



PRESS RELEASE

BNG BANK ANNUAL RESULTS 2014

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The Hague, March 9, 2015

Net profit EUR 126 million

BNG Bank reports a net profit of EUR 126 million over 2014 (2013: EUR 283 million). A dividend of 25% of net profit will be proposed to the shareholders. This amounts to dividends totaling EUR 32 million.

Market shares remain high, confirming the importance of BNG Bank's role. Around 65% of the total demand for long-term solvency-free lending from the municipal and provincial authorities, housing associations and healthcare institutions was fulfilled by the bank. New long-term lending totaled EUR 9.2 billion in 2014 (2013: EUR 11.9 billion). Amid the current economic conditions and the many new laws and regulations affecting the bank's core client segments, there has been a reluctance to take on new investments, and consequently client demand has declined.

For both refinancing and lending purposes, BNG Bank raised EUR 14.9 billion in long-term funding in 2014 (2013: EUR 15.0 billion). The increasing confidence in the euro and the European banking sector on the international capital markets generated a broader supply of long-term funds at attractive prices during the year under review. The spreads that investors are willing to receive to invest in BNG Bank's bonds dropped again in 2014. Debt instruments issued by BNG Bank have received credit ratings of AA+, Aaa and AAA from Standard & Poor's (S&P), Moody's and Fitch, respectively. BNG Bank is among the world's most creditworthy banks.

The 2014 interest result fell to EUR 444 million (2013: 530 million). This is mainly attributable to the consistent decline in market interest rates. Besides the structural decrease in the interest result, the substantial dip in net profit was mainly due to negative unrealized market value adjustments in the result on financial transactions. These results partly stem from more conservative valuations following the outcome of the European Central Bank balance sheet test.

In order to improve the solidity of the bank, regulators have implemented new legislative and regulatory proposals. The effects of those new regulations is an increase of operating expenses and contributions such as those for the Dutch bank levy and the European resolution fund.

In 2015, the interest result is expected to be lower than in 2014. Due to persistently low market interest rates, interest revenues from the bank's own funds will show a downward trend. Going forward, the result on financial transactions will remain sensitive to political and economic developments in the European Union.

Date
March 9, 2015

Our reference
1684567

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BNG Bank is a trade name of N.V. Bank Nederlandse Gemeenten with registered office in The Hague, Trade Register no 27008387

In view of the persisting uncertainties, BNG Bank will not express an opinion on the level of its expected net profit for 2015.

Date
March 9, 2015

BNG Bank will publish its 2014 Annual Report on April 24, 2015 on www.bngbank.com.

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BNG Bank is the bank of and for local authorities and public sector institutions. The bank makes a sustainable contribution to minimizing the costs of social provisions for the public.

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This is an unofficial translation of the Dutch press release 'BNG Bank Jaarcijfers 2014'. This translation is provided for convenience only. In the event of any ambiguity, the Dutch text will prevail.

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Consolidated balance sheet

Amounts in millions of euros

Date
March 9, 2015

Our reference
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	31-12-2014	31-12-2013
ASSETS		
Cash and balances with the central banks	2,241	1,467
Amounts due from banks	11,046	8,509
Financial assets at fair value through the income statement	4,247	3,530
Other financial assets	31,322	15,874
Financial assets available-for-sale	13,693	9,607
Loans and advances	90,732	92,074
Investments in associates and joint ventures	54	53
Property and equipment	16	17
Other assets	154	52
TOTAL ASSETS	153,505	131,183
LIABILITIES		
Amounts due to banks	2,544	3,939
Financial liabilities at fair value through the income statement	3,327	3,553
Other financial liabilities	25,357	15,086
Debt securities	106,069	94,828
Funds entrusted	12,334	10,033
Subordinated debts	32	32
Other liabilities	260	282
Total liabilities	149,923	127,753
Equity	3,582	3,430
TOTAL LIABILITIES	153,505	131,183

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Consolidated income statement

Amounts in millions of euros

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	2014	2013
Interest income	1,258	1,514
– Interest expense	814	984
– Interest result	444	530
Results from associates and joint ventures	1	-1
– Commission income	35	30
– Commission expense	6	5
Commission result	29	25
Result on financial transactions	-187	-5
Other results	4	3
<i>Total income</i>	291	552
– Staff costs	38	36
– Other administrative expenses	27	26
Staff costs and other administrative expenses	65	62
Depreciation	2	2
<i>Total operating expenses</i>	67	64
Impairments	15	58
Bank levy	30	33
<i>Profit before tax</i>	179	397
Taxes	-53	-114
Net profit	126	283

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