



PRESS RELEASE 2017 INTERIM RESULTS

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Focus on socially relevant challenges leads to tangible results

BNG Bank is looking back on a good first half of 2017. The bank actively worked on solutions for socially relevant challenges in the field of, amongst others, sustainability projects, exports and small and medium-sized businesses (SME). This had led to a number of concrete transactions.

The bank financed, amongst others, projects such as the 'Boer kiest Zon' solar farming project comprising 140,000 solar panels on the roofs of agricultural buildings and the sustainable enhancement of a minimum of 8,500 rented Ymere housing association homes by an energy service company (ESCO). Shortly after the reporting period, the European Commission granted its approval for the Energy Transition Financing Facility (ETFF) announced jointly by the bank, the Ministry of Economic Affairs and the Netherlands Investment Agency at the end of last year. The bank has initially earmarked EUR 100 million for issuing subordinated loans under the ETFF. Other remarkable results are the first refinancing transaction of USD 200 million in support of the government's export financing policy and the first agreement of EUR 25 million in support of the SME sector. With these transactions, the bank is further implementing its strategy to be a committed partner for its customers and to support socially relevant challenges for a sustainable society.

The total volume of new long-term lending declined in the first half of 2017 to EUR 4.4 billion (H1 2016: EUR 4.7 billion) mainly due to the relatively low market demand from housing associations, municipalities and healthcare institutions. The bank's high market share was down slightly compared to preceding years on account of increasing competition from institutional investors, among other factors. Furthermore, the bank is facing growing competition from initiatives undertaken by the European Investment Bank and the European Fund for Strategic Investments.

Net profit higher

Net profit rose by 92% to EUR 242 million in the reporting period. The interest result climbed to EUR 222 million, an increase of EUR 31 million compared to the same period in 2016, thanks to low financing costs. The result from financial transactions totalled EUR 132 million in the reporting period. The result from financial transactions benefited from both realised and unrealised market value adjustments, mainly due to the European Central Bank's bond-buying programme and the increase in long-term interest rates during the reporting period.

Solvency ratio increases

BNG Bank's risk-weighted solvency ratio increased during the reporting period. The bank's Tier 1 ratio rose to 36%. Thanks to the increase in Tier 1 capital and the lower balance sheet total, the bank's leverage ratio rose by 0.3% compared to the end of 2016 to 3.3%. If the revaluation reserve and the profit for the reporting period, less the dividend payment, are included in full, the leverage ratio would amount to 3.5% in mid-2017.

Date
28 augustus 2017

Our reference
2202540

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BNG Bank is a
trade name of
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Outlook

As a consequence of the relatively low demand and stronger competition, partly as a result of the current monetary policy, BNG Bank expects that the volume of new long-term lending will be lower in 2017 than in 2016.

The long-term funding requirement is projected to be approximately EUR 5 billion in the second half of 2017. The bank will continue to focus its policy on achieving diversification in terms of product, currency and maturity. The bank expects to issue two new socially responsible investment bonds. With these issues, BNG Bank is responding to the growing demand for this kind of investments and promoting greater sustainability efforts by local authorities and housing associations.

The interest result for 2017 is expected to be within a range of EUR 420 to EUR 450 million. Owing to the volatility in the financial markets, it is not possible to give a reliable indication of the unrealised result within the 'result from financial transactions' component of the bank's profit and loss account. Hence the bank does not consider it wise to make a statement regarding the expected net profit for 2017.

***BNG Bank** is a committed partner for a sustainable society. The bank supports government policies by providing affordable financing to municipalities, housing associations, healthcare and educational institutions and other public sector institutions based on its AAA rating. With a balance sheet of more than EUR 150 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.

For more information, please refer to the full Interim Report on www.bngbank.com.

Date

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Our reference

2202540

Page

2 of 4

CONSOLIDATED BALANCE SHEET

Amounts in millions of euros

Date

28 augustus 2017

	30/06/2017	31/12/2016	
ASSETS			Our reference
Cash and balances held with central banks	6,681	6,417	2202540
Amounts due from banks	13,415	11,795	
Financial assets at fair value through the income statement	2,169	2,350	Page
Derivatives	11,013	15,412	3 of 4
Financial assets available-for-sale	14,886	15,437	
Loans and advances	85,879	87,576	
Value adjustments of loans involved in portfolio hedge accounting	12,173	14,894	
Investments in associates and joint ventures	45	46	
Property and equipment	17	17	
Current tax asset	14	-	
Other assets	48	56	
TOTAL ASSETS	146,340	154,000	
LIABILITIES			
Amounts due to banks	3,077	3,530	
Financial liabilities at fair value through the income statement	1,132	1,190	
Derivatives	22,277	24,780	
Current tax liability	-	31	
Deferred tax liability	160	116	
Debt securities	108,133	112,180	
Funds entrusted	6,699	7,557	
Subordinated debts	31	31	
Other liabilities	66	99	
Total liabilities	141,575	149,514	
Capital	139	139	
Share premium reserve	6	6	
Revaluation reserve	290	275	
Cash flow hedge reserve	134	3	
Other reserves	3,221	2,961	
Unappropriated profit	242	369	
Equity attributable to shareholders	4,032	3,753	
Hybrid capital	733	733	
Total equity	4,765	4,486	
TOTAL LIABILITIES	146,340	154,000	

CONSOLIDATED INCOME STATEMENT

Amounts in millions of euros

Date

28 augustus 2017

	First half of 2017	First half of 2016	Our reference
- Interest income	2,973	3,070	2202540
- Interest expenses	2,751	2,879	
Interest result	222	191	Page
			4 of 4
- Commission income	12	17	
- Commission expenses	1	2	
Commission result	11	15	
Result from financial transactions	132	-28	
Results from associates and joint ventures	2	2	
Sales results from assets held for sale	-	34	
Other results	1	1	
TOTAL INCOME	368	215	
Staff costs	20	18	
Other administrative expenses	13	12	
Depreciation	1	1	
TOTAL OPERATING EXPENSES	34	31	
Impairments	3	2	
Contribution to resolution fund	9	16	
TOTAL OTHER EXPENSES	12	18	
PROFIT BEFORE TAX	322	166	
Taxes	- 80	- 40	
NET PROFIT	242	126	
- of which attributable to the holders of hybrid capital	18	4	
- of which attributable to shareholders	224	122	