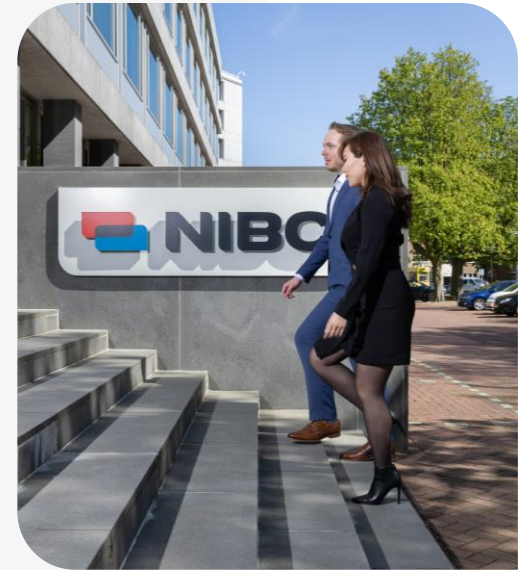


# Debt Investor Presentation

March 2024



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# 1. **BUSINESS UPDATE FY 2023**

# NIBC reports a strong FY result

NIBC shows continued growth and enhanced efficiency

## NET PROFIT

**EUR 204 million**

(vs FY 2022 +32%)

## COST/INCOME RATIO

**44%**

(FY 2022 52%)

## RETURN ON EQUITY

**10.9%**

(FY 2022 8.6%)

## NET INTEREST MARGIN

**2.06%**

(vs FY 2022 +15 bps)

## CET 1 RATIO

**18.8%**

(FY 2022 17.8%)

## RETURN ON TARGET CET 1 CAPITAL 13%

**16.5%**

(FY 2022 11.6%)

# Successful execution of our focused strategy

Growth core activities, discontinuation non-core activities

## GROWTH CORE ACTIVITIES

Exposure increased with EUR 2.0 billion



**Mortgages**  
+6%



**Asset Based Finance**  
+4%



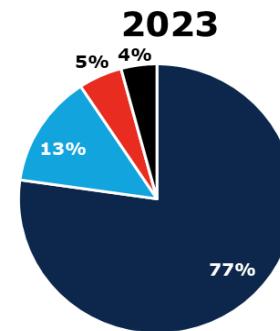
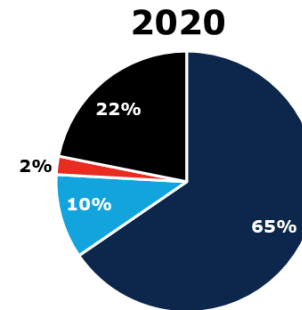
**Platforms**  
+23%



**Savings**  
+7%

## TRANSFORMATION ASSET MIX

Including OTM



■ Mortgages ■ Asset Based Finance  
■ Platforms ■ Non-Core activities

## NON-CORE ACTIVITIES

Exposure in 2023 decreased with EUR 2.4 billion to EUR 1.5 billion



**-62%**  
Vs FY 2022

### 2023

Three non-recurring portfolios sold:

- CLO Platform
- Equity Investment Activities
- Remainder of the Leveraged Finance Portfolio

### 2022

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

# Dedicated strategy execution

Our focused business model allows for strong performance



## MORTGAGES

**+6%**

- Total loan portfolio EUR 26.9 bn (2022: EUR 25.5 bn)
- Origination: EUR 3.3 billion (2022: EUR 6.1 billion)
- Servicing ~200k clients
- Market share 4.2%
- Lot Hypotheken has won the 'Groene Lotus Award' and for the second time in a row the 'Gouden Lotus Award' in the category new entrants



## ASSET BASED FINANCE

**+4%**

- Exposure EUR 4.7 billion (2022: EUR 4.5 billion)
- Origination: EUR 1.7 billion
- Servicing ~500 clients
- Focus on continuing growth in core portfolios
- Strong quality portfolio with no losses



## PLATFORMS

**+23%**

- Exposure EUR 1.8 Billion (2022: EUR 1.4 billion)
- Origination: EUR 0.8 billion
- Servicing ~5000 clients
- yesqar: largest challenger in automotive sector
- Beequip: largest alternative SME financier

# Additional highlights 2023

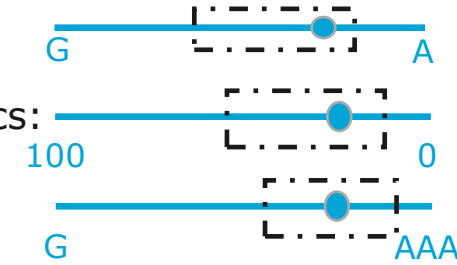
## ESG

- 'Groene Lotus award' for Lot Hypotheken within the new entrants' category
- 9.14 % Green Asset Ratio (GAR)
- 54% reduction in Scope 1, 2 and 3 Emissions from 2022, 82% reduction from 2019 baseline
- NIBC' ESG strategy to support clients in their sustainability journey across all core asset classes

## RATING

- Fitch<sup>1</sup>: BBB+, positive outlook
- S&P<sup>1</sup>: BBB, stable outlook
- Moody's<sup>1</sup>: A3, stable outlook

### ESG ratings:

- ISS: C+/Prime
  - Sustainalytics: 18.3
  - MSCI: A
- 

## OTHER

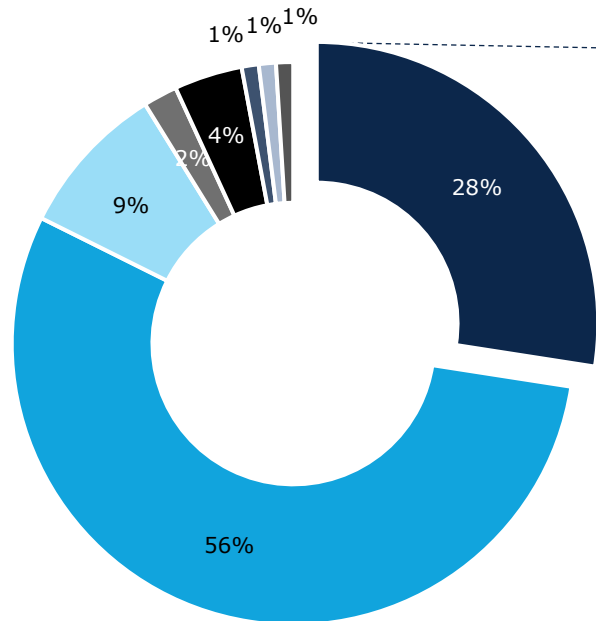
- Net promoter score corporate lending: +87% (2022: +86%)
- NIBC mortgages customer survey score: 8.3 (2022: 8.5)
- NIBC savings customer survey score: 8.0 (2022: 8.1)
- Male/female ratio improved to 64%/36%
- Gender balance achieved in Managing Board
- New brand identity launched:



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

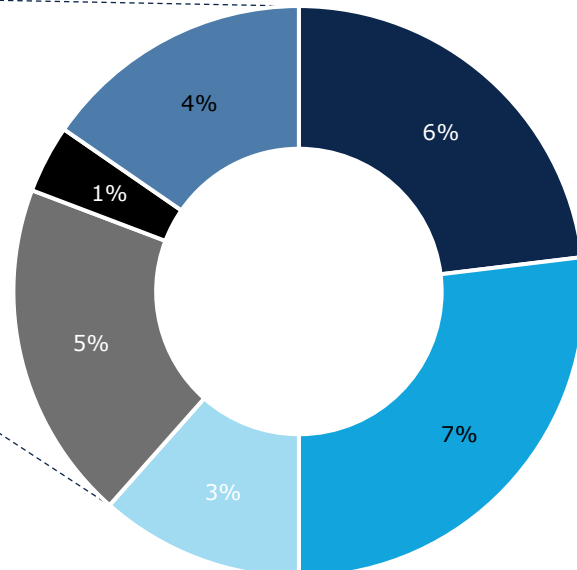
# Composition of NIBC's total assets on balance

**NIBC's total assets**



- Corporate loans & Lease Receivables
- Residential mortgage loans
- Cash and balances central banks
- Other financial institutions
- Debt investments
- Equity investments
- Derivatives
- Other

**Corporate loans & lease receivables**



- Commercial Real Estate
- Shipping
- Automotive (yesqar)
- Digital Infrastructure
- Lease receivables
- Non-core loan portfolio

- Total assets of EUR 23.2bn at FY 2023
- The current composition is reflecting the continued rebalancing strategy to focus on asset-backed financing
- Cash and banks remains at a solid level, reflecting NIBC's prudent approach to liquidity management.

Percentages rounded to nearest percentage



## 2. **FINANCIAL RESULTS FY 2023**

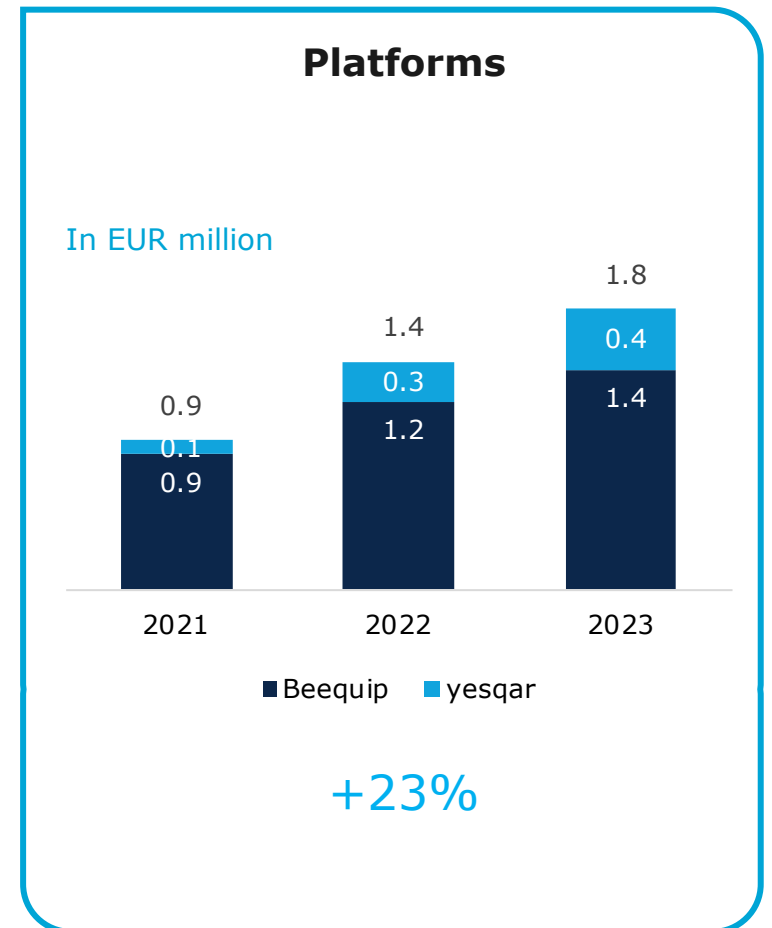
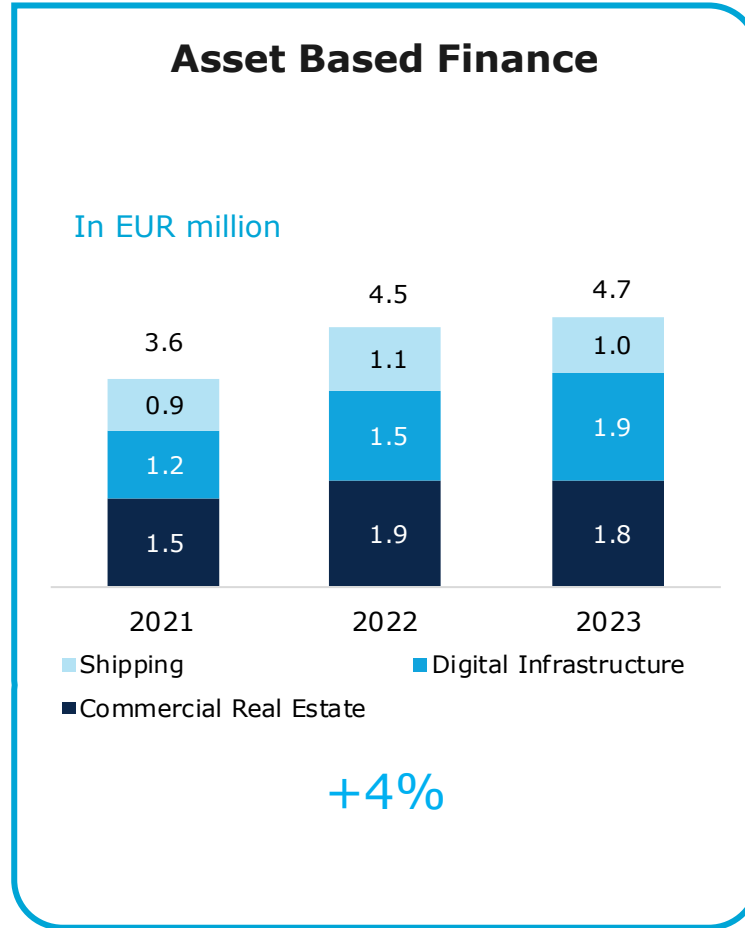
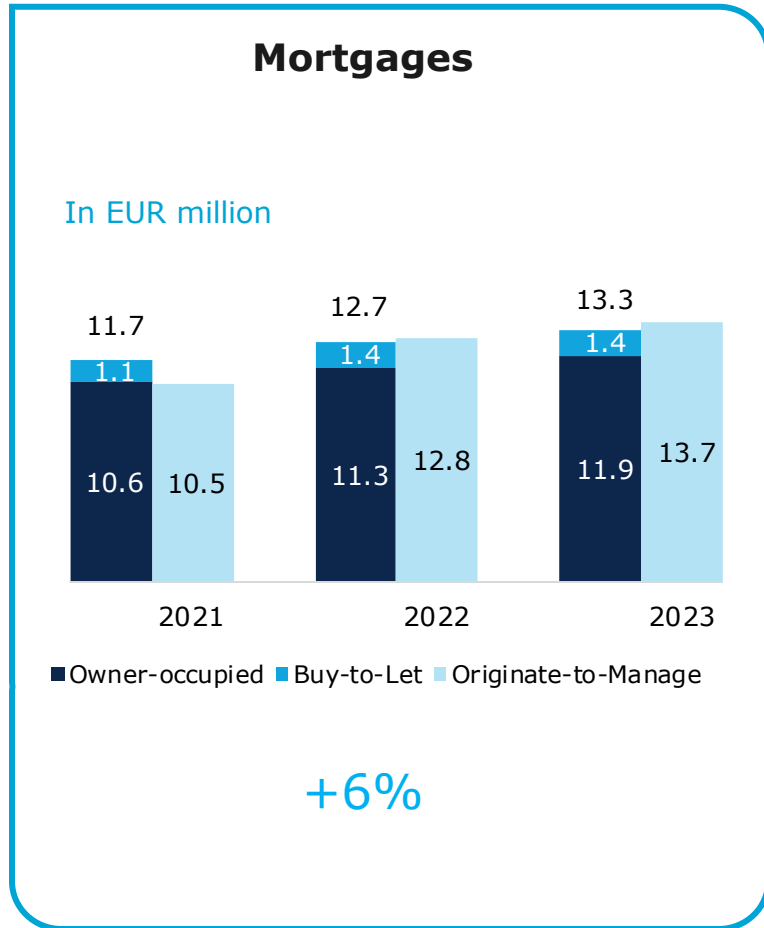
# P&L NIBC

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

in EUR millions	H2	H1	Change	2023	2022	Change
Net interest income	235	227	4%	463	423	9%
Net fee and commission income	21	20	2%	41	47	(14%)
Investment income	(5)	3		(2)	39	
Other income	27	17	59%	43	(36)	
Operating income	277	268	4%	545	473	15%
Operating expenses	119	118	1%	237	247	(4%)
Net operating income	158	149	6%	308	226	36%
Credit loss expense / (recovery)	13	12	16%	25	20	22%
Gains or (losses) on disposal of assets	(1)	8		7	(2)	
Tax	36	37	(2%)	73	37	99%
Profit after tax	108	109	(1%)	216	167	30%
Profit attributable to non-controlling shareholders (AT-1)	6	6	-	12	12	-
Profit after tax attributable to shareholders	102	103	(1%)	204	155	32%

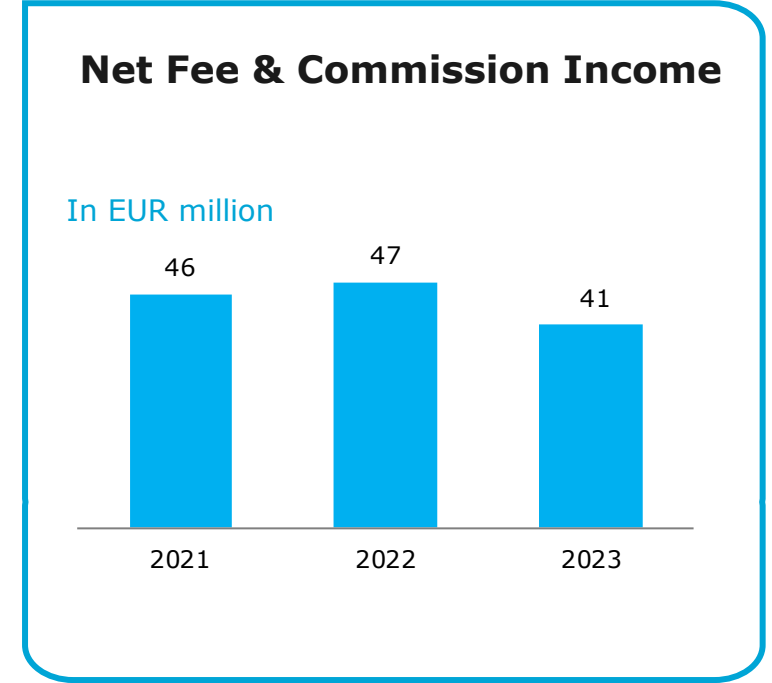
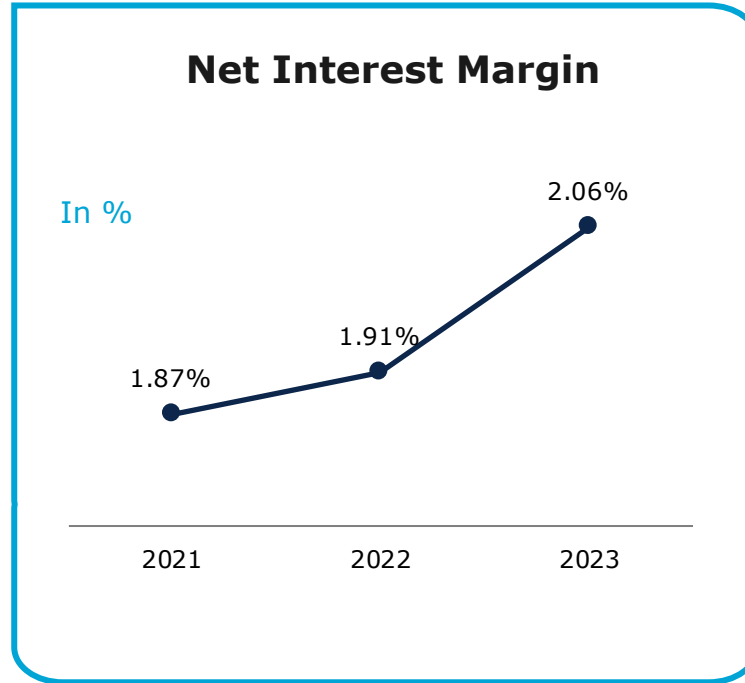
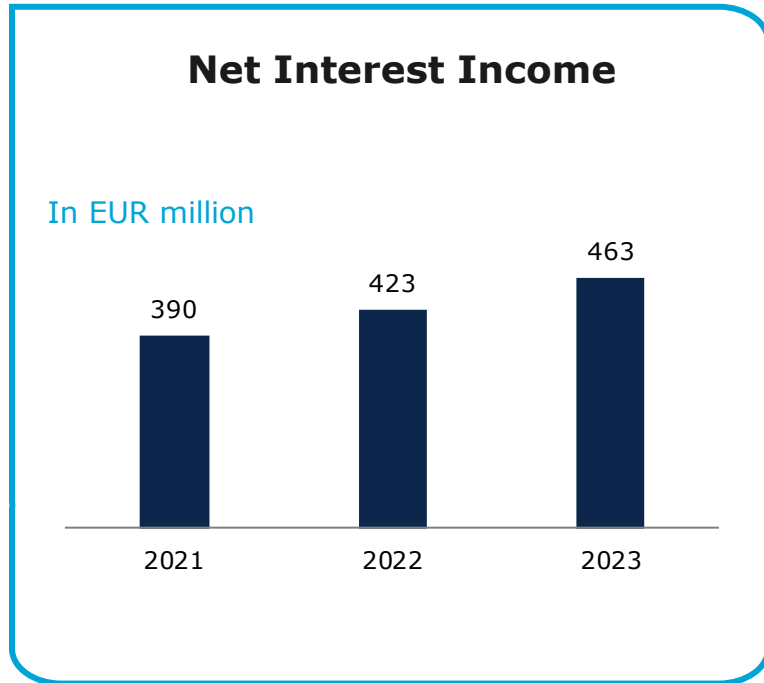
# Growth in all operating segments

Focused strategy is paying off



# Improved base for future income generation

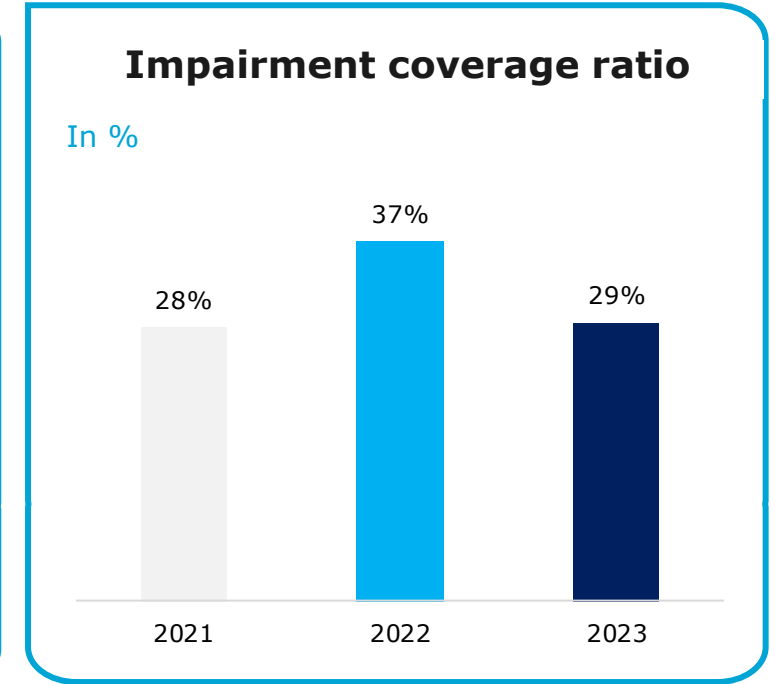
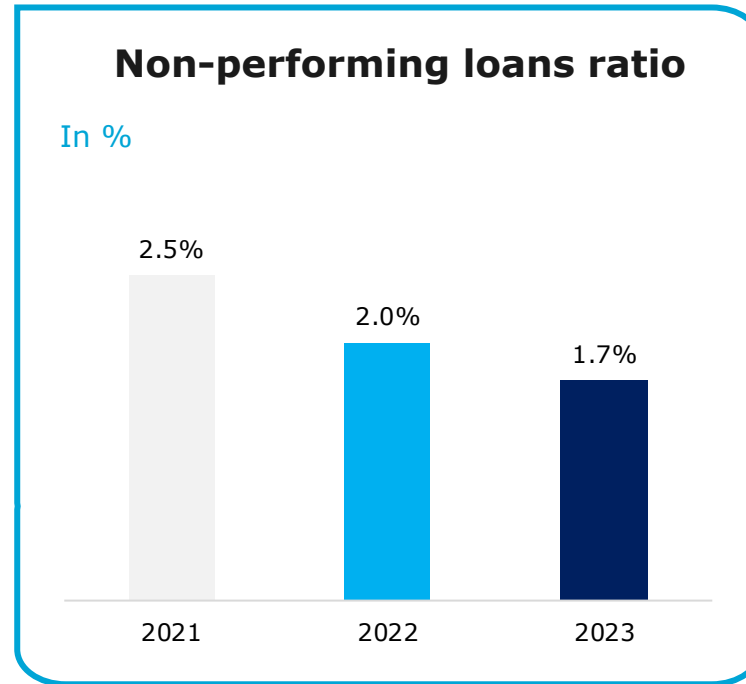
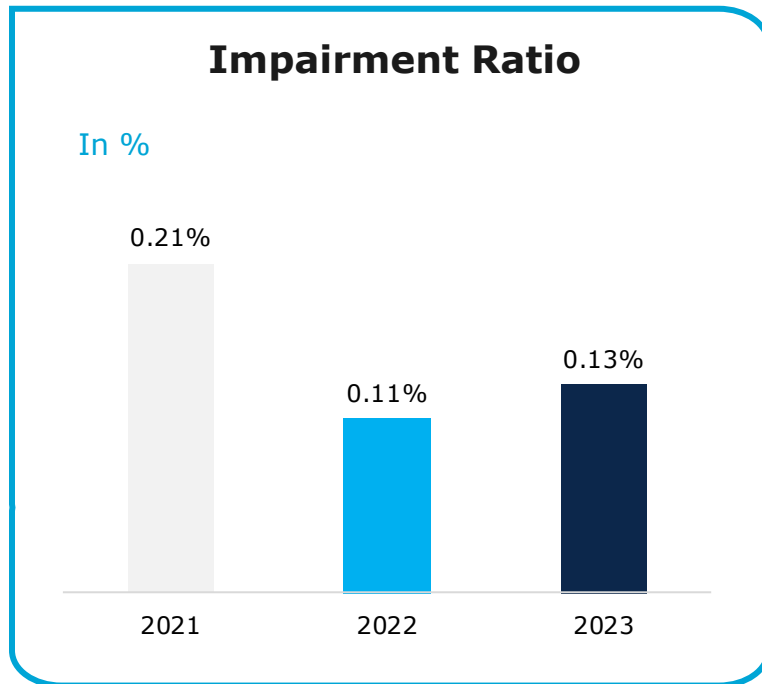
Continued growth in core asset classes and increased profitability with a NIM of 206bps



- Net Interest Income increased with EUR 40 million to EUR 463 million, 9% up compared to FY 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 47 million to EUR 41 million mainly driven by the sale of our CLO platform

# De-risking reflected in low impairments

Credit losses also remain moderate in 2023 at EUR 25 million



Credit losses remain moderate also in 2023 at EUR 25 million:

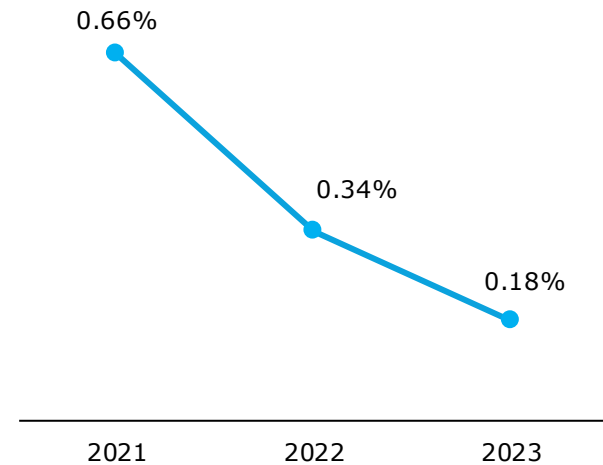
- Impairments Asset Based Finance are close to zero.
- Impairment Mortgages also close to zero but includes management overlay due to the challenging macro-economic environment.
- Impairments non-core amounts to EUR 19 million largely driven by individual impairments on non-performing clients.
- Impairments Platforms amounts to EUR 5 million.

# Liquidity management

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

## Funding spread development

In %



## Key ratios

**Liquidity Coverage Ratio**

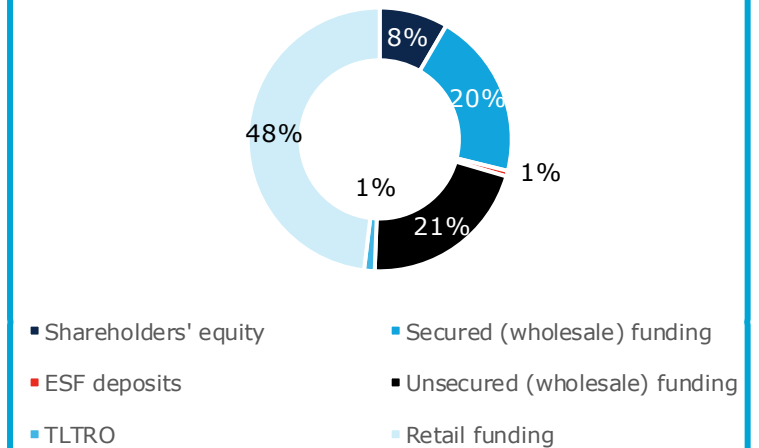
243%

**Net Stable Funding Ratio**

131%

## Funding composition

In %



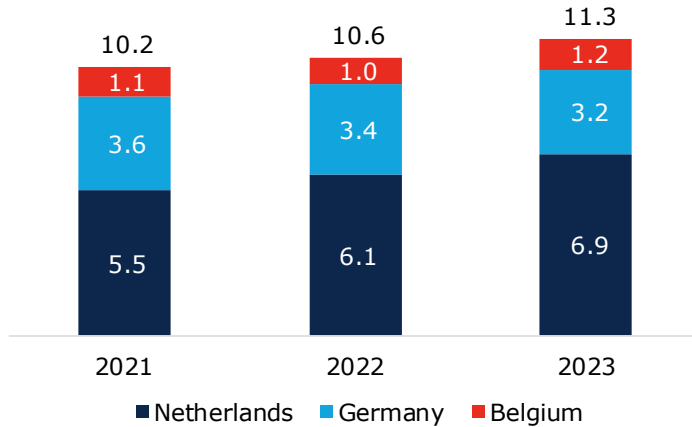
- During 2023 the funding spread further declined from 34bps to 18bps driven by interest rate increases by the ECB. The difference between the actual interest rate and the retail funding spread leads to an additional benefit in interest income. The positive trend is expected to be near or at its end
- Strong key liquidity ratios with an LCR of 243% and a NSFR of 131%. Both ratios increased compared to previous period through continued prudent approach in these volatile markets
- In 2023 NIBC issued a EUR 500 million fixed rate senior non-preferred bond with a maturity of two and a half years, another senior non-preferred bond of EUR 500 million with a maturity of five years and a Soft bullet Covered bond of EUR 500 million 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



## New clients NL

Successful marketing campaign on term deposit 1-year

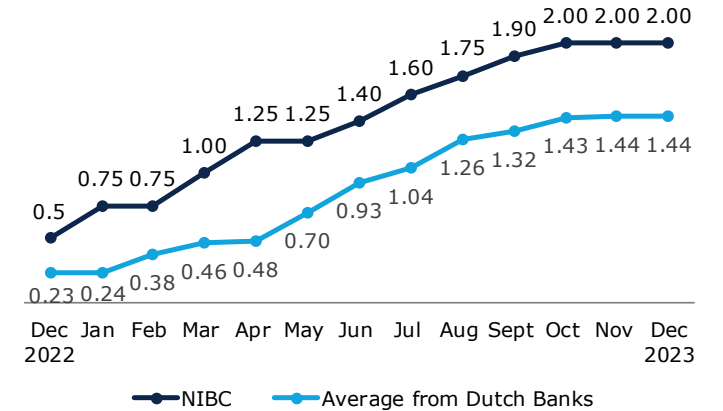
**15,000**

## Savings on demand NL

**2.00%**

## Development on demand Interest rate NL

YTD 2023 in %



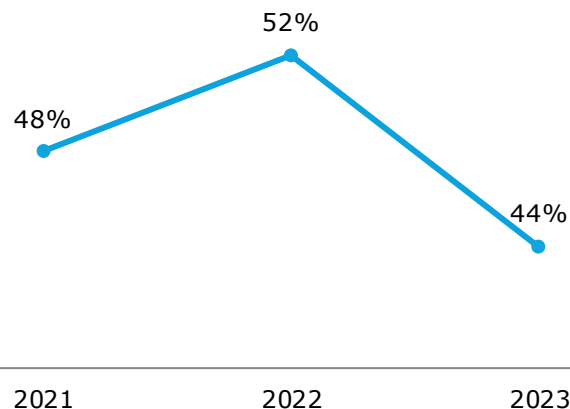
1 Source: ECB published data via Eurostat. Specific column used: Bank interest rates - deposits redeemable at notice of up to three months - Netherlands (MIR.M.NL.B.L23.D.R.A.2250.EUR.N)

# Decreasing operating expenses

Managing expenses despite inflationary environment whilst investing in growth and data

## Cost/Income Ratio

Including regulatory charges



## Operating Expenses

EUR 237 million

Vs 2022: 247 million

-4%

Vs 2022

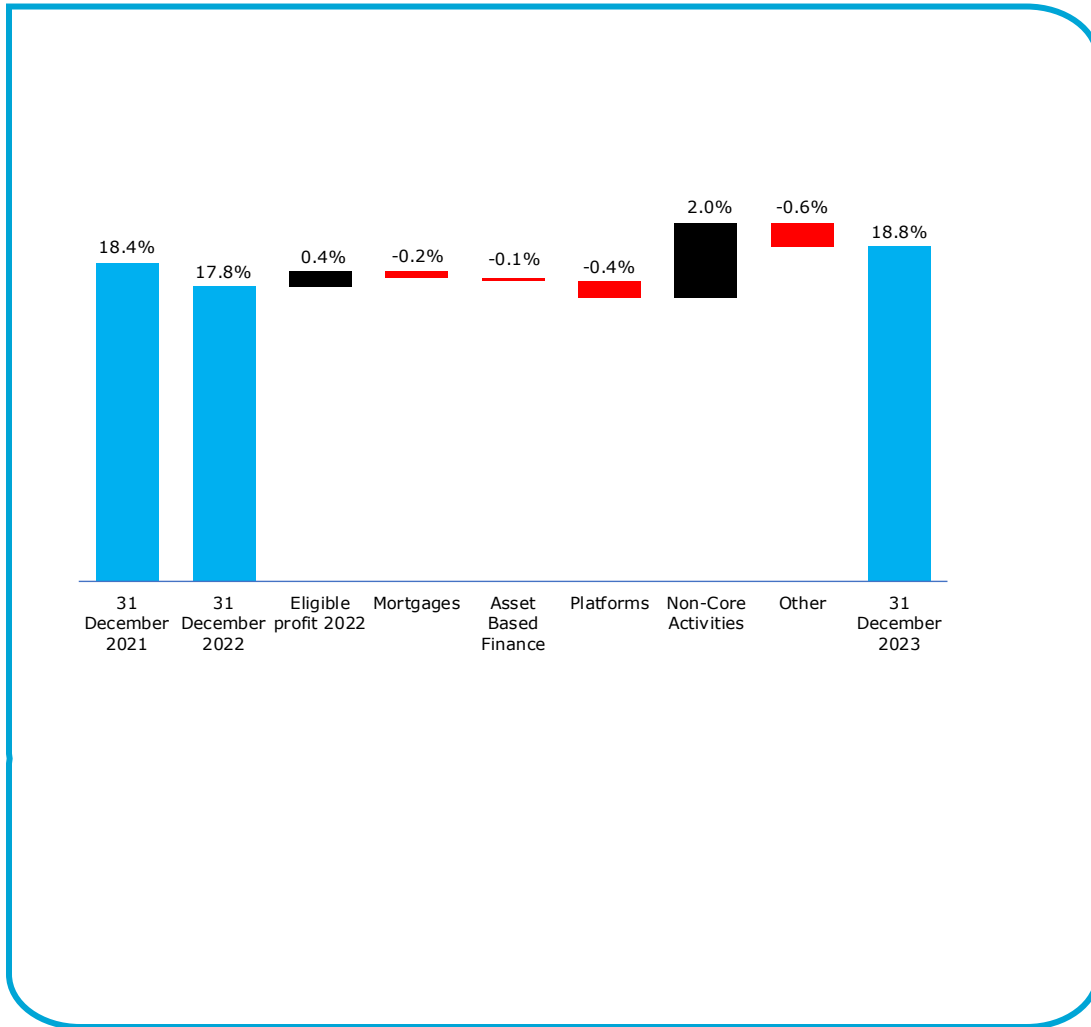
## Observations

- Cost/Income ratio is within target, with our medium-term objective bandwidth set at 40%-45%
- Decrease compared to FY 2022 mainly driven by:
  - Lower expenses on consultants and projects
  - Lower process outsourcing expenses due to lower origination volumes within the mortgage portfolios



# Improved capital position






CET 1 ratio has improved due to reduction non-core portfolio and addition net profit 2022



- NIBC has a strong capital position reflected in the CET 1 ratio of 18.8%.
- Forward looking: the CET 1 ratio is expected to decrease with 1.7%-2.4% net for 2 changes:
  - implementation internal model corporate exposures (increase RWA end 2024 with 25%-30%)
  - implementation Basel 4 2025 (decrease RWA 15-20% start Basel 4)
- Exploration merger NIBC Bank and NIBC Holding. The estimated impact is 0.8% improvement Tier 1 ratio and total capital ratio.

# Medium-Term Objectives

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

	Target		2023
Return on target CET 1 capital	≥ 15%		<b>16.5%</b>
Cost Income Ratio	40-45%		<b>44%</b>
Common Equity Tier 1 ratio	≥ 13%		<b>18.8%</b>
Rating Bank <sup>1</sup>	BBB+		<b>BBB+</b>
Dividend pay-out ratio	≥ 50%		<b>100%</b>

<sup>1</sup> 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)

# **APPENDIX**

# Balance sheet

Stable balance sheet with a changing composition as a result of our focused strategy

## Assets

in EUR millions	2023	2022	2021
Cash and banks	2,545	2,948	2,614
Loans	5,042	5,164	5,673
Lease receivables <sup>1</sup>	1,281	1,090	781
Mortgage loans	12,911	11,990	11,940
Debt investments	908	876	924
Equity investments	124	166	237
Derivatives	156	162	334
Other assets	210	411	218
<b>Total assets</b>	<b>23,177</b>	<b>22,807</b>	<b>22,722</b>

## Liabilities and equity

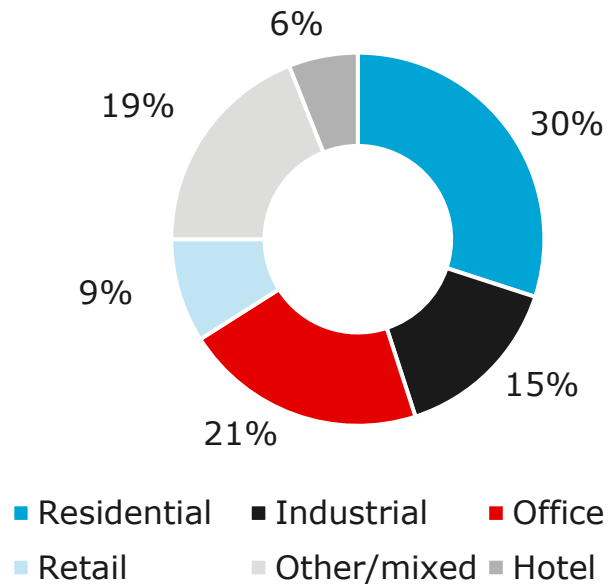
in EUR millions	2023	2022	2021
Retail funding	11,148	10,310	10,549
Funding from securitised mortgage loans	0	221	267
Covered bonds	4,529	4,016	4,011
ESF (including other deposits GE)	159	240	298
All other senior funding	4,714	5,294	4,939
Tier 1 and subordinated funding	224	202	263
Derivatives	129	232	154
All other liabilities	122	128	154
<b>Total liabilities</b>	<b>21,025</b>	<b>20,643</b>	<b>20,636</b>
Equity attributable to shareholders of the company	1,952	1,964	1,886
Capital securities (non-controlling interest)	200	200	200
Equity attributable to non-controlling interests	-	-	-
<b>Total liabilities and shareholders' equity</b>	<b>23,177</b>	<b>22,807</b>	<b>22,722</b>

<sup>1</sup> Includes finance leases only

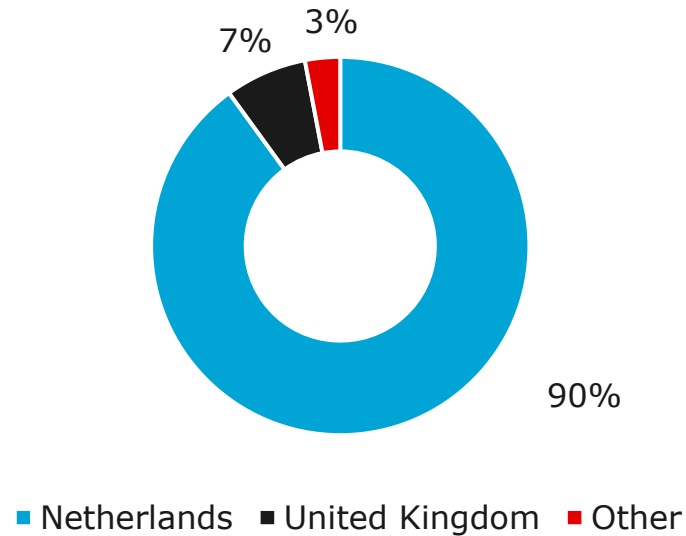
# Commercial Real Estate at NIBC

Focus on residential real estate

## CRE Portfolio per asset type



## CRE Exposure per region



## Observations

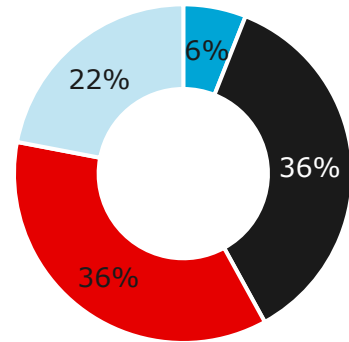
- The weighted average loan-to-value of the commercial real estate portfolio is 55%
- Strong focus on residential real estate (30% of total portfolio)
- Part of our Office exposure has been acquired by our clients for re-development into residential properties
- No CRE exposure in Germany, nor in the US
- NPE and impaired exposure are zero

# Asset-Backed Finance

Portfolio details Shipping and Digital Infrastructure

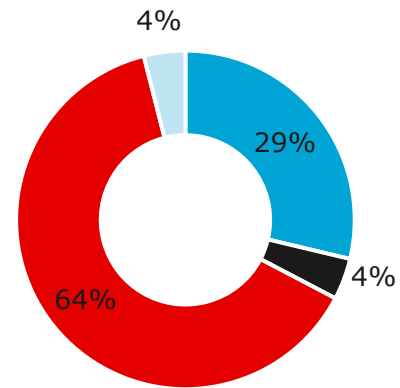
## Shipping (EUR 955m)

WA LtV 41%



- Crude / Product Tankers
- Dry Bulk
- Gas / Chemical Tankers
- Intermodal / Other

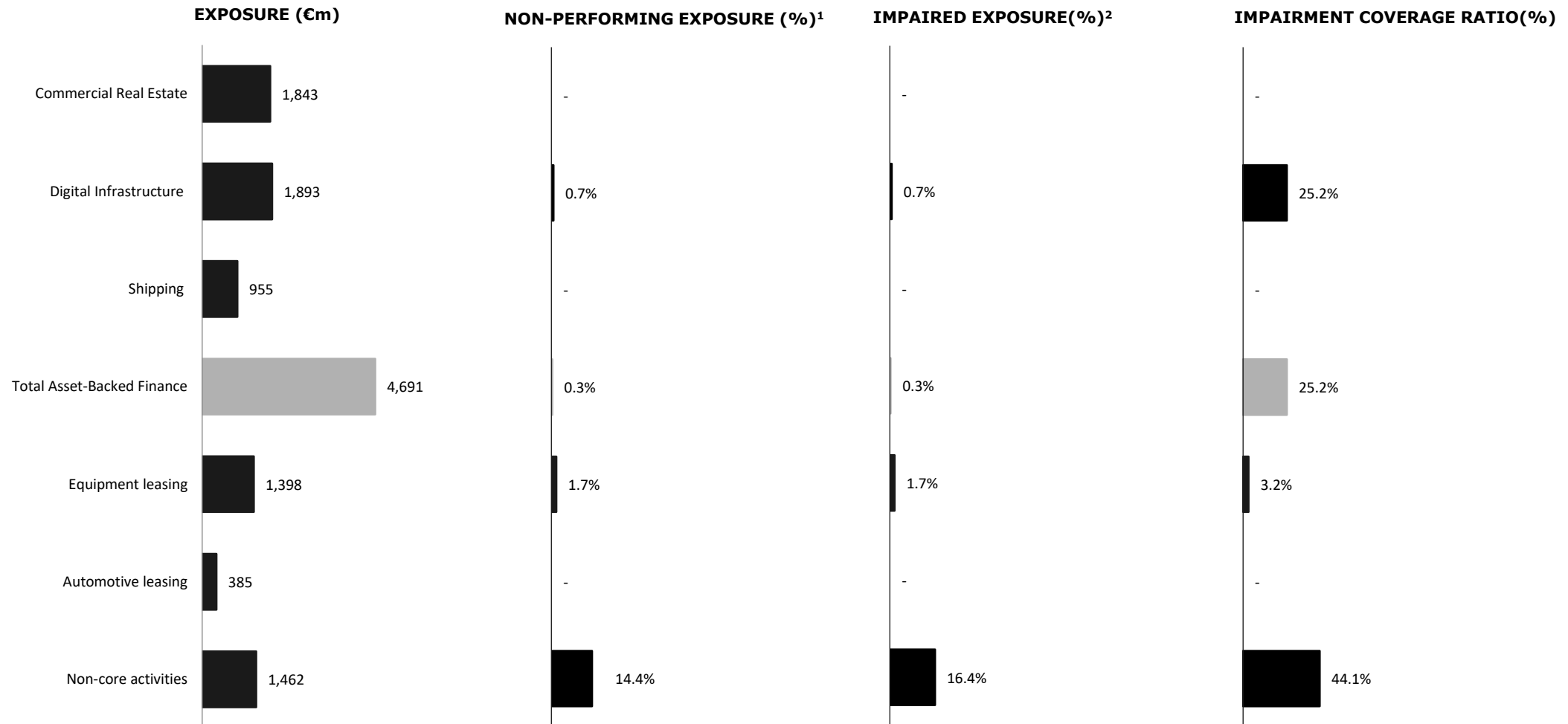
## Digital Infrastructure (EUR 1,893m)



- Datacentre
- Energy Transition
- Fibre
- Other

# Corporate portfolio management

Loan portfolio well spread across sectors (FY 2023)



1: Non-performing exposure over total exposure

2: Impaired exposure over total exposure

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