

## Loan portfolio BNG Bank on course

- **BNG Bank on track with its 'Our road to impact' strategy**
- **Long-term loan portfolio stable at EUR 86.1 billion**
- **Net interest income increases by EUR 3 million to EUR 228 million**
- **Net profit of EUR 187 million**
- **Remaining dividend for 2019 and 2020 to be paid out in October**
- **Operating expenses increase by EUR 4 million**

The Hague, 6 September 2021 –'We are satisfied with our financial results,' says Gita Salden, Chief Executive Officer of BNG Bank. 'We can look back on a good first half-year in which we were able to provide our public-sector clients with long-term loans worth EUR 5.6 billion. We are reporting an increase in our net profit, primarily due to an improved economic outlook, which is resulting in lower loan impairments and a better result on financial transactions. The underlying net interest income increased by EUR 3 million to EUR 228 million; we passed the favourable short term ECB funding rates on to our clients. We are on track with our "Our road to impact" strategy, which we are using to continuously enhance our social impact.'

**Date**

6 September 2021

**Our reference**

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### Financial results

BNG Bank can look back with satisfaction on the financial results of the first half year. BNG Bank's net profit for the first half of 2021 amounted to EUR 187 million. The increase of EUR 87 million compared to the first half of 2020 can be attributed to the diminishing impact of the COVID-19 pandemic on Western economies. In particular, the improved economic outlook is positively effecting the bank's results on financial transactions and the model-based loan impairments.

### Increased operating expenses of EUR 4 million

Compared to the same period in 2020, regular consolidated operating expenses rose by EUR 4 million to EUR 48 million. As anticipated, staff costs and the hiring of external support saw a particular increase, to allow the bank to continue to fulfil its client integrity and gatekeeping responsibilities.

### Dividend payout

In late July 2021, the ECB announced that it would end the dividend restrictions starting 1 October 2021. BNG Bank will pay out the remaining dividend of EUR 148 million in October.

### **Long-term loan portfolio stable at EUR 86.1 billion**

The volume of new long-term loans in the reporting period amounted to EUR 5.6 billion, an increase of EUR 0.2 billion compared to the equivalent period in 2020. With an increase of EUR 0.1 billion to EUR 86.1 billion, the long-term loan portfolio remained virtually unchanged compared to year-end 2020.

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### **Good access to funding**

In the first half of 2021, BNG Bank raised EUR 6.4 billion in long-term funding by issuing bonds, including a new EUR 2 billion SRI bond. The transaction constitutes BNG Bank's inaugural bond issue under its renewed sustainability framework for Dutch municipalities. This framework links the UN Sustainable Development Goals (SDGs) to municipal budgets. The proceeds of the euro-denominated bond will be used for loans for all SDG-related expenses of Dutch municipalities. Pricing in the first half of the year, as measured by the credit spread, is comparable to the last quarters before the COVID-19 pandemic.

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### **Strong capital position with a CET 1 ratio of 31% and Tier 1 ratio of 36%**

BNG Bank continues to have a strong capital position. The risk-weighted solvency ratios decreased slightly. This was due to the amended capital requirements (CRR 2), with capital reserved for credit risk on derivatives exposures increasing in particular. As a result, the bank's Common Equity Tier 1 ratio and Tier 1 ratio decreased to 31% and 36% respectively as at the end of June 2021. BNG Bank's leverage ratio at the reporting date was 9.9%. The increase compared to year-end 2020 (3.5%) was caused by the possibility of excluding the bank's promotional loans under the new capital requirements. The bank is also utilising the possibility to exclude the liquidity position at the ECB in calculating the ratio. The ECB has extended this option until the end of March 2022. Without the possibility of exercising this option, the leverage ratio would drop slightly to 3.3%. All of the bank's capital ratios remain well above the minimums set by the regulator.

### **Outlook**

BNG Bank is on course to meet its annual target of EUR 10.5 billion of new long-term loans not subject to solvency requirements. BNG Bank's net interest income in 2021 is expected to be in the range of EUR 440 million to EUR 470 million. As future market value fluctuations and the development of impairments are by definition uncertain, the bank does not consider it prudent to communicate on the expected net profit in 2021.

*The full half-year report is available at [bngbank.com](http://bngbank.com).*

*BNG Bank is a committed partner for a more sustainable world. We enable the public sector to achieve socially relevant objectives. BNG Bank is a relevant player in the funding of Dutch local authorities as well as in the housing, healthcare, education, energy, environment, mobility and networks sectors. BNG Bank does not strive for profit maximization but for a fair return that benefits the shareholder governments.*

*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

6 September 2021

	<i>Amounts in millions of euro's</i>	30/06/2021	31/12/2020
<b>ASSETS</b>			
Cash and balances with central banks		15,713	2,312
Amounts due from banks		127	120
Cash collateral posted		14,544	20,361
Financial assets at fair value through the income statement		1,376	1,452
Derivatives		6,167	8,540
Financial assets at fair value through OCI		9,474	9,738
Interest-bearing securities at amortised cost		7,704	7,880
Loans and advances at amortised cost		89,230	88,942
Value adjustments on loans in portfolio hedge accounting		15,100	20,816
Associates and joint ventures		31	31
Property & Equipment		16	17
Current tax assets		11	1
Other assets		347	149
<b>TOTAL ASSETS</b>		<b>159,840</b>	<b>160,359</b>
<b>LIABILITIES</b>			
Amounts due to banks		18,729	12,221
Cash collateral received		1,191	858
Financial liabilities at FVTPL		625	656
Derivatives		18,733	26,965
Debt securities		109,026	108,615
Funds entrusted		6,068	5,599
Subordinated debts		35	35
Deferred tax liabilities		85	98
Other liabilities		287	215
<b>TOTAL LIABILITIES</b>		<b>154,779</b>	<b>155,262</b>
<b>EQUITY</b>			
Share capital		139	139
Share premium capital		6	6
Retained earnings		3,740	3,712
Revaluation reserve		60	86
Cash flow hedge reserve		9	11
Own credit adjustment		4	5
Cost of hedging reserve		183	184
Net profit		187	221
<b>Equity attributable to shareholders</b>		<b>4,328</b>	<b>4,364</b>
Hybrid capital		733	733
<b>TOTAL EQUITY</b>		<b>5,061</b>	<b>5,097</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>159,840</b>	<b>160,359</b>

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## CONSOLIDATED INCOME STATEMENT

	<i>Amounts in millions of euro's</i>	<b>30-6-2021</b>	<b>30-6-2020</b>
- Interest revenues		2,244	2,534
- Interest expenses		-2,016	-2,309
Interest result		228	225
- Commission income		10	14
- Commission expenses		-2	-2
Commission result		8	12
Result on financial transactions		63	-14
Results from associates and joint ventures		1	3
Other results		1	1
<b>TOTAL OPERATING INCOME</b>		<b>301</b>	<b>227</b>
Staff costs		-25	-21
Other administrative expenses		-22	-21
Depreciation		-1	-2
<b>TOTAL OPERATING EXPENSES</b>		<b>-48</b>	<b>-44</b>
Net impairments on financial assets		7	-27
Net impairments on associates and joint ventures		-0	-0
Contribution to resolution fund		-2	-8
<b>TOTAL OTHER EXPENSES</b>		<b>5</b>	<b>-35</b>
<b>PROFIT BEFORE TAXES</b>		<b>258</b>	<b>148</b>
Taxes		-71	-48
<b>NET PROFIT</b>		<b>187</b>	<b>100</b>
- of which attributable to the holders of hybrid capital		21	25
- of which attributable to shareholders		166	75

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