NIBC

HALF YEAR RESULTS 2019

28 August 2019

Paulus de Wilt, CEO

Herman Dijkhuizen, CFO

AGENDA

Table of contents

BUSINESS UPDATE HALF YEAR 2019

Paulus de Wilt
CEO

HALF YEAR PERFORMANCE

Delivering upon our promises with steady performance in first half of 2019

METRICS	MEDIUM-TERM OBJECTIVES	H1 2019
Return on Equity (Holding)	10 - 12%	9.7%
Cost-to-income (Holding)	< 45%	46%
CET 1 (Holding)	≥ 14%	18.5%
Dividend pay-out (Holding)	≥ 50%	44%
Rating (Bank)	BBB+	BBB+ Stable Outlook

COMMENTS

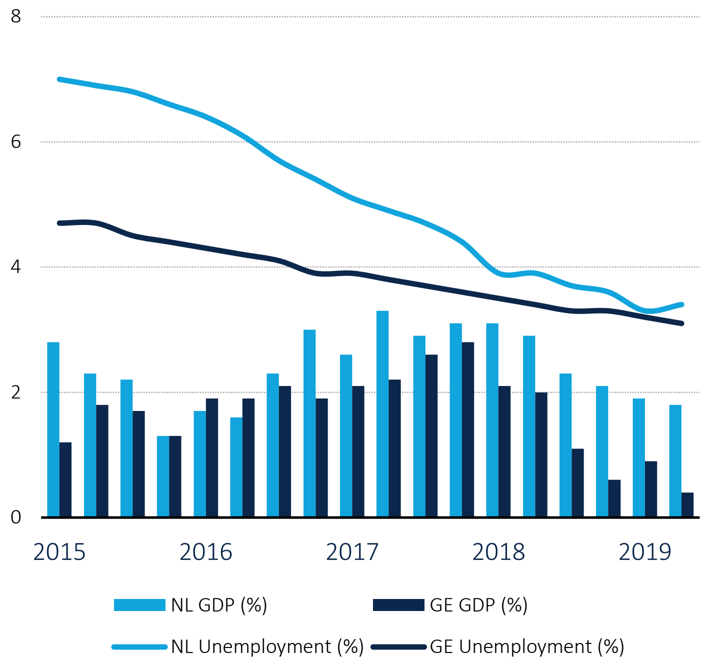
- Stable net profit H1 2019 of EUR 83 million, compared to EUR 84 million in H1 2018
- Return on Equity (ROE) of 9.7%, well on track to achieve medium-term objective by year-end (H1 2018: 10.5%). With profits being stable, ROE declines slightly due to the higher equity base
- Fully-loaded cost-to-income ratio of 46%, including costs related to the IT transition and regulatory projects
- CET 1 ratio of 18.5%, excluding half year profit. The pro-forma H1 2019 CET 1 ratio, following the IMI announcement in June, is 16.1%
- Interim dividend proposed of EUR 0.25 per share, leading to a payout of EUR 37 million

Note: Financials for NIBC Holding as of H1 2019, unless otherwise stated

LOOKING AT THE WORLD AROUND US

Uncertainty and volatility casting a shadow

DUTCH ECONOMY POSITIVE, GERMAN ECONOMY SLOWING DOWN[1]



CHALLENGING ENVIRONMENT FOR BANKS

Benelux sector performance

	27 Aug 2019	YTD	Since NIBC IPO
NIBC	€ 7.540	(9.3)%	(13.8)%
ABN AMRO	€ 16.02	(22.0)%	(33.0)%
ING	€ 8.495	(9.7)%	(36.7)%
KBC	€ 51.72	(8.8)%	(26.6)%
Average		(12.4)%	(24.1)%

Indicies performance

	27 Aug 2019	YTD	Since NIBC IPO
STOXX Europe 600 Index	373.1	10.5%	2.0%
STOXX Europe Banks Index	119.4	(9.9)%	(30.8)%
AEX Index	545.6	11.8%	4.6%
AMX Index	794.8	20.9%	0.5%

DUTCH ECONOMY, SOLID FUNDAMENTALS…

- International, highly competitive economy
- Solid housing price development
- Low unemployment
- 1.4% GDP growth expected in 2020

…BUT INTERNATIONAL UNCERTAINTY CONTINUES:

- Interest rate environment: low for longer
- Brexit deadline is nearing, hard Brexit has become the default
- International trade tensions, particularly between the US and China
- Turn of the (economic) cycle

[1] *Real GDP growth in percentage, y-o-y. Sources: Dutch Statistics Office (NL) ; German Federal Statistics Office (GE)*

CHANGING ENVIRONMENT

Impacting regulatory requirements

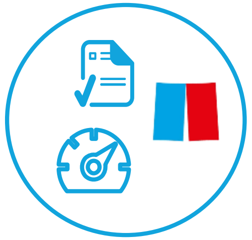
CHANGING STAKEHOLDER DEMANDS ….

- Impact of society
- Public opinion
- Regulatory environment
- Financial stakeholders
- Sustainability / ESG
- Know-Your-Customer (KYC) procedures
- Tax morality
- Remuneration

… ARE IMPACTING THE 'FINANCIAL ECOSYSTEM' IN WHICH WE OPERATE…

- Ramping up towards Basel IV
- Multitude of regulatory projects necessary
- Importance of big data technology
- Partnerships with fintechs
- Banker's Oath

… ULTIMATELY INCREASING THE COSTS ASSOCIATED WITH THE LICENSE TO OPERATE …



- Project CARE on the corporate client side
- Customer Due Diligence (CDD) for our Buy-to-Let clients
- 'Aflossingsblij' for mortgages
- 3rd party savings restriction

…. and changing the way we do business

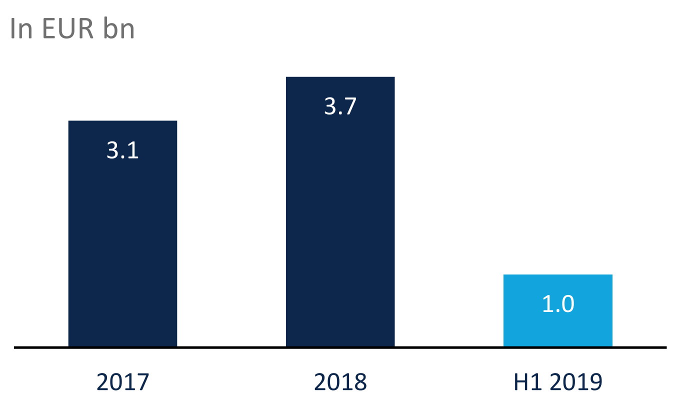
CORPORATE CLIENT OFFERING

Progressing well with rebalancing strategy

CORPORATE LOAN ORIGINATION

SELECTIVE ORIGINATION

1.0bn



REBALANCING THE PORTFOLIO

GROWTH IN CHOSEN SECTORS OFFSET BY REDUCTIONS

9.7bn

- Growth in chosen sectors like Structured Finance and Digital Infrastructure
- Growth in Leasing with Beequip (+20%)
- Reduced exposures in Energy, Shipping and Leveraged Finance by over EUR 200m
- Continued focus of margin over volume

FACTS AND FIGURES

NET PROMOTOR SCORE (NPS)

47%

ISS-oekom[1] C+ /PRIME

SUSTAINALYTICS[1] 22

[1] FY 2018 score, survey not updated for H1 2019

RETAIL CLIENT OFFERING

Strong mortgage origination results in market share of 4%

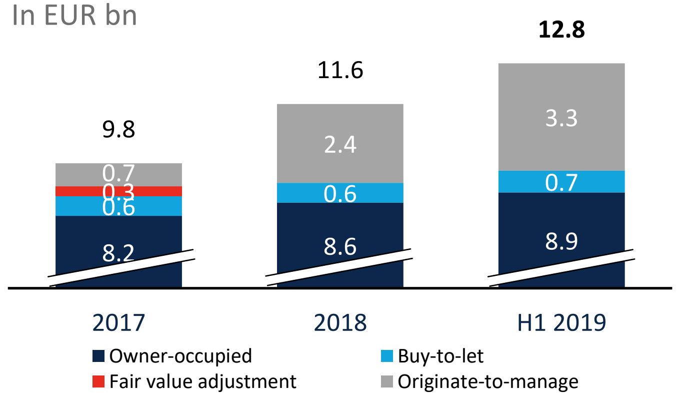
MORTGAGE LOAN ORIGINATION

STRONG ORIGINATION

1.8bn

MORTGAGE LOAN PORTFOLIO

In EUR bn



GROWTH

MARKET SHARE

4.3%

LOW RISK PORTFOLIO

- On-balance portfolio growth of EUR 300 million
- Strong growth OTM portfolio from EUR 2.4 billion to EUR 3.3 billion
- Secured second mandate in OTM, totaling OTM mandates to EUR 4.5 billion
- Growth in Buy-to-let portfolio of 4%

CLIENTS

- Number of clients +8% since FY 2018
- Total number of clients 107k

- Number of clients -2% since FY 2018
- Total number of clients 302k

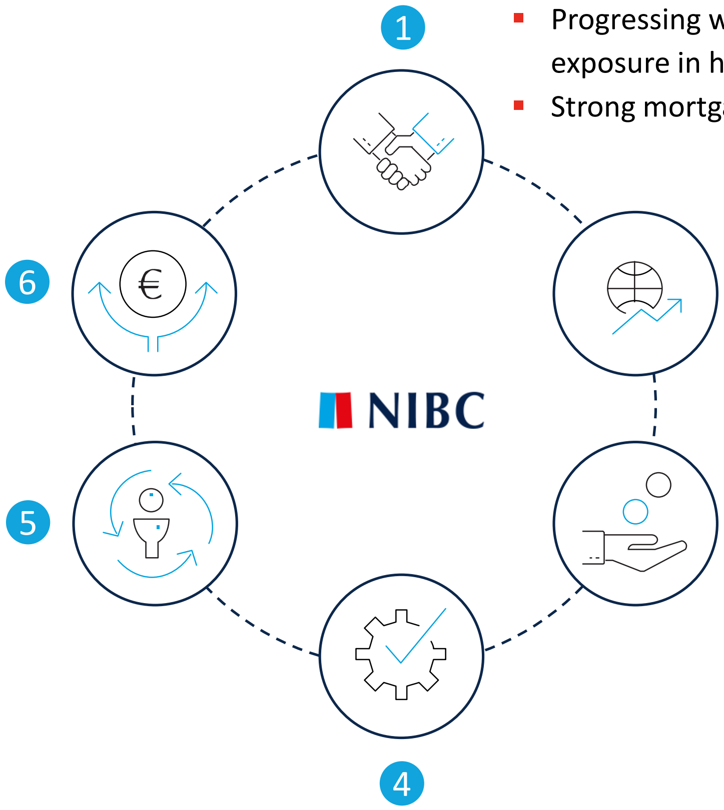
FACTS AND FIGURES

7.7 NIBC DIRECT CUSTOMER SURVEY SCORE SAVINGS[1]

8.1 NIBC DIRECT CUSTOMER SURVEY SCORE MORTGAGES[1]

[1] FY 2018 score, survey not updated for H1 2019

OUR STRATEGIC PRIORITIES



1 Continuous evolution of client franchise, expertise and propositions

- Progressing well with the execution of the rebalancing strategy, reducing exposure in highly-cyclical sectors
- Strong mortgage origination across all tenors

2 Focus on growth of asset portfolio in core markets

- 20% growth in Leasing (Beequip)
- Growth in Structuring and Digital Infrastructure
- On-balance growth of mortgage portfolios of EUR 300m
- Off-balance growth of mortgage portfolios of EUR 900m

3 Diversification of income

- Secured second OTM mandate and increased total OTM mandate to EUR 4.5 billion
- Markets business still challenging

4 Building on existing agile and effective organisation

- Strategic investments in fintechs continue; contract with OakNorth signed
- Permanent and increased focus on ‘Know-Your-Customer’ (KYC) and Anti-Money Laundering results in further strengthening of processes on both sides of the business

5 Ongoing investment in people, culture and innovation

- Second group of senior staff participated in IMD program
- ‘Young NIBC’ – many activities organized ranging from Brexit seminar, Meet the Client, Young Financials network to sports and charity/volunteering events
- Election of Deal of the Quarter based on engagement (shares and likes) in Social Media
- NIBC Sustainability report 2019 published

6 Further optimisation of capital structure and diversification of funding

- Lower funding costs at 72bps
- Strong CET 1 ratio of 18.5%; pro-forma CET 1 following the impact of the IMI is 16.1%
- Interim-dividend reconfirmed at EUR 0.25 per share

FINANCIAL RESULTS HALF YEAR 2019

Herman Dijkhuizen
CFO

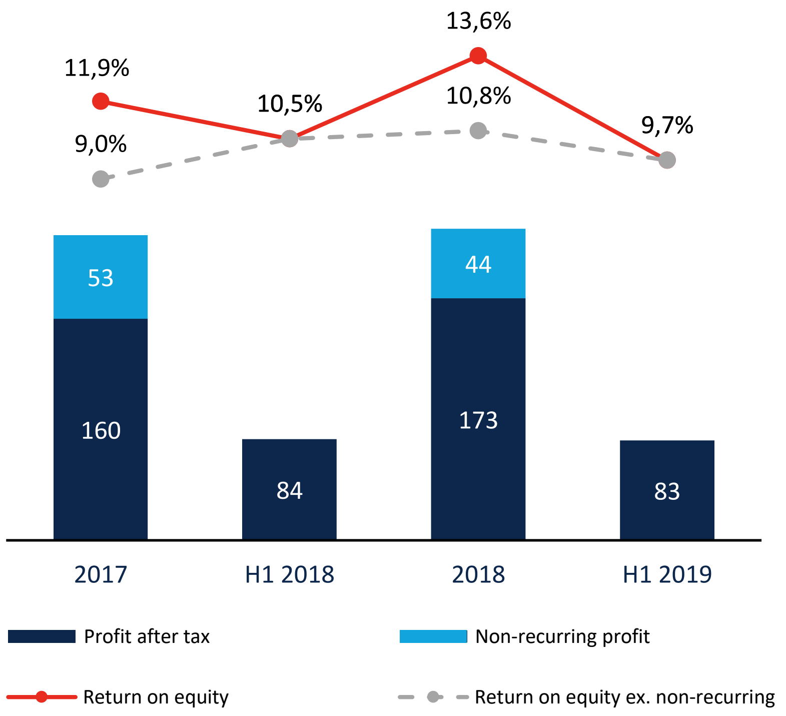
INCOME STATEMENT

Steady performance in H1 2019

INCOME STATEMENT

	IFRS 9 H1 2019	IFRS 9 H1 2018	H1 2018 vs H1 2019
Net interest income	209	207	1%
Net fee and commission income	19	21	-7%
Investment income	16	21	-24%
Other income	7	5	37%
Operating income	**251**	**254**	**-1%**
Personnel expenses	57	55	3%
Other operating expenses	47	53	-12%
Depreciation and amortisation	3	3	8%
Regulatory charges	9	9	-2%
Operating expenses	**116**	**120**	**-4%**
Net operating income	**135**	**134**	**1%**
Credit loss expense / (recovery)	21	21	3%
Tax	25	23	9%
Profit after tax	**89**	**90**	**-2%**
Profit attributable to non-controlling shareholders	6	6	0%
Profit after tax attributable to shareholders of the company	**83**	**84**	**-1%**

PROFIT AFTER TAX AND RETURN ON EQUITY



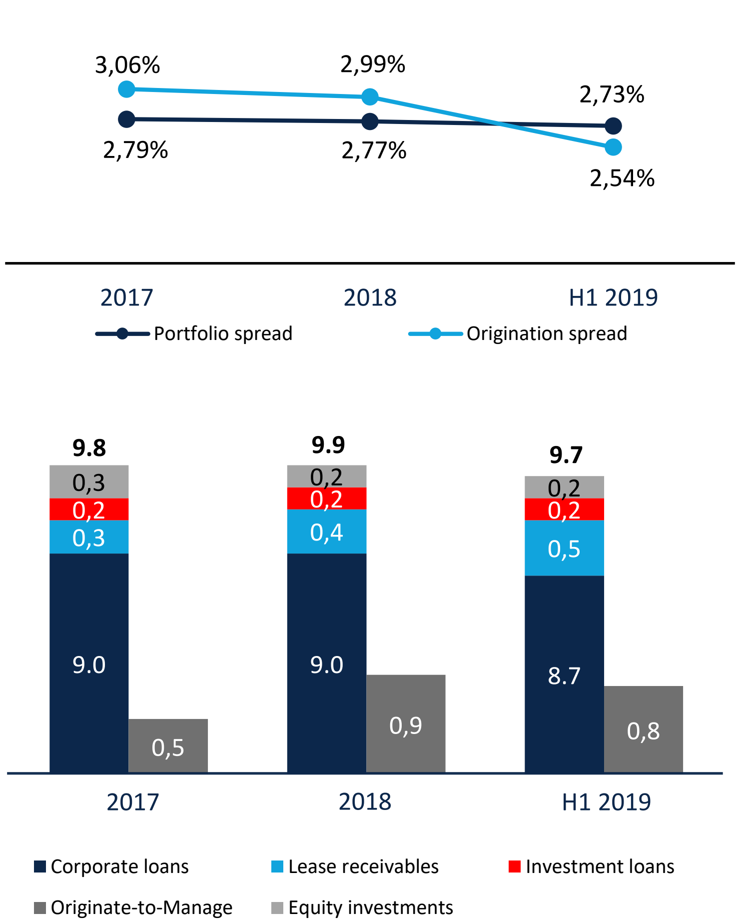
COMMENTS

- Profitability remained stable in H1 2019, with a profit after tax attributable to shareholders of EUR 83 million in H1 2019 compared to EUR 84 million in H1 2018
- Return on equity declined to 9.7% (H1 2018: 10.5%) due to the higher equity base at 1 January 2019 compared to 1 January 2018
- Net interest income remained relatively stable with a 1% increase compared to H1 2018, but continues to be affected by the adoption of IFRS 9
- Excluding the IFRS 9 impact of EUR 19 million in H1 2019 and EUR 28 million in H1 2018, net interest income increased by 6%
- Operating expenses decreased by 4% in H1 2019, mainly driven by a decrease from one-off expenses in H1 2018 related to the IPO being partially compensated by higher expenses and investments in H1 2019 for our IT transition program, regulatory projects and new ventures

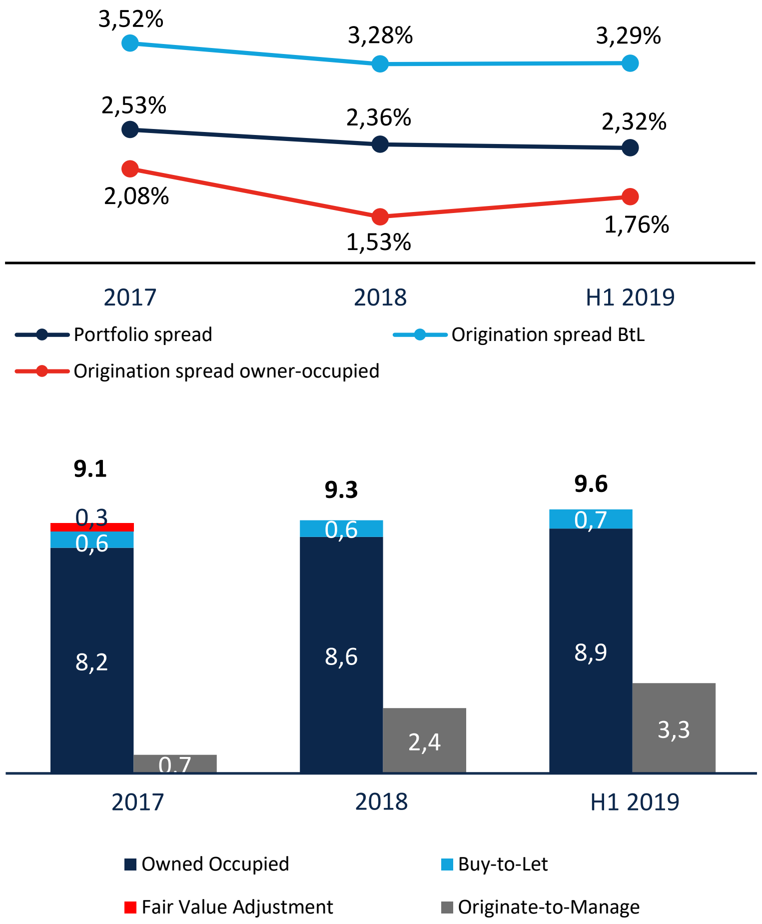
PORTFOLIO VOLUMES AND SPREADS

Successfully rebalancing the portfolios at healthy spreads

CORPORATE LOAN SPREADS & VOLUMES



RETAIL ASSET SPREADS & VOLUMES



COMMENTS

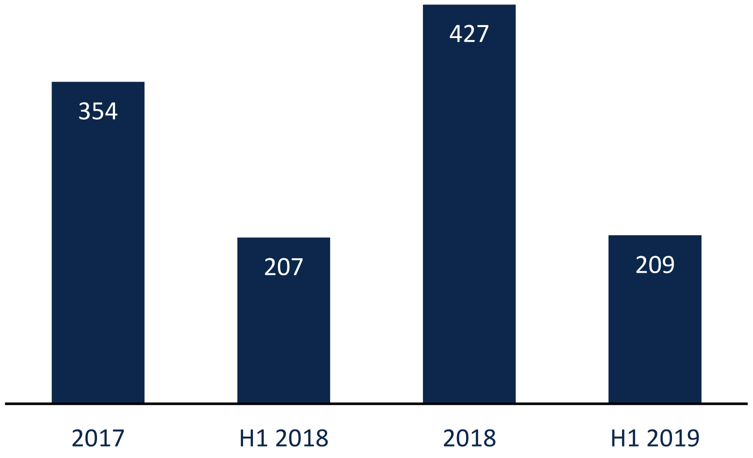
- Corporate client assets:
  - Corporate client assets for our own book decreased in 2019 by 2% to EUR 9.7 billion, reflecting the ongoing rebalancing of our portfolios:
    - The cyclical leveraged finance, shipping and energy portfolios decreased by EUR 0.2 billion, partially compensated by
    - An increase of EUR 0.1 billion in the more granular receivables finance and lease receivables portfolios
  - The average portfolio spread decreased to 2.73%, mainly driven by a further decrease of the average origination spread to 2.54%, reflecting the rebalancing of the portfolios
- Retail client assets:
  - The own book portfolio of mortgage loans increased in 2019 by 3% to EUR 9.6 billion
  - The average portfolio spread decreased slightly to 2.32%, even though origination spreads improved

Note: 2017 figures include Vijlma. Spreads reflect spreads above the 3 month euribor base rate

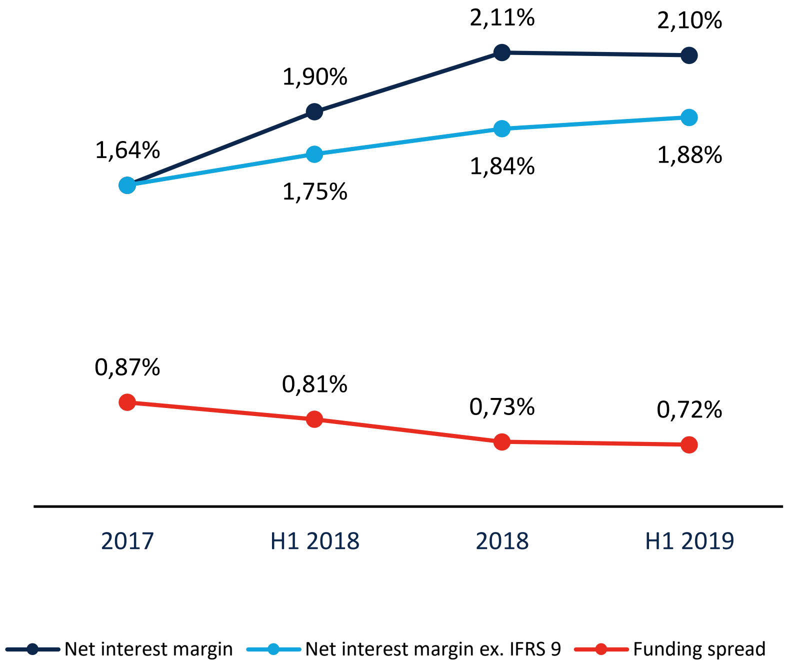
NET INTEREST INCOME

Further improvement of net interest margin

NET INTEREST INCOME
(EUR million)



NET INTEREST MARGIN & FUNDING SPREAD



COMMENTS

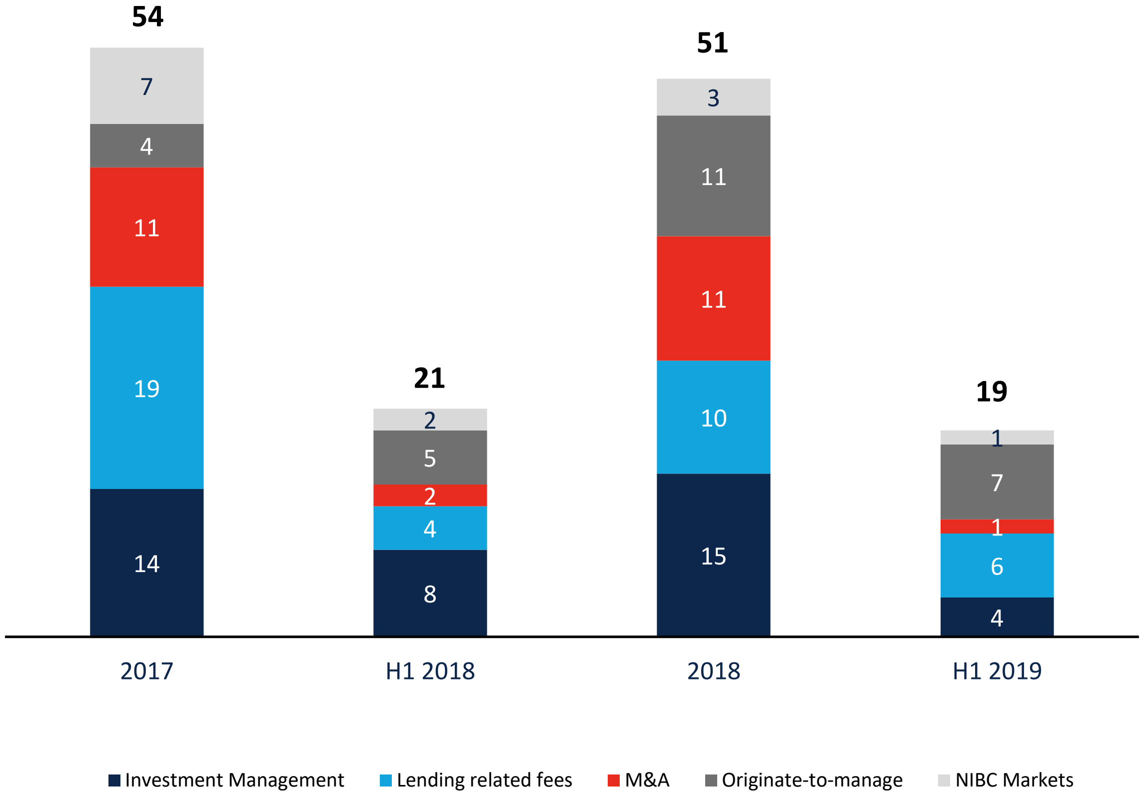
- Excluding the IFRS 9 impact of EUR 19 million in H1 2019 and EUR 28 million in H1 2018, net interest income increased by 6% and the net interest margin from 1.75% to 1.88%
- The further reduction of the effective funding spread from 0.81% in H1 2018 to 0.72% in H1 2019 was the main driver behind the improvement

Note: 2017 figures exclude Vijlma

NET FEE AND COMMISSION INCOME

Investments in new fee generating products are paying off

NET FEE AND COMMISSION INCOME
(EUR million)



COMMENTS

- The end of 2018 was marked by the sale and exits of a significant part of our fund investments, resulting in lower investment management fees in H1 2019
- We were able to keep the decrease of total net fee and commission income in H1 2019 (EUR 19 million) limited compared to H1 2018:
  - Owner occupied mortgage loans under management continued to grow, which is reflected in the originate-to-manage fees increasing from EUR 5 million in H1 2018 to EUR 7 million in H1 2019
  - Following the decrease of NIBC's fund investments, investment management fees decreased in H1 2019 to EUR 4 million (H1 2018: EUR 8 million)
  - Lending related fees increased in H1 2019 to EUR 6 million, compared to EUR 4 million in H1 2018. This development mainly relates to higher structuring, underwriting and arrangement fees;
  - M&A fees declined in H1 2019 to EUR 1 million (H1 2018: EUR 2 million)

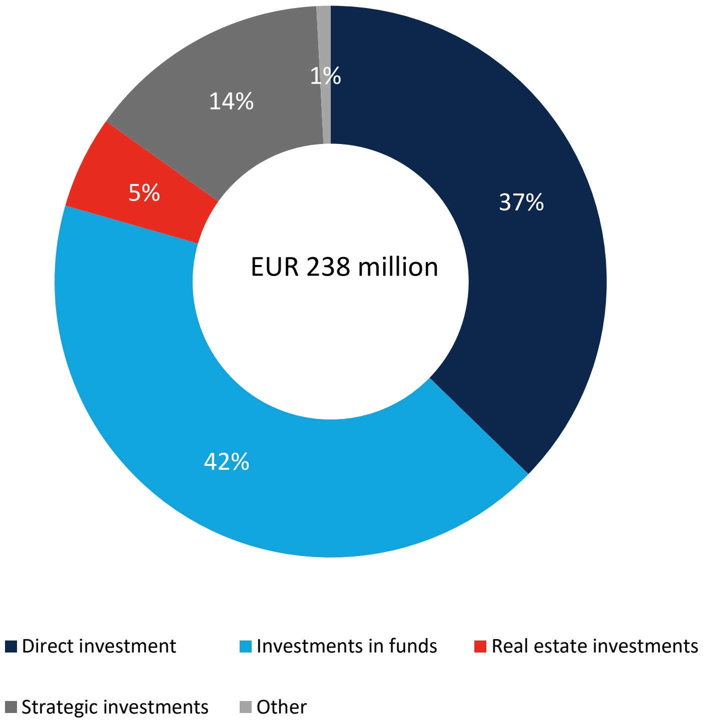
INVESTMENT INCOME

Stable performance on a more client focused portfolio

EQUITY INVESTMENT PORTFOLIO BY TYPE H1 2019

	H1 2019	2018
Direct investments	89	80
Investments in funds	100	97
Strategic investments	34	24
Real estate investments	13	11
Other	2	3
Total:	**238**	**215**

EQUITY INVESTMENT PORTFOLIO H1 2019



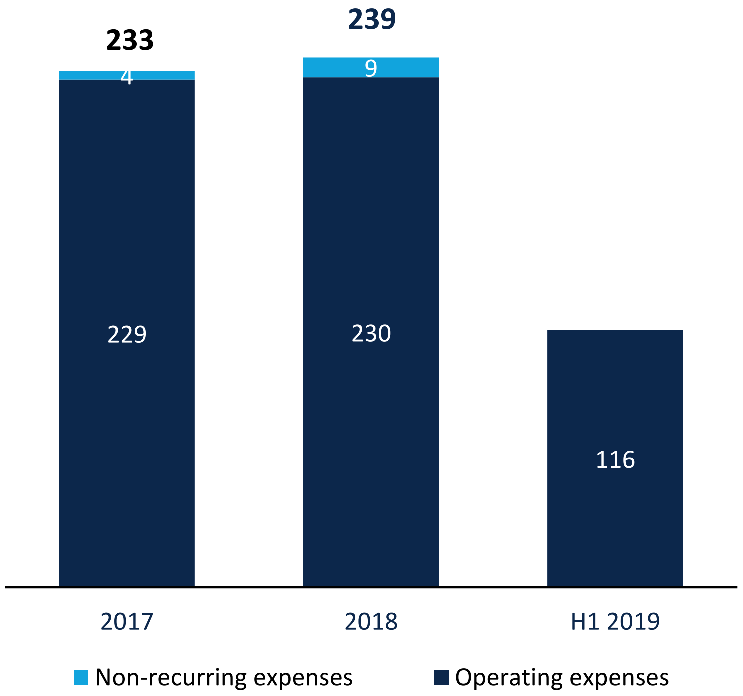
COMMENTS

- Investment income is sensitive to the sentiment in the equity markets and can therefore be volatile year on year
- Investment income decreased to EUR 16 million in H1 2019 from EUR 21 million in H1 2018 due to the significant exits end 2018 and consequently a lower portfolio (H1 2019: EUR 238 million compared to H1 2018: EUR 398 million)
- H1 2019 total investment income of EUR 16 million is fully related to revaluation adjustments
- The on-balance equity investment portfolio increased by 11% in H1 2019 to EUR 238 million, driven by new investments in fintech companies and revaluations
- Substantial part of the increase in strategic investments relates to an investment in iwoca

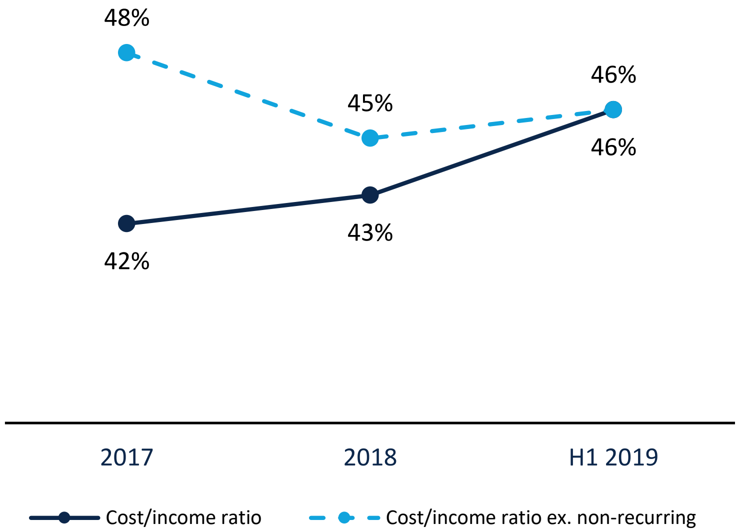
OPERATING EXPENSES

Fully loaded cost/income ratio absorbing regulatory expenses

EVOLUTION OF OPERATING EXPENSES



COST/INCOME RATIO



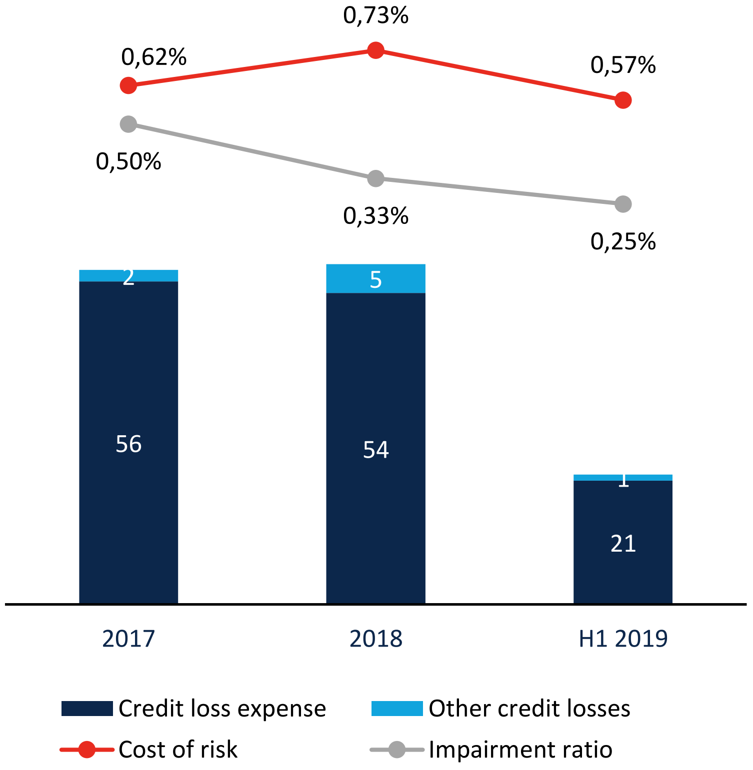
COMMENTS

- Operating expenses decreased by 4% in H1 2019, mainly driven by the following:
  - H1 2018 expenses include expenses related to the IPO (EUR 8 million)
  - In H1 2019 one-off expenses are included related to the completion of several milestones in our IT transition program;
  - Furthermore continuous investments were made in H1 2019 in regulatory projects and in our new ventures
- Total costs related to the license to operate are estimated between EUR 25 - 30 million on an annual basis

CREDIT LOSS EXPENSE

Credit loss expense in H1 2019 in line with H1 2018

DEVELOPMENT OF CREDIT LOSS EXPENSE AND COST OF RISK



KEY FIGURES ASSET QUALITY

	H1 2019	2018	2017
Impairment coverage ratio	32%	31%	40%
Non-performing loan ratio	2.7%	2.8%	2.8%
Top-20 exposures / Common Equity Tier 1	72%	77%	66%
Exposure corporate arrears > 90 days	1.9%	2.7%	1.7%
Exposure residential mortgage loans arrears > 90 days	0.1%	0.2%	0.5%
LtV Dutch residential mortgage loans	69%	72%	75%
LtV BTL mortgage loans	51%	52%	57%

COMMENTS

- Credit loss expense in H1 2019 is at the same level as in H1 2018 at EUR 21 million
- The overall development displays the stable average credit quality of the corporate loan portfolio and strong performance of the mortgage portfolio, which displayed a credit loss release in H1 2019 of EUR 4 million
- Some challenges remain in certain portfolios, especially with respect to Leveraged Finance
- H1 2019 displayed an improvement of the credit quality of NIBC's portfolios, which is further reflected in the development of the various asset quality ratios displayed in the graphs to the left
- The non-performing loan ratio at H1 2019 of 2.7% compares to an EBA Q1 2019 market average of 3.1%

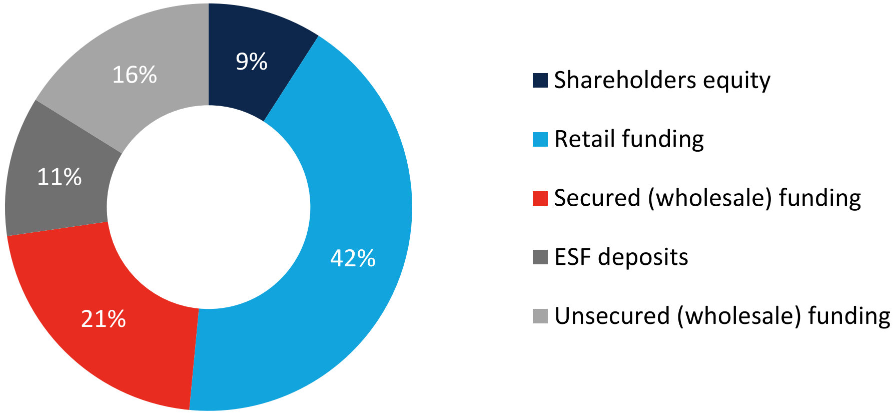
Cost of risk = credit loss expense divided by average RWAs
Impairment ratio = credit loss expense divided by average assets loans & mortgages

FUNDING

Diversified funding with longer maturities

FUNDING COMPOSITION

H1 2019



MATURING FUNDING

In EUR billion	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	≥2029
Covered bonds	-	-	-	0.5	-	-	-	0.5	0.5	1.0	-
Other secured funding	0.0	0.8	0.5	0.1	0.3	0.0	0.0	0.0	0.0	0.1	0.1
Senior unsecured	0.6	0.6	0.1	0.5	0.9	0.3	0.1	-	0.0	0.0	0.1
Subordinated	-	-	-	-	-	-	0.0	-	0.0	-	0.3
Total:	**0.6**	**1.4**	**0.6**	**1.1**	**1.2**	**0.3**	**0.2**	**0.5**	**0.6**	**1.1**	**0.5**

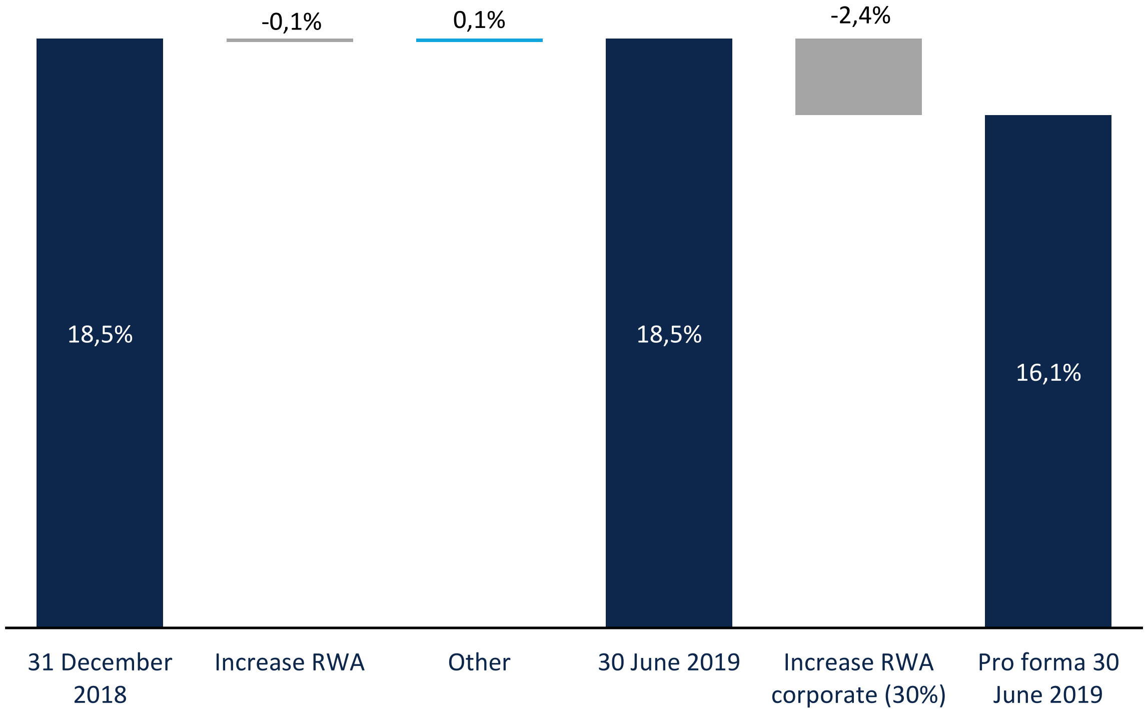
COMMENTS

- Continued solid funding profile, demonstrated by:
  - Diversified funding composition
  - Stable liquidity ratios at high levels of 212% (LCR) and 122% (NSFR)
- Wholesale transactions issued in H1 2019, supporting the funding profile:
  - a EUR 500 million 8-year public covered bond
  - a EUR 300 million 5-year public senior non-preferred bond
- Retail savings increased by 4% with inflow in the Netherlands and Belgium. The on demand portion of savings increased further to 65%
- The senior unsecured transactions of EUR 0.6bn that mature in the remainder of 2019 include a funding transaction of EUR 0.5bn with a spread of 2.04%
- Funding transactions of EUR 1.4bn that mature in 2020 include TLTRO of EUR 0.7bn and a short term floating rate note of EUR 0.3bn

CAPITAL

Strong solvency ratios

CET 1 DEVELOPMENT IN 2019



COMMENTS

- The pro-forma fully loaded CET 1 ratio mid year 2019 (including the impact from the final outcome of an internal model investigation (IMI) in 2019 by DNB) would be 16.1%
- This is comfortably above both the required SREP-level of 10.4% set by DNB for both NIBC Holding and NIBC Bank as of August 2018 and our medium term objective of 14%
- The pro-forma fully loaded CET 1 ratio of 16.1% also enables NIBC to be well prepared for Basel IV. We estimate an RWA impact of 10-20% before mitigating actions
- The pro-forma fully loaded total capital ratio of 19.5% - in combination with the senior non preferred transaction of EUR 300m issued in H1 2019 - places NIBC in a solid position to address MREL

[1] *SREP level for CET ratio incl. fully loaded combined buffer requirements, excl. pillar 2 guidance*

HALF YEAR PERFORMANCE

Delivering upon our promises with steady performance in first half of 2019

METRICS	MEDIUM-TERM OBJECTIVES	H1 2019
Return on Equity (Holding)	10 - 12%	9.7%
Cost-to-income (Holding)	< 45%	46%
CET 1 (Holding)	≥ 14%	18.5%
Dividend pay-out (Holding)	≥ 50%	44%
Rating (Bank)	BBB+	BBB+ Stable Outlook

COMMENTS

- Stable net profit H1 2019 of EUR 83 million, compared to EUR 84 million in H1 2018
- Return on Equity (ROE) of 9.7%, well on track to achieve medium-term objective by year-end (H1 2018: 10.5%). With profits being stable, ROE declines slightly due to the higher equity base
- Fully-loaded cost-to-income ratio of 46%. Including costs related to the IT transition and regulatory projects
- CET 1 ratio of 18.5%, excluding half year profit. The pro-forma H1 2019 CET 1 ratio, following the IMI announcement in June, is 16.1%
- Interim dividend proposed of EUR 0.25 per share, leading to a payout of EUR 37 million

Note: Financials for NIBC Holding as of H1 2019, unless otherwise stated

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.