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**BNG**  
BANK

December 2020

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## Key Facts

- BNG Bank is of and for the Dutch public sector. Our priority is to maximise the social impact of our activities
- Founded by (local) government in 1914
- Dutch Government owned
  - Dutch State 50% (since 1921)
  - Dutch local governments 50%
  - Ownership restricted to Dutch public authorities
  - Registered shares only (not listed)
- BNG Bank's ratings: Aaa (stable) / AAA (stable) / AAA (stable)
- Dutch Central Bank confirmed the status of BNG Bank as a promotional lender (2014)
- Lending restricted to local authorities and public sector institutions in the Netherlands and the E.U. (art. 2.3 Articles of Association)
- BNG Bonds are High Quality Liquid Assets (HQLA) level 1, eligible for the Liquidity Coverage Ratio (LCR) under the EU Delegated Act
- Dutch Central Bank has designated BNG as a bank of national systemic importance (2015)



## Dutch Public Sector

### Municipalities

- credit quality: similar to the State of the Netherlands
- Municipal Act / Financial Relationship Act
- 0% BIS risk-weighted by Dutch Central Bank

### Housing Associations

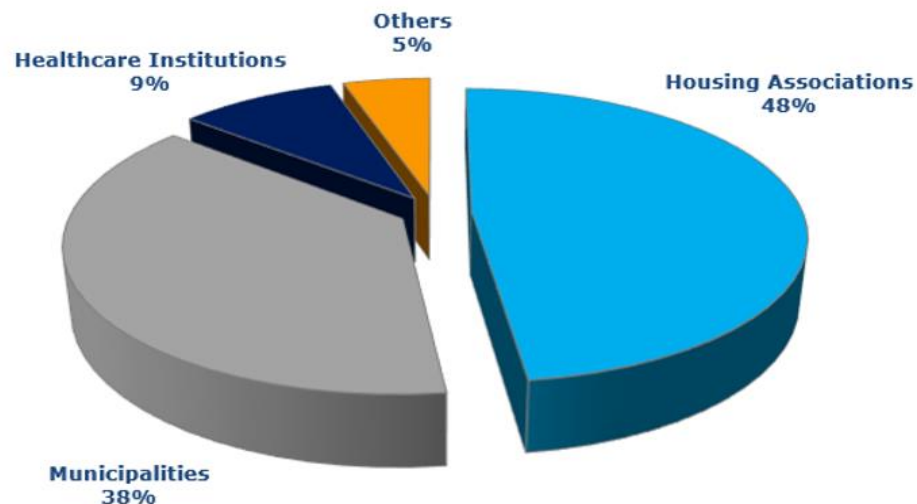
- social housing: subsidizing rent
- `Housing Act 2015`
- guarantee fund "WSW": rated Aaa (stable) /AAA (stable)
- back stop by the State of the Netherlands:  
irrevocable/irreversible/unlimited
- 0% BIS risk-weighted by Dutch Central Bank

### Healthcare institutions

- hospitals, elderly homes
- guarantee fund "WFZ": rated AAA (stable) by S&P
- back stop by the State of the Netherlands:  
irrevocable/irreversible/unlimited
- 0% BIS risk-weighted by Dutch Central Bank

### Others

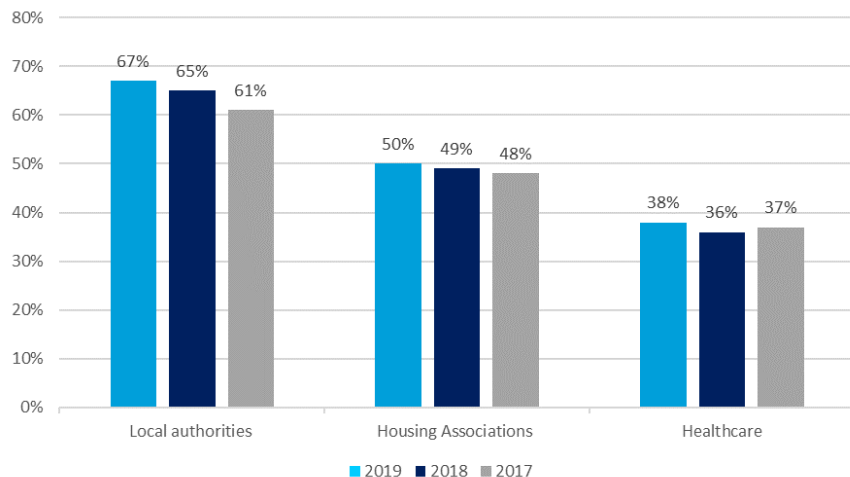
- public utilities, network companies, waste management
- education sector (universities/colleges),
- infrastructure and renewable energy projects



**BNG Bank's Long Term Assets**  
**Eur 85.4bn**  
 (June 2020)

## Market Share and Financial Data

BNG Bank's Market Share  
of (**total outstanding**) loans to Dutch public sector



**2019** New long-term lending € **14.0** billion € +2.4 billion

-  Local authorities € **5.4** billion
-  Housing associations € **5.7** billion
-  Healthcare institutions € **1.2** billion
-  Educational institutions € **89** million
-  Energy and infrastructure € **1.6** billion



**4th**  
bank of the  
Netherlands

	2020 1 <sup>st</sup> Half	2019	2018	2017
Total Assets (€ bn)	167.0	149.7	137.5	140.0
Leverage Ratio	3.2%	3.6%	3.8%	3.5%
TIER 1 Ratio	37.0%	38.2%	38.2%	36.6%
Profit (€ mn) <i>before tax</i>	148	227	459	536
Net Profit (€ mn) <i>after tax</i>	100	163	337	393
Net Interest Margin	0.27%	0.29%	0.32%	0.31%
Cost to Income Ratio	19.3%	16.0%	13.2%	11.3%
Return on Equity	4.5%	3.6%	8.5%	10.8%
Dividend Pay Out Ratio *	n.a.	50.0%	50.0%	37.5%

\* Recommendation by ECB to postpone till 2021

## Short Term Funding

### Financing instruments:

Euro Commercial Paper program EUR 20bn, in all major currencies

- ratings A-1+/P-1/F1+
- dealers BoAML, Barclays, Citi, NatWest, UBS
- minimum ticket size EUR 10mn equivalent

US Commercial Paper program USD 15bn

- ratings A-1+/P-1
- dealers Barclays, Goldman, JPMorgan
- minimum ticket size USD 10mn

Deposits from 1 to 12 months, in all major currencies

- minimum size EUR 10mn equivalent

Investor base: central banks, money market funds, corporates, pension funds

## Long Term Funding Strategy

### Long term market funding requirement

- 2020 : EUR 15 bn
- 2021 : EUR 15-16 bn (f)

### Strategic funding

- maintenance of a benchmark yield curve in EUR and USD
- regular issuance of liquid transactions (size >1bn)

### Sustainability Bonds

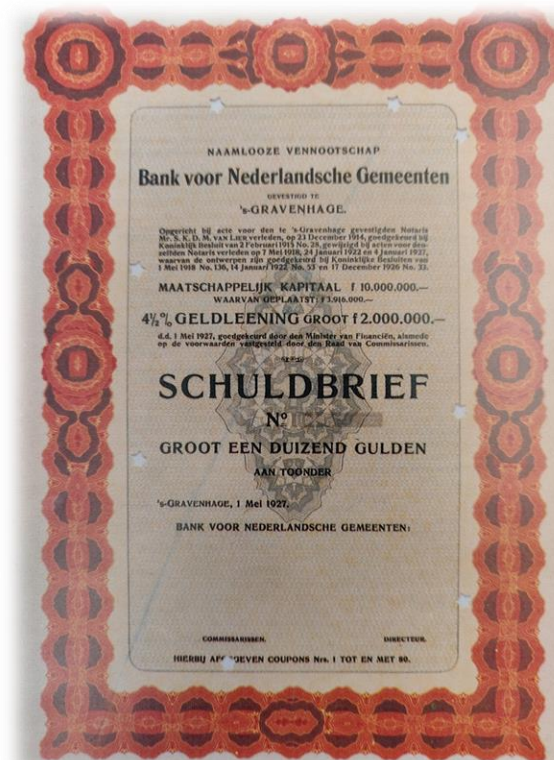
- Dutch Municipalities
- Dutch Social Housing Associations
- Renewable Energy

### Public deals

- Regular presence in public markets
- AUD, CAD, GBP, NOK, NZD and SEK

### Private placements

- MTN format and Loan format
- Plain vanilla
- Callable structures





# Long Term Funding 2020

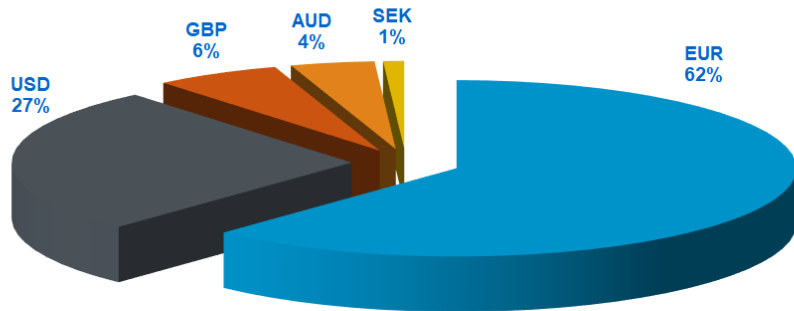
(as per December 31, 2020)

**€ 15.1 bn**  
Total Issuance

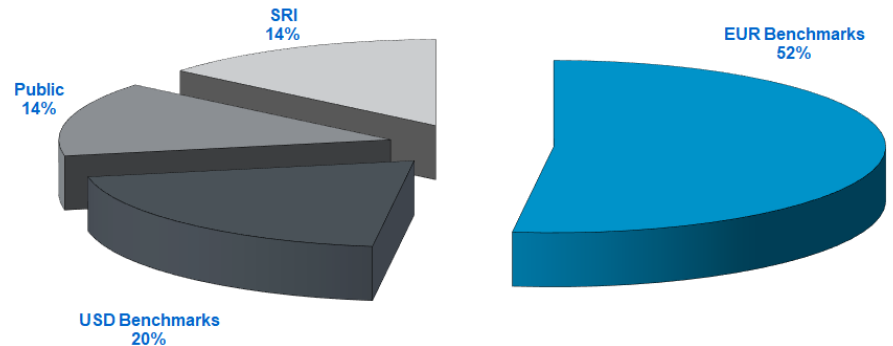
**8.9 years**  
Weighted Average Maturity

**85**  
Transactions

**5**  
Currencies



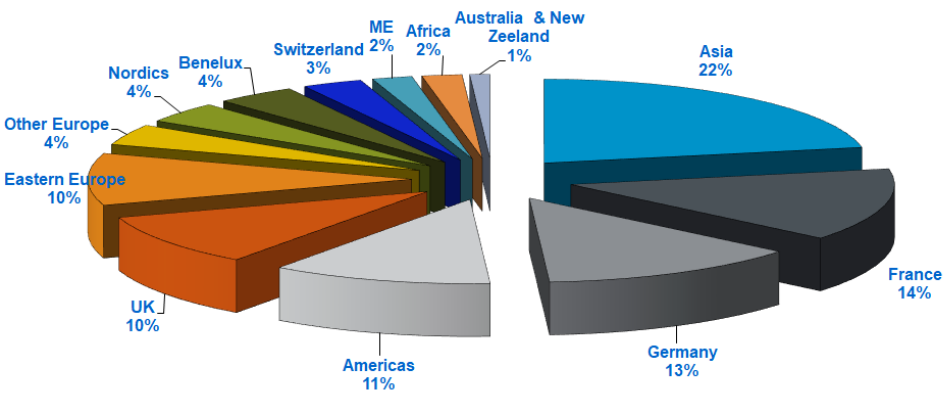
Distribution by currency



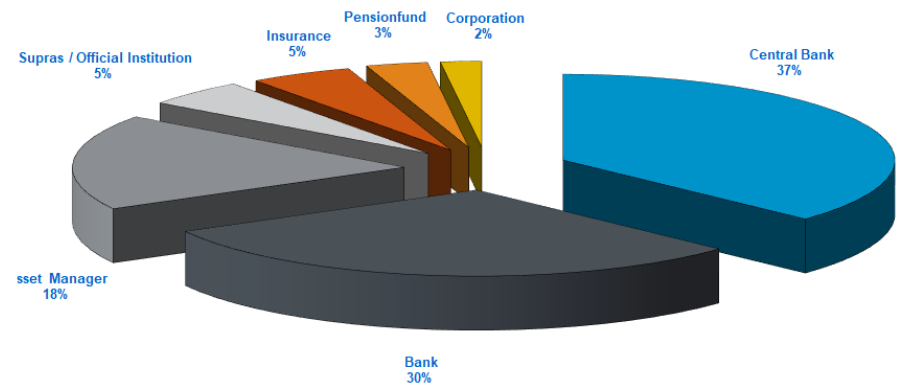
Distribution by issue type

# Long Term Funding 2020

(as per December 31, 2020)



**Distribution by geography**



**Distribution by investor type**

# Sustainability

- Sustainability is an integral part of BNG Bank’s strategy
- BNG Bank awarded a C+ ‘Prime’ sustainability rating by ISS Oekom research AG (2019)
- The BNG Sustainability Bonds criteria are defined in the ‘Framework for Best-in-Class Municipality Investment’ and in the ‘Framework for Dutch Social Housing Associations’
- Based on the methodology developed by an independent party: Sustainability Centre of Tilburg University (TSC-Telos)
- Sustainalytics has provided a second party opinion for both frameworks
- The proceeds of the sustainability bonds are earmarked and allocated to lending to sustainable municipalities and sustainable social housing associations.
- The data used for the annual impact reporting by TSC-Telos comes from official public sources
- BNG Bank’s Sustainability Bonds are listed on the Luxembourg Green Exchange



2016	2017	2018	2019	2020
<p><b>0.050% €1,000,000,000</b></p> <p>Sustainability bond linked to Dutch Social Housing Associations <b>July 2024</b></p>	<p><b>0.200% €750,000,000</b></p> <p>Sustainability bond linked to Dutch Municipalities <b>November 2024</b></p>	<p><b>3.125% \$500,000,000</b></p> <p>Sustainability bond linked to Dutch Social Housing Associations <b>November 2021</b></p>	<p><b>3.300% A\$36,000,000</b></p> <p>Private Placement linked to Renewable Energy Projects <b>July 2028</b></p>	<p><b>2.950% A\$40,000,000</b></p> <p>Private Placement linked to Renewable Energy Projects <b>July 2029</b></p>
	<p><b>2.125% \$750,000,000</b></p> <p>Sustainability Bond linked to Dutch Social Housing Associations <b>December 2020</b></p>	<p><b>0.500% €750,000,000</b></p> <p>Sustainability Bond linked to Dutch Municipalities <b>November 2025</b></p>		<p><b>1.500% \$1,000,000,000</b></p> <p>Sustainability bond linked to Dutch Social Housing Associations <b>October 2024</b></p>
			<p><b>1.900% A\$400,000,000</b></p> <p>Sustainability Bond linked to Dutch Municipalities <b>November 2025</b></p>	<p><b>0.050% €750,000,000</b></p> <p>Sustainability Bond linked to Dutch Municipalities <b>November 2029</b></p>
				<p><b>0.25% SEK1,500,000,000</b></p> <p>Sustainability bond linked to Dutch Social Housing Associations <b>April 2022</b></p>
				<p><b>0.01% €1,000,000,000</b></p> <p>Sustainability bond linked to Dutch Social Housing Associations <b>October 2022</b></p>

## Driven by social impact

To measure, increase and report on our impact, BNG Bank will use 4 Social Development Goals



### Contribution to affordable and better social provisions

- BNG Bank is a market leader with over EUR 40 bn long term loans outstanding to housing associations
- Rietveld in Alphen aan de Rijn is a unique residential service centre for people with dementia



### Improving sustainability of hospitals and other health care facilities

- BNG Bank has over EUR 7,6 bn long term loans outstanding to hospitals and other health care facilities
- BNG Bank was co-financer of the Princess Maxima Center for pediatric oncology



### Improving sustainability of schools and other educational buildings

- BNG Bank contributes to affordable and high-quality school buildings
- Deltion College, a regional training center (ROC) in Zwolle, provides senior secondary vocational education (MBO) for almost 14,000 young people and adults



### Contribution to energy savings and more energy efficiency

- BNG Bank contributes to energy savings and more energy efficiency
- A new sustainable sport facility in the municipality of Hilvarenbeek boasts both a swimming pool and a sports hall

## Summary



### **Dutch Promotional Bank**

**Aaa** (stable) / **AAA** (stable) / **AAA** (stable)

**100% Dutch Government owned**

**Standard & Poor's** (July 2020)

*"Leading lender to Dutch public authorities, supporting better asset quality than that of commercial banks"*

*"Very strong capitalization"*

*"Almost certain likelihood of extraordinary government support"*

**Moody's** (June 2020)

*"The largest lender to the Dutch public sector, fully owned by Dutch public entities"*

*"High asset quality"*

*"Very high support probability from the Government of the Netherlands, resulting in a two-notch uplift for the bank's debt and deposit ratings"*

## Contact Information

### Capital Markets

- Public Issuance
- Investor Relations

**Tel. :** +31 70 3081 730

**E-mail:** capital.markets@bngbank.nl

### Money Markets

- Commercial Paper
- Short Term Deposits

Bloomberg Dealing: BNGM

**Tel. :** +31 70 3081 760

**E-mail:** moneymarkets@bngbank.nl

## Appendix 1

## Benchmark Curves

EUR	2,550,000,000	0.250%	2016	due February 2023	
EUR	2,100,000,000	0.050%	2018	due July 2023	
EUR	1,900,000,000	0.250%	2017	due January 2024	
EUR	1,000,000,000	0.050%	2016	due July 2024	Sustainability Bond
EUR	1,750,000,000	0.500%	2018	due April 2025	
EUR	1,500,000,000	0.050%	2020	due April 2025	
EUR	1,600,000,000	0.250%	2015	due May 2025	
EUR	2,000,000,000	1.000%	2016	due January 2026	
EUR	1,100,000,000	0.125%	2019	due April 2026	
EUR	1,750,000,000	0.625%	2017	due June 2027	
EUR	1,400,000,000	0.750%	2018	due January 2028	
EUR	2,920,000,000	0.750%	2019	due January 2029	
EUR	2,490,000,000	0,100%	2020	due January 2030	
EUR	1,425,000,000	1.375%	2015	due October 2030	
EUR	1,000,000,000	0.010%	2020	due October 2032	Sustainability Bond
EUR	1,500,000,000	0.125%	2020	due July 2035	
EUR	1,735,000,000	0.875%	2016	due October 2036	
EUR	960,000,000	1.500%	2017	due March 2038	
EUR	775,000,000	1.500%	2018	due July 2039	
EUR	950,000,000	0.805%	2019	due June 2049	
<u>144a</u>					
USD	1,500,000,000	2.500%	2018	due February 2021	
USD	1,500,000,000	1.625%	2016	due April 2021	
USD	1,750,000,000	2.375%	2017	due February 2022	
USD	3,000,000,000	1.500%	2019	due September 2022	
USD	1,500,000,000	2.500%	2013	due January 2023	
USD	2,000,000,000	0.750%	2020	due April 2023	
USD	2,500,000,000	3.000%	2018	due September 2023	
USD	1,500,000,000	2.625%	2019	due February 2024	
USD	1,000,000,000	1.500%	2019	due October 2024	Sustainability Bond
USD	1,000,000,000	0.500%	2020	due November 2025	Sustainability Bond
USD	1,000,000,000	2.375%	2016	due March 2026	
USD	1,250,000,000	1.000%	2020	due June 2030	

## Appendix 2 Kangaroo AUD - Kauri NZD issuance

### Program size AUD 10 bn

#### Kangaroos

AUD	360 mn	5.50%	2012	due May 2022
AUD	450 mn	4.75%	2013	due March 2023
AUD	500 mn	0.75%	2020	due November 2023
AUD	1,000 mn	5.25%	2013	due May 2024
AUD	965 mn	3.25%	2015	due July 2025
AUD	50 mn	5.00%	2014	due April 2026
AUD	400 mn	3.25%	2016	due August 2026
AUD	690 mn	3.50%	2017	due July 2027
AUD	1,500 mn	3.30%	2018	due July 2028
AUD	1,320 mn	3.30%	2018	due April 2029
AUD	250 mn	1.60%	2020	due November 2030

#### Sustainability bond linked to the "Best-in-class" Dutch Municipalities

AUD	400 mn	1.90%	2019	due November 2025
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#### Private placement, linked to Renewable Energy projects

AUD	40 mn	2.95%	2019	due July 2029
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#### Kauri

NZD	65 mn	2.944%	2019	due March 2030
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## Appendix 3 Overview Funding 2019 - 2015

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Amount (Eur bn)	17.5	18.1	17.2	18.1	15.8
- EUR	46.7%	51.3%	36.2%	36.2%	40.7%
- USD	42.5%	35.5%	53.9%	46.5%	48.8%
- GBP	4.0%	6.6%	6.9%	5.7%	5.5%
- JPY	0.0%	0.0%	0.0%	0.2%	0.0%
- CHF	0.0%	0.0%	0.0%	0.0%	0.0%
- AUD / NZD / CAD / HKD	6.7%	5.5%	2.7%	1.8%	4.6%
- NOK / SEK	0.1%	0.3%	0.3%	0.3%	0.4%
- Others	0.0%	0.0%	0.0%	0.4%	0.4%
Number of transactions	112	102	65	57	71
Weighted average maturity (yrs)	7.5	7.2	5.6	6.3	5.7
Distribution:					
- Europe / ME / Africa	59%	59%	63%	63%	64%
- Asia / Australia / New Zealand	22%	22%	23%	23%	19%
- Americas	19%	19%	14%	14%	17%
- Central Banks / Official Institutions	34%	34%	43%	42%	39%
- Asset Managers	24%	24%	22%	22%	24%
- Insurance / Pension Funds	16%	16%	7%	12%	9%
- Banks / Bank Treasuries / Corporates / Other	24%	24%	28%	24%	28%