

Full Year Results 2022

3 March 2023



**Let's set the
pace together**

Agenda

1.

AT A GLANCE
FY 2022

Paulus de Wilt, CEO

2.

FINANCIAL RESULTS
FY 2022

Herman Dijkhuizen, CFO

3.

Q&A

Paulus de Wilt, CEO
Herman Dijkhuizen, CFO



AT A GLANCE FY 2022

Paulus de Wilt
CEO

NIBC delivers strong performance with 18% growth in core business over 2022

Net profit

EUR 179 million

2021: EUR 193 million

Recurring Interest Income

EUR 420 million

vs 2021  8%

Exposure growth



Mortgages
+15%



Asset-backed finance
+25%



Platforms
+53%



Non-core
-29%

Cost/Income ratio

48%

CET 1 ratio

17.8%

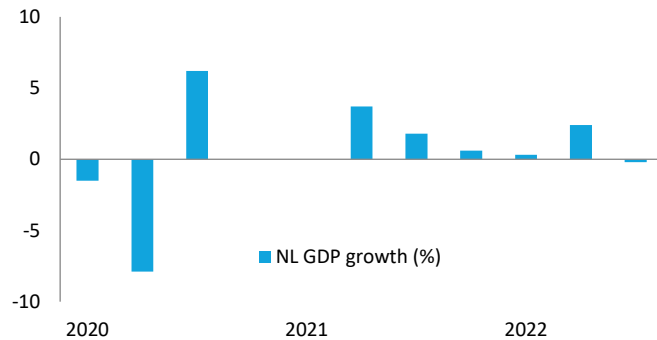
Return on equity at 14% CET1

12.4%

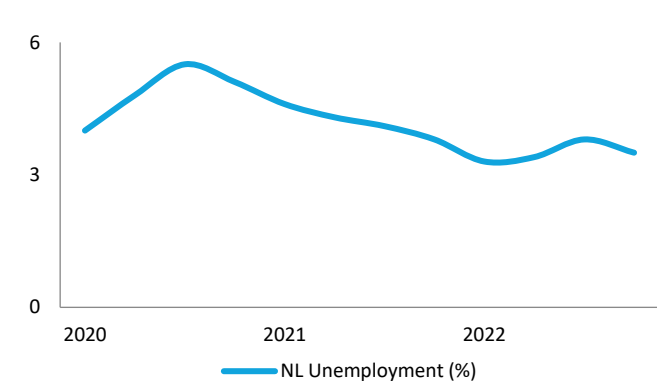
The world around us

Uncertain economic outlook

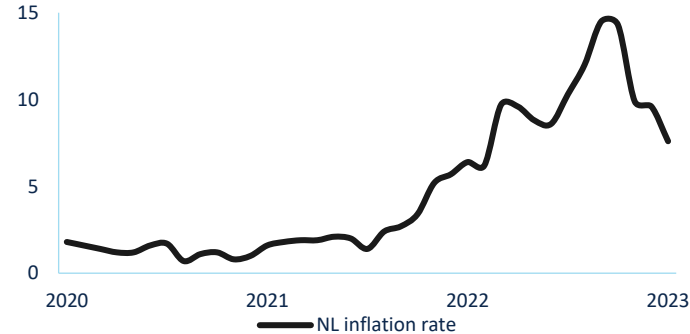
STABLE DUTCH ECONOMY...



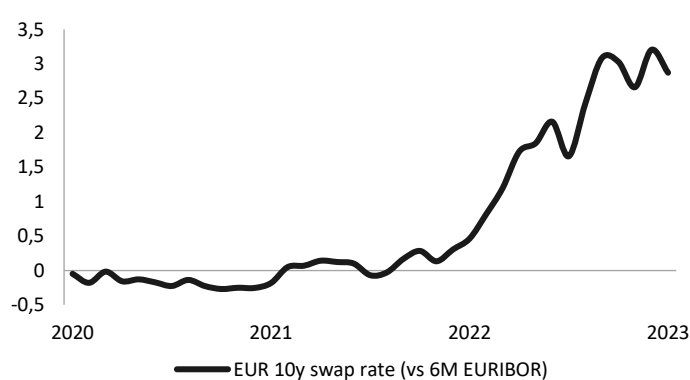
...WITH LOW LEVELS OF UNEMPLOYMENT



HIGH INFLATION RATES...



...LEADING TO HIGHER INTEREST RATES



DUTCH ECONOMY, SOLID FUNDAMENTALS

- International and highly competitive economy
- Low debt-to-GDP ratio of 49.0%
- Resilient housing market, house prices levelling off

CHALLENGES FOR 2023

- High inflation worldwide has triggered central banks to raise policy rates
- Core inflation is expected to decline significantly in 2023 but may follow a volatile path
- Economic growth is expected to be weak with the risk of a (mild) recession
- Geopolitical tensions and negative economic spillovers from the war in Ukraine

Further execution on focused strategy

Entrepreneurial asset financier for individuals and companies



MORTGAGES

- Private housing (on balance and including 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)

Growth core activities, execution non-core activities

Successful execution of our focused strategy is reflected in the growth of our core activities and meticulously reducing non-core portfolios

Growth core activities

Exposure increased with **EUR 4.7 billion**

Double digit growth in all our core asset classes, emphasizing our successful shift to a true asset-based financier



Mortgages

+15%



Asset-backed finance

+25%



Platforms

+53%

Execute Non-core activities

Exposure decreased with **EUR 1.6 billion**

With the successful execution of our focused strategy, we were able to significantly reduce exposure in the non-core segment



Non-core

-29%

2022

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

2023

- Liquid loans sold
- NIP/CLO under review

Excellence in all our core asset classes

Our focused business model allows for strong performance



MORTGAGES



- Total loan portfolio EUR **25.5 billion** (2021: EUR 22.1 billion)
- Origination: EUR 6.1 billion
- Servicing ~200k clients
- Rated 8.5 (2021: 8.1)
- NIBC Direct and Lot Hypotheken: best mortgage lenders 2022!



ASSET-BACKED FINANCE



- Exposure EUR **4.5 billion** (2021: EUR 3.6 billion)
- Origination: EUR 2.0 billion
- Servicing ~500 clients
- NPS 86% (2021: 59%)



PLATFORMS



- Exposure EUR **1.4 Billion** (2021: EUR 0.9 billion)
- Origination: EUR 900 million
- Servicing ~4000 clients
- yesqar entered in a partnership with Bovemij
- Beequip amongst fastest growing companies in the Netherlands

Investing in our future

Developing in a new brand positioning that matches our purpose and corporate values



Enabling Ambitions
by financing assets

Core values
Professional
Adaptive
Collaborative
Entrepreneurial

New logo

A bold and modern look to show that we're confident and moving ahead of the curve

Think yes  **NIBC**



New website

Go-live before summer
Newest platform
Maximum security
Fully integrated customer journey

NIBC Direct and Vastgoed Hypotheek will be renamed to NIBC

Reflecting the importance of NIBC's mortgage offerings



FINANCIAL RESULTS FY 2022

Herman Dijkhuizen
CFO

Financial highlights

Strong financial performance in 2022 driven by growth in all core asset classes and funding developments

| | FY 2021 | | FY 2022 |
|--|-----------------|---|------------------------|
| Net interest income excl. non-recurring items | EUR 390 million |  | EUR 420 million |
| Funding costs | 66 bps |  | 34 bps |
| Credit loss expenses excl. non-recurring items | EUR 37 million |  | EUR 30 million |
| Dividend pay-out ratio | 70% |  | 75% |
| Common Equity Tier 1 Capital Ratio | 18.4% |  | 17.8% |

Segment performance

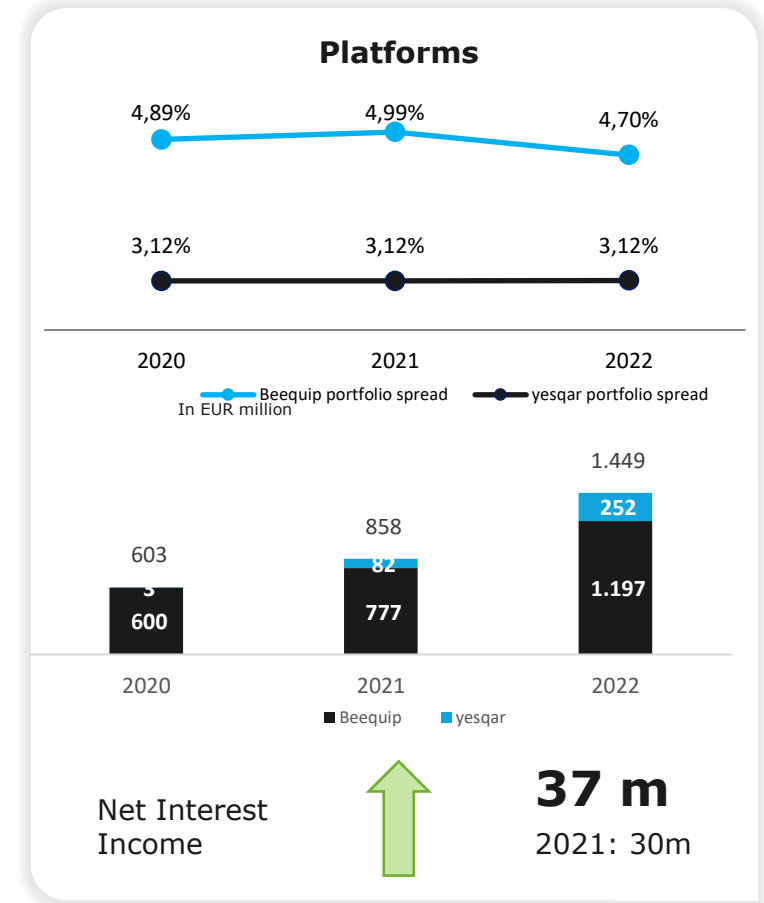
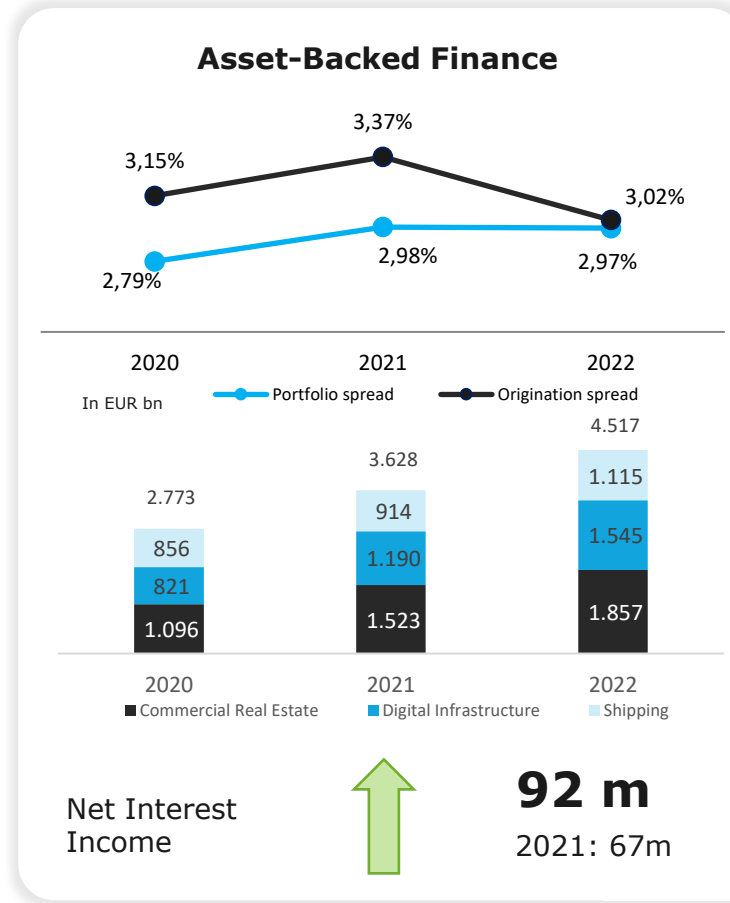
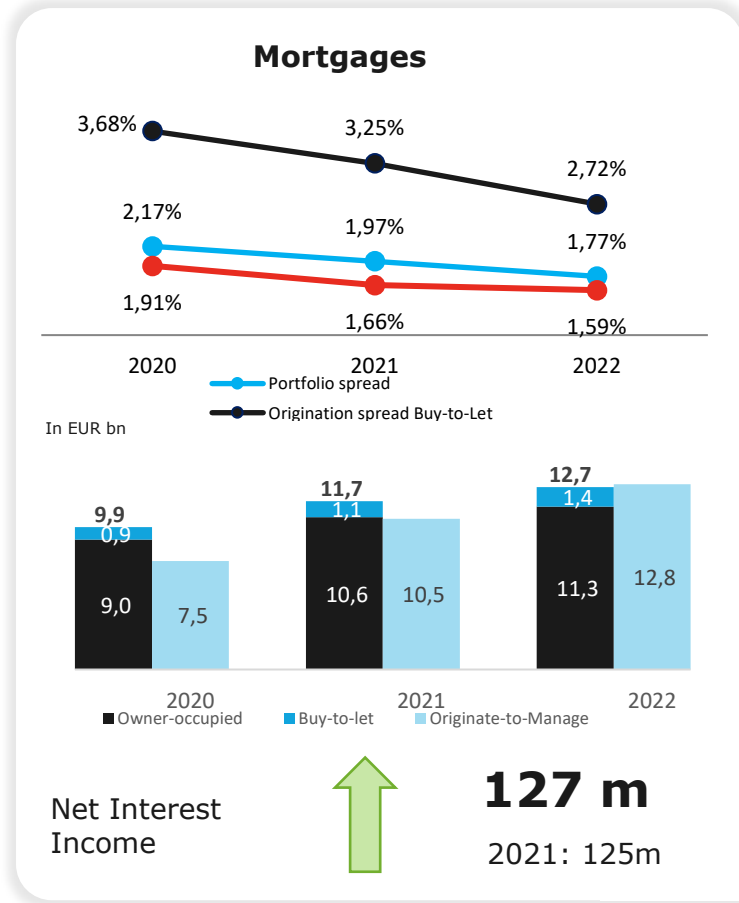
Absorbing the effect of the reduction of non-core activities with the growth in our core activities

| | Mortgages | | Asset-Backed Finance | | Platforms | | Treasury & Group functions | | Subtotal core activities | | Non-core Activities | | Total | |
|------------------------------------|-----------|-----------|----------------------|-----------|-----------|-----------|----------------------------|-----------|--------------------------|------------|---------------------|----------|------------|------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Operating income | 158 | 166 | 77 | 95 | 32 | 42 | 93 | 115 | 359 | 418 | 166 | 56 | 525 | 473 |
| Operating expenses | 58 | 69 | 34 | 37 | 13 | 16 | 95 | 83 | 200 | 204 | 51 | 43 | 251 | 247 |
| Credit & other loss expenses | (3) | 1 | (2) | 8 | 2 | 1 | (1) | (1) | (4) | 8 | 43 | 14 | 39 | 22 |
| Income tax | 27 | 25 | 8 | 11 | 5 | 7 | (6) | 3 | 34 | 46 | 6 | (9) | 40 | 37 |
| Profit after tax | 75 | 71 | 36 | 39 | 13 | 19 | 3 | 30 | 128 | 159 | 66 | 8 | 194 | 167 |
| Attributable to: | | | | | | | | | | | | | | |
| Shareholders of the company | 75 | 71 | 36 | 39 | 13 | 19 | (9) | 18 | 116 | 147 | 66 | 8 | 182 | 155 |
| Holders of capital securities | | | | | | | 12 | 12 | 12 | 12 | | | 12 | 12 |

- The subtotal of our core activities made up 95% of our 2022 result (EUR 159 million/ EUR 167 million) as compared to 66% in 2021 (EUR 128 million/ EUR 194 million) demonstrating our successful strategy of changing our income source
- Development of profit after tax:
 - Mortgages has a slightly lower result EUR 71 million versus EUR 75 million driven by strong origination and absorbing significantly lower prepayment penalty levels as compared to 2021
 - Asset-Backed Finance shows a growth of 10% in profit after tax driven by exposure growth of 25%
 - Platforms result increased with almost 50% on the back of strong exposure growth
 - Treasury & Group functions result increased from EUR 3 million in 2021 to EUR 30 million in 2022 driven by lower funding costs

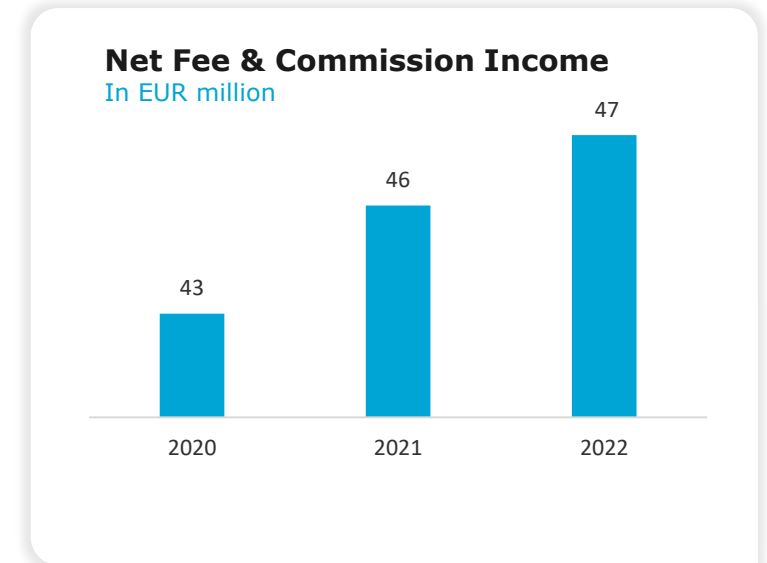
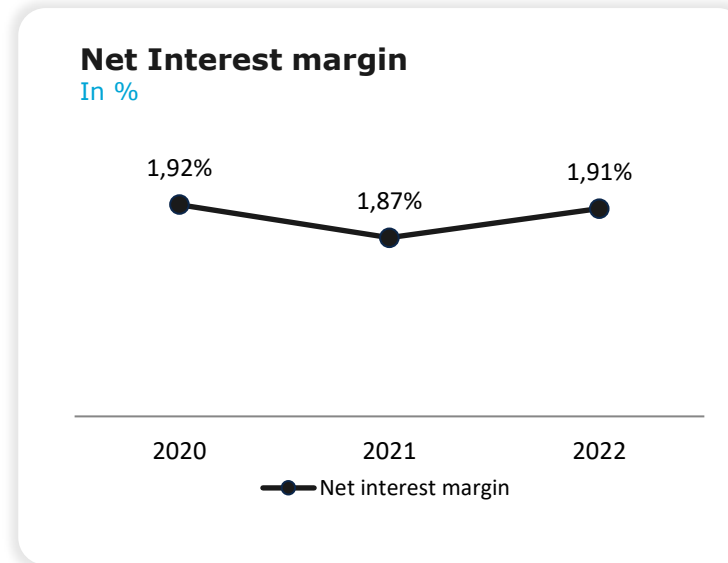
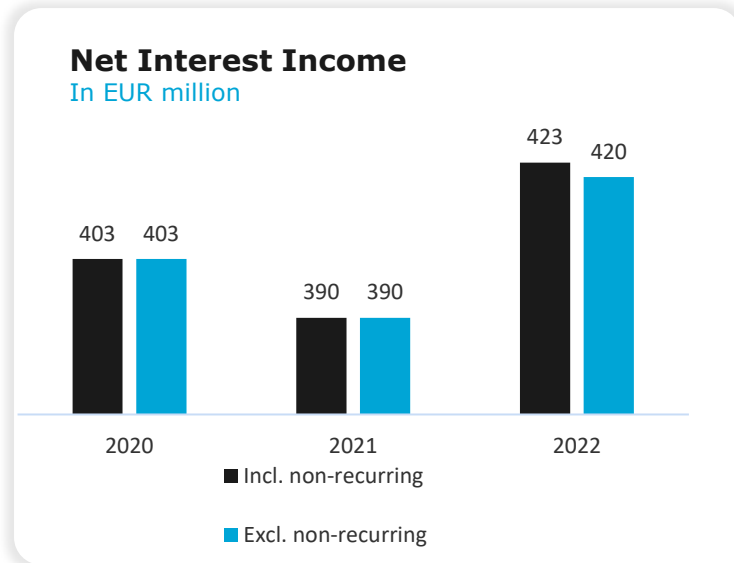
Strong underlying results per operating segment

All core segments demonstrate healthy underlying financials with excellent foundation for future growth



Improved base for future income generation

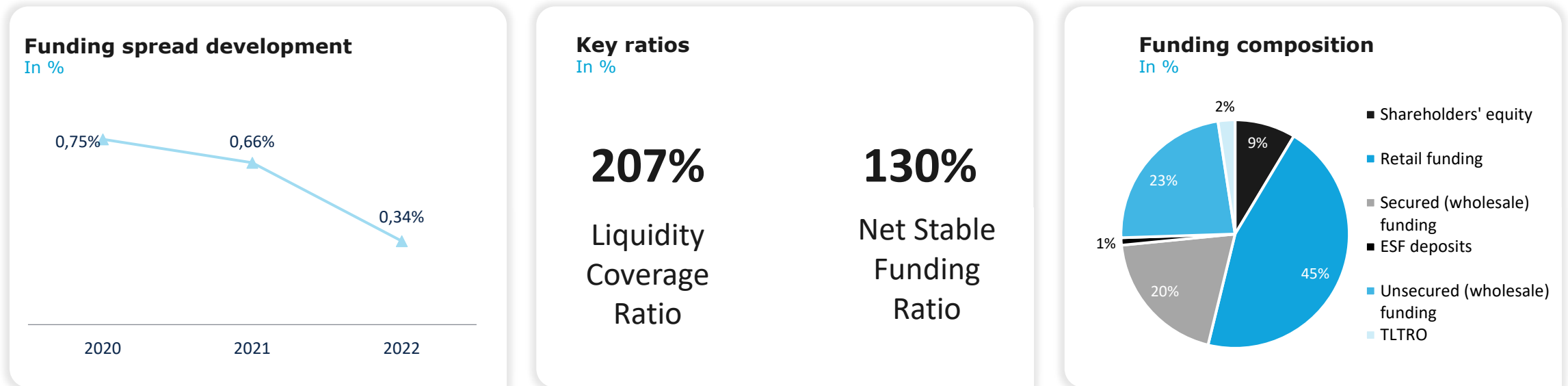
Continued growth in core asset classes and OTM mortgages leads to improved net interest and fee income



- Net Interest Income excluding non-recurring items increased with EUR 30 million to EUR 420 million, 8% up compared to 2021 (2021: EUR 390 million), mainly driven by the strong performance in our core asset classes and positive developments in funding costs
 - Prepayment penalties substantially lower as compared to 2021 given the rising interest rate environment
- Net Fee & Commission income slightly increased to EUR 47 million in 2022. The growth in our Originate-to-Manage mortgages (EUR 6 million) and Asset-backed finance segment (EUR 2 million) more than compensates the loss of M&A related income and reduced lending-related fees due to strategic choices (EUR 5 million)

Liquidity management

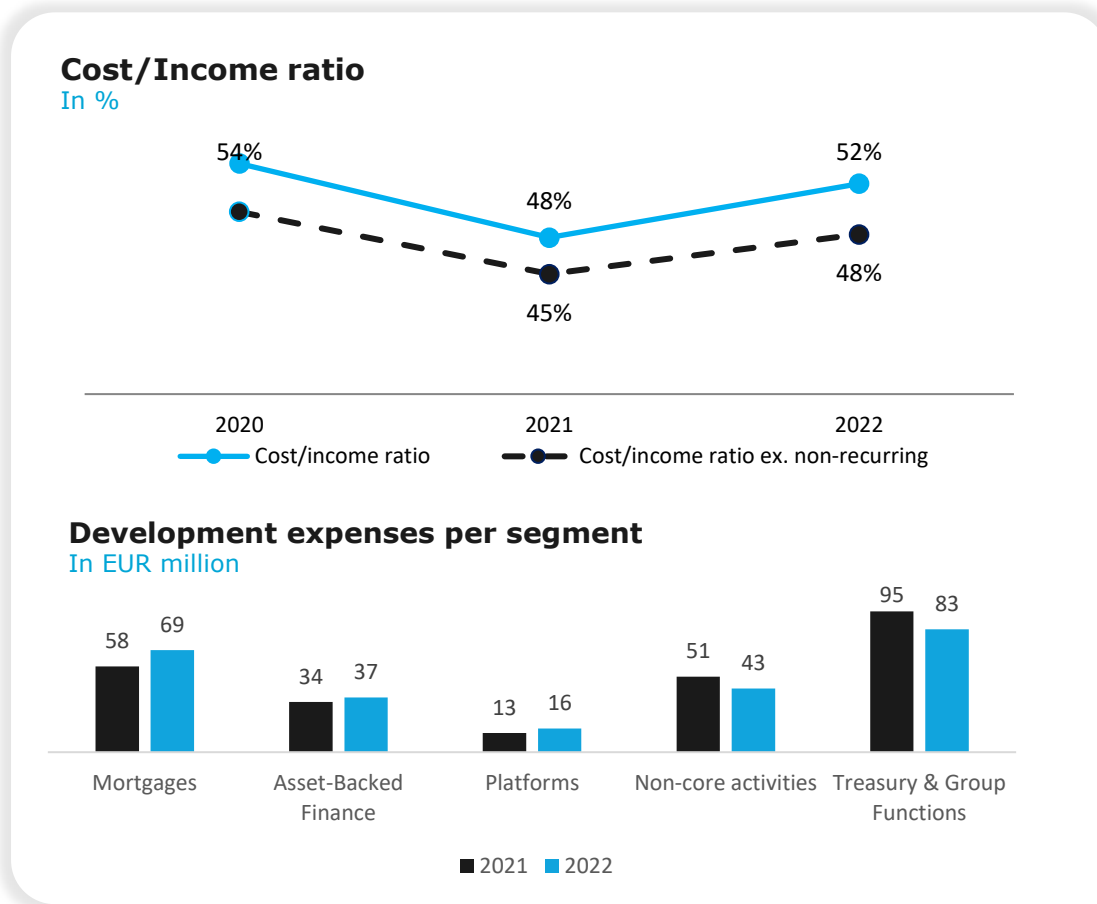
Funding mix allows for future growth and resilience during these uncertain times



- During 2022 the funding spread declined from 66bps to 34bps by year-end driven by the interest rate increases in the second half of the year by the ECB. The difference between the actual interest rate and the retail funding spread leads to an additional benefit in interest income. Trend is expected to continue for some time
- We report strong key liquidity ratios with an LCR of 207% and a NSFR of 130%. Both ratios increased compared to previous year through continued prudent approach in these volatile markets
- We have successfully introduced our Green Bond and Soft Bullet Covered program. In June 2022, our inaugural EUR 500m soft bullet covered bond was launched to the market
- With the current funding composition, we are ready for the future

Managing operating expenses

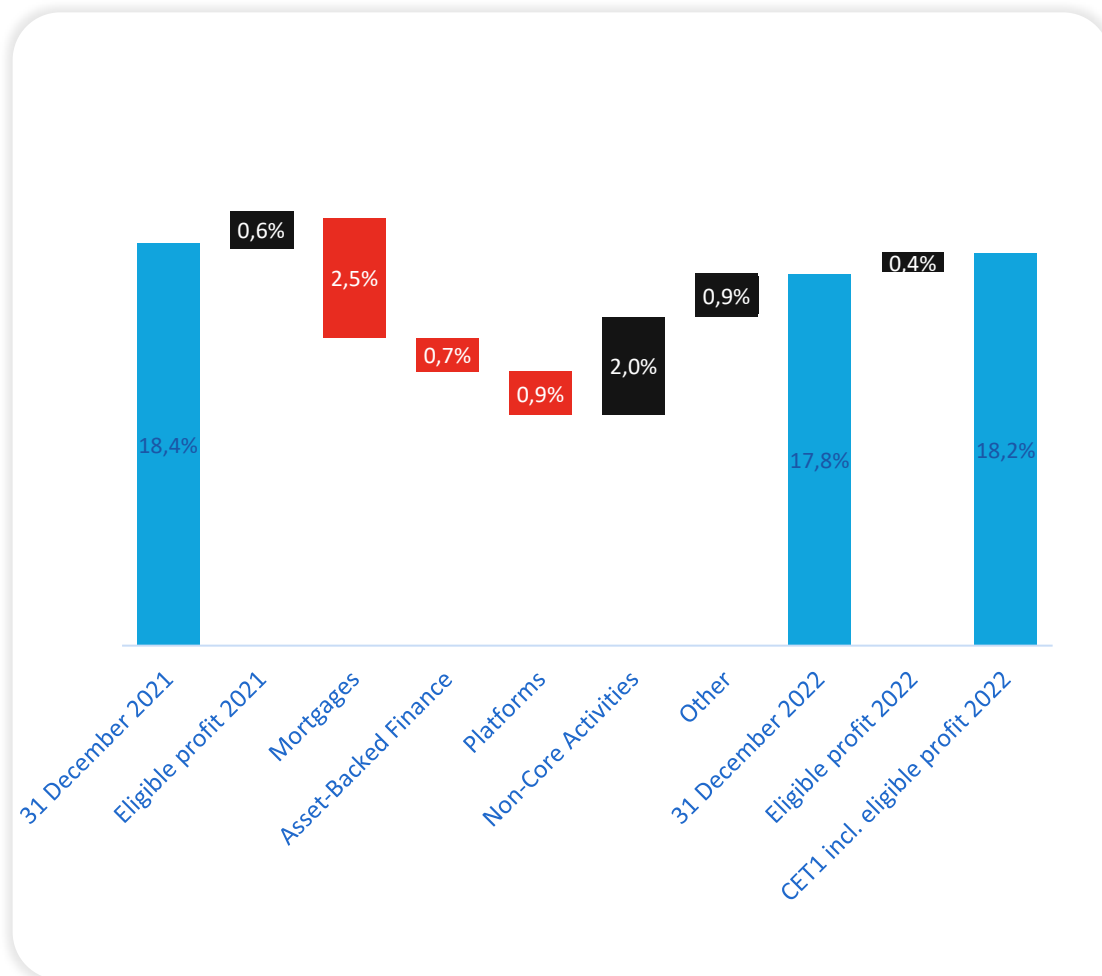
Managing expenses despite inflationary environment whilst investing in growth and transformation



- Operating expenses excluding non-recurring items have increased with EUR 13 million to EUR 245 million, compared to previous year (EUR 232 million)
- This translates into a cost/income ratio of 48% when excluding non-recurring items, slightly above our medium-term objective of 45%
- The increase that is observed in 2022 can mainly be attributed to:
 - Additional expenses for external advisors for exploring strategic opportunities in core business
 - Continued investments in technology
 - Realized growth in our core segments Mortgages, Asset-Backed Finance and Platforms leading to
- Operating expenses decreased within the segments non-core activities and Treasury & Group Functions in line with our focused strategy

Strong capital position

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

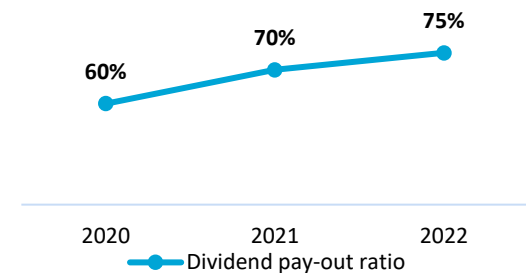
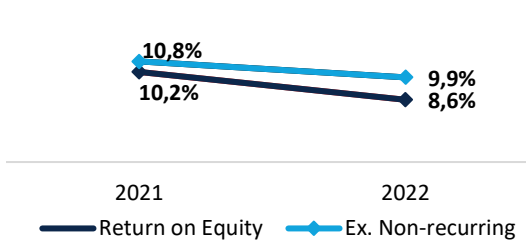


- NIBC's strong capital position is reflected in a CET 1 ratio of 17.9% at FY 2022 (18.4% at year-end 2021)
- In the Mortgages segment, the implementation of the DNB mortgage floor resulted in an increase in the effective risk weight for Dutch owner-occupied mortgage loans under the internal ratings-based approach. In addition, NIBC has increased the risk weights for BtL mortgages under the standardised approach. A significant part of the acquired Finqus portfolio has been included in the internal ratings-based approach, resulting in a decrease of risk weighted assets and lastly the increase of the mortgage loan portfolio. The combined effect on the CET 1 ratio is a decrease of 2.4%-points
- The growth in the Asset-Backed Finance and Platforms segments resulted in a combined effect of 1.6% negative on the CET 1 ratio
- Reduction of the non-core portfolios, including the sale of Offshore Energy and Leveraged Finance, has led to an increase of the CET 1 ratio of approximately 2.0%-point. The anticipated sale of another part of our non-core activities segment is estimated to lead to a combined increase of the CET 1 ratio of 1.0%-point

Medium-term objectives

Based on our strong financial performance we have updated our medium-term objectives

Realisation current medium-term objectives



| Year | Rating |
|------|---------------|
| 2020 | BBB+ Negative |
| 2021 | BBB+ Stable |
| 2022 | BBB+ Stable |

Return on Equity
In %

Target

10-12%

Dividend pay-out ratio
In EUR

Target

≥ 50%

Rating Bank
In EUR

Target

BBB+

Updated medium-term objectives

Return on target CET 1 capital (Previously Return on equity)

≥ 15%

Cost/Income ratio

40% - 45%

CET 1 ratio

≥ 13%

Rating bank

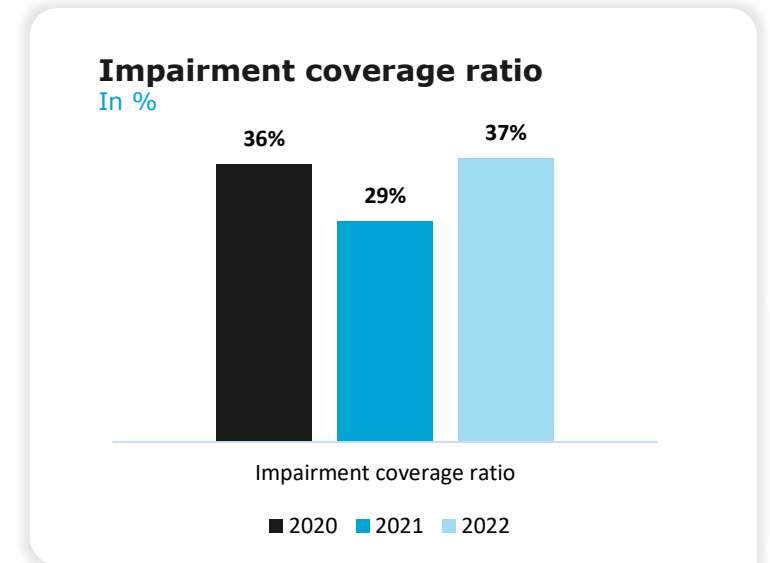
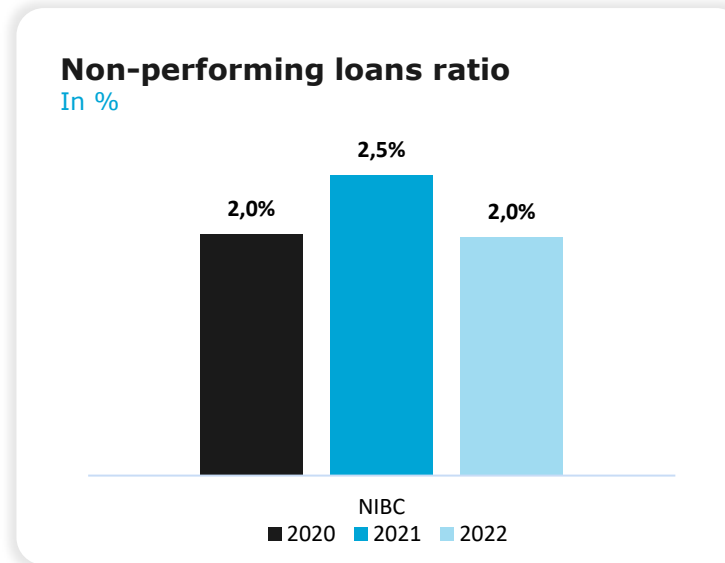
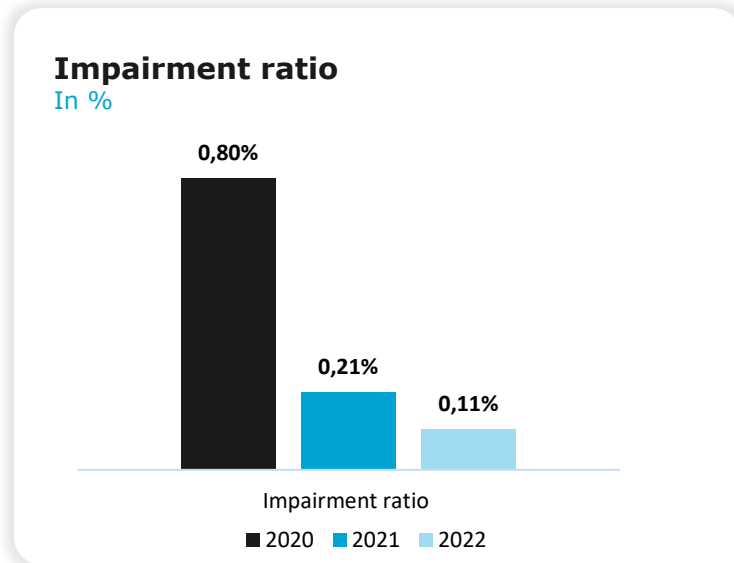
BBB+

Dividend pay-out ratio

≥ 50%

De-risking reflected in low impairments

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



- Credit loss expenses excluding non-recurring items are EUR 30 million FY 2022 down from EUR 37 million in 2021 and key ratios all developed positively during 2022

Q&A

Paulus de Wilt, CEO

Herman Dijkhuizen, CFO

NIBC's brand story

Founded in 1945, we financed the visionary entrepreneurs, who helped rebuild the Netherlands.

Convinced that we would find ways to **make things happen.**

Together, we have built our company on **optimism** and **getting things done,**

Closely collaborating while, **professionally** supporting companies and individuals in realising their **dreams and ambitions** with a sustainable future in mind.

From private housing to rental property, commercial real estate, vessels, infrastructure, cars and equipment,

We focus on **financing assets** for our clients to keep making a difference.

Because assets have value, **enabling future benefits**, including those beyond material wealth:

Facilitating home-making,
Driving commercial-growth
Catalysing entrepreneurship
Generating financial security
and **Connecting people and businesses**

Anything is possible,
when we put our minds to it,

Empowering us to keep chasing **progress** and **growth,**

to stubbornly refuse to take no for an answer and always **Think yes!**

By financing assets, we are building our customers' future,

Impacting their businesses and lives and as specialists in our asset classes, we offer them **smart asset financing solutions.**

Forging ahead, **our entrepreneurial spirit keeps us adaptive**

Exploring growth opportunities, while **gaining expertise** and by consciously choosing, which assets we finance,

we help to build a sustainable, resilient and inclusive society for generations to come.

THINK YES!
NIBC

Income statement

Strong performance in 2022 with an underlying net profit of EUR 179 million excluding non-recurring items

Income statement

| in EUR millions | ex. non-recurring | | ex. non-recurring | | 2022 vs. | ex. non-recurring |
|---|-------------------|-------------|-------------------|--------------|--------------|-------------------|
| | 2022 | 2022 | 2021 | 2021 | 2021 | 2022 vs. 2021 |
| Net interest income | 423 | 420 | 390 | 390 | 8% | 8% |
| Net fee and commission income | 47 | 47 | 46 | 46 | 4% | 4% |
| Investment income | 39 | 39 | 84 | 76 | (53%) | (48%) |
| Other income | -36 | 4 | 5 | 5 | (>100%) | (34%) |
| Operating income | 473 | 510 | 525 | 517 | (10%) | (1%) |
| Personnel expenses | 106 | 106 | 121 | 104 | (13%) | 2% |
| Other operating expenses | 118 | 116 | 104 | 103 | 13% | 13% |
| Depreciation and amortisation | 4 | 4 | 6 | 6 | (24%) | (24%) |
| Regulatory charges and levies | 19 | 19 | 20 | 20 | (4%) | (4%) |
| Operating expenses | 247 | 245 | 251 | 232 | (2%) | 6% |
| Net operating income | 226 | 265 | 274 | 285 | (17%) | (7%) |
| Credit loss expense | 20 | 30 | 37 | 37 | (45%) | (20%) |
| (Gains) or losses on disposal of assets | 2 | - | 3 | - | (29%) | - |
| Tax | 37 | 45 | 40 | 43 | (8%) | 4% |
| Profit after tax | 167 | 191 | 194 | 205 | (14%) | (7%) |
| Profit attributable to non-controlling shareholders | 12 | 12 | 12 | 12 | 0% | 0% |
| Profit after tax attributable to shareholders of the company | 155 | 179 | 182 | 193 | (15%) | (8%) |
| Return on equity | 8,6% | 9,9% | 10,2% | 10,8% | | |

Balance sheet

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

Assets

| in EUR millions | 2022 | 2021 | 2020 |
|---------------------|---------------|---------------|---------------|
| Cash and banks | 2.948 | 2.614 | 2.580 |
| Loans | 5.164 | 5.673 | 5.779 |
| Lease receivables | 1.090 | 781 | 613 |
| Mortgage loans | 11.990 | 11.940 | 10.245 |
| Debt investments | 876 | 924 | 977 |
| Equity investments | 166 | 237 | 226 |
| Derivatives | 162 | 334 | 494 |
| All other assets | 411 | 218 | 211 |
| Total assets | 22.807 | 22.722 | 21.125 |

Liabilities and equity

| in EUR millions | 2022 | 2021 | 2020 |
|--|---------------|---------------|---------------|
| Retail funding | 10.310 | 10.549 | 10.244 |
| Funding from securitised mortgage loans | 221 | 267 | 327 |
| Covered bonds | 4.016 | 4.011 | 3.004 |
| ESF (including other deposits GE) | 240 | 298 | 383 |
| All other senior funding | 5.294 | 4.939 | 4.595 |
| Tier 1 and subordinated funding | 202 | 263 | 278 |
| Derivatives | 232 | 154 | 100 |
| All other liabilities | 128 | 154 | 179 |
| Total liabilities | 20.643 | 20.636 | 19.110 |
| Equity attributable to shareholders of the company | 1.964 | 1.886 | 1.815 |
| Capital securities (non-controlling interest) | 200 | 200 | 200 |
| Equity attributable to non-controlling interests | | | |
| Total liabilities and shareholders equity | 22.807 | 22.722 | 21.125 |

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Think *yes*



NIBC