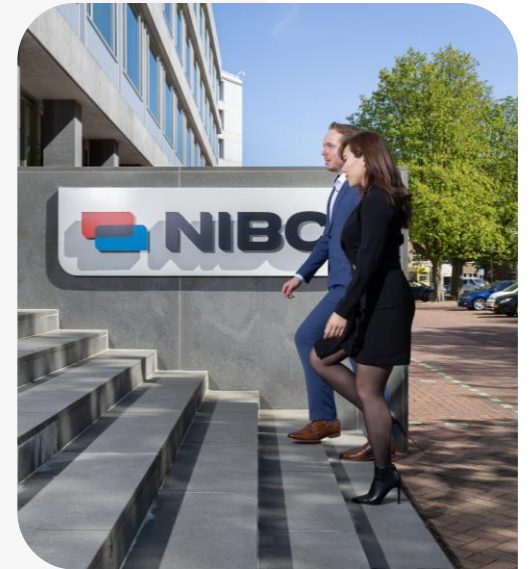


# NIBC Results H1 2024

22 August 2024



# Agenda

- At a Glance
- Financial Results
- Q&A

Paulus de Wilt

Claire Dumas



# At a Glance

## Paulus de Wilt



# The world around us

## Changing economic environment

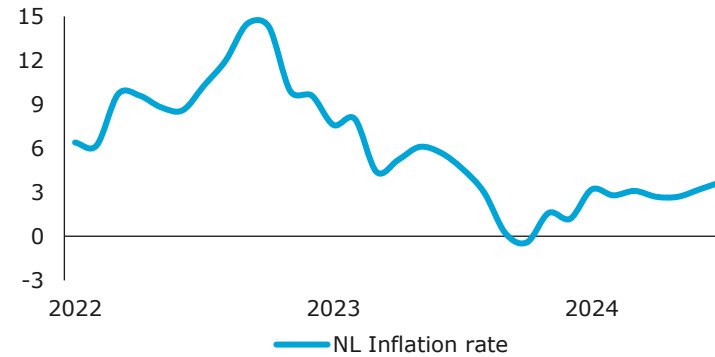
### COOLING DUTCH ECONOMY...



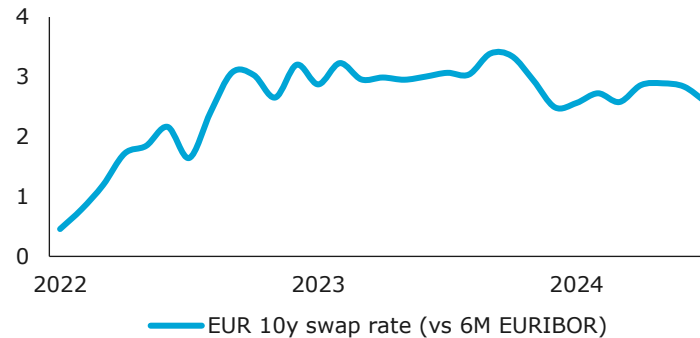
### ...WITH LOW LEVEL OF UNEMPLOYMENT



### LOWER INFLATION ...



### ...COMBINED WITH HIGHER INTEREST RATES



### DUTCH ECONOMY, SOLID FUNDAMENTALS

- International and highly competitive economy
- Resilient housing market, driven by strong structural demand for housing
- Strong government finances with debt-to-GDP ratio of 43.9% (Q1 2024)

### CHALLENGES FOR H2 2024

- Timing and pace of rate cuts, as uncertainty around the inflation outlook has made central banks more cautious about the pace of policy easing
- Mixed economic growth picture
- Geopolitical tensions with potential economic spill-over effects

# Against this backdrop, NIBC reports a strong H1 result

NIBC shows solid performance and enhanced efficiency

## NET PROFIT

**EUR 99 million**

(vs H1 2023 -4%)

## COST/INCOME RATIO

**44%**

(H1 2023: 44%)

## RETURN ON EQUITY

**11.0%**

(H1 2023: 10.9%)

## NET INTEREST MARGIN

**2.07%**

(vs H1 2023 +11 bps)

## CET 1 RATIO

**19.7%**

(FY 2023: 18.8%)

## RETURN ON TARGET CET 1 CAPITAL 13%

**16.3%**

(H1 2023: 16.6%)

# Successful execution of our focused strategy

Growth core activities, discontinuation non-core activities

## GROWTH CORE ACTIVITIES



**Mortgages**  
+1%



**Asset Based Finance<sup>1</sup>**  
+2%



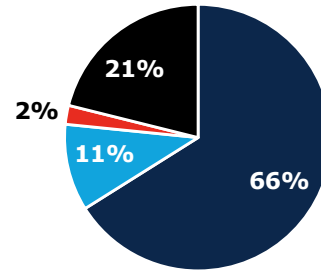
**Platforms**  
+7%



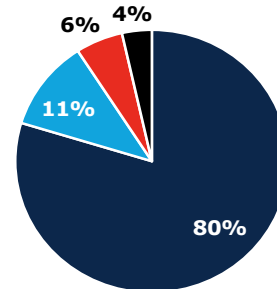
**Savings**  
+8%

## TRANSFORMATION ASSET MIX

Including OTM  
2020



H1 2024



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

## OTHER OBSERVATIONS

- As we continuously investigate development opportunities across various business lines, this also means that specific product offerings may benefit from a new setting. In this context, NIBC is actively investigating strategic alternatives for both its Platform activities. As such both offerings are now classified as held for sale, reflecting these strategic considerations.
- Increase of our retail savings volumes improved our funding composition resulting in a further decrease of the average funding spread to 0.10% (2023 0.18%)
- Continued decrease in Non-Core portfolio, reducing exposure by EUR 139 million since FY2023 (-10%) to EUR 1.3 billion.

1. Asset Based Finance is excluding the Shipping portfolio which has been sold in H1 2024

# Dedicated strategy execution

Our focused business model allows for strong performance



## MORTGAGES

**+1%**

- Total loan portfolio EUR 27.1 billion (2023: EUR 26.9 billion)
- Origination: EUR 1.2 billion (2023: EUR 3.3 billion)
- Servicing ~200k clients
- Market share 2.4%
- NIBC is awarded for the best mortgage lender in the medium-sized category and also nominated for the innovative "Hero" mortgage



## ASSET BASED FINANCE<sup>1</sup>

**+2%**

- Exposure EUR 3.8 billion (2023: EUR 3.7 billion)
- Origination: EUR 0.4 billion
- Successful sale of the Shipping portfolio of EUR 0.9 billion in H1 2024
- Servicing ~170 clients
- Focus on continuing growth in core portfolios
- Strong quality portfolio with limited losses



## PLATFORMS

**+7%**

- Exposure EUR 1.9 billion (2023: EUR 1.8 billion)
- Origination: EUR 0.4 billion
- Servicing ~5300 clients
- yesqar: largest challenger in automotive sector
- Beequip: largest alternative SME financier

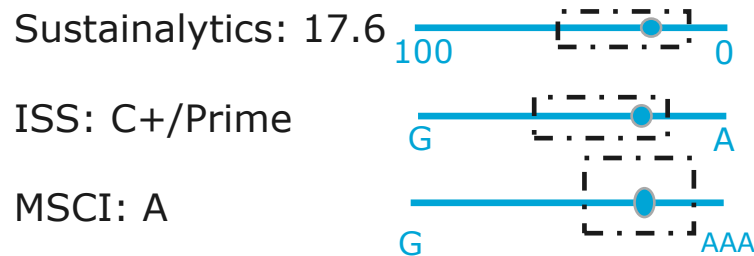
1. Asset Based Finance is excluding the Shipping portfolio which has been sold in H1 2024

# Additional highlights H1 2024

Improved asset quality recognised by rating upgrades from both Fitch and Moody's

## ESG

- Significant further reduction in financed emissions expected due to sale of Shipping portfolio
- NIBC' ESG strategy to support clients in their sustainability journey across all core asset classes
- Sustainalytics rating upgraded to 17.6 low risk for NIBC Bank



## CREDIT RATINGS

- Recognising the steps we have taken to strengthen the business model, NIBC's credit rating was upgraded by both Fitch and Moody's

Fitch<sup>1</sup>: A-, stable outlook  
S&P<sup>1</sup>: BBB, stable outlook  
Moody's<sup>1</sup>: A2, stable outlook

## OTHER

- Net promoter score corporate lending<sup>2</sup>: +87%
- NIBC mortgages customer survey score<sup>2</sup>: 8.3
- NIBC savings customer survey score<sup>2</sup>: 8.0
- Male/female ratio stable at 64%/36%
- Gender balance in Managing Board

1. Reported ratings are based on NIBC's senior preferred debt ratings. Moody's rating is unsolicited  
2. Non-financial figures based on external surveys may not have been updated. In that case, the last available result is reported.



# Financial results

## Claire Dumas



# P&L NIBC

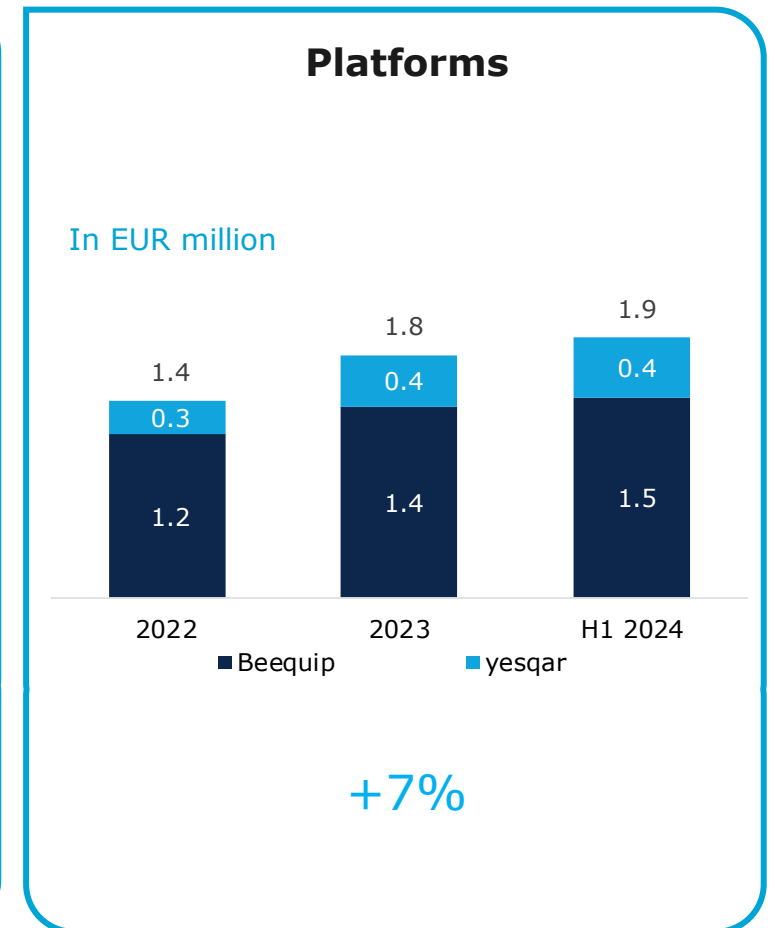
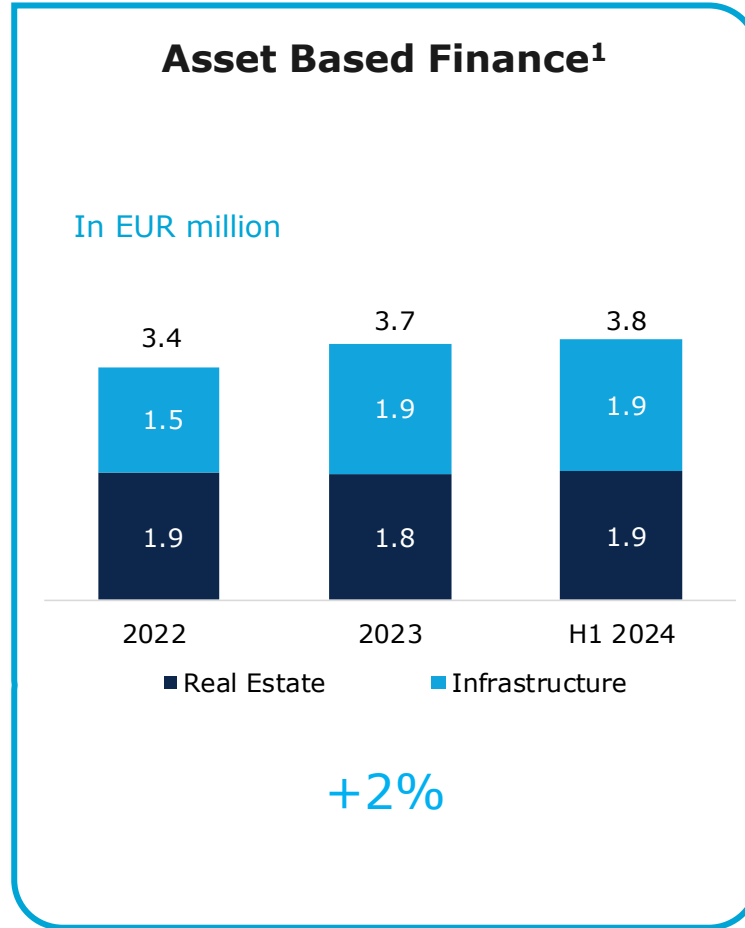
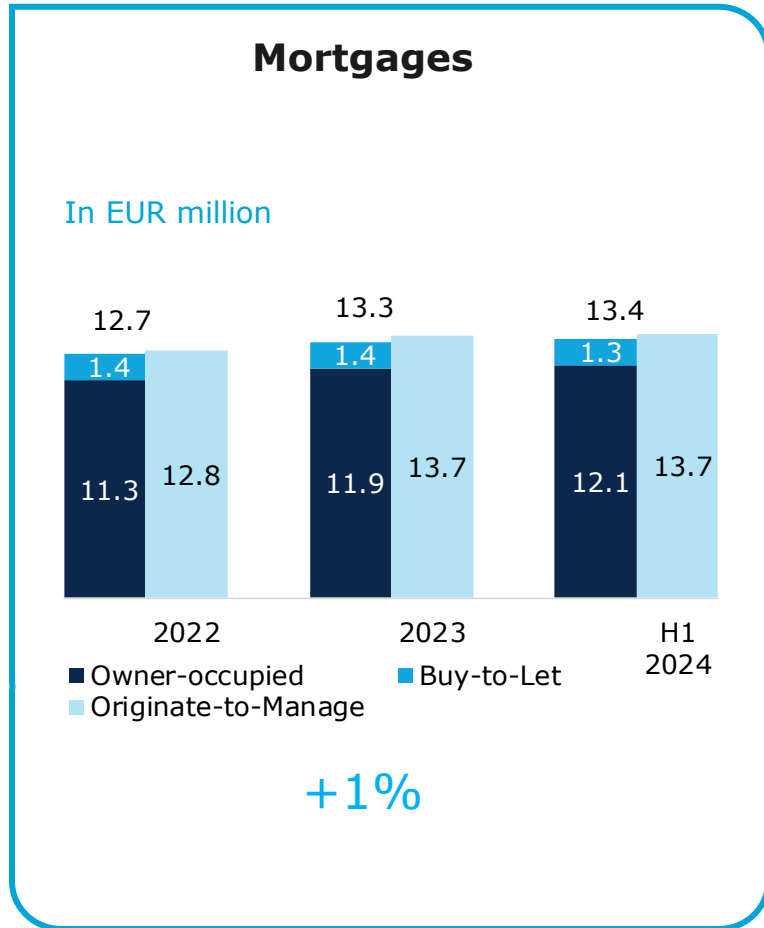
Strong performance H1 2024, driven by increased operating income and lower credit losses

in EUR millions	H1 2024	ex. non-recurring H1 2024	Change H1 2024 vs H1 2023	H1 2023	ex. non-recurring H1 2023
Net interest income	236	229	4%	227	227
Fee income	19	19	-6%	20	20
Investment income	-2	-2	-1	3	3
Other income	20	13	18%	17	16
Operating income	273	260	2%	268	267
Operating expenses	119	113	1%	118	118
Net operating income	154	146	3%	149	149
Credit loss expense	8	14	-33%	12	13
Gains or (losses) on disposal of assets	0	0	-100%	8	0
Income tax	41	37	12%	37	34
Profit after tax	105	96	-4%	109	102
Profit attributable to non-controlling shareholders	6	6	0%	6	6
Profit after tax attributable to shareholders of the company	99	90	-4%	103	96
Return on equity	11.0%	10.0%		10.9%	10.2%
Cost/income ratio	44%	44%		44%	44%
Net interest margin	2.07%	2.04%		1.96%	1.96%
Common Equity Tier 1 ratio	19.7%	19.7%		18.6%	18.6%

The non-recurring items for H1 2024 consist of the one-off results related to the sale of the Shipping portfolio as well as the incurred costs to date related to the assets held for sale, which relate to the equipment leasing and automotive financing activities, and costs related to the planned legal merger as per 1 January 2025 between NIBC Bank N.V. (as acquiring entity) and NIBC Holding N.V. (as disappearing entity).

# Growth in all operating segments

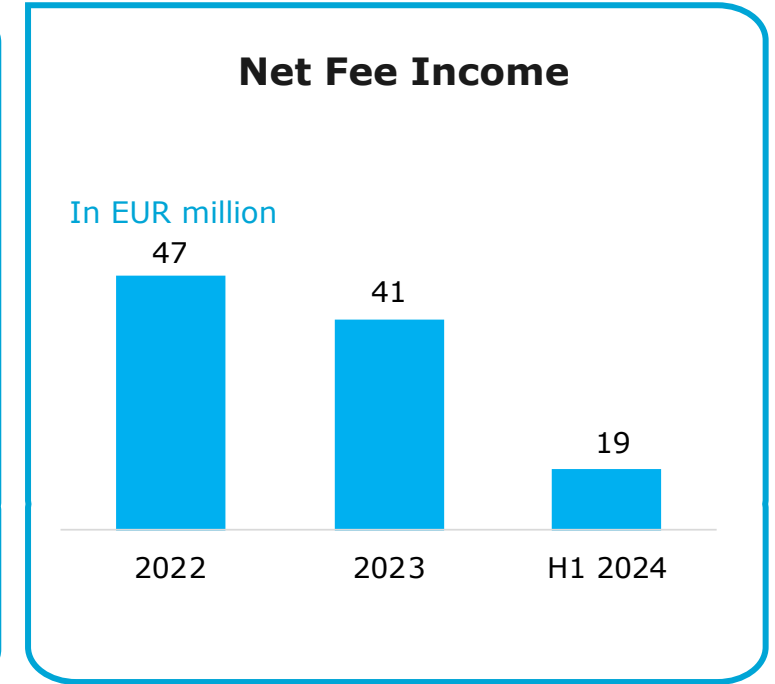
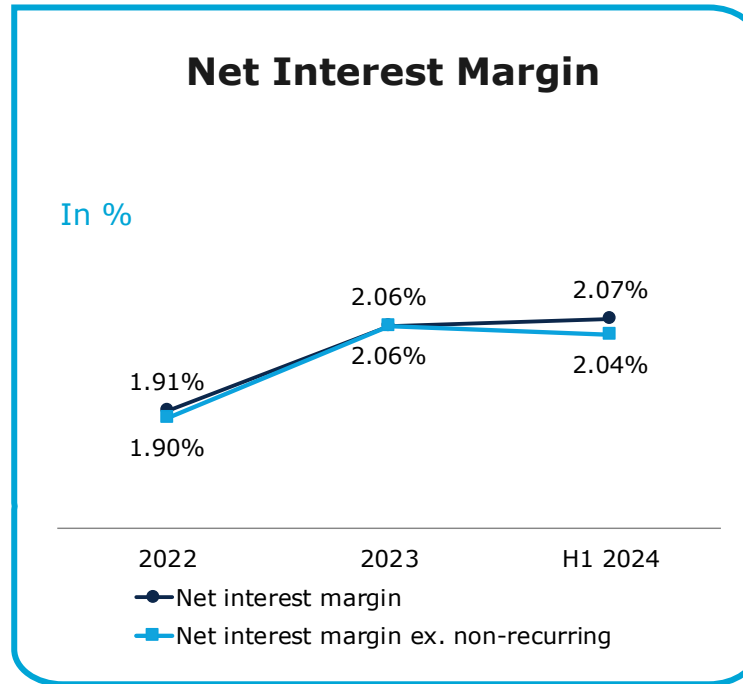
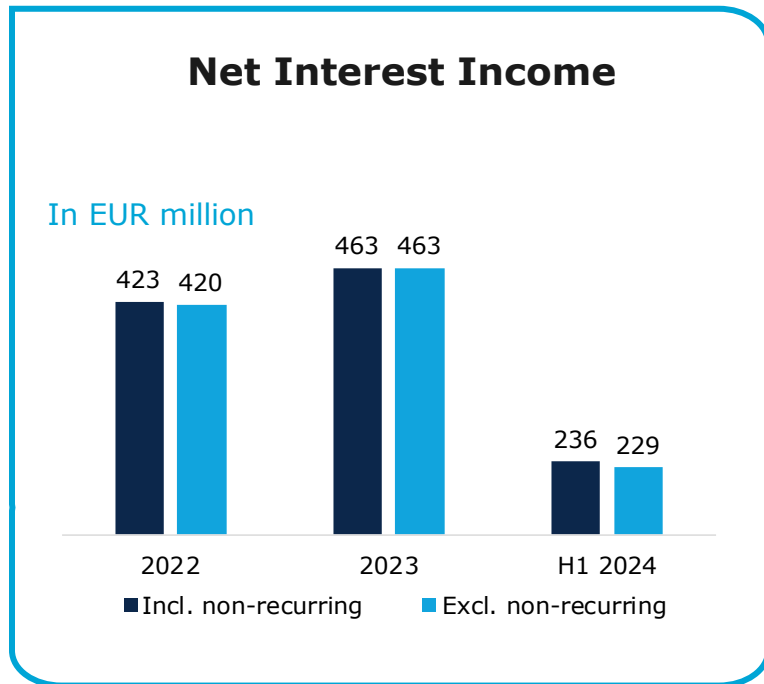
Focused strategy is paying off



1. Asset Based Finance is excluding the Shipping portfolio which has been sold in H1 2024

# Improved base for future income generation

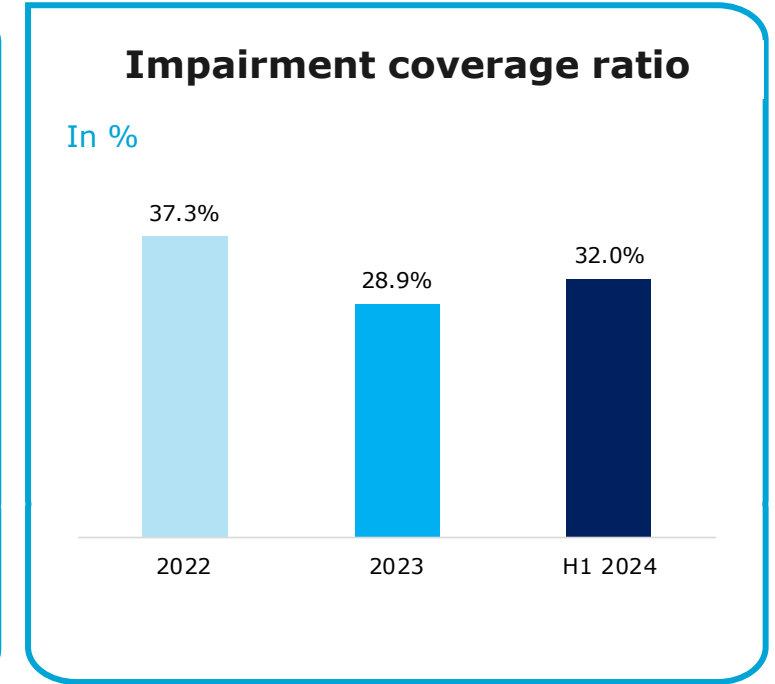
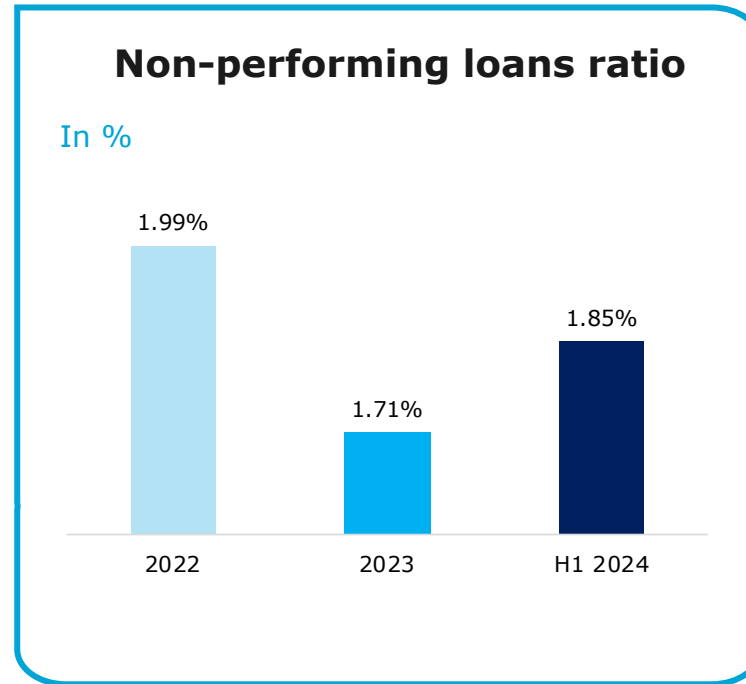
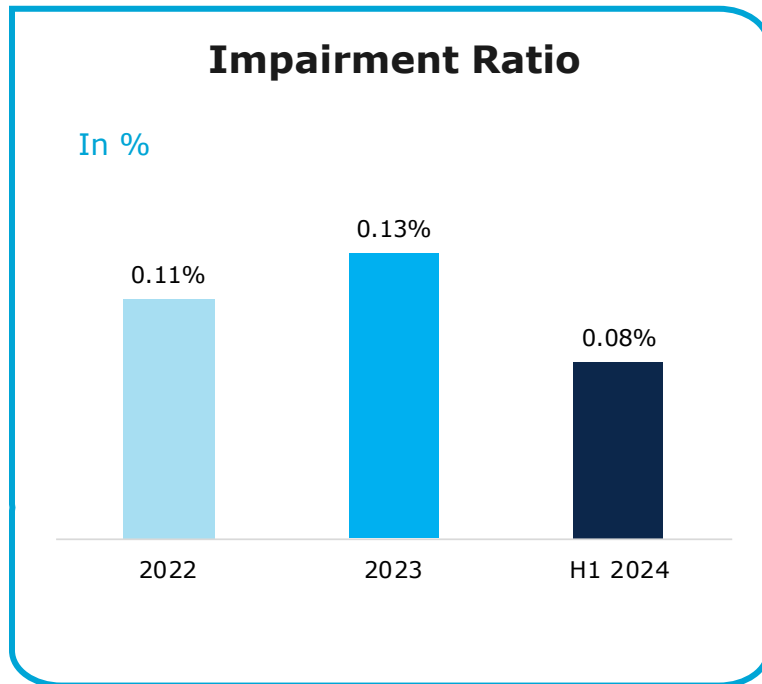
Continued growth in core asset classes and stable profitability with a NIM of 207bps



- Net Interest Income H1 2024 increased by EUR 8 million to EUR 236 million, 3% up compared to H1 2023, mainly driven by the strong performance in our core asset classes and positive developments in funding costs
- Net Fee & Commission income remained stable at EUR 19 million in H1 2024 where lower origination fee for OTM mortgages was compensated by higher servicing fee for OTM mortgages

# De-risking reflected in low impairments

Credit losses also remain moderate in H1 2024 at EUR 8 million (H1 2023 EUR 12 million)



Credit losses remain moderate also in H1 2024 at EUR 8 million:

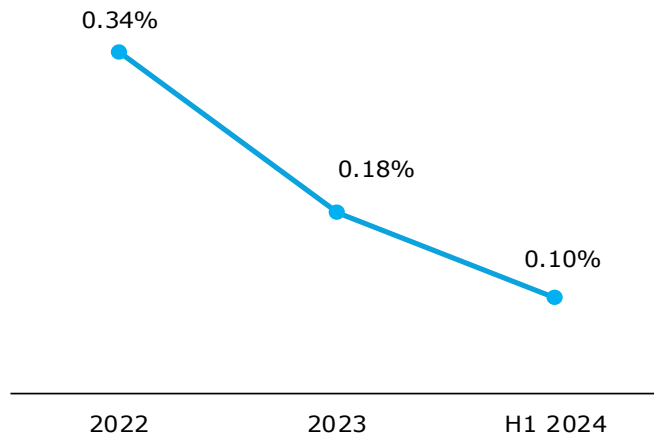
- Impairments Asset Based Finance at EUR -4 million including a release of EUR 6 million driven by the sale of the Shipping portfolio.
- Impairment Mortgages at EUR -2 million due to recoveries.
- Impairments non-core amounts to EUR 6 million largely driven by individual impairments on non-performing clients.
- Impairments Platforms amounts to EUR 8 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**

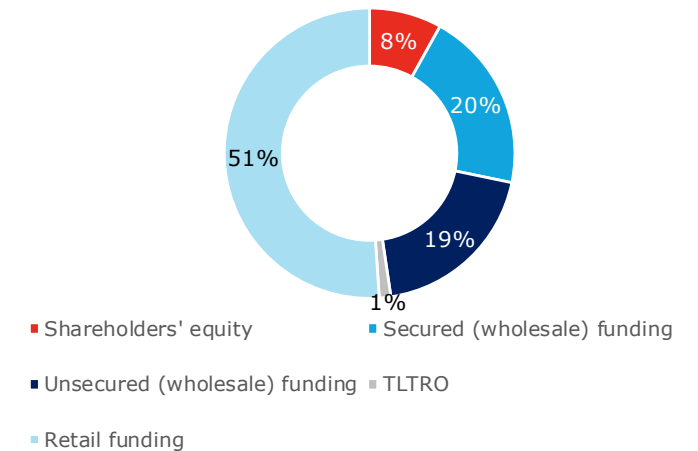
306%

**Net Stable Funding Ratio**

138%

## Funding composition

In %



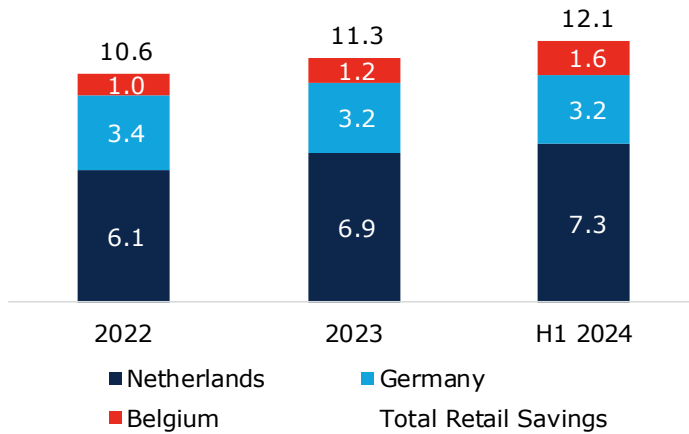
- During H1 2024 the funding spread further declined from 18bps to 10bps driven by an improved funding composition. The difference between the actual interest rate and the retail funding spread leads to an additional benefit in interest income
- Strong key liquidity ratios with an LCR of 306% and a NSFR of 138%. Both ratios increased compared to previous period through continued prudent approach in these volatile markets
- Retail funding has grown to over 50% of the total funding and is now at EUR 12.1 billion (+ 7% compared to FY 2023). Unsecured wholesale funding decreased by 10%

# Retail Savings

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

## Development Retail Savings

In EUR billion



## Loan-to-Deposit ratio

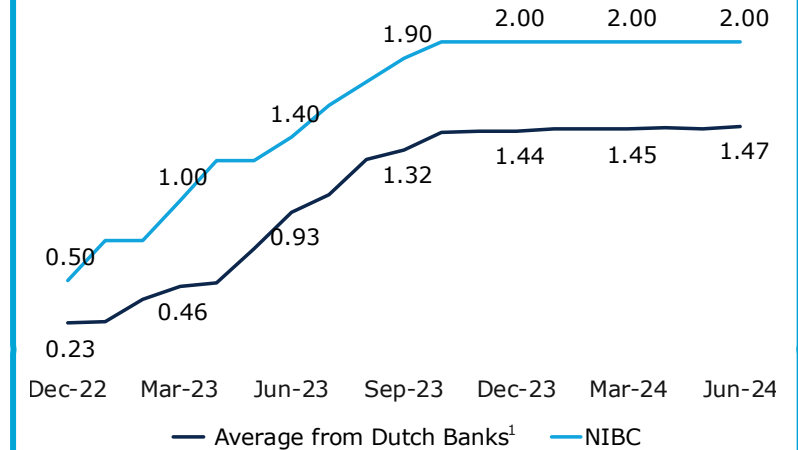
Growth of the retail savings volume in combination with the sale of the Shipping portfolio improved the Loan-to-Deposit ratio to 148% (2023: 163%)

## Savings on demand NL

**2.00%**

## Development on demand Interest rate NL

YTD 2024 in %



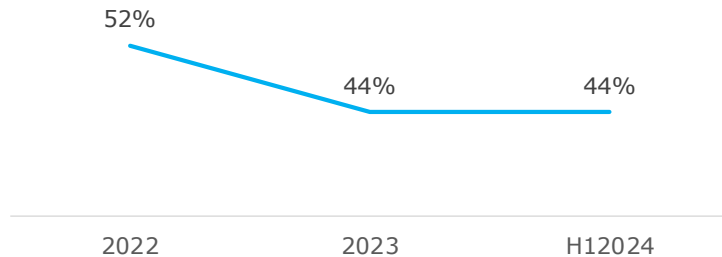
1. Source: ECB published data via Eurostat. Specific column used: Bank interest rates - deposits redeemable at notice of up to three months - Netherlands (MIR.M.NL.B.L23.D.R.A.2250.EUR.N)

# Stable operating expenses

Stable operating expenses and Cost/Income ratio despite inflationary environment

## Cost/Income Ratio

Including regulatory charges



## Operating Expenses

EUR 119 million

H1 2023: 118 million

+1%  
vs H1 2023

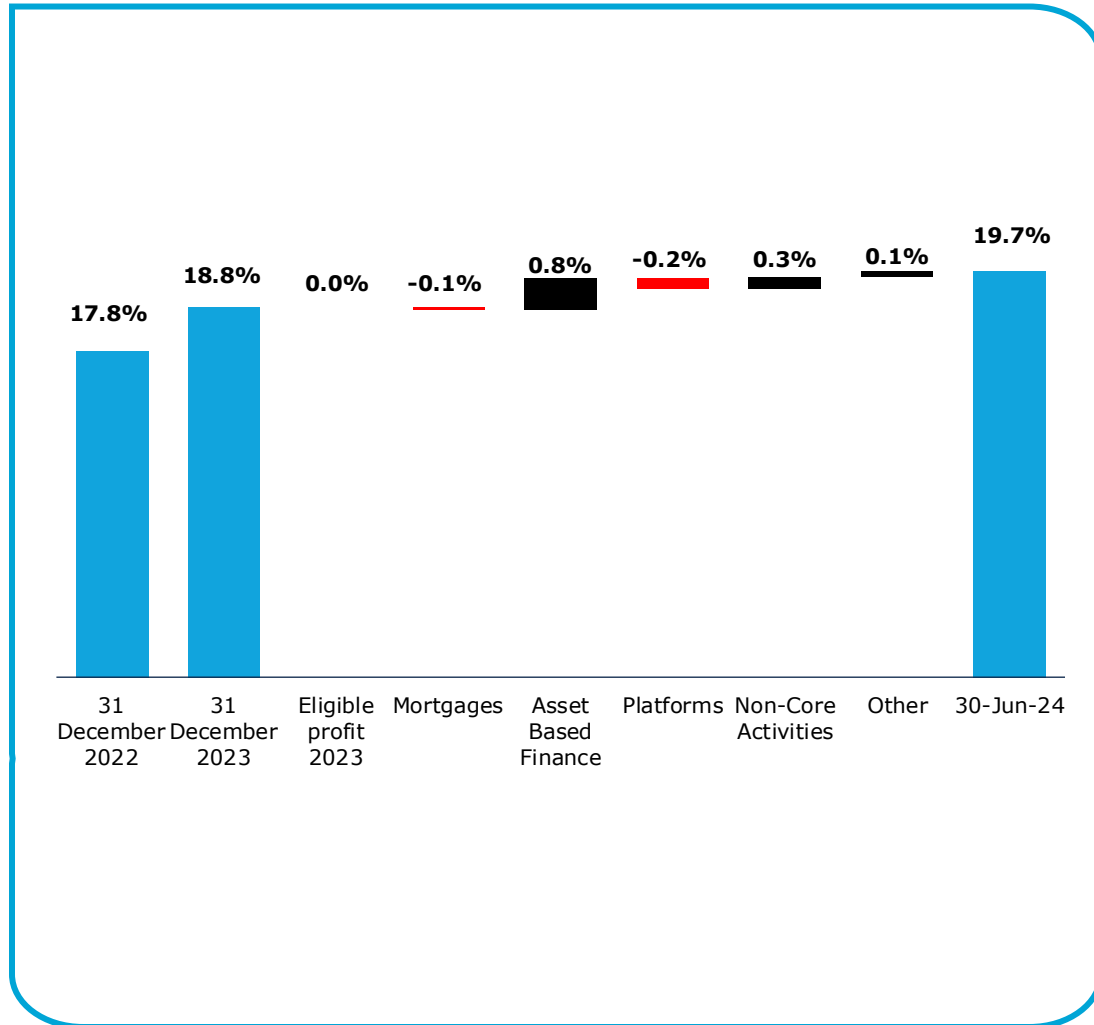
## Observations

- Cost/Income ratio is within target, with our medium-term objective bandwidth set at 40%-45%
- Stable operating expenses where higher expenses on consultants and projects offset by lower regulatory charges and levies and lower process outsourcing costs for the mortgage loan portfolio
- The lower regulatory charges are driven by the European resolution fund reaching its targeted level by the end of 2023 resulting in no resolution levies for 2024



# Improved capital position






CET 1 ratio has improved due to reduction non-core portfolio and the sale of the Shipping portfolio



- NIBC has a strong capital position reflected in the CET 1 ratio of 19.7%.
- The improvement of the CET1 ratio by 0.8% from Asset Based Finance is mainly related to the sale of the Shipping portfolio
- NIBC proposes to declare dividend as follows:
  - An interim dividend of EUR 54 million (pay-out ratio 55%)
  - An additional dividend of EUR 116 million in relation to the capital release from the sale of the Shipping portfolio in June 2024. The additional dividend will decrease the CET1 ratio NIBC Holding from 19.7% to 18.4%.
- Forward looking: the CET 1 ratio is expected to decrease in 2025 with 1.8%-2.6% net for 2 changes:
  - implementation internal model corporate exposures (increase RWA with 25%-30%)
  - implementation Basel 4 (decrease RWA 10%-15%)
- NIBC is planning to execute a legal merger between NIBC Bank N.V. as acquiring entity and NIBC Holding N.V. as disappearing company per 1 January 2025. The estimated impact of the simplification of its group structure, compared to 30 June 2024, equals an increase of 0.9%-point on NIBC's Tier 1 ratio and 0.8%-point on NIBC's fully loaded Total capital ratio.

# Medium-Term Objectives

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

	Target		H1 2024
Return on target CET 1 capital	≥ 15%		<b>16.3%</b>
Cost Income Ratio	40-45%		<b>44%</b>
Common Equity Tier 1 ratio	≥ 13%		<b>19.7%</b>
Rating Bank <sup>1</sup>	BBB+		<b>BBB+</b>
Dividend pay-out ratio <sup>2</sup>	≥ 50%		<b>55%</b>

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)

2. Excluding proposed additional dividend

# Q&A

Paulus de Wilt, CEO

Claire Dumas, CFO



# Disclaimer

This presentation (including the information and opinions presented therein) (Information) is confidential and is not to be circulated to any person or entity without the prior written consent of NIBC Bank N.V. References to NIBC Bank N.V. should be interpreted to include any of its affiliates or subsidiaries.

The Information has been obtained or derived from sources believed by NIBC Bank N.V. to be reliable at the date of publication of this presentation. However, no representations are made as to its accuracy or completeness. The Information may be subject to change, and NIBC Bank N.V. assumes no undertaking to revise or amend the Information provided, or to provide any update in respect of any change related thereto. NIBC Bank N.V. accepts no liability for loss arising from the use of the Information. The Information is: (i) for discussion purposes only; (ii) not to be regarded as (investment) advice; and (iii) not to be relied upon in substitution for the exercise of independent and sound judgement .

This document does not constitute any commitment or any offer to commit to any transaction or financing by NIBC Bank N.V. Entering into such a commitment or making such an offer shall be subject to – inter alia – the satisfactory completion of a due diligence examination, obtaining internal credit approvals, as well as the execution of transaction documentation in a form and substance acceptable to NIBC Bank N.V. Any commitment or any offer to enter into any commitment shall be effected on the basis of the executed documentation only.



**NIBC**