



# Full Year Results 2021

4 March 2022

# Agenda

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**Herman Dijkhuizen, CFO**



## 2021 AT A GLANCE

Paulus de Wilt  
CEO

# NIBC PERFORMANCE FY 2021

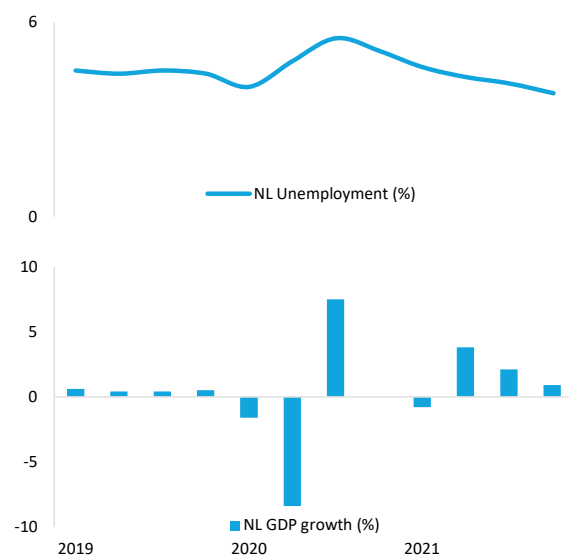
## All medium-term objectives achieved

- **Strategic choice made to further grow and focus on 1) Mortgages, 2) Corporate asset-backed financing and specialty finance, and 3) Platforms;**
  - growth of 18% in mortgage loan portfolio to EUR 11.7 billion, mainly fueled by acquisition of Finqus mortgage portfolio of EUR 1.4 billion
  - significant growth in the originate-to-manage (OTM) mortgage portfolio to EUR 10.5 billion, an increase of 39% with ample growth potential to a total mandate of more than EUR 12.7 billion
  - positive developments in recurring Corporate portfolios and successful platform strategy with double-digit growth e.g. Beequip to a portfolio of around EUR 0.8 billion (+29%)
- **Strong net profit of EUR 182 million (+287%), driven by high investment income, a resilient net interest income of EUR 390 million with a net interest margin of 1.87%;**
  - adjusted for non-recurring, the profit amounts to EUR 193 million, our cost/income is at 45% and our ROE is 10.8%
  - steadily increasing fee income, reflecting further expansion of our OTM franchise
  - cost/income ratio improved to 48%, towards the medium-term objective
  - solid capital position with a CET 1 ratio of 16.9% (as from 1 January 2022, after application of the prudential DNB mortgage floor) and ROE of 10.2%
- **Proposed final dividend of EUR 82 million, leading to a dividend pay-out ratio of 70% of net profit.**

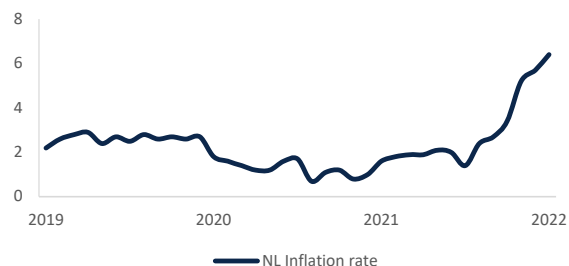
# THE WORLD AROUND US

## Challenging geopolitical tensions

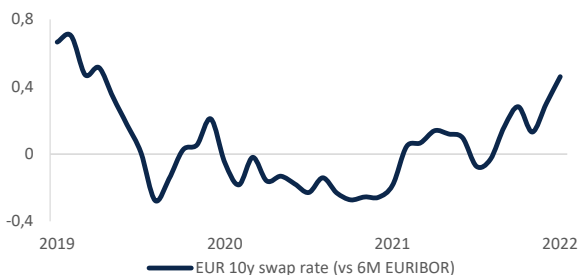
### STRONG RECOVERY OF DUTCH ECONOMY FROM COVID PANDEMIC<sup>1</sup>



### HIGH INFLATION RATES<sup>2</sup>...



### ...LEADING TO RISING INTEREST RATES



### MAJOR CONCERNS

- Developments in Ukraine and the impact on Europe and world economy; no direct exposure to Ukraine and Russia
- Inflationary pressure across Europe, increasing doubts on transitory nature

### CHALLENGING START OF 2022

- The extent to which the Covid-19 pandemic can be brought under control remains uncertain
- ESG taxonomy
- Regulatory burden

### DUTCH ECONOMY, SOLID FUNDAMENTALS

- International and highly competitive economy, less severely impacted by Covid-19
- Increasing, but low debt-to-GDP ratio of 52.6%
- Resilient housing market

<sup>1</sup> Source: Dutch Statistics Office. GDP figures represent real GDP growth in percentage, q-o-q

<sup>2</sup> Source: Dutch Statistics Office. Netherlands CPI yearly growth rate

# STRATEGY UPDATE: FURTHER SHARPEN FOCUS

Strategic choice made for asset-backed financing



## MORTGAGES

- Buy-to-let
- On- and off-balance
- In the Netherlands and internationally



## ASSET-BACKED & SPECIALISED FINANCE

- Focus on Commercial Real Estate, Shipping and Digital Infrastructure
- CLOs and providing minority equity investments



## PLATFORMS

- Fintechs such as Beequip and yesqar

# RETAIL CLIENT OFFERING

Strong mortgage origination results in market share of 4,5%, despite price volume competition

## MORTGAGE LOAN ORIGINATION

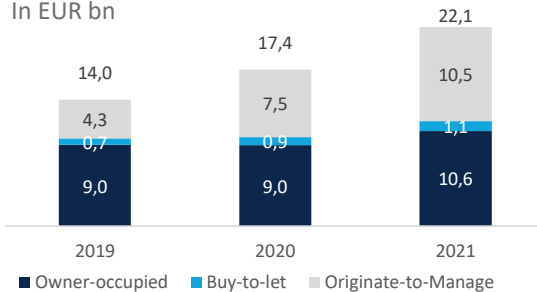


STRONG ORIGINATION

7.3bn

## MORTGAGE LOAN PORTFOLIO

In EUR bn



## GROWTH



MARKET SHARE ORIGINATION

4,5%

## LOW RISK PORTFOLIO

- Strong growth OTM portfolio from EUR 7.5 billion to EUR 10.5 billion
- Total mandate OTM almost EUR 13 billion
- Growth in the Buy-to-let portfolio of 28%
- 56% loan to value on own book residential mortgage portfolio
- Retail savings increased in 2021 by 4% to EUR 10.2 billion

## CLIENTS



- Number of clients +32% since FY 2020
- Total number of clients 176k



- Number of clients stable since FY 2020
- Total number of clients 320k

## FACTS AND FIGURES



7.6

NIBC DIRECT  
CUSTOMER SURVEY  
SCORE SAVINGS



8.1

NIBC DIRECT  
CUSTOMER SURVEY  
SCORE MORTGAGES

# CORPORATE CLIENT OFFERING

Progressing with rebalancing and de-risking strategy, shifted strategy to focus on three core-activities

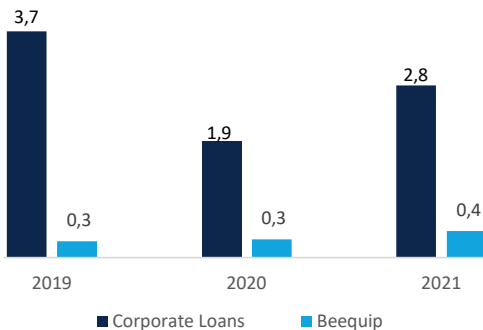
## CORPORATE ASSETS ORIGINATION



SELECTIVE ORIGINATION

3.2bn

In EUR bn



## REFOCUSING OF THE PORTFOLIO

- For corporate we focus on asset-backed transaction financing in the fields of CRE, Digital Infrastructure, Shipping and Specialty finance such as Collateralised Loan Obligations (CLOs) and providing minority equity investments, and Platform financing through Fintechs such as Beequip and yesqar.
- Continued de-risking of the non-core loan portfolio which amongst others include Energy and Leveraged Finance by 20% (compared to EOY 2020)

## ENTREPRENEURIAL SPIRIT OF GROWTH ENGINES IN 2021



ACTIVELY MANAGED CORPORATE EXPOSURE

8.4bn



- OIMIO - a commercial real estate offering for small Dutch SMEs – was launched in 2020, originating more than EUR 65m in its first year and is now at a level of EUR 144m
- Beequip realized growth of its granular lease equipment portfolio with 29% to EUR 0.8 billion
- yesqar - an asset data driven automotive offering - at a level of EUR 82m (EUR 3 million 2020)



# SUSTAINABILITY EMBEDDED IN OUR STRATEGY

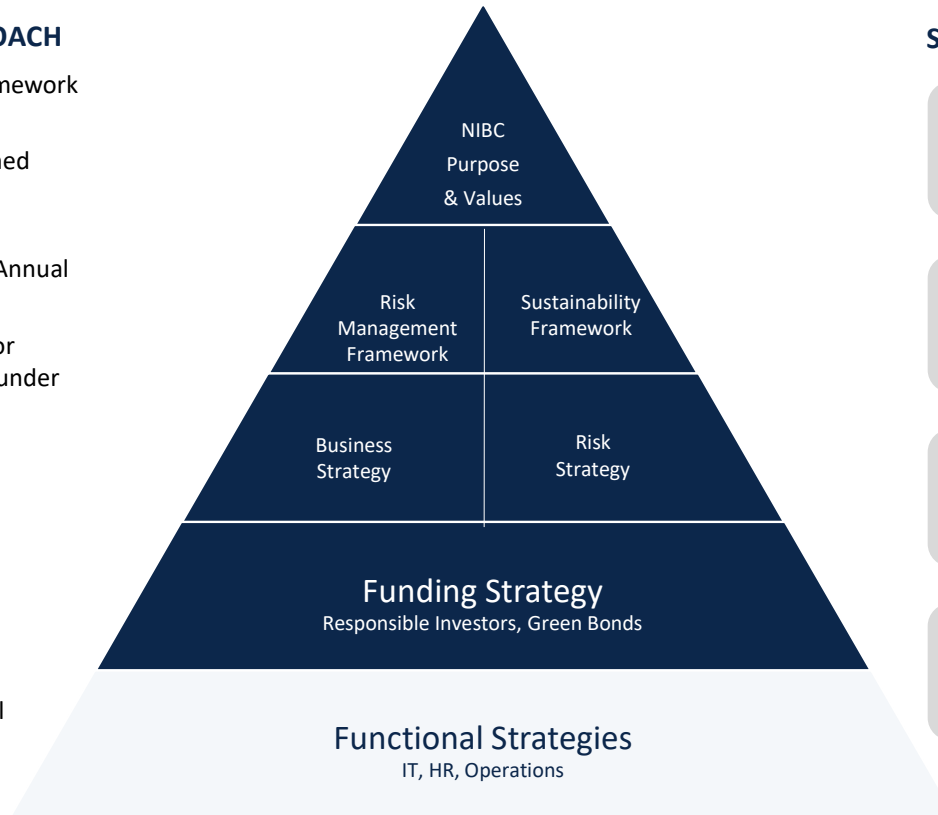
Supporting corporate and retail clients in their transition towards a sustainable future

## INTEGRATED BUSINESS APPROACH

- Robust sustainability policy framework in place
- 100% of corporate loans screened against sustainability policy
- Taxonomy eligibility, emissions estimates, published in NIBC's Annual Reports
- EUR 750 mln 5 year green senior preferred issued in September under NIBC's Green Bond Framework


## IT STARTS WITH US

- 100% renewable electricity across all NIBC locations
- Carbon neutral operations at NIBC since 2012
- Equipment recycling and school donation program



## STRONG SUSTAINABILITY RATINGS

ISS  
 **C+/Prime**

SUSTAINALYTICS  
 **21.2**  
 Medium Risk

MSCI  
 **AA**

REPRISK  
 **AA**

# OUR STRATEGIC PRIORITIES

We continued to further invest in our franchise

## Further optimisation of capital structure and diversification of funding

- Solid CET 1 ratio of 16.9% (1 January 2022), providing room to invest and absorb new regulatory requirements.
- Improvement of NIBC's funding spread.
- Strong LCR ratio at 184%.

## Ongoing investment in people, culture and innovation

- Average spending on training EUR 2,508 per employee
- Successful continuation of internal training programmes for junior and medior staff.
- Support of our staff in working from home, facilitating them with relevant tools and hardware.
- It will be a challenge how to on-board new employees and to stimulate the return to the offices in the post-COVID new way of working.
- The strategic focus provides opportunities to grow, however, it will be essential to engage on the broader agenda.



## Continuous evolution of client franchise, expertise and propositions

- The OTM proposition further diversified; 30% increase in mandates to EUR 12.7 billion
- Mortgage label 'Lot Hypotheken' grew to appr. 1.6 billion
- Growth in labels Beequip, yesqar and OIMIO label
- NPS corporate clients increased to +59%. The customer satisfaction survey score NIBC Direct mortgages increased to 8.1
- Active management of the portfolios and offering to clients resulting in identified non-core of corporate offering and held for sale of Lendex, as well as termination of the M&A services.

## 2 Focus on growth of asset portfolio in core markets

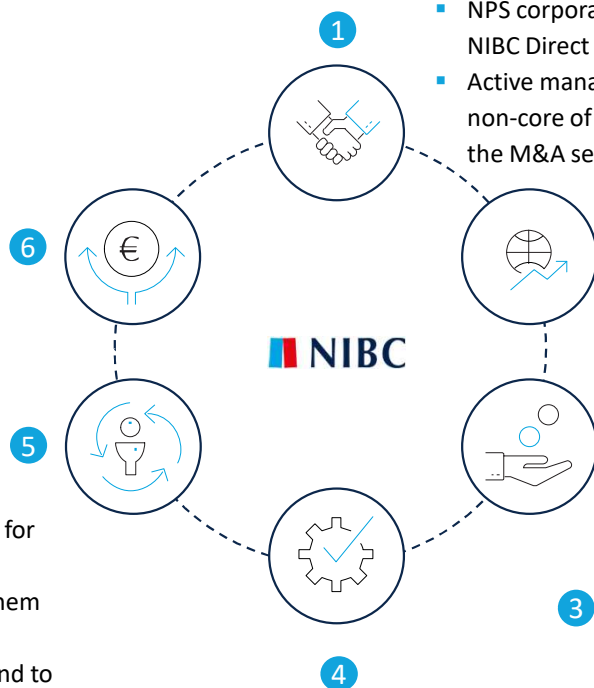
- Strong origination of both owner-occupied and BtL mortgage loans
- Acquisition Finqus portfolio of 1.4bn in Nov. 2021
- Beequip portfolio increased by 29% to EUR 0.8 billion, yesqar and OIMIO showed double digit growth
- Origination within NIBC's core corporate asset classes has led to growth of the asset-backed portfolio
- Corporate OTM positions increased 46% to EUR 1.5 billion

## Diversification of income

- Continued focus on growing OTM mortgage offering, to EUR 34 million fee income within retail client offering (2020: EUR 27 million)
- Termination of the M&A services, will lead to lower fee income going forward (2021: EUR 2 million)
- Beequip's portfolio continues to grow, as well as contribution to net profit

## Building on existing agile and effective organisation

- NIBC continues to address the COVID-19 challenges effective. In 2021, we have continued working remote
- First year under new private ownership, following delisting in Febr. 2021, allowing us to fast-track strategic initiatives.





# FINANCIAL RESULTS FY 2021

Herman Dijkhuizen  
CFO

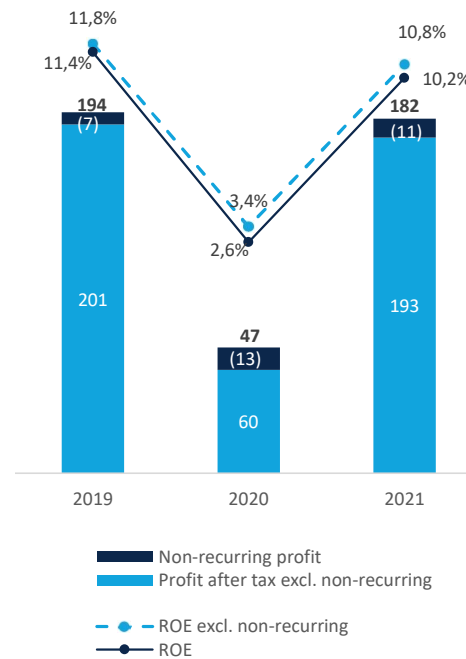
# INCOME STATEMENT

Strong net profit of EUR 182m up 287% compared to 2020

## INCOME STATEMENT

in EUR millions	ex. non-recurring		ex. non-recurring	
	2021	2021	2020	2020
Net interest income	390	390	403	403
Net fee and commission income	46	46	43	43
Investment income	84	76	7	7
Other income	5	5	(21)	(21)
<b>Operating income</b>	<b>525</b>	<b>517</b>	<b>431</b>	<b>431</b>
Personnel expenses	121	104	108	101
Other operating expenses	104	103	102	92
Depreciation and amortisation	6	6	6	6
Regulatory charges and levies	20	20	16	16
<b>Operating expenses</b>	<b>251</b>	<b>232</b>	<b>232</b>	<b>215</b>
<b>Net operating income</b>	<b>274</b>	<b>285</b>	<b>199</b>	<b>216</b>
Losses / (gains) on disposal group companies	3	-	-	-
Impairments of financial and non financial assets	37	37	141	141
Tax	40	43	(2)	3
<b>Profit after tax</b>	<b>194</b>	<b>205</b>	<b>59</b>	<b>72</b>
Profit attributable to non-controlling shareholders	12	12	12	12
<b>Profit after tax attributable to shareholders of the company</b>	<b>182</b>	<b>193</b>	<b>47</b>	<b>60</b>
<b>Return on equity</b>	<b>10.2%</b>	<b>10.8%</b>	<b>2.6%</b>	<b>3.4%</b>

## PROFIT AFTER TAX AND RETURN ON EQUITY



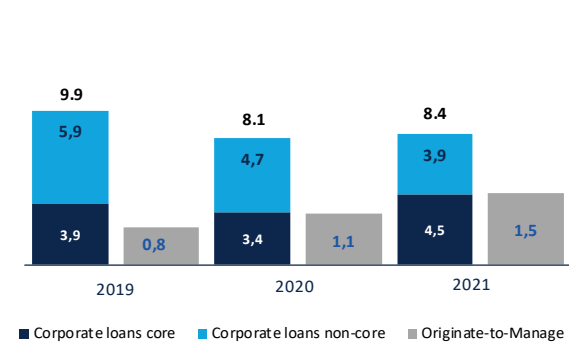
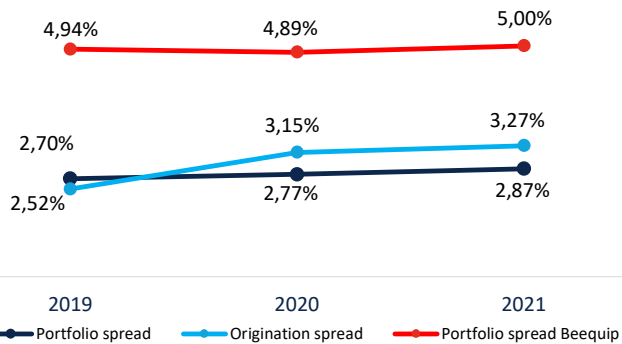
## COMMENTS

- NIBC displayed a strong performance in 2021; This is mainly reflected in:
  - resilient net interest income supported by volumes, as well as lower funding costs
  - high investment income of EUR 84 million due to favourable exits and positive revaluation results
- Operating expenses are well under control as the increase in operating income more than offset the increase in operating expenses. Showing balance of:
  - increased personnel expenses due to reorganization costs (non-recurring)
  - higher personnel expenses following the increase of personnel in the growth engines Beequip and yesqar
  - operating expenses include further investment in franchises and higher regulatory costs.
  - credit loss expenses of EUR 37 million are significantly lower, following the economic recovery in 2021

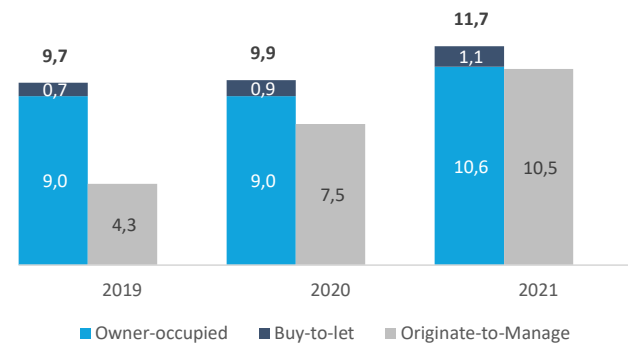
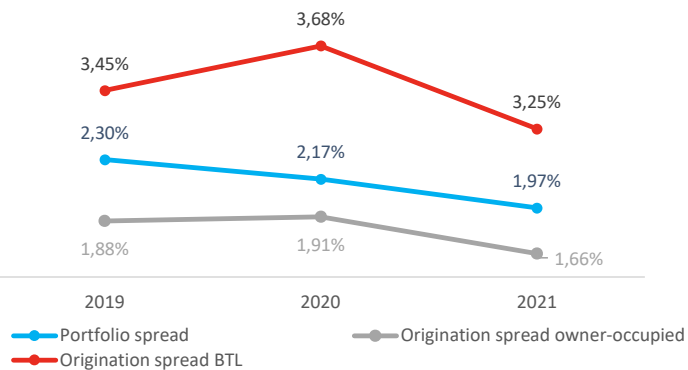
# PORTFOLIO VOLUMES AND SPREADS

Continued focus on building a more granular portfolios

## CORPORATE LOAN SPREADS & VOLUMES



## RETAIL ASSET SPREADS & VOLUMES



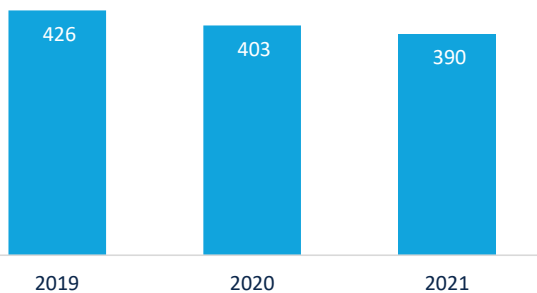
## COMMENTS

- Corporate client assets:
  - Own book corporate client assets slightly increased in 2021 by EUR 0.2 billion to EUR 8.4 billion
  - The increase is across all core sectors but mainly influenced by an increase in the portfolios of our platforms and specialized financings, Beequip (29%), OIMIO (117%) and yesqar contributing EUR 82 million in 2021
  - The rebalancing was accompanied by an increase in the average portfolio spread to 2.87%, mainly driven by a further increase of the average origination spread to 3.27%
  - OTM assets increased by 46% mainly driven by the issued North Westerly VII transaction in 2021
- Retail client assets:
  - The own book portfolio of mortgage loans increased in 2021 by 18% to EUR 11.7 billion including the acquisition of the Finqus portfolio of 1.4bn in November 2021
  - Buy-to-let increased by 28% to EUR 1.1 billion at origination spreads under pressure due to strong competition in the mortgage market
  - OTM assets increased by 39%, with Lot Hypotheken introduced 2020 - also contributing to this development

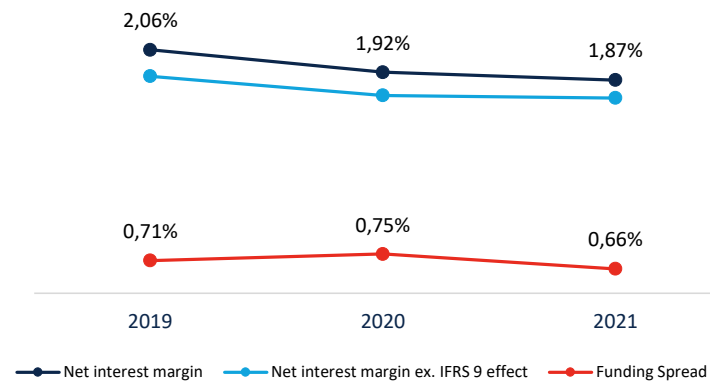
# NET INTEREST INCOME

## Resilient net interest income

**NET INTEREST INCOME**  
(EUR millions)



**NET INTEREST MARGIN & FUNDING SPREAD**



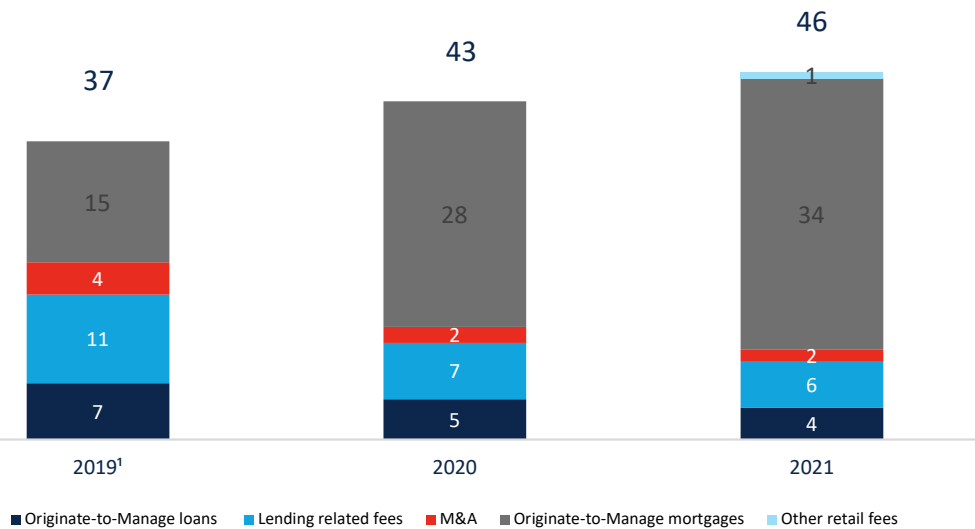
### COMMENTS

- Modest decrease of net interest income to EUR 390 million
- The net interest income includes:
  - an increased volume of prepayment interest
  - the cost of maintaining a high level of liquidity buffers, which generates negative carry
  - pressure on the portfolio spread of the mortgage loan portfolio
  - growth of the platforms with higher origination spreads
- The average funding spread decreased by 9 basis points due to optimized funding mix

# NET FEE AND COMMISSION INCOME

Focus on originate-to-manage is paying off

**NET FEE AND COMMISSION INCOME**  
(EUR millions)



## COMMENTS

- Total fee income increased with 7% in 2021, fully supported by the increase in OTM fees from retail client assets with 20%
- Fee income from corporate lending activities decreased due to the choice to growth in identified asset classes
- OTM fees from corporate assets slightly decreased

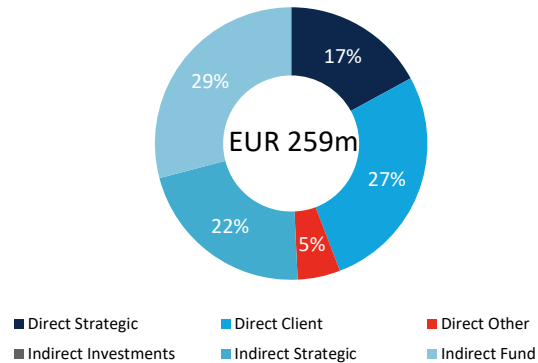
# INVESTMENT INCOME

Strong performance of EUR 84 million

## EQUITY INVESTMENT PORTFOLIO BY TYPE 2021

	2021	2020
Direct Investments		
Direct Strategic	44	35
Direct Client	70	98
Direct Other	13	13
Indirect Investments		
Indirect Strategic	56	35
Indirect Fund	75	71
<b>Total</b>	<b>259</b>	<b>252</b>

## EQUITY INVESTMENT PORTFOLIO 2021



## COMMENTS

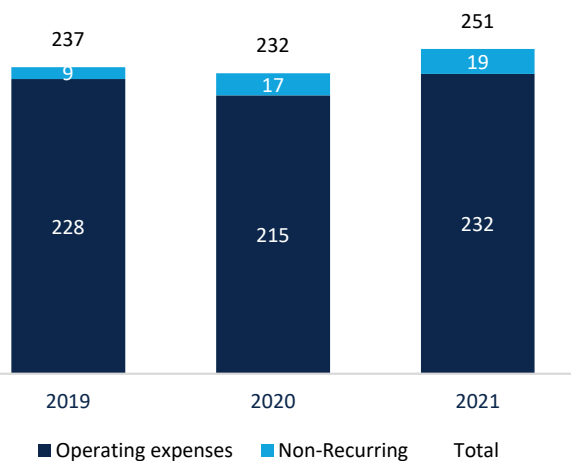
- Investment income is sensitive to the sentiment in the equity markets and is therefore volatile quarter to quarter
- Investment income (EUR 84 million) increased significantly compared to 2020 (EUR 7 million):
  - positive results mainly related to the successful (partial) exits of investments in 2021, leading to an additional realized positive result of EUR 49 million in 2021
  - positive (unrealized) revaluation results of EUR 35 million were displayed on a part of the investment portfolio
- Investment income includes non-recurring results of EUR 8 million



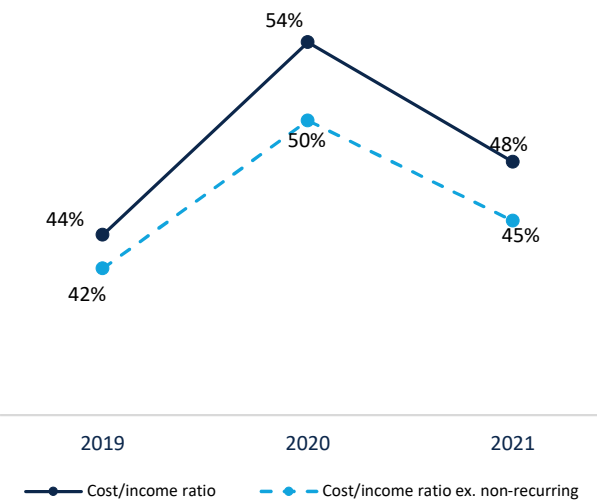
# OPERATING EXPENSES

Fully loaded cost/income ratio moving towards ambition level

DEVELOPMENT OF OPERATING EXPENSES



COST/INCOME RATIO



COMMENTS

- In 2021 operating expenses increased by 8% compared to 2020
  - this includes in 2021 non-recurring expenses of EUR 19 million related to reorganization costs as well as other one-off personnel expenses
- Decreased expenses from the discontinuation of our capital market activities were partially offset by higher expenses from the increase of personnel in our growth engines Beequip and yesqar, as well as for IT/regulatory projects
- Operating expenses include programme costs through which NIBC continues to invest in its licence to operate
- The cost/income ratio improved in 2021. The increased operating income more than offsets the higher operating expenses

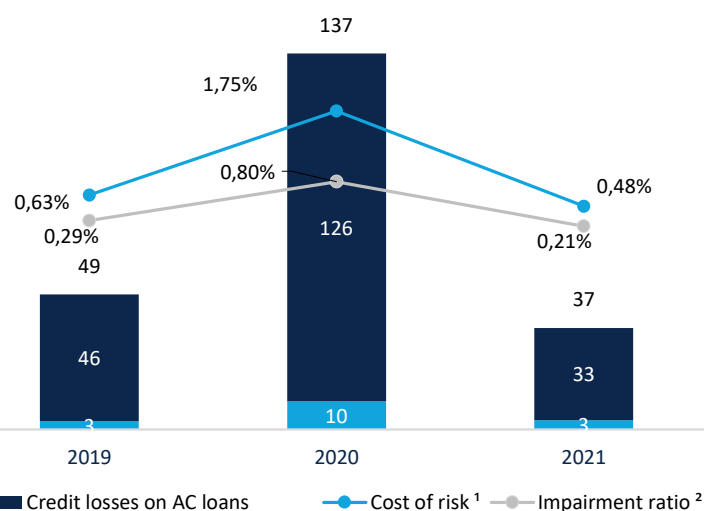
# CREDIT LOSS EXPENSE

## Significant improvement of credit loss expense

### DEVELOPMENT OF COST OF RISK AND IMPAIRMENT RATIO<sup>1</sup>

### KEY FIGURES ASSET QUALITY

### COMMENTS



	2021	2020	2019
Impairment coverage ratio	29%	36%	33%
Non-performing loan ratio	2.5%	2.0%	2.4%
Exposure corporate arrears > 90 days	1.6%	2.1%	1.2%
Exposure residential mortgage loans arrears > 90 days	0.1%	0.2%	0.1%
LTV Dutch residential mortgage loans	56%	64%	68%
LTV BTL mortgage loans	53%	53%	52%

- Credit loss expense and cost of risk are significantly lower than in 2020, partly due to improved market conditions and the impact of our long-term strategy of de-risking our portfolios
- Total credit loss expense in 2021 decreased by almost 75% to a level of EUR 37 million. Most of the credit loss expenses are related to stage 3 exposures
- Given the continued uncertainty and the limits of addressing the extra-ordinary situation of today in the regular ECL model, NIBC continued to apply a management overlay, which equaled EUR 14.5 million
- This overlay is not allocated to individual exposures

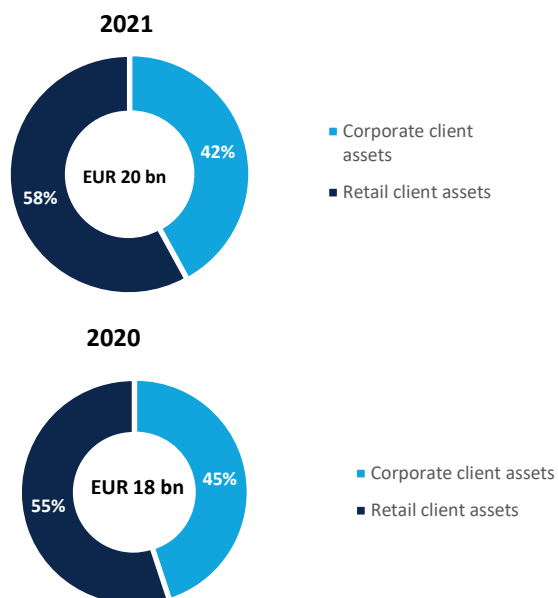
# FOCUSED TRANSFORMATION

Continued rebalancing of our portfolios follow our strategy

## NIBC PORTFOLIO

in EUR millions	FY 2021	FY 2020	FY 2021 vs. 2020
Owner-occupied mortgage loans – Netherlands	10,556	8,986	17%
Buy-to-let mortgage loans	1,100	861	28%
Owner-occupied mortgage loans – Germany	9	13	-28%
<b>Total retail client assets</b>	<b>11,665</b>	<b>9,860</b>	<b>18%</b>
Commercial Real Estate	1,379	1,030	34%
OIMIO	144	67	117%
Digital Infrastructure	1,190	821	45%
Shipping	914	856	7%
Beequip (lease receivables)	777	600	29%
yesqar	82	3	3176%
<b>Corporate client assets (drawn &amp; undrawn)</b>	<b>4,486</b>	<b>3,376</b>	<b>33%</b>
Non-core loan portfolio	3,424	4,296	-20%
Investment loans	157	166	-6%
Other lease receivables	31	31	0%
Equity investments	259	252	3%
<b>Total corporate client assets (drawn &amp; undrawn)</b>	<b>8,357</b>	<b>8,120</b>	<b>3%</b>
OTM Retail client assets	10,456	7,523	39%
OTM Corporate client assets	1,547	1,062	46%
<b>Originate-to-manage assets</b>	<b>12,002</b>	<b>8,585</b>	<b>40%</b>

## COMPOSITION NIBC'S CLIENT OWN BOOK ASSETS



## COMMENTS

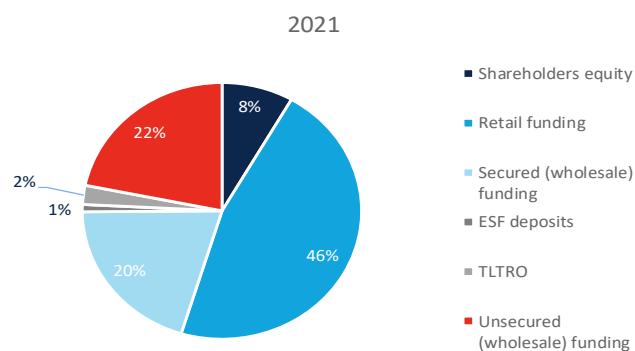
- The strategy will be shifted to a focus on three core-activities, 1) Mortgages, 2) Asset-backed transaction financing, 3) Platform financing
- Total client assets - including originate-to-manage - increased by 30% since 2019
- Clients' assets for NIBC's own book increased by 11% (since 2020), displaying continued rebalancing towards a higher share of retail and other granular asset classes:
  - increased exposure in the platform financing through the Fintechs Beequip (29%) and yesqar
  - growth of the mortgage book due to the Finqus transaction for owner-occupied mortgage loan portfolio (+17%) and Buy-to-Let (+28%)
  - growth in more granular exposures in Digital infrastructure (+45%) and OIMIO (+117%)
- Strong growth of the retail originate-to-manage offering by EUR 6.9 billion (since 2019) or 135%

# DIVERSIFIED FUNDING BASE

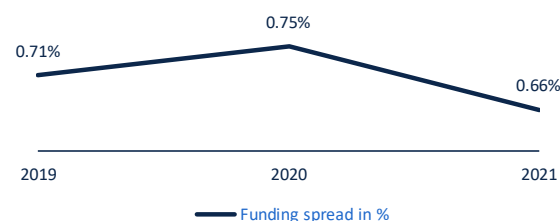
## Balanced maturing wholesale funding

### SOLID AND DIVERSIFIED FUNDING BASE

Total funding: €22.7bn



### DECREASING COST OF FUNDING<sup>1</sup>



### MATURING WHOLESale FUNDING<sup>2</sup>

in EUR billion	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	>2031
Covered bonds	0.5	0.0	0.0	0.0	0.5	0.5	1.0	0.5	0.5	0.5	0.0
Other secured funding	0.1	0.5	0.3	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
Senior unsecured	0.7	0.9	0.6	0.7	0.8	0.0	0.0	0.0	0.0	0.1	0.1
Subordinated	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.3
<b>Total:</b>	<b>1.3</b>	<b>1.4</b>	<b>0.9</b>	<b>0.7</b>	<b>1.3</b>	<b>0.6</b>	<b>1.0</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.3</b>

### OPTIMISED FUNDING

- Retail savings increased from EUR 10.2bn end of 2020 to EUR 10.5bn end of 2021 with strong growth in NL and stable volumes in Germany and Belgium; on demand retail saving rates now at 0.01% in NL and 0.05% in Germany
- In April 2021 NIBC issued a 10-year EUR 500m Covered Bond transaction at EUR 3m +14 bps, EUR 750m 5-year senior preferred green bond in September 2021 at EUR 3m +62 bps and EUR 500m 9-year covered bond in November 2021 at EUR 3m +12 bps
- New TLTRO transaction of EUR 300m in December 2021
- The average funding costs decreased substantially in 2021 to 66 bps



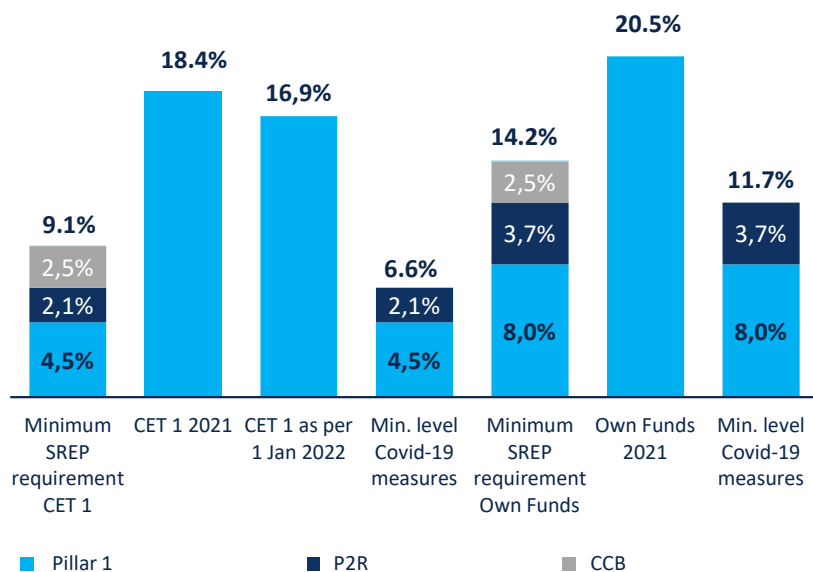
1: Aggregate of the issuance spreads over 3 months Euribor for NIBC's funding transactions weighted by the ratio of the euro equivalent amount at issuance of the funding transactions and the total euro equivalent notional amount of the funding transactions.

2: Other secured funding relates to TLTRO funding, one RMBS transaction and Adriana CLO

# CAPITAL POSITION

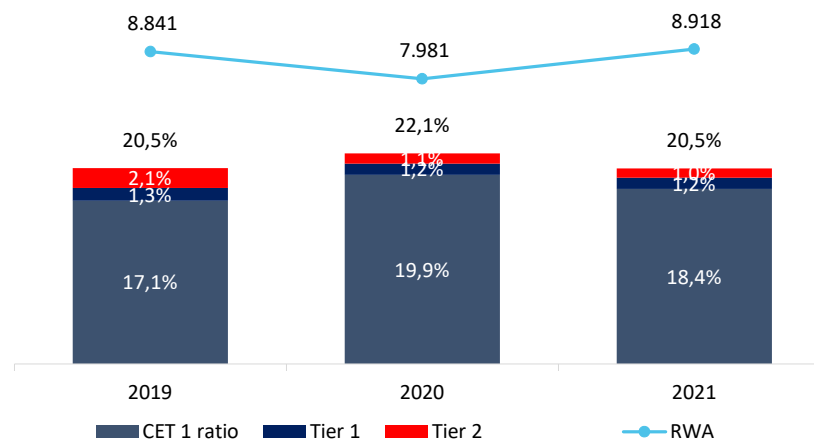
## Strong solvency ratios

### CAPITAL RATIOS COMPARED TO REQUIREMENTS EXCL. P2G



### COMMENTS

- NIBC's strong capital position is reflected in a CET 1 ratio of 18.4% at year-end 2021, displaying a decrease from 19.9% at year-end 2020
- The decrease is caused by an increase in RWAs. Key driver is the acquisition of the Finqus portfolio (-1.3% point). The increase of the corporate loan portfolio through Beequip and yesqar has also contributed to the increase in RWAs
- As from 1 January 2022, DNB has implemented the prudential floor for Dutch mortgage loans. For NIBC, the impact is an increase of almost EUR 800 million RWAs and a decrease of 1.5% of CET I ratio, to 16.9%
- Furthermore, as of 2022 the risk weight of our BTL mortgages will increase and therefore the CET 1 decreases by approximately 1% point. Additionally, retained earnings of EUR 55 million will lead to an increase of the CET1 ratio of 0.6%.
- This results in an estimated CET1 of 16.5% end of Q1-2022



# FULL YEAR PERFORMANCE

Strong performance shown in 2021

METRICS	MEDIUM-TERM OBJECTIVES	2021	
		Recurring	Non-recurring
<b>Return on Equity</b> (Holding)	10 - 12%	10.2%	10.8%
<b>Cost-to-income</b> (Holding)	< 45%	48%	45%
<b>CET 1</b> (Holding)	≥ 14%	18.4%	
<b>Dividend pay-out</b> (Holding)	≥ 50%	70%	
<b>Rating</b> (Bank)	BBB+	BBB+ Stable	

## COMMENTS

- Almost all of our medium-term objectives are achieved
- Increase of net profit in 2021 to EUR 182 million and return on equity above 10% shows the strong recovery of NIBC's performance
- Fully-loaded cost-to-income ratio of 48% includes non-recurring items of EUR 11 million. Excluding these items cost-to-income ratio is 45%
- Strong CET 1 ratio at year-end 2021 of 18.4%, displaying a significant buffer above minimum SREP requirements
- Dividend pay-out ratio of 70% can be translated to a total of EUR 127 million distribution and is subject to approval by the annual general meeting of shareholders, scheduled on 24 March 2022

# Q&A

Paulus de Wilt, CEO

Herman Dijkhuizen, CFO



## Notes to the presentation

*Parts of this presentation contain inside information within the meaning of article 7 of Regulation (EU) No 596/2014 (Market Abuse Regulation). This public announcement does not constitute an offer, or any solicitation of any offer, to buy or subscribe for any securities in NIBC Holding N.V.*

## Forward-looking Statements

*This presentation may include forward-looking statements. All statements other than statements of historical facts may be forward-looking statements. These forward-looking statements may be identified by the use of forward-looking terminology, including but not limited to terms such as guidance, expected, step up, announced, continued, incremental, on track, accelerating, ongoing, innovation, drives, growth, optimising, new, to develop, further, strengthening, implementing, well positioned, roll-out, expanding, improvements, promising, to offer, more, to be or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. The forward-looking statements included in this presentation with respect to the business, results of operation and financial condition of NIBC Holding N.V. are subject to a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements, including but not limited to the following: changes in economic conditions in Western Europe, changes in credit spreads or interest rates, the results of our strategy and investment policies and objectives. NIBC Holding N.V. undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances that may arise after the date of this release.*

