Annual Report 2009

BNG is the bank of and for local authorities and public sector institutions. BNG's specialized financial services help to minimize the cost of social provisions to the public. In this regard, the bank plays an essential role in the public sector.

BNG's mission is translated into the following strategic objectives: to retain substantial market shares in the Dutch public and semi-public domain and to achieve a reasonable return for the shareholders. Maintaining an excellent credit rating and retaining a competitive funding position, as well as managing the bank's business as effectively and efficiently as possible, are necessary prerequisites to this endeavour.

BNG's clients are primarily comprised of local authorities and public sector institutions in the areas of housing, healthcare, education and public utilities. BNG provides customized financial services ranging from loans and advances, funds transfers and electronic banking to consultancy and asset management. BNG also participates in public-private partnerships.

Founded in 1914, the bank is a statutory two-tier company under Dutch law (structuurvennootschap). The bank's shareholders are Dutch public authorities exclusively. Half of the bank's share capital is held by the State of the Netherlands and the other half by municipal authorities, provincial authorities and a water board. BNG is established in The Hague and has no branches.

After the State, BNG is one of the largest issuers in the Netherlands. BNG-issued debt securities are rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Fitch. In addition, the bank has been awarded the highest Financial Strength Rating (A) by Moody's and the highest Individual Rating (A) by Fitch.

Contents

Organization

Organization

C. van Eykelenburg [1952]
Chairman of the Executive Board

Mrs P.J.E. Bieringa [1959]
Managing Director Public Finance

G.J. Thomas [1950]
Managing Director Secretary

R.C.J. de Jong [1968]
Manager Internal Audit

Mrs J.C. Vester-Vos [1960]
Manager Human Resources

J.J.A. Leenaars [1952]
Member of the Executive Board

J.L.S.M. Hillen [1946]
Managing Director Legal, Fiscal Affairs and Compliance

P.H. Verloop [1949]
Managing Director Treasury

B.P.M. van Dooren [1957]
Manager Capital Markets

J.C. Reichardt [1958]
Member of the Executive Board

R. van Woerden [1958]
Managing Director Processing

P.J. Kortleve [1969]
Manager Planning & Control

H.R. Noordam [1966]
Manager Risk Control

R.G. Wijdoogen [1963]
Manager Credit Risk Assessment

Each member of the Executive Board is responsible for several directorates and [staff] departments. It is illustrated above which Managing Directors and Department Heads report directly to the members of the Executive Board. The organizational structure as a diagram [organogram] can be found on the bank's website [www.bng.nl]. The organization of the risk management function is included in the risk section of the annual report.

Supervisory Board [1]

H.O.C.R. Ruding [2][3] [1939]
Chairman
Former vice-chairman of the Executive Board of Citicorp/Citibank, New York, former Minister of Finance

Mrs Y.C.M.T. van Rooy [2][3] [1951]
Vice-chairman as well as Secretary
Chairman of the Board of Governors of the University of Utrecht

R.J.N. Abrahamsen [4] [1938]
Former Managing Director and Chief Financial Officer
KLM Royal Dutch Airlines

H.H. Apotheker [5] [1950]
Acting Mayor of the municipality of Sneek

Mrs H.G.O.M. Berkers [4][5] [1955]
Member of the Executive Board of Catharina Hospital in Eindhoven

Mrs S.M. Dekker [5] [1942]
Former Minister of Housing, Spatial Planning and the Environment

W.M. van den Goorbergh [2][3][4] [1948]
Former Vice-Chairman of the Executive Board of Rabobank Nederland

R.J.J.M. Pans [2][3] [1952]
General Director of the Association of Netherlands Municipalities

A.G.J.M. Rombouts [5] [1951]
Mayor of the municipality of 's-Hertogenbosch

|1 BNG seeks to ensure the independence of its Supervisory Board members by adhering to the following guidelines. Supervisory Board members are not, and have not been, in the employ of the company. They have no other business relationships with BNG from which they could gain personally. The Supervisory Board members receive a fixed annual remuneration, which is not dependent on the bank's performance in any year. No 'interlocking directorships' exist between Supervisory Board members mutually or between Supervisory Board members and Executive Board members. Supervisory Board members hold no shares in the company.
|2 Member of the Selection and Appointment Committee as referred to in Article 16 of the Articles of Association.
|3 Member of the Remuneration Committee as referred to in Article 16 of the Articles of Association.
|4 Member of the Audit Committee as referred to in Article 16 of the Articles of Association.
|5 Member of the Market Strategy Committee as referred to in Article 16 of the Articles of Association.

Ondernemingsraad

Mrs S.P.D. Huizer [1968]
Chairman

M. Laban [1971]
Secretary

L.H.J.M. Tulfer [1950]
Vice-chairman

G.J. van Duffelen [1978]

Mrs F.N. Elderhorst-Brussee [1976]

M.P.H. Erens [1968]

J.A. de Feijter [1973]

M.W.J. Oostendorp [1963]

F.W.A. Zwetsloot [1971]

Details of the Members of the Executive Board |6

C. van Eykelenburg
Appointed to the Executive Board on 1 January 2005 and appointed as Chairman of the Executive Board on 15 October 2008. His appointment as Chairman of the Executive Board is for a four year period. This appointment can be extended.
Mr van Eykelenburg is a member of the Supervisory Committee of Codarts. He is a member of one Supervisory Board and holds three additional positions.

J.J.A. Leenaars
Appointed to the Executive Board on 15 October 2002. His appointment as a Member of the Executive Board is for an indefinite period of time.
Mr Leenaars is a member of the Supervisory Board of NV Trustinstelling Hoevelaken and a member of the Supervisory Committee of the Higher Vocational Education Guarantee Fund. He is also a member of two other Supervisory Boards and holds two additional positions.

J.C. Reichardt
Appointed to the Executive Board on 15 October 2008. His appointment as a Member of the Executive Board is for a four year period. This appointment can be extended.
Besides his principal position Mr Reichardt is a member of two Supervisory Boards.

|6 Duties and responsibilities of (the members of) the Executive Board are described in the Executive Board Regulations, published on the bank's website.

Details of the Members of the Supervisory Board |7 |8

H.O.C.R. Ruding

Chairman

Former vice-chairman of the Executive Board of Citicorp/Citibank, New York, former Minister of Finance

Appointed on 12 May 2004, reappointed on 28 April 2008 and eligible for reappointment in 2012. Mr Ruding is a member of the Supervisory Board of Corning Inc. (US), RTL Group (Luxembourg), and Holcim AG (Zürich). He holds several additional national and international positions.

Mrs Y.C.M.T. van Rooy

Vice-chairman as well as Secretary

Chairman of the Board of Governors of the University of Utrecht

Appointed on 12 May 2004, reappointed on 28 April 2008 and eligible for reappointment in 2012. Mrs Van Rooy is deputy Crown-appointed member of the Social and Economic Council and a member of the Advisory Board of Deloitte. She holds nine additional positions.

R.J.N. Abrahamsen

Former Managing Director and Chief Financial Officer KLM Royal Dutch Airlines

Appointed on 17 May 2006, eligible for reappointment in 2010.

Mr Abrahamsen is a member of the Supervisory Board of TNT NV and a member of the Supervisory Board of Koninklijke BAM Groep NV. He is a member of six other Supervisory Boards and holds one additional position.

H.H. Apotheker

Acting Mayor of the municipality of Sneek

Appointed on 16 May 2002, reappointed on 17 May 2006 and eligible for reappointment in 2010.

Mr Apotheker is Chairman of the Supervisory Board of NV Rendo and a member of the Supervisory Committee of the Waarborgfonds Eigen Woningen (Owner-Occupied Housing Guarantee Fund). He is a member of one other Supervisory Board and holds one additional position.

Mrs H.G.O.M. Berkers

Principal position: Member of the Executive Board of Catharina Hospital in Eindhoven

Appointed on 27 April 2009, eligible for reappointment in 2013.

Apart from her principal position Mrs Berkers is a member of a Supervisory Board.

Mrs S.M. Dekker

Former Minister of Housing, Spatial Planning and the Environment

Appointed on 24 May 2007, eligible for reappointment in 2011.

Mrs Dekker is a member of the Supervisory Board of DHV Groep, a member of the Supervisory Board of Kristal NV, a member of the Supervisory Board of Akzo Nobel NL BV and Chairman of the Supervisory Committee of the Dutch Land Registry. She holds seven additional positions.

W.M. van den Goorbergh

Former vice-chairman of the Executive Board of Rabobank Nederland

Appointed on 15 May 2003, reappointed on 24 May 2007 and eligible for reappointment in 2011.

Mr Van den Goorbergh is Chairman of the Supervisory Boards of DELA and De Welten Groep Holding BV. He is a member of the Supervisory Boards of Mediq NV and of NIBC Bank NV. He is also Vice-Chairman of the Board of the Catholic University of Nijmegen, a member of one other Supervisory Board and holds thirteen additional positions.

R.J.J.M. Pans

Principal position: General Director of the Association of Netherlands Municipalities

Appointed on 15 May 2003, reappointed on 24 May 2007 and eligible for reappointment in 2011.

Mr Pans is Chairman of the Supervisory Committee of Zorggroep Almere and holds three additional positions.

A.G.J.M. Rombouts

Principal position: Mayor of the municipality of 's-Hertogenbosch

Appointed on 18 May 2000, reappointed on 12 May 2004 and for a second time on 28 April 2008, due to retire in 2012.

By virtue of his principal position, Mr Rombouts is Chief of the Brabant-Noord Police Force, Chairman of the Brabant-Noord Security Zone and Chairman of the general management of Stadsgewest 's-Hertogenbosch.

He holds thirteen additional positions.

|7 Duties and responsibilities of (the members of) the Supervisory Board are described in the Supervisory Board Regulations, published on the bank's website. Supervisory Board members are appointed for a period of four years and can be re-appointed twice in accordance with the Dutch corporate governance code. The profile of the Supervisory Board and their retirement schedule can also be found on the bank's website.

|8 Supervisory memberships and additional positions are detailed if they relate to listed companies or insofar as it is considered relevant to the performance of the tasks as a member of BNG's Supervisory Board. All members of BNG's Supervisory Board have Dutch nationality.

Report of the Supervisory Board

Report of the Supervisory Board

Financial statements and dividend proposal

The annual report of N.V. Bank Nederlandse Gemeenten, which is herewith presented among other information, includes the financial statements and the report drawn up by the Executive Board for the year 2009. The financial statements for 2009 have been given an unqualified opinion by Ernst & Young Accountants LLP. We propose to shareholders that they approve the financial statements and discharge the members of the Executive Board and the Supervisory Board for their management and supervisory duties, respectively, as reflected in the financial statements and the annual report. Upon adoption of the financial statements and the profit appropriation included in it, a dividend of EUR 2.49 per share with a nominal value of EUR 2.50 will be distributed for the 2009 financial year (2008: EUR 1.42).

Profile of the Supervisory Board

The profile of the Supervisory Board can be found on the bank's website. This profile determined by the General Meeting of Shareholders has remained unchanged in the year under review.

Composition of the Supervisory Board

In the year under review Mr W.K. Wiechers retired from the Supervisory Board. Mr Wiechers was appointed to the Supervisory Board on 2 May 1997 and reappointed in 2001 and 2005. He was also Chairman of the Remuneration Committee. Due to his high-level expertise and experience in the utilities sector and his broad financial knowledge Mr Wiechers made an important contribution to the discussions in the Supervisory Board and in the Selection and Appointments Committee, the Remuneration Committee, the Audit Committee and the Market Strategy Committee. The Supervisory Board is very grateful to Mr Wiechers for his major contributions in recent years.

The vacancy created by the retirement of Mr Wiechers was filled by the appointment of Mrs H.G.O.M. Berkers on 27 April 2009. The proposal for her appointment was reviewed against the profile of the Supervisory Board.

The composition of the Supervisory Board is included in the section Organization. This section provides the details of each Supervisory Board member which are relevant to fulfilling the duties of Supervisory Board members.

Performance of the Supervisory Board

Each year the Supervisory Board will review its own performance, the performance of the committees of the Board and that of the individual Supervisory Board members in the event of a reappointment or when there are reasons to do so. The review of the performance of the Supervisory Board and of the committees will be prepared by the Secretary on the basis of a written survey amongst the members of the Supervisory Board and the Executive Board, supplemented by verbal information collected by the Secretary. Every four years verbal information will be collected by an external expert, for the first time for the evaluation in 2011. The review of the performance of the individual Supervisory Board members is prepared by the Selection and Appointment Committee.

Activities of the Supervisory Board

During the reporting period, the Supervisory Board met six times. Besides the points mentioned above, the following subjects came up for discussion: the effects on BNG of the credit and liquidity crisis, the 2010 annual plan, the long-term vision, the stakeholder model, the financial reports, the social policy, risk management, the status report on the loan portfolio subject to solvency requirements, the credit process, the remuneration policy, integral treasury banking, the participating interests, outsourcing of payment services and the data centre, the auditor's reports, the implementation of the principles for a controlled remuneration policy of the Dutch Central Bank (*De Nederlandsche Bank: 'DNB'*) and the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten: 'AFM'*), the implementation of the Dutch Banking Code, the Regulation of Credit Facilities for Individual Directors and the BNG Regulation of Private Investment Transactions.

Audit Committee

The Audit Committee met three times during the year under review. For the review in the plenary Supervisory Board meeting the committee prepared the decision-making on the half-year and full-year figures, the management letters of the internal and external auditors as well as the accompanying comments of the Executive Board. The internal and external auditors were present during the review of these documents in the Audit Committee. The internal and external auditors were present during the review of the financial statements in the Supervisory Board meeting. In addition, the Audit Committee prepared the decision-making for the review by the plenary Board meeting with regard to the policy on risk management, the status report on the loan portfolio subject to solvency requirements and the implementation of the Dutch Banking Code (items Audit and Risk Management). Moreover, the Audit Committee discussed the effects on BNG of the credit and liquidity crisis, the credit process, the opportunities for financing the public housing sector, the participating interests, the 2008 Compliance report, the 2008 Incidents report, the 2010 Compliance Program and the 2010 IAD Annual Plan. The Audit Committee reported on these topics to the Supervisory Board. As a standard the Audit Committee consults the external auditors once a year without the presence of the Executive Board. No special points for consideration emerged from this consultation in 2009.

Remuneration Committee
The Remuneration Committee met once during the year under review. The committee prepared the decision-making in the Supervisory Board meeting with regard to the remuneration of the individual executives and the remuneration report.

Selection and Appointment Committee
The Selection and Appointment Committee met twice in the year under review. For the Supervisory Board meeting the committee prepared the decision-making with regard to the (re)appointment of Supervisory Board members, the assessment of the performance of individual Supervisory Board members and Executive Board members, the profile of the Supervisory Board, the profile of the Executive Board and the program of permanent education for the Supervisory Board and the Executive Board.

Market Strategy Committee
The Market Strategy Committee met twice in the year under review. The committee discussed the relevant developments concerning BNG's client groups and the adequacy of the existing and potential services to these client groups. In addition, the committee prepared the decision-making in the plenary Supervisory Board meeting on the long-term vision and the 2010 annual plan.

Remuneration policy for the Executive Board members
The Dutch Banking Code becomes effective on 1 January 2010. The measures taken with regard to these principles can be found on the BNG website. The Dutch Banking Code includes the following principles concerning the remuneration policy.
The bank conducts a careful, controlled and sustainable remuneration policy in line with its strategy and risk appetite, its objectives and values. Furthermore it takes into account the long-term interests of the bank, the relevant international context and its social basis. The Supervisory Board and the Executive Board will observe this starting point in fulfilling their duties with regard to the remuneration policy.
The overall income of an Executive Board member must be reasonably proportionate to the remuneration policy determined in the bank. The total income at inception will be slightly below the median of comparable positions in and outside the financial sector, taking into account the relevant international context.

On granting the variable remuneration to an Executive Board member the long-term component will be taken into account. The granting of the variable remuneration also depends on the bank's profitability and/or continuity. The variable remuneration per annum for an Executive Board member amounts to not more than 100% of his basic income.

The remuneration policy for Executive Board members of BNG is within the ranges of the Dutch Banking Code and has been determined by the General Meeting of Shareholders on 27 April 2009 as follows.

The remuneration policy is designed to enable the bank to recruit and retain qualified and professional executives.

In assessing the remuneration policy of BNG, it is important to realize that BNG is a banking institution with a balance sheet total currently at approximately EUR 100 billion. The shares are held by the Dutch State and local authorities. In competition with other banks it provides credit facilities, both solvency free and subject to solvency requirements, for local authorities and public sector institutions. For its funding BNG depends on the international capital markets. Because of its triple A-status and the individual ratings of the rating agencies the bank has a competitive funding position. This enables BNG to contribute to attractive financing of public investments as described in the bank's Articles of Association. Retaining this position is therefore of the highest importance.

BNG's goal is to be able to finance the public domain not only in the good times but also in difficult circumstances. This requires permanent attention to keeping the balance between a competitive pricing policy and a reasonable return. Effective operations at the lowest cost possible are key to achieving this.

BNG falls within the scope of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht) and is consequently subject to prudential supervision by the Dutch Central Bank. Executives are assessed on their reliability and expertise, and their appointment requires prior approval from the Dutch Central Bank. In addition, BNG falls under the conduct of business supervision of the AFM.

On the one hand BNG wants to achieve employment conditions and remuneration for its Executive Board in line with the market. On the other hand the bank aims to moderate top remunerations. In line with the market means: determined on the basis of a comparison with what is common in the Dutch labor market relevant to BNG. For this comparison a reference group of financial and comparable institutions in the (semi-)public as well as the private sector has been defined in consultation with the shareholders |9. In comparing remunerations, independent external advice is sought whereby the remunerations are related to the weighting of (top) positions (comparable with management positions at BNG) in the reference group. In determining the weighting of the positions at BNG, the profile of the bank set out above is taken into account. In order to assess whether the remunerations are in line with the market, the median of the fixed plus all the variable remunerations in the reference group are taken as a starting point.

In regard to the aim of moderating top remunerations, the shareholders insisted on establishing a maximum amount for the remuneration of the Executive Board of BNG. In consultation with the shareholders and in accordance with the remuneration policy of the central government regarding State participations, it has been established that in 2009 the sum total of the fixed and variable remuneration for new executives is limited at EUR 310,000. This remuneration limit will be increased each year (from 2010 onwards) by the general increases in the collective labor agreement for the General Banking Industry. In order to deviate from this remuneration limit the approval of the shareholders is needed.

The established remuneration policy is integrally applicable to executives appointed after 1 January 2009. In the case of newly-appointed executives their career history will also be taken into account. The existing employment contracts of the previously appointed executives will be respected. Any room offered by these contracts to attune the remuneration to the policy indicated above will be utilized. In principle the Supervisory Board will consider two-yearly whether developments within the reference group justify adjustments to the employment conditions of the Executive Board.

Primary remuneration

The primary remuneration consists of two components.

Fixed remuneration

The fixed component of the remuneration consists of 12 times the monthly salary plus holiday allowance.

Variable remuneration

Each year, the Supervisory Board determines the objectives to be achieved by the Executive Board. These objectives are attuned to the bank's long-term strategy and are concrete and ambitious. On the one hand they consist of several quantitative targets. In addition qualitative targets are agreed upon which are relevant to the bank's operations and/or the individual performance of the executives.

Each target is assigned a weighting relative to the totality of targets. Finally, the extent to which each target is exceeded or not reached affects the award of the relevant part of the variable remuneration. The variable remuneration per annum for each Executive Board member amounts to not more than 35% of the fixed remuneration. If with regard to quantitative targets the performance is 'on target', 70% of the maximum variable remuneration will be paid.

At the end of the year, the Executive Board reports on the actual results versus the agreed targets. Based of this report, the Supervisory Board decides whether to award the variable remuneration component, taking into account the proposal put forward by the Remuneration Committee and the Selection and Appointment Committee. The variable remuneration is paid out at the start of the year following that to which the targets were applicable. The external auditor verifies the correct application of this procedure.

The procedures followed are disclosed and explained in the annual report. The targets set and the actual results are reported in such a way that the interests of BNG and its shareholders are not compromised. In addition, with due regard to these interests, the Supervisory Board will provide information in the General Meeting of Shareholders about the agreed objectives and accompanying targets for the current year.

|9 The reference group consists of:
AFM, Agentschap Financiën, DNB, FMO, IBG, NWB, SVB, UWV, city councillors, AEGON, APG, Cordares, De Lage Landen, Delta Lloyd Groep, Friesland Bank, ING Group, NIBC, PGGM, Rabobank, Robeco, SNS Reaal, Triodos Bank and Van Lanschot.

Other employment conditions

Pension Funding

The provisions of the pension regulations of Stichting Pensioenfonds ABP (average wage system) are applicable to the fixed remuneration. No pension rights are accrued in respect of the variable remuneration component.

Emoluments

The Executive Board members receive a reasonable annual allowance for business expenses.

The members of the Executive Board have the use of a car, which is provided by BNG. They are also entitled to the services of a chauffeur for business trips.

Like other BNG staff, Executive Board members are eligible for various benefits, including health insurance, mortgage financing schemes, a study allowance, a long-term service bonus and special leave (e.g. care leave).

The members of the Executive Board own no shares or options in BNG, and receive no additional remuneration through the bank's subsidiaries.

Term and termination of employment contracts

A term of four years will be stipulated in the employment contracts of Executive Board members appointed after 17 February 2006. This employment contract also stipulates that either party may terminate the contract as of the end of any month, with due observance of a three months' notice for the Executive Board members and a six months' notice for BNG. There will be no entitlement to compensation unless:

- the contract is terminated on BNG's initiative and this termination is not exclusively or mainly based on acts, omissions or the performance of the involved Executive Board member;
- the termination of the employment contract is a result of a change in the power or control structure in the company, such that it cannot reasonably be required from the involved Executive Board member that he or she continues to hold this position.

In both cases BNG will be liable for compensation not exceeding the annual salary most recently received plus holiday allowance (the fixed component of the remuneration).

Realization of the variable remuneration targets for 2009

Regarding the variable remuneration for 2009, a market share target (weighting factor 20%) for lending to municipalities, housing associations and healthcare institutions and a target for other lending activities (weighting factor 20%) were set, as included in the year plan 2009. Next to these a return target (weighting factor 40%) was set. The qualitative targets set (weighting factor 20%) include agreements on cost control and the development of models for a model-approach to credit risk assessment and control. On the recommendation of the Selection and Appointment Committee, the Supervisory Board has concluded that each member of the Executive Board achieved the variable remuneration targets for 2009 and that this entails an award of 86% of the maximum variable remuneration (2008: 95%).

Outcomes of the remuneration policy for 2009 and the outlook for the coming years

The current executives were appointed before 1 January 2009. The existing employment contracts of these executives will be respected. Taking into account the realization of the variable remuneration for 2009, the outcomes of the remuneration policy for 2009 read as follows.

Remuneration of Executive Board members (in thousands of euros)

	2009	2008	2009	2008	2009	2008	2009	2008
	Fixed remuneration		Variable remuneration		Pension contributions		Total	
C. van Eykelenburg (Chairman since 15 October 2008)	439	371	133	116	136	113	708	600
J.J.A. Leenaars	360	356	99	108	115	113	574	577
J.C. Reichardt (since 15 October 2008)	266	53	80	18	46	7	392	78
P.O. Vermeulen (until 15 October 2008)	-	340	-	104	-	121	-	565
	1,065	**1,120**	**312**	**346**	**297**	**354**	**1,674**	**1,820**

No shares, options or any other emoluments are involved.

The amount of the variable remuneration for 2009 (i.e. 30%) is within the range set in advance of at least 0% and at the most 35% of the fixed remuneration.

For 2010 and subsequent years no changes in the current remuneration policy are anticipated, with the exception of the implementation of the relevant provisions in the Dutch Banking Code. The fixed remuneration of the current executives remains unchanged in 2010 (except for increases under collective labor agreements) as well as the proportion between the fixed and the variable remuneration components.

Variable remuneration targets for 2010

The mission of BNG translates into the following strategic objectives: retaining substantial market shares in the Dutch public and semi-public domain and achieving a reasonable return for shareholders. In line with this the following targets have been set for the variable remuneration for 2010. For 2010, a market share target (weighting factor 25%) has been set for the lending activities in the municipal, housing associations and healthcare sectors, and a new business target for other lending activities (weighting factor 10%), as included in the year plan 2010. Next to these a return target (weighting factor 30%) has been set. Apart from these quantitative targets qualitative targets have been set (weighting factor 35%). For 2010 they include the development of models for a model-approach to credit risk assessment and management, the undisrupted continuation of payment services for clients in relation to the outsourcing and the preparation/implementation of a reviewed prudential liquidity policy suitable for BNG within the frameworks of the International Framework for Liquidity Risk Measurement, Standards and Monitoring published by the Basel Committee. The total costs should be met from the budget determined for 2010. At the beginning of 2011 the Supervisory Board will decide to what extent these targets have been realized. The variable percentage to be linked to this achievement will fall between a minimum of 0% and a maximum of 100%. Win case of a realized percentage of 0% no variable remuneration will be paid. With regard to a realization of 100% the variable remuneration for 2010 will be 35% of the fixed remuneration. Half of the variable remuneration is granted conditionally and paid three years later unless it appears that achieving the targets has jeopardized the continuity of BNG in the long term.

Contact with the Employees' Council

The Supervisory Board was represented at three of the four consultative meetings between the Executive Board and the Employees' Council. In 2009, there was also a theme meeting between the Supervisory Board, the Executive Board and the Employees' Council. The interactions with the Employees' Council are highly appreciated. The Supervisory Board commends the Executive Board and staff for the results achieved in 2009. The bank did a commendable job in fulfilling its essential role in the public sector.

On behalf of the Supervisory Board
H.O.C.R. Ruding, *Chairman*
Y.C.M.T. van Rooy, *Secretary*

The Hague, 5 March 2010

Report of the Executive Board

Report of the Executive Board

BNG closes the financial year 2009 with a net profit of EUR 278 million (2008: EUR 158 million). As a result of the low money market interest rate the interest result rose by EUR 60 million. The improved marketability of interest-bearing securities led to an increase in the result financial transactions by EUR 104 million. The proposed dividend payout to shareholders amounts to EUR 139 million. This works out at EUR 2.49 per share (2008: EUR 1.42).

As a result of the turmoil in the international money and capital markets BNG, particularly in the first half of 2009, was faced with historically high credit and liquidity spreads to be paid to investors. Spreads that necessarily had to be passed on to the bank's clients. Nevertheless in 2009 BNG again succeeded in offering competitive rates. In addition, under these difficult market conditions the bank managed to continue uninterruptedly its lending to its core clients, local authorities, housing associations and the healthcare and educational institutions. BNG's market position was also strengthened because, during the crisis, several banks withdrew from the market segment in which BNG operates.

The long-term lending amounted to EUR 8.6 billion in 2009 (2008: EUR 10.5 billion). This development is a reflection of the clients' reduced investment willingness as a result of the uncertain economic developments. The demand for loans with very high maturity dropped considerably in 2009 because the liquidity spreads for long-term funding increased much more strongly than for shorter terms. Against this background, the average of short-term lending to clients in 2009 worked out at EUR 5.8 billion (2008: EUR 3.9 billion). Anticipating the economic recovery and by making use of the very low rates for short-term lending, local authorities have financed themselves short-term to a greater extent than previously. In 2009 several local authorities received funds from the sale of their shares in utility companies. As a result of this the funds entrusted to the bank and its subsidiaries show a satisfactory growth.

With the cautious but continuous recovery of confidence in financial institutions in 2009, activity on international capital markets has increased. Particularly in the second half of 2009 this had a favorable effect on the amount of the credit and liquidity risk spreads paid by the bank and on the variation in maturity of new issues. This drop in spreads was passed on to the clients. For lending and refinancing purposes BNG raised long-term funding of EUR 14.1 billion (2008: EUR 13.1 billion) in 2009. The bank's triple A-ratings were reconfirmed and investor confidence in BNG was maintained.

The crisis measures affected positively the interest result of many financial institutions. Due to the robust intervention by the various central banks since September 2008, the short-term interest rate of the major currencies dropped to historically low levels. Under the influence of this development BNG's interest result rose to EUR 337 million. The reduced turbulence in the financial markets led to a positive revaluation result, partly because of the reduced risk spreads of assets in the bank's investment portfolio. The high quality of this portfolio of interest-bearing securities is still excellent and future cash flows are not in doubt. The consolidated total expenses remained practically stable at EUR 61 million.

BNG remains the bank for the public social interest and will provide specialized services at the lowest possible cost even in difficult market circumstances. The bank aims to be a reliable partner, retaining its strong market position and continuing and where possible improving its relationship with its clients.

The Ministries of Finance and of the Interior and Kingdom Relations ('BZK') are examining the advantages and disadvantages of introducing integral treasury banking for local authorities. Apart from the question of whether on balance economic benefits can be obtained, justified attention is also given to the interests of the various parties involved. The conclusion of the research is anticipated in the first half of 2010.

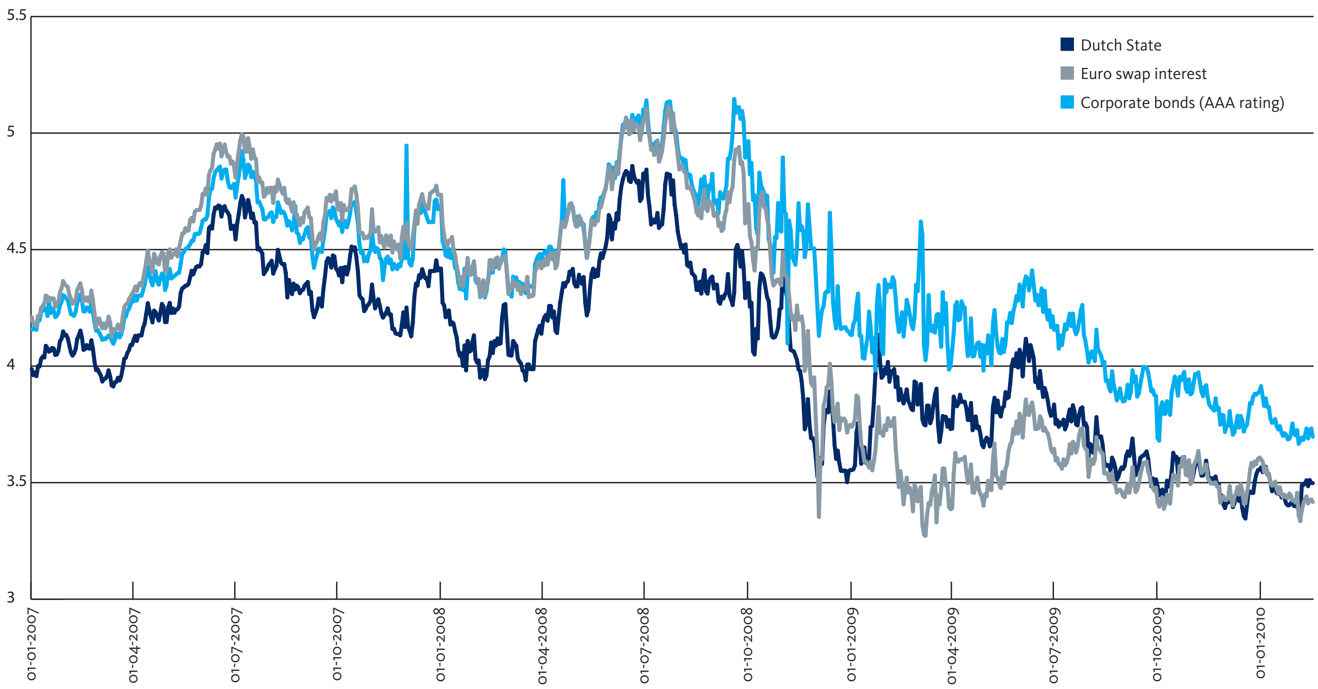
BNG is confidently looking forward to 2010. The interest result is expected at about the level of 2009. However, given the fragile economic recovery, the increased volatility of results and all other uncertainties, the bank does not consider it wise to make a statement about the 2010 net profit.

Moderate economic recovery

The fundamental measures to which national governments and central banks decided after the demise of the American investment bank Lehman Brothers, led to recovered confidence in the financial markets during the course of 2009. The first quarter saw the all-time low of the financial crisis. Since then the trading volumes and issuing activities gradually increased where as the credit and liquidity risk spreads decreased. Several financial institutions were able to repay (parts of the) State aid received previously. This also occured in The Netherlands. However, the situation on the financial markets is still uncertain especially for less creditworthy parties. This for instance prompted the government to decide to extend the guarantee scheme with regard to the issue of medium-term notes by financial institutions until 30 June 2010 subject to approval by the European Commission. In addition, international trade picked up strongly, partly because the economies of China and other emerging countries recovered surprisingly strong.

Just as in other Western countries the economic recovery in our country was moderate, so that the loss in production sustained during the financial crisis is still far from being restored. In 2009 the GDP reduced by 4%. The export of goods and services dropped by 11 %. The government investments still increased as a result of incentive measures. The consumption reduced the least, which was mostly due to a lower rise in unemployment than was expected. Because of the part-time unemployment benefit fewer people had to be made redundant while more young people opted for further education. In addition, the flexibility of the labor market ensured that the number of staff could be better synchronized with the production. Nevertheless, in the year under review more than 110,000 persons were made redundant which brought the number of the unemployed to 410,000, i.e. 5.3% of the working population. In comparison, at the end of 2008 unemployment still amounted to 3.9%. Inflation reduced from 2.5% to 1.0% under the influence of lower energy prices. In the euro zone on the whole the money devaluation ended up at only 0.3% while the American consumer prices even dropped slightly (0.4%). The slowdown of inflation enabled the central banks to further broaden their monetary policy.

Long-term interest rates (source: Reuters EcoWin)



The economic consequences of the financial crisis are considerable. Particularly in the first quarter of 2009 economic activities world-wide strongly decreased due to a drop in foreign trade and in corporate investments. Only during the course of the third quarter of 2009 the Western economies did emerge from the recession under the influence of substantial government incentive measures. Expressed as a percentage of the gross domestic product (GDP) an aid amount of about 4% was involved in Western countries, equally spread over extra expenses and tax cuts.

The American central bank (the Federal Reserve) bought securities on a large scale to increase the liquidity position of the banks. The American interbank money rate, the FED funds rate, remained established at 0.25%. For the same reason the European Central Bank decided to introduce two long-term credit facilities with unlimited allocation. The refinancing interest rate was reduced from 2.0 to 1.0%. The three-month money market rates dropped to historically low levels, 0.7% in the euro zone and 0.3% in the United States.
The incentive measures and the aid to financial institutions resulted in a steep rise in governments relying on international capital markets. Nevertheless, the long-term interest rates in major euro countries underwent relatively little change. However, in Ireland and Greece the already high long-term interest rates rose even further. The government finance situation deteriorated in both countries to such an extent that rating organizations reduced the credit assessment of both governments.
In the United States the long-term interest rates rose sharply in 2009. One of the reasons was a reduction in the overall market uncertainty. Because of the recovered confidence investors returned to more high-risk assets which was at the expense of interest in government bonds.
Therefore the return on American ten-year government loans rose in 2009 from 2.2% to 3.8%.

The economy will continue to experience the consequences of the financial crisis for quite some time. Firstly households have high debts, certainly in relation to the value of their possessions. Repayment of these debts will leave them less room for spending. In addition, banks will for the time being remain reluctant to extend new loans and the business sector demand for credit will lag behind as a result of a drop in willingness to invest. Because of the decrease in economic activity the write-offs are increasing and the risks attached to new loans are higher. In addition, in due course the banks will be subject to new stricter regulations. Finally, the financial situation of most of the national governments, which already had to face strong challenges amongst other things due to the ageing population and the expected decrease in population in most of the Western countries, has deteriorated considerably in the past period. Given the further weakening resulting from necessary incentive and rescue operations, these governments will have to implement fundamental cutbacks and reorganizations in the near future.

One of the major effects of the crisis for BNG was the consequence of the turmoil on the international money and capital markets. Despite the fact that the highest ratings of the bank were reconfirmed in 2009, BNG, especially in the first half of 2009, was also faced with historically high credit and liquidity spreads that had to be paid to investors. The spreads payable by financial institutions in order to obtain funds under the State's guarantee scheme placed a threshold on the spreads charged to the bank. This involved spreads that necessarily had to be passed on to the bank's clients. In spite of this BNG also in 2009 succeeded in offering competitive rates. The main reason being that BNG, as a triple A-bank, was able to fund itself more easily and under more favorable conditions during the course of the year under review. These improvements were passed on in the rates to the clients.
Even more important is probably that the bank was able to continue its lending without interruptions to its clients under these extremely difficult circumstances. BNG's market position also strengthened because, during the crisis, several competing parties withdrew from the market segment in which BNG operates. Because of the increased uncertainties the clients' willingness to invest dropped and thereby the amount of long-term lending in comparison to 2008. The demand for credit with very long terms dropped considerably in 2009 because the liquidity spreads for long-term maturity increased much stronger than those for shorter terms.

In the second half of 2009 the recovery of confidence led to less turmoil in the international money and capital markets and a drop in risk spreads. In addition, the availability and variation in maturity of funding increased. In the meantime BNG managed to reduce the liquidity risk monitoring, which was tightened up in the fourth quarter of 2008, to a more common level. Because of this development BNG was also able to strongly reduce the spreads of long-term lending to clients. Under the influence of this development client demand rose sharply mainly in the fourth quarter of 2009. The spreads are still considerably higher than in the years before the crisis.

Impact on clients

Local authorities

Municipalities are experiencing adverse consequences from the economic crisis. Apart from a drop in their income, such as land development, they incur higher expenses for instance for relief under the debt settlement scheme. On 17 April 2009 the State and the VNG made supplementary administrative agreements about the determination of the municipal fund after the cabinet indicated suspension of the usual system in the 2009-2011 period. The municipal fund now no longer rises along with the higher government spending resulting from fighting the economic crisis. The cabinet announced that it will conduct a wide review. This might lead to considerable savings and therefore the investment plans of municipal and provincial authorities might come under pressure. However, the creditworthiness of local authorities will not be jeopardized because of this.

The cabinet took various measures to restrict the consequences of the financial crisis. One major measure is boosting the housing market. For instance the State-backed guarantee limit for national Mortgage Guarantee has been set at a higher level. In addition, many municipal and provincial authorities are developing various initiatives in order to boost building construction. For instance funds for project promotion have been established, guarantee structures deployed to encourage financing possibilities and projects are brought forward or are accelerated. In addition, municipalities are playing a role in implementing the housing construction promotion scheme as established by the Ministry of Housing, Communities and Integration (WWI).

The sale of shares in Nuon and Essent was positive for the cash position of a small part of the local authorities. The shares of Dutch energy companies were traditionally fully held by provinces and municipalities, but this changed in 2009. The Independent Grid Management Act (*Wet Onafhankelijk Netbeheer*) (also called the Unbundling Act) came into force in the Netherlands on 1 July 2008. This Act provides that energy companies are required to separate their commercial production and supply activities from their power grid operations before 2011. Pursuant to the Act the grid companies must remain in public ownership, however the commercial business units can be sold. In 2009 Essent sold its commercial operations to the German energy company RWE. The take-over amount of EUR 7.2 billion was paid in September. The Swedish Vattenfall took over the commercial operations of Nuon in the year under review. In July 2009 the first installment of the take-over amount (EUR 4.8 billion) was paid to the shareholders. The income from the sale also had an impact on the financing needs of the local authorities, which were therefore less than in 2008.

On 1 January 2009 the Dutch Local Authorities Funding Act (*Wet financiering decentrale overheden: 'Fido'*) was amended. Subsequently, in the course of the year under review the amended Local Authorities Funding Implementation Regulation ('Ufdo') and the amended Loans, Advances and Derivatives (Local Authorities) Regulation ('Ruddo') have become effective. Due to the turmoil in the financial markets and the consequences for several local authorities, amongst other things the minimum requirements set on lending have been tightened up. The Ministry of Finance and the Ministry of BZK are examining the advantages and disadvantages of the implementation of integral treasury banking for local authorities. This entails that they can turn to the State for placing superfluous liquid resources as well as obtaining the required funding. This examination is mainly focused on the advantages and disadvantages for the municipal and provincial authorities, the State, the public sector banks and the other activities associated with the public sector such as social housing, the healthcare sector, education and utility companies. Apart from the question whether on balance economic benefits can be obtained, there is also justified attention to the individual interests of the various parties involved. The conclusion of the research is anticipated in the first half of 2010.

Public housing

The economic crisis also affected the housing associations. The housing market has come to a standstill, leading to disappointing sales of existing property by housing associations and putting pressure on the liquidity position of the housing associations. Moreover, the proceeds from sales usually form a major pillar under the positive results of the associations and the investment programs for restructuring and new development projects. As a result these projects were delayed. It was also one of the reasons that the overall funding requirement in the year under review was less than in 2008. Furthermore, the associations are affected by the political decisions. The implementation of integral corporation tax and the so-called 'Vogelaar' levy pursuant to which all associations are obliged to contribute to the improvement of 40 designated underprivileged neighborhoods, weakens the financial position of housing associations. Several associations are therefore trying to opt out of the existing association establishment. However, in January 2010 the court did not give them consent to do so.
This case is expected to be pursued to the Supreme Court.

Despite the reduced liquidity position of housing associations, the general sectorial picture of the financial position of associations is positive. The Minister of WWI informed the Lower House and indicated that their financial position is still sufficient in order to carry out their public duties. The discussion of the role of the housing associations and the relationship between the sector and the government entered a new phase because of the proposal by the Minister in 2009. The new future vision is particularly prompted by a discussion on State aid. The Dutch social housing sector is considerably larger than comparable sectors in other European countries. Consequently the European Commission demanded a further limitation of State aid particularly with regard to the guarantees on lending to the sector. This decision by the European Commission has not changed the field of operation of housing associations, but their activities have been rearranged. Commercial investments above a certain threshold must be placed with a subsidiary. In addition, the supervision of housing associations has been tightened up in the Minister's plans, with a key external supervisory role for the Dutch Central Housing Fund. Furthermore, measures are being taken to ensure that the Supervisory Boards will operate more professionally.

In the course of 2009 the Ministry of WWI implemented a package of crisis measures to revive the slowed-down housing market. For instance the State-backed guarantee limit for the Dutch Social Housing Guarantee Fund ('WSW') has been set at a higher level. In addition, the Minister earmarked EUR 395 million to boost housing developments and energy-saving investments in existing rental housing are encouraged via tax measures.

Healthcare
The aim of introducing a regulated market mechanism in the healthcare sector is to ensure that high-quality healthcare remains affordable and accessible. The healthcare sector is gradually making the transition from a supply-driven to a demand-driven market. In this new healthcare system market incentives play a bigger role and the financing structure has been adjusted. The government is increasingly withdrawing, it is no longer obvious that the government will come to the rescue of healthcare institutions with financial problems. For quite some time there has been uncertainty in the healthcare sector about the manner in which and the tempo at which market forces are being introduced. It is also still uncertain in what manner compensation is offered to institutions experiencing disproportionate disadvantages by the changes to be implemented in the funding system. The Dutch Healthcare Authority ('NZa') is considering a three-year period in which the sector grows via a transition model into a treatment-related funding system with a new product structure. The cost of capital will come largely at the risk of the healthcare institutions. The consequence of this to the rates still has to be determined. The NZa is considering solutions for the problems identified and is currently calculating the effect the cancellation of the building regime will have on the book value and the exploitation of the property of the institutions. Parallel with the intended introduction of the treatment-related funding the intention is to increase the extent of the segment within which hospitals can negotiate freely with healthcare insurers about prices to 50%.

The funding requirement of healthcare institutions remained at the same level in comparison with 2008 and related to re-financing, new development investments and the need for working capital. Due to a combination of cutbacks, the financial crisis and the lack of capital, the underlying figures of the various healthcare institutions were often insufficiently solid in order to obtain the required funding. The cabinet took several measures to support the healthcare institutions. For instance healthcare institutions will receive a higher amount for loans to finance (new) development projects. In addition, the so-called State Guaranteed Funding for Medium and Large Enterprises scheme has also been made accessible to curative healthcare institutions. This means that banks can obtain a partial (50%) State guarantee in order to finance building loans up to EUR 50 million for each healthcare institution. In addition, the cabinet has made EUR 320 million available as an investment incentive for healthcare institutions.

Healthcare institutions are free to invest profit from real-estate transactions at their own discretion. However, the distribution of profits to private investors is still not permitted. In 2009 the Minister of VWS indicated that in 2010 the conditions must be determined under which a performance-related fee becomes possible that will make risk-bearing capital available.

Education
Education has high priority on the political agenda. The quality must improve and the demand increases, for instance due to the growth in the number of students as a result of the crisis. In addition the financing of housing has been adjusted. For instance the Ministry of Education, Culture and Science ('OCW') opened the National Community Schools Centre. This centre has been established for a three year period to provide support to schools in primary and secondary education, helping them to create

accommodation for community schools. Apart from traditional education, community schools offer things such as culture, sport, skills and/or care. For each community school municipalities can submit an application to the Ministry for a contribution of not more than EUR 0.5 million. This money is available for new multi-functional accommodation and renovation of existing buildings. In addition, the State, the Association of Netherlands Municipalities and the umbrella organizations in education established the school building service centre at the end of 2008. This centre must ensure that schools and municipalities can start to make use of the advantages of innovative types of tender in order to realize (new) building plans more efficiently and effectively.

In primary and secondary education we can see the first examples of a government withdrawing itself, for instance in municipalities passing on the responsibility of property to school boards or in other words 'ongoing decentralization'. In addition, quite a lot of universities are working on accommodation plans. Because of these developments BNG expects to expand its education portfolio in the coming years.

Energy sector

After the sale of the commercial operations of Nuon and Essent, the unbundling plans of Delta and Eneco were approved by the Ministry of Economic Affairs in December 2009. In both cases extra requirements were set by the Ministry to make sure that the grid companies are and remain sufficiently capitalized. This caused the grid operations of all Dutch energy companies to be split off from the commercial operations (production and supply) in accordance with the Independent Grid Management Act. The financing of the grid and commercial companies remaining in the ownership of the national and local authorities is and remains a spearhead of the bank.

Strategy

BNG is the bank of and for local authorities and public sector institutions. BNG's specialized services help to minimize the costs of social provisions to the public. In this regard, the bank plays an essential role in the public sector. BNG's mission is translated into the following strategic objectives: to retain substantial market shares in the Dutch public and semi-public domains and to achieve a reasonable return for the shareholders. Maintaining an excellent credit rating and retaining a competitive funding position, as well as managing the bank's business as effectively and efficiently as possible, are necessary prerequisites to this endeavour. Solvency-free lending remains the bank's core activity, with local authorities, housing associations and healthcare and educational institutions being the most important client groups.

Substantial market shares means that BNG aims to provide profitably over half of the overall long-term solvency-free lending of local authorities, associations and healthcare institutions. A reasonable return for the shareholders translates to the bank's objectives to realize a net return on its equity of at least 2.5% above the average return on the long-term lending portfolio. These objectives were achieved in 2009.

In the coming years, BNG wants to further reinforce its position as an expert in the financing of public provisions. The bank's strategy is aimed at responding to the client's (changing) needs by closely monitoring the government policy and offering solutions to increasingly complex financing needs. Although the crisis caused a temporary setback, the bank expects a gradual shift to non-guaranteed lending or, as the case may be, lending subject to solvency requirements in almost all sectors. Examples of this include the initiatives to set up more public-private partnerships in almost all sectors and the allocation of responsibility for their own buildings to healthcare and educational institutions. The bank contributes knowledge and expertise in order to offer solutions in public-private partnerships. This creates new opportunities for finance arrangements within such partnerships.

In order to continue achieving the bank's long-term profit objectives, policy has been implemented with a view to engaging in activities that generate slightly higher returns. Examples of this are the foreign credit portfolio |10 and investments in publicly traded securities from countries in the European Union with the highest creditworthiness. Preconditions for this strategy are the careful monitoring of the risk profile, operational effectiveness and efficiency and maintenance of the bank's strong financial position.

|10 Under its Articles of Association it is possible for BNG to lend funds to governments in the European Union and to institutions affiliated to these governments. In this connection BNG will limit itself to lending in EU Member States with a sovereign rating of at least AA-/Aa3. Lending to foreign clients amounts to approx. 1% of the bank's total lending.

Products and services

Lending is and remains the bank's core activity. BNG and its subsidiaries also provide products in the area of payment services, consultancy services, participation in regional development and offer sustainable investments that are in keeping with the Local and Regional Authorities Financing Act (Wet Fido). The major products and services of the bank are described in its corporate brochure published on the bank's website.

Loans and advances
In the turbulent year 2009 BNG was able to fulfill its role as the lender under all circumstances to local authorities and public sector institutions. Where most of the competitors became restrained in providing long-term credit to public authorities and institutions, BNG continued its lending unabatedly.

Because of the historically high credit and liquidity risk spreads in the first half of 2009, the demand for long-term lending in almost all sectors generally lagged behind in comparison with previous years. After the promising recovery and strongly reduced liquidity spreads in the summer months of 2009, the demand recovered to the usual levels. BNG's market shares stabilized at the high level of previous years.

Long-term lending to client groups decreased in 2009 by EUR 1.9 billion to EUR 8.6 billion, of which EUR 5.5 billion was realized in the second half of 2009, mainly in the last quarter. In particular lending subject to solvency requirements, which is for instance common with regard to public-private partnerships, lagged behind expectations and dropped by EUR 0.5 billion to EUR 1.3 billion in comparison with 2008. The higher credit risk spreads that became necessary rendered this type of lending relatively expensive and therefore less interesting or in several cases even financially not feasible. Because of the rising spreads in the long-term segment the weighted average maturity of the long-term loans to clients dropped considerably in 2009.

The overall long-term loan portfolio to clients on the basis of principal amounts increased to almost EUR 68.7 billion (year-end 2008: EUR 65.5 billion), especially due to the growth of EUR 2.4 billion in the housing portfolio. The local authorities portfolio grew by EUR 0.4 billion. New long-term lending in the fourth quarter of 2009 and loans taken out in previous years which became effective in 2009 played a major role in this. The other sectors showed a slight growth or remained more or less stable.

Short-term lending to clients averaged EUR 5.8 billion in 2009 (2008: EUR 3.9 billion). In anticipation of the economic recovery and by making use of the very low rates for short-term lending the municipal and provincial authorities in particular obtained more short-term funding than previously.

Regional development
In 2009 BNG changed the name of its subsidiary Ontwikkelings- en Participatiebedrijf Publieke Sector into BNG Gebiedsontwikkeling. The new name emphasizes its connection with BNG and enables a more explicit profiling of the activities in regional development. In addition, the current activities of BNG Vastgoedontwikkeling are placed with this subsidiary.

BNG Gebiedsontwikkeling realizes spatial planning projects. This is done in close cooperation with government parties taking public interests into account. Risk sharing and limitation structures are set up in such a manner that the control of the (semi-)public organization is not impaired, thereby safeguarding the interests of the municipalities and society. Since the end of 2009 BNG Gebiedsontwikkeling has been participating in 24 partnership structures with a total equity of EUR 42 million. Three new projects were started in 2009.

It has been decided to discontinue the activities of BNG Vastgoedontwikkeling. The property development product will still be offered incidentally when it appears that integral regional development – whereby land development and property exploitation are combined – is necessary for the realization of the project or offers a very good financial perspective.

BNG Gebiedsontwikkeling is currently facing difficult market conditions. The crisis offers opportunities as well as threats. Negative aspects include sales in current participations coming to a standstill and land prices dropping. On the other hand this drop in price has a positive effect in cases where land still has to be purchased. In addition, the market is continuously on the move due to amendments in legislation, changing insights and other developments in the area of partnership structures.

Consultancy
In the year under review BNG decided to integrate consultancy into the bank as one of its activities. In 2009 the status of BNG Consultancy Services as a private limited company ('BV status') has been discontinued. BNG continues its consultancy services under the new label of BNG

Advies (Advice) which has become part of the Public Finance directorate. The turnover is low and amounted to EUR 1 million in 2009.

BNG Advies supports BNG's clients in making strategic investment considerations. In an environment becoming more complex public organizations are increasingly more often faced with issues in which multiple interests must be combined. With a growing shortage of funds, more must be realized with less money. This requires innovative solutions and well-considered decisions. The involvement of private partners is becoming increasingly more important in this connection. BNG Advies supports clients in finding these solutions and in translating public ambitions into feasible plans. BNG Advies is specialized in the financial translation of spatial planning projects, in public-private partnership and in the public decision-making process.

Asset management

BNG Vermogensbeheer – previously BNG Capital Management – applies the principles of the Fido Act (Local and Regional Authorities Financing Act) and the Ruddo Regulation (Loans, Advances and Derivatives (Local Authorities) Regulation) as a basis for its service provision.

BNG Vermogensbeheer offers money market and capital market investment funds and provides tailored solutions in the form of discretionary asset management mandates. Apart from the asset management for municipalities, urban regions and provinces BNG Vermogensbeheer increasingly provides asset management for educational institutions, housing associations and other organizations in the social domain.

At the end of 2009 the assets managed by BNG Vermogensbeheer amounted to EUR 5.1 billion, a strong increase in comparison with 2008 (EUR 2.5 billion). The increase can largely be explained by the strong flow of released funds from the sale of the energy companies Essent and Nuon. The parties who sold these companies wanted to invest these funds long-term and with a fixed income. In this connection the interest income forms an alternative to the dividends from share interests. In addition, the maintenance of the capital plays a major role in this form of asset management.

Payment services and e-banking

BNG delivers products and services that enable clients to organize their payments and liquidity management efficiently and effectively. A pivotal role in the service is played by the 'My BNG' web portal. One key component of this portal is the electronic banking module 'BNG Betalingsverkeer', which enables BNG clients to process their payments quickly and safely via the internet.

From 2008 onwards BNG has made sure that BNG Betalingsverkeer is suitable for (single and bulk) transfers in connection with the Single Euro Payments Area (SEPA). SEPA has been developed in order to make payment transactions within the euro zone effective and inexpensive for consumers, business users and banks. The market expects the government to lead the way in using SEPA.

BNG is responding to these developments and will provide its clients with extra advice and support in 2010 with regard to the introduction of new SEPA products such as the SEPA Direct Debit. From 1 November 2009 onwards BNG has been complying with the Payment Services Directive (PSD), the legal framework for payment services with the aim of making payments easier in the European Union.

BNG managed to retain its strong position in the field of payment transactions in the year under review. The items processed for clients in 2009 amounted to EUR 76 million and was slightly higher compared with the previous year. The processing of the fund flows between the central government and local authorities (the so-called 'Rijksverrekening' (State settlement)) was also carried out by BNG in the year under review without any problems. In April Ordina BPO, the original insourcer of the activities involving the payment services and the IT processes of the bank, transferred the activities to Centric FSS. The operational services in the area of payment transactions are being carried out by Centric FSS to the bank's satisfaction.

Funding

The bank's long-term funding is almost entirely carried out through the issuance of bonds under the standardized Debt Issuance Program amounting to EUR 80 billion. BNG's funding policy is designed to respond to investor wishes with optimum flexibility. This strengthens relations with investors and enables the bank to attract funding on highly competitive terms. The bank itself raises loans in several currencies, with the terms and conditions tailored to the needs of both institutional and private investors.

With the cautious but continous recovery of confidence in financial institutions in 2009 the activities on international capital markets have increased correspondingly. Especially in the second half of 2009 this had a positive effect on the credit and liquidity risk spreads paid by the bank and on the variation in the terms of new issues. This enabled BNG to improve its liquidity profile and to reduce the use of the short-term ECP program, that was increased by EUR 5 billion to EUR 15 billion because of the market circumstances by the end of 2008, to a more normal level. Also with regard to the spreads paid by the State – which is a major reference point for the bank's clients – the bank's funding position improved during the course of the year.

For lending and refinancing purposes BNG obtained long-term funding in 2009 of EUR 14.1 billion (2008: EUR 13.1 billion) by means of 81 issues, fourteen more than in 2008. After a decrease in the first half of 2009 the weighted average maturity of the issues throughout 2009 increased in comparison with 2008 by 0.5 years to 4.7 years. This proves a cautious recovery of the markets. In 2009 and 2008 the bank issued in ten different currencies. The currency and interest risks of bonds are fully hedged.

Each year, the bank issues a number of benchmark loans so that BNG yield curves in euros and U.S. dollars are and continue to be available to institutional investors. As in the previous year, in 2009 BNG issued seven benchmark loans in euros and U.S. dollars with amounts ranging from 1.0 to 2.0 billion. The euro equivalent of the total amount of issued benchmark loans in 2009 was EUR 8.4 billion (2008: EUR: 6.3 billion). The share of euro-denominated issues amounted to 45% in 2009. Apart from the euro, bonds were principally denominated in U.S. dollars (29%).

Results

In 2009 BNG realized a net profit of EUR 278 million, a rise of EUR 120 million compared with 2008. The bank's interest result and result financial transactions in particular were positively affected by the improved market circumstances for financial institutions. Both components showed a strong improvement compared with 2008 and rose by EUR 60 million and EUR 104 million respectively. Profit before tax in the year under review amounted to EUR 350 million (2008: EUR 182 million). The tax expenses for 2009 increased by EUR 48 million to EUR 72 million.

The crisis measures positively affected the interest result of many financial institutions. Due to the robust actions of the various central banks since September 2008 the short-term interest rate of the major currencies dropped to historically low levels. In addition, the recovery of confidence ensured that the credit and liquidity risk spreads caused by the crisis showed a downward trend. Finally, the interest on long-term credit remained on balance stable at the level of the close of 2008. BNG also profited from the steeper interest curve by responding to it within the risk limits. Under the influence of this development BNG's interest result rose to EUR 337 million. Especially in the first half of 2009 this effect was – under pressure of the market circumstances – strengthened by the increase in the share of short-term funding in the overall funding of the bank.

The decreasing turmoil in the financial markets led to a positive result financial transactions, also due to the decreasing credit and liquidity risk spreads of the bank's investments. The high quality of this portfolio of interest-bearing securities is still excellent and future cash flows are not in doubt.

The result financial transactions changed from EUR 64 million negative for 2008 into EUR 40 million positive for 2009. This result can be divided into three categories. The first category is an on balance positive revaluation of interest-bearing securities of EUR 4 million, the changes in value of which are recognized in the income statement (2008: EUR 98 million negative). In addition, the unrealized market value changes of transactions involved in hedge accounting in 2009 amounted to EUR 7 million positive (2008: EUR 9 million positive). Finally, the remaining market value changes in the period under review amounted to EUR 29 million positive (2008: EUR 25 million positive). The last two components profited amongst other things from the sharp drop in the short-term interest rate. The flow back of unrealized negative market value in previous years also contributed to the positive outcome of the other market value changes.

The income from associates and joint ventures in 2009 amounted to EUR 2 million positive (2008: EUR 1 million negative). The positive outcome of this item was also caused by the increase in the value of the (indirect) interest in Connexxion of EUR 1 million.

The commission result increased by EUR 10 million compared with 2008 to EUR 30 million, mainly due to an increase in the fee income from the lending business. This increase particularly was the result of the involvement of BNG in project financing whereby the bank acts increasingly more often as an agent. The commission income from the subsidiary BNG Vermogensbeheer also showed, especially in the second half of 2009, a positive development through an increase in activities as a result of the investment of the income from the sales of the shares in utility companies.

In the second quarter of 2009 the debt positions of two clients were settled. The accounts receivable of approx. EUR 3 million have been deducted from the bad debt provision. In addition, the crisis had a negative effect on the expected results from participations by BNG Gebiedsontwikkeling. Although positive returns are still expected with regard to almost all participations, on the basis of the negative developments in one of the participations BNG decided to completely write off the equity invested in it. This impairment of over EUR 3 million is incorporated in the Other income item and partly explains the reduction of this item to EUR 2 million.

The consolidated total expenses remained practically stable at EUR 61 million. Especially the costs of outsourcing payment services and IT processes were lower when compared with 2008. The staff costs ended up slightly higher due to a modest staff increase and increases under the collective labor agreement.

The balance sheet

In the period under review BNG's balance sheet total rose by EUR 3.1 billion to EUR 104.5 billion. On the assets side of the balance sheet the Loans and advances item showed a rise to EUR 79.3 billion (2008: EUR 75.7 billion). This increase was mainly caused by the new long-term lending in the fourth quarter of 2009 and the payment of the loans taken out in previous years which became effective in 2009. The Financial assets available for sale item increased by EUR 0.4 billion to EUR 5.5 billion as a result of the purchase of a securitized NHG portfolio. The Banks item decreased by EUR 1.3 billion, mainly due to the maturation of loans to building funds.

On the liabilities side of the balance sheet the Banks item increased by EUR 2.3 billion to EUR 5.6 billion, mainly as a result of the funds obtained in June 2009, due to the favorable rate, under the 12-month financing facility provided by the ECB. In addition, at the end of 2009 various financial institutions placed their surplus funds with BNG. The Funds entrusted item rose to EUR 7.0 billion due to an increase in funds temporarily deposited by municipal and provincial authorities. The safety of the BNG balance sheet is more and more sought after for depositing temporary surpluses, for instance because of tighter regulations. The increase in the Debt securities item by over EUR 0.7 billion to EUR 79.9 billion is particularly explained by the drop in the long-term interest rate.

The Equity item increased by EUR 0.3 billion to EUR 2.3 billion because of the net profit and the increase in the revaluation reserve. The (unrealized) increase in the revaluation reserve has no influence on the solvency ratios. The capital ratio – realized equity as a percentage of the balance sheet total – rose slightly to 2.1% in comparison with year-end 2008. The BIS ratio tier 1 increased by one percentage point to 19%. The BIS ratio remained stable at 20%.

Proposed profit appropriation

After processing the taxes the net profit for 2009 came to EUR 278 million (2008: EUR 158 million) which is available for dividend distribution and addition to the reserves. On the basis of the current dividend policy, it is proposed to pay a dividend of 50% of the profit after tax (2008: 50%). This works out at a dividend payment of EUR 139 million (2008: EUR 79 million). The remainder will be added to the reserves. The dividend amounts to EUR 2.49 (2008: EUR 1.42) per share with a nominal value of EUR 2.50.

Staff and organization

Human resources
Including its subsidiaries BNG employed 291 employees at the end of 2009, 89 women and 202 men. Expressed in full-time equivalents (FTEs), the number of employees increased from 280 to 287 in the period under review. The staff turnover amounted to more than 8% in 2009. Almost 60% of this turnover was caused by (early) retirement of employees. A quarter of the turnover related to employees leaving the bank on their own initiative. The employment of the other employees who left was terminated on the initiative of BNG.

The bank recruited 21 new employees in 2009. The hiring of external manpower remained equal with on average 8 employees. Absenteeism due to illness rose slightly from 2.8% to 3.2%. This was mainly caused by a rise in short-term absenteeism in the last months of the year.

BNG's remuneration policy has been slightly adjusted in the past year. Performance-related agreements were made with all employees, in which targets were set regarding results to be achieved, cooperation and customer orientation. A part of the variable remuneration depends on the realization of these targets. In the beginning of 2010 these targets were assessed for the first time as to their realization and new target agreements were also made for the current year.

In March 2009 248 BNG employees took part in an employee survey. This resulted in a response of 87% which is much higher than the response of 69% in 2006. Employee satisfaction is also demonstrated by the high report mark of 7.6.

In order to remain properly able to follow the developments at clients, in 2009 the quality of the employees in the credit process was further strengthened by tailored solutions training. The development of employees in 2010 is also a prime concern in the staff policy.

Further information about the social aspects of the operations is included in the Social Annual Report for 2009 which is published on the bank's website.

Despite the relatively strong position of the bank in the financial system the crisis asked a lot from the employees in the past year. The dedication and involvement of all employees contributed strongly to the positive developments in 2009. This calls for a compliment to be paid here to their demonstrated dedication and involvement.

Employees' Council
The Employees' Council held four meetings with the Executive Board in 2009, three of which were attended by members of the Supervisory Board. During these meetings ideas were exchanged constructively about various subjects including the outcomes of the employee survey, the periodic health survey, the introduction of the new salary system and the integration of BNG Advies. Other topics discussed in the consultation meetings were the bank's financial position and strategy as well as its social policy, the Health & Safety Annual Plan, compliance subjects and the employment conditions.

The Employees' Council itself held five formal meetings and kept in contact with the employees about various subjects. The Employees' Council participates actively in the Interbank Employee Representation Platform and held discussions with the Supervisory Board and the Executive Board during the annual theme lunch.

On 1 February 2010 the regular Employees' Council elections were held, whereby five of the nine seats came up for election. As from 1 March 2010 onwards the new Employees' Council took office. The regulations of the Employees' Council are published on the bank's website.

Corporate social responsibility

The public interest is paramount at BNG and its subsidiaries. As the bank of and for local authorities and public sector institutions, BNG attaches great importance to the healthy and stable development of society. Through its shareholders (the Dutch State, municipalities, provinces and one water board) the return achieved by the bank reverts back to society.

BNG's stakeholders are mentioned in the stakeholder model. This model is based on the creation of value for the stakeholders. It demonstrates for instance who BNG considers to be its stakeholders and which critical success factors are distinguished in the relationship from the perspective of both the stakeholder and the bank. All the parties mentioned have an interest in relation to BNG. They can influence the bank and/or be influenced by the bank. The BNG stakeholder model has been published on the bank's website.

Structured and periodic consultations are held with the clients. The developments in the financial markets, the service provision of the bank and special topics, which are current for the client at the respective moment, come up for discussion. Each year – in the run up to the General Meeting of Shareholders – the Executive Board holds discussions with representatives of its shareholders. Subjects which come up for discussion are for instance the strategy of the bank and the financial situation. After the General Meeting of Shareholders has been concluded a theme meeting is organized each year for the shareholders and the client groups to whom the theme is considered relevant.

The financing of social and environmentally-friendly initiatives is a logical consequence of the activities undertaken by BNG's clientele. BNG handles ethical issues with due care. The public decisions made in a democratic manner are a starting point in this connection. The client must have the required approvals and licenses at his disposal and must comply with the set conditions, such as – where appropriate – the formulation of an Environmental Effects Report ('MER'). Specific examples of environmental projects are the funding of energy-efficient heat pump systems in new development projects and the funding of a factory for producing bio-fuel from rapeseed. Examples in the social area are the financing of community schools, residential care projects and institutions for sheltered employment. Moreover, BNG Vermogensbeheer manages twelve investment funds whereby investments for ten funds take place on the basis of the Sustainalytics guidelines. BNG Vermogensbeheer has also endorsed the Principles for Responsible Investment (PRI).

Corporate social responsibility is fundamentally embedded in BNG's mission. Confidence in BNG and its good reputation are of crucial importance in enabling the bank to play an effective and sustainable role in society. Integrity and transparency form an integral part of this. In this connection the Executive Board decided to take part in the 2010 Transparency Benchmark, a research on the instruction of the Ministry of Economic Affairs into the public disclosure of companies. Moreover, the Executive Board aims to implement the guidelines of the Global Reporting Initiative (GRI) for reporting on corporate social responsibility. The aim for 2010 is to comply at least with the reporting requirements at the so-called C level, including certification.

BNG is a socially responsible bank and demonstrates this not only by funding public facilities but also by making donations to various good causes. In addition, the bank has established the BNG Cultuurfonds (Culture Fund). This fund stimulates activities in the area of art and culture which are important to municipal policies. In addition, BNG Cultuurfonds sponsors four different cultural awards: the BNG New Literature Award, the BNG New Theatre Makers Award (in association with Theater Instituut Nederland), the BNG Workspace Project Award (in association with Filmhuis Den Haag) and the annual award for the National Concourse (Young Musical Talent Award). Despite the crisis BNG Cultuurfonds was able to have a level budget at its disposal in recent years.

The social aspects of running a business which are relevant to the bank fall under the Supervisory Board's supervision of the Executive Board. In the Executive Board the focus area of the Chairman covers the corporate social responsibility issues.

The BNG Corporate Code offers BNG's staff a guideline for the way they work. The Executive Board expects its employees to deal honorably with the bank's stakeholders and their interests. Managers are therefore encouraged to proactively raise the matter of integrity with the employees. The BNG Corporate Code has been published on the bank's website. In addition, various internal codes and regulations referred to in the Corporate Code can also be found on the website.

Corporate governance

The term corporate governance refers to the existence of proper governance structures within an organization, and the implementation of sound entrepreneurial practices. These include integrity, transparency, proper supervision and accountability for supervision. At BNG, the pursuit of good corporate governance has been a matter of policy for years, which is evident given the role that BNG plays within the Dutch public financing system and its resulting strong commitment to society at large.

The Dutch Corporate Governance Code has so-called principles and best practices. The rudiments of sound management are formulated in the principles, which in their turn are elaborated into best practices. The starting point of the Code is that listed companies should adhere to these principles. Non-application of the best practices is permitted, subject however to the condition that any such instances are disclosed and explained in the annual report in accordance with the 'comply or explain' principle. A partly adjusted version of the Code was published in December 2008. BNG complies with the adjusted Code. The bank adheres to the principles of good corporate governance stipulated in the Code, while duly observing the statutory two-tier rules ('structuurregime') insofar as they affect a company's corporate governance structure. The regulations, codes, schemes and reporting procedures used within BNG are consistent with the Code. A separate section is devoted to 'corporate governance' on the bank's website where these documents have been posted.

There is only one area in which the bank does not follow the Dutch Corporate Governance Code. BNG has not implemented the recommendation in relation to a distant voting process. Given the nature of the bank and the origin of its shareholders, BNG does not consider this to be necessary. The bank attaches great value to its direct contacts with shareholders. To this end, for example, a theme meeting is organized every year after the General Meeting of Shareholders (GMS). In past years, the shareholders' representatives attending the GMS and the theme meeting represented – on average – approximately 60% of the bank's share capital. Besides that it is worth noting that the shareholders are also clients, which means that frequent contact already exists between the bank and the shareholders' representatives. The powers of control at the shareholders' meetings are proportionate to the level of contributed capital. Pursuant to the Articles of Association, the bank may not cooperate in issuing depositary receipts for shares.

The principles for a controlled remuneration policy, formulated by the Dutch Central Bank (*De Nederlandsche Bank: 'DNB'*) and the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten: 'AFM'*), are in line with certain sections of the Dutch Corporate Governance Code. This involves widely applicable principles which are meant as a guideline for a prudent and customer-oriented remuneration policy. Compliance with the principles is given attention as part of the supervision by DNB of controlled business operations. In 2009 BNG prepared the implementation of the principles.

The Dutch Banking Code includes principles which are also in line with the Dutch Corporate Governance Code. Moreover, several of these can be considered as a further elaboration of the principles for a controlled remuneration policy by DNB and the AFM. The Dutch Banking Code applies to all banks operating in the Netherlands that have a license pursuant to the Dutch Financial Supervision Act (*Wet op het financieel toezicht*). Non-application of the principles is permitted, subject however to the condition that any such instances are disclosed and explained in accordance with the 'comply or explain' principle. The Dutch Banking Code will become effective on 1 January 2010. The measures taken with regard to these principles can be found on the BNG website.

The various risks attendant on the bank's activities, are dealt with separately in the notes to the consolidated financial statements. Considerable attention is paid to BNG's internal risk management and control systems. These are organized on the basis of the regulations under the international guidelines adopted in the context of the International Capital Accord Basel II. The structure has been described in an internal risk management framework that covers all risks identified by BNG. This framework is closely connected to the Capital Management Plan. This plan is periodically reviewed and discussed with the Dutch Central Bank.

Audits by the Internal Audit Department are carried out to achieve independent verification of the proper operation of the internal risk management and control systems. The bank's risk management and control systems performed effectively in the year under review, and provide a reasonable degree of assurance that the financial reports contain no inaccuracies of material significance. In and of themselves, these systems are, of course, incapable of providing absolute certainty about the realization of the company's objectives and the prevention of errors, fraud and infringements of laws and rules. However, there are no indications that the risk management and control systems will not function effectively in 2010. Internal control demands continuous attention. More stringent laws and regulations, the evolving environment and stricter policies impose growing demands on the internal risk control requirements. Further improvements with regard to the bank's financial-economic policy have been introduced in the year under review in the area of risk management and the product approval process.

The external auditor evaluates the financial reporting and the internal control insofar as it is relevant in the context of the audit of the financial statements. The auditor's findings are reported in the auditor's report and the management letter to the Executive Board and the Supervisory Board. The internal and external auditors are represented at the meeting of the Audit Committee of the Supervisory Board and the Plenary Supervisory Board meeting at which the financial statements are discussed.

Declaration of responsibility

In the opinion of the Executive Board the financial statements provide a true and fair view of the assets, liabilities, financial position and results of BNG and the subsidiaries included in the consolidation. The annual report provides a true and fair view of the position on the date of the balance sheet and the performance of BNG – and its consolidated subsidiaries whose figures have been included in the consolidated financial statements – during its financial year. The annual report also describes the material risks facing BNG.

Outlook for 2010

In 2010 BNG will remain the bank for the public social interest and will offer specialized services at the lowest possible cost regardless of the market circumstances. The bank aims to be a reliable partner, retaining its strong market position and continuing and where possible improving its relationship with its clients.

BNG's clients are mainly comprised of national and local authorities or institutions affiliated to these authorities. Their economic and financial situation has also been impaired by the crisis. This resulted in restraint with regard to starting up new activities and put pressure on current projects. The public-private partnerships (subject to solvency requirements) especially showed a slump. Because of the improvement in availability and pricing of long-term lending in the second half of 2009, the clients of BNG can also benefit from lower credit and liquidity risk spreads. The bank expects that, supported by the starting economic recovery, its clients will expand their investment activities with caution. However, confidence is still very fragile and many clients of the bank will be faced with cutbacks and other financial setbacks.

The outlook cannot be separated from the uncertain market conditions. The difference between the long-term and short-term interest rate will also have a favorable effect on the interest income in 2010. The extent of this effect depends amongst other things on the speed at which the economic recovery takes place. In addition, the credit and liquidity risk spreads reduced sharply in 2009. The continuation of this has a positive effect on the refinancing expenses of the bank compared with 2009. The contribution of the result financial transactions is also uncertain. A further reduction in turmoil combined with the continued recovery of confidence may result in positive (unrealized) market value changes. The flow back of previously reported unrealized negative market value changes will have a positive effect on the bank's result in 2010.

In the years from 2005 until 2009 the majority of the effects of the implementation of BNG's corporation tax obligation has been incorporated into the annual returns. This incorporation resulted on balance in the tax expense being moderated. From 2010 onwards this effect will disappear and the tax expense is expected to rise and affect the net result negatively. In addition, on the initiative of the tax authorities BNG is in discussion about the use of IFRS valuations on determining the tax declaration from 2005 onwards. Apart from a strong simplification of the declaration this might result in a reduction in taxable result over recent years.

If agreement is reached with the tax authorities the reduction of the tax expense over the previous years will lead to a tax refund in the current financial year. This will then have a positive effect on the net profit for 2010. Since this only involves a deferment of tax payments, it will in principle lead to an increase in the effective tax expense in the years after 2010.

Although the credit portfolio of the bank is of a very high quality, it cannot be excluded that the creditworthiness of the odd debtor could be impaired as a result of the current crisis. This might make an addition to the bad debt provision necessary.

One of BNG's concerns is the increasing pressure of rules and regulations from the various regulators and supervisory bodies. A relatively small organization such as BNG is heavily burdened financially and operationally by the pressure of increasing regulations and the heightened duty to provide reports often resulting from this. BNG is keeping a close eye on the developments in legislation and regulations and the potential effect they might have on its operations and its business model.

The work force at BNG is expected to increase fractionally in 2010. An expansion of the work force is for instance expected in the area of risk management. This, together with increases under the collective labor agreement will show a slight rise in total expenses. Consolidated total expenses of EUR 63 million are anticipated.

BNG is confidently looking forward to 2010. The interest result is expected at about the level of 2009. However, given the fragile economic recovery, the increased volatility of results and all the other uncertainties, the bank does not consider it wise to make a statement about the 2010 net profit.

Executive Board
C. van Eykelenburg, *Chairman*
J.J.A. Leenaars
J.C. Reichardt

The Hague, 5 March 2010

Consolidated Financial Statements

Consolidated balance sheet as of 31 December 2009

In millions of euros

	31-12-2009	31-12-2008
Assets		
Cash and cash equivalents	655	497
Banks 1	7,683	8,956
Loans and advances 1	79,305	75,699
Financial assets at fair value through the income statement 2	2,983	3,001
Financial assets available for sale 3	5,531	5,185
Other financial assets 4	8,002	7,695
Associates and joint ventures 5	106	105
Property and equipment 6	23	24
Other assets 11, 12	208	203
Total assets	**104,496**	**101,365**
Liabilities		
Banks 7	5,615	3,285
Funds entrusted 7	7,070	6,439
Subordinated loans 7	174	170
Debt securities 8	79,935	79,157
Financial liabilities at fair value through the income statement 9	351	791
Other financial liabilities 10	8,854	9,359
Other liabilities 11, 12	244	185
Total liabilities	102,243	99,386
Equity 13	2,253	1,979
Total liabilities and equity	**104,496**	**101,365**

Consolidated income statement 2009

In millions of euros

		2009		2008
- Interest income 14	2,628		4,524	
- Interest expenses 15	2,291		4,247	
Interest result		337		277
Income from associates and joint ventures 16		2		(1)
- Commission income 17	36		25	
- Commission expenses 18	6		5	
Commission result		30		20
Result financial transactions 19		40		(64)
Foreign exchange result 20		0		2
Other income 21		2		9
Total income		**411**		**243**
- Staff costs 22	35		32	
- Other administrative expenses 23	24		27	
Staff costs and other administrative expenses		59		59
Depreciation 24		2		2
Total expenses		**61**		**61**
Profit before tax		**350**		**182**
Taxation 11		(72)		(24)
Net profit		**278**		**158**

The numbers stated with the items refer to the notes to the consolidated financial statements.

Consolidated statement of comprehensive income 2009

In millions of euros

		2009		2008
Net profit		278		158
Changes in currency translation account		(3)		(2)
Changes in revaluation reserve				
- Unrealized value movements	65		(132)	
- Realized value movements	2		(6)	
- Changes in deferred taxes	11		5	
		78		(133)
Unrealized results after taxation		75		(135)
Total		**353**		**23**

The Hague, 5 March 2010

Executive Board

C. van Eykelenburg, *Chairman*
J.J.A. Leenaars
J.C. Reichardt

Supervisory Board

H.O.C.R. Ruding, *Chairman*
Y.C.M.T. van Rooy, *Secretary*
R.J.N. Abrahamsen
H.H. Apotheker
H.G.O.M. Berkers
S.M. Dekker
W.M. van den Goorbergh
R.J.J.M. Pans
A.G.J.M. Rombouts

Consolidated cash flow statement 2009

In millions of euros

		2009		2008
Cash flow from operating activities				
Profit before tax		350		182
Adjustments for:				
- Depreciation	2		2	
- Additions to provisions	1		-	
		3		2
Cash flow generated from operations		353		184
Movement in banks (not due on demand)	3,943		(1,151)	
Movement in loans and advances	(945)		(1,998)	
Movement in funds entrusted	557		(408)	
Movement in derivatives	(1,489)		(1,551)	
Taxes paid	(19)		(22)	
Other movements in cash flow from operating activities	(404)		(190)	
		1,643		(5,320)
*Total cash flow from operating activities**		1,996		(5,136)
Cash flow from investing activities				
Investments and acquisitions				
- Financial assets at fair value through the income statement and financial assets available for sale	(541)		(4,559)	
- Associates and joint ventures	(4)		(5)	
- Property and equipment	(1)		(7)	
		(546)		(4,571)
Disposals, repayments and redemptions				
- Financial assets at fair value through the income statement and financial assets available for sale	1,028		6,145	
- Associates and joint ventures	1		-	
- Property and equipment	-		2	
		1,029		6,147
Total cash flow from investing activities		483		1,576
Cash flow from financing activities				
Receipts in respect of debt securities		23,738		24,746
Repayments in respect of debt securities		(25,800)		(21,106)
Dividend paid		(79)		(97)
Total cash flow from financing activities		(2,141)		3,543
Net movement in cash and cash equivalents		338		(17)
Cash and cash equivalents as of 1 January		227		244
Cash and cash equivalents as of 31 December		**565**		**227**
Cash and cash equivalents as of 31 December is comprised of the following				
- Cash and cash equivalents		655		497
- Cash equivalents under the banks (asset) item		20		20
- Cash equivalents under the banks (liability) item		(110)		(290)
		565		**227**

* Interest received totaled EUR 5,332 million while interest paid amounted to EUR 4,741 million.

Consolidated statement of changes in equity 2009

In millions of euros

31-12-2009

	Share capital	Share premium reserve	Revaluation reserve	Currency translation account	Other reserves	Unappropriated profit	**Total**
Opening balance	139	6	(29)	(3)	1,708	158	1,979
Realized results	-	-	-	-	-	278	278
Unrealized results	-	-	78	(3)	-	-	75
Dividend payment	-	-	-	-	(79)	-	(79)
Appropriation from profit previous financial year	-	-	-	-	158	(158)	0
Closing balance	**139**	**6**	**49**	**(6)**	**1,787**	**278**	**2,253**

31-12-2008

	Share capital	Share premium reserve	Revaluation reserve	Currency translation account	Other reserves	Unappropriated profit	**Total**
Opening balance	139	6	104	(1)	1,610	195	2,053
Realized results	-	-	-	-	-	158	158
Unrealized results	-	-	(133)	(2)	-	-	(135)
Dividend payment	-	-	-	-	(97)	-	(97)
Appropriation from profit previous financial year	-	-	-	-	195	(195)	0
Closing balance	**139**	**6**	**(29)**	**(3)**	**1,708**	**158**	**1,979**

Accounting principles of consolidated financial statements

General company information

The financial statements were issued by the Executive Board for publication on 5 March 2010 and will be presented to the General Meeting of Shareholders for adoption on 26 April 2010. BNG is a statutory two-tier company under Dutch law (structuurvennootschap). Half of the bank's share capital is held by the State of the Netherlands and the other half by municipal authorities, provincial authorities and a water board. BNG is established in The Hague, the Netherlands and has no subsidiary branches.

Most important accounting principles applied for valuation and determination of results

The consolidated financial statements were prepared on the basis of amortized cost with the exception of the following items: *financial assets at fair value through the income statement, financial assets available for sale, other financial assets, financial liabilities at fair value through the income statement and other financial liabilities*. These balance sheet items are recognized on the basis of fair value. The balance sheet item associates and joint ventures is stated according to the equity method. All amounts in the consolidated financial statements are presented in millions of euros, unless stated otherwise. The euro is the functional currency of BNG.

Applicable laws and regulations

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted within the European Union and with Part 9, Book 2 of the Netherlands Civil Code.

In the financial statements for 2009 BNG applied the new/revised standards, adjustments and interpretations represented below. The application of these standards had no significant effect on the financial statements 2009. This concerns the following standards, changes and interpretations:

- IFRS 8 – Operating Segments
- Amendments to IFRS 1 and IAS 27 – Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate
- Amendments to IFRS 2 – Share-Based Payment: Vesting Conditions and Cancellations
- Amendments to IAS 1 – Presentation of Financial Statements: A Revised Presentation
- Amendments to IAS 23 – Borrowing Costs
- Amendments to IAS 32 and IAS 1 – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendment to IAS 39 – Reclassification of Financial Assets: Effective Date and Transition
- Improvements to IFRSs (issued May 2008)
- IFRIC 12 – Service Concession Arrangements
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for the Construction of Real Estate
- FRIC 16 – Hedges of a Net Investment in a Foreign Operation

On 27 November 2009 the EU adopted several amendments to IFRS 7 (Amendments to IFRS 7 Improving Disclosures about Financial Instruments). These amendments include a more extensive explanation of the determination of the fair value of financial instruments and an addition to the disclosure of (managing) the liquidity risk. No comparative figures are included in these disclosures (see note 27).

BNG has decided against the early adoption of new or adjusted standards and interpretations. Early adoption of these new standards and interpretations would not have any significant effect on the financial statements for 2009. This concerns the following standards:

- Revised IFRS 3 – Business Combinations
- Amendments to IAS 27 – Consolidated and Separate Financial Statements
- Amendments to IAS 32 – Financial Instruments: Presentation: Classification of Rights Issues
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- Amendments to IFRIC 9 and IAS 39 – Embedded Derivatives
- IFRIC 17 – Distributions of Non-Cash Assets to Owners
- FRIC 18 – Transfer of Assets from Customers

Accounting principles of consolidation

Each year BNG prepares consolidated financial statements for the parent company and its subsidiaries. The financial statements of the parent company and its subsidiaries, as used in the preparation of the consolidated financial statements, were drawn up as of the same reporting date, and are based on uniform principles. All intergroup transactions and balances, including income, expenses and dividends, have been fully eliminated in the consolidated financial statements. The consolidated financial statements comprise all subsidiaries in which BNG has controlling power. Control is presumed to exist when BNG, either directly or indirectly through group companies, holds more than half the voting rights or exercises control in some other manner. Group companies are consolidated in full from the date that the control has been obtained until such time that this control ceases to exist or all related risks and benefits have been transferred to third parties. A minority interest held by a third party is included in equity. In determining whether BNG has control over investment funds in which it holds units or shares, the financial interests held for BNG's own account, as well as its role - or that of its subsidiaries - as fund manager are been taken into consideration. The reporting periods of group companies included in the consolidation coincide with those of BNG.

The use of estimates

Where necessary, the amounts disclosed in this report are based on management estimates and assumptions. The most important estimates relate to the determination of the fair value of financial instruments for which there is no active market. Estimates are also used in determining the provision for incurred losses and deferred taxes. BNG uses valuation models to determine the fair value of financial instruments for which there is no active market. The outcomes of these models are based on various assumptions, including the discount rate and future cash flows. Differences in the assumptions may have a significant effect on the reported values.

BNG periodically evaluates the estimates and assumptions it applies. Any revisions are reported in the year in which the estimate is revised and are also recognized in the estimates for future years.

Fair value of financial instruments

The fair values are based on quoted market prices or, if unavailable, on modeled valuation techniques. Valuation techniques are generally used to determine the fair value of unlisted assets and liabilities and OTC derivatives. This concerns generally accepted techniques and methods such as models for option prices, discounted cash flows, forward pricing and credit spreads. Account is taken of contractual provisions and use is made of available objective market data such as yield curves, correlations, volatilities and credit spreads. In general, no use is made of assumptions that are not supported by market data.

Netting

Assets and liabilities are only netted when and insofar as it is beyond doubt that the net and simultaneous settlement of the amount receivable and the amount payable can be legally enforced, and there is a definite intention to settle either the net amount as such or both items simultaneously.

Foreign currency

The consolidated financial statements are prepared in euros. Monetary transactions in foreign currencies are translated on the balance sheet date, and the subsequent results – with the exception of the hedge of a net investment in a foreign operation – are recognized to the foreign exchange result. The exchange result on a net investment in a foreign operation is recognized in equity. Non-monetary assets and liabilities denominated in foreign currencies that are recognized at cost are converted at the prevailing exchange rate upon first-time recognition. Any items in the balance sheet and income statement of group companies that are not reported in euros are translated as follows:

- assets and liabilities are translated at the closing rate on the date of the balance sheet ;
- income and expenses are translated at the average rate over the financial year;
- translation differences are reported in equity, in the currency translation account item.

Associates and joint ventures

Associates and joint ventures are stated according to the equity method. Associates are companies over which BNG is able to exercise significant influence on their operational and financial policy but it has no control. In general significant influence is assumed when BNG holds between 20% and 50% of the shares or voting rights. Joint ventures are contractual arrangements where BNG and other parties enter into an economic activity over which they exercise joint and proportionate control.

Financial assets and liabilities
Financial assets and liabilities are recognized on a transaction basis. This means they are recognized from the moment the bank is entitled to the benefits or is liable for the obligations arising from the contractual provisions of a given financial instrument. These include the traditional financial instruments (loans, interest-bearing securities and debt securities) as well as derivatives.
Financial assets and liabilities are initially recognized at fair value plus the transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability, with the exception of the transactions recognized at fair value and results recognized through the income statement. The transactions included in these balance sheet items are measured at fair value without the addition of transaction costs. After their initial recognition, the financial assets and liabilities are measured at amortized cost or fair value, depending on the classification of the transaction. In addition to the notional amount, the amortized cost (amortization value) consists of accrued interest, settled transaction costs and/or premiums or discounts that are distributed in accordance with the compound annual interest method over the interest rate maturity of the transaction.
Financial derivatives are stated as assets (positive fair value) or liabilities (negative fair value). Value movements of financial derivatives are recognized in the income statement in full.

Derecognition of financial assets and liabilities
A financial asset is no longer recognized in the balance sheet if:
- there is no longer a contractual right to receive cash flows from the asset; or
- BNG has retained the right to receive cash flows from the asset, but has assumed a contractual obligation to pass these cash flows on, in full and without material delay, to a third party pursuant to a special arrangement; or
- the contractual rights to receive cash flows from the asset and virtually all the risks and benefits of this asset have been transferred, or control over this asset has been transferred.

A financial liability is no longer recognized in the balance sheet if the obligation specified in the contract has been discharged or cancelled, or has expired.
If an existing financial asset or liability is contractually exchanged for another asset or liability from the same counterparty on substantially the same terms, the new asset or liability is treated as a continuation of the existing asset or liability at the same balance sheet value. No results from sale are recognized in this case.

As far as the sale of financial assets and liabilities is concerned, BNG applies the First In, First Out (FIFO) principle. Within this context, the difference between the proceeds from the transfer and the book value of the asset or liability is immediately and fully recognized in the income statement.

Derivatives
Derivatives are valued at cost when first recognized. Subsequent they are recognized at fair value and any value adjustments are recognized in the income statement item *result financial transactions*. Derivatives with a positive market value are presented on the balance sheet as assets under *financial assets at fair value through the income statement and other financial assets*. Derivatives with a negative market value are presented on the balance sheet as liabilities under *financial liabilities at fair value through the income statement and other financial liabilities*.

Embedded derivatives are valued separately if the following conditions are fulfilled:
- there is no close connection between the economic characteristics and risks of the embedded derivative and those of the host contract, and
- the host contract is not valued at fair value, with value adjustments recognized through the income statement, and
- a separate instrument on the same terms would fulfill the definition of a derivative.

Derivatives that fulfill these conditions are valued at fair value at the moment of conclusion of the contract and value adjustments are recognized in the income statement. Contracts are re-assessed only if there has been a change in the contractual terms which materially affects the expected cash flows.

Hedge accounting
The bulk of the interest rate risk to which the bank is exposed in relation to its financial assets or liabilities is customarily hedged by means of financial instruments. In market value terms, value movements resulting from interest rate fluctuations are counteracted. Insofar as the hedge relationship is effective, hedge accounting enables the bank to neutralize in principle the difference in result recognition between the hedging instrument and the hedged item. BNG only uses derivatives as a hedging instrument and these must be stated at fair value in the balance sheet. In principle, the counterpart in the hedging relationship – i.e., the hedged item – is usually recognized at amortized cost. On the date a derivative transaction is entered into, the bank

designates it as a fair value hedge (or not) of the asset or liability item in its balance sheet.
Fair value hedge accounting is applied only when formal documentation is available with respect to the hedging instrument, the hedged item, the relationship between them and the objective of the hedge. This hedge documentation provides the underlying evidence that the hedge may be expected to be effective and how this effectiveness is determined.
Effectiveness means that during the reporting period there are opposing risks by virtue of the relationship between the hedging instrument and the hedged item within the limits defined by IAS 39 (80% to 125%). In addition, evidence that the hedge remains effective for its remaining term is also demonstrated. The ineffective portion of the hedge relationship is always recognized directly in the income statement.

As soon as a hedge ceases to meet the aforementioned hedge accounting conditions, or as soon as the hedged item or hedging instrument matures or is sold, the hedge relationship is terminated. The difference between the preceding balance sheet valuation and the amortized cost of the hedged item is amortized over the remaining term of the hedged item.

BNG applies two types of fair value hedge accounting: micro hedging and portfolio hedging. Micro hedging relates to individual transactions where interest rate risk exposure is concerned, which transactions become involved in an economic hedge relationship. In the case of micro hedging, there is a demonstrable one-to-one relationship between the hedged item and the hedging instrument. Portfolio hedging concerns a group of transactions that are hedged for interest rate risk using several derivatives.
There is no one-to-one relationship between hedged items and hedging instruments, but it is demonstrated at portfolio level that the derivatives concerned compensate the fair value changes of the related assets arising from interest rate movements. Due to the lack of a direct relationship between the assets and the derivative instruments used for the purposes of hedging, the fair value adjustment – unlike the micro hedging situation – is recognized as a single line item in the balance sheet item *other financial assets*.

Cash and cash equivalents
This item includes all legal tender and deposits with the Dutch Central Bank available on demand

Banks and loans and advances
Receivables from *banks* and *loans and advances* to clients for purposes other than trading are recognized under these asset items and are carried at amortized cost.
In addition, interest-bearing securities (MTNs and bonds) are partly included in these items, insofar as these are not traded on an active market. *Loans and advances* are recognized net of the provision for incurred losses deemed necessary. Under IFRS, BNG first determines whether there are indications of impairment of individual loans and advances to form this provision, taking into account the amounts that are actually expected to be received after the impairment. With regard to other *loans and advances* the provision is determined at aggregate level.

In 2008 part of the *financial assets available for sale* were reclassified and transferred to *banks* and *loans and advances*. After reclassification these assets were initially recognized at fair value on 1 July 2008 and the difference between the fair value and the redemption value on 1 July 2008 is amortized over the remaining terms of the individual contracts.

Lease agreements
BNG has entered into financial lease agreements under which nearly all risks and benefits attached to the ownership – with the exception of the legal ownership title – are transferred to the lessee. BNG acts as a lessor under these agreements. The balance sheet value of a lease receivable is equal to the discounted value of the lease payments on the basis of the implicit interest rate of the lease agreement and including any guaranteed residual value. Financial lease receivables are stated in the balance sheet item *loans and advances*.

Financial assets and financial liabilities at fair value through the income statement
These balance sheet items include derivatives transactions that do not qualify for fair value hedge accounting in conformity with the conditions set by IAS 39.
Finally, the balance sheet items include transactions that are voluntarily designated as measured at fair value, with value movements being recognized in the income statement ('fair value designation'). BNG uses this option occasionally to measure individual assets and liabilities such as loans and interest-bearing securities at fair value, with full result recognition through the income statement. Fair value designation of transactions takes place, if:

- its purpose is to exclude an accounting mismatch;
- a portfolio is managed and evaluated on the basis of fair value;
- it concerns an instrument with an embedded derivative that would otherwise have to be separated.

The fair value designation of transactions, which is irrevocable, always takes place at the moment the transaction is entered into.

Financial assets available for sale

Interest-bearing securities and equity instruments for which an active market exists are classified under *financial assets available for sale*. They are measured at fair value and revaluations are recognized in equity. If the interest-bearing securities are involved in a fair value hedge relationship, the effective part of the hedge is accounted for in the result, and not in equity. The amortized interest result and any currency revaluation are recognized directly in the income statement. In the event that the interest-bearing securities or equity instruments concerned are sold or impaired, the cumulative fair value movement is deducted from equity and recognized in the income statement.

Other financial assets and other financial liabilities

These balance sheet items reflect the market values of the derivatives that form part of a hedge accounting relationship (with regard to both interest rate risk and currency risk hedges). In addition, these items include portfolio hedging value adjustments. These value adjustments refer to the effective part of movements in market value resulting from hedging the interest rate risk of assets that are hedged at a portfolio level.

Assets and liabilities held for sale

Assets and liabilities are designated as held for sale if their book value will be mainly realized by means of a sales transaction that is expected to take place within twelve months. These assets or liabilities are recognized at the lower of the book value or fair value minus selling expenses.

Financial guarantee contracts

Financial guarantee contracts are stated initially at fair value, being the received premium, in the *other liabilities* item. Subsequent valuation takes place at the highest of the best estimate of the expenditures required to settle the existing financial obligation on the balance sheet date or the amount of the premium to be amortized. The received premium is accounted for in the *commission income* item in the income statement.

Property and equipment

All real estate and personal property owned by the bank, such as buildings and permanent installations, are valued at cost, net of accumulated depreciation, taking any impairment into account. The depreciation period is determined on the useful economic life of the assets in question.
The useful life and residual value are reviewed annually. Depreciation is calculated on a straight-line basis and is charged to the income statement. Land is not depreciated.

Banks, funds entrusted, subordinated loans and debt securities

Borrowings and debt securities are carried at amortized cost in the balance sheet. The amortized cost is adjusted for the effective part of the change in the fair value of the transactions involved in a fair value hedge. Debt repurchased is removed from the balance sheet with the difference between the net proceeds and the book value recognized directly in the income statement.

Pension provisions and employee benefits

The bank treats its pension obligations on the basis of a defined contribution plan because its pension scheme has been transferred to an industry pension fund that does not segregate into individual company pension plans. Neither does it administer separate accounts.

The industry pension fund is not in a position to supply information necessary to calculate an adequate pension provision. The employer's contribution of the premium is recognized in the income statement in the year to which it relates. Insofar as additional amounts are required, they are likewise charged directly to the income statement.
Separate provisions are formed for other employee benefits that qualify as defined benefit plans. BNG applies the 'corridor' method in this respect, whereby actuarial differences within a specific bandwith are not recorded. Actuarial differences that fall outside this bandwith are added or charged to the income statement. These other employee benefits relate to the continued granting of mortgage loan interest rate discounts for the benefit of both active employees and retired employees. The level of the provisions determined is calculated by independent actuarial experts. The costs relating to the employee benefits are recognized as staff costs in the income statement.

Reorganization provision

BNG forms reorganization provisions insofar as obligations have been entered into with respect to reorganizations. The provisions are based on detailed plans and are formed after parties involved have been informed of the key components of the plan and well-founded expectations have been raised that the reorganization will actually be implemented. If the time effect is material, the provisions are determined by discounting future cash flows.

Taxation

The amount of tax is calculated on the basis of the statutory rates of taxation, and in accordance with applicable tax legislation. Deferred tax assets and liabilities are recognized for temporary differences between the carrying value and fiscal value. Deferred tax assets are recognized only if taxable profits are expected to be available in the near future to compensate these temporary differences. Both deferred tax assets and deferred tax liabilities are carried at nominal value. All deferred tax assets and liabilities are stated in the accounts of the head of the fiscal entity. Group companies that form part of the fiscal entity apply the determined rate.

Equity

The balance sheet is drawn up before profit appropriation. This means that the full result for the financial year is presented as part of equity. Equity includes a revaluation reserve in which the unrealized fair value movements of *financial assets available for sale* are recognized. This revaluation reserve also includes the fair value movements recognized until 1 July 2008, relating to assets reclassified in 2008 and transferred from *financial assets available for sale to banks and loans and advances*. This part of the revaluation reserve will be amortized over the remaining terms of the reclassified assets. The revaluation reserve is adjusted for deferred taxes based on the expected fiscal settlement if the assets concerned would immediately be sold on the balance sheet date. In the event of sale these cumulative revaluation results are recognized in the income statement. As far as transactions involved in hedge accounting are concerned, the effective part of the fair value movements are added or charged to the income statement during the period that the transactions are involved in a hedge relationship.

Interest income and interest expenses

Interest income and *interest expenses* for all interest-bearing instruments included in the balance sheet are determined on the basis of amortized cost. The effective interest method is used to determine amortized cost. In the event of a sale of transactions valued at amortized cost, the difference between the book value and the sales value is also recognized under *interest income* or *interest expenses* respectively.

Result financial transactions

This item includes the market value adjustments of derivatives, hedged items and fair value designated transactions, where these value movements as well as the ineffective part of the hedged risk in case of fair value hedge accounting are recognized in the income statement. Upon sale, the results of *financial assets available for sale* are also stated in this item. These results consist of a release from the accumulated revaluation in equity and the difference between the book value and the net proceeds of sale.

Foreign exchange result
Assets and liabilities in foreign currencies are translated on the balance sheet date, at the end-of-day closing rates. All revaluations of monetary items are directly added or charged to the *foreign exchange result*. See also under 'Foreign currencies'.

Commission income and commission expenses
Commissions and fees paid or received are recognized in full in the income statement in the period in which the services were rendered.

Cash flow statement
The cash flow statement is prepared according to the indirect method. The cash flows are categorized into cash flows from operating, investing and financing activities. The cash and cash equivalents include the available cash balances, the balances due on demand that are held at (central) banks and interbank call loans. These funds have an original term of not more than three months, are easily convertible into fixed amounts and are subject to a negligible risk of value movements. The movements in *loans and advances*, *funds entrusted* and amounts receivable from and due to banks are included in the cash flow from operating activities. Investing activities comprise purchases, sales and redemptions in the investment portfolio as well as purchases and sales of associates, joint ventures and property and equipment. Drawdowns or repayment of subordinated loans, debt securities and paid-out dividends are presented as financing activities.

Statement of changes in equity
The statement of changes in equity shows the movements of items recognized as equity.

Accounting principles for comparative figures
The comparative figures are based on the same accounting principles as the financial statements for 2009, except for the application of the new IFRS standards.

Notes to the consolidated financial statements

In millions of euros

	31-12-2009	31-12-2008
Assets		
1 Banks and Loans and advances	86,988	84,655

This item comprises all receivables from banks and the extended loans and advances insofar as measured at amortized cost, as well as interest-bearing securities insofar as these are not traded on an active market.

	31-12-2009	31-12-2008
Banks	7,683	8,956
Loans and advances	79,305	75,699
	86,988	84,655
Of which an incurred loss provision is included in the *loans and advances* item	27	30
	87,015	84,685

The analysis of banks and loans and advances by remaining contractual term to maturity is as follows:

	31-12-2009	31-12-2008
Up to three months	11,334	12,620
Longer than three months but not longer than one year	9,170	8,135
Longer than one year but not longer than five years	37,165	34,841
Longer than five years	29,346	29,089
	87,015	84,685

In the remaining term to maturity distribution, interest receivables and contractual repayments have been taken into account.

Under collateral agreements BNG has provided collateral worth EUR 3,420 million (2008: EUR 4,060 million), mainly to bank counterparties.

The *loans and advances* item contains financial lease agreements in the amount of EUR 57 million (2008: EUR 57 million).

The movement in the incurred loss provision

	31-12-2009	31-12-2008
Opening balance	30	30
Additions during the financial year	-	-
Withdrawals during the financial year	(3)	-
Closing balance	27	30

	31-12-2009	31-12-2008
2 Financial assets at fair value through the income statement	2,983	3,001

This includes assets specifically designated as being measured at fair value, with value movements being recognized in the income statement and derivatives not involved in a hedge accounting relationship.

	31-12-2009	31-12-2008
Fair value of derivatives	828	791
Loans and advances	804	810
Securities	1,351	1,400
	2,983	3,001

The redemption value of the loans and advances and securities is EUR 2,135 million (2008: EUR 2,129 million).

	31-12-2009	31-12-2008
The analysis according to remaining contractual term to maturity is as follows (excluding derivatives):		
Up to three months	29	62
Longer than three months but not longer than one year	86	58
Longer than one year but not longer than five years	697	389
Longer than five years	1,343	1,701
	2,155	2,210

3 Financial assets available for sale	5,531	5,185

This includes fixed- and variable-rate bonds and other interest-bearing securities issued by public authorities and others, insofar as these are not included in the *financial assets at fair value through the income statement*.

Breakdown of this item:		
Public sector	3,772	3,830
Banks	392	389
Other financial institutions	1,136	844
Non-financial institutions	171	73
Investments in participating interests	60	49
	5,531	5,185

The analysis according to remaining contractual term to maturity is as follows:		
Up to three months	111	109
Longer than three months but not longer than one year	374	260
Longer than one year but not longer than five years	3,251	2,937
Longer than five years	1,795	1,879
	5,531	5,185

Transfer without derecognition

The bank sold EUR 1,480 million of bonds whilst simultaneously concluding swaps, with which it retained entitlement to the cash flows and remained exposed to the risks (total return swaps). For this reason, the bonds were not derecognized in the balance sheet. No new transactions were closed in 2009.

4 Other financial assets	8,002	7,695

This balance sheet item includes the fair value of derivatives involved in a hedge accounting relationship and the value adjustments concerning the effective part of the market value adjustments due to interest rate risks of assets hedged at portfolio level.

Derivatives involved in a hedge accounting relationship	5,262	4,526
Market value adjustment of assets hedged at portfolio level	2,740	3,169
	8,002	7,695

	31-12-2009	31-12-2008
5 Associates and joint ventures	106	105

	2009	2008	31-12-2009	31-12-2008
	Interest			
Associates				
- Dataland BV, Rotterdam	30%	30%	0	0
- Data B Mailservice Holding BV, Leek	38%	38%	1	1
- NV Trustinstelling Hoevelaken, The Hague	40%	40%	0	0
- TBCH BV, The Hague*	25%	25%	51	50
- Tenman BV, Amsterdam	-	33%	-	0
			52	51

	2009	2008	31-12-2009	31-12-2008
	Interest			
Joint ventures				
- BNG Gebiedsontwikkeling BV, various	*see note 37*		54	54
- BNG-VNG Beheer BV i.l., The Hague	50%	50%	0	0
- Sitchting GemLease i.l., The Hague	50%	50%	0	0
			54	54

For a description of the associates and joint ventures activities, please refer to note 37 [page 86].

	31-12-2009	31-12-2008
6 Property and equipment	23	24

The movement of this balance sheet item is as follows:

	2009	2008	2009	2008	31-12-2009	31-12-2008
	Property		Equipment			
Historical cost						
Value as of 1 January	47	43	12	9	59	52
Investments	1	4	-	3	1	7
Value as of 31 December	48	47	12	12	60	59
Depreciation						
Accumulated amounts as of 1 January	27	25	8	8	35	33
Depreciation during the year	1	2	1	-	2	2
Accumulated amounts as of 31 December	28	27	9	8	37	35
Book value as of 31 December	20	20	3	4	23	24

Estimated useful life:

Buildings	33 1/3 years (maximum)
Technical installations	15 years
Machinery & installations	5 years
Hardware and software	3 years

* This company, Transdev-BNG-Connexxion Holding BV, holds 66.67% of the shares in Connexxion Holding NV.

	31-12-2009	31-12-2008
Liabilities		
7 Banks, Funds entrusted and Subordinated loans	12,859	9,894

This includes debts to banks, funds entrusted and subordinated loans insofar not embodied in debt securities.

	31-12-2009	31-12-2008
Deposits and other money market funds at banks	5,615	3,285
Funds entrusted	7,070	6,439
Subordinated loans	174	170
	12,859	9,894
The analysis according to remaining contractual term to maturity is as follows:		
Up to three months	6,312	5,062
Longer than three months but not longer than one year	2,395	973
Longer than one year but not longer than five years	2,520	2,521
Longer than five years	1,632	1,338
	12,859	9,894

	31-12-2009	31-12-2008
8 Debt securities	79,935	79,157

This includes debenture loans and other issued negotiable debt instruments with either fixed or variable interest rates. With regard to an issue, bonds that have not been sold are deducted from the issue in question.
Debt securities denominated in foreign currency are stated at the closing rate on 31 December.

	31-12-2009	31-12-2008
This balance sheet item is made up as follows:		
Debenture loans and euro notes	70,491	67,733
Medium term notes	62	62
Certificates of deposit	9,382	11,362
	79,935	79,157
The analysis according to remaining contractual term to maturity is as follows:		
Up to three months	8,498	13,318
Longer than three months but not longer than one year	13,457	10,950
Longer than one year but not longer than five years	39,572	36,871
Longer than five years	18,408	18,018
	79,935	79,157

	31-12-2009	31-12-2008
9 Financial liabilities at fair value through the income statement	351	791

This includes liabilities that are specifically designated as being measured at fair value with value movements being recognized in the income statement, and the derivatives that are not included in a hedge accounting relationship.

	31-12-2009	31-12-2008
10 Other financial liabilities	8,854	9,359

This balance sheet item concerns the fair value of derivatives involved in a hedge accounting relationship.

11 Taxation

The bank's subjective exemption from corporation tax ceased to apply on 1 January 2005. The legislation provides that results belonging to the periods predating the liability to tax are not subject to taxation. On this basis part of the results for the past four financial years and the current financial year is attributable to the period before 1 January 2005. In 2006, agreement was reached with the tax authorities about the exemption amount (EUR 668 million) resulting from the initial valuation of the financial instruments in BNG's fiscal opening balance sheet as of 1 January 2005. The exemption amount was increased by EUR 26 million to EUR 694 million at year-end 2006 due to the valuation in the fiscal opening balance sheet as of 1 January 2005 of a subsidiary that forms part of the bank's tax entity.

A deferred tax asset was formed in favor of income for financial assets and liabilities whose valuation as of 1 January 2005 for the fiscal opening balance sheet differed from the commercial valuation. Changes in the official rates are taken into account when determining the amount of the deferral. The amount of the deferral is set off against tax payable over a five-year period. This term is based on the average weighted remaining term of the financial assets and liabilities, excluding derivatives and transactions with a term (or remaining) term to maturity of less than one year.

No deferred tax assets was formed for financial assets and liabilities whose valuation as of 1 January 2005 for the fiscal opening balance sheet corresponded with the commercial valuation. This one-off tax benefit will be deducted from the tax expense over a five-year period. The resulting tax benefit is reflected in the net profit through lower current taxes. The remaining amount (EUR 17 million) has been settled in the financial year 2009. No settlement will remain from 2010 onwards.

	31-12-2009	31-12-2008
The reconciliation between the tax charge and the nominal tax rate is as follows:		
Profit before tax	350	182
Tax levied at the statutory nominal rate of taxation in the Netherlands of 25.5% (2008: 25.5%)	(89)	(46)
Tax credit with regard to corporation tax exempted results for which no tax deferrals have been formed	17	17
Results subject to participation exemption	-	(1)
Tax adjustments from previous years	-	6
Taxation in the consolidated income statement	(72)	(24)
This is an effective tax rate of 21% (2008: 13%)		
The reconciliation between the tax charge and the actual tax charge is as follows:		
Taxation in the consolidated income statement	(72)	(24)
Adjustment for tax relief for which a tax deferral has been formed	18	19
Adjustment for current taxation in previous years	(1)	-
Other adjustments for items measured at fair value	5	15
Tax receivable or tax payable according to fiscal statement	(50)	10
Pre-paid corporation tax	51	22
Tax receivable	1	32
Statement of the deferred tax asset in the balance sheet:		
Opening balance	60	74
Fiscal treatment opening balance sheet at 1 January 2005; treatment regarding subsidiary	-	-
Fiscal treatment opening balance sheet; apportionment during financial year	(18)	(19)
Movement deferred tax assets	11	5
	53	60

The movement of the deferred taxes for *financial assets available for sale* is recognized in the revaluation reserve in equity. The other movements are recognized in the income statement.

	31-12-2009	31-12-2008
The deferred tax asset is made up as follows:		
Adjustment for tax credit for which a tax deferral has been formed	4	22
Revaluation of *financial assets available for sale**	49	38
	53	60
The deferred tax liability is made up as follows:		
Fair value movements of transactions involved in a hedge accounting relationship	4	3
Fair value movements of derivatives not involved in a hedge accounting relationship and other transactions	24	20
	28	23

* This deferral relates to the unrealized losses of the interest-bearing securities bought after 1 January 2005. The part of the interest-bearing securities portfolio bought before that date is valued in the fiscal opening balance sheet.

12 Other assets and other liabilities

	31-12-2009	31-12-2008
Other assets		
Deferred tax asset	53	60
Tax receivable	2	32
Other assets	153	111
	208	203
Other liabilities		
Tax payable	1	-
Deferred tax liability	28	23
Employee benefits provision	2	2
Reorganization provision	-	3
Other liabilities	213	157
	244	185

The employee benefits provision concerns a provision for mortgage loan interest rate discounts for both current and retired employees. This provision is of a long-term nature.

The reorganization provision concerns the outsourcing of the payment operations and IT processes, and the streamlining of the organization. The financial obligations resulting from this reorganization were completely settled in 2009.

The movements in the discounted value of the net liability in relation to the defined benefit are as follows:

	31-12-2009	31-12-2008
Employee benefits provision		
Net liability as of 1 January	2	2
Other movements to the provision	-	-
Net liability as of 31 December	2	2
Reorganization provision		
Net liability as of 1 January	3	6
Additions chargeable to income	-	0
Expenditures chargeable to provisions	(3)	(3)
Net liability as of 31 December	0	3

	31-12-2009	31-12-2008
13 Equity	2,253	1,979
Because BNG has no minority interests after consolidation, the entire consolidated equity can be attributed to the shareholders. The items included in equity are explained below.		
Share capital	139	139
The authorized capital is divided into 100 million shares with a face value of EUR 2.50, of which 55,690,720 shares have been issued and fully paid up. The number of shares in circulation remained unchanged during the financial year. There are no issued shares that are not fully paid up. BNG and the subsidiaries hold no company shares. None of the shares carry preferential rights or are subject to restrictions. There are no options that give entitlement to the issue of shares upon exercise.		
Share premium reserve	6	6
There were no movements in 2009.		
Revaluation reserve	49	(29)
Equity contains a revaluation reserve in which the unrealized fair value movement with respect to the *financial assets available for sale* item is recognized. The deferred tax liability has been deducted from this item. If these assets are sold, the cumulative result recognized in equity is taken to the income statement.		
Currency translation account	(6)	(3)
This concerns foreign exchange differences arising from the translation of the results of a net investment in a foreign entity.		
Other reserves	1,787	1,708
After the appropriations from the distributable profit pursuant to the Articles of Association have been determined, the General Meeting of Shareholders decides what portion of the remaining profit will be added to the reserves.		
Unappropriated Profit	278	158
The balance sheet was prepared prior to profit appropriation. This item represents the result achieved after accounting for the corporation tax.		
Number of shares outstanding	55,690,720	55,690,720
Proposed dividend per share in euros	2.49	1.42
Proposed dividend		
Primary dividend pursuant to the Articles of Association	7	7
Proposed dividend above the primary dividend pursuant to the Articles of Association	132	72
	139	79

	2009	2008
14 Interest income	2,628	4,524

This includes the interest income from loans and advances, deposits and investments, as well as the results from financial instruments used to hedge interest rate and currency risks. In addition, the other credit-related income received is included in this item.

	2009	2008
Financial assets at fair value through the income statement	69	96
Derivatives not involved in a hedge accounting relationship	116	226
Derivatives involved in a portfolio fair value hedge accounting relationship	(1,096)	68
Financial assets available for sale not involved in a hedge accounting relationship	41	160
Financial assets involved in a fair value hedge accounting relationship	3,141	2,977
Financial assets at amortized cost	345	917
Other interest income	12	80
	2,628	4,524

	2009	2008
15 Interest expenses	2,291	4,247

This includes the cost of borrowing and related transactions as well as other interest-related charges.

	2009	2008
Derivatives not involved in a hedge accounting relationship	115	190
Derivatives involved in a micro fair value hedge accounting relationship	(981)	287
Financial liabilities involved in a micro fair value hedge accounting relationship	2,229	2,392
Financial liabilities at amortized cost	910	1,310
Other interest expenses	18	68
	2,291	4,247

	2009	2008
16 Income from associates and joint ventures	2	(1)

This item includes income from associates and joint ventures.

	2009	2008
Income from associates	1	(5)
Income from joint ventures	1	4
	2	(1)

For a description of the associates and joint ventures activities, please refer to note 37 [page 86].

	2009	2008
17 Commission income	36	25

This item includes income received and to be received for services provided to third parties.

	2009	2008
Commission income may be broken down as follows:		
- income from loans and credit facilities	29	19
- income from fiduciary activities	7	6
	36	25

	2009	2008
18 Commission expenses	6	5

This item relates to fees paid or to be paid for services rendered by third parties in relation to loans and credit facilities.

	2009	2008
19 Result financial transactions	40	(64)

This item relates to (un)realized results from fair value movements of financial instruments that are measured at fair value with movement through the income statement. These are almost wholly compensated by market value movements of the derivatives entered into offset these transactions.
This item also includes the results due to sale of available for sale transactions.

	2009	2008
Result from hedge accounting		
Financial assets involved in a fair value hedge accounting relationship	(407)	4,168
Financial liabilities involved in a micro fair value hedge accounting relationship	826	(3,213)
Derivatives involved in a hedge accounting relationship	(412)	(946)
	7	9
Financial assets at fair value through the income statement		
Market value adjustment as a result of changes in credit and liquidity spreads		
- of which investments	26	(84)
- of which structured loans	(22)	(14)
Other market value adjustments	(94)	285
	(90)	187
Financial assets available for sale not involved in a hedge accounting relationship	-	9
Derivatives not involved in a hedge accounting relationship	123	(269)
	40	(64)

	2009	2008
20 Foreign exchange result	0	2

This item includes the foreign exchange result.

	2009	2008
21 Other income	2	9
The other income consists of:		
- Impairment of financial assets available for sale receivable	(1)	-
- Impairment of associates and joint ventures	(3)	-
- Income from consultancy services	6	6
- Income from sale of fixed assets	-	2
- Release from drawn BNG bonds	-	1
	2	9
22 Staff costs	35	32
The staff costs are made up of:		
Wages and salaries	22	21
Pension costs	5	4
Social security costs	2	2
Addition to provisions	1	0
Other staff costs	5	5
	35	32
23 Other administrative expenses	24	27

These include among others the cost of outsourcing, rent and maintenance of property and equipment, printing costs, training expenses and advertising costs.

	2009	2008
24 Depreciation	2	2

For a specification of this item, see the notes on property and equipment.

25 Fees paid to external auditors (in thousands of euros)

The fees paid to external auditors are classified under *other administrative expenses*. In conformity with article 382a, Title 9, Book 2 of the Netherlands Civil Code, a breakdown of the fees paid to the external auditors for audit and non-audit services is given below.

	2009	2008
1. Audit of the financial statements	304	292
2. Other audit engagements	98	55
3. Tax consultancy services	7	5
4. Other non-audit services	339	12
	748	364

26 Reclassification of financial assets available for sale

On 15 October 2008 the EU adopted several amendments to IAS 39 and IFRS 7 (amendments to IAS 39: Financial Instruments: Recognition and Measurement and IFRS 7: Financial Instruments: Disclosure) which permit an entity to reclassify financial instruments in some circumstances, for example illiquid markets. BNG has used these amendments to reclassify part of the *financial assets available for sale* and transfer them to the *banks* and *loans and advances* balance sheet items. The intention is to retain these items for the foreseeable future. Once trade in the portfolio (or parts of it) resumes, the possibility of partial sale is not excluded. The reclassification does not affect the realized results.

The effective interest rate of the reclassified assets is a weighted average of 5.1% and is in the range from 2.8% to 6.3%. In view of the high credit status of the reclassified assets, the calculation is based on the original cash flows.

	With reclassification	Without reclassification	Effect of reclassification
Balance sheet value as of 31 December 2009			
Financial assets available for sale	5,531	10,107	(4,576)
Banks	7,683	7,189	494
Loans and advances	79,305	75,079	4,226
Equity	2,253	2,109	144
- of which revaluation reserve	49	(95)	144
Balance sheet value as of 31 December 2008			
Financial assets available for sale	5,185	9,974	(4,789)
Banks	8,956	8,464	492
Loans and advances	75,699	71,130	4,569
Equity	1,979	1,707	272
- of which revaluation reserve	(29)	(301)	272

	31-12-2009 with reclassification	31-12-2009 without reclassification	31-12-2008 with reclassification	31-12-2008 without reclassification
Reclassified assets				
Balance sheet value	4,720	4,576	5,061	4,789
Fair value	4,576	4,576	4,789	4,789
Unrealized market value movement in equity	(209)	(353)	(234)	(506)

	2009 with reclassification	2009 without reclassification	2008 with reclassification	2008 without reclassification
Unrealized market value movement transferred to equity	25	153	(201)	(473)

27 Risk section

Risk management

General
The organization of BNG's risk management is based on the bank's objective to offer its shareholders a reasonable return, subject to the key condition that its excellent creditworthiness remains intact.
Since 2007, the bank reports to the regulator in conformity with Basel II regulations. With regard to the credit risk the 'standardized approach' is applied. For operational risk the 'basic indicator approach' is applied. In addition, the bank is developing internal rating models to improve the quality of the credit process and to monitor credit quality.

The bank's approach in assessing its risks internally is in line with the Basel II regulations. Some developments in 2009 are explained below. Afterwards, each type of risk is discussed separately, indicating how the bank is exposed to the risk in question and the controls that have been put in place. The risks discussed are, successively, credit risks, market risks and operational risks. Specific risks, such as integrity risk, IT risk and outsourcing risk, fall within operational risk. Attention is also devoted to liquidity and funding risk and the capital management policy.

Developments in 2009

Financial markets
The year 2009 was dominated by the turmoil in the financial markets. In the first part of the year the capital markets were only accessible to a very limited extent and despite its high rating BNG had to pay unprecedented high spreads for long-term funding. On the other hand the bank could raise short-term funds at attractive rates. This clearly showed a flight to safety.

During the course of the year the capital markets opened but a tighter liquidity management was considered necessary for the remainder of the year. Lending to clients continued throughout the year. For longer maturities higher prices than before had to be charged. In the second half of the year the gradually improving spreads could be passed on to the clients.

Risk measurement
Changed market conditions made quantifying risks difficult in some cases. BNG traditionally has a portfolio of financial instruments with low credit and liquidity risk spreads. At the end of 2008 the spreads widened strongly and this situation continued in 2009. This led to stronger fluctuations in risk figures than usual for the bank and also the volatility in the bank's results increased. This also made risk measurements more difficult. It will be considered in 2010 whether and how the risk measurement can be adjusted further to the changed market conditions.

Credit risk assessment models
Several models for credit risk assessment were developed in 2009. The aim of these models is to make the credit assessment process more transparent and to catalyze further professionalization. The underlying reasons are that the lending by BNG is gradually becoming more complex and diverse by nature and that the use of internal models might lead to lower capital requirements in the future.

Outsourcing IT
A large part of the bank's IT has been outsourced. In 2009 the insourcer Ordina BPO was unable to make the activities profitable in the long-term and Ordina decided to sell this division to Centric, which continued the activities under the name of Centric Financial Solutions & Services. The service provided to BNG has been continued at the agreed level. BNG is currently debating with Centric about the development of a new platform for payment services and about the future of the IT services by Centric. The arrangements will be further defined during the course of 2010.

Risk management organization

The bank has three dedicated management meetings in which the members of the Executive Board and the responsible Managing Directors have a seat. Each meeting addresses a specific risk area. These three dedicated management meetings relate to Organizational Policy, Asset & Liability Policy and Commercial Policy, in which the policy choices with regard to operational risk, market and liquidity risk and credit risk respectively are dealt with. The capital management policy covers all types of risks and is the responsibility of Commercial Policy since they most frequently take decisions affecting the capital allocation.

Decisions on actually taking credit risks in the form of granting individual credit facilities or making other investments are taken by three independent committees within the frameworks of the Commercial Policy. This relates to the Credit Committee, the Financial Counterparties Committee and the Investment Committee. They are all chaired by various members of the Executive Board.

Beside from financing, BNG is also approached incidentally to participate in projects with venture capital. In this respect the bank applies a risk-averse strategy. Participation is only a mean to get or remain involved in projects as a lender. Decision-making is always routed through the Executive Board and, depending on the participation amount involved, the Audit Committee and Chairman of the Supervisory Board or the plenary Supervisory Board.

Risk management is concentrated within the Risk Control department. This department classifies, quantifies and monitors the risks and reports to the responsible committees. The risk concerned are Credit Risk, Market Risk, Liquidity Risk, Operational Risk and Other Risks. Alongside, the Credit Risk Assessment department, independently of the bank's commercial departments, takes care of assessing and advising on the risks with regard to credit and revision proposals by clients and financial counterparties. The special credit activities of the bank, relating to guidance, management and settlement of problem loans, are also covered by the responsibility of this department.

The Internal Audit Department (IAD) regularly carries out operational audits to assess the design, operation and effectiveness of the risk management systems, and to verify compliance with the relevant laws and regulations. The IAD has an independent position within the bank. The bank also has an independent Compliance Officer, who oversees compliance with relevant laws and regulations. The tasks and duties, position and powers of the compliance function are laid down in the BNG Compliance Charter.
The Executive Board periodically discusses the set-up and operation of the internal risk management and control systems with the Supervisory Board and the Audit Committee.

At the end of 2009 a start was made on the implementation of the Dutch Banking Code which is drawn up by the Dutch Association of Banks and originates from recommendations in response to the credit crisis of the Dutch Advisory Committee on the Future of Banks. These recommendations will for instance result in a further formalization of the product approval process.

Credit risk

Credit risk is the risk that a client or counterparty will default on its contractual obligations or suffer a decline in creditworthiness. Credit risk is inherent in the activities of a bank.

In order to control this credit risk BNG has set up an internal risk management organization. It has been brought into line with the increasing diversity and complexity of granting credit facilities and has the following structure:
- The lending frameworks are set by the Executive Board.
- The Credit Committee decides about granting credit facilities to clients.
- The Financial Counterparties Committee decides on limits for transactions with financial institutions.
- The Investment Committee decides on investment proposals in respect of interest-bearing securities.

The independent Risk Control (at portfolio level) and Credit Risk Assessment (for individual transactions) departments are responsible for assessing, quantifying and reporting on credit risk.

Granting credit facilities to market parties pursuant to the bank's Articles of Association

The group of clients to whom the bank can grant credit is limited by the bank's Articles of Association. These only allow lending to clients with sufficient involvement of public authorities. As a consequence, the overwhelming majority of the credit portfolio consists of loans and advances extended to public authorities and/or guaranteed by public authorities. Other long-term lending is nearly always covered by collateral while covenants are used to mitigate risk further.

Non-guaranteed lending is preceded by a creditworthiness analysis. This analysis results in the determination of the risk, and the award of an internal rating. Partly on the basis of this rating, the decision-making procedure and the maximum credit risk that the bank is willing to assume are determined.

Rating								
Externally	AAA/Aaa	AA+/Aa1	AA/Aa2	AA/Aa3	A+/A1	A/A2	A-/A3	BBB+/Baa1 or less
Internally	A	B+	B	B-	C+	C	C-	D of E

In addition, BNG reviews all non-guaranteed facilities at least once a year, and adjusts internal ratings where appropriate. BNG's internal ratings correspond with the external ratings of the large rating agencies up to the level of A-/A3 [see table above].

In 2009 two debtors defaulted. As a result EUR 3 million was charged to the incurred loss provision as a credit loss.

Financial counterparties
A limit is fixed for financial counterparties on the basis of a creditworthiness analysis. Because the bank only conducts its business with financial counterparties who have external ratings, these ratings are the most qualifying factor in the assessment.

The exposures to financial counterparties are checked daily against the limits. This applies to individual level as well as to the level of legal unit and economic unit . The Financial Counterparties Committee receives reports on this. To reduce credit risk exposure to financial counterparties, BNG uses netting agreements, whenever possible, with such parties (ISDA). In addition, BNG entered into bilateral collateral agreements with the major financial counterparties (Credit Support Annex). As in the preceding years no credit loss was suffered on Financial Counterparties in 2009.

Developments in credit risk management
In 2008 the decision was made to develop and implement internal credit risk models. In 2009 five models were developed for various sectors in which the bank is active. On the basis of several quantitative and qualitative variables an internal rating for a party is determined by means of an expert model. The models were delivered as prototypes and initially trial runs are held. In 2010 a start is made on the implementation, in stages, of these models into the organization. Apart from the integration of the developed models in the lending process their future maintenance and management (including a cycle with reviews and where necessary redevelopment) must also be organized. The bank has consciously chosen a gradual route considering its scale. The prototypes will be converted to the bank's general system infrastructure at a to be determined date in the near furure.

In 2009 the bank formulated internal policy papers for several market sectors describing the bank's approach to deal with its lending activities in those sectors. They serve as an addition to the general credit risk policy applicable to all sectors. The immediate cause is the strongly increased diversity in credit applications.

The following statement provides a quantitative insight into the credit risk at year-end 2009.

	31-12-2009		31-12-2008	
Financial assets	**Balance sheet value**		**Balance sheet value**	
Banks and loans and advances	86,988		84,655	
Financial assets at fair value through the income statement	2,983		3,001	
Financial assets available for sale	5,531		5,185	
Other financial assets [1]	8,002		7,695	
	103,504		100,536	
Of which derivatives and market value adjustments hedge accounting [1]	(8,830)		(8,486)	
	94,674		92,050	

	31-12-2009		31-12-2008	
Breakdown by market segments	**Balance sheet value**	**Risk weighted amount**	**Balance sheet value**	**Risk weighted amount**
Public sector	27,799	588	27,158	630
Housing	37,382	1,393	34,965	1,037
Energy, Water and Telecom	2,188	2,058	2,186	2,064
Healthcare	6,545	1,412	6,046	1,099
Transport, Logistics and the Environment	1,681	854	1,858	949
Education	963	778	889	736
Credit institutions	7,976	4,404	9,253	5,430
Other financial institutions	7,908	6,653	7,447	5,591
Miscellaneous	2,232	1,467	2,248	1,479
	94,674	19,607	92,050	19,015

The main risk concentrations occur in the market segments with lending subject to solvency requirements. Collateral and security are provided by counterparties for almost all loans and advances that are subject to solvency requirements.

The loans and advances subject to solvency requirements include facilities to a limited number of banks, including but not limited to lending in connection with collateral obligations.

The loans and advances subject to solvency requirements also include eleven (2008: ten) counterparties with loans and advances of more than 10% of the BIS' own funds.

[1] The balance sheet value of *Other financial assets* includes the market value adjustment by virtue of hedge accounting.

		31-12-2009		31-12-2008

Maximum credit risk
This statement provides insight into the maximum credit risk of all financial assets without taking the fair value of any collateral or security into account if the counterparty is unable to meet its obligations. These financial assets are stated at balance sheet values, with the exception of contingent liabilities and irrevocable facilities. These are stated at nominal value.

		31-12-2009		31-12-2008
Cash and cash equivalents		655		497
Derivatives		6,090		6,043
Banks and loans and advances	86,988		84,655	
Financial assets at fair value through the income statement	2,155		2,210	
Financial assets available for sale	5,531		5,185	
		94,674		92,050
Contingent liabilities		873		849
Irrevocable facilities		5,980		6,491
		108,272		105,930

The derivatives are almost exclusively related to interest rate swaps and cross currency interest rate swaps. These contracts are only entered into with highly creditworthy financial counterparties. In addition, the credit risk has been mitigated further by means of netting and collateral agreements.

The breakdown according to remaining contractual term to maturity of the financial assets expressed as balance sheet values excluding derivatives and market value adjustments hedge accounting is as follows:

	31-12-2009	31-12-2008
Up to three months	11,474	12,791
Longer than three months but not longer than one year	9,630	8,453
Longer than one year but not longer than five years	41,113	38,167
Longer than five years	32,457	32,639
	94,674	92,050

Credit equivalents of derivatives stated as assets in the balance sheet
The credit risk of derivatives is relatively small, even though the size of notional amounts was EUR 196 billion as of 31 December 2009 (2008: EUR: 193 billion). With the exception of foreign exchange derivatives these contractual notional amounts only serve as a unit of calculation, and often give no indication of the size of the cash flows or the derivative related risk. The credit equivalent of the derivatives portfolio is a better indicator in this context. The credit risk is expressed in terms of credit equivalents on the basis of regulations of the Dutch Central Bank. The credit equivalents consist of the market value including a premium for future risk.

	31-12-2009	31-12-2008

The contracts with a positive value - the contracts where the bank would suffer a loss in the event of counterparty default - are relevant in this case. In addition, the notional amounts are multiplied by certain maturity and volatility dependent percentages. The sum of these two values gives an indication of the credit risk (credit equivalent). The credit equivalent of the derivatives portfolio weighted for debtor risk amounted on 31 December 2009 to EUR 571 million (2008: EUR 683 million).

Credit equivalents	31-12-2009	31-12-2008
Interest rate contracts	1,006	1,047
Currency contracts	645	1,021
Total	1,651	2,068
Cash collateral received	272	28
Total after deduction of cash collateral	1,379	2,040

Incorporated in these figures is the effect of netting the positive and negative market value of the contracts per counterparty.
There was no capital requirement for the market risk with respect to open currency positions in 2009.

Maturity analysis of assets that have fallen due without impairment

	31-12-2009	31-12-2008
Less than 30 days	1	4
31 to 60 days	0	0
61 to 90 days	0	0
More than 91 days	0	0
Total	1	4

All assets that have fallen due relate almost fully to the *loans and advances* item. BNG has not invoked any guarantees and has not obtained any assets by taking possession of any collateral year end of 2009 and year end of 2008.

Financial instruments by category

31-12-2009

	Financial assets at fair value through the income statement	Derivatives	Derivatives involved in a hedge accounting relationship	Financial assets available for sale not involved in a hedge accounting relationship	Financial assets involved in a portfolio fair value hedge accounting relationship	Financial assets and financial liabilities involved in a micro fair value hedge accounting relationship	Financial assets and liabilities at amortized cost	**Total**
Assets								
Banks					1,511		6,172	7,683
Loans and advances					62,380	146	16,779	79,305
Financial assets at fair value through the income statement	2,155	828						2,983
Financial assets available for sale				1,558	3,973			5,531
Other financial assets			5,262		2,740			8,002
Total assets	**2,155**	**828**	**5,262**	**1,558**	**70,604**	**146**	**22,951**	**103,504**
Liabilities								
Banks						227	5,388	5,615
Funds entrusted						674	6,396	7,070
Subordinated loans						84	90	174
Debt securities						58,346	21,589	79,935
Financial liabilities at fair value through the income statement		351						351
Other financial liabilities			8,854					8,854
Total liabilities		**351**	**8,854**			**59,331**	**33,463**	**101,999**

Financial instruments by category

31-12-2008

	Financial assets at fair value through the income statement	Derivatives	Derivatives involved in a hedge accounting relationship	Financial assets available for sale not involved in a hedge accounting relationship	Financial assets involved in a portfolio fair value hedge accounting relationship	Financial assets and financial liabilities involved in a micro fair value hedge accounting relationship	Financial assets and liabilities at amortized cost	**Total**
Assets								
Banks					2,820		6,136	8,956
Loans and advances					60,777	163	14,759	75,699
Financial assets at fair value through the income statement	2,210	791						3,001
Financial assets available for sale				1,288	3,897			5,185
Other financial assets			4,526		3,169			7,695
Total assets	**2,210**	**791**	**4,526**	**1,288**	**70,663**	**163**	**20,895**	**100,536**
Liabilities								
Banks							3,285	3,285
Funds entrusted						643	5,796	6,439
Subordinated loans						81	89	170
Debt securities						51,556	27,601	79,157
Financial liabilities at fair value through the income statement		791						791
Other financial liabilities			9,359					9,359
Total liabilities		**791**	**9,359**			**52,280**	**36,771**	**99,201**

Financial assets and financial liabilities at fair value through the income statement
The market values of financial assets and financial liabilities at fair value through the income statement include a spread for credit risk. Value movements resulting from changes in credit risk are derived from changes in these spreads. The risk profile of individual clients and financial instruments is assessed periodically. The spread for credit risk is adjusted where necessary.

The change in the market values of *financial assets at fair value through the income statement* as a result of a change in credit risk spread amounts cumulatively to EUR 113 million negative (2008: EUR 144 million negative) and EUR 31 million positive for 2009 (2008: EUR 30 million negative).

The movement in the market values of *financial liabilities at fair value through the income statement* as a result of a change in credit risk spread amounts cumulatively to EUR 11 million negative (2008: EUR 3 million negative) and to EUR 8 million negative for 2009 (2008: EUR 5 million negative).

Interest-bearing securities portfolio (IBS)
BNG's IBS portfolio is held for its liquidity management and consists of high-quality bonds largely eligible as collateral at the central bank. This portfolio also serves to obtain a supplementary return on equity.

The table below includes the assets on the basis of outstanding principal amounts and they are classified into type and rating level. The assets originate from the balance sheet items: *Banks, loans and advances, financial assets available for sale* and *financial assets at fair value through the income statement*.

31-12-2009

	AAA	+AA-	+A-	+BBB-	None	Total
Domestic						
Government bonds	505					505
IBS with government guarantee	96				269	365
IBS with National Mortgage Guarantee	1,138	79	472			1,689
Building society		317	1,080			1,397
Medium Term Notes	5		173			178
ABS/MBS	1,541					1,541
Miscellaneous	20	355	125			500
	3,305	**751**	**1,850**	**0**	**269**	**6,175**
Foreign						
Government bonds	654	1,538				2,192
IBS with government guarantee	1,244	46	70		22	1,382
Covered Bonds	1,309	110				1,419
Medium Term Notes	56	80				136
ABS/MBS	1,585	439	59			2,083
Miscellaneous*	666	372	157	100		1,295
	5,514	**2,585**	**286**	**100**	**22**	**8,507**
Total	**8,819**	**3,336**	**2,136**	**100**	**291**	**14,682**

* This item (column AAA) includes a securitization of EUR 487 million in which are placed, amongst others, loans and advances sold by BNG for EUR 330 million.

31-12-2008

	AAA	+AA-	+A-	+BBB-	None	Total
Domestic						
Government bonds	505					505
IBS with government guarantee					283	283
IBS with National Mortgage Guarantee	1,120					1,120
Building society		2,104				2,104
Medium Term Notes	4		123			127
ABS/MBS	1,351					1,351
Miscellaneous		405	75			480
	2,980	**2,509**	**198**	**0**	**283**	**5,970**
Foreign						
Government bonds	673	1,536				2,209
IBS with government guarantee	1,113					1,113
Covered Bonds	1,420					1,420
Medium Term Notes	52	80				132
ABS/MBS	2,263	95				2,358
Miscellaneous*	280	359	117	97		853
	5,801	**2,070**	**117**	**97**	**0**	**8,085**
Total	**8,781**	**4,579**	**315**	**97**	**283**	**14,055**

Market risk

General

Market risk is the risk that the value of a portfolio of the bank falls, due to changes in market prices. Examples of market prices are interest rates, exchange rates, and bond and share prices. BNG pursues an active interest rate exposure policy, but a restrictive policy in comparison with other market risks. The bank has an internal market risk policy, describing the risk attitude for each type of market risk as well as the organization of the risk management and the method of risk limitation and reporting.

Interest rate risk

The aim of BNG's interest rate exposure policy is to generate an additional return on equity by taking advantage of movements in market prices. The precondition governing this policy is control of the risks attendant on these interest rate exposures, both in terms of economic value and in terms of volatility of the annual result and of the regulatory compliance.

Responsibility for the interest rate exposure policy resides with the Executive Board. The implementation of this policy has been delegated to the Asset & Liability Committee (ALCO) in which the members of the Executive Board are represented. Alongside the Executive Board, the Managing Directors responsible for Treasury, Public Finance and Economic Research, as well as the Head of Risk Control, are also represented in ALCO.

Based on market outlooks prepared by Treasury and Economic Research, ALCO periodically determines the bank's interest rate vision and sets the limits (within the fixed frameworks formulated for this purpose) that Treasury is required to observe. Risk Control is responsible for the independent monitoring of the market risk as well as for providing advice in relation to the organization of the market risk management. The department provides reports to ALCO and may identify risks and give advice on a solicited and unsolicited basis.

The day-to-day interest rate risk management is the responsibility of the Treasury Directorate. This directorate is responsible for hedging the market risks that occur as a consequence of the commercial activities and for managing the bank's interest exposure. Treasury is also responsible for the market data used for pricing. To ensure a clear division of duties, the revaluation of financial instruments is carried out within the Processing Directorate, while Risk Control is responsible in terms of subject matter.

BNG employs a range of risk measures and risk management systems for controlling interest rate risks. Best practice techniques are used. If necessary, the bank develops its own frameworks, models and systems. The most important risk measures applied at BNG are duration, interest rate sensitivity per time interval and Value at Risk. These interest rate risk measures complement each other and, in combination with several other indicators, constitute a basis for making risks transparent and controllable. To this end, reports are formulated for various target groups based on various levels of detail and using various time frequencies. In addition, techniques such as scenario analysis and stress testing are employed on a limited scale to obtain insight into market value movements resulting from severe interest rate shocks. These supplement the measures that are suitable for estimating risks under 'normal' market conditions. Scenario analysis and stress testing are used by BNG to obtain additional insight into the relationships between interest rate risk and market value. One frequently applied scenario for obtaining insight into the risks occurring under extreme circumstances is a direct parallel interest rate shock of plus or minus 200 basis points.

The scenario of plus or minus 200 basis points is also prescribed under Basel II regulations to express the maximum relationship between market risk and equity. This is known as the outlier criterion. If the outlier criterion is exceeded, the supervisor initiates an investigation and may take measures. The outlier criterion could be reached with a duration of about 10 and an interest rate scenario of plus or minus 200 basis points. In addition, the bank has an internal limits serving as an early warning. The bank's market risk policy stipulates that the duration may never exceed 10. The adjacent table gives the impact of an instantaneous change in the interest rate at year-end 2009. It shows the market value movement caused by this change. It is split into the manner in which it ultimately ends up in the income statement of the bank. Finally, the right-hand column represents the estimated impact of the market value movement on the interest result of the bank in the years after 2010.

The impact of an instantaneous interest rate shock on the market value.

	Total market value movement 31-12-2009	Total market value movement 31-12-2008	Impact on the income statement 31-12-2009	Impact on the income statement 31-12-2008	Impact on equity 31-12-2009	Impact on equity 31-12-2008	Long-term impact on the income statement 31-12-2009	Long-term impact on the income statement 31-12-2008
Interest rate shock								
+200 bp	(354)	(207)	(18)	+21	(25)	(32)	(311)	(196)
-200 bp	+349	+179	+2	(40)	+26	+35	+321	+184
Accounting classification			Fair value through the income statement		Fair value through equity		Amortized cost	

A small part of the market value movements is directly expressed in the income statement and/or equity. In the example with the scenario of a rise in interest rates of 200 basis points, EUR 18 million negative immediately ends up in the annual result and EUR 336 million negative in future years. Of the EUR 336 million negative during the future years, EUR 25 million negative ends up directly in equity. Its estimated that the underlying interest result will be influenced negatively by 2% next year.

The table shows that a relatively big shock in the market value as a result of changes in interest rates only has a relatively small impact on the bank's annual result. This is caused by that the bank's results are mainly recognized in the income statement on the basis of amortized cost .The profits and losses as a result of changes in the interest rates are amortized over a much longer period in the result. This is the result of the hedging strategy of the bank which is applied intentionally in order to achieve a stable as possible annual result. Complex structured products are less suitable for hedge accounting resulting in that some of the assets are recognized at fair value through the income statement

Credit spreads, liquidity spreads and interest rate risk management

BNG's interest exposure is determined on the basis of the entire portfolio of assets and liabilities. As BNG's portfolio has a relatively low credit risk, the market prices of assets and liabilities have traditionally been close to the swap rates, which are used as reference rates for interest rate risk management. The bank's interest rate risk position could be managed by valuations based on these swap rates, as the value of the portfolio was largely dependent on the development of swap rates. Fluctuations in credit spreads were limited to such an extent that they had little effect on the interest rate risk position.

Since the second half of 2008 this situation has changed. Even government loans and bonds with the highest possible rating (whose cash flows are in no way in doubt) are traded with significantly higher (liquidity) spreads in comparison with the swap rate. These higher spreads - which also fluctuate higher than previously - complicate the management of the interest rate risk position in daily practice. That is why the bank produces on a daily basis additional figures to give insight into the portfolio (and parts of it) on the basis of the swap curve without risk spreads. This enables the interest rate risk position to be considered from various angles. Risk position limitation continuously takes place on the basis of market prices including these risk spreads.

Foreign exchange risk

Because the bank attracts the majority of its funding in foreign currency, the currency exposures are potentially large. The bank's policy is to hedge the foreign exchange risk in full. Small currency exposures may occur occasionally, particularly where hedging would not be cost-efficient. These exposures are limited. A part of the market risk management framework is devoted to foreign exchange risk.

Equity risk

In certain instances, the bank engages in transactions whose value depends partly on underlying equity prices. In these cases, the risks arising from movements in the market prices of these share prices are fully hedged by means of derivatives.

Liquidity and funding risk

General

Liquidity risk is defined as the possibility that the bank will be unable at any given moment to meet its payment obligations without incurring unacceptable losses. This type of risk is perceived to be the biggest threat to banks and can occur very unexpectedly. In order to monitor its liquidity position the bank has a liquidity maturity calendar which is updated daily and it frequently formulates long-term liquidity forecasts. The liquidity position is also subject to a limits system. BNG boasts a strong liquidity position, partly because its balance sheet consists predominantly of assets which can also serve as collateral for the central bank. The bank has an extensive borrowing capacity on the basis of the collateral actually provided. In addition, a part of the assets is held explicitly for liquidity purposes.
Due to its excellent creditworthiness and good reputation, the bank continues to enjoy sufficient access to the financial markets, even in difficult market conditions. Its sources of funding are sufficiently diversified. BNG's liquidity position easily meets the requirements of the central bank. Alongside the objective of ensuring that the bank is able to meet its payment obligations in the short term, the liquidity policy also aims to retain the bank's excellent creditworthiness, thus maintaining its strong future funding position. To this end, amongst other, the longer-term liquidity requirements are monitored. The daily operational management of the liquidity position is carried out by the Treasury Directorate. ALCO receives independent reports on the accompanying limits from Risk Control.

Developments

The capital markets were hardly functioning at the start of 2009. The opening of the markets in springtime enabled BNG to borrow funds on the capital markets at acceptable spreads. However, these spreads were considerably higher than before the credit crisis. A considerable liquidity spread has still to be paid as part of the market price throughout the market. The bank was forced to adjust the prices of its lending accordingly. Directly after the credit and liquidity risk spreads in the capital market dropped, the prices for lending were also reduced accordingly. Because the capital markets were not functioning for the full year as was considered normal before the credit crisis, a liquidity contingency situation had been applicable throughout the year 2009. This meant for instance extra meetings of the ALCO, increased information provided and additional procedures for lending and pricing.

The long-term liquidity position is determined on the basis of future cash flows. This relates exclusively to cash flows originating from financial instruments which are currently placed on the balance sheet and therefore do not include any assumptions with regard to their future lending and funding. The funding deficits are within the limits of the bank.

Analysis of financial assets and liabilities according to remaining contractual terms to maturity

The amounts shown represent all non-discounted future cash flows of the financial assets and liabilities. For analysis into periods to maturity of the guarantees granted and irrevocable commitments please see notes 31 and 32

31-12-2009

	Up to three months	Longer than three months but not longer than one year	Longer than one year but not longer than five years	Longer than five years	**Total**
Cash and cash equivalents	655	-	-	-	655
Banks	3,887	206	3,613	489	8,195
Financial assets at fair value through the income statement	28	103	916	3,025	4,072
Loans and advances	7,457	9,268	38,562	51,103	106,390
Financial assets available for sale	98	382	3,473	3,056	7,009
Other assets	41	-	-	-	41
Total assets	12,166	9,959	46,564	57,673	126,362
Banks	(2,168)	(1,879)	(1,880)	(467)	(6,394)
Funds entrusted	(4,064)	(532)	(889)	(2,026)	(7,511)
Debt securities	(8,470)	(13,576)	(42,849)	(26,148)	(91,043)
Subordinated loans	(1)	(7)	(29)	(259)	(296)
Other liabilities	(128)	-	-	-	(128)
Total liabilities	(14,831)	(15,994)	(45,647)	(28,900)	(105,372)
Gross balanced derivatives					
Assets					
Assets amounts receivable	5,044	7,692	20,189	22,913	55,838
Assets amounts payable	(4,421)	(6,204)	(17,240)	(20,103)	(47,968)
	623	1,488	2,949	2,810	7,870
Liabilities					
Liabilities amounts receivable	4,123	4,147	18,949	25,069	52,288
Liabilities amounts payable	(4,827)	(6,120)	(24,101)	(27,517)	(62,565)
	(704)	(1,973)	(5,152)	(2,448)	(10,277)
Total derivatives	(81)	(485)	(2,203)	362	(2,407)
Total general	**(2,746)**	**(6,520)**	**(1,286)**	**29,135**	**18,583**

Analysis of financial liabilities according to remaining contractual terms to maturity

The amounts shown represent all non-discounted future cash flows of the financial liabilities.

31-12-2008

	Up to three months	Longer than three months but not longer than one year	Longer than one year but not longer than five years	Longer than five years	**Total**
Banks	896	696	1,598	97	3,287
Funds entrusted	3,526	959	1,007	1,719	7,211
Subordinated loans	1	7	30	266	304
Debt securities	9,088	15,337	40,453	25,341	90,219
Financial liabilities at fair value through the income statement (payable)	4,165	2,234	534	1,426	8,359
Financial liabilities at fair value through the income statement (receivable)	(3,885)	(2,046)	(358)	(1,346)	(7,635)
Other financial liabilities (payable)	1,235	8,971	27,026	28,000	65,232
Other financial liabilities (receivable)	(1,106)	(7,477)	(21,549)	(22,798)	(52,930)
Other liabilities	15	10	-	-	25
	13,935	18,691	48,741	32,705	114,072

Operational Risk

General

Operational risk is defined under Basel II as the risk of losses resulting from inadequate or failing internal processes and systems, staff errors or external events. To make the management of operational risks more transparent, BNG manages integrity risk, IT risk and outsourcing risk separately, alongside the other operational risks. The line management is primarily responsible for managing the operational risks of the bank's processes and systems. It receives support from specialized departments. The management of operational risks is based on 'sound practices' included in the Basel II regulations.
BNG aspires to minimize both the size and number of operational risks. While operational risks need not be fully mitigated they must be acceptable and controllable.
Each business process, both primary and secondary, is periodically tested by means of self-assessment for (implied) operational risks. To this end, internal and external environment analyses are performed to add focus to these self assessments. Where necessary, proposals are made for controls or additional controls and their timely implementation is monitored. Residual risks are presented to the responsible Managing Director, who advises the Executive Board on acceptance of these residual risks. Independently of the risk self assessments, the IAD carries out audits of the design, existence and effectiveness of controls.

BNG records operational incidents above a certain size. To this end, staff engaged in the operational process report incidents to Risk Control. In addition to recording, Risk Control examines in consultation with the departments whether the processes, systems or working methods have to be adjusted in order to prevent incidents in the future. Every four months a report is issued to management, the Heads of departments and the Executive Board/ Organizational policy meeting. Annually, the Executive Board and the Audit Committee of the Supervisory Board receive a report on the incidents with a possible impact of more than EUR 100,000. The Incidents report for 2009 contained 8 entries. One of those has led to a financial loss of EUR 140,000. The other incidents concerned potential loss.

In 2009, the operational risks did not lead to a significant loss. In response to the increase of more complex transactions, the bank has started a process to optimize the control process for these transactions and opportunities for an improved automated support are being investigated. The objective is to limit the risk of operational errors during processing and control.

Integrity risk

The integrity risk is described as the impairment of BNG's reputation as well as the existing or future threat to the institution's equity and results due to inadequate compliance with internal and external laws and regulations. In this connection, (evolving) social norms in terms of integrity are taken into account as far as possible.

The integrity policy is laid down in an internal company code. The bank sees integrity as an integral part of its operations. The BNG Company Code is therefore the overriding guideline for the actions of BNG and its staff. At BNG, integrity and reliability take precedence over pure financial gain.

IT-risk

The IT risk is defined as the existing or future threat to equity and results arising from inadequate IT strategy and policy, shortcomings in the applied technologies or incorrect use of the information processing systems. Within this context, it is immaterial whether a system is managed by BNG or by a 'service provider'. The basic objectives that information security policy is designed to achieve are an uninterrupted and verifiable functioning of the information systems and a reduction of the complexity of the IT environment.

Prevention is the first priority to control IT risks. The preventative measures are aimed at the avoidance or fastest possible detection of (potential) incidents and the limitation or fastest possible restoration of any resulting damage. An operational back-up test is carried out annually to establish whether the services can be continued on emergency systems in the event of a calamity. This test was performed in 2009 and led to the conclusion that the services can indeed be continued on the emergency systems should the need arise. In May 2009, BNG, together with institutions from the financial core infrastructure, participated in the "crisis management due to cybercrime" exercise. In the course of this training day, BNG's crisis management was observed by an independent evaluator on, inter alia, aspects relating to the testing of existing procedures, information exchange (intra-and interbank), communication, decision making and (joint) press briefings. From the final valuation it can be concluded that BNG's crisis management is functioning adequately.

Due to the diversity and complexity of the financial instruments in the bank's portfolio, the limits of the functionality of the financial systems and the (present) organization are becoming visible. Whereas virtually fully standardized and automated processing is appropriate for more uniform guaranteed lending, a more customized system is necessary for more complex and often unguaranteed credits. A working group has been set up by the Executive Board which has advised on this in 2009. This resulted in a follow up investigation to consider whether the current automated support of the lending operations is future-proof. In response to this, additional automated support is being investigated.

Outsourcing risk

In 2007, the bank's payment services (including related IT), data centre and workplace management were outsourced to Ordina BPO. In 2009, it became clear that insourcer Ordina BPO was unable to make the activities profitable in the long term and Ordina decided to sell these activities to Centric, which has continued the activities under the name of Centric Financial Solutions & Services. A so-called 'demand organization' serves within the bank as a link between Centric FSS and the bank. The agreements regarding the required level of service are laid down in 'Service Level Agreements' with monthly reporting on performance levels. The activities carried out at Centric FSS continue to fall under the risk analysis performed by the bank. Alongside periodic audits by BNG's IAD, the bank demands a statement from the external auditor of Centric FSS on the quality of the service provided. The bank is satisfied with the operational service provided by Centric FSS in the field of payment services. BNG entered into a discussion with Centric about developing a platform for payment services and about future IT-services from Centric. The agreements shall be made specific during the course of 2010. The bank has internally designed a number of future scenarios to ensure the continuity of the concerning processes in all circumstances.

Capital management policy

Under Basel II, a bank must have a formalized capital management policy, indicating how the bank deals with the relationship between quantifying expected and unexpected risks and determining the required economic capital to absorb those risks. In this connection, the bank defines its capital as total equity excluding the revaluation reserve. The objective of the capital management policy is to guarantee that the bank can continue to meet its financial obligations without interruption, even under the most adverse circumstances. This is achieved by identifying and quantifying risks, by calculating the capital requirements and by assessing the capital adequacy. The capital management policy has been formalized by means of a capital management plan. There is consultation with the supervisory authority (the supervisory review process) on the capital management policy. The development of the capital management policy is an ongoing process that will involve periodic adjustments to the capital management plan. Capital limits, so-called trigger ratios, have been set for market risks, credit risks and operational risks. These are limit values which, if exceeded, will trigger measures such as risk mitigation, the raising of extra capital or the adjustment of the capital objective. The capital limit per risk is monitored and reported by the Risk Control Department. The trigger ratios for economic capital were not exceeded in 2009.

Capital Adequacy

The standards set by the Dutch Central Bank for the principal capital ratios are based on the Capital Adequacy Directives of the European Union and the Basel Committee for Banking Supervision. These ratios compare the bank's total capital and core capital with the total of risk-weighted assets and off-balance sheet items as well as the market risk of the trading portfolios. The minimum required percentages for the bank's total capital and core capital amount to 8 per cent and 4 percent of the risk-weighted assets respectively. The policy of the bank is maintaining low funding costs in order to achieve its mission. Maintaining the highest ratings is a prerequisite for this. From this point of view, the bank has set a minimum limit of 18% for the BIS-ratio core capital (tier 1) within its capitalization and dividend policy. At the end of 2009 it was EUR 1,984 million.

The table below gives an overview of the available capital and the minimum required capital according to the standards of the supervisory authority. In BNG's case, this means that the minimum required capital is almost entirely related to the equity that must be maintained for non-guaranteed loans and advances. Loans to, or guaranteed by, public authorities, are not subject to capital adequacy requirements.

	31-12-2009		31-12-2008	
	Minimum requirement	Present	Minimum requirement	Present
Total capital	882	2,239	831	2,083
BIS-ratio total capital	8%	20%	8%	20%
Core capital	441	2,064	416	1,915
BIS-ratio core capital (tier 1)	4%	19%	4%	18%

Capital requirements and risk-weighted assets as from 31 December 2009

	31-12-2009		31-12-2008	
	Basel II Risk-weighted amount	Capital requirements	Basel II Risk-weighted amount	Capital requirements
Credit risk (standardized approach)				
Categories of risk positions				
Regional authorities	20	2	42	3
Public law authorities	289	23	114	9
Institutions	1,035	83	1,263	101
Companies	6,779	542	6,407	513
Associations, foundations etc.	721	58	700	56
Covered bonds	148	12	143	11
Securitization (standardized approach)	1,215	97	981	79
Participation in investment funds	70	5	61	5
Other	196	16	165	13
	10,473	838	9,876	790
Market risk				
Standardized approach	14	1	9	1
Operational risk				
Basic indicator approach	537	43	503	40
Total	**11,024**	**882**	**10,388**	**831**

28 Fair value of financial instruments

The fair value is the amount for which an asset can be traded or an obligation can be settled between well-informed independent parties who are willing to enter into a transaction. The value of financial instruments measured at fair value in the balance sheet, is determined on the basis of quoted market prices, insofar as these financial instruments are traded in an active market. Financial instruments that are not traded in an active market, or for which no market is maintained, are measured on the basis of quoted prices of comparable instruments. If no quoted prices of comparable instruments are available, the fair value is determined on the basis of valuation models and techniques customarily in use in the financial sector, typically models based on net present value calculations and option pricing models. Input for these models is based on objectively verifiable market prices.

Spread curves are used to determine the fair value of financial instruments involving credit risk where a theoretical valuation is required. These spread curves are constructed on the basis of the swap curve and spread for credit risk that depends on the creditworthiness of the debtor. The spread also takes into account received collateral, guarantees and maturities. In virtually all cases, the bank is reliant on theoretical valuations in respect of its debtors.

The bank has grouped its debtors on the basis of comparability of credit risk and has allocated a risk-related spread to each group. In addition, the spread depends on the term to maturity of a financial instrument. Insofar the financial instruments have the character of a forward contract, the official forward prices are used, including forward yield curves and forward exchange rates. In the case of complex hybrid instruments, the constituent parts of the instrument are measured separately on the basis of the aforementioned techniques and models. The fair value of the entire instrument is determined as the sum of the fair value of its constituent parts.

Overview of fair values of financial instruments on		31-12-2009		31-12-2008
	Balance sheet value	Fair value	Balance sheet value	Fair value
Cash and cash equivalents	655	655	497	497
Banks and loans and advances	86,988	91,044	84,655	88,486
Financial assets at fair value through the income statement	2,983	2,983	3,001	3,001
Financial assets available for sale	5,531	5,531	5,185	5,185
Other financial assets*	8,002	5,262	7,695	4,526
Total financial assets	104,159	105,475	101,033	101,695
Banks and funds entrusted	12,685	12,802	9,724	9,922
Subordinated loans	174	203	170	200
Debt securities	79,935	80,587	79,157	79,749
Financial liabilities at fair value through the income statement	351	351	791	791
Other financial liabilities	8,854	8,854	9,359	9,359
Total financial liabilities	101,999	102,797	99,201	100,021

* The Other financial assets item includes a market value adjustment of EUR 2,740 million positive (2008: EUR 3,169 million positive) as a result of portfolio fair value hedging, which is almost entirely related to *banks* and *loans and advances*. The amount concerns the accounting recognition of the effective parts of the hedged market value movements. See note 29 for a description of the way in which market risks are hedged using derivatives.

The following table provides an overview of the valuation of transactions which are shown at fair value in the balance sheet.

31-12-2009

	Valuation on the basis of quoted market prices	Valuation technique based on market observable data	Valuation technique based on non-market observable data	**Total**
Financial assets at fair value through the income statement	128	2,699	156	2,983
Financial assets available for sale	2,082	3,302	147	5,531
Other financial assets	-	5,262	-	5,262
	2,210	11,263	303	13,776
Financial liabilities at fair value through the income statement	-	351	-	351
Other financial liabilities	-	8,854	-	8,854
	-	9,205	-	9,205

31-12-2008

	Valuation on the basis of quoted market prices	Valuation technique based on market observable data	Valuation technique based on non-market observable data	**Total**
Financial assets at fair value through the income statement	84	1,860	1,057	3,001
Financial assets available for sale	2,092	2,970	123	5,185
Other financial assets	-	4,526	-	4,526
	2,176	9,356	1,180	12,712
Financial liabilities at fair value through the income statement	-	791	-	791
Other financial liabilities	-	9,359	-	9,359
	-	10,150	-	10,150

The reduced turbulence in the financial markets in the second half of 2009 implied that at the end of 2009, the bank was able to value virtually all transactions with observable market data. This improvement vis-à-vis 2008 is mainly due to the market observable inputs for similar paper sufficiently reflecting the current fair value.

The fair value treated as obtained by non-observable market data is determined, among other things, on the basis of observable market data that have been adjusted to take account of management assumptions concerning liquidity.

Statement 2009 of valuation technique based on non-market observable data

	Financial assets at fair value through the income statement	Financial assets available for sale
Opening balance sheet	1,057	123
Results:		
- Through the income statement	23	2
- Unrealized value movement	-	20
Investments	-	11
Cash flows	(45)	(9)
To 'valuation technique based on market observables'	(964)	-
From 'valuation technique based on market observables'	85	-
Closing balance sheet	156	147

29 Hedging risks with derivatives

BNG applies economic hedging in order to eliminate nearly all foreign exchange risks and keep interest rate risks at the desired level. To this end, the bank has put in place a system of limits and procedures that are strictly adhered to and monitored on a daily basis. Foreign exchange and interest rate risks are principally hedged with the aid of derivatives. The treatment of derivatives and hedged items in the balance sheet and income statement is such that they are aligned with the actual economic hedging. BNG processes this hedging relationship under IFRS in two ways: micro and portfolio fair value hedging. In the paragraph on the accounting principles the conditions are described that need to be met before these forms of hedge accounting can be applied.

Micro fair value hedging (MH) is applied to individual transactions involved in an economic hedge relationship to offset interest rate risks. This form of hedging is applied to nearly all debt issues denominated in foreign currencies, including issues under the standardized Debt Issuance Program. The foreign exchange and interest rate risks are hedged by means of derivatives, principally cross currency interest rate swaps. The issues are fully offset in the derivative so that, on a net basis, issues in foreign currency are converted into euros. Both the issue and the accompanying derivatives can contain structures, such as options, which are also fully offset. Within BNG, the effectiveness of this type of hedging relationship was almost perfect in recent years. The marginal ineffectiveness is recognized in the income statement. The revaluation of hedged MH-transactions is accounted for in the same balance sheet item as the hedged transactions.

With Portfolio fair value hedging (PH), the interest rate risk of a group of transactions is hedged by means of a group of derivatives. The hedging relationship is constructed and controlled at an aggregate level, thus precluding relationships with individual transactions. At BNG, the effectiveness of portfolio hedging relationships, like that of micro hedging relationships, was almost perfect in recent years. To prevent higher complexity as well as additional hedging costs, choices were made in accordance with the bank's policy not to involve cash flows with a maturity of less than one year in portfolio hedging. The results that arise from this policy are recognized in the income statement. Any ineffectiveness that occurs is also recognized in the income statement. The revaluation of PH-items are accounted for in the balance sheet item *other financial assets*. With both types of hedging, the derivatives in question are measured at fair value and included in the *other financial assets* and *other financial liabilities* items.

Though BNG uses derivatives for economic hedging purposes, it is not possible in all cases to include these in a hedge accounting relationship, as permitted by the IFRS. The fair values of the derivatives that are not involved in a hedge accounting relationship are stated in the balance sheet item *financial assets at fair value through the income statement* if the value is positive, or the balance sheet item *financial liabilities at fair value through the income statement* if the value is negative. For the few derivatives where this is the case, the hedged item is also designated as a *financial* *asset at fair value through the income statement* so that, on a net basis, the volatility of the result arising from derivatives is limited.

The derivatives are included in various balance sheet items, depending on their treatment under IFRS. Derivatives are always recognized in the balance sheet at fair value. Derivatives contracts with a positive fair value are stated as assets on the balance sheet while derivatives with a negative value are stated as liabilities.

	31-12-2009	31-12-2008
Derivatives in a hedge accounting relationship (fair value hedge)		
Other financial assets	5,262	4,526
Other financial liabilities	(8,854)	(9,359)
Derivatives not in a hedge accounting relationship		
Financial assets at fair value through the income statement	828	791
Financial liabilities at fair value through the income statement	(351)	(791)

The notional amounts of the derivatives listed below are categorized by balance sheet item and type of derivative

	31-12-2009		31-12-2008	
	Notional amount	Fair value	Notional amount	Fair value
Other financial assets				
Swaps	74,090	5,262	65,114	4,526
Forwards	-	-	-	-
Options	-	-	-	-
	74,090	5,262	65,114	4,526
Other financial liabilities				
Swaps	97,792	(8,854)	103,177	(9,359)
Forwards	-	-	-	-
Options	-	-	-	-
	97,792	(8,854)	103,177	(9,359)
Financial assets at fair value through the income statement				
Swaps	8,530	611	7,618	576
Forwards	6,962	172	4,748	153
Options	1,162	45	1,388	62
	16,654	828	13,754	791
Financial liabilities at fair value through the income statement				
Swaps	3,402	(272)	4,891	(314)
Forwards	2,710	(32)	5,619	(412)
Options	1,037	(47)	1,057	(65)
	7,149	(351)	11,567	(791)

With respect to credit risk on derivatives, BNG receives security from counterparties. As of 31 December 2009 this security amounted to EUR 372 million (2008: Euro 28 million).

30 Related parties

Transactions with related parties
The State of the Netherlands owns 50% of the outstanding shares of BNG. Transactions with the State include bonds traded on public markets. BNG also extends loans and advances guaranteed by the State. In view of the nature of these transactions, they are not treated as transactions with related parties. In 2007, BNG acquired a 25% interest in Transdev-BNG-Connexxion Holding BV. This company has acquired two-thirds of the shares in Connexxion Holding NV from the State.

Mr. C. van Eykelenburg was granted a loan in 2008. The amount outstanding at year-end was EUR 713,414. The average interest rate on the loan is 4.3%. The loan has been granted on BNG's standard staff terms.

BNG's principal decision-making bodies
The most important decisions and acts of management are taken/performed by the Executive Board. The policy pursued is assessed and supervised by the Supervisory Board.

Remuneration of the Executive Board
The remuneration of the Executive Board is based on the principles formulated in the remuneration policy, which is included in the Report of the Supervisory Board to the Shareholders. The remuneration of the Executive Board comprises a fixed and variable component. Since 2002, the fixed remuneration component has only been adjusted by the percentages resulting from the collective labor agreement for the general banking industry. Management and staff do not own BNG shares or options and receive no additional remuneration via subsidiaries of the bank.

The variable remuneration as of 2004 has been set at a maximum of 35% of the fixed remuneration. The award of the variable remuneration depends on the degree to which the objectives set by the Supervisory Board have been achieved. Detailed information on this is included in the Report of the Supervisory Board to the Shareholders.

The realization of the variable remuneration targets for 2009 led to the award of 86% of the maximum variable remuneration (2008: 95%). The members of the Executive Board received an allowance for business expenses of EUR 3,900 (2008: EUR 3,900) in 2009. This allowance will not be adjusted in 2010.

Remuneration of the Supervisory Board
The remuneration of the Supervisory Board was amended by the General Meeting of Shareholders in 2007. The remuneration policy targets market-compatible compensation that does not depend on the company's result. The actual level of remuneration is determined on the basis of the nature of the company, the envisaged quality of the Supervisory Board members, the required availability for the task as well as the time commitment. It also reflects aspects of responsibility and liability. Supervisory Board members do not own BNG shares or options and receive no additional remuneration via subsidiaries of the bank.

Members of the Supervisory Board who were appointed or resigned during the financial year received pro rata remuneration. Members forming part of the Audit Committee, the Selection and Appointment Committee, the Remuneration Committee or the Market Strategy Committee received an additional allowance for these duties. Furthermore, the Chairman of the Supervisory Board received an allowance alongside the basic remuneration. These allowances are explained in the statement of the Remuneration of Supervisory Board members. The members of the Supervisory Board received an expense allowance of EUR 1,500. In addition, members forming part of one or several committees received an expense allowance per committee of EUR 500 (Audit Committee, Market Strategy Committee) and EUR 250 (Remuneration Committee, Selection and Appointment Committee) respectively. Former Supervisory Board members received no remuneration.

Remuneration of the Board of Supervisors (in thousands of euros)*

	2009	2008
H.O.C.R. Ruding, chairman	31	31
Mrs Y.C.M.T. van Rooy, vice-chairman and secretary	23	23
R.J.N. Abrahamsen	23	23
H.H. Apotheker	23	23
Mrs H.G.O.M. Berkers *(appointed as of 27 April 2009)*	22	-
Mrs S.M. Dekker	23	23
W.M. van den Goorbergh	27	23
R.J.J.M. Pans	23	23
A.G.J.M. Rombouts	23	23
W.K. Wiechers *(resigned as of 27 April 2009)*	12	35
	230	**227**

* Including additional allowances and excluding expenses.

Off-balance sheet commitments*	31-12-2009	31-12-2008
31 Contingent liabilities	873	849
This includes all commitments arising from transactions for which the bank has issued guarantees on behalf of a third party. For a limited part these guarantees are covered by a counter-guarantee from public authorities. This mainly concerns letters of credit with a remaining contractual term of more than five years, which the bank has issued on behalf of clients in the utility sector. BNG states contingent liabilities at the maximum accounting loss that would need to be compensated in the event of the counterparty defaulting.		
32 Irrevocable facilities	5,980	6,491
This includes all irrevocable commitments that may lead to the granting of loans and advances.		
Master agreements concerning the unused part of credit facilities	3,353	3,489
Contracted loans and advances to be extended in the future	2,627	3,002
	5,980	6,491
These contracted loans and advances are granted in accordance with the contracts, as follows:		
Up to three months	1,095	922
Longer than three months but not longer than one year	838	1,014
Longer than one year but not longer than five years	694	1,066
Longer than five years	-	-
	2,627	3,002
Nearly all these loans and advances have a contractual term to maturity longer than 5 years. The average interest percentage is 4.4%. These commitments are included in the interest rate risk management of the entire portfolio.		
33 Encumbered assets	11,643	9,590
In view of the security provided for money market transactions and lending transactions, parts of the assets are not freely disposable.		
BNG has extended debenture loans and subordinated loans to the Dutch Central Bank as collateral for funds withdrawn.	11,628	9,575
Security extended to other financial institutions.	15	15
	11,643	9,590

* In 2009, BNG was confronted with some claims that have no bearing on continuity. The legal proceedings are still ongoing. Although every legal proceeding has uncertainties, BNG, for now, assumes a satisfactory outcome for the bank.

34 Responsibility statement

Members of the Executive and Supervisory Boards of the company and employees acting on behalf of the company as member of the Executive Board or Supervisory Board of one or more participating interests of the company are indemnified by the company against any personal liability, except in cases of deliberate intent or gross negligence.

35 Events subsequent to the balance sheet date

There were no events subsequent to the balance sheet date that require disclosure or adjustments to the figures in the financial statements.

36 Long-term capitalization and dividend policy

A review was carried out in 2006 to assess the desired and necessary capitalization of BNG, partly in view of the bank's liability to pay corporation tax since 2005. This resulted in a long-term policy which, alongside the dividend, permits additional payments chargeable to the freely distributable reserves. This policy is conditional on the continuing trust of rating agencies and investors in the bank's excellent creditworthiness. The bank's funding position depends on this trust and may not be in any way jeopardized. The policy assumes a standard pay-out ratio of 50% of the net profit.

In future, the bank may make additional payments chargeable to the freely distributable reserves of no less than EUR 200 million and no more than EUR 500 million (in amounts of EUR 100 million). These payments will be made if and insofar as the BIS-ratio tier 1 and the capital ratio remain higher than 18% and 2.0% respectively after the proposed additional payment. Payments as described above will only be made once a year.

All decisions on future additional payments will be discussed with the rating agencies in order to gain assurances that the proposed payment will have no adverse effects on the ratings of the bank and, hence, its funding position. In addition, the Dutch Central Bank, acting in its capacity as supervisor, must issue a 'declaration of no objection' for every additional payment. In connection with this policy, an additional payment of EUR 500 million was made to the shareholders both at the end of 2006 and at the end of 2007. Under the capitalization and dividend policy presented, no additional payment is expected to be made in 2010.

Additional information accompanying the consolidated financial statements

37 Associates and joint ventures

	31-12-2009	31-12-2008
Associates		
Transdev-BNG-Connexxion Holding BV, The Hague	25%	25%
Participation in and funding of businesses in the broadest sense. This company holds two-thirds of the shares in Connexxion Holding NV		
Dataland BV, Rotterdam		
A municipal, not-for-profit initiative that aims to make information on registered properties – as held by municipalities and/or other public entities – available to a wide audience	30%	30%
Data B Mailservice Holding BV, Leek		
Provision of services to, amongst others, public-sector organizations, ranging from printing and mail services to payment-related, direct marketing and messaging services	38%	38%
NV Trustinstelling Hoevelaken, The Hague	40%	40%
Acceptance and administration of pledge-related rights and other collaterals		
Tenman BV, Amsterdam	-	33%
Integral approach to PPP process with risk-bearing participations		
Joint ventures		
BNG -VNG Beheer BV i.l., The Hague		
The provision of ITC-related products and services to public sector organizations among others	50%	50%
Stichting GemLease i.l., The Hague		
Acquiring and administration of lease contracts entered into by local government (primarily in relation to computer equipment)	50%	50%
Joint ventures entered into by BNG Gebiedsontwikkeling BV		
Joint development and allocation of land with municipal authorities, for own risk and account		
Ontwikkelingsmaatschappij Jachthaven Drimmelen CV, Drimmelen	56%	56%
Ontwikkelingsmaatschappij Jachthaven Drimmelen Beheer BV, Drimmelen	50%	50%
Development and allocation of land for residential construction		
Ontwikkelingsbedrijf Bedrijvenpark Pannenweg CV, Nederweert	50%	50%
Ontwikkelingsbedrijf Bedrijvenpark Pannenweg Beheer BV, Nederweert	50%	50%
Development and allocation of land for industrial estates		
CV Ontwikkelingsmaatschappij Zenkeldamshoek, Goor	80%	80%
Zenkeldamshoek Beheer BV, Goor	50%	50%
Development and allocation of land for industrial estates		

	31-12-2009	31-12-2008
Ontwikkelingsmaatschappij De Drieslag Ommen CV, Ommen	80%	80%
Ontwikkelingsmaatschappij De Drieslag Ommen Beheer BV, Ommen	50%	50%
Development and allocation of land for industrial estates and residential construction		
Ontwikkelingsmaatschappij Westergo CV, Harlingen	41%	41%
Ontwikkelingsmaatschappij Westergo BV, Harlingen	50%	50%
Development and allocation of land for industrial estates		
Haventerrein Westzaan CV, Zaanstad	30%	30%
Bedrijventerrein Westzaan Noord CV, Zaanstad	40%	40%
Ontwikkelingsbedrijf Haventerrein Westzaan BV te Zaanstad	50%	50%
Development and allocation of land for industrial estates		
Ruimte voor Ruimte CV I, 's-Hertogenbosch	24%	24%
Ruimte voor Ruimte CV II, 's-Hertogenbosch	24%	24%
Ruimte voor Ruimte Beheer BV, 's-Hertogenbosch	24%	24%
Development and allocation of land for residential construction		
Ontwikkelingsmaatschappij 'Het Nieuwe Westland' CV, The Hague	50%	50%
Ontwikkelingsmaatschappij 'Het Nieuwe Westland' BV, The Hague	50%	50%
Development and allocation of land for residential construction		
Ontwikkelingsmaatschappij ROM-S CV (Schelluinen), The Hague	50%	50%
ROM-S Beheer BV (Schelluinen), The Hague	50%	50%
Development and allocation of land for industrial estates and car parking facilities		
Project Suijssenwaerde CV, The Hague	80%	80%
Project Suijssenwaerde Beheer BV, The Hague	50%	50%
Development and allocation of land for residential construction and holiday properties		
CV Bedrijvenpark Oostflakkee, The Hague	80%	80%
Bedrijvenpark Oostflakkee Beheer BV, The Hague	50%	50%
Development and allocation of land for industrial estates		
Stallingsbedrijf Glastuinbouw Nederland CV, The Hague	50%	50%
Stallingsbedrijf Glastuinbouw Nederland Beheer BV, The Hague	50%	50%
Development and allocation of land for greenhouse farming locations		
Glastuinbouwontwikkelingsmaatschappij Overbuurtse Polder CV, Bleiswijk	33%	34%
Glastuinbouwontwikkelingsmaatschappij Overbuurtse Polder Beheer BV, Bleiswijk	33%	33%
Development and allocation of land for greenhouse farming locations		
Ontwikkelmaatschappij Meerburg CV, Zoeterwoude	50%	50%
Ontwikkelmaatschappij Meerburg Beheer BV, Zoeterwoude	50%	50%
Development and allocation of land for residential construction, sports fields and office buildings		

	31-12-2009	31-12-2008
ROM-D CV, The Hague	29%	29%
ROM-D Beheer NV, The Hague	25%	25%
Development and allocation of land for residential construction and industrial estates		
Ontwikkelcombinatie De Bongerd CV, Amsterdam	14%	14%
Ontwikkelcombinatie De Bongerd BV, Amsterdam	14%	14%
Property development for residential construction and parking facilities		
Sportstad Heerenveen Grondexploitatie CV, Heerenveen	50%	50%
Sportstad Heerenveen Grondexploitatie BV, Heerenveen	50%	50%
Development and allocation and operation of sports fields		
Regionaal bedrijvenpark Laarakker CV, Cuijk	50%	67%
Regionaal bedrijvenpark Laarakker BV, Cuijk	50%	50%
Development and allocation of land for industrial estates		
Wonen Werken Waterman BV, Rijsbergen	50%	50%
Wonen Werken Waterman CV, Rijsbergen	50%	50%
Development and allocation of land for residential construction/industrial estates		
Waalwaardwonen CV, Zaltbommel	50%	50%
Waalwaardwonen BV, Zaltbommel	50%	50%
Development and allocation of land for residential construction/industrial estates		
De Jonge Voorn BV, Guisveld	80%	80%
Development and allocation of land for residential construction		
Centrumplan Den Burg BV, Texel	50%	-
Centrumplan Den Burg CV, Texel	50%	-
Development and allocation of land for residential construction and office buildings		
BiesboschMarinaDrimmelen CV, Drimmelen	50%	-
BiesboschMarinaDrimmelen BV, Drimmelen	50%	-
Property development for residential construction		
Vastgoedontwikkeling Handelskade OudeTonge VOF, Oude Tonge	50%	-
Property development for residential construction		

Associates – summarized financial information

Transdev-BNG-Connexxion Holding BV, The Hague	31-12-2009	31-12-2008
Balance sheet		
Total assets	51	50
Total liabilities	0	0
Income statement	2009	2008
Income	1	(5)
Profit for financial year	1	(5)

Other associates	31-12-2009	31-12-2008
Balance sheet		
Total assets	3	4
Total liabilities	2	4
Income statement	2009	2008
Income	6	7
Result for financial year	0	0

Joint ventures – summarized financial information

BNG Regional Development participations	31-12-2009	31-12-2008
Balance sheet		
Fixed assets	6	11
Current assets	148	137
Total assets	154	148
Equity	60	55
Long-term liabilities	21	62
Current liabilities	73	31
Total liabilities	154	148
Income statement	2009	2008
Income	32	28
Expenses	30	25
Result for financial year	2	3

Other joint ventures	31-12-2009	31-12-2008
Balance sheet		
Fixed assets	0	11
Current assets	1	2
Total assets	1	13
Equity	1	0
Long-term liabilities	0	9
Current liabilities	0	4
Total liabilities	1	13
Income statement	2009	2008
Income	5	10
Expenses	5	10
Result for financial year	0	0

Company financial statements

Company balance sheet as of 31 December 2009

In millions of euros

	31-12-2009	31-12-2008
Assets		
Cash and cash equivalents	655	497
Banks 1	6,925	8,274
Loans and advances 1	79,317	75,695
Financial assets at fair value through the income statement 2	2,855	2,905
Financial assets available for sale 3	5,525	5,180
Other financial assets 4	8,002	7,695
Participating interests 5	816	815
Property and equipment 6	22	23
Other assets 11, 12	205	197
Total assets	**104,322**	**101,281**
Liabilities		
Banks 7	5,419	3,130
Funds entrusted 7	7,071	6,439
Subordinated loans 7	174	170
Debt securities 8	79,935	79,157
Financial liabilities at fair value through the income statement 9	349	791
Other financial liabilities 10	8,854	9,359
Other liabilities 11, 12	257	183
Total liabilities	102,059	99,229
Equity 13	2,263	2,052
Total liabilities	**104,322**	**101,281**

Company income statement 2009

In millions of euros

		2009		2008
- Interest income 14	2,574		4,430	
- Interest expenses 15	2,279		4,198	
Interest result		295		232
Income from participating interests 16		2		(5)
- Commission income 17	29		20	
- Commission expenses 18	5		5	
Commission result		24		15
Result financial transactions 19		42		(110)
Foreign exchange result 20		(2)		8
Other income 21		(1)		3
Total income		**360**		**143**
- Staff costs 22	27		25	
- Other administrative expenses 23	21		24	
Staff costs and other administrative expenses		48		49
Depreciation 24		2		2
Profit before tax		**310**		**92**
Taxation 11		(62)		(11)
Net profit		**248**		**81**

The numbers stated with the items refer to the notes to the company financial statements.

Company statement of comprehensive income 2009

In millions of euros

		2009		2008
Net profit		248		81
Changes in currency translation account		(36)		157
Changes in revaluation reserve				
- Unrealized value movement	65		(132)	
- Realized value movement	2		(6)	
- Changes in deferred taxes	11		5	
		78		(133)
Unrealized result after taxation		42		24
Total		**290**		**105**

Company cash flow statement 2009

In millions of euros

		2009		2008
Cash flow from operating activities				
Profit before tax		310		92
Adjustments for:				
- Depreciation	2		2	
- Additions to provisions	1		-	
		3		2
Cash flow generated from operations		313		94
- Movement in banks (not due on demand)	3,933		(1,186)	
- Movement in loans and advances	(945)		(1,998)	
- Movement in funds entrusted	557		(408)	
- Movement in derivatives	(1,490)		(1,525)	
- Taxes paid	(10)		(13)	
- Other movements in cash flow from operating activities	(365)		(102)	
		1,680		(5,232)
*Total cash flow from operating activities**		1,993		(5,138)
Cash flow from investing activities				
Investments and acquisitions:				
- Financial assets at fair value through the income statement and financial assets available for sale	(541)		(4,559)	
- Participating interests	-		(13)	
- Property and equipment	(1)		(7)	
		(542)		(4,579)
Disposals, repayments and redemptions:				
- Financial assets at fair value through the income statement and financial assets available for sale	1,028		6,145	
- Participating interests	-		-	
- Property and equipment	-		2	
		1,028		6,147
Total cash flow from investing activities		486		1,568
Cash flow from financing activities				
Receipts in respect of debt securities		23,738		24,746
Repayments in respect of debt securities		(25,800)		(21,106)
Dividend paid		(79)		(97)
Total cash flow from financing activities		(2,141)		3,543
Net movement in cash and cash equivalents		338		(27)
Cash and cash equivalents as of 1 January		217		244
Cash and cash equivalents as of 31 December		**555**		**217**
Cash and cash equivalents as of 31 December are comprised of the following:				
- Cash and cash equivalents		655		497
- Cash equivalents under the banks (asset) item		10		10
- Cash equivalents under the banks (liability) item		(110)		(290)
		555		**217**

* The interest received totaled EUR 5,296 million while interest paid amounted to EUR 4,740 million.

Company statement of changes in equity 2009

In millions of euros

2009

	Share capital	Share premium reserve	Revaluation reserve	Currency translation account	Legal reserve fair value increases	Other reserves	Unappropriated profit	**Total**
Opening balance	139	6	(29)	189	39	1,627	81	2,052
Realized results	-	-	-	-	-	-	248	248
Unrealized results	-	-	78	(36)	-	-	-	42
Transfer legal reserve fair value increases	-	-	-	-	(39)	39	-	0
Dividend payment	-	-	-	-	-	(79)	-	(79)
Appropriation from profit previous financial year	-	-	-	-	-	81	(81)	0
Closing balance	**139**	**6**	**49**	**153**	**0**	**1,668**	**248**	**2,263**

2008

	Share capital	Share premium reserve	Revaluation reserve	Currency translation account	Legal reserve fair value increases	Other reserves	Unappropriated profit	**Total**
Opening balance	139	6	104	32	-	1,606	158	2,045
Realized results	-	-	-	-	-	-	81	81
Unrealized results	-	-	(133)	157	-	-	-	24
Transfer legal reserve fair value increases	-	-	-	-	39	(39)	-	0
Dividend payment	-	-	-	-	-	(98)	-	(98)
Appropriation from profit previous financial year	-	-	-	-	-	158	(158)	0
Closing balance	**139**	**6**	**(29)**	**189**	**39**	**1,627**	**81**	**2,052**

Company accounting principles

In accordance with Part 9, Book 2 of the Netherlands Civil Code, the company balance sheet has been prepared in conformity with IFRS. As far as the financial accounting principles are concerned reference is made, with the exception of the accounting principles mentioned below, to the notes to the accounting principles of the consolidated financial statements.

Participating interests
The participating interests are recognized at cost in the company financial statements. This leads to a difference in equity compared to the consolidated financial statements. In addition, there is a difference compared to the accounting method for dividends. Dividends are recognized at the time of receipt in the income statement in the income from *participating interests* item.

Foreign currencies
The company financial statements are prepared in (million) euros. On the balance sheet date, monetary transactions in foreign currencies are translated at the prevailing daily closing rates, and the results are added or charged to the foreign exchange result. Non-monetary assets and liabilities denominated in foreign currencies that are recognized at cost are immediately translated at the prevailing exchange rate upon first-time recognition.

Hedging of net investments denominated in foreign currency
The company makes use of a derivative to hedge the net investment in foreign currency. Insofar as an effective hedge relationship exists, the translation differences of this instrument are recognized directly in equity in the *currency translation account*.

In millions of euros

	31-12-2009	31-12-2008
Assets		
1 Banks and Loans and advances	86,242	83,969

This item comprises all receivables from banks and the extended loans and advances insofar as measured at amortized cost, as well as interest-bearing securities insofar as these are not traded on an active market.

	31-12-2009	31-12-2008
Banks	6,925	8,274
Loans and advances	79,317	75,695
	86,242	83,969
Of which an incurred loss provision is included in the *loans and advances* item	27	30
	86,269	83,999
The analysis of loans and advances by remaining contractual term to maturity is as follows:		
Up to three months	11,320	12,609
Longer than three months but not longer than one year	9,100	8,096
Longer than one year but not longer than five years	36,491	34,210
Longer than five years	29,358	29,084
	86,269	83,999

In the remaining term to maturity distribution, interest receivables and contractual interim repayments have been taken into account.

Under collateral agreements BNG has provided collateral worth EUR 3,420 million (2008: EUR 4,060 million), mainly to bank counterparties.

The *loans and advances* item contains financial lease agreements in the amount of EUR 57 million (2008: EUR 57 million).

The movement of the incurred loss provision	31-12-2009	31-12-2008
Opening balance	30	30
Additions during the financial year	-	-
Withdrawals during the financial year	(3)	-
Closing balance	27	30
2 Financial assets at fair value through the income statement	2,855	2,905

This includes assets specifically designated as being measured at fair value, with value movements being recognized in the income statement and derivatives not involved in a hedge accounting relationship.

	31-12-2009	31-12-2008
Fair value of derivatives	700	695
Loans and advances	804	810
Securities	1,351	1,400
	2,855	2,905

The redemption value of the loans and advances and securities is EUR 2,135 million (2008: EUR 2,129 million).

	31-12-2009	31-12-2008
The analysis according to remaining contractual term to maturity is as follows (excluding derivatives):		
Up to three months	29	62
Longer than three months but not longer than one year	86	58
Longer than one year but not longer than five years	697	389
Longer than five years	1,343	1,701
	2,155	2,210

	31-12-2009	31-12-2008
3 Financial assets available for sale	5,525	5,180

This includes fixed- and variable- rate bonds and other interest-bearing securities issued by public authorities and others, insofar as these are not included as financial assets at fair value through the income statement.

	31-12-2009	31-12-2008
Breakdown of this item:		
Public sector	3,772	3,830
Banks	392	389
Other financial institutions	1,136	844
Non-financial institutions	171	73
Investments in participating interests	54	44
	5,525	5,180
The analysis according to remaining contractual term to maturity is as follows:		
Up to three months	111	109
Longer than three months but not longer than one year	374	260
Longer than one year but not longer than five years	3,251	2,937
Longer than five years	1,789	1,874
	5,525	5,180

Transfer without derecognition

The bank sold EUR 1,480 million of bonds whilst simultaneously concluding swaps, with which it retained entitlement to the cash flows and remained exposed to risks (total return swaps). For this reason, the bonds were not derecognized in the balance sheet. No new transactions were closed in 2009.

	31-12-2009	31-12-2008
4 Other financial assets	8,002	7,695

This balance sheet item includes the fair value of derivatives involved in a hedge accounting relationship and the value adjustments concerning the effective part of the market value adjustments due to interest rate risk of assets hedged at portfolio level.

	31-12-2009	31-12-2008
Derivatives involved in a hedge accounting relationship	5,262	4,526
Market value adjustment of assets hedged at portfolio level	2,740	3,169
	8,002	7,695

	31-12-2009	31-12-2008
5 Participating Interests	816	815

Subsidiaries	2009 Interest	2008	31-12-2009	31-12-2008
- Vincent Investments BV, Amsterdam*	83%	83%	714	714
- BNG Vermogensbeheer BV, The Hague	100%	100%	2	2
- BNG Consultancy Services BV i.l., The Hague	100%	100%	0	0
- BNG Gebiedsontwikkeling BV, The Hague	100%	100%	46	45
- BNG Vastgoedontwikkeling BV, The Hague	-	100%	-	1
- Hypotheekfonds voor Overheidspersoneel BV, The Hague	100%	100%	2	2
			764	764

Associates	2009 Interest	2008	31-12-2009	31-12-2008
- Dataland BV, Rotterdam	30%	30%	0	0
- Data B Mailservice Holding BV, Leek	38%	38%	1	1
- NV Trustinstelling Hoevelaken, The Hague	40%	40%	0	0
- Transdev-BNG-Connexxion Holding BV, The Hague	25%	25%	51	50
- Tenman BV, Amsterdam	-	33%	-	0
			52	51

Joint ventures	2009 Interest	2008	31-12-2009	31-12-2008
- BNG-VNG Beheer BV i.l., The Hague	50%	50%	0	0
- Stichting GemLease i.l., The Hague	50%	50%	0	0
			0	0

	31-12-2009	31-12-2008
Total subsidiaries, associates and joint ventures	816	815

For a description of the associates and joint ventures, please refer to note 37 [page 86] of the consolidated financial statements.

* The investment in Vincent Investments B.V. amounts to GBP 500 million and concerns a transaction with a British bank. Up to 2011 this transaction will cause significant differences between the consolidated and the company financial statements. In the company income statement results are only taken upon payment of the dividend or termination of the transaction to the company income statement. Until that time Vincent Investments B.V. will be measured in the company balance sheet at cost, namely EUR 714 million.

	31-12-2009	31-12-2008
6 Property and equipment	22	23

The movement of this balance sheet item is as follows:

	2009	2008	2009	2008		
	Property		Equipment			
Historical cost						
Value as of 1 January	46	42	12	9	58	51
Investments	1	4	-	3	1	7
Disposals	-	-	-	-	-	-
Value as of 31 December	47	46	12	12	59	58
Depreciation						
Accumulated amounts as of 1 January	26	25	9	8	35	33
Depreciation during the year	1	1	1	1	2	2
Depreciation of disposals	-	-	-	-	-	-
Accumulated amounts as of 31 December	27	26	10	9	37	35
Book value as of 31 December	20	20	2	3	22	23

Estimated useful life	
Buildings	33 1/3 years (maximum)
Technical installations	15 years
Machinery & installations	5 years
Hardware and software	3 years

	31-12-2009	31-12-2008
Passiva		
7 Banks, Funds entrusted and Subordinated loans	12,664	9,739

This includes debts to banks, entrusted funds and subordinated loans insofar as they are not embodied in debt securities.

	31-12-2009	31-12-2008
Deposits and other money market funds at banks	5,419	3,130
Funds entrusted	7,071	6,439
Subordinated loans	174	170
	12,664	9,739

	31-12-2009	31-12-2008
The analysis according to remaining contractual term to maturity is as follows:		
Up to three months	6,230	5,062
Longer than three months but not longer than one year	2,395	973
Longer than one year but not longer than five years	2,406	2,366
Longer than five years	1,633	1,338
	12,664	9,739

	31-12-2009	31-12-2008
8 Debt securities	79,935	79,157

This includes debenture loans and other issued negotiable debt instruments with either fixed or variable interest rates. With regard to an issue, bonds that have not been sold are deducted from the issue in question. Debt securities denominated in foreign currency are stated at the closing rate on 31 December.

	31-12-2009	31-12-2008
This balance sheet item is made up as follows:		
Debenture loans and euro notes	70,491	67,733
Medium term notes	62	62
Certificates of deposit	9,382	11,362
	79,935	79,157

	31-12-2009	31-12-2008
The analysis according to remaining contractual term to maturity is as follows:		
Up to three months	8,498	13,318
Longer than three months but not longer than one year	13,457	10,950
Longer than one year but not longer than five years	39,572	36,871
Longer than five years	18,408	18,018
	79,935	79,157

	31-12-2009	31-12-2008
9 Financial liabilities at fair value through the income statement	349	791

This includes liabilities that are specifically designated as being measured at fair value with value movements being recognized in the income statement, and the derivatives that are not included in a hedge accounting relationship.

	31-12-2009	31-12-2008
10 Other financial liabilities	8,854	9,359

This balance sheet item concerns the fair value of derivatives involved in a hedge accounting relationship.

11 Taxation

The bank's subjective exemption from corporation tax ceased to apply on 1 January 2005. The legislation provides that results belonging to the periods predating the liability to tax are not subject to taxation. On this basis part of the results for the past four financial years and the current financial year is attributable to the period before 1 January 2005. In 2006, agreement was reached with the tax authorities about the exemption amount (EUR 668 million) resulting from the initial valuation of the financial instruments in BNG's fiscal opening balance sheet as of 1 January 2005. The exemption amount was increased by EUR 26 million to EUR 694 million at year-end 2006 due to the valuation in the fiscal opening balance sheet as of 1 January 2005 of a subsidiary that forms part of the bank's tax entity.

A deferred tax asset was formed in favor of income for financial assets and liabilities whose valuation as of 1 January 2005 for the fiscal opening balance sheet differed from the commercial valuation. Changes in the official rates are taken into account when determining the amount of the deferral. The amount of the deferral is set off against tax payable over a five-year period. This term is based on the average weighted remaining term of the financial assets and liabilities, excluding derivatives and transactions with a term (or remaining) term to maturity of less than one year.

No deferred tax asset was formed for financial assets and liabilities whose valuation as of 1 January 2005 for the fiscal opening balance sheet corresponded with the commercial valuation. This one-off tax benefit will be deducted from the tax expense over a five-year period via a lower tax payment. The resulting tax benefit is reflected in the net profit through a lower current taxes. The remaining amount (EUR 17 million) has been settled in the financial year 2009. No settlement will remain from 2010 onwards.

	31-12-2009	31-12-2008
The reconciliation between the tax charge and the nominal tax rate is as follows:		
Profit before tax	310	92
Tax levied at the statutory nominal rate of taxation in the Netherlands of 25.5% (2008: 25.5%)	(79)	(24)
Tax credit with regard to corporation tax exempted results for which no tax deferrals have been formed	17	17
Results subject to participation exemption	-	(1)
Tax adjustments from previous years	-	6
Other results exempt from corporation tax	-	(9)
Taxes in the company income statement	(62)	(11)
This is an effective tax rate of 20% (2008: 12%)		
The reconciliation between the tax charge and the actual tax charge is as follows:		
Tax expenses in the company income statement	(62)	(11)
Adjustment for tax relief for which a tax deferral has been formed	18	19
Adjustment for current taxation in previous years	(1)	-
Other adjustments for items measured at fair value	5	14
Tax receivable or tax payable according to fiscal statement	(40)	22
Pre-paid corporation tax	45	13
Corporation tax receivable	5	35
Statement of the deferred tax asset in the balance sheet:		
Opening balance	60	74
Fiscal treatment opening balance sheet at 1 January 2005; treatment regarding subsidiary	-	-
Fiscal treatment opening balance sheet; apportionment during financial year	(18)	(19)
Movement deferred tax assets	11	5
	53	60

The movement of the deferred taxes for *financial assets available for sale* is recognized in the revaluation reserve in equity. The other movements are recognized in the income statement.

	31-12-2009	31-12-2008
The deferred tax asset is made up as follows:		
Adjustment for tax credit for which tax deferral has been formed	4	22
Revaluation of financial assets available for sale*	49	38
	53	60
The deferred tax liability is made up as follows:		
Fair value movements of transactions involved in a hedge accounting relationship	4	3
Fair value movements of derivatives not involved in a hedge accounting relationship and other transactions	24	20
	28	23

12 Other assets and other liabilities

	31-12-2009	31-12-2008
Other assets		
Deferred tax asset 11	53	60
Tax receivable 11	5	35
Other assets	147	102
	205	197
Other liabilities		
Deferred tax liability 11	28	23
Employee benefits provision	2	2
Reorganization provision	-	3
Other liabilities	227	155
	257	183

The employee benefits provision concerns a provision for mortgage loan interest rate discounts for both current and retired employees. This provision is of a long-term nature.

The reorganization provision concerns the outsourcing of the payment operations and IT processes, and the streamlining of the organization. The financial obligations resulting from this reorganization were completly settled in 2009.

The movements in the discounted value of the net liability in relation to the rights granted are as follows:

	31-12-2009	31-12-2008
Employee benefits provision		
Net liability as of 1 January	2	2
Other movements to the provision	-	-
Net liability as of 31 December	2	2
Reorganization provision		
Net liability as of 1 January	3	6
Additions chargeable to income	-	0
Expenditures chargeable to provisions	(3)	(3)
Net liability as of 31 December	0	3

* This deferral relates to the unrealized losses of the interest-bearing securities bought after 1 January 2005. The part of the interest-bearing securities portfolio bought before that date, is recognized in the fiscal opening balance sheet.

13 Equity

The items included in equity are explained below.

	31-12-2009	31-12-2008
Share capital The authorized capital is divided into 100 million shares with a face value of EUR 2.50, of which 55,690,720 shares have been issued and fully paid up.	139	139
General Reserve This item includes the additions in the reporting year and previous years. The Articles of Association prescribe that 25 percent of the issued capital (EUR 35 million) is not eligible for distribution.	1,674	1,633
Share premium reserve There were no movements in 2009.	6	6
Other reserves After the appropriations from the distributable profit pursuant to the Articles of Association have been determined, the General Meeting of Shareholders decides what portion of the remaining profit will be added to the reserves.	1,668	1,627
	1,674	1,633
Legal reserve		
Revaluation reserve Equity includes a revaluation reserve in which the unrealized fair value movements of the *financial assets available for sale* item are recognized. The deferred tax liability has been deducted from this item. If these assets are sold, the cumulative result recognized in equity is taken to the income statement.	49	(29)
Currency translation account The currency translation account is recognized due to the application of hedge accounting to a net investment in a foreign operation.	153	189
Legal reserve fair value increases This item relates to the difference between the amortized cost value and the fair value of financial instruments included under assets in the balance sheet that are not frequently quoted in the financial markets.	0	39
	202	199
Unappropriated profit The balance sheet was prepared prior to profit appropriation. This item represents the result achieved after deduction of the corporation tax.	248	81
Total equity	2,263	2,052

	2009	2008
14 Interest income	2,574	4,430
This includes the interest income from loans and advances, deposits and investments, as well as the results from financial instruments used to hedge interest rate and currency risks. In addition, the other credit-related income received is included in this item.		
15 Interest expenses	2,279	4,198
This includes the cost of borrowing and related transactions as well as other interest-type charges.		
16 Income from participating interests	2	(5)
This includes income from participating interests.		
17 Commission income	29	20
This includes income on account of fees received and to be received for services provided to third parties.		
18 Commission expenses	5	5
This item relates to fees paid or to be paid for services rendered by third parties in relation to loans and advances and credit facilities.		
19 Result financial transactions	42	(110)
This item relates to (un)realized results from fair value movement of financial instruments that are measured at fair value with movements through the income statement. These are almost wholly compensated for by market value movements of the derivatives entered into, to offset these transactions. This item also includes the results due to sale of available for sale transactions. As part of hedge accounting in a net investment in a foreign operation, the result on ineffectiveness is nil.		
20 Foreign exchange result	(2)	8
This item includes the foreign exchange result.		

	2009	2008
21 Other income	(1)	3
The other income consists of:		
- Impairment of financial assets available for sale receivable	(1)	-
- Income from sale of fixed assets	-	2
- Release from drawn BNG bonds	-	1
	(1)	3
22 Staff costs	27	25
The staff costs are made up of:		
Wages and salaries	17	17
Pension costs	4	4
Social security costs	2	1
Addition to provisions	1	0
Other staff costs	3	3
	27	25
23 Other administrative expenses	21	24

These include among others the cost of outsourcing, rent and maintenance of property and equipment, printing costs, training expenses and advertising costs.

	2009	2008
24 Depreciation	2	2

For a specification of this item see the notes to the statements on movements in property and equipment.

Remuneration of the Executive Board and Supervisory Board
For details of the remuneration of members of the Executive Board and Supervisory Board, please refer to the Report of the Supervisory Board and to note 30 [page 82] of the consolidated financial statements.

The Hague, 5 March 2010

Executive Board	C. van Eykelenburg, *chairman*
	J.J.A. Leenaars
	J.C. Reichardt
Supervisory Board	H.O.C.R. Ruding, *chairman*
	Y.C.M.T. van Rooy, *secretary*
	R.J.N. Abrahamsen
	H.H. Apotheker
	H.G.O.M. Berkers
	S.M. Dekker
	W.M. van den Goorbergh
	R.J.J.M. Pans
	A.G.J.M. Rombouts

Other information

Auditor's report

To the Shareholders, the Supervisory Board and the Executive Board of N.V. Bank Nederlandse Gemeenten

Report on the financial statements
We have audited the financial statements 2009 of N.V. Bank Nederlandse Gemeenten, The Hague, which comprise the consolidated and company balance sheet as of 31 December 2009, the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in equity and a summary of significant accounting policies and other explanatory notes.

Management's responsibility
Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements as a result of fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of N.V. Bank Nederlandse Gemeenten as of 31 December 2009, and of its result and its cash flows for the year 2009 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal requirements
Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Report of the Executive Board is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 5 March 2010

Ernst & Young Accountants LLP
Signed by A.B. Roeders

Stipulations of the Articles of Association concerning profit appropriation

Article 23 of the Articles of Association relating to the distribution of the profit includes the following provisions:
1 Profit may be distributed only after the general meeting of shareholders has adopted the financial statements, from which it appears that such distribution is permitted.
2 The company may make payments to the shareholders from the profits available for distribution only insofar as its equity capital exceeds the amounts of the paid-up part of the capital plus the reserves which have to be kept by law.
3 First of all, if possible, the profits available for distribution shall be used to add an amount of ten percent (10%) of the profit of the financial year as evidenced by the annual accounts to the general reserve; out of any surplus remaining thereafter, the shareholders shall, if possible, be paid five percent (5%) of the nominal amount of their shareholding.
4 The remainder shall be paid to the shareholders in proportion to the nominal amount of their shareholdings, insofar as the general meeting of shareholders does not allocate this to reserves.
5 The company shall be empowered to make interim distributions of profits, subject to the provisions of Article 105, paragraph 4, of Book 2 of the Civil Code.

Proposed profit appropriation

In millions of euros

	2009	2008
Net profit	278	158
The profit appropriation is as follows:		
Appropriation to the *Other Reserves* pursuant to Article 23 (3) Articles of Association	28	16
Dividend pursuant to Article 23 (3) Articles of Association.	7	7
	35	23
Appropriation to the *Other Reserves* pursuant to Article 23 (4) Articles of Association.	111	63
Dividend pursuant to Article 23 (4) Articles of Association.	132	72
	243	135

BNG's Objectives as defined in its Articles of Association

Article 2 of the Articles of Association contains the following provisions:

1 The objectives of the company shall be to conduct the business of banker on behalf of public authorities.

2 In the context of its objective as referred to in paragraph 1 the company shall engage, inter alia, in taking in and lending moneys, granting loans in other ways, providing guarantees, executing payments, conducting foreign exchange transactions, acting as adviser and broker in the issue of and trade in securities, and keeping, managing and administering securities and other assets for third parties, as well as to incorporate and to participate in other enterprises and/or legal persons, whose object is connected with or conducive to any of the foregoing. The company shall be empowered to perform all acts which may be directly or indirectly conducive to its objective.

3 The term public authorities as referred to in paragraph 1 means:

a municipalities and other legal persons in the Netherlands under public law as referred to in article 1, paragraphs 1 and 2, of Book 2 of the Civil Code;

b the European Communities and other bodies possessing legal personality to which part of the function of the European Communities has been entrusted pursuant to the treaties establishing the European Communities;

c Member States of the European Communities and other bodies possessing legal personality to which part of the administrative function of such a Member State has been entrusted pursuant to the law of that Member State;

d legal persons under private law:

- half or more of whose managing directors are appointed directly or indirectly by one or more of the bodies referred to at a, b and c of this paragraph;
  and/or
- half or more of whose share capital is provided directly or indirectly by one or more of the bodies referred to at a, b and c;
  and/or
- half or more of the income side of whose operating budget is provided or secured directly or indirectly by one or more of the bodies referred to at a, b and c on the basis of a scheme, bye-law or law adopted by one or more of such bodies;
  and/or
- whose operating budget is adopted or approved directly or indirectly by one or more of the bodies referred to at a, b and c on the basis of a scheme, bye-law or law adopted by one or more of such bodies;
  and/or
- whose obligations towards the company are guaranteed directly or indirectly by one or more of the bodies referred to at a, b and c or will be guaranteed pursuant to a scheme, bye-law or law adopted by one or more of such bodies, for which purpose obligations include non-guaranteed obligations resulting from pre-financing or other financing which, after novation, will create obligations that will be guaranteed by one or more of such bodies pursuant to a scheme, bye-law or law adopted by one or more of such bodies;
  and/or
- who execute a part of the governmental function pursuant to a scheme, bye-law or law adopted by one or more of the bodies referred to at a, b and c.

Annexes

A-BNG Subsidiaries

BNG Gebiedsontwikkeling BV 100%
Dr. Kuyperstraat 12
2514 BB The Hague
Management Board:
J.C.A. Polman
Ir. G.C.A. Rodewijk

P.O. Box 16075
2500 BB The Hague
Telephone: +31(0)70 3 119 900
Fax: +31(0)70 3 119 999
E-mail: info@bnggo.nl

Objective:
To directly or indirectly provide (venture) capital to public authorities and to directly or indirectly participate in and/or co-operate with projects, either with or on behalf of public authorities.

BNG Vermogensbeheer BV 100%
Koninginnegracht 2
2514 AA The Hague
Management Board
C.P. van Breugel
J.J.M. de Wit

P.O. Box 16450
2500 AA The Hague
Telephone: +31 (0)70 3 750 245
Fax: +31 (0)70 3 750 929
E-mail: info@bngvb.nl

Objective:
To provide and develop specialized financial services in the fields of securities brokerage, consultancy, the management of investment funds with a Fido hallmark and customized asset management services to and for public authorities and public interest institutions.

Hypotheekfonds voor Overheidspersoneel BV (HVO) 100%
Koninginnegracht 2
2514 AA The Hague
Management Board
Mrs. P.J.E. Bieringa
P.H. Verloop

P.O. Box 30305
2500 BB The Hague
Telephone: +31 (0)70 3 750 580
Fax: +31 (0)70 3 750 967
E-mail: bms@bng.nl

Objective:
The financing of mortgage loans to be taken out by civil servants in the employ of an affiliated public or municipal organization with which a cooperation agreement has been reached.

Vincent Investments BV 83%
Strawinskilaan 3105 Atrium
1077 ZX Amsterdam
Management Board
A.J. Hooft van Huysduynen
P.M. Hopkinson
P.H. Verloop

Telephone: +31(0)20 6427675
Fax: +31 (0)20 4064444

Objective:
Borrowing of funds and making investments in interest-bearing securities, entering into (reverse) repo transactions in relation to interest-bearing securities, entering into hedging agreements and holding cash deposits.

B-Key annual figures of BNG from 1915 onwards (in thousands of euros)

Financial year	Issued capital	Paid-up capital	Reserves	Long-term borrowings
1915	204	20	0	277
1920	384	84	38	295
1925	1,767	1,767	77	3,533
1930	1,983	1,983	140	15,410
1935	2,900	2,900	231	22,183
1940	3,061	3,061	208	12,883
1945	3,061	3,061	249	10,520
1950	3,105	3,105	454	86,543
1955	3,133	3,133	908	566,825
1960	40,939	7,012	4,538	2,740,538
1965	45,378	7,465	8,168	4,271,975
1970	52,775	14,862	16,427	8,251,283
1975	67,568	29,655	88,489	15,025,688
1980	104,551	66,638	246,586	18,809,227
1981	111,948	74,035	284,250	20,563,058
1982	119,344	81,431	362,754	22,826,819
1983	126,741	95,141	436,537	23,018,006
1984	138,152	106,552	513,225	22,843,430
1985	143,857	112,258	592,637	24,492,553
1986	149,562	117,963	674,429	26,984,054
1987	155,268	123,668	752,796	30,411,173
1988	155,268	123,668	824,995	31,874,574
1989	155,268	123,668	892,191	31,954,215
1990	158,008	126,409	967,389	32,161,023
1991	158,008	126,409	1,011,728	31,079,730
1992	158,008	126,409	1,083,265	29,746,188
1993	158,008	126,409	1,152,996	33,147,989
1994	158,008	126,409	1,224,994	35,943,094
1995	158,008	126,409	1,305,757	39,664,778
1996	158,008	126,409	1,399,815	41,834,574
1997	158,008	126,409	1,547,432	43,497,010
1998	158,008	126,420	1,679,379	45,401,721
1999	158,008	126,420	1,860,763	47,667,792
2000	158,008	126,420	2,075,272	49,286,388
2001	139,227	139,227	2,139,103	52,564,243
2002	139,227	139,227	2,194,764	55,448,477
2003	139,227	139,227	2,159,527	58,671,294
2004	139,227	139,227	2,330,805	64,067,450
2005	139,227	139,227	2,832,809	72,647,410
2006	139,227	139,227	2,336,965	71,207,875
2007	139,227	139,227	1,815,926	69,039,722
2008	139,227	139,227	1,759,853	80,032,181
2009	139,227	139,227	1,974,507	82,638,729

Financial year	Long-term lending	Short-term loans and advances	Short-term borrowings	Profit and loss account [1]
1915	57	0	653	2
1920	538	0	257	42
1925	5,149	3,511	3,553	155
1930	17,065	5,722	5,094	187
1935	24,815	7,633	3,311	322
1940	15,877	8,518	4,415	246
1945	13,384	22,262	9,101	232
1950	90,807	53,777	24,427	532
1955	572,623	66,767	47,818	832
1960	2,779,127	71,720	96,116	1,037
1965	4,301,094	281,075	101,298	2,027
1970	8,413,856	438,774	99,466	6,587
1975	15,229,918	600,179	195,233	28,850
1980	19,166,544	1,294,919	141,613	70,489
1981	20,999,362	1,304,916	194,746	76,847
1982	23,241,661	1,026,584	290,715	97,953
1983	23,406,090	963,080	417,796	91,597
1984	22,925,876	1,161,707	473,164	97,678
1985	24,655,812	1,254,453	619,518	100,996
1986	27,188,156	1,805,989	516,630	104,065
1987	30,600,152	1,686,531	442,082	101,762
1988	32,296,882	1,352,895	667,849	109,288
1989	32,489,741	1,666,878	908,875	104,285
1990	32,732,015	2,261,428	919,473	110,461
1991	33,724,611	2,181,086	1,417,843	86,041
1992	34,455,423	1,358,717	2,213,487	118,293
1993	37,818,157	1,483,964	2,625,294	115,437
1994	38,071,862	2,735,454	2,590,526	128,649
1995	40,761,488	2,137,899	2,587,148	137,191
1996	41,870,931	1,933,578	1,902,931	143,444
1997	43,335,947	2,656,811	1,597,669	153,752
1998	45,466,657	2,797,481	1,357,663	169,350
1999	47,171,383	3,082,766	2,111,858	230,081
2000	54,623,328	3,110,394	3,779,636	230,904
2001	59,446,888	3,994,986	8,504,975	249,000
2002	67,046,644	4,792,642	10,115,715	283,127
2003	72,859,621	4,558,707	12,789,138	303,627
2004	73,914,244	5,070,251	11,284,235	300,797
2005	76,019,286	6,947,752	7,155,594	310,833
2006	77,992,839	6,984,629	9,169,497	198,694
2007	78,826,312	10,349,820	13,658,775	195,418
2008	75,741,198	11,079,758	17,473,692	157,701
2009	77,915,557	9,939,636	17,721,605	277,589

[1] From 2005 onwards after deduction of corporation tax. Because BNG has adopted the International Financial Reporting Standards (IFRS) for annual reporting purposes since 1 January 2005, the compilation and presentation of the figures from 2005 onwards are not entirely comparable with earlier years.

C-Shareholders of BNG as of 31 December 2009

shares	55,690,720
Aa en Hunze	52,728
Aalburg	17,550
Aalsmeer	25,857
Aalten	19,305
Abcoude	13,962
Achtkarspelen	87,711
Alblasserdam	9,477
Albrandswaard	3,510
Alkmaar	175,890
Almelo	174,525
Almere	3,432
Alphen aan den Rijn	95,238
Ameland	3,120
Amersfoort	272,220
Amstelveen	143,520
Amsterdam	617,058
Andijk	3,120
Anna Paulowna	41,496
Apeldoorn	132,093
Appingedam	23,751
Arcen en Velden	7,020
Arnhem	496,470
Assen	85,301
Asten	13,000
Baarle-Nassau	3,510
Baarn	46,800
Barendrecht	32,097
Barneveld	24,570
Bedum	5,265
Beek	11,544
Beemster	7,020
Beesel	66,300
Bellingwedde	12,597
Bergambacht	3,510
Bergeijk	80,886
Bergen (L.)	10,530
Bergen (N.H.)	149,994
Bergen op Zoom	41,067
Berkelland	305,877
Bernheze	21,060
Bernisse	13,260
Best	24,570
Beuningen	14,040
Beverwijk	85,605
Bilt, De	218,673
Bildt, Het	73,905
Binnenmaas	105,495
Bladel	62,790
Blaricum	5,967
Bloemendaal	21,060
Boarnsterhim	30,732
Bodegraven	50,934
Boer, Ten	3,510
Bolsward	16,068
Borger-Odoorn	80,340
Borne	107,172
Borsele	39,273
Boskoop	18,720
Boxmeer	38,660
Boxtel	53,385
Breda	257,439
Breukelen	10,803
Brielle	24,414
Bronckhorst	72,384
Brummen	702
Brunssum	86,658
Bunnik	3,000
Buren	23,953
Bussum	97,188
Capelle aan den IJssel	7,722
Castricum	40,872
Coevorden	94,926
Cranendonck	5,000
Cromstrijen	7,020
Cuijk	32,253
Culemborg	8,775
Dalfsen	33,735
Dantumadiel	12,285
Delft	47,385
Delfzijl	39,156
Deurne	99,840
Deventer	292,313
Diemen	8,775
Dinkelland	16,934
Dirksland	19,188
Doesburg	27,612
Doetinchem	62,634
Dongen	23,510
Dongeradeel	76,323
Dordrecht	233,142
Drechterland	15,756

Drenthe (prov.)	87,750
Drimmelen	36,426
Druten	9,477
Duiven	3,510
Echt-Susteren	21,411
Edam-Volendam	29,484
Ede	108,420
Eemsmond	21,060
Eersel	121,021
Eindhoven	171,600
Eijsden	34,905
Elburg	76,830
Emmen	58,266
Enkhuizen	130,650
Enschede	200,343
Epe	60,879
Ermelo	75,075
Etten-Leur	9,828
Ferwerderadiel	5,967
Flevoland (prov.)	75,250
Franekeradeel	34,554
Friesland (prov.)	75,250
Gaasterlân-Sleat	6,669
Geertruidenberg	133,653
Gelderland (prov.)	87,750
Geldermalsen	28,665
Geldrop-Mierlo	30,186
Gemert-Bakel	45,474
Gennep	10,530
Giessenlanden	25,935
Gilze en Rijen	10,179
Goedereede	34,593
Goes	96,369
Goirle	12,636
Gorinchem	96,330
Gouda	82,446
Graafstroom	21,060
Graft-De Rijp	7,020
Groesbeek	60,840
Groningen (prov.)	75,250
Groningen (gem.)	329,199
Grootegast	9,750
Gulpen-Wittem	26,040
Haag, Den	1,275,456
Haaksbergen	35,958
Haaren	11,278
Haarlem	230,295
Haarlemmerliede en Spaarnwoude	62,790
Haarlemmermeer	60,372
Halderberge	43,524
Hardenberg	64,935
Harderwijk	58,968
Hardinxveld-Giessendam	31,356
Haren	9,126
Harenkarspel	38,376
Harlingen	31,200
Hattem	30,030
Heemskerk	7,722
Heemstede	122,421
Heerde	9,126
Heerenveen	56,355
Heerhugowaard	9,789
Heerlen	424,827
Heeze-Leende	10,020
Heiloo	36,000
Helden	50,700
Helder, Den	211,731
Hellendoorn	24,180
Hellevoetsluis	6,240
Helmond	52,650
Hendrik-Ido-Ambacht	25,818
Hengelo (O.)	174,486
‘s-Hertogenbosch	139,659
Heumen	151,515
Heusden	44,499
Hillegom	49,686
Hilvarenbeek	23,510
Hilversum	120,939
Hof van Twente	157,326
Hoogeveen	17,550
Hoogezand-Sappemeer	31,161
Hoogheemraadschap Hollands Noorderkwartier	17,355
Hoorn	46,098
Horst aan de Maas	74,451
Houten	6,240
Huizen	85,956
Hulst	17,472
IJsselstein	4,563
Kaag en Braassem	121,719
Kampen	100,893

Kapelle	53,040
Katwijk	144,066
Kerkrade	183,300
Kessel	3,510
Koggenland	29,016
Kollumerland en Nieuwkruisland	22,347
Korendijk	29,718
Krimpen aan den IJssel	32,799
Laarbeek	20,709
Landerd	29,094
Landgraaf	41,301
Landsmeer	24,453
Langedijk	6,318
Lansingerland	15,015
Leek	28,041
Leerdam	17,550
Leeuwarden	116,142
Leeuwarderadeel	72,150
Leiden	347,646
Leiderdorp	97,968
Leidschendam-Voorburg	203,190
Lelystad	5,000
Lemsterland	31,746
Leudal	143,052
Liesveld	13,962
Limburg (prov.)	156,000
Lingewaal	17,550
Lingewaard	19,305
Lisse	18,252
Littenseradiel	8,736
Lochem	60,138
Loenen	3,120
Loon op Zand	41,886
Lopik	26,442
Loppersum	24,102
Losser	17,550
Maarssen	15,600
Maasbree	9,477
Maasdonk	10,530
Maasdriel	20,770
Maasgouw	72,150
Maassluis	61,035
Maastricht	347,334
Margraten	17,550
Marne, De	10,530
Marum	7,020
Medemblik	7,020
Meerlo-Wanssum	7,020
Meerssen	13,689
Menaldumadeel	24,375
Menterwolde	38,688
Meppel	18,915
Middelburg	49,296
Middelharnis	15,600
Midden-Delfland	48,594
Midden-Drenthe	60,138
Mill en St. Hubert	5,265
Millingen aan de Rijn	8,736
Moerdijk	27,027
Montferland	19,756
Montfoort	12,480
Mook en Middelaar	123,708
Moordrecht	17,472
Muiden	3,510
Neder-Betuwe	18,246
Nederlek	33,150
Nederweert	14,040
Neerijnen	14,040
Niedorp	6,942
Nieuwegein	80,184
Nieuwerkerk aan den IJssel	25,000
Nieuwkoop	36,348
Nijefurd	22,815
Nijkerk	32,370
Nijmegen	193,479
Noord-Beveland	6,520
Noord-Brabant (prov.)	40,000
Noord-Holland (prov.)	610,350
Noordenveld	30,771
Noordoostpolder	19,656
Noordwijk	12,636
Noordwijkerhout	8,775
Nuenen, Gerwen en Nederwetten	1,755
Nunspeet	75,075
Nuth	11,232
Oegstgeest	46,059
Oirschot	8,775
Oisterwijk	7,845
Oldebroek	9,750
Oldenzaal	17,550
Olst-Wijhe	18,252
Ommen	79,638

Onderbanken	8,775
Oosterhout	35,100
Oostflakkee	3,120
Oost Gelre	51,363
Ooststellingwerf	18,720
Oostzaan	24,765
Opmeer	19,188
Opsterland	66,651
Oss	60,645
Oud-Beijerland	5,265
Oude IJsselstreek	161,460
Ouder-Amstel	4,914
Ouderkerk	3,510
Oudewater	27,612
Overbetuwe	21,762
Overijssel (prov.)	87,750
Papendrecht	6,318
Pekela	26,130
Pijnacker-Nootdorp	57,564
Purmerend	7,020
Putten	10,530
Raalte	25,987
Reeuwijk	25,896
Reiderland	61,074
Reimerswaal	15,990
Renkum	89,739
Reusel-De Mierden	10,530
Rheden	186,966
Rhenen	61,035
Ridderkerk	89,115
Rijnwaarden	4,914
Rijnwoude	142,896
Rijssen-Holten	304,746
Rijswijk	165,945
Roerdalen	17,199
Roermond	34,749
Ronde Venen, De	23,361
Roosendaal	56,862
Rotterdam	304,785
Rozenburg	16,770
Rucphen	19,656
Schagen	13,611
Scheemda	31,122
Schermer	7,020
Scherpenzeel	3,510
Schiedam	326,352
Schiermonnikoog	7,020
Schijndel	28,782
Schinnen	7,020
Schouwen-Duiveland	23,790
Sevenum	34,866
Simpelveld	6,630
Sint-Anthonis	12,285
Sint-Michielsgestel	21,060
Sint-Oedenrode	64,857
Sittard-Geleen	175,266
Skarsterlân	68,484
Sliedrecht	31,200
Slochteren	20,124
Sluis	10,140
Smallingerland	110,292
Sneek	82,329
Soest	123,825
Someren	15,444
Son en Breugel	29,991
Spijkenisse	7,020
Staat der Nederlanden	27,845,360
Stadskanaal	27,339
Staphorst	30,030
Stede Broec	17,823
Steenbergen	11,583
Steenwijkerland	129,675
Stein	19,266
Strijen	6,240
Terneuzen	45,474
Terschelling	3,510
Texel	7,371
Teylingen	57,681
Tholen	33,696
Tiel	36,803
Tilburg	71,786
Tubbergen	30,000
Twenterand	23,868
Tynaarlo	43,243
Tytsjerksteradiel	48,945
Ubbergen	33,540
Uden	17,550
Uitgeest	3,510
Uithoorn	54,522
Urk	3,861
Utrecht (gem.)	763,074
Utrecht (prov.)	87,750
Utrechtse Heuvelrug	201,669

Vaals	17,121
Valkenburg aan de Geul	21,060
Valkenswaard	12,987
Veendam	86,190
Veenendaal	86,970
Veere	7,020
Veghel	26,598
Veldhoven	35,100
Velsen	280,410
Venlo	99,006
Venray	50,973
Vianen	22,698
Vlaardingen	198,198
Vlagtwedde	16,458
Vlieland	3,510
Vlissingen	70,356
Vlist	10,530
Voerendaal	11,232
Voorschoten	41,184
Voorst	112,983
Vught	15,795
Waalre	6,318
Waalwijk	29,133
Waddinxveen	17,823
Wageningen	50,310
Wassenaar	106,392
Waterland	14,040
Weert	41,379
Weesp	33,501
Werkendam	9,828
Wervershoof	3,510
Westerveld	51,987
Westervoort	3,510
Westland	301,860
Weststellingwerf	58,071
Westvoorne	66,963
Wierden	21,060
Wieringen	6,240
Wieringermeer	5,616
Wijchen	11,193
Wijdemeren	33,930
Wijk bij Duurstede	23,751
Winschoten	88,920
Winsum	10,140
Winterswijk	17,199
Woensdrecht	11,232
Woerden	123,201
Wolden, De	31,122
Wormerland	36,660
Woudenberg	3,510
Woudrichem	10,530
Wûnseradiel	128,973
Wymbritseradiel	63,492
Zaanstad	416,286
Zaltbommel	3,861
Zandvoort	56,862
Zederik	43,017
Zeevang	12,246
Zeewolde	78
Zeist	192,075
Zevenaar	8,020
Zevenhuizen-Moerkapelle	11,856
Zijpe	3,510
Zoetermeer	3,510
Zoeterwoude	26,871
Zuid-Holland (prov.)	610,350
Zuidhorn	10,140
Zundert	104,949
Zutphen	95,940
Zwartewaterland	23,712
Zwijndrecht	47,541
Zwolle	149,097