Pillar 3 Disclosure Index

BNG Bank 2016

BANK

Contents

1 Introduction

The current international regulatory framework for banks consists of a comprehensive set of measures developed by the Basel Committee on Banking Supervision (known as Basel III). Basel III has been implemented in the European Union through the Capital Requirements Directive IV (CRD IV) and is applicable as of January 1st 2014. CRD IV is formed by two legal acts (a Directive and a Regulation) and includes various transitional provisions which allow for a gradual phasing in of the new requirements.

The Basel framework (and thus CRD IV) is based upon three pillars:

- The first pillar consists of minimum capital requirements for three main categories of risk: credit risk, market risk and operational risk.
- The second pillar provides a framework for banks to review their capital (and liquidity) adequacy for both the risks identified in Pillar 1 as well as all other risks (e.g. concentration risk, strategic risk, etc.). This internal review by banks is known as the Internal Capital/Liquidity Adequacy Assessment Process (ICAAP/ILAAP). Supervisors independently assess these processes in their Supervisory Review and Evaluation Process (SREP).
- Finally the third pillar aims to introduce market discipline to complement the capital and liquidity requirements from the first and second pillar. Therefore Basel III (and CRD IV) contains a set of disclosure requirements which will allow market participants to have a sufficient understanding of a bank's activities, the risks that are involved and the controls that are implemented to manage these risks.

This report is drafted in response to the last pillar. Since most Basel III information is currently disclosed in the financial statements, this report mainly serves as a reference guide to clearly indicate where relevant information can be found. However, some of the disclosures in the context of Pillar 3 are included in Annexes to this report as the information does not fit well into the context of the financial statements. Furthermore, references are made to the website of BNG Bank in some cases as well.

All amounts in this document are in millions of euros, unless stated otherwise. The level of application is consolidated.

2 Scope of disclosure

The Pillar 3 disclosures provide a comprehensive overview of the risk profile of BNG Bank. Central to the Pillar 3 disclosure requirements is to promote the transparency of financial institutions and provide market participants with an adequate and comparable picture of the risks of a financial institution. This contributes to a proper functioning of financial markets, improves efficiency of market discipline and helps in building trust between market participants.

3 Frequency and means of disclosure

The Pillar 3 disclosure of BNG Bank is published annually. This Pillar 3 Report is published on the website of BNG Bank in conjunction with the publication of the Annual Report. This document currently mainly serves as a reference guide to clearly indicate where the Basel III information is disclosed in the financial statements[1]. However, compared to the previous Pillar 3 disclosure report more information is included in Annexes to this report itself as it was deemed less relevant for the financial statements. In section 4 each Pillar 3 disclosure requirement is addressed.

An annual publication of a comprehensive Pillar 3 disclosure report is deemed sufficient. BNG Bank is characterized by a stable business model with a limited range of activities and exposures. The resulting risk profile of BNG Bank is not prone to any rapid changes and an annual disclosure suffices.

However, BNG Bank does publish an interim report on its website which is reviewed by an external auditor. Any sudden changes in the financial position or in the markets in which BNG Bank operates will be addressed in this interim report. If these circumstances would lead to material changes in the risk profile of BNG Bank an additional disclosure of some or all of the Pillar 3 requirements will be contemplated.

Finally, it should be noted that the appropriateness of the disclosed information is approved by the Executive Board of BNG Bank. Information that is considered to be proprietary or confidential will not be published, but is disclosed in a more general manner. The Annual Report itself is audited by an external auditor.

[1] On 14 December 2016 EBA had published its final report on Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013. In accordance with timelines included in these guidelines BNG Bank will review this report in 2017 and incorporate any necessary changes in the next Pillar 3 disclosure per end 2017.

4 Pillar 3 disclosures

The Pillar 3 disclosure requirements are included in the Capital Requirements Regulation (no. 575/2013). More specifically the individual criteria are addressed in Part Eight, articles 435-455. For each criterion a reference is provided below to indicate where the relevant information is included in the Annual Report. Reference is made to the English version of the Annual Report and where applicable some additional remarks are included.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
435 1	**RISK MANAGEMENT OBJECTIVES AND POLICIES** Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to under this Title. These disclosures shall include:		
(a)	the strategies and processes to manage those risks;	Annual Report 2016, Risk Section, pp. 210-217	
(b)	the structure and organisation of the relevant risk management function including information on its authority and statute, or other appropriate arrangements;	Annual Report 2016, Risk Section, pp. 218-221	
(c)	the scope and nature of risk reporting and measurement systems;	Annual Report 2016, Risk Section, pp. 220-221	
(d)	the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants;	Annual Report 2016, pp. 158-159, 305-307	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	a declaration approved by the management body on the adequacy of risk management arrangements of the institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	Annual Report 2016, Report of the Executive Board, pp. 91-93, 124	This is part of the overall in control statement which is prepared each year.
(f)	a concise risk statement approved by the management body succinctly describing the institution's overall risk profile associated with the business strategy. This statement shall include key ratios and figures providing external stakeholders with a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body.	Annual Report 2016, Risk Section, pp. 213-217	The four components of the risk appetite statement comprise profitability, solvency, liquidity and reputation. The qualitative ambitions have been included in the Annual report and subsequently this appetite is translated into individual risks. Quantitative targets are not disclosed due to their confidential nature.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
2	Institutions shall disclose the following information, including regular, at least annual updates, regarding governance arrangements:		
(a)	the number of directorships held by members of the management body;	Annual Report 2016, Organisation, pp. 19-21 and website BNG Bank	Next to the description in the Annual Report an overview is included on the website which provides more context on the nature of the individual directorships.
(b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	Annual Report 2016, Report of the Supervisory Board, pp. 29-30, 36, 39-42 and website BNG Bank	A short summary of the work performed by the Selection and Appointments Committee in 2016 is included in the Annual Report. Details on the required profile of the supervisory and executive boards is provided on the website of BNG Bank.
(c)	the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which these objectives and targets have been achieved;	Annual Report 2016, Report of the Supervisory Board, pp. 29-30, 36, 39-42 and website BNG Bank	Changes in the composition of the boards are reported in the Annual Report. The policy on diversity is part of the profile of the supervisory and executive boards that is disclosed on the website of BNG Bank.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(d)	whether or not the institution has set up a separate risk committee and the number of times the risk committee has met;	Annual Report 2016, Report of the Supervisory Board, pp. 32, 34-36, 41-42	
(e)	the description of the information flow on risk to the management body.	Annual Report 2016, Risk Section, pp. 218-221	
436	**SCOPE OF APPLICATION** Institutions shall disclose the following information regarding the scope of application of the requirements of this Regulation in accordance with Directive 2013/36/EU:		
(a)	the name of the institution to which the requirements of this Regulation apply;	Annual Report 2016, Report of the Supervisory Board, p. 45	N.V. Bank Nederlandse Gemeenten

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(b)	an outline of the differences in the basis of consolidation for accounting and prudential purposes, with a brief description of the entities therein, explaining whether they are: (i) fully consolidated; (ii) proportionally consolidated; (iii) deducted from own funds; (iv) neither consolidated nor deducted;	Annual Report 2016, Accounting Principles, pp. 140, 411-412	There is no difference in scope of consolidation for accounting and prudential purposes for BNG Bank and BNG Bank consolidates 2 small entities. An overview of these entities is included in Annex A of the Annual Report.
(c)	any current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities among the parent undertaking and its subsidiaries;	n/a	
(d)	the aggregate amount by which the actual own funds are less than required in all subsidiaries not included in the consolidation, and the name or names of such subsidiaries;	n/a	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	if applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9.	Annual Report 2016, Risk Section, pp. 281-282	BNG Bank makes use of the ‘Derogation from the application of prudential requirements on an individual basis’ in Article 7.
437	**OWN FUNDS** Institutions shall disclose the following information regarding their own funds:		
(a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and filters and deductions applied pursuant to Articles 32 to 35, 36, 56, 66 and 79 to own funds of the institution and the balance sheet in the audited financial statements of the institution;	Annual Report 2016, Risk Section, pp. 280-288	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Annual Report 2016, pp. 164-166, 185-188 and Annex 1 to this report	The capital instruments of BNG Bank are limited to share capital and hybrid capital, which are both not publicly traded and lack any complex features. BNG Bank has opted for a concise description of the main features in its Annual Report. The 'capital instruments' main features template' as included in the EU Implementing Regulation no 1423/2013 is provided in Annex 1 to this report.
(c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	n/a	BNG Bank own funds consists of share capital (which is limited to Dutch public authorities by its articles of association) and hybrid capital. These instruments are only placed privately with a limited number of investors. Therefore terms and conditions for these instruments are only made available to these parties on the basis of confidentiality.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(d)	separate disclosure of the nature and amounts of the following: (i) each prudential filter applied pursuant to Articles 32 to 35; (ii) each deduction made pursuant to Articles 36, 56 and 66; (iii) items not deducted in accordance with Articles 47, 48, 56, 66 and 79;	Annual Report 2016, Risk Section, pp. 284-288 and Annex 2 to this report	Items included in the table in the Annual Report are limited to those that are relevant for BNG Bank. The complete standardized template is included in Annex 2 to this report.
(e)	a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	Annual Report 2016, Risk Section, pp. 284-288 and Annex 2 to this report	Items included in the table in the Annual Report are limited to those that are relevant for BNG Bank. The complete standardized template is included in Annex 2 to this report.
(f)	where institutions disclose capital ratios calculated using elements of own funds determined on a basis other than that laid down in this Regulation, a comprehensive explanation of the basis on which those capital ratios are calculated.	n/a	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
438	**CAPITAL REQUIREMENTS** Institutions shall disclose the following information regarding the compliance by the institution with the requirements laid down in Article 92 of this Regulation and in Article 73 of Directive 2013/36/EU:		
(a)	a summary of the institution's approach to assessing the adequacy of its internal capital to support current and future activities;	Annual Report 2016, Risk Section, pp. 280-289	
(b)	upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process including the composition of the additional own funds requirements based on the supervisory review process as referred to in point (a) of Article 104 (1) of Directive 2013/36/EU;	n/a	No such demand has been received, and as referred to in point (a) a summary description of the ICAAP is provided for in the risk paragraph of the Annual Report. The SREP requirement which is based on the ICAAP is included in the Risk Section (p. 281).
(c)	for institutions calculating the risk-weighted exposure amounts in accordance with Chapter 2 of Part Three, Title II, 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 112;	Annex 3 to this report	As the overview on risk-weighted exposures is no longer included in the context of the Annual Report, the overview is now included in Annex 3 to this report.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(d)	for institutions calculating risk-weighted exposure amounts in accordance with Chapter 3 of Part Three, Title II, 8% of the risk-weighted exposure amounts for each of the exposure classes specified in Article 147. For the retail exposure class, this requirement applies to each of the categories of exposures to which the different correlations in Article 154 (1) to (4) correspond. For the equity exposure class, this requirement applies to: (i) each of the approaches provided in Article 155; (ii) exchange traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures; (iii) exposures subject to supervisory transition regarding own funds requirements; (iv) exposures subject to grandfathering provisions regarding own funds requirements;	n/a	BNG Bank does not apply an Internal Ratings Based Approach when calculating its risk-weighted exposure amounts.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	own funds requirements calculated in accordance with points (b) and (c) of Article 92 (3);	n/a	BNG Bank has no trading book and no separate own fund requirement is calculated for settlement risk.
(f)	own funds requirements calculated in accordance with Part Three, Title III, Chapters 2, 3 and 4 and disclosed separately.	Annex 3 to this report	As the overview on risk-weighted exposures is no longer included in the context of the Annual Report, the overview is now included in Annex 3 to this report.
	The institutions calculating the risk-weighted exposure amounts in accordance with Article 153 (5) or Article 155 (2) shall disclose the exposures assigned to each category in Table 1 of Article 153 (5), or to each risk weight mentioned in Article 155 (2).	n/a	BNG Bank does not apply an Internal Ratings Based Approach when calculating its risk-weighted exposure amounts.
439	**EXPOSURE TO COUNTERPARTY CREDIT RISK** Institutions shall disclose the following information regarding the institution's exposure to counterparty credit risk as referred to in Part Three, Title II, Chapter 6:		

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(a)	a discussion of the methodology used to assign internal capital and credit limits for counterparty credit exposures;	Annual Report 2016, Risk Section, pp. 245, 288-289	
(b)	a discussion of policies for securing collateral and establishing credit reserves;	Annual Report 2016, Risk Section, pp. 245-252	
(c)	a discussion of policies with respect to Wrong-Way risk exposures;	n/a	BNG Bank has not identified any Wrong-Way risk.
(d)	a discussion of the impact of the amount of collateral the institution would have to provide given a downgrade in its credit rating;	Annual Report 2016, Risk Section, p. 248	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held and net derivatives credit exposure. Net derivatives credit exposure is the credit exposure on derivatives transactions after considering both the benefits from legally enforceable netting agreements and collateral arrangements;	Annual Report 2016, Risk Section, pp. 245-248	
(f)	measures for exposure value under the methods set out in Part Three, Title II, Chapter 6, Sections 3 to 6 whichever method is applicable;	Annual Report 2016, Risk Section, pp. 245-246	
(g)	the notional value of credit derivative hedges, and the distribution of current credit exposure by types of credit exposure;	n/a	BNG Bank has no credit derivative hedges.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(h)	the notional amounts of credit derivative transactions, segregated between use for the institution's own credit portfolio, as well as in its intermediation activities, including the distribution of the credit derivatives products used, broken down further by protection bought and sold within each product group;	n/a	
(i)	the estimate of α if the institution has received the permission of the competent authorities to estimate α.	n/a	
440	**CAPITAL BUFFERS**		
1	An institution shall disclose the following information in relation to its compliance with the requirement for a countercyclical capital buffer referred to in Title VII, Chapter 4 of Directive 2013/36/EU:		

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(a)	the geographical distribution of its credit exposures relevant for the calculation of its countercyclical capital buffer;	n/a	No countercyclical capital buffer is required for BNG Bank and therefore no disclosure on this buffer is provided. As the overview in Annex 5 shows the credit exposures are mainly concentrated in The Netherlands.
(b)	the amount of its institution specific countercyclical capital buffer.	n/a	
441	**INDICATORS OF GLOBAL SYSTEMIC IMPORTANCE**		
		n/a	BNG Bank has not been identified as a ‘global systemically important institution’.
442	**CREDIT RISK ADJUSTMENTS** Institutions shall disclose the following information regarding the institution’s exposure to credit risk and dilution risk:		

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(a)	the definitions for accounting purposes of 'past due' and 'impaired';	Annual Report 2016, Risk Section, p. 240	
(b)	a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Annual Report 2016, pp. 151-153, 173, 195-196, 240-244	Further details are considered confidential and seem redundant considering the limited materiality in relation to the balance size.
(c)	the total amount of exposures after accounting offsets and without taking into account the effects of credit risk mitigation, and the average amount of the exposures over the period broken down by different types of exposure classes;	Annual Report 2016, Risk Section, pp. 222-228 and Annex 4 to this report	Material information on the credit risk profile is included in the Annual report. A detailed overview broken down by exposure category is included in Annex 4 to this report.
(d)	the geographic distribution of the exposures, broken down in significant areas by material exposure classes, and further detailed if appropriate;	Annual Report 2016, Risk Section, pp. 228-233 and Annex 5 to this report	Material information on the credit risk profile of BNG Bank is included in the Annual report. A more detailed overview of the geographical distribution is included in Annex 5 to this report.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	the distribution of the exposures by industry or counterparty type, broken down by exposure classes, including specifying exposure to SMEs, and further detailed if appropriate;	Annual Report 2016, Risk Section, pp. 233-239 and Annex 6 to this report	Material information on the credit risk profile of BNG Bank is included in the Annual report. A more detailed overview of the distribution by counterparty and exposure category is included in Annex 6 to this report.
(f)	the residual maturity breakdown of all the exposures, broken down by exposure classes, and further detailed if appropriate;	Annual Report 2016, Risk Section, pp. 260-265	This is especially relevant for the liquidity and funding risk and a breakdown is therefore included in that section of the Annual Report. Due to the limited number of exposure classes a further breakdown is not material.
(g)	by significant industry or counterparty type, the amount of: (i) impaired exposures and past due exposures, provided separately; (ii) specific and general credit risk adjustments; (iii) charges for specific and general credit risk adjustments during the reporting period;	Annual Report 2016, pp. 173, 240-243	The amount of impaired exposures is limited for BNG Bank, which is in line with the safe risk profile of BNG Bank. A further break-down of information could potentially be linked to individual counterparties and is deemed confidential.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(h)	the amount of the impaired exposures and past due exposures, provided separately, broken down by significant geographical areas including, if practical, the amounts of specific and general credit risk adjustments related to each geographical area;	Annual Report 2016, pp. 173, 240-243	Due to the limited impaired exposures and the limited geographical spread of these impairments a separate break down of geographic areas is not material and therefore not provided.
(i)	the reconciliation of changes in the specific and general credit risk adjustments for impaired exposures, shown separately. The information shall comprise: (i) a description of the type of specific and general credit risk adjustments; (ii) the opening balances; (iii) the amounts taken against the credit risk adjustments during the reporting period;	Annual Report 2016, pp. 173, 195-196, 240-244	Although limited in materiality reconciliation is provided on the incurred loss provision for loans on consolidated level is provided on page 173 as well as a split of the opening and closing balances in specific and general provisioning. The methodology as well as any other impairment are clarified in the other sections of the Annual Report.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
	(iv) the amounts set aside or reversed for estimated probable losses on exposures during the reporting period, any other adjustments including those determined by exchange rate differences, business combinations, acquisitions and disposals of subsidiaries, and transfers between credit risk adjustments; (v) the closing balances.		
	Specific credit risk adjustments and recoveries recorded directly to the income statement shall be disclosed separately.	Annual Report 2016, Notes to Financial Statements, pp. 195-196	
443	**UNENCUMBERED ASSETS**		

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
	EBA shall issue guidelines specifying the disclosure of unencumbered assets, taking into account Recommendation ESRB/2012/2 of the European Systemic Risk Board of 20 December 2012 on funding of credit institutions (1) and in particular Recommendation D – Market transparency on asset encumbrance, by 30 June 2014. Those guidelines shall be adopted in accordance with Article 16 of Regulation (EU) No 1093/2010. EBA shall develop draft regulatory technical standards to specify disclosure of the balance sheet value per exposure class broken down by asset quality and the total amount of the balance sheet value that is unencumbered, taking into account Recommendation ESRB/2012/2 and conditional on EBA considering in its report that such additional disclosure offers reliable and meaningful information.	Annual Report 2016, Risk Section, pp. 269-270	On 3rd of March 2017 EBA published a report on regulatory technical standards that further builds on the previous guidelines for disclosure on unencumbered assets. These standards will be further incorporated in the next Pillar 3 disclosure of BNG Bank.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
	EBA shall submit those draft regulatory technical standards to the Commission by 1 January 2016. Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.		
444	**USE OF ECAI'S** For institutions calculating the risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 2, the following information shall be disclosed for each of the exposure classes specified in Article 112:		
(a)	the names of the nominated ECAIs and ECAs and the reasons for any changes;	Annual Report 2016, Risk Section, pp. 236-237, 245	Clients of BNG Bank generally do not have an external credit rating. Instead the bank determines creditworthiness using internally developed rating models. For financial counterparties BNG Bank uses S&P, Moody's, Fitch and DBRS.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(b)	the exposure classes for which each ECAI or ECA is used;	Annual Report 2016, Risk Section, pp. 245, 249-252	
(c)	a description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book;	Annual Report 2016, Risk Section, pp. 236-237, 245	Since most assets do not have an external credit rating BNG Bank generally uses internally developed rating models. Where applicable external ratings are used as an input in these models.
(d)	the association of the external rating of each nominated ECAI or ECA with the credit quality steps prescribed in Part Three, Title II, Chapter 2, taking into account that this information needs not be disclosed if the institution complies with the standard association published by EBA;	n/a	Used rating agencies are part of the published list of ECAIs by EBA.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	the exposure values and the exposure values after credit risk mitigation associated with each credit quality step prescribed in Part Three, Title II, Chapter 2 as well as those deducted from own funds.	Annex 7 to this report	As this overview is no longer included in the context of the Annual Report, it is now included in Annex 7 to this report.
445	**EXPOSURE TO MARKET RISK**		
	The institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92 (3) shall disclose those requirements separately for each risk referred to in those provisions. In addition, the own funds requirement for specific interest rate risk of securitisation positions shall be disclosed separately.	Annual Report 2016, Risk Section, pp. 281-282 and Annex 3 to this report	BNG Bank has no trading book.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
446	**OPERATIONAL RISK**		
	Institutions shall disclose the approaches for the assessment of own funds requirements for operational risk that the institution qualifies for; a description of the methodology set out in Article 312 (2), if used by the institution, including a discussion of relevant internal and external factors considered in the institution's measurement approach, and in the case of partial use, the scope and coverage of the different methodologies used.	Annual Report 2016, Risk Section, pp. 281-282 and Annex 3 to this report	It should be noted that in 2016 BNG Bank changed to the standardized approach instead of the previously applied basis indicator approach. BNG Bank considers this new approach is more in line with expectations from for example supervisors. This new approach did not lead to any significant changes in the actual calculated risk weighted exposures for operational risk.
447	**EXPOSURES IN EQUITIES NOT INCLUDED IN THE TRADING BOOK** Institutions shall disclose the following information regarding the exposures in equities not included in the trading book:		

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(a)	the differentiation between exposures based on their objectives, including for capital gains relationship and strategic reasons, and an overview of the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation and any significant changes in these practices;	Annex 8 to this report	BNG Bank has a small exposure in equities. As this overview is no longer included in the context of the Annual Report, it is now included in Annex 8 to this report.
(b)	the balance sheet value, the fair value and, for those exchange-traded, a comparison to the market price where it is materially different from the fair value;	Annex 8 to this report	
(c)	the types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures;	Annex 8 to this report	
(d)	the cumulative realised gains or losses arising from sales and liquidations in the period; and	Annex 8 to this report	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	the total unrealised gains or losses, the total latent revaluation gains or losses, and any of these amounts included in Common Equity Tier 1 capital.	Annex 8 to this report	
448	**EXPOSURE TO INTEREST RATE RISK ON POSITION NOT INCLUDED IN THE THE TRADING BOOK** Institutions shall disclose the following information on their exposure to interest rate risk on positions not included in the trading book:		
(a)	the nature of the interest rate risk and the key assumptions (including assumptions regarding loan prepayments and behaviour of non-maturity deposits), and frequency of measurement of the interest rate risk;	Annual Report 2016, Risk Section, pp. 253-257	
(b)	the variation in earnings, economic value or other relevant measure used by the management for upward and downward rate shocks according to management's method for measuring the interest rate risk, broken down by currency.	Annual Report 2016, Risk Section, pp. 255-256	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
449	**EXPOSURE TO SECURITISATION POSITIONS**		
	Institutions calculating risk-weighted exposure amounts in accordance with Part Three, Title II, Chapter 5 or own funds requirements in accordance with Article 337 or 338 shall disclose the following information, where relevant, separately for their trading and non-trading book: Items (a) to (r)[2].	Annual Report 2016, Risk Section, pp. 249-252 and Annex 9 to this report	In the Annual Report only high-level information is provided on the investments of BNG Bank in interest-bearing securities. Further details on the exposure to securitisations are included in Annex 9 to this report.
450	**REMUNERATION POLICY**		

[2] Due to limited materiality and high level of detail of these items they are not included in this report.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
1	Institutions shall disclose at least the following information, regarding the remuneration policy and practices of the institution for those categories of staff whose professional activities have a material impact on its risk profile: Items (a) to (j)[3].	Annual Report 2016, pp. 43-44, 311-315 and website BNG Bank	BNG Bank has a prudent system of remuneration which is in line with its simplicity. No variable components as shares or options are included in the remuneration and no individuals are being remunerated EUR 1 million or more. Information regarding the remuneration in the reporting period is included in the Annual Report. More details on the remuneration policy, committee, system and criteria are provided on the website (e.g. remuneration report).
2	For institutions that are significant in terms of their size, internal organisation and the nature, scope and the complexity of their activities, the quantitative information referred to in this Article shall also be made available to the public at the level of members of the management body of the institution. Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to Directive 95/46/EC.		

[3] Due to high level of detail these items are not individually addressed in this report.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
451	**LEVERAGE**		
1	Institutions shall disclose the following information regarding their leverage ratio calculated in accordance with Article 429 and their management of the risk of excessive leverage:		
(a)	the leverage ratio and how the institution applies Article 499 (2) and (3);	Annex 10 to this report	The standardised template for the disclosure of the leverage ratio is included in Annex 10 to this report.
(b)	a breakdown of the total exposure measure as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	Annex 10 to this report	
(c)	where applicable, the amount of derecognised fiduciary items in accordance with Article 429 (11);	n/a	
(d)	a description of the processes used to manage the risk of excessive leverage;	Annual Report 2016, pp. 14-15, 35, 72, 76, 88, 280-281, 322 and Annex 10 to this report	Due to its materiality reference to the planning for the leverage ratio is made in several sections of the Annual Report.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(e)	a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	Annual Report 2016, Risk Section, pp. 280-281 and Annex 10 to this report	
452	**USE OF THE IRB APPROACH TO CREDIT RISK**		
		n/a	BNG Bank does not apply the IRB Approach.
453	**USE OF CREDIT RISK MITIGATION TECHNIQUES** The institutions applying credit risk mitigation techniques shall disclose the following information:		
(a)	the policies and processes for, and an indication of the extent to which the entity makes use of, on- and off-balance sheet netting;	Annual Report 2016, Risk Section, pp. 246-248	For annual reporting purposes balance sheet netting is not applied, while for regulatory purposes netting is applied to derivatives exposures.

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(b)	the policies and processes for collateral valuation and management;	Annual Report 2016, Risk Section, p. 234	
(c)	a description of the main types of collateral taken by the institution;	Annual Report 2016, Risk Section, pp. 234, 246-248	
(d)	the main types of guarantor and credit derivative counterparty and their creditworthiness;	Annual Report 2016, Risk Section, pp. 234-235, 245-246	Most loans (approximately 90%) provided by BNG Bank are mitigated by Dutch government guarantee or guarantee funds backed by the Dutch government.
(e)	information about market or credit risk concentrations within the credit mitigation taken;	Annual Report 2016, Risk Section, pp. 228-234	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
(f)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, but not providing own estimates of LGDs or conversion factors in respect of the exposure class, separately for each exposure class, the total exposure value (after, where applicable, on or off-balance sheet netting) that is covered – after the application of volatility adjustments – by eligible financial collateral, and other eligible collateral;	Annex 4 to this report	
(g)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, separately for each exposure class, the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees or credit derivatives. For the equity exposure class, this requirement applies to each of the approaches provided in Article 155.	Annex 4 to this report	

ARTICLE	REQUIREMENT	REFERENCE	REMARKS
454	USE OF THE ADVANCED MEASUREMENT APPROACHES TO OPERATIONAL RISK		
		n/a	BNG Bank does not apply the AMA approach to operational risk.
455	USE OF INTERNAL MARKET RISK MODELS		
		n/a	BNG Bank does not apply internal market risk models.

Annex 1 – Capital main features template

N.V. BANK NEDERLANDSE GEMEENTEN

1	Issuer	N.V. Bank Nederlandse Gemeenten	N.V. Bank Nederlandse Gemeenten	N.V. Bank Nederlandse Gemeenten
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)		XS1311037433	XS1453520378
3	Governing law(s) of the instrument	Laws of the Netherlands	Laws of the Netherlands	Laws of the Netherlands

REGULATORY TREATMENT

4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1	Additional Tier 1
6	Eligible at solo / (sub-)consolidated / solo&(sub-)consolidated	Solo & (sub-)consolidated	Solo & (sub-)consolidated	Solo & (sub-)consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary share	Perpetual Capital Security	Perpetual Capital Security

8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR 145	EUR 424	EUR 309
9	Nominal amount of instrument	EUR 139	EUR 424	EUR 309
9a	Issue price	n/a	100% for 1st tranche at 16/11/2015 (a 2nd tranche was issued on 15/12/2015 on the same terms with a price of 100.61%)	100% for 1st tranche at 28/07/2016 (two follow-up tranches were issued in second half of 2016 on same terms at 100.34% and 99.72% respectively)
9b	Redemption price	n/a	Subject to write down	Subject to write down
10	Accounting classification	Shareholders' equity	Equity	Equity
11	Original date of issuance	23 December 1914	16 November 2015	28 July 2016
12	Perpetual or dated	Perpetual	Perpetual	Perpetual
13	Original maturity date	no maturity	no maturity	no maturity
14	Issuer call subject to prior supervisory approval	No	Yes	Yes

15	Optional call date, contingent call dates, and redemption amount	n/a	16 May 2021 and every interest payment date thereafter, tax and/or regulatory event call, redemption at prevailing principal amount	16 May 2022 and every interest payment date thereafter, tax and/or regulatory event call, redemption at prevailing principal amount
16	Subsequent call dates, if applicable	n/a	Interest payment date (16 May)	Interest payment date (16 May)

COUPONS/DIVIDENDS

17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed
18	Coupon rate and any related index	n/a	3.622%, resettable on 16 May 2021 and every 5 years afterwards equal to prevailing 5-year Mid-Swap Rate plus initial margin	3.277%, resettable on 16 May 2022 and every 5 years afterwards equal to prevailing 5-year Mid-Swap Rate plus initial margin
19	Existence of a dividend stopper	n/a	n/a	n/a

20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	n/a	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	n/a	n/a	n/a
25	If convertible, fully or partially	n/a	n/a	n/a
26	If convertible, conversion rate	n/a	n/a	n/a
27	If convertible, mandatory or optional conversion	n/a	n/a	n/a
28	If convertible, specify instrument type convertible into	n/a	n/a	n/a

29	If convertible, specify issuer of instrument it converts into	n/a	n/a	n/a
30	Write-down features	No	Yes	Yes
31	If write-down, write-down trigger(s)	n/a	CET1 ratio < 5.125%	CET1 ratio < 5.125%
32	If write-down, fully or partially	n/a	Partially	Partially
33	If write-down, permanent or temporary	n/a	Temporary	Temporary
34	If temporary write-down, description of write-up mechanism	n/a	Pro rata with other Discretionary Temporary Write-down Instruments, subject to MDA and Maximum Write-up Amount	Pro rata with other Discretionary Temporary Write-down Instruments, subject to MDA and Maximum Write-up Amount
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 instruments	Tier 2 instruments	Tier 2 instruments
36	Non-compliant transitioned features	No	No	No

37	If yes, specify non-compliant features	

Annex 2 – Own Funds Disclosure Template

TRANSITIONAL OWN FUNDS DISCLOSURE TEMPLATE

Amounts in millions of euros

COMMON EQUITY TIER 1 CAPITAL: INSTRUMENTS AND RESERVES		(A) AMOUNT AT 31/12/2016	(B) REGULATION (EU) NO 575/2013 ARTICLE REFERENCE	(C) AMOUNTS SUBJECT TO PRE-REGULATION (EU) NO 575/2013 TREATMENT OR PRESCRIBED RESIDUAL AMOUNT OF REGULATION (EU) 575/2013
1	Capital instruments and the related share premium accounts	145	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: Ordinary shares	139	EBA list 26 (3)	
	of which: Share premium	6	EBA list 26 (3)	
	of which: Instrument type 3	0	EBA list 26 (3)	
2	Retained earnings	2,961	26 (1) (c)	
3	Accumulated other comprehensive income (and any other reserves)	278	26 (1)	
3a	Funds for general banking risk	0	26 (1) (f)	

4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0	486 (2)
	Public sector capital injections grandfathered until 1 january 2018	0	483 (2)
5	Minority interests (amount allowed in consolidated CET1)	0	84, 479, 480
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0	26 (2)
6	**COMMON EQUITY TIER 1 (CET1 CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**3,384**	

COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS

7	Additional value adjustments (negative amount)	−8	34, 105
8	Intangible assets (net of related tax liability) (negative amount)	0	36 (1) (b), 37, 472 (4)

9	Empty set in the EU	n/a	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary difference (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	36 (1) (c), 38, 472 (5)
11	Fair value reserves related to gains or losses on cash flow hedges	–3	33 (a)
12	Negative amounts resulting from the calculation of expected loss amounts	0	36 (1) (d), 40, 159, 472 (6)
13	Any increase in equity that results from securitised assets (negative amount)	0	32 (1)
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	–43	33 (1) (b) (c)
15	Defined-benefit pension fund assets (negative amount)	0	36 (1) (e), 41, 472 (7)
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0	36 (1) (f), 42, 472 (8)

17	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	36 (1) (g), 44, 472 (9)
18	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19	Direct, indirect and synthetic holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20	Empty set in the EU	n/a	

20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	–29	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	0	36 (1) (k) (i), 89 to 91
20c	of which: securitisation positions (negative amount)	–29	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d	of which: free deliveries (negative amount)	0	36 (1) (k) (iii), 379 (3)
21	Deferred tax assets arising from temporary difference (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding the 15% threshold (negative amount)	0	48 (1)

23	of which: direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0	36 (1) (i), 48 (1) (b), 470, 472 (11)	
24	Empty set in the EU	n/a		
25	of which: deferred tax assets arising from temporary difference	0	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	
25a	Losses for the current financial year (negative amount)	0	36 (1) (a), 472 (3)	
25b	Foreseeable tax charges relating to CET1 items (negative amount)	0	36 (1) (l)	
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	–101		101[4]
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	–101		101

[4] As a consequence of CRR the revaluation reserve is gradually phased in, in 2016 60% of the unrealized gains and losses from this revaluation reserve are included. Since BNG Bank has fully included its net gain in its CET1, 40% of this gain is deducted as a regulatory adjustment (EUR 101 million in 2016). When CRR is fully phased in, this deduction would no longer be necessary and this would lead to a 0.8% increase of the capital ratios.

26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	0	481
27	Qualifying AT1 deductions that exceeds the AT1 capital of the institution (negative amount)	0	36 (1) (j)
28	**TOTAL REGULATORY ADJUSTMENTS TO COMMON EQUITY TIER 1 (CET1)**	**–184**	
29	**COMMON EQUITY TIER 1 (CET1) CAPITAL**	**3,200**	

ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS

30	Capital instruments and the related share premium accounts	733	51, 52
31	of which: classified as equity under applicable accounting standards	733	
32	of which: classified as liabilities under applicable accounting standards	0	

33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0	486 (3)
	Public sector capital injections grandfathered until 1 january 2018	0	483 (3)
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interest not included in row 5) issued by subsidiaries and held by third parties	0	85, 86, 480
35	of which: instruments issued by subsidiaries subject to phase-out	0	486 (3)
36	**ADDITIONAL TIER 1 (AT1) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**733**	

ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS

37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0	52 (1) (b), 56 (a), 57, 475 (2)

38	Holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0	56 (b), 58, 475 (3)
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	56 (c), 59, 60, 79, 475 (4)
40	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	56 (d), 59, 79, 475 (4)

41	Regulatory adjustments applied to Additional Tier 1 capital in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase-out as prescribed in Regulation (EU) No 585/2013 (ie. CRR residual amounts)	0	
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	472, 473(3) (a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	477, 477 (3), 477 (4) (a)
41c	Amounts to be deducted from added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	0	467, 468, 481

42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	0	56 (e)
43	**TOTAL REGULATORY ADJUSTMENTS TO ADDITIONAL TIER 1 (AT1) CAPITAL**	**0**	
44	**ADDITIONAL TIER 1 (AT1) CAPITAL**	**733**	
45	**TIER 1 CAPITAL (T1 = CET1 + AT1)**	**3,933**	
TIER 2 (T2) CAPITAL: INSTRUMENTS AND PROVISIONS			
46	Capital instruments and the related share premium accounts	0	62, 63
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	0	486 (4)
	Public sector capital injections grandfathered until 1 january 2018	0	483 (4)

48	Qualifying own funds instruments included in consolidated T2 capital (including minority interest and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third party	0	87, 88, 480
49	of which: instruments issued by subsidiaries subject to phase-out	0	486 (4)
50	Credit risk adjustments	0	62 (c) & (d)
51	**TIER 2 (T2) CAPITAL BEFORE REGULATORY ADJUSTMENT**	**0**	

TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS

52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0	63 (b) (i), 66 (a), 67, 477 (2)

53	Holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institutions designed to inflate artificially the own funds of the institution (negative amount)	0	66 (b), 68, 477 (3)
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0	66 (c), 69, 70, 79, 477 (4)
54a	Of which new holdings not subject to transitional arrangements	0	
54b	Of which holdings existing before 1 January 2013 and subject to transitional arrangements	0	

55	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amounts)	0	66 (d), 69, 79, 477 (4)
56	Regulatory adjustments applied to Tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	0	
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	0	472, 472 (3) (a), 472 (4), 472 (6), 472 (8), 472 (9), 472 (10) (a), 472 (11) (a)
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	0	475, 475 (2) (a), 475 (3), 475 (4) (a)

56c	Amounts to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre-CRR	0	467, 468, 481
57	**TOTAL REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL**	**0**	
58	**TIER 2 (T2) CAPITAL**	**0**	
59	**TOTAL CAPITAL (TC = T1 + T2)**	**3,933**	
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amount)	0	
	Of which: ... items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	0	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)

	Of which: ... items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc.)	0	475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	
	Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own T2 instruments, indirect holdings of non-significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)	0	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	
60	**TOTAL RISK-WEIGHTED ASSETS**	**12,328**		
CAPITAL RATIOS AND BUFFERS				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount	26.0%	92 (2) (a), 465	−0.8%[4]

[4] As a consequence of CRR the revaluation reserve is gradually phased in, in 2016 60% of the unrealized gains and losses from this revaluation reserve are included. Since BNG Bank has fully included its net gain in its CET1, 40% of this gain is deducted as a regulatory adjustment (EUR 101 million in 2016). When CRR is fully phased in, this deduction would no longer be necessary and this would lead to a 0.8% increase of the capital ratios.

62	Tier 1 (as a percentage of total risk exposure amount)	31.9%	92 (2) (b), 465	−0.8%[4]
63	Total capital (as a percentage of total risk exposure amount)	31.9%	92 (2) (c)	−0.8%[4]
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements plus a systemic risk buffer, plus systemically important institution buffer expressed as a percentage of total risk exposure amount)	5.38%	CRD 128, 129, 140	
65	of which: capital conservation buffer requirement	0.63%		
66	of which: countercyclical buffer requirement	0		
67	of which: systemic risk buffer requirement	n/a		
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.25%	CRD 131	

[4] As a consequence of CRR the revaluation reserve is gradually phased in, in 2016 60% of the unrealized gains and losses from this revaluation reserve are included. Since BNG Bank has fully included its net gain in its CET1, 40% of this gain is deducted as a regulatory adjustment (EUR 101 million in 2016). When CRR is fully phased in, this deduction would no longer be necessary and this would lead to a 0.8% increase of the capital ratios.

68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	26.0%	CRD 128
69	(non-relevant in EU regulation)	n/a	
70	(non-relevant in EU regulation)	n/a	
71	(non-relevant in EU regulation)	n/a	

AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK-WEIGHTING)

72	Direct and indirect holdings of the capital of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	36 (1) (i), 45, 48, 470, 472 (11)

74	Empty set in the EU	n/a	
75	Deferred tax assets arising from temporary difference (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	0	36 (1) (c), 38, 48, 470, 472 (5)

APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2

76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal rating-based approach (prior to the application of the cap)	0	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0	62

CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2014 AND 1 JAN 2022)

80	Current cap on CET1 instruments subject to phase-out arrangements	0	484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase-out arrangements	0	484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0	484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase-out arrangements	0	484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0	484 (5), 486 (4) & (5)

Annex 3 – Capital requirements for risk weighted exposure amounts

Amounts in millions of euros	31/12/2016		31/12/2015	
	RISK WEIGHTED AMOUNT	CAPITAL REQUIRE-MENTS	RISK WEIGHTED AMOUNT	CAPITAL REQUIRE-MENTS
CREDIT RISK (STANDARDISED APPROACH)				
Central governments or central banks	0	0	0	0
Regional governments or local authorities	106	8	112	9
Public sector entities	309	25	347	28
Multilateral development banks	0	0	0	0
International organisations	0	0	0	0
Institutions	758	61	476	38
Corporates	6,993	559	7,046	564
Secured by mortgages on immovable property	57	5	65	5
Exposures in default	104	8	153	12
Covered bonds	244	20	459	37
Institutions and corporates with a short-term credit assessment	0	0	0	0
Collective investment undertakings (CIUs)	25	2	123	10
Equity exposures	46	4	50	4
Securitisation positions	1,303	104	1,335	107
Other items	67	5	31	2
TOTAL CREDIT RISK	**10,012**	**801**	**10,197**	**816**

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Continuation of previous page Amounts in millions of euros	31/12/2016		31/12/2015	
	RISK WEIGHTED AMOUNT	CAPITAL REQUIRE-MENTS	RISK WEIGHTED AMOUNT	CAPITAL REQUIRE-MENTS
MARKET RISK (STANDARDISED APPROACH)	113	9	0	0
OPERATIONAL RISK (STANDARDISED APPROACH)	752	60	–	–
OPERATIONAL RISK (BASIC INDICATOR APPROACH)	–	–	762	61
CVA CAPITAL CHARGE (STANDARDISED APPROACH)	1,451	116	1,838	147
TOTAL	**12,328**	**986**	**12,797**	**1,024**

It should be noted that in 2016 BNG Bank changed to the standardised approach for operational risk instead of the previously applied basic indicator approach. BNG Bank considers this new approach is more in line with expectations from for example supervisors. This new approach did not lead to any significant changes in the actual calculated risk weighted exposures for operational risk.

Furthermore, it should be noted that as reported in the Annual Report (p. 257) temporary small foreign exchange positions for which it is not efficient to hedge the risks may result in a limited capital requirement for market risk in the interim (as was the case end 2016).

Annex 4 – Exposure categories

The total gross exposure value subject to credit risk amounted to EUR 157,431 million (year-end 2015: EUR 150,114 million). After deduction of financial collateral (primarily cash collateral) and taking account of the credit conversion factors for off-balance sheet exposure, the (net) exposure value at year-end 2016 amounted to EUR 131,708 million (year-end 2015: EUR 126,481 million). The other annexes contain tables in which the (net) exposure value per exposure category is broken down by geographical area, risk weighting and type of counterparty.

	31/12/2016							
	ORIGINAL EXPOSURE NET OF PROVISIONS	SUBSTITUTION EFFECT (GUARANTEES)	FINANCIAL COLLATERAL	CCF	EXPOSURE VALUE	RISK EXPOSURE AMOUNT	AVERAGE RISK WEIGHT (%)	AVERAGE EXPOSURE VALUE
CREDIT RISK STANDARDISED APPROACH (SA)								
– Central governments or central banks	14,946	47,646	0	–2,728	59,864	0	0%	61,522
– Regional governments or local authorities	37,701	5,273	–58	–5,928	36,988	106	0%	37,362
– Public sector entities	3,221	–276	–5	–649	2,291	309	13%	2,337
– Multilateral Development Banks	877	0	0	-11	866	0	0%	850
– International Organisations	1,217	0	0	0	1,217	0	0%	1,218
– Institutions	15,553	–496	–13,024	–16	2,017	758	38%	2,298
– Corporates	62,940	–52,005	–102	–3,063	7,770	6,993	90%	7,876
– Secured by mortgages on immovable property	199	–142	0	0	57	57	100%	60
– Exposures in default	112	0	0	–8	104	104	100%	141
– Covered bonds	1,819	0	0	0	1,819	244	13%	1,920
– Claims with a short-term credit assessment	0	0	0	0	0	0	0%	0

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	31/12/2016							
	ORIGINAL EXPOSURE NET OF PROVISIONS	SUBSTITUTION EFFECT (GUARANTEES)	FINANCIAL COLLATERAL	CCF	EXPOSURE VALUE	RISK EXPOSURE AMOUNT	AVERAGE RISK WEIGHT (%)	AVERAGE EXPOSURE VALUE
– Collective investments undertakings (CIU)	25	0	0	0	25	25	100%	40
– Equity	46	0	0	0	46	46	100%	47
– Securitisation positions	3,750	0	0	−102	3,619	1,303	36%	3,080
– Other items	15,025	0	0	0	15,025	67	0%	17,780
TOTAL CREDIT RISK EXPOSURE	**157,431**	**0**	**−13,189**	**−12,505**	**131,708**	**10,012**	**8%**	**136,531**
– Of which: Small & Medium Enterprises (SMEs)	14,670	−13,808	−10	−239	613	608	99%	633

								31/12/2015
	ORIGINAL EXPOSURE NET OF PROVISIONS	SUBSTITUTION EFFECT (GUARANTEES)	FINANCIAL COLLATERAL	CCF	EXPOSURE VALUE	RISK EXPOSURE AMOUNT	AVERAGE RISK WEIGHT (%)	AVERAGE EXPOSURE VALUE
CREDIT RISK STANDARDISED APPROACH (SA)								
– Central governments or central banks	11,850	48,141	0	−1,880	58,111	0	0%	59,237
– Regional governments or local authorities	36,704	4,967	−41	−5,231	36,399	112	0%	36,214
– Public sector entities	3,359	−330	−6	−777	2,246	347	15%	2,323
– Multilateral Development Banks	837	0	0	0	837	0	0%	881
– International Organisations	1,020	0	0	0	1,020	0	0%	1,094
– Institutions	12,967	−293	−11,437	0	1,237	476	38%	1,867
– Corporates	64,254	−52,292	−575	−3,540	7,847	7,046	90%	8,152
– Secured by mortgages on immovable property	228	−163	0	0	65	65	100%	73
– Exposures in default	179	−30	0	0	149	153	103%	121
– Covered bonds	1,929	0	0	0	1,929	459	24%	1,934
– Claims with a short-term credit assessment	0	0	0	0	0	0	0%	75

Continued on next page

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	31/12/2015							
	ORIGINAL EXPOSURE NET OF PROVISIONS	SUBSTITUTION EFFECT (GUARANTEES)	FINANCIAL COLLATERAL	CCF	EXPOSURE VALUE	RISK EXPOSURE AMOUNT	AVERAGE RISK WEIGHT (%)	AVERAGE EXPOSURE VALUE
– Collective investments undertakings (CIU)	88	0	0	0	88	123	140%	94
– Equity	50	0	0	0	50	50	100%	51
– Securitisation positions	3,047	0	0	−146	2,901	1,335	46%	2,931
– Other items	13,602	0	0	0	13,602	31	0%	15,270
TOTAL CREDIT RISK EXPOSURE	**150,114**	**0**	**−12,059**	**−11,574**	**126,481**	**10,197**	**8%**	**130,317**
– Of which: Small & Medium Enterprises (SMEs)	15,026	−14,076	−8	−319	623	618	99%	677

Annex 5 – Geographical distribution exposures

	31/12/2016				
	NETHER-LANDS	OTHER EURO COUNTRIES	REST OF EUROPE	REST OF THE WORLD	TOTAL EXPOSURE VALUE
Central governments or central banks	53,734	5,351	779	0	59,864
Regional governments or local authorities	35,515	1,323	150	0	36,988
Public sector entities	1,570	721	0	0	2,291
Multilateral Development Banks	0	866	0	0	866
International Organisations	0	1,217	0	0	1,217
Institutions	159	310	1,505	43	2,017
Corporates	6,325	544	901	0	7,770
Secured by mortgages on immovable property	57	0	0	0	57
Exposures in default	104	0	0	0	104
Covered bonds	648	838	333	0	1,819
Claims with a short-term credit assessment	0	0	0	0	0
Collective investments undertakings (CIU)	0	25	0	0	25
Equity	46	0	0	0	46
Securitisation positions	2,826	745	48	0	3,619
Other items	15,024	1	0	0	15,025
TOTAL CREDIT RISK EXPOSURE	**116,008**	**11,941**	**3,716**	**43**	**131,708**

					31/12/2015
	NETHER-LANDS	OTHER EURO COUNTRIES	REST OF EUROPE	REST OF THE WORLD	TOTAL EXPOSURE VALUE
Central governments or central banks	51,746	5,761	604	0	58,111
Regional governments or local authorities	35,582	817	0	0	36,399
Public sector entities	1,469	777	0	0	2,246
Multilateral Development Banks	0	837	0	0	837
International Organisations	0	1,020	0	0	1,020
Institutions	178	208	736	115	1,237
Corporates	6,408	584	855	0	7,847
Secured by mortgages on immovable property	65	0	0	0	65
Exposures in default	54	95	0	0	149
Covered bonds	507	1,187	235	0	1,929
Claims with a short-term credit assessment	0	0	0	0	0
Collective investments undertakings (CIU)	67	21	0	0	88
Equity	50	0	0	0	50
Securitisation positions	2,049	852	0	0	2,901
Other items	13,602	0	0	0	13,602
TOTAL CREDIT RISK EXPOSURE	**111,777**	**12,159**	**2,430**	**115**	**126,481**

Annex 6 – Exposure to type of counterparty and exposure category

	31/12/2016						
	GENERAL GOVERN-MENTS	CREDIT INSTITU-TIONS	OTHER FINANCIAL CORPO-RATIONS	NON-FINANCIAL CORPO-RATIONS	HOUSE-HOLDS	OTHER	TOTAL EXPOSURE VALUE
– Central governments or central banks	7,830	6,417	682	42,775	2,160	–	59,864
– Regional governments or local authorities	32,573	529	287	2,916	683	–	36,988
– Public sector entities	2,243	–	–	45	3	–	2,291
– Multilateral Development Banks	–	866	–	–	–	–	866
– International Organisations	1,217	–	–	–	–	–	1,217
– Institutions	–	2,000	–	17	–	–	2,017
– Corporates	13	–	452	6,508	797	–	7,770
– Secured by mortgages on immovable property	–	–	–	–	57	–	57
– Exposures in default	–	–	11	93	–	–	104
– Covered bonds	–	1,225	594	–	–	–	1,819
– Claims with a short-term credit assessment	–	–	–	–	–	–	0
– Collective investments undertakings (CIU)	–	–	25	–	–	–	25
– Equity	–	–	–	46	–	–	46

Continued on next page

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	31/12/2016						
	GENERAL GOVERN-MENTS	CREDIT INSTITU-TIONS	OTHER FINANCIAL CORPO-RATIONS	NON-FINANCIAL CORPO-RATIONS	HOUSE-HOLDS	OTHER	TOTAL EXPOSURE VALUE
– Securitisation positions	–	–	3,619	–	–	–	3,619
– Other items	–	–	–	–	–	15,025	15,025
TOTAL CREDIT RISK EXPOSURE	**43,876**	**11,037**	**5,670**	**52,400**	**3,700**	**15,025**	**131,708**

							31/12/2015
	GENERAL GOVERN-MENTS	CREDIT INSTITU-TIONS	OTHER FINANCIAL CORPO-RATIONS	NON-FINANCIAL CORPO-RATIONS	HOUSE-HOLDS	OTHER	TOTAL EXPOSURE VALUE
– Central governments or central banks	8,034	3,176	592	44,114	2,195	–	58,111
– Regional governments or local authorities	32,072	341	394	2,882	710	–	36,399
– Public sector entities	2,196	–	–	47	3	–	2,246
– Multilateral Development Banks	–	837	–	–	–	–	837
– International Organisations	1,020	–	–	–	–	–	1,020
– Institutions	–	1,191	1	45	–	–	1,237
– Corporates	9	–	340	6,728	770	–	7,847
– Secured by mortgages on immovable property	–	–	–	–	65	–	65
– Exposures in default	–	–	97	52	–	–	149
– Covered bonds	–	1,127	802	–	–	–	1,929
– Claims with a short-term credit assessment	–	–	–	–	–	–	0
– Collective investments undertakings (CIU)	–	–	88	–	–	–	88
– Equity	–	–	–	50	–	–	50

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Continuation of previous page

							31/12/2015
	GENERAL GOVERN-MENTS	CREDIT INSTITU-TIONS	OTHER FINANCIAL CORPO-RATIONS	NON-FINANCIAL CORPO-RATIONS	HOUSE-HOLDS	OTHER	TOTAL EXPOSURE VALUE
– Securitisation positions	–	–	2,901	–	–	–	2,901
– Other items	–	–	–	–	–	13,602	13,602
TOTAL CREDIT RISK EXPOSURE	**43,331**	**6,672**	**5,215**	**53,918**	**3,743**	**13,602**	**126,481**

Annex 7 – Exposure value by risk weighting and exposure category

	31/12/2016								
	0%	2%	10%	20%	35%	50%	100%	› 100%	TOTAL EXPOSURE VALUE
– Central governments or central banks	59,864	–	–	–	–	–	–	–	59,864
– Regional governments or local authorities	36,678	–	–	255	–	–	55	–	36,988
– Public sector entities	747	–	–	1,544	–	–	–	–	2,291
– Multilateral Development Banks	866	–	–	–	–	–	–	–	866
– International Organisations	1,217	–	–	–	–	–	–	–	1,217
– Institutions	51	60	–	655	–	1,251	–	–	2,017
– Corporates	4	–	–	588	–	605	6,573	–	7,770
– Secured by mortgages on immovable property	–	–	–	–	–	–	57	–	57
– Exposures in default	–	–	–	–	–	–	104	–	104
– Covered bonds	–	–	1,201	618	–	–	–	–	1,819
– Claims with a short-term credit assessment	–	–	–	–	–	–	–	–	0
– Collective investments undertakings (CIU)	–	–	–	–	–	–	25	–	25
– Equity	–	–	–	–	–	–	46	–	46
– Securitisation positions	32	–	–	2,566	99	608	226	88	3,619
– Other items	14,957	–	–	–	–	2	66	–	15,025
TOTAL CREDIT RISK EXPOSURE	**114,416**	**60**	**1,201**	**6,226**	**99**	**2,466**	**7,152**	**88**	**131,708**

									31/12/2015
	0%	2%	10%	20%	35%	50%	100%	› 100%	TOTAL EXPOSURE VALUE
– Central governments or central banks	58,111	–	–	–	–	–	–	–	58,111
– Regional governments or local authorities	36,067	–	–	275	–	–	57	–	36,399
– Public sector entities	807	–	–	1,365	–	–	74	–	2,246
– Multilateral Development Banks	837	–	–	–	–	–	–	–	837
– International Organisations	1,020	–	–	–	–	–	–	–	1,020
– Institutions	–	–	–	550	–	641	46	–	1,237
– Corporates	3	–	–	612	–	616	6,616	–	7,847
– Secured by mortgages on immovable property	–	–	–	–	–	–	65	–	65
– Exposures in default	–	–	–	–	–	–	139	10	149
– Covered bonds	–	–	892	497	–	540	–	–	1,929
– Claims with a short-term credit assessment	–	–	–	–	–	–	–	–	0
– Collective investments undertakings (CIU)	–	–	–	–	–	–	19	69	88
– Equity	–	–	–	–	–	–	50	–	50
– Securitisation positions	36	–	–	1,769	110	551	260	175	2,901
– Other items	13,571	–	–	–	–	–	31	–	13,602
TOTAL CREDIT RISK EXPOSURE	**110,452**	**0**	**892**	**5,068**	**110**	**2,348**	**7,357**	**254**	**126,481**

Annex 8 – Exposure equity category

The exposure comprises the shareholdings in BNG Bank's banking book. The tables below present the various values of the portfolio at year-end 2016 and 2015.

	31/12/2016			
	BALANCE SHEET VALUE (EXPOSURE)	FAIR VALUE	CUMULATIVE UNREALISED RESULTS	RESULTS REALISED IN FINANCIAL YEAR
Financial assets available for sale	0	0	–	–
Associates and joint ventures				
Associates	3	3	–	1
Joint ventures	43	43	–	–7
TOTAL	**46**	**46**	**0**	**–6**

	31/12/2015			
	BALANCE SHEET VALUE (EXPOSURE)	FAIR VALUE	CUMULATIVE UNREALISED RESULTS	RESULTS REALISED IN FINANCIAL YEAR
Financial assets available for sale	3	3	0	–
Associates and joint ventures				
Associates	2	3	–	1
Joint ventures	45	25	–	0
TOTAL	**50**	**31**	**0**	**1**

BNG Bank has no investments in listed shares. The shares in the Investments in associates and joint ventures balance sheet item concern investments in joint ventures entered into by BNG Gebiedsontwikkeling. The purpose of these partnerships is to develop and allocate land for the construction of homes and industrial estates, together with public authorities, at the bank's own expense and risk. The shares in associates and the shares in the Financial assets available-for-sale balance sheet item concern investments in private equity exposures in companies that are significant suppliers to the public sector.

The Investments in associates and joint ventures balance sheet item is stated according to the equity method.
The Financial assets available-for-sale item is stated at fair value and value movements are recognised in equity, net of taxes. Further information can be found in the Annual Report under 'Accounting principles for the consolidated financial statements'.

Annex 9 – Securitisation positions

BNG Bank acts primarily as an investor in the most senior tranches of securitisations for the ALM portfolio; these investments in securitisations are part of the banking book. The underlying assets are mostly home mortgages. The bank does not invest in synthetic securitisations or resecuritisations. As well as acting as an investor in securitisations, BNG Bank fulfils a number of additional roles, albeit to a limited extent. These include the role of Issuer Account Bank and the role of Cash Advance Facility Provider in that the bank provides liquidity facilities to finance securitisations. BNG Bank does not act as an originator or sponsor. This means that the bank has not transferred any assets to securitisations and does not support securitised assets.

	31/12/2016	31/12/2015
SECURITISATIONS BROKEN DOWN BY UNDERLYING ASSETS		
Securitisations on the balance sheet with underlying assets in:		
– Home mortgages	1,697	1,003
– Home mortgages with NHG guarantee	1,741	1,706
– Other	50	47
TOTAL BALANCE SHEET VALUE	**3,488**	**2,756**
Off-balance sheet commitments regarding securitisations	262	291
TOTAL SECURITISATION POSITIONS	**3,750**	**3,047**

At year-end 2016 the balance sheet value amounted to EUR 3.5 billion (2015: EUR 2.8 billion) in securitisation positions. The off-balance sheet securitisation commitments at year-end 2016 amounted to EUR 0.3 billion (2015: EUR 0.3 billion) and concerned liquidity facilities. BNG Bank considers the credit risk of these facilities to be virtually zero. The facilities may only be drawn on under strict conditions (e.g. in the event of technical payment problems), and in that case BNG Bank's claim will have preference over all other claims.

All securitisations in the bank's portfolio have at least one external rating from S&P, Moody's, Fitch or DBRS. Any interest rate risks are hedged with derivatives, in conformity with policy. The aforementioned risks are monitored by the Investment Committee. All securitisations are subjected to an impairment test twice a year. As investments are limited to the most senior tranches the liquidity risk for BNG Bank is considered limited as these senior tranches are impacted last if liquidity issues would arise for the underlying securitisation.

EXPOSURE VALUE AND CAPITAL REQUIREMENT OF SECURITISATIONS BROKEN DOWN BY RISK WEIGHTING	31/12/2016		31/12/2015	
	EXPOSURE VALUE	CAPITAL REQUIRE-MENT	EXPOSURE VALUE	CAPITAL REQUIRE-MENT
0%	14	0	36	0
20%	2,566	41	1,769	28
35%	99	3	110	3
50%	608	24	551	22
100%	244	19	260	21
350%	59	17	116	33
1250% *	29	0	59	0
TOTAL	**3,619**	**104**	**2,901**	**107**

* The exposure with a risk weight of 1250% is offset against the CET1 capital.

Under CRD IV, BNG Bank applies the Standardised Approach (SA) in calculating risk-weighted exposure values of securitisations in relation to credit risk. Most of the securitisation positions have a 20% weighting. A limited number of securitisations have a 1250% weighting because of the rating. BNG Bank takes advantage of the option to offset these items against the CET1 capital.

Annex 10 – Leverage ratio disclosure template

SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		TRANSITIONAL	FULLY PHASED-IN
1	Total assets as per published financial statements	154,000	154,000
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	0	0
3	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429 (13) of Regulation (EU) No 575/2013 'CRR')	0	0
4	Adjustments for derivative financial instruments	−23,889	−23,889
5	Adjustments for securities financing transactions 'SFTs'	0	0
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,550	2,550
EU-6a	(Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013)	0	0

		TRANSITIONAL	FULLY PHASED-IN
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)	0	0
7	Other adjustments	–157	–57
8	**TOTAL LEVERAGE RATIO EXPOSURE**	**132,504**	**132,604**

LEVERAGE RATIO COMMON DISCLOSURE

		TRANSITIONAL	FULLY PHASED-IN
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	138,567	138,567
2	(Asset amounts deducted in determining Tier 1 capital)	−157	−57
3	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND FIDUCIARY ASSETS) (SUM OF LINES 1 AND 2)**	**138,410**	**138,510**
DERIVATIVE EXPOSURES			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,133	1,133
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	1,950	1,950
EU-5a	Exposure determined under Original Exposure Method	0	0

		TRANSITIONAL	FULLY PHASED-IN
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	−11,539	−11,539
8	(Exempted CCP leg of client-cleared trade exposures)	0	0
9	Adjusted effective notional amount of written credit derivatives	0	0
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
11	**TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)**	**−8,456**	**−8,456**
SECURITIES FINANCING TRANSACTION EXPOSURES			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	0	0
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0

		TRANSITIONAL	FULLY PHASED-IN
14	Counterparty credit risk exposure for SFT assets	0	0
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	0	0
15	Agent transaction exposures	0	0
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
16	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES (SUM OF LINES 12 TO 15A)**	**0**	**0**
OTHER OFF-BALANCE SHEET EXPOSURES			
17	Off-balance sheet exposures at gross notional amount	14,013	14,013
18	(Adjustments for conversion to credit equivalent amounts)	–11,463	–11,463
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 TO 18)**	**2,550**	**2,550**

		TRANSITIONAL	FULLY PHASED-IN
EXEMPTED EXPOSURES IN ACCORDANCE WITH CRR ARTICLE 429 (7) AND (14) (ON AND OFF BALANCE SHEET)			
EU-19a	(Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	0	0
CAPITAL AND TOTAL EXPOSURES			
20	**TIER 1 CAPITAL**	**3,933**	**4,034**
21	**TOTAL LEVERAGE RATIO EXPOSURES (SUM OF LINES 3, 11, 16, 19, EU-19A AND EU-19B)**	**132,504**	**132,604**
LEVERAGE RATIO			
22	**LEVERAGE RATIO**	**3.0%**	**3.0%**

		TRANSITIONAL	FULLY PHASED-IN
CHOICE ON TRANSITIONAL ARRANGEMENTS AND AMOUNT OF DERECOGNISED FIDUCIARY ITEMS			
EU-23	Choice on transitional arrangements for the definition of the capital measure	Transitional	Fully phased in
EU-24	Amount of derecognised fiduciary items in accordance with Article 429 (11) of Regulation (EU) NO 575/2013	0	0

SPLIT-UP OF ON BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

		TRANSITIONAL	FULLY PHASED-IN
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	138,567	138,567
EU-2	Trading book exposures	0	0
EU-3	Banking book exposures, of which:	138,567	138,567
EU-4	Covered bonds	1,819	1,819
EU-5	Exposures treated as sovereigns	48,703	48,703
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	1,413	1,413
EU-7	Institutions	12,076	12,076
EU-8	Secured by mortgages of immovable properties	199	199
EU-9	Retail exposures	0	0
EU-10	Corporate	55,690	55,690

		TRANSITIONAL	FULLY PHASED-IN
EU-11	Exposures in default	104	104
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	18,563	18,563

FREE FORMAT TEXT BOXES FOR DISCLOSURE ON QUALITATIVE ITEMS

1	Description of the processes used to manage the risk of excessive leverage	Given the fact that a very large part of BNG Bank's balance sheet consists of 0% credit risk weighted assets, application of the leverage ratio is much less favourable than the more highly rated weighted solvency ratio. Thus far, a European minimum requirement for a leverage ratio of 3% seems most likely to become effective from 1 January 2018 onwards. For the time being BNG Bank assumes that it will need to comply with this 3% lower limit from 2018. Partly on account of the hybrid capital issue, the bank's leverage ratio at the end of 2016 already reached the required level of 3%. The possible changes in this minimum requirement remain a point of attention. If the capital planning for the leverage ratio should necessitate a raise in the near future, the bank would expressly consider a further issue of hybrid capital or further reducing dividend pay-out. By taking these measures, the bank prevents threats to client lending due to constrictive leverage ratios.
2	Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers	The obligation to meet a leverage ratio in the future has meant among other things that, beginning in the 2011 financial year, the dividend was reduced from a payout percentage of 50% to 25%. This measure was still in place during 2016. The possibility of attracting hybrid capital that qualifies as (additional) Tier 1 capital is also part of the migration plan. In 2015 EUR 424 million hybrid capital was attracted and an additional EUR 309 million was attracted in 2016.

COLOPHON

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