



PRESS RELEASE ANNUAL RESULTS 2018

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BNG Bank supports the energy transition with loans and expertise

BNG Bank has had a successful year. 'I am pleased that we are accomplishing our mission to be a committed partner for a more sustainable society. Clients can achieve their socially relevant objectives thanks to our lending on favourable terms, our knowledge and expertise, as well as new financing solutions such as the BNG Sustainability Fund', says CEO Gita Salden.

New long-term loans granted in 2018 rose by EUR 2.1 billion to EUR 11.6 billion. The net profit for 2018 amounts to EUR 337 million and the bank proposes to raise the dividend pay out to 50% (2017: 37.5%).

The substantial increase in lending over 2018 was mainly driven by increased levels of investment made by local authorities and housing associations in, among others residential construction and sustainability measures for real estate. There is also an acute shortage of mid-price rental housing in the Netherlands. BNG Bank has been able to help alleviate this problem in the province of Limburg by providing customised funding. Lending to the healthcare sector has risen slightly, largely through the refinancing of existing loans to major hospitals.

Lending for sustainable energy increased as well. Among other things, the bank participated in the financing of Borssele Wind Farm Sites III/IV in the North Sea, which are set to provide more than 800,000 households with sustainable electricity as from 2021. The bank also financed bio energy, geothermal energy and solar energy projects. Lending for infrastructure-related projects such as motorways, high-speed Internet and district heating networks increased as well. New technology is involved in some of those projects. The bank considers acceptance of the associated inherent risks, within limits, to be in the interest of accelerating the process to make the Netherlands more sustainable and to achieve the goals of the Dutch Climate Agreement.

The bank launched the BNG Sustainability Fund which makes it possible to meet the growing demand for credit from smaller scale business initiators for local sustainability projects. The first loans have now been granted, including one for the installation of electric vehicle charging points. Together with the Dutch government, the bank has also concluded refinancing agreements pursuant to the export credit guarantee scheme (ECG).

To meet the increasing demand for credit, BNG Bank raised the amount of EUR 18.4 billion in long-term funding (2017: EUR 17.7 billion). Among other things, the bank issued benchmark loans in euros and US dollars, ranging in size from 500 million to 2.5 billion. In addition, sustainability bonds were issued to international investors to finance renewable energy as well as the most sustainable municipalities and housing associations. The bank has issued sustainability bonds worth EUR 5.3 billion in total since 2014.

Date

18 maart 2019

Our reference

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BNG Bank is a trade name of BNG Bank N.V. with registered office in The Hague, Trade Register no 27008387

Stable interest result, lower net profit

BNG Bank posted a net profit of EUR 337 million for the 2018 reporting year (2017: EUR 393 million). The lower profit level compared with 2017 is largely attributable to the decline in the result on financial transactions to EUR 112 million positive (2017: EUR 181 million positive). This result on financial transactions is heavily dependent on market circumstances and the ECB's monetary policy. Since BNG Bank normally holds on to exposures on the balance sheet until maturity, this result will for the most part remain unrealised. The interest result for 2018, the core of the bank's net profit, is almost identical to the 2017 interest result at EUR 434 million. Also in 2018, the interest result benefited from the favourable rates for new funding.

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Increased solvency ratios

BNG Bank's equity increased by EUR 0.3 billion to EUR 5.0 billion in the reporting year, largely as a result of the increase in net profit. The solvency ratios increased, mainly due to the addition of the 2017 retained earnings to the Tier 1 capital. The Common Equity Tier 1 ratio and the Tier 1 ratio rose to 32% and 38%, respectively. The bank's leverage ratio increased by 0.3% compared with year-end 2017, to 3.8%. As a result, the bank amply meets the internal and external requirements for equity.

Higher dividend pay-out percentage

The positive development of the leverage ratio prompted BNG Bank to propose increasing the pay-out from 37.5% to 50%. After deduction of the dividend distribution to providers of hybrid capital, an amount of EUR 318 million (2017: EUR 375 million) is available to shareholders. The proposal to pay out 50% of that amount represents a dividend of EUR 159 million (2017: EUR 141 million). The remainder will be added to the reserves. As a result, the dividend amounts to EUR 2.85 per share with a nominal value of EUR 2.50 (2017: EUR 2.53 dividend).

Outlook for 2019

BNG Bank expects a rising level of investments by housing associations in new houses and an increase in sustainability investments such as renewable energy in 2019. These developments will have a positive effect on our clients' demand for credit. The interest result is expected to range between EUR 410 million and EUR 450 million. Given the dependence on market circumstances, it is not possible to give a reliable forecast for the result on financial transactions. For this reason, the bank does not consider it wise to make a statement regarding the net profit for 2019.

BNG Bank is a committed partner for a more sustainable society. We enable the public sector to achieve socially relevant objectives. With a balance sheet of more than EUR 130 billion, we are the fourth-largest bank in the Netherlands and a relevant financier for local authorities and institutions for housing, healthcare, education, energy and infrastructure. BNG Bank aims to make a social impact rather than maximise its profit.

BNG Bank will publish its 2018 annual report on 29 March 2019.

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

CONSOLIDATED BALANCE SHEET

Date

18 maart 2019

<i>Amounts in millions of euros</i>	31-12-2018 (IFRS 9)	1-1-2018 (IFRS 9)	31-12-2017 (IAS 39)
ASSETS			
Cash and balances	1,587	2,996	2,996
Amounts due from banks	82	12	105
Cash collateral posted	12,043	13,892	13,892
Financial assets at fair value through the income statement	1,606	1,628	2,006
Derivatives	8,390	8,978	8,982
Financial assets available-for-sale	-	-	14,110
Financial assets at fair value through OCI	9,648	10,794	-
Interest-bearing securities at amortised cost	7,406	5,134	-
Loans and advances	85,034	84,640	86,008
Value adjustments on loans in portfolio hedge accounting	11,566	11,685	11,813
Associates and joint ventures	44	47	47
Property & equipment	17	17	17
Current tax assets	7	-	-
Other assets	79	19	19
Assets held-for-sale	-	30	30
TOTAL ASSETS	137,509	139,872	140,025
LIABILITIES			
Amounts due to banks	2,383	2,079	2,079
Cash collateral received	419	369	369
Financial liabilities at fair value through the income statement	762	944	944
Derivatives	19,223	21,870	21,870
Debt securities	103,722	104,323	104,127
Funds entrusted	5,800	5,421	5,417
Subordinated debts	32	31	31
Current tax liabilities	-	18	17
Deferred tax liabilities	99	83	173
Other liabilities	78	47	45
TOTAL LIABILITIES	132,518	135,185	135,072
EQUITY			
Capital and realised reserves	3,555	3,715	3,366
Hybrid capital	733	733	733
Revaluation reserve	125	189	259
Cash flow hedge reserve	10	19	193
Own Credit Adjustment	9	9	9
Cost of hedging reserve	222	22	-
Net profit	337	-	393
	4,991	4,687	4,953
TOTAL LIABILITIES AND EQUITY	137,508	139,872	140,025

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CONSOLIDATED INCOME STATEMENT

Date

18 maart 2019

<i>Amounts in millions of euros</i>	2018	2017
- Interest revenues	5,720	5,905
- Interest expenses	-5,286	-5,470
Interest result	434	435
- Commission income	30	26
- Commission expenses	-2	-3
Commission result	28	23
Result on financial transactions	112	181
Results from associates and joint ventures	4	2
Other results	2	2
Result from sales of assets held-for-sale	0	-
TOTAL INCOME	580	643
Staff costs	-40	-44
Other administrative expenses	-33	-26
Depreciation	-3	-2
TOTAL OPERATING EXPENSES	-76	-72
Net impairment losses on financial assets	2	7
Net impairment losses on associates and joint ventures	-4	3
Contribution to resolution fund	-12	-9
Bank levy	-31	-36
TOTAL OTHER EXPENSES	-45	-35
PROFIT BEFORE TAX	459	536
Taxes	-122	-143
NET PROFIT	337	393
- of which attributable to the holders of hybrid capital	19	18
- of which attributable to shareholders	318	375

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