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**BNG** BANK

April 2021

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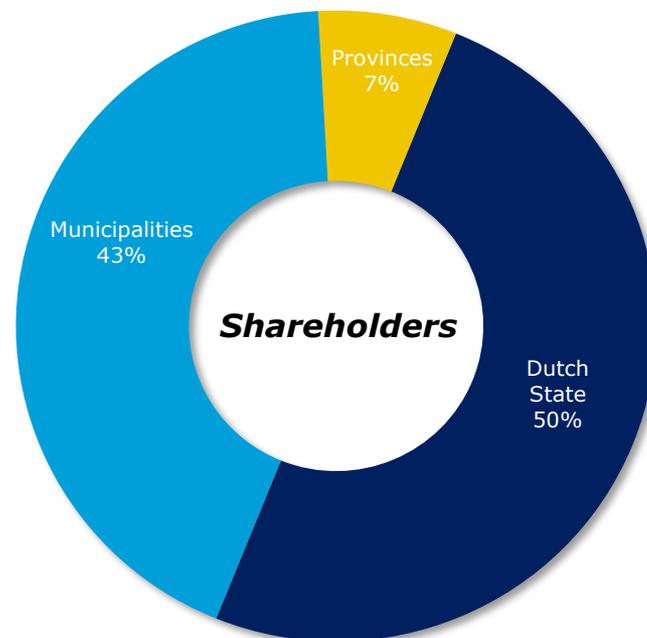
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## Table of Content

- Key Facts 4
- Dutch Public Sector 5
- Market Share and Financial Data 6
- Short Term Funding 7
- Long Term Funding Strategy 8
- Sustainability 10
- Summary 15
- Contact Information 16
- Appendices 17

Everything we do revolves around making social impact. Instead of maximising profits, our priority is to maximise the social impact of our activities

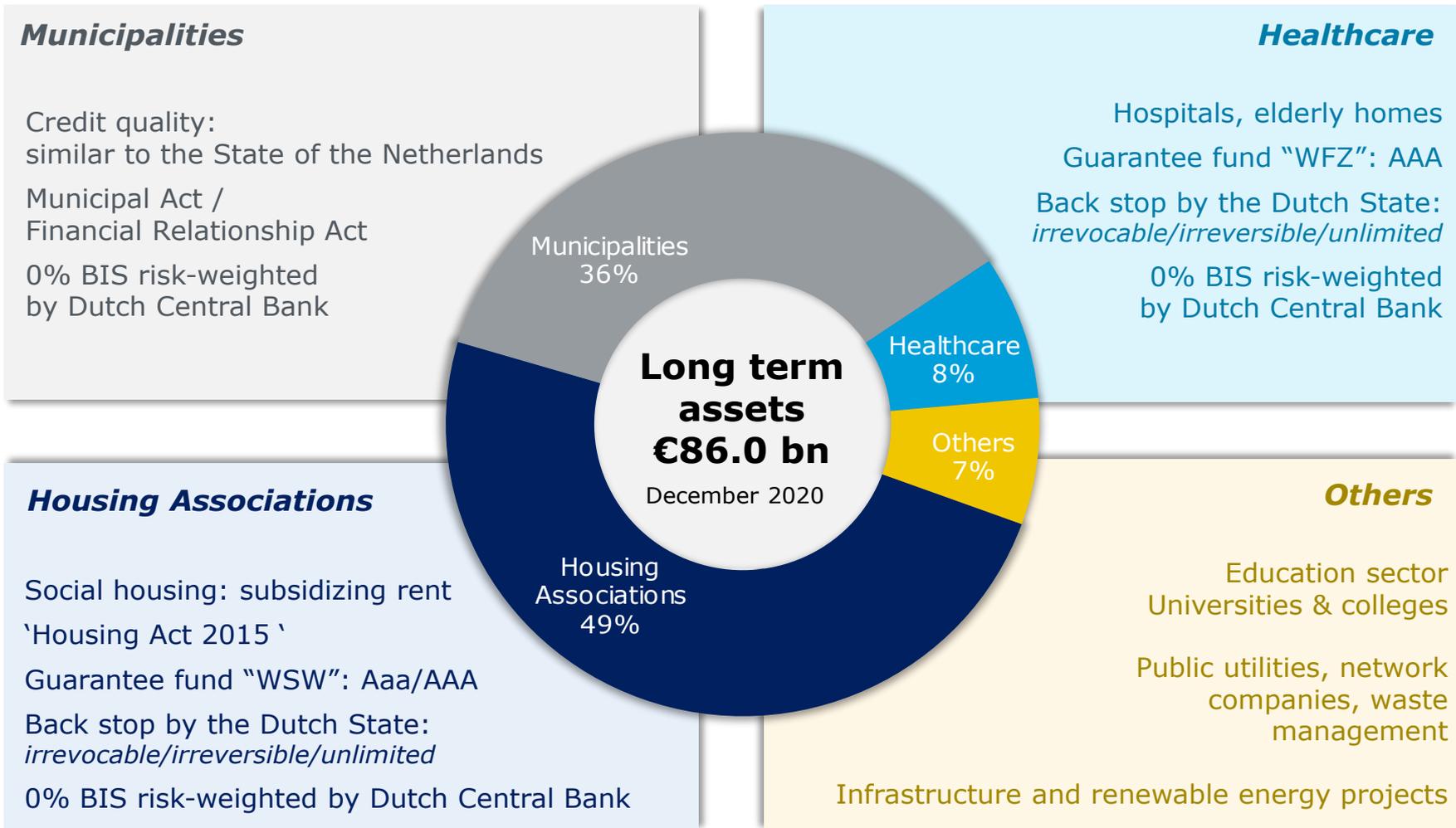
- Promotional lender, founded by (local) government in 1914.
- Ownership is restricted to Dutch public authorities, with registered shares only.
- Lending restricted to local authorities and public sector institutions in the Netherlands and the E.U. (art. 2.3 Articles of Association)
- BNG Bonds are High Quality Liquid Assets (HQLA) level 1, under the EU Delegated Act - 2014
- Dutch Central Bank has designated BNG as a bank of national systemic importance - 2015
- Road to Impact strategy: to measure and report on our impact, BNG Bank will use 4 SDG's: 3, 4, 7 and 11



**Aaa**  
**Moody's**

**AAA**  
**S&P**

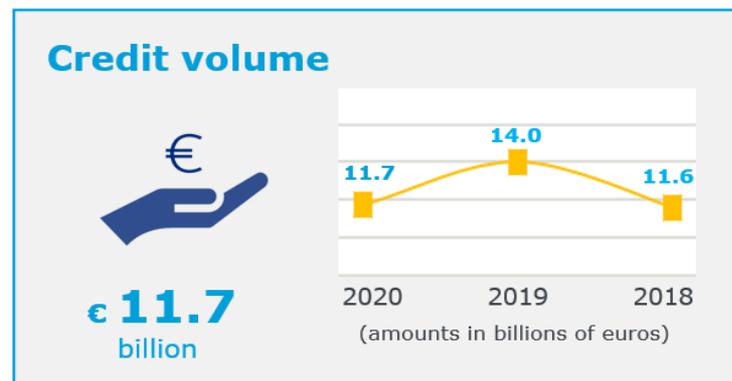
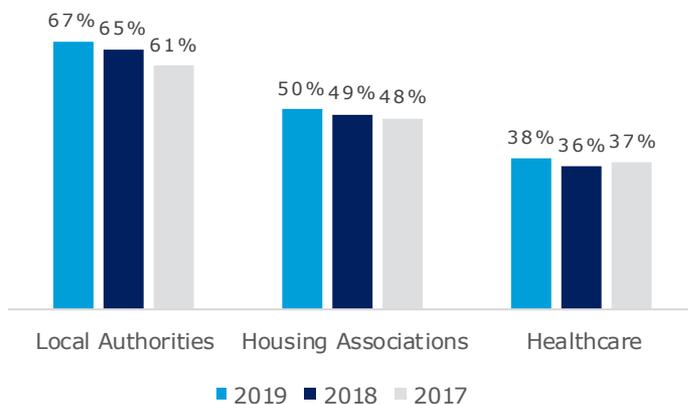
**AAA**  
**Fitch**



	2020	2019	2018	2017
Total Assets (€ bn)	160.4	149.7	137.5	140.0
Leverage Ratio	3.5%	3.6%	3.8%	3.5%
TIER 1 Ratio	39.4%	38.2%	38.2%	36.6%
Profit (€ mn) <i>before tax</i>	332	227	459	536
Net Profit (€ mn) <i>after tax</i>	221	163	337	393
Net Interest Margin	0.30%	0.29%	0.32%	0.31%
Cost to Income Ratio	20.1%	16.0%	13.2%	11.3%
Return on Equity	5.2%	3.6%	8.5%	10.8%
Dividend Pay Out Ratio *	50.0%	50.0%	50.0%	37.5%

\* Not before 30 September 2021 and is subject to any further ECB recommendation

BNG Bank's Market Share of **total outstanding** loans to Dutch public sector





Euro Commercial Paper program EUR 20bn, in all major currencies

- Ratings A-1+/P-1/F1+
- STEP Label
- Dealers BoAML, Barclays, Citi, NatWest, UBS
- Minimum ticket size EUR 10mn equivalent

Financing  
instruments



US Commercial Paper program USD 15bn

- Ratings A-1+/P-1
- Dealers Barclays, Goldman, JPMorgan
- Minimum ticket size USD 10mn



Deposits from 1 to 12 months, in all major currencies

- Minimum size EUR 10mn equivalent

## Funding Strategy



### Long term market funding requirement

- 2021 : EUR 14 bn (f)



### Strategic funding

- maintenance of a benchmark yield curve in EUR and USD
- regular issuance of liquid transactions (size >1bn)



### Sustainability Bonds

- Dutch Municipalities
- Dutch Social Housing Associations



### Public deals

- Regular presence in public markets
- AUD, CAD, GBP, NOK, NZD and SEK



### Private placements

- MTN format and Loan format
- Plain vanilla

# Long Term Funding 2021

(as per April 1, 2021)

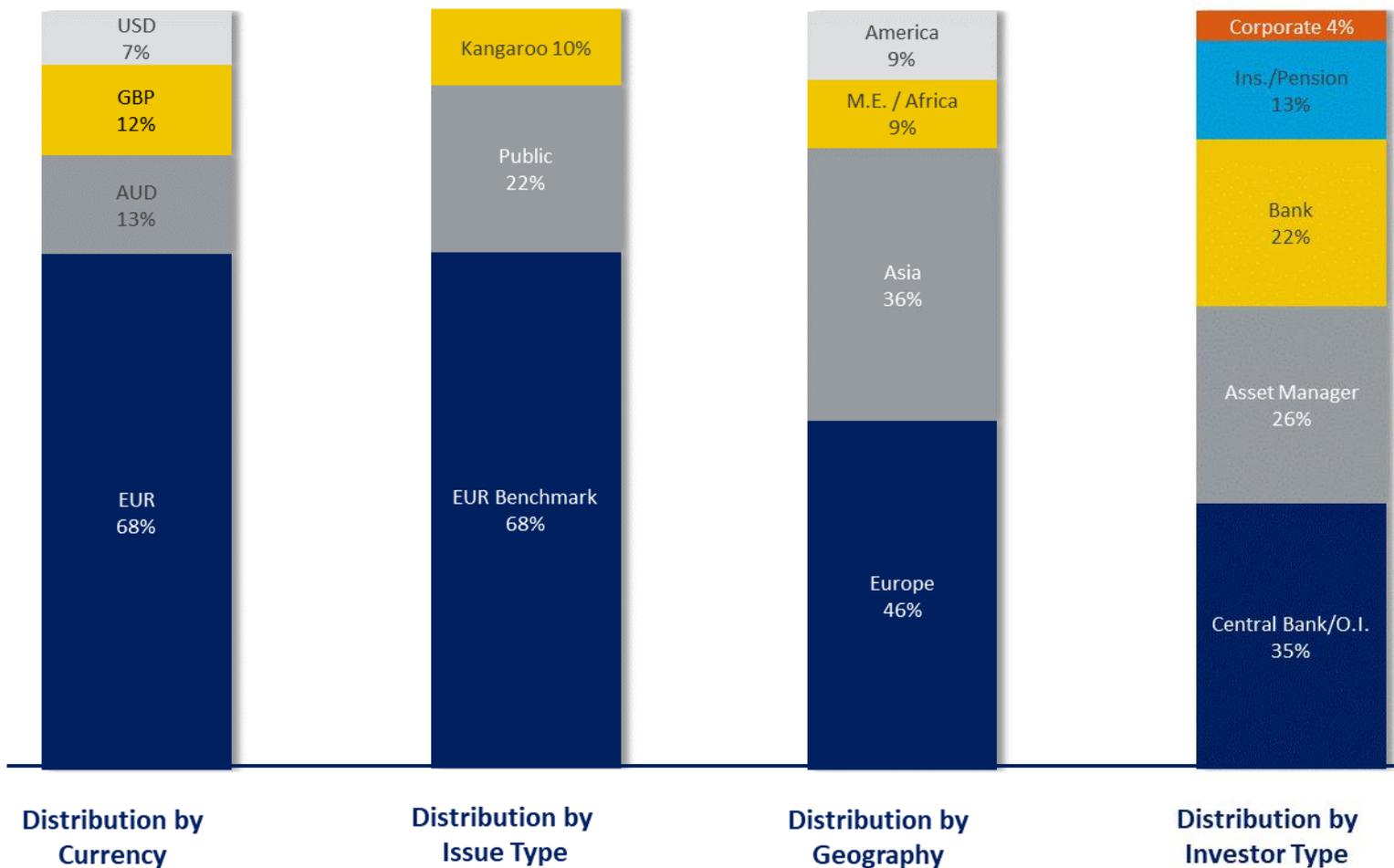


**€ 2.6 bn**  
Total Issuance

**4**  
Currencies

**10.4 years**  
Weighted Average Maturity

**26**  
Transactions



# Sustainability



- The criteria for BNG Bank’s Sustainability Bonds for Dutch Municipalities and Social Housing Associations are defined in BNG Bank’s Sustainability Frameworks
- Existing frameworks are based on a best-in-class methodology developed by the Sustainability Centre of the Tilburg University (TSC-Telos), with an SPO from Sustainalytics
- The most recent BNG Bank Sustainability Framework for Dutch Municipalities 2021 is based on SDG-linked municipal expenses, categorized using COFOG codes as developed by the OECD and published by the United Nations Statistical Division. The SPO is provided by ISS-ESG
- The proceeds of BNG Bank’s sustainability bonds are earmarked and allocated to the loans provided to Dutch municipalities and social housing associations
- The data used for the annual impact reporting by TSC-Telos comes from official public sources
- BNG Bank’s Sustainability Bonds are listed on the Luxembourg Green Exchange
- Since 2014 BNG Bank has issued more than EUR 9bn in sustainable format across various currencies

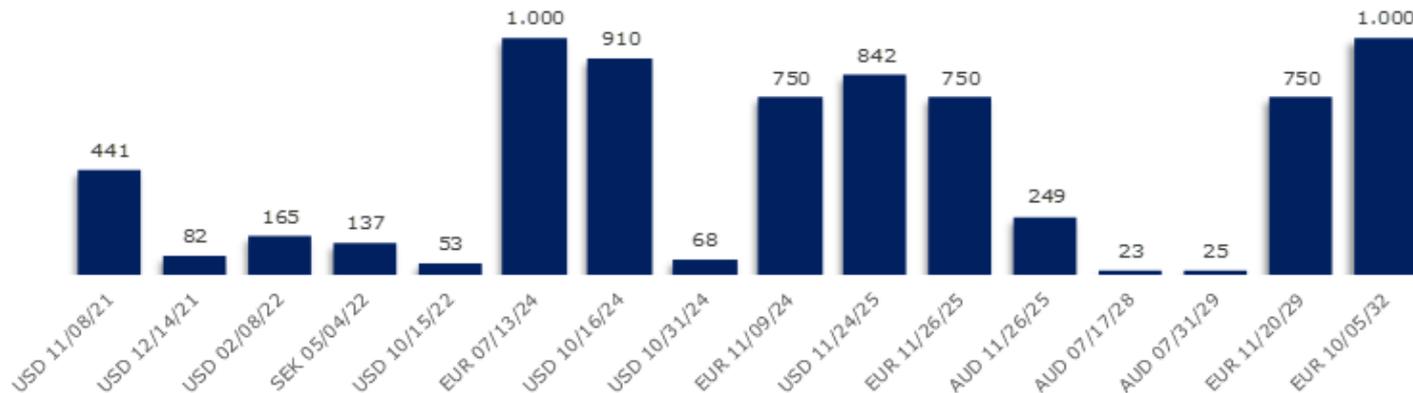


**BNG Bank awarded a C+ 'Prime' sustainability rating by ISS Oekom Research AG**



**BNG Bank awarded a 'Advanced' sustainability rating by Vigeo Eiris**

## Outstanding BNG Bank Sustainability bonds in EUR millions





- BNG Bank is of and for the Dutch public sector. Instead of maximizing profits, our priority is to maximise the social impact of our activities



- Among responsible investors there is a strong desire to obtain more and better insights into the impact of their investments in relation to the realization of the Sustainable Development Goals

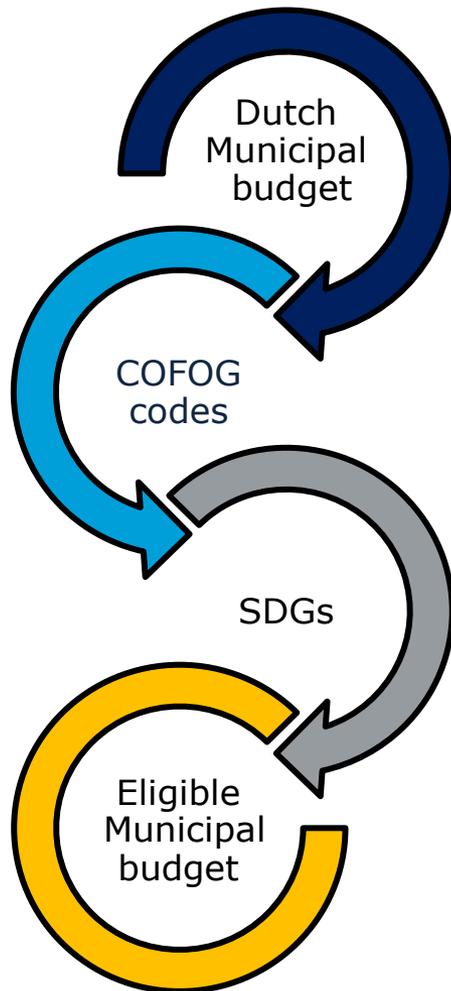


- These changing needs among investors and BNG's desire to broaden the eligible Use of Proceeds to include SDG-linked expenditures of all municipalities (and thus shareholders) to better align with the PPP vision, caused BNG to review its previous framework



- The current "best-in-class" methodology is supplemented by a new methodology:

This approach creates a clearer connection between the BNG loans and the SDG-linked expenditures at a municipal level, thus addressing investor needs while also expanding the Use of Proceeds



BNG Bank finances the total budget of 352 municipalities in the Netherlands

Developed by the OECD, the Classification of the Functions of Government (COFOG) classifies government expenditure data. The COFOG codes classify expenditure data using the purpose for which the funds are used

BNG Bank developed a methodology in which the 53 municipal tasks have been linked to the 17 Sustainable Development Goals ("SDGs") and the underlying 169 sub-targets

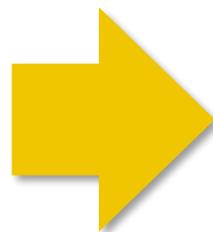
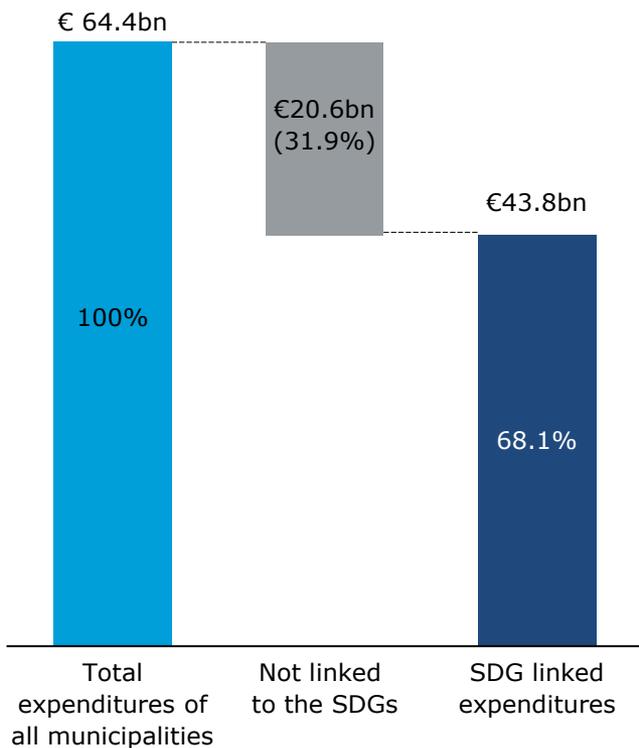
This approach has made it possible to make a distinction between the SDG linked and non-SDG linked part of the overall Dutch municipal budget. Making all SDG-linked expenditures of all municipalities eligible

SBP or GBP UoP category	Eligible COFOG tasks	SDG alignment
Access to essential services	1.1 Crisis management and fire brigade 1.2 Public order and safety 4.1 Public primary education 4.2 Educational housing 4.3 Education policy and student affairs 5.2 Sports accommodations 5.4 Museums 5.5 Cultural heritage 6.72 Customized services 18- 7.1 Public health 8.1 Spatial planning	
Socioeconomic advancement	0.2 Civil affairs 6.1 Cooperation and citizen participation 6.2 Neighborhood teams 6.3 Income Plans 6.6 Customized facilities (WMO) 6.71 Customized services 18+ 6.81 Escalated care 18+ 6.82 Escalated care 18-	
Employment generation	3.1 Economic development 3.3 Business counter and business schemes 3.4 Economic promotion 6.4 Guided participation 6.5 Labor participation	
Clean transportation	2.5 Public transport	
Green buildings	0.3 Management of other buildings and grounds 3.2 Physical business infrastructure 8.3 Living and building	
Environmentally sustainable management of living natural resources and land use	5.7 Public green areas and (outdoor) recreation 7.4 Environmental management	
Pollution prevention and control	7.3 Waste	
Sustainable water and wastewater management	7.2 Sewerage	

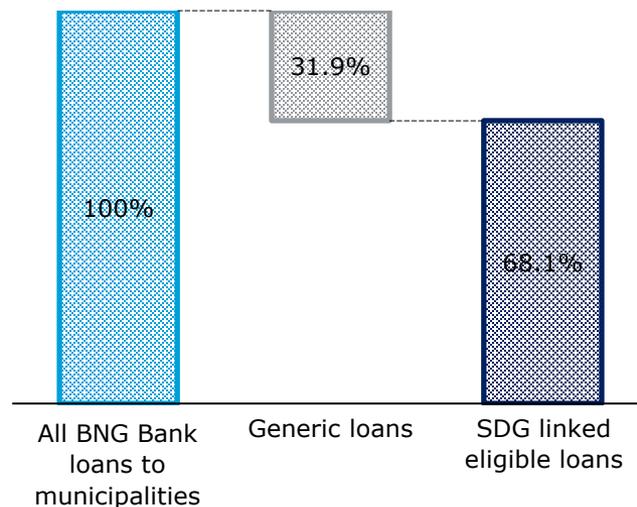
# Selection of Eligible Expenditures



Budgeted expenditures for all Dutch municipalities (2020)



Distribution of all BNG lending to Dutch municipalities





## Dutch Promotional Bank

- **100% Dutch Government owned**
- **Driven by social impact**
- **Reliable, safe and financially sound bank**
- **Social engagement**
- **Strong funding position on the international money and capital markets**
- **Standard & Poor's** (July 2020)

*"Leading lender to Dutch public authorities, supporting better asset quality than that of commercial banks"*

*"Very strong capitalization"*

*"Almost certain likelihood of extraordinary government support"*

**Aaa  
Moody's**

**AAA  
S&P**

**AAA  
Fitch**

## Capital Markets

- Public Issuance
- Investor Relations

**Tel. :** +31 70 3081 730

**E-mail :** [capital.markets@bngbank.nl](mailto:capital.markets@bngbank.nl)

## Money Markets

- Commercial Paper
- Short Term Deposits

Bloomberg Dealing: BNGM

**Tel. :** +31 70 3081 760

**E-mail :** [moneymarkets@bngbank.nl](mailto:moneymarkets@bngbank.nl)

## Appendix 1

# Road to Impact

*To measure, increase and report on our impact, BNG Bank will use 4 Social Development Goals*

### 11 SUSTAINABLE CITIES AND COMMUNITIES



#### Contribution to affordable and better social provisions

- BNG Bank is a market leader with over EUR 40bn long term loans outstanding to housing associations
- Rietveld in Alphen aan de Rijn is a unique residential service center for people with dementia

### 3 GOOD HEALTH AND WELL-BEING



#### Improving sustainability of hospitals and other health care facilities

- BNG Bank has over EUR 7,6bn long term loans outstanding to hospitals and other health care facilities
- BNG Bank was co-financer of the Princess Maxima Center for pediatric oncology

### 4 QUALITY EDUCATION



#### Improving sustainability of schools and other educational buildings

- BNG Bank contributes to affordable and high-quality school buildings
- Deltion College, a regional training center (ROC) in Zwolle, provides senior secondary vocational education (MBO) for almost 14,000 young people and adults

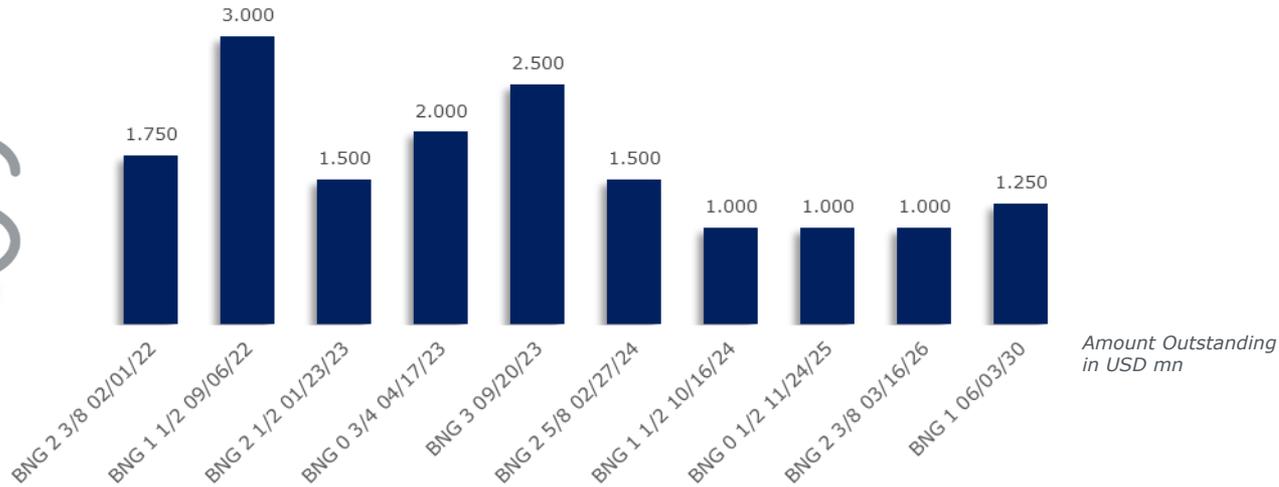
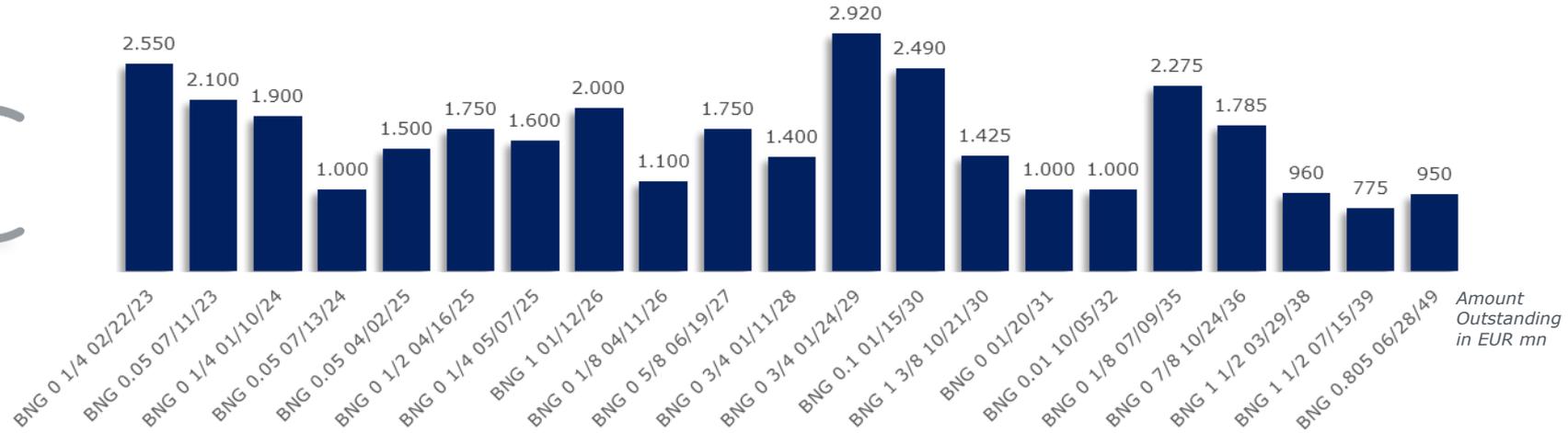
### 7 AFFORDABLE AND CLEAN ENERGY



#### Contribution to energy savings and more energy efficiency

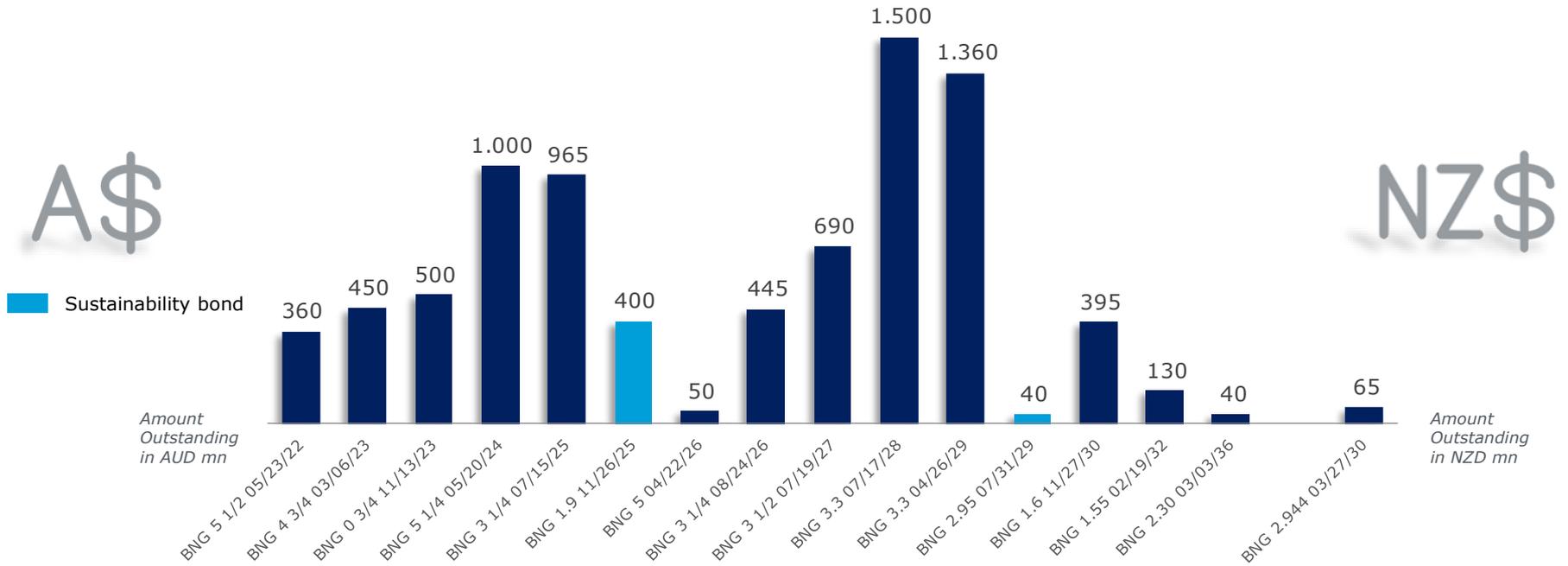
- BNG Bank contributes to energy savings and more energy efficiency
- A new sustainable sport facility in the municipality of Hilvarenbeek boasts both a swimming pool and a sports hall

# Benchmark Curves



# Appendix 3 Kangaroo AUD - Kauri NZD issuance

Program size AUD 10 bn



## Appendix 4

## Historical Overview Funding

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Amount (EUR bn)	15.1	17.5	18.1	17.2	18.1
- EUR	61.5%	46.7%	51.3%	36.2%	36.2%
- USD	27.0%	42.5%	35.5%	53.9%	46.5%
- GBP	6.4%	4.0%	6.6%	6.9%	5.7%
- JPY / CHF	0.0%	0.0%	0.0%	0.0%	0.2%
- AUD / NZD / CAD / HKD	4.2%	6.7%	5.5%	2.7%	1.8%
- NOK / SEK	0.9%	0.1%	0.3%	0.3%	0.3%
- Other	0.0%	0.0%	0.0%	0.0%	0.4%
Number of transactions	85	112	102	65	57
Weighted average maturity (years)	7.5	7.5	7.2	5.6	6.3
Distribution:					
- Europe / ME / Africa	66%	59%	59%	63%	63%
- Asia / Australia / New Zealand	23%	22%	22%	23%	23%
- Americas	11%	19%	19%	14%	14%
- Central Banks / Official Institutions	42%	34%	34%	43%	42%
- Asset Managers	18%	24%	24%	22%	22%
- Insurance / Pension Funds	8%	16%	16%	7%	12%
- Banks / Bank Treasuries / Corporates / Other	32%	24%	24%	28%	24%

## Appendix 5 Budget Overview Dutch Municipalities

Percentage SDG-related budget expenditures	2017	2018	2019	2020	2021
Total eligible	66.4	66.6	67.2	67.5	68.1
Very small municipalities	63.7	64.1	64.2	63.9	65.2
Small municipalities	67.2	67.1	67.7	68.3	69.1
Medium size municipalities	67.1	66.4	67.6	67.9	69.2
Large municipalities	68.0	67.4	68.1	69.1	69.5
Growth municipalities	63.6	63.2	63.7	64.3	65.6
Shrinking municipalities	71.7	70.5	69.8	70.1	71.0
New towns	64.6	63.2	64.0	64.4	64.9
Historic municipalities	65.8	66.8	66.1	65.5	66.5
Residential municipalities	65.4	66.8	66.4	64.9	66.9
Work municipalities	67.5	67.3	68.4	69.4	70.1
Agricultural municipalities	67.3	67.1	68.0	68.4	69.3
Green municipalities	65.1	64.2	64.5	65.1	66.9
Centre municipalities	68.8	67.9	68.6	69.8	70.5
Touristic municipalities	65.9	66.3	66.0	66.5	67.5
Former industrial municipalities	68.4	69.1	68.7	69.4	69.7
Total (EUR bn)	38.0	38.9	40.4	42.4	43.8

Source: Telos