

N.V. Bank Nederlandse Gemeenten



BNG



Disclaimer

THE SLIDES USED IN THIS PRESENTATION ARE STRICTLY CONFIDENTIAL AND HAVE BEEN PREPARED EXCLUSIVELY TO SUPPORT RELATED ORAL DISCUSSIONS. THE INFORMATION CONTAINED IN THIS PRESENTATION IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED OR REDISTRIBUTED TO ANY OTHER PERSON.

This presentation is based on information provided by N.V. Bank Nederlandse Gemeenten (the “Company”) and other publicly available information as indicated herein. The information contained in this presentation does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities in the United States or any other jurisdiction nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Any decision to invest in or acquire securities of the Company must be based wholly on the information contained in an offering document or prospectus (the “Offering Document”) issued or to be issued by the Company in connection with any such offer and not on the contents hereof and this presentation should not be considered as a recommendation by the Company that any recipient of this presentation should subscribe for or purchase any Securities in any jurisdiction in which such offer, sale or invitation is not authorized or to any person to whom it is unlawful to make such an offer, sale or invitation. This presentation does not contain all relevant information relating to the Company or its securities, particularly with respect to the risks and special considerations involved with an investment in the securities of the Company, and is qualified in its entirety by reference to the detailed information which will appear in the Offering Document.

No securities of the Company have been or will be registered under the US Securities Act of 1933, as amended (the “Securities Act”). Accordingly, any securities of the Company will only be issued in the United States pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act.

This presentation contains “forward-looking statements” (as defined in the U.S. Private Securities Litigation Reform Act of 1995) regarding the intent, belief or current expectations of the Company’s management with respect to its financial condition and future results of operations. You can identify forward-looking statements by discussions of strategy, plans or intentions. These statements reflect the Company’s current views with respect to future events and by their nature are subject to risks, uncertainties and assumptions because they relate to events and depend on circumstances that may or may not occur in the future. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual results of the Company may vary materially from those expressed in or implied by the forward-looking statements contained or deemed to be contained herein. Given these risks and uncertainties, you are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this presentation. For a discussion of some of the important factors that could cause the Company’s results to differ from those expressed in or implied by the forward-looking statements contained herein, please refer to the Offering Document that will be delivered in connection with any securities offering. The Company disclaims any obligation to update, or to announce publicly any revision to, any of the forward-looking statements contained in this presentation.



Table of Content

• Key Facts	4
• Dutch Public Sector	5
• Dutch Housing Associations	6
• BNG Bank Social Bond	7
• BNG Bank's Market Share and Financial Data	16
• Funding Strategy	17
• Summary	20
• Contact Information	21
• Appendices	22

Key Facts

- Founded by (local) government in 1914
- Dutch Government owned
 - Dutch State 50% (since 1921)
 - Dutch local governments 50%
 - Ownership restricted to Dutch public authorities (art. 6 Articles of Association)
 - Registered shares only (not listed)
- Dutch Promotional Bank
 - Lending restricted to local authorities and public sector institutions in the Netherlands and the E.U. (art. 2.3 Articles of Association)
- Sovereign ratings of the Netherlands: Aaa (stable) / AAA (stable) / AAA (stable)
- BNG Bank's ratings: Aaa (stable) / AAA (stable) / AA+ (stable)
- Ministry of Finance (October 18, 2013, Memorandum on public subsidiaries)
 - "Financial benefits for local authorities and semi-public sector justify continued state ownership"

Dutch Public Sector

Housing Associations

- social housing
- 0% BIS risk-weighted by Dutch Central Bank

Municipalities

- credit quality: similar as the State of the Netherlands
- 0% BIS risk-weighted by Dutch Central Bank

Health Care institutions

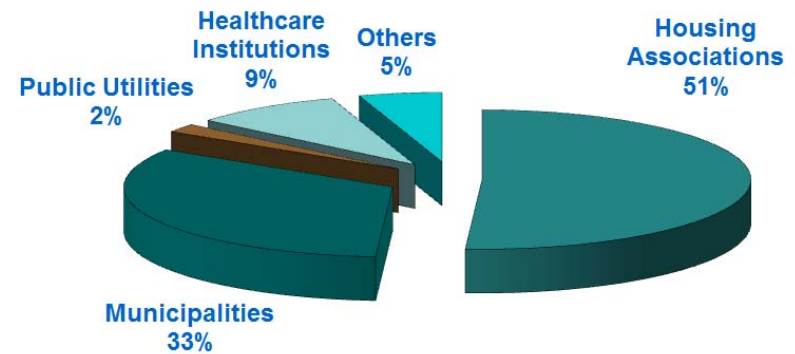
- hospitals, elderly homes
- 0% BIS risk-weighted by Dutch Central Bank

Other

- education sector (universities/colleges), police regions

Public Utilities

- network companies only



BNG Long Term Assets:

Eur 82.4 bn

(December 2015)

Dutch Housing Associations

Social Housing Market

- number of Housing Associations in the Netherlands: 360
- number of social rental units approx. 2.4 mn (1/3 of total number of dwellings)
- to construct, maintain and rent housing space at an affordable price
- non-profit organisations / foundations
- social housing: subsidizing rent for lower income groups (<EUR 35,874 annual income)
- average rent EUR 492 per month
- supervised by the Authority of Housing Association ("Autoriteit woningcorporaties")

Social Housing Financing

- loans to housing associations as financed by BNG Bank are guaranteed
- 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



BNG Bank Social Bond – Independent Partners

- BNG Bank worked in close cooperation with Telos, Sustainability Centre of Tilburg University, to develop a new framework for a Social Bond linked to the social housing sector in the Netherlands
- The BNG Bank Social Bond criteria are defined in the 'Framework document for Housing Associations' (2016)
- The framework is developed by an independent party: Sustainability Center of Tilburg University (TSC-Telos). The data used for the annual impact reporting by TSC-Telos* comes from official public sources
- The proceeds of the Social Bond will be tracked by the issuer and allocated to BNG Bank's lending and investment operations to housing associations. This process will be externally audited by our auditor, currently being PricewaterhouseCoopers
- Sustainalytics** has provided second party review for the framework and independently confirmed in their opinion that it follows the Social Bond Guidance



*TSC-Telos specializes in operationalizing sustainable development in regional and urban initiatives. TSC-Telos Research areas are Climate Action & Resource Efficiency, Corporate Social Responsibility, Social Innovation and Governance. Sustainalytics provided an external opinion on the framework.

**Sustainalytics B.V. (Sustainalytics), a provider of environmental, social and governance (ESG) research and analysis, evaluated N.V. Bank Nederlandse Gemeenten's Social Bond transaction set forth in this Prospectus and the alignment thereof with industry best practice, provided views on the robustness and credibility of the Social Bond within the meaning of the alignment with industry best practice.



BNG Bank Social Bond – Compliance with Social Bond Guidance

Use of proceeds

Housing Associations investing in neighborhoods with a social challenge, as defined in the 'Framework for Housing Associations'



Process for project evaluation and selection

The selection is done by an independent party: Tilburg Sustainability Center of Tilburg University (TSC-Telos). The criteria are based on Goal No. 11 of the UN Sustainable Development Goals (2016). Additionally, Sustainalytics provided an independent second party review on the framework



Management of proceeds

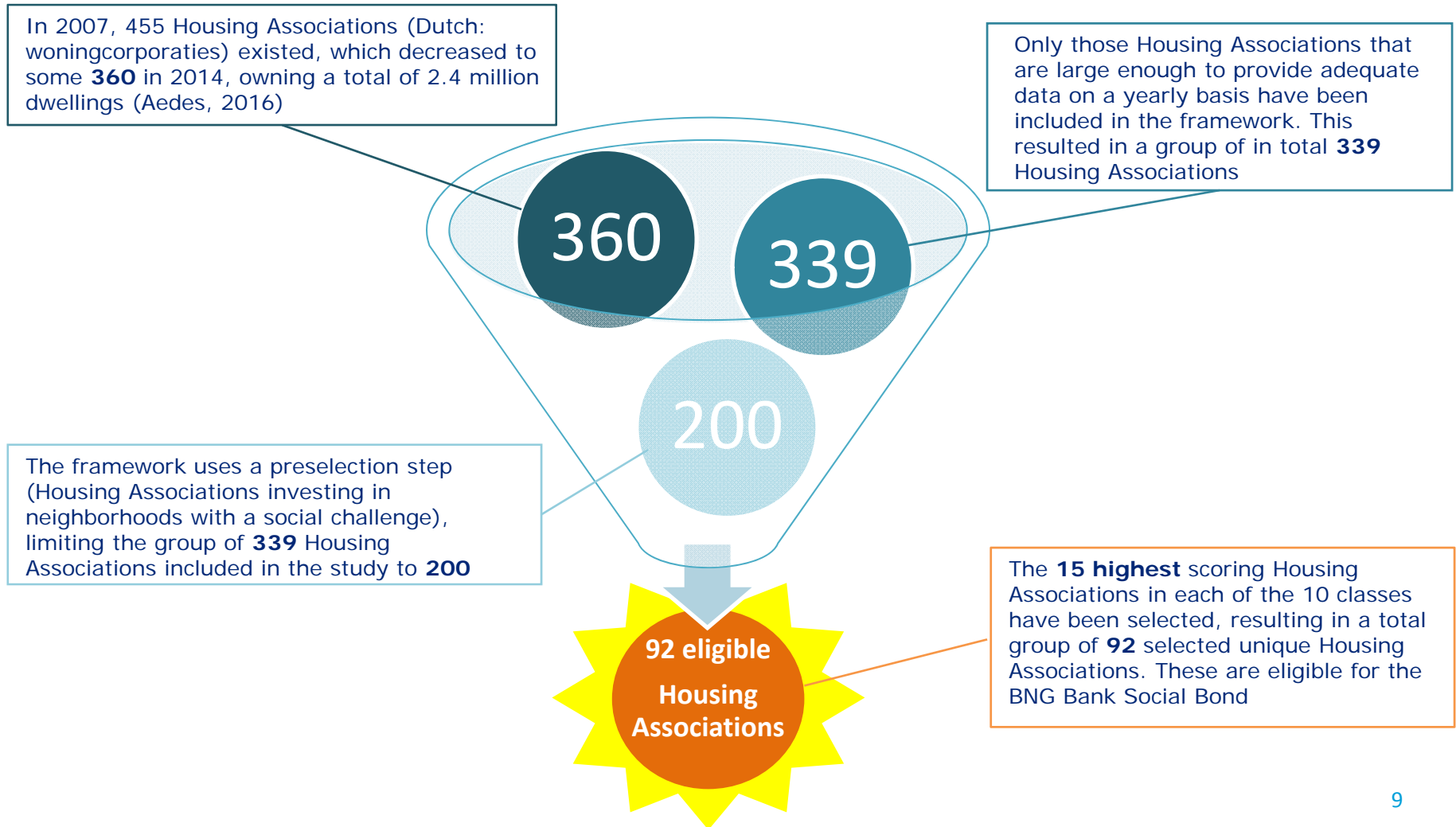
The proceeds of the bond will be tracked by the issuer and allocated to BNG Bank's lending and investment operations to Housing Associations. This will be externally audited and reported on. This first social bond will (re)finance loans to eligible Housing Associations which were granted between the 1st of July 2015 and the 1st of July 2016

Reporting

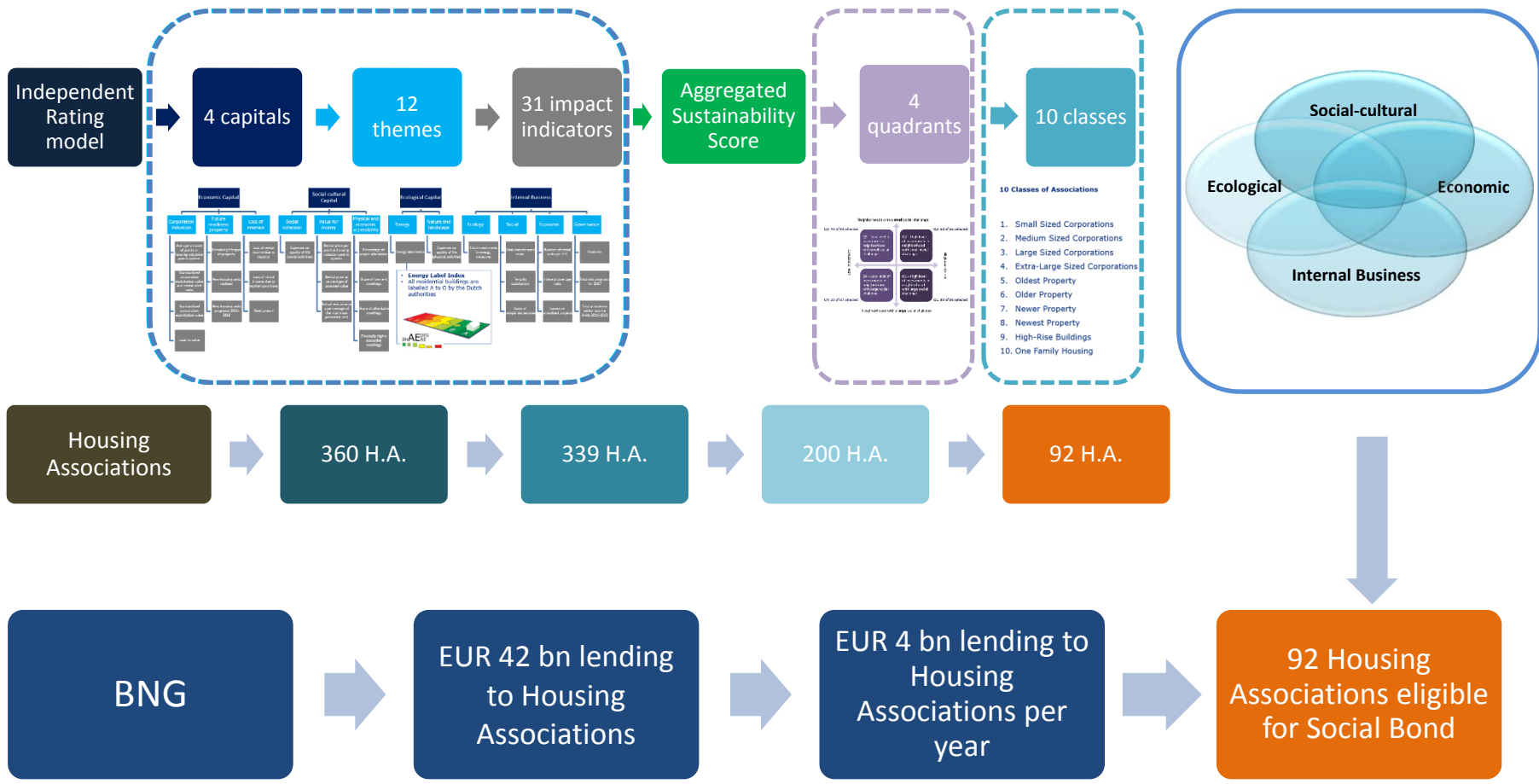
The data used for the annual impact reporting by TSC-Telos come from official Dutch public data sources



Use of Proceeds: Social Housing with a Focus on Deprived Areas

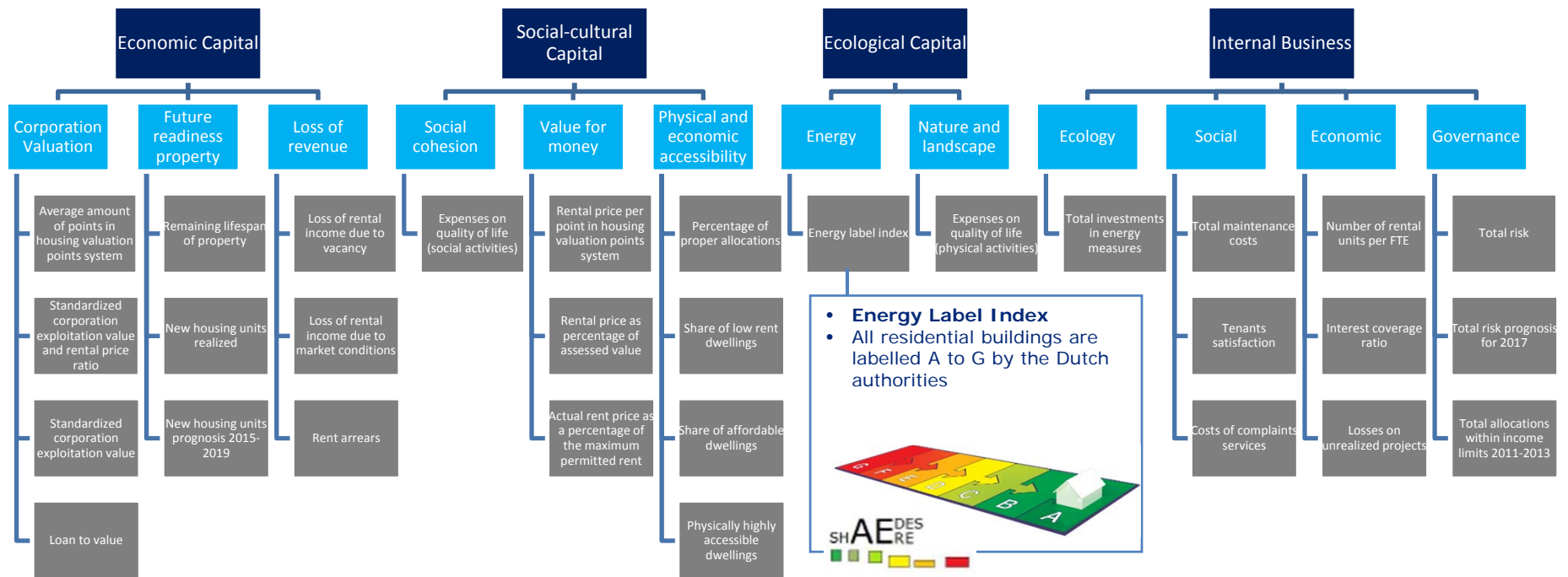
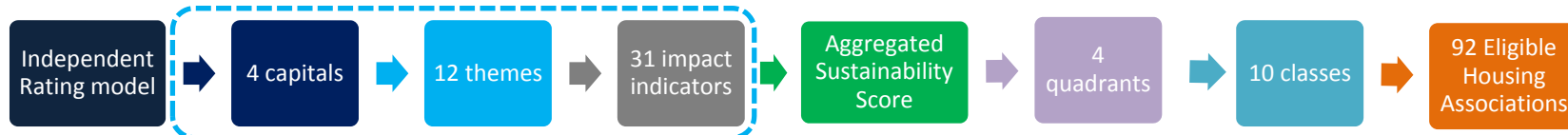


Process for evaluation and selection (1)



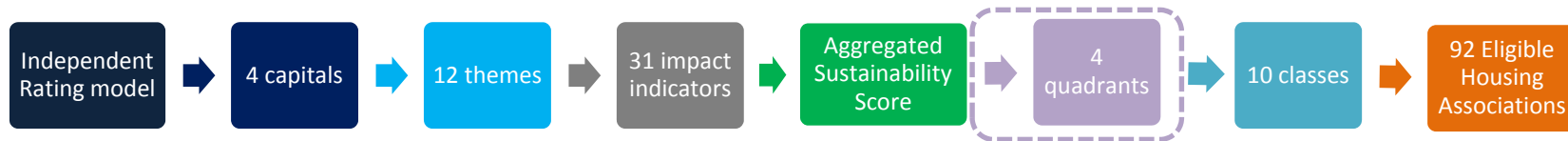
Tilburg University selected 92 housing associations that fit BNG Bank's Use of Proceeds definition for the Social Bond. This selection represents 25,5% of the total number of Housing Associations

Process for evaluation and selection (2)

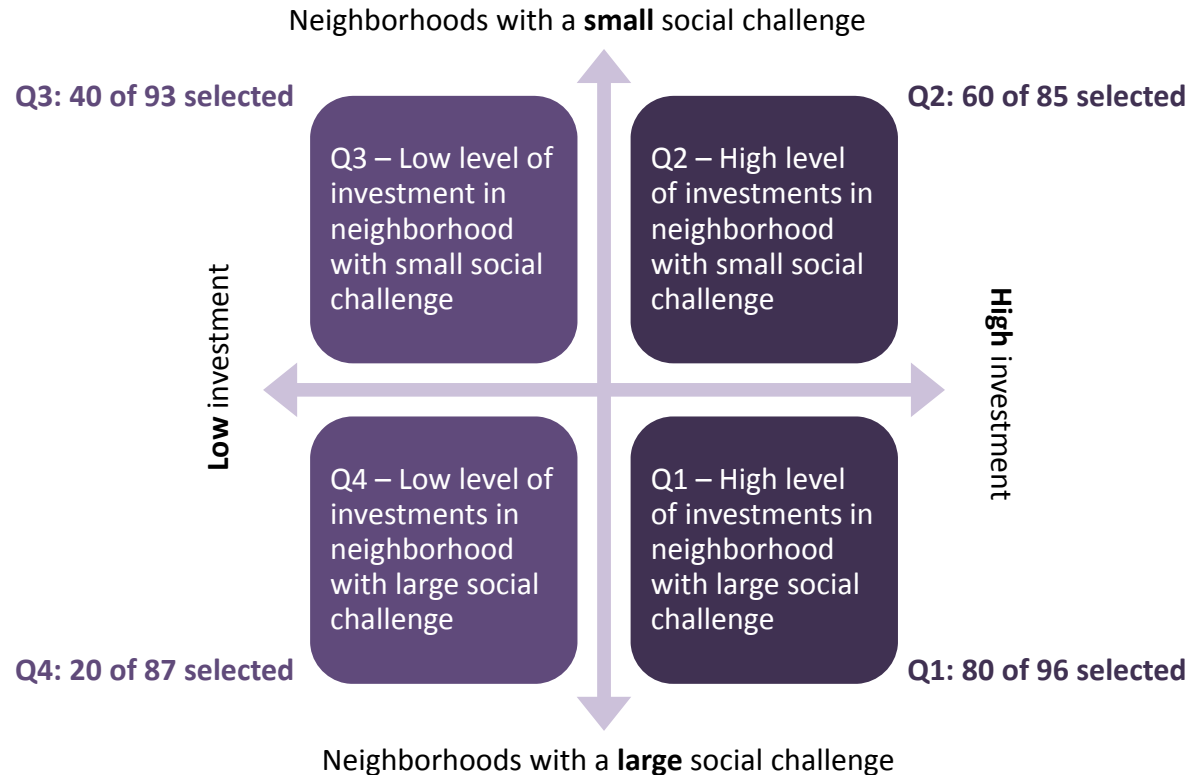


- The overall score of a Housing Association is calculated as the equally weighted score of the four capitals
- Each capital score is calculated as the equally weighted score of the themes, with one exception being the Energy theme accounting for 75% of the "Ecological" Capital
- Each theme score is calculated as the equally weighted score of the indicators

Process for evaluation and selection (3)

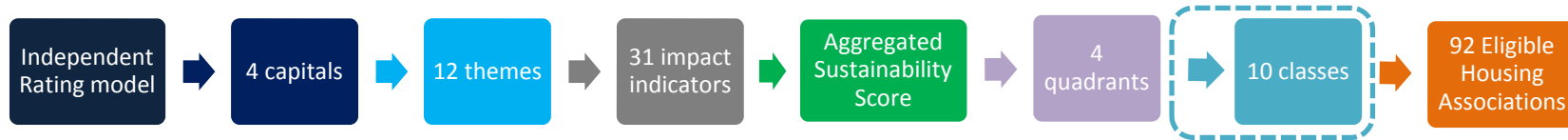


Focus on Housing Associations investing in neighborhoods with a social challenge



- Neighborhoods with the largest social challenges are those where- (i) Housing Associations own more than 25% of the housing stock, or (ii) Greater than 40% of the total number of households are poor households (as defined by Statistics Netherlands)
- A high level of investments was defined as 'an association that has spent more than 331 euro per 100 rental units over the period from 2012 till 2014 on improvements and renovations

Process for evaluation and selection (4)



10 Classes of Associations

1. Small Sized Corporations
2. Medium Sized Corporations
3. Large Sized Corporations
4. Extra-Large Sized Corporations
5. Oldest Property
6. Older Property
7. Newer Property
8. Newest Property
9. High-Rise Buildings
10. One-Family Housing

- *Small Corporation <1250 housing units*
- *Medium Corporation 1250-3500 housing units*
- *Large Corporation 3500-7500 housing units*
- *Extra Large Corporation >7500 housing units*

- *Oldest Property: mean 1971*
- *Older Property: mean 1976*
- *Newer Property: mean 1980*
- *Newest Property mean 1985*

- *One-family houses includes all associations of which the property consists of 80% or more of one-family houses*
- *High-rise buildings type refers to associations of which the property consists for 20% or more of high-rise housing associations*

Reporting and Impact Indicators

BNG Bank will publish:

- An annual impact report (by Telos) for the Housing Associations that were financed with the bond
- An assurance letter that the bond proceeds were allocated to eligible Housing Associations (audited)

How will BNG Bank use the Social Bond Framework?

- BNG Bank supports local Housing Associations to set and achieve their sustainability targets
- BNG Bank account managers are trained to discuss the ESG scoring with clients and to advise them on how to take sustainability into account when making investment decisions
- BNG Bank is convinced that this approach will create a positive momentum within the entire client base and result in positive social and environmental impacts

What is the role of Sustainability Center of Tilburg University (TSC-Telos) so far and in the future?

- Provide a definition of the group of Dutch Housing Associations involved
- Develop norms and impact indicators (social, economic, ecological, internal business) that are relevant for Dutch Housing Associations
- Develop criteria to focus on Housing Associations investing in deprived neighborhoods, as Housing Associations exist to help solve social (housing) problems
- Develop a statistically significant classification of Dutch Housing Associations with distinct socio-economic and environmental profiles, for example small and large Housing Associations
- Collect readily available data
- Measure sustainability (ESG) performance. The result is an ESG score for all of Dutch Housing Associations
- Develop impact reporting with data from official public sources

Sustainalytics Opinion

“Sustainalytics views BNG Bank’s methodology to select social housing associations with a focus on deprived neighbourhoods as **innovative** and **robust**. The use of proceeds clearly seeks to achieve positive socio-economic outcomes for target populations, as demonstrated by the consideration of both the sustainability performance of social housing associations and their investments in socially deprived neighbourhoods. Additionally, BNG Bank’s commitment to transparently and comprehensively report on impact is aligned with market best practice. Based on the above considerations, Sustainalytics is of the opinion that BNG Bank’s social bond framework is credible, and will direct funding towards improving the quality of affordable housing in the Netherlands.”

Sustainalytics – BNG Bank Social Bond: Framework Overview and Second Opinion by Sustainalytics (June, 2016)



BNG Bank's Market Share

(of total outstanding loans to Dutch public sector)

	2015	2014	2013
Municipalities	66%	65%	65%
Housing Associations	54%	54%	53%
Health Care	47%	47%	47%
Public Utilities	8%	9%	9%
Others	27%	27%	27%

Financial Data

	2015	2014	2013	2012
Total Assets (EUR bn)	149.5	153.5	131.2	142.2
Leverage Ratio	2.9%	2.0%	2.3%	2.0%
TIER 1 Ratio	26.7%	23.6%	24.3%	22.0%
Profit (EUR mn)				
- Profit (before tax)	314	179	397	460
- Net Profit (after tax)	226	126	283	332
Net Interest Margin	0.30%	0.29%	0.40%	0.33%
Cost to Income Ratio	13.4%	23.0%	11.6%	10.9%
Return on Equity	7.3%	4.3%	10.4%	13.6%

Dividend pay-out ratio 2015-2011: 25%

2010-2008: 50%

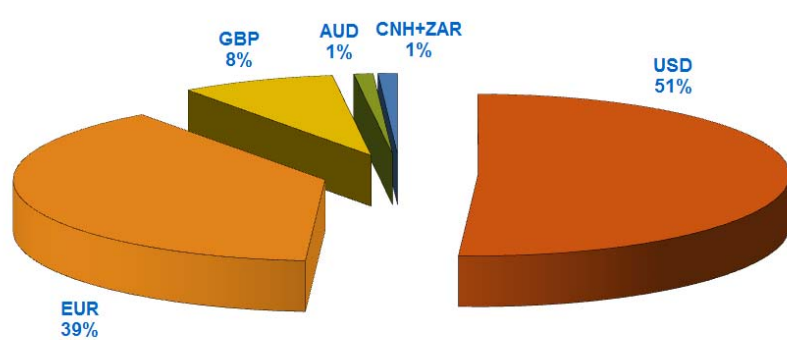
Funding Strategy

- Long term funding requirement
 - 2016 (f): EUR 17-18 bn
- Strategic funding
 - maintenance of a benchmark curve in EUR and USD
 - regular issuance of liquid transactions (minimum size 1 bn)
- Regular presence in public markets
 - AUD, CAD, CHF, GBP, JPY, NOK, NZD and SEK
- Sustainability and Social Bonds
 - Issuance of Sustainability Bonds that allow investors to invest in sustainable Dutch cities via BNG
 - 2014: EUR 500,000,000 0.375% due 14 October 2019 (75% allocated to sustainable investors)
 - 2015: EUR 650,000,000 0.125% due 3 November 2020 (70% allocated to sustainable investors)
 - The Social Bond approach for Sustainable Dutch housing associations
- Private placements
- Repo eligible with
 - European Central Bank, Federal Reserve Bank of New York, Reserve Bank of New Zealand and Swiss National Bank

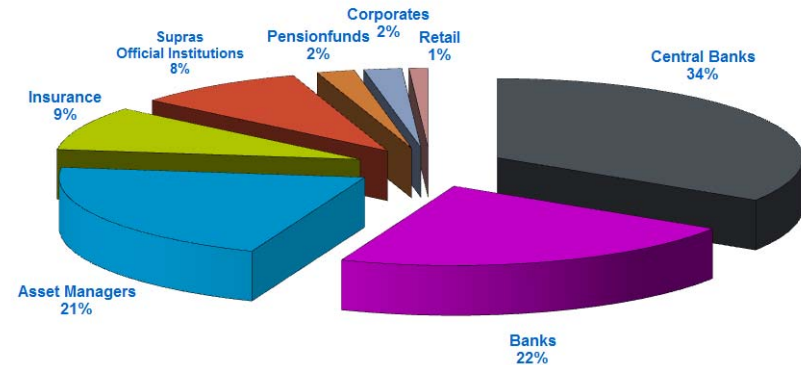
Funding 2016

(as per 1st July 2016)

- Total Issuance: EUR ± 12.6 bn equivalent
- Weighted average maturity: 5.8 years
- 26 transactions / 6 currencies



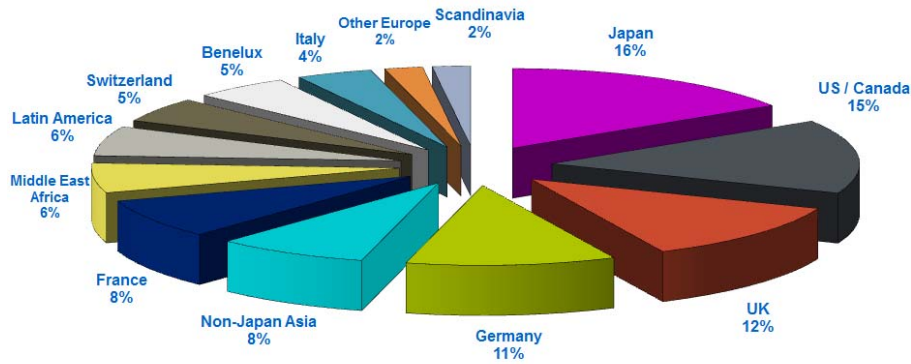
Distribution by currency



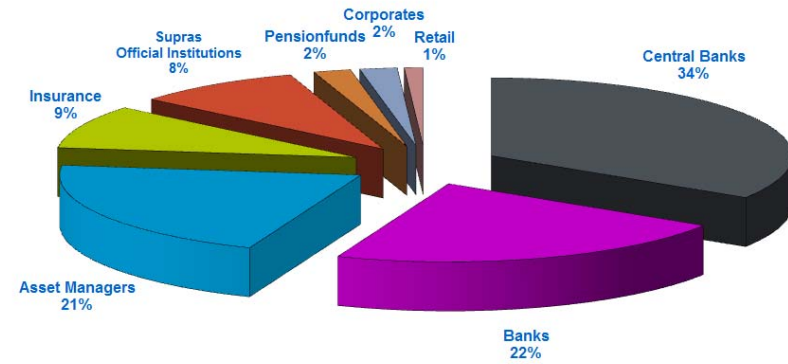
Distribution by issue type

Funding 2016

(as per 1st July 2016)



Distribution by geography



Distribution by investor type

Summary



- Dutch Promotional Bank
- Aaa(stable)/AAA(stable)/AA+ (stable)
- 100% Dutch Government owned
- Standard & Poor's (December 17, 2015)
 - "Leading lender to Dutch public authorities, supporting very strong asset quality"
 - "Sound capitalization"
 - "Extremely high likelihood of extraordinary government support"
- Moody's (December 24, 2015)
 - "Largest lender to the Dutch public sector"
 - "Very high asset quality"
 - "High capitalization"



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

www.bngbank.com

Appendix 1

Rules and Regulations

- High Quality Liquid Assets (“HQLA”) eligibility for the Liquidity Coverage Ratio (LCR)
 - European Union: level 1 (confirmed: <http://www.toezicht.dnb.nl/3/50-232044.jsp>)
European Commission “Delegated Act of 10.10.2014” : Article 10 (1 e ii):
 - Switzerland: level 2a (confirmed: all currencies)
 - US: level 2A Liquid Assets (guidelines are subject to individual investor interpretation)
Federal Register/Vol. 79, No 197/Friday, October 10, 2014/Rules and Regulations
- BNG Bank Euro-denominated bonds eligible under ECB Public Sector Purchase Programme (“PSPP”)
- Dutch Central Bank has designated BNG as a bank of national systemic importance
- Bank Recovery and Resolution Directive (“BRRD”) / Single Resolution Mechanism (“SRM”)
 - In case of BNG, BRRD/SRM does not restrict the ability of the Dutch State to support
 - Dutch State acts as a shareholder, as such this is considered as private solution

Appendix 2

Benchmark Curves

EUR	1,500,000,000	1.000%	2014	due March 2019
EUR	2,250,000,000	1.875%	2012	due June 2019
EUR	1,750,000,000	1.500%	2013	due April 2020
EUR	1,500,000,000	1.875%	2014	due January 2021
EUR	1,500,000,000	0.375%	2015	due January 2022
EUR	1,750,000,000	0.500%	2015	due August 2022
EUR	1,750,000,000	0.250%	2016	due February 2023
EUR	1,000,000,000	2.250%	2013	due July 2023
EUR	1,000,000,000	1.125%	2014	due September 2024
EUR	1,000,000,000	0.250%	2015	due May 2025
EUR	2,000,000,000	1.000%	2016	due January 2026
EUR	650,000,000	1.375%	2015	due October 2030
<u>144a</u>				
USD	2,250,000,000	1.375%	2012	due September 2017
USD	1,750,000,000	1.375%	2013	due March 2018
USD	2,500,000,000	1.125%	2016	due May 2018
USD	1,750,000,000	1.250%	2015	due October 2018
USD	1,250,000,000	1.375%	2016	due January 2019
USD	1,500,000,000	1.875%	2014	due June 2019
USD	2,000,000,000	1.750%	2015	due March 2020
USD	1,500,000,000	2.625%	2014	due April 2021
USD	1,500,000,000	1.625%	2016	due April 2021
USD	1,500,000,000	2.500%	2013	due January 2023
USD	1,000,000,000	2.375%	2016	due March 2026

Appendix 3

Overview Funding 2015 - 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Amount (Eur bn)	15.8	14.7	14.9	15.0	16.4
- EUR	40.7%	37.4%	45.0%	46.3%	48.9%
- USD	48.4%	43.9%	45.8%	28.2%	35.5%
- GBP	5.5%	8.2%	1.7%	4.8%	6.5%
- JPY	0.0%	0.1%	0.2%	0.1%	0.1%
- CHF	0.0%	2.1%	0.7%	0.8%	2.2%
- AUD / NZD / CAD / HKD	4.6%	7.8%	5.3%	5.8%	3.5%
- NOK / SEK	0.4%	0.4%	0.9%	4.5%	2.4%
- Others	0.4%	0.1%	0.4%	9.5%	0.9%
Number of transactions	71	78	90	158	122
Weighted average maturity (yrs)	5.7	5.4	6.5	6.5	6.4
Distribution:					
- Europe / ME / Africa	64%	61%	60%	42%	62%
- Asia / Australia / New Zealand	19%	22%	43%	16%	
- Americas	17%	20%	18%	15%	22%
- Central Banks / Official Institutions	39%	30%	28%	20%	34%
- Asset Managers	24%	21%	21%	25%	29%
- Insurance / Pension Funds	9%	14%	16%	12%	
- Banks / Retail / Other	28%	38%	37%	39%	25%