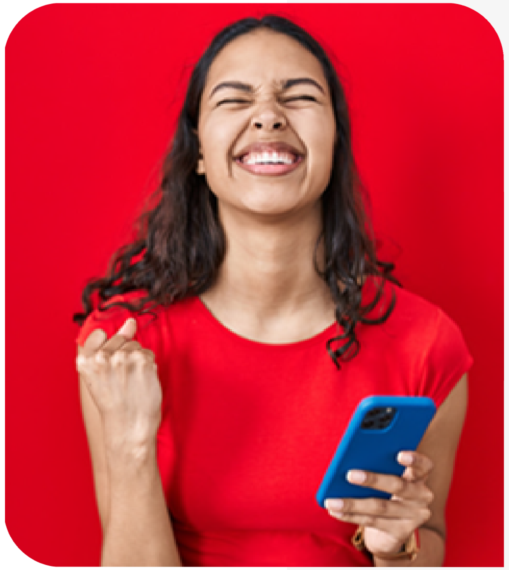
NIBC Results H1 2023

17 August 2023



NIBC

Agenda

- At a Glance — Paulus de Wilt
- Financial Results — Claire Dumas
- Q&A

At a Glance

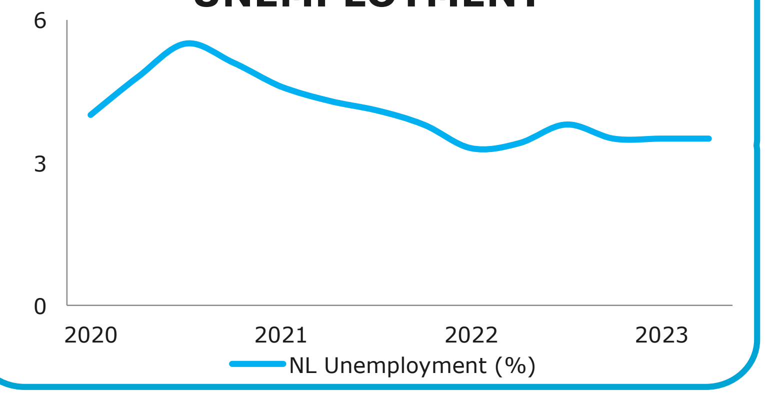
Paulus de Wilt

The world around us

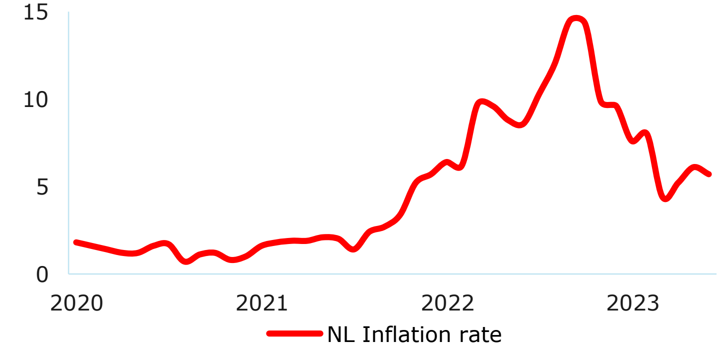
Uncertain economic environment

RESILIENT DUTCH ECONOMY…

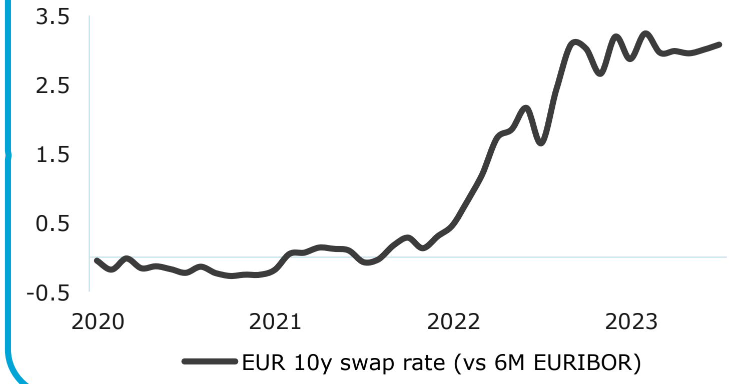
…WITH LOW LEVELS OF UNEMPLOYMENT



ELEVATED INFLATION RATES…



…COMBINED WITH HIGH INTEREST RATES



DUTCH ECONOMY, SOLID FUNDAMENTALS

- International and highly competitive economy
- Low debt-to-GDP ratio of 48.3%
- Resilient housing market, house prices levelling off

CHALLENGES FOR 2023

- Present rate hike cycle by central banks is expected to be at or nearing its end
- Core inflation is declining significantly in 2023 but may follow a volatile path
- Economic growth is expected to be weak
- Geopolitical tensions and negative economic spillovers from the war in Ukraine

NIBC

Against this backdrop, NIBC reports a strong H1 result

NIBC shows continued growth and enhanced efficiency

NET PROFIT

EUR 103 million

(vs H1 2022 +60%)

COST/INCOME RATIO

44%

(H1 2022 57%)

RETURN ON EQUITY

10.9%

(H1 2022 7.1%)

NET INTEREST MARGIN

1.96%

(vs H1 2022 +5 bps)

CET 1 RATIO

18.6%

(FY 2022 17.8%)

RETURN ON TARGET CET 1 CAPITAL

16.6%

(H1 2022 9.6%)

Successful execution of our focused strategy

Growth core activities, discontinuation non-core activities

GROWTH CORE ACTIVITIES

Exposure increased with EUR 1.1 billion

Mortgages
+3%

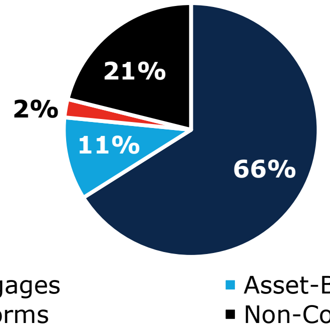
Asset-Backed Finance
+1%

Platforms
+12%

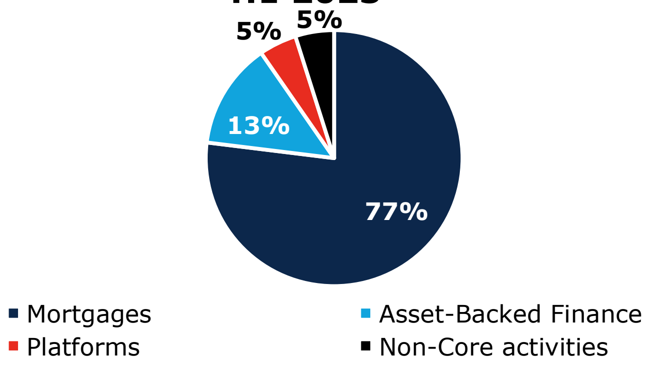
Savings
+2%

TRANSFORMATION ASSET MIX

2020



H1 2023



DISCONTINUATION OF NON-CORE ACTIVITIES

Exposure decreased with EUR 1.9 billion

-50%

2023
- Liquid loans and CLO platform sold
- NIP investment franchise sold, closing end Q3

2022
- Offshore Energy and LF sold
- Structured finance and Mid Markets (Germany) in execution
- German Office (corporate) closed
- M&A discontinued
- Lendex sold

NIBC

Dedicated strategy execution

Our focused business model allows for strong performance

MORTGAGES

+3%

- Total loan portfolio EUR 26.4 bn (2022: EUR 25.5 bn)
- Origination: EUR 1.7 billion (H1 2022: EUR 3.2 billion)
- Servicing ~200k clients
- Market share 4.6%
- Lot Hypotheken has won the 'Gouden Lotus Award' in the category new entrants

ASSET-BACKED FINANCE

+1%

- Exposure EUR 4.6 billion (2022: EUR 4.5 billion)
- Origination: EUR 0.5 billion
- Servicing ~500 clients
- Strong pipeline
- Focus on growing core portfolios in H2
- Strong quality portfolio

PLATFORMS

+12%

- Exposure EUR 1.6 Billion (2022: EUR 1.4 billion)
- Origination: EUR 0.4 billion
- Servicing ~4700 clients
- yesqar: largest challenger in automotive sector
- Beequip: largest alternative SME financier

Additional highlights H1 2023

ESG

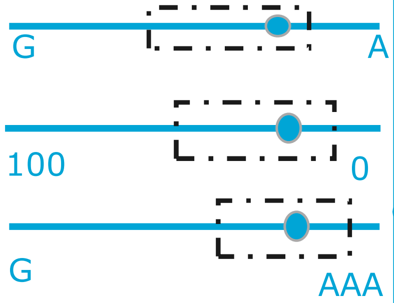
- NIBC' ESG strategy to support clients in their sustainability journey across all core asset classes
- Expansion of origination of sustainable CRE in the EU and UK
- Infrastructure portfolio has been growing, supporting the rollout of digital and renewable infrastructure
- Lot Hypotheken nominated for Sustainability award the 'Groene Lotus award' within the new entrants' category

RATING

- Fitch[1]: BBB+, positive outlook
- S&P[1]: BBB, stable outlook
- Moody's[1]: A3, stable outlook

ESG ratings:

- ISS/OEKOM: Prime/C+
- Sustainalytics: 18.3
- MSCI: AA



OTHER

- Net promoter score corporate lending: +86%
- NIBC mortgages customer survey score: 8.5
- Male/female ratio: 64%/36%
- Gender balance achieved in Managing Board
- New brand identity launched:

NIBC
the entrepreneurial bank

1. Reported ratings are based on NIBC's senior preferred debt ratings

Focused strategy

Entrepreneurial asset financier for individuals and companies

We finance assets from private housing to rental property, commercial real estate, vessels, infrastructure, cars and equipment. As a professional and reliable partner, we build long-term relationships based on knowledge and expertise.

Renowned for our entrepreneurial spirit, we are committed to always making a difference, for our clients and for society around us. Shaped by more than 75 years of experience, we support our clients in realising their ambitions and actively helping to build a sustainable, resilient and inclusive society for future generations.

Enabling ambitions
by financing assets

MORTGAGES

- Private housing (on balance and incl. Lot)
- Originate to manage (off balance)
- Rental property (buy-to-let)

ASSET-BACKED FINANCE

- Commercial real estate (including OIMIO)
- Vessels (Shipping)
- Infrastructure

PLATFORMS

- Equipment leasing (Beequip)
- Automotive businesses (yesqar)

Financial results

Claire Dumas

Financial highlights

Strong financial performance in H1 2023 driven by growth in all core asset classes

	H1 2022		H1 2023
Net interest income excl. non-recurring	EUR 209 million	✓	**EUR 227 million**
Net Interest Margin excl. non-recurring	1.90%	✓	**1.96%**
Cost Income Ratio excl. non-recurring	48%	✓	**44%**
Credit loss expenses excl. non-recurring	EUR 20 million	✓	**EUR 13 million**
Dividend pay-out ratio	50%	✓	**50%**
Common Equity Tier 1 Capital Ratio	17.7%	✓	**18.6%**

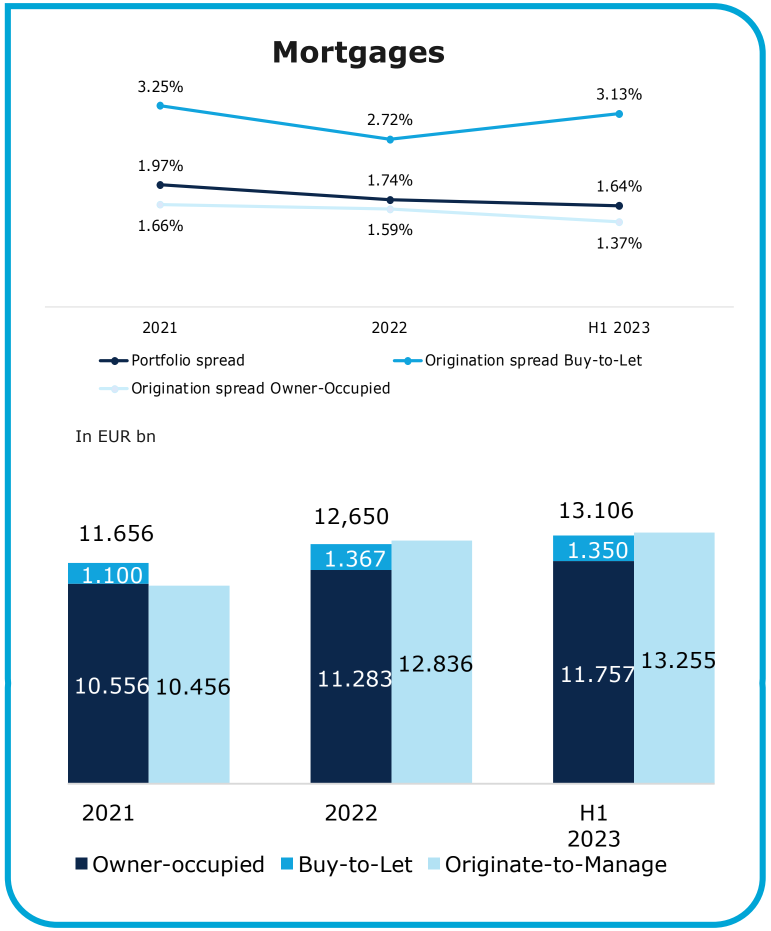
P&L NIBC

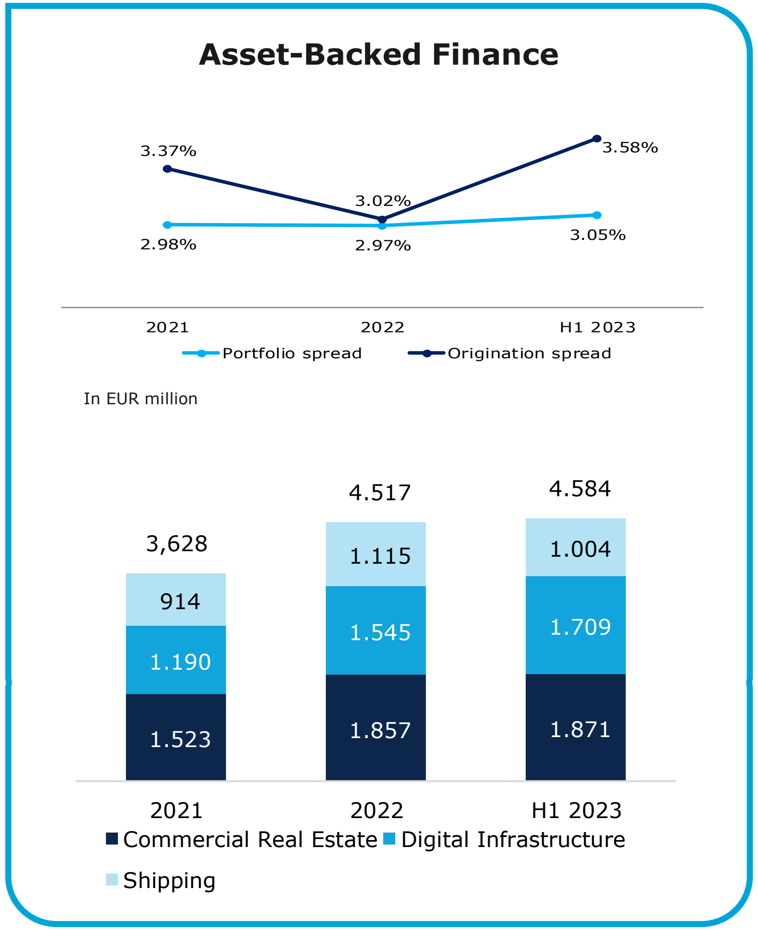
Strong performance H1 2023, driven by increased net interest income and good cost control

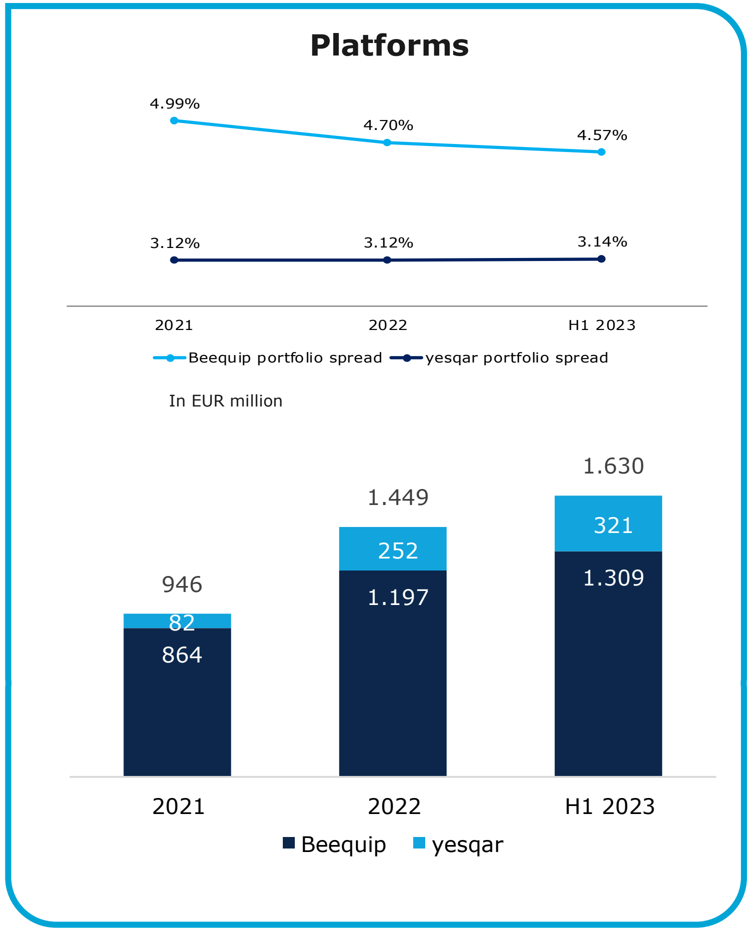
in EUR millions	H1 2023	ex. non-recurring H1 2023	2022	H1 2022
Net interest income	227	227	423	212
Net fee and commission income	20	20	47	24
Investment income	3	3	39	13
Other income	17	16	(36)	(19)
Operating income	268	267	473	230
Operating expenses	118	118	247	130
Net operating income	149	149	226	99
Credit loss expense / (recovery)	12	13	20	11
Gains or (losses) on disposal of assets	8	0	(2)	-
Tax	37	34	37	19
Profit after tax	109	102	167	70
Profit attributable to non-controlling shareholders (AT-1)	6	6	12	6
Profit after tax attributable to shareholders	103	96	155	64

Growth in all operating segments

Continued pressure on mortgage margins in competitive market

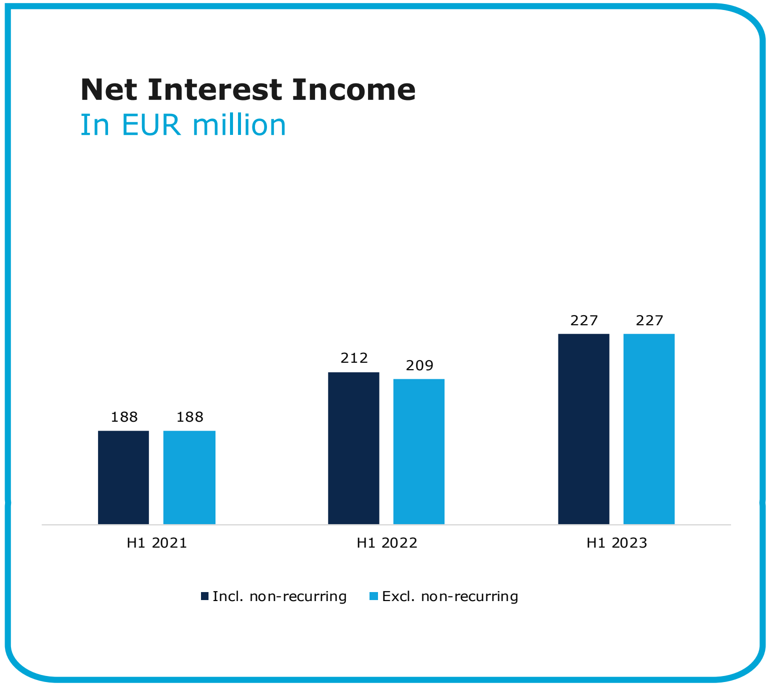


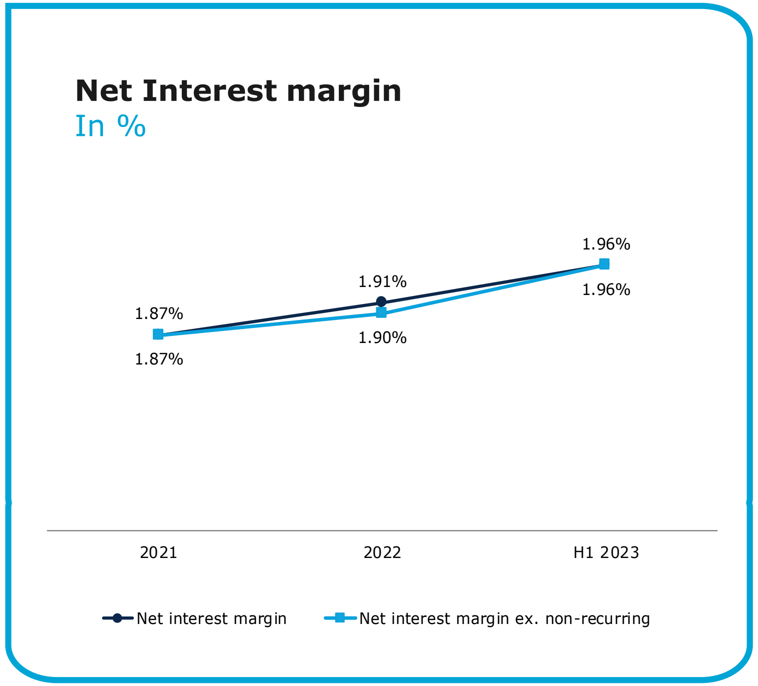


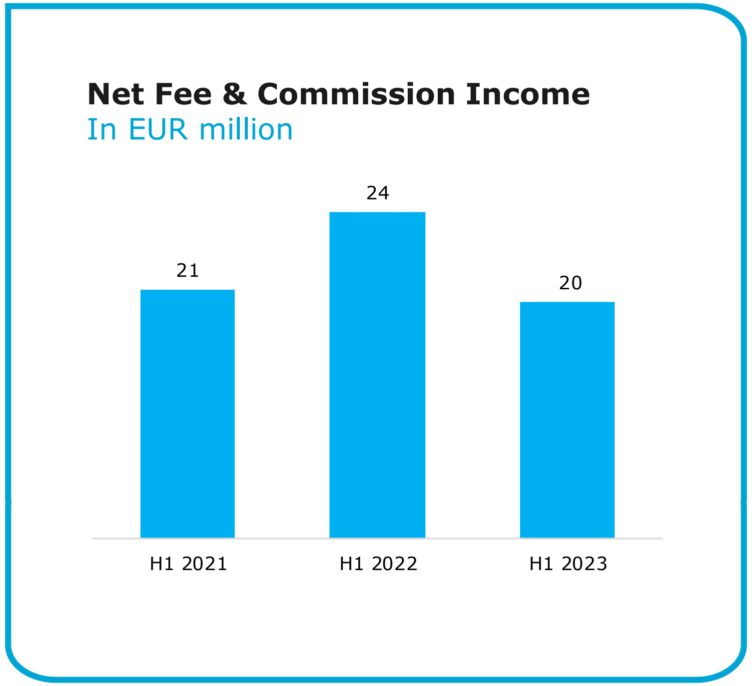


Improved base for future income generation

Continued growth in core asset classes leads to improved net interest income





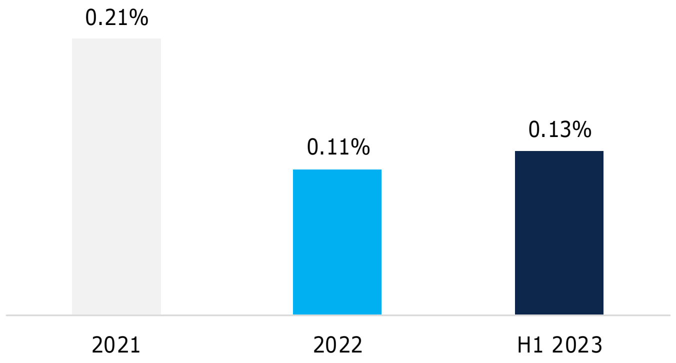


- Net Interest Income excluding non-recurring items increased with EUR 18 million to EUR 227 million, 9% up compared to H1 2022, mainly driven by the strong performance in our core asset classes and positive developments in funding costs
- Net Fee & Commission income decreased in line with our strategy from EUR 24 million to EUR 20 million driven by the sale of our CLO platform and lower lending related fees in our non-core activities

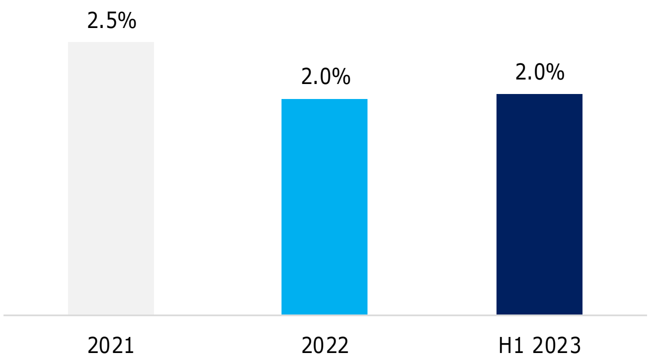
De-risking reflected in low impairments

Continued efforts to improve portfolios pay off with further reduction in non-core activities

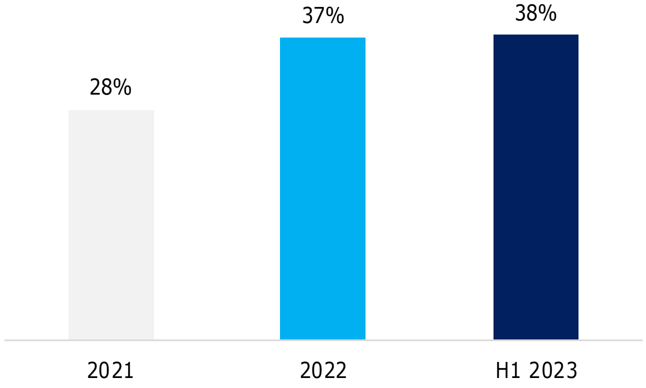
Cost of risk
In %



Non-performing loans ratio
In %



Impairment coverage ratio
In %

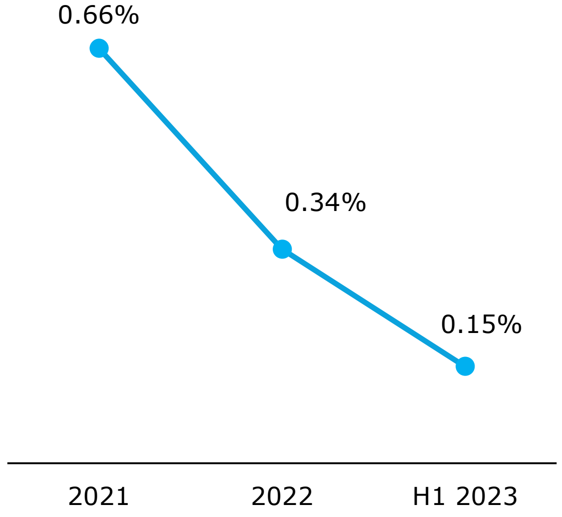


- Credit loss expenses excluding non-recurring items are EUR 13 million H1 2023 down from EUR 20 million in H1 2022

Liquidity management

Funding spread further declined mainly due to a lower spread in retail savings

Funding spread development
In %



Key ratios
In %

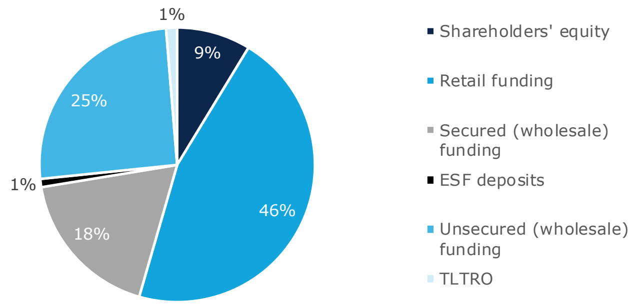
Liquidity Coverage Ratio

238%

Net Stable Funding Ratio

134%

Funding composition
In %



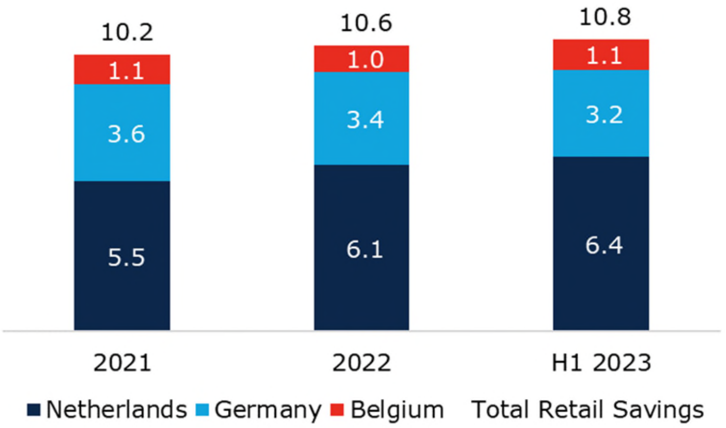
- During 2022 the funding spread further declined from 34bps to 15bps in H1 2023 driven by interest rate increases by the ECB. The difference between the actual interest rate and the retail funding spread leads to an additional benefit in interest income. The positive trend is expected to be near or at its end
- Strong key liquidity ratios with an LCR of 238% and a NSFR of 134%. Both ratios increased compared to previous period through continued prudent approach in these volatile markets
- In the first half of 2023 NIBC issued an EUR 500m fixed rate senior non-preferred bond with a maturity of two and a half years and a Soft bullet Covered bond of EUR 500m with a maturity of seven years

Retail Savings

Total volume retail savings increasing driven by higher volumes in the Netherlands

Development Retail Savings

in EUR bn



Current Savings rates

Savings on demand

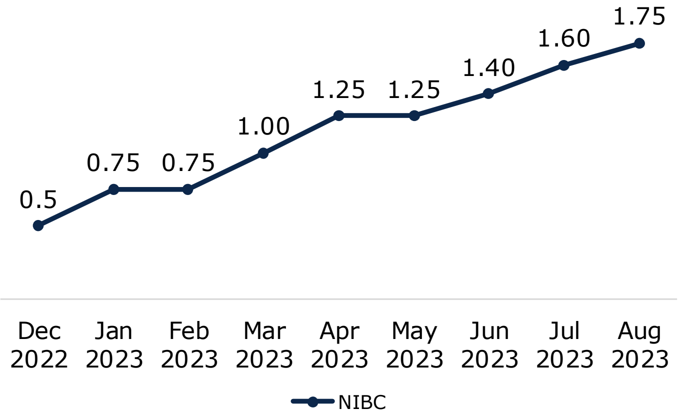
1.75%

Term deposit 1-year

2.55%

Development on demand Interest rates

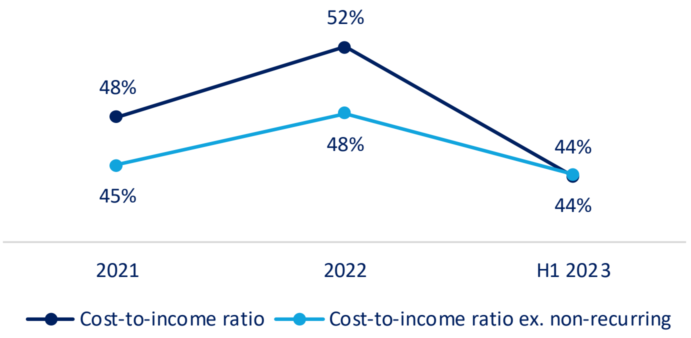
YTD 2023 in %



Decreasing operating expenses

Managing expenses despite inflationary environment whilst investing in growth and transformation

Cost to Income Ratio



Operating Expenses

EUR 118 million

Vs H1 2022: 130 million

-9%

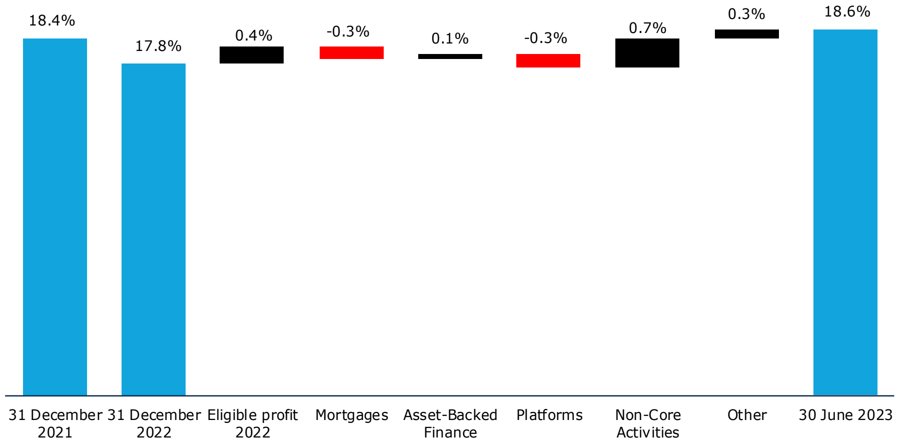
Vs H1 2022

Observations

- Cost to Income ratio on target with our medium-term objective bandwidth of 40%-45%
- Decrease compared to H1 2022 mainly driven by:
  - Lower project expenses/consultants
  - Lower process outsourcing expenses due to lower origination volumes within the mortgage portfolio

Strong capital position

Our strong capital position remains absorbing negative impact of adjustments in Mortgages and growth of the business



- NIBC's strong capital position is reflected in a CET 1 ratio of 18.6% at H1 2023 (17.8% at year-end 2022)
- Reduction of the non-core portfolios, including the sale of our CLO platform and the sale of the remainder of our Leveraged Finance portfolio led to a combined increase of the CET 1 ratio of 0.7%-point
- 0.4%-point increase due to eligible profit of 2022
- 0.3% increase due to other effects
- In the Mortgages segment, the implementation of the new Retail IRB model causing an increased risk weight on the underlying mortgages partly offset due to application of the SME Supporting Factor to the Buy-to-Let mortgages loans resulting in a risk-weighted assets (RWA) decrease. Furthermore, the exposure of Mortgages increased in H1 2023 by 0.5bn. The combined effect on the CET 1 ratio is a decrease of 0.3%-points
- The growth in the Platforms segment resulted in a decrease of 0.3%-point of the CET 1 ratio

Medium-Term Objectives

Based on our strong financial performance, we meet all medium-term objectives

	Target		H1 2023
Return on target CET 1 capital	≥ 15%	✓	**16.6%**
Cost Income Ratio	40-45%	✓	**44%**
Common Equity Tier 1 ratio	≥ 13%	✓	**18.6%**
Rating Bank[1]	BBB+	✓	**BBB+**

1 Reported rating is based on the average of the senior preferred debt rating as issued by the different rating agencies (current rating: Fitch: BBB+ Positive, Moody's: A3 Stable, S&P: BBB Stable)

Q&A

Paulus de Wilt, CEO

Claire Dumas, CFO

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