



PRESS RELEASE ON 2017 ANNUAL FIGURES

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Initiatives for a more sustainable society; profit and dividend up

BNG Bank can look back on a good year, reports Gita Salden, the new Chair of the Executive Board. In line with government policy, new products in the areas of sustainability and export financing were developed for clients. In addition, the bank's key financial targets were achieved. Profit and solvency ratios both increased. A proposal is made to the shareholders so as to raise the dividend pay-out percentage from 25% to 37.5%.

In order to further strengthen its role as a committed partner for a more sustainable society, BNG Bank financed more than 150,000 solar panels in the year under review through Rooftop Energy and the 'Boer Kiest Zon' solar farming project as well as through directly financing municipalities and housing associations, among others. Wind energy, biomass, bioenergy, geothermal and district heating network projects were also financed. In autumn, a public real estate scan was introduced. Municipalities used this online tool to identify – within just a few months – 1 million m² of public real estate to be made more sustainable through investments. The bank established a Sustainability Fund in December. Associations, enterprises and other business initiators can raise a loan from EUR 100,000 with this Fund for projects which contribute to the sustainability goals of municipalities or provinces. BNG Bank will initially provide EUR 10 million to the Fund and intends to increase this amount to EUR 25 million in the coming three years. The interest and repayments received will in turn be made available for new investments.

To finance its sustainable activities, BNG Bank issued two new sustainable bonds in the year under review. Since 2014, the bank has issued a total of six sustainability bonds and social housing bonds valued at EUR 4.1 billion, making it one of the leaders in this field within the Dutch banking landscape.

BNG Bank also began providing refinancing under the export credit guarantee scheme operated by the central government in 2017. By now, three transactions totalling over USD 300 million were concluded. They are a tangible indication of BNG Bank's response to the government's wish of promoting Dutch exports and supporting Dutch businesses that export their goods and services to other countries.

The total amount of long-term lending in 2017 was EUR 9.5 billion, most of which was provided to municipalities, housing associations, and healthcare and educational institutions. The total amount decreased by EUR 0.7 billion compared to 2016 due to the relatively low market demand. At the end of 2017, the total long-term loan portfolio amounted to EUR 80.1 billion (end of 2016: EUR 81.0 billion).

Net profit up

Net profit rose by 6.5% to EUR 393 million in 2017. The interest result rose to EUR 435 million, an increase of EUR 30 million compared to 2016, thanks to the favourable rates for new loans. The result on financial transactions was EUR 181 million positive in 2017 (2016: EUR 118 million positive). The unrealised market value changes (EUR 128 million) strongly contributed to this result, which achievement was influenced by the

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Our reference
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rise in long-term interest rates in 2017 and the lower credit and liquidity risk spreads of most of the interest-bearing securities. Partly due to the European Central Bank's continuing buying programme, the realised results within the result on financial transactions also were highly positive.

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Increased solvency ratios

BNG Bank's solvency further increased during the period under review. The bank's Tier 1 ratio rose to almost 37%. Due to the increase in Tier 1 capital and the lower balance sheet total, the bank's leverage ratio rose by 0.5% to 3.5% compared to year-end 2016.

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Higher dividend pay-out percentage

Following the positive development of the leverage ratio BNG Bank proposes a higher pay-out percentage. This is possible because of the current and expected development of the bank's capital position. It is expected that certainty on the introduction of the leverage ratio will be obtained in the course of 2018, after which BNG Bank will review its capitalisation and dividend policy. Anticipating on final regulation, BNG Bank proposes distributing 37.5% (2016: 25%) of the profit available after taxes. This figure represents a dividend of EUR 141 million (2016: EUR 91 million). The remainder will be added to the reserves. The dividend amounts to EUR 2.53 (2016: EUR 1.64) per share with a nominal value of EUR 2.50.

Outlook for 2018

With effect from 1 January 2018, BNG Bank is required to report on its balance sheet and income statement in accordance with the new standard for financial instruments (IFRS 9). Based on the bank's current understanding, the transition to the opening balance sheet in accordance with the new standard will lead to a decrease in equity of approximately EUR 270 million, mainly attributable to adjustments related to hedge accounting. More than EUR 170 million relates to a decrease in the cash flow hedge reserve. As this reserve is not part of the Tier 1 capital, the impact on the Tier 1 ratio and the leverage ratio is relatively limited. The interest result for 2018 is expected to range between EUR 390 million and EUR 440 million. Unpredictable movements on the financial markets make it impossible to give a reliable expectation of the unrealised results within the financial transactions result. For this reason, the bank does not consider it wise to make a statement regarding the expected net profit for 2018.

BNG Bank will publish its Annual Report on Thursday 29 March 2018 via www.bngbank.com.

***BNG Bank** is a committed partner for a more sustainable society. The bank supports government policies by providing affordable financing to municipalities, housing associations, healthcare and educational institutions, project financing and other public sector institutions based on its excellent credit rating. With a balance sheet of EUR 140 billion, BNG Bank is the fourth-largest bank in the Netherlands.*

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

CONSOLIDATED BALANCE SHEET

Amounts in millions of euros

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	31-12-2017	31-12-2016
ASSETS		
Cash and balances with central banks	2,996	6,417
Amounts due from banks	13,997	11,795
Financial assets at fair value through the income statement	2,006	2,350
Derivatives	8,982	15,412
Financial assets available-for-sale	14,110	15,437
Loans and advances	86,008	87,576
Value adjustments on loans in portfolio hedge accounting	11,813	14,894
Investments in associates and joint ventures	47	46
Property & equipment	17	17
Other assets	19	56
Assets held-for-sale	30	-
TOTAL ASSETS	140,025	154,000
LIABILITIES		
Amounts due to banks	2,393	3,530
Financial liabilities at fair value through the income statement	944	1,190
Derivatives	21,870	24,780
Debt securities	104,127	112,180
Funds entrusted	5,472	7,556
Subordinated debt	31	31
Other liabilities	235	247
Total liabilities	135,072	149,514
EQUITY		
Capital and realised reserves	3,366	3,106
Hybrid capital	733	733
Revaluation reserve	268	275
Cash flow hedge reserve	193	3
Net profit	393	369
Total equity	4,953	4,486
TOTAL LIABILITIES AND EQUITY	140,025	154,000

CONSOLIDATED INCOME STATEMENT

Amounts in millions of euros

Date

12 maart 2018

	2017	2016
- Interest income	5,905	6,126
- Interest expenses	-5,470	-5,721
Interest result	435	405
- Commission income	26	28
- Commission expenses	-3	-3
Commission result	23	24
- Result from sales of AFS portfolio	47	34
- Other realised results	6	28
- Market value adjustments of financial instruments	128	55
Result on financial transactions	181	118
Results from participating interests	2	4
Other results	2	2
Result from sales of assets held-for-sale	-	34
TOTAL INCOME	643	588
Staff costs	-44	-38
Other administrative expenses	-26	-26
Depreciations	-2	-2
TOTAL OPERATING EXPENSES	-72	-66
Impairments	6	29
Change in incurred loss provision	4	4
Resolution Fund contribution	-9	-16
Bank levy	-36	-35
TOTAL OTHER EXPENSES	-35	-19
PROFIT BEFORE TAX	536	502
Taxes	-143	-134
NET PROFIT	393	369
- of which attributable to holders of hybrid capital	18	4
- of which attributable to shareholders	375	365
Dividend per share with a nominal value of EUR 2.50	EUR 2.53	EUR 1.64

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