

# REBALANCING AT THE CORE OF OUR BUSINESS

Reinout van Riel, CRO



# TRENDS IN OUR MARKETS

## How do we deal with them



### Liquid markets with ample liquidity

- Build our business around the three C's:
  - Client
  - Cash flow
  - Collateral



### Competition from banks/ non-banks

- Team up with partners
- Decide what on own balance / what off balance



### Turn of the cycle?

- Calibrate our portfolios down
- Grow where opportunities lie
- Manage our portfolios hands-on



### Sustainability

- ISS Oekom Rating and Sustainalytics ratings upgrade received 2018
- Every corporate deal vetted on CSR elements

# READY AND WELL PREPARED

To absorb industry-wide regulatory changes



## Europe

- Brexit
- Italy



## Capital

- Well capitalised with 16.8% CET 1 ratio
- Basel IV impact manageable



## Asset quality

- Movements in underlying sectors
- Reduced equity exposure
- Stress testing
- Impairments
- Model validation









## Non-financial risks

- Cyber risk
- Conduct & AML
- No payment services
- All corporate clients individually assessed
- Deliberate choice in products and geography

# HOW DO WE DEAL WITH CURRENT CHALLENGES

## Prudent risk management taking action where and whenever needed

-  Smaller individual tickets, overall shift towards smaller ticket businesses like leasing and structuring
-  Growing the retail business
  - ✓ Historically low risk with currently very low (~1bps) realised losses
-  Rebalancing exposures on corporate business
-  Pro-actively manage our portfolios, looking at the continuously changing markets
  - ✓ Offshore Energy & Shipping markets stabilising to picking up; Leveraged Finance poses new challenges
  - ✓ Well diversified Commercial Real Estate (CRE) book, solidly structured with high churn
  - ✓ Mezzanine & Equity portfolio doing well, making use of good market to exit
-  NIBC is not a market share player; we are not forced to grow for the sake of growing
  - ✓ Deliberate reduction of Offshore Energy & Maritime sectors
  - ✓ On-balance exposures in Leveraged Finance book will also be reduced
-  Growth in Buy-to-Let, Structuring, Leasing and mortgages; building granular portfolios, well-collateralised with higher churn

Q&A

