

Increased demand pushes loan volume

- **Digital portal 'My BNG Bank' available for first users**
- **Volume of new long-term lending up 7% to EUR 6.2 billion**
- **Net profit EUR 128 million (-38%)**
- **Solvency ratios stable at a high level**

"We are successful if our customers can achieve their socially relevant objectives. That is our mission", says Gita Salden, chairman of BNG Bank. "We look back on a good six months, in which we were able to meet the growing demand for credit at competitive rates. With this financing we support our customers to achieve their sustainability objectives. Reporting on the climate impact of our financing and formulating action plans that contribute to reducing CO₂ emissions is a strategic spearhead, as well as proactively responding to customer needs and optimal customer service through further digitisation of processes. The first user group is currently already using the digital customer portal 'My BNG Bank', for example."

Loan volume higher

The demand for credit from BNG Bank customers is increasing. The volume of new long-term lending in the first half of 2019 amounted to EUR 6.2 billion, an increase of 7% compared with the first half of 2018. The above-average demand for long-term loans with a maturity of up to 50 years is striking. Relative to year-end 2018, the long-term loan portfolio increased by EUR 1.1 billion to EUR 82.7 billion.

The bank's most important customers are local authorities and institutions for housing, healthcare, education, energy and infrastructure in the Netherlands. Demand for credit from local authorities was higher than expected, partly due to higher expenses in the social domain. In addition, local authorities have been investing in sustainability, climate adaptation and renewal and the maintenance of public real estate. The municipality of Utrecht has chosen BNG Bank as its principal banker, meaning that BNG Bank will conduct the city's payment transactions for the next 10 years.

Lending to housing associations is developing in line with expectations, resulting in a moderate increase of the loan portfolio. Lending to the health sector for both new buildings and refinancing increased sharply. In the past six months, the bank issued significant loans to hospitals in Groningen, North Holland and Zeeland, among others.

In the reporting period, the bank invested in various forms of renewable energy, including bio fermentation and wind energy. As one of the largest financiers of the energy transition, BNG Bank signed the commitment of the financial sector to contribute to the implementation of the national climate agreement.

In March, Fitch Ratings raised BNG Bank's rating from 'AA+' to 'AAA' with a stable outlook, thereby aligning the bank's three external ratings with those of the Dutch State.

Date

9 september 2019

Our reference

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In the reporting period, BNG Bank raised EUR 10.2 billion in long-term funding (first half of 2018: EUR 9.3 billion), partly by issuing five benchmark loans in euros and US dollars.

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Interest result and net profit lower

BNG Bank aims to make a social impact and to generate a reasonable return for its shareholders rather than maximise its profit. BNG Bank's net profit for the first half of 2019 amounts to EUR 128 million (-38%). The most important factors for the decrease of EUR 79 million compared to the first half of 2018 are a lower result on financial transactions and a lower interest result - both as a result of the lower interest rates - as well as higher provisions. The interest result for the first half of the year decreased by EUR 20 million to EUR 200 million compared with the same period in 2018. The result on financial transactions was EUR 21 million positive, a decrease of EUR 64 million compared with the same period in 2018.

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Solvency ratios stable, leverage ratio expected to increase

The Common Equity Tier 1 ratio and the bank's Tier 1 ratio remained virtually unchanged at 32% and 38%, respectively. Due to the increase in the balance sheet total, the bank's leverage ratio decreased to 3.4% compared with year-end 2018. The month of May saw the publication of amendments to the European regulations concerning capital requirements. The most important change for BNG Bank is that promotional loans of public development credit institutions can be excluded from the calculation of the leverage ratio. As BNG Bank already complies with the applicable conditions, its leverage ratio is expected to at least double from mid-2021.

Outlook

Due to the substantial demand from local authorities, BNG Bank expects to exceed the full-year target for new long-term lending of EUR 10.9 billion. The total long-term funding requirement of the bank in 2019 is expected to total more than EUR 17 billion. The interest result for 2019 is expected to range between EUR 400 million and EUR 440 million. Volatility on the financial markets makes it impossible to provide a reliable statement on the unrealised results within the result on financial transactions. As a consequence, the bank does not consider it wise to make a statement on the expected net profit for 2019.

The full Interim Report 2019 is available on www.bngbank.com.

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.

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.

GECONSOLIDATED BALANCE SHEET

Date

9 september 2019

	<i>Amounts in millions of euro's</i>	
	30-6-2019	31-12-2018
ASSETS		
Cash and balances with central banks	11,670	1,587
Amounts due from banks	76	82
Cash collateral posted	15,273	12,043
Financial assets at fair value through the income statement	1,737	1,606
Derivatives	10,158	8,390
Financial assets at fair value through OCI	9,320	9,648
Interest-bearing securities at amortised cost	7,271	7,406
Loans and advances	85,969	85,034
Value adjustments on loans in portfolio hedge accounting	16,820	11,566
Associates and joint ventures	42	44
Property & equipment	18	17
Current tax assets	98	7
Other assets	129	79
TOTAL ASSETS	158,581	137,509
LIABILITIES		
Amounts due to banks	2,914	2,383
Cash collateral received	656	419
Financial liabilities at FVTPL	737	762
Derivatives	23,616	19,223
Debt securities	117,542	103,722
Funds entrusted	7,971	5,800
Subordinated debts	32	32
Deferred tax liabilities	69	99
Other liabilities	201	78
Total liabilities	153,738	132,518
EQUITY		
Share capital and realised reserves	3,711	3,555
Hybrid capital	733	733
Revaluation reserve	124	125
Cash flow hedge reserve	13	10
Own Credit Adjustment	9	9
Cost of hedging reserve	125	222
Net profit	128	337
	4,843	4,991
TOTAL EQUITY AND LIABILITIES	158,581	137,509

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GECONSOLIDATED INCOME STATEMENT

Date

9 september 2019

	<i>Amounts in millions of euro's</i>	30-6-2019	30-6-2018
- Interest revenues		2,772	2,878
- Interest expenses		-2,572	-2,658
Interest result		200	220
- Commission income		16	14
- Commission expenses		-1	-1
Commission result		15	13
Result on financial transactions		21	85
Results from associates and joint ventures		0	2
Other results		1	1
TOTAL OPERATING INCOME		237	321
Staff costs		-20	-20
Other administrative expenses		-16	-16
Depreciation		-2	-2
TOTAL OPERATING EXPENSES		-38	-37
Net impairments on financial assets		-20	4
Net impairments on associates and joint ventures		-1	-1
Contribution to resolution fund		-8	-12
Bank levy		-	-
TOTAL OTHER EXPENSES		-29	-9
PROFIT BEFORE TAXES		170	275
Taxes		-42	-68
NET PROFIT		128	207
- of which attributable to the holders of hybrid capital		22	19
- of which attributable to shareholders		106	188

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