

## BNG Bank realises exceptionally high credit volume

- **Volume of new long-term lending up 21% to EUR 14 billion**
- **Long-term loan portfolio rises to EUR 84.2 billion**
- **Concrete social impact in the Netherlands**
- **Net profit EUR 163 million**
- **Solvency ratios stable at a high level; Tier 1 ratio 38%**

The Hague, 16 March 2020 – Gita Salden, CEO BNG Bank: “The past year has been a challenging year for BNG Bank. The demand for credit and the realised volume are at exceptionally high levels. The increasing credit demand occurred across all sectors (local authorities, housing, healthcare, education, energy and infrastructure). Clients use our financing to achieve their socially relevant objectives, such as more and affordable social housing, public facilities in municipalities, building and increasing the sustainability of real estate for healthcare and education as well as producing renewable energy. In this way, BNG Bank fulfils its mission to support the public sector with financing at attractive terms. After all, price certainly matters, particularly to the public sector. At the same time, BNG Bank is not immune to the low-interest environment; this puts pressure on the interest rate margin and on the return on equity. Moreover, our operating expenses are increasing due to investments in digitalisation and costs resulting from supervision and regulations, including the gatekeeper function. We also had to make a significant impairment. All these factors combined led to a lower net profit. BNG Bank is and remains a well-capitalised bank.”

### Concrete social impact in the Netherlands

BNG Bank's loans for all maturities, at attractive terms, are its main instrument for creating social impact. The volume of new long term lending amounted to EUR 14.0 billion. Relative to year-end 2018, the long term loan portfolio increased by EUR 2.6 billion to EUR 84.2 billion. Through our financing, we have contributed to low costs for municipalities, housing associations, healthcare and education, and projects in the fields of energy and infrastructure. Increasing sustainability and the energy transition are key themes for our clients. Following the Dutch Climate Agreement, we measured the CO<sub>2</sub> impact of our loan portfolio for the first time in 2019. The results serve as a starting point for establishing an action plan to reduce the CO<sub>2</sub> impact of our loan portfolio.

### Raising funding throughout the world

A total of EUR 17.8 billion in long-term funding was raised with international investors to cover lending. This included six benchmark loans – in euros and in US dollars – ranging in size from EUR 500 million to 3.0 billion. The total value of green bonds issued, since 2014, amounts to EUR 7 billion.

#### Date

16 maart 2020

#### Our reference

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#### Contact person

Robert Bakker  
+31 (0)70 3750 609  
robert.bakker@bngbank.nl

## Financial results

The return on equity amounted to 3.6%, while the target is 3.7%. Net profit amounted to EUR 163 million. The main reasons for the decrease in net profit compared with 2018 are a lower result on financial transactions and higher provisions for credit losses. The result on financial transactions was EUR 37 million positive. The provisions for credit losses amounted to EUR 153 million. This historically high amount is the result of the reduced creditworthiness of a counterparty that provides services to municipalities. At EUR 435 million, the interest result remained virtually the same as in 2018.

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The solvency ratios remained stable at a high level compared with year-end 2018; the Common Equity Tier 1 ratio and the Tier 1 ratio ended 2019 at 32% and 38% respectively.

In line with its dividend policy, BNG Bank proposes to pay out EUR 71 million to shareholders. This equals 50% of the net profit after deduction of the dividend distribution to providers of hybrid capital. The dividend amounts to EUR 1.27 per share.

## Outlook

Providing financing at low prices to our core clients remains our main instrument. Those low prices require an excellent risk profile (we are rated AAA) to enable us to raise funding at competitive rates. To maintain the risk profile and hence the low prices in the years ahead, it is necessary for BNG Bank to continue to manage the volume of loans that make use of the bank's risk capital (to a maximum of 10% of the loan portfolio). For that reason we need to be selective.

Long term interest rates will continue to put pressure on the development of the total interest result. The corona virus has far-reaching implications for society, as well as for our clients. At this moment, the implications for the bank are difficult to assess. It is impossible to provide a reliable estimate for the result on financial transactions. Therefore, we do not consider it wise to make a statement on the expected net profit for 2020.

There is more competition due to the current interest rate environment. We focus on continually improving processes for clients and credit. We will therefore continue to invest in digitalisation, risk management and compliance with supervision and regulations. We will continue to focus on the public sector and on achieving social impact.

*The full Annual Report 2019 will be published on 25 March 2020 on [www.bngbank.com](http://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 loan portfolio of more than EUR 80 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.*

*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

16 maart 2020

	<i>Amounts in millions of euro's</i>	
	31/12/2019	31/12/2018
<b>ASSETS</b>		
Cash and balances with central banks	1,272	1,587
Amounts due from banks	66	82
Cash collateral posted	14,643	12,043
Financial assets at fair value through the income statement	1,764	1,606
Derivatives	10,004	8,390
Financial assets at fair value through OCI	9,222	9,648
Interest-bearing securities at amortised cost	7,764	7,406
Loans and advances	88,279	85,034
Value adjustments on loans in portfolio hedge accounting	16,462	11,566
Associates and joint ventures	35	44
Property & equipment	18	17
Current tax assets	30	7
Other assets	130	79
<b>TOTAL ASSETS</b>	<b>149,689</b>	<b>137,509</b>
<b>LIABILITIES</b>		
Amounts due to banks	1,933	2,383
Cash collateral received	1,137	419
Financial liabilities at FVTPL	674	762
Derivatives	22,651	19,223
Debt securities	112,661	103,722
Funds entrusted	5,575	5,800
Subordinated debts	33	32
Deferred tax liabilities	78	99
Other liabilities	60	78
<b>Total liabilities</b>	<b>144,802</b>	<b>132,518</b>
<b>EQUITY</b>		
Share capital and realised reserves	3,711	3,555
Hybrid capital	733	733
Revaluation reserve	84	125
Cash flow hedge reserve	14	10
Own Credit Adjustment	8	9
Cost of hedging reserve	174	222
Net profit	163	337
	4,887	4,991
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>149,689</b>	<b>137,509</b>

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## CONSOLIDATED INCOME STATEMENT

	<i>Amounts in millions of euro's</i>	<b>2019</b>	<b>2018</b>
- Interest revenues		5,538	5,720
- Interest expenses		-5,103	-5,286
Interest result		435	434
- Commission income		32	30
- Commission expenses		-2	-2
Commission result		30	28
Result on financial transactions		37	112
Results from associates and joint ventures		3	4
Other results		1	2
<b>TOTAL OPERATING INCOME</b>		<b>506</b>	<b>580</b>
Staff costs		-41	-40
Other administrative expenses		-37	-33
Depreciation		-3	-3
<b>TOTAL OPERATING EXPENSES</b>		<b>-81</b>	<b>-76</b>
Net impairments on financial assets		-153	2
Net impairments on associates and joint ventures		-7	-4
Contribution to resolution fund		-8	-12
Bank levy		-30	-31
<b>TOTAL OTHER EXPENSES</b>		<b>-198</b>	<b>-45</b>
<b>PROFIT BEFORE TAXES</b>		<b>227</b>	<b>459</b>
Taxes		-64	-122
<b>NET PROFIT</b>		<b>163</b>	<b>337</b>
- of which attributable to the holders of hybrid capital		21	19
- of which attributable to shareholders		142	318

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