

BNG Bank consolidates position as market leader

- **More than half of loan requests in public domain met**
- **Updated strategy takes shape following first impact measurement**
- **Net interest income decreases, mainly due to failure to obtain TLTRO conditional bonus rate**
- **Net profit up 7% to EUR 236 million**
- **Long-term loan portfolio increases to EUR 87 billion**
- **Dividend of EUR 127 million**

Date

21 maart 2022

Our reference

3064832

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The Hague, 21 March 2022 - Gita Salden, CEO BNG Bank: 'We showed that we are a reliable and sustainable partner to our clients in 2021, which was another challenging year. We took a proactive approach with them and succeeded in meeting over half of the requests in the public domain by providing loans on favourable terms. We are thus consolidating our position as a market leader. We are proud of this and want to keep improving our position so we can make an even greater impact with our clients.'

We conducted an initial measurement of our clients' social impact. BNG Bank does this because we believe it is important to focus on what really matters and report on it. We are publishing this measurement simultaneously with our annual report and, starting in 2022, we will show each of our clients' annual progress on these indicators. We will also report specifically on the reduction of carbon emissions in our loan portfolio. The measurement conducted in the reporting year on the loan portfolio as of 31-12-20 shows that they have decreased. This is mainly a credit to our customers.'

Financial results

The net interest income in 2021 amounted to EUR 407 million, a decrease of EUR 70 million compared to 2020. EUR 57 million of this can be attributed to the fact that, due to a procedural error, BNG Bank did not comply with a reporting requirement on time to qualify for the 0.5% conditional bonus rate on the Targeted Longer-Term Refinancing Operation (TLTRO). BNG Bank acknowledges and regrets the error made and has taken measures to prevent this from happening in the future. The bank is in dialogue with DNB to reach a proportionate outcome that does justice to the intention of the TLTRO and the fact that BNG Bank materially meets the conditions for allocation.

Even without taking into account the missed conditional bonus rate, the net interest income is lower than the previous year. This is a consequence of low interest rates, which have had a particularly negative effect on the net interest income on invested equity. On a structural basis, however, we consider the net interest income to be healthy and we are satisfied with the net profit. For the reporting year 2021, BNG Bank achieved a net profit of EUR 236 million, a 7% increase compared to 2020 (EUR 221 million). An important reason for this is the positive result of financial transactions of EUR 100 million due to market value changes. In 2020, this amounted to EUR 17 million negative.

New long-term lending amounted to EUR 12.8 billion, an increase of over 9% compared to 2020. The total long-term loan portfolio at the end of 2021 amounted to EUR 87 billion. This is a net increase in portfolio value of EUR 1.2 billion.

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BNG Bank is a highly capitalised bank. The Common Equity Tier 1 ratio and Tier 1 ratio at the end of 2021 were 32% and 38% respectively. Rating agencies Fitch, Moody's and S&P give BNG Bank the highest rating level. This makes BNG Bank one of the safest banks in the world. Our creditworthiness enabled us to attract funding in various currencies for the short and long term at attractive rates throughout the year.

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BNG Bank proposes to distribute a dividend of EUR 127 million (EUR 2.28 per share) for 2021. This is 60% of the net profit remaining after deduction of the distribution to hybrid capital holders. The regular pay-out ratio of 50% has been adjusted to compensate for the missed TLTRO discount.

The full Annual Report will be published on 30 March 2022 on www.bngbank.com.

The Hague, 8:00 hours CET

BNG Bank – Driven by social impact

BNG Bank focuses exclusively on the public domain in the Netherlands. Its clients include municipalities, housing associations, and healthcare and educational institutions. The aim is to ensure that clients see the bank as the go-to partner for addressing social issues. BNG Bank is the fourth largest bank in the Netherlands in terms of its balance sheet total.

This is an unofficial translation of the Dutch press release. This translation is provided for convenience only. In the event of any ambiguity, the Dutch text will prevail.

CONSOLIDATED BALANCE SHEET**Date**

21 maart 2022

	<i>Amounts in millions of euro's</i>	31/12/2021	31/12/2020
ASSETS			
Cash and balances with central banks		9,264	2,312
Amounts due from banks		163	120
Cash collateral posted		13,993	20,361
Financial assets at fair value through the income statement		1,383	1,452
Derivatives		5,685	8,540
Financial assets at fair value through OCI		8,572	9,738
Interest-bearing securities at amortised cost		7,632	7,880
Loans and advances at amortised cost		89,738	88,942
Value adjustments on loans in portfolio hedge accounting		13,555	20,816
Other assets		64	198
Assets held for sale		8	-
TOTAL ASSETS		149,057	160,359
LIABILITIES			
Amounts due to banks		19,525	12,221
Cash collateral received		984	858
Financial liabilities at FVTPL		310	656
Derivatives		16,935	26,965
Debt securities		101,355	108,615
Funds entrusted		4,525	5,599
Subordinated debts		36	35
Other liabilities		325	313
Total liabilities		143,995	155,262
EQUITY			
Share capital, premium reserve and retained earnings		3,881	3,857
Hybrid capital		733	733
Revaluation reserve		83	86
Cash flow hedge reserve		1	11
Own credit adjustment		3	5
Cost of hedging reserve		125	184
Net profit		236	221
		5,062	5,097
TOTAL LIABILITIES AND EQUITY		149,057	160,359

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CONSOLIDATED INCOME STATEMENT

	<i>Amounts in millions of euro's</i>	2021	2020
- Interest revenues		4,411	4,876
- Interest expenses		-4,004	-4,399
Interest result		407	477
- Commission income		20	29
- Commission expenses		-3	-4
Commission result		17	25
Result on financial transactions		100	-17
Results from associates and joint ventures		4	3
Other results		1	1
TOTAL OPERATING INCOME		529	489
Staff costs		-57	-49
Other administrative expenses		-47	-46
Depreciation		-3	-3
TOTAL OPERATING EXPENSES		-107	-98
Net impairments on financial assets		-20	-16
Net impairments on associates and joint ventures		2	-1
Contribution to resolution fund		-1	-8
Bank levy		-53	-34
TOTAL OTHER EXPENSES		-72	-59
PROFIT BEFORE TAXES		350	332
Taxes		-114	-111
NET PROFIT		236	221
- of which attributable to the holders of hybrid capital		25	19
- of which attributable to shareholders		211	202

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