Pillar 3 Disclosure Index

BNG Bank 2015

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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 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 for now to clearly indicate where relevant information can be found. In some cases references are made to the website of BNG Bank as well. For the sake of completeness some additional overviews are included in the Annex to this report.

2 Scope of disclosure

This Pillar 3 disclosure provides 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 and is mostly included in the Annual Report. This Pillar 3 Report is published on the website of BNG Bank in conjunction with the publication of the Annual Report. This document currently only serves as a reference guide to clearly indicate where the Basel III information is disclosed in 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 important 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 propietary or confidential will not be published, but is disclosed in a more general manner. The Annual Report itself is audited by an external auditor.

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 criteria 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 a short summary description of the disclosure is included where applicable.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
435	**RISK MANAGEMENT OBJECTIVES AND POLICIES**		
1	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 2015, Risk Section, pp. 187-190	BNG Bank's risk management strategy is aimed at maintaining its safe risk profile. The bank has prepared a risk appetite which sets out the types and degree of risk the bank is prepared to accept in order to achieve its strategic objectives and implement its business plan. This appetite is translated into a system of limits, targets and reference figures.
(b)	the structure and organisation of the relevant risk management function including information on its authority and statute, or other appropriate arrangements;	Annual Report 2015, Risk Section, pp. 191-194	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(c)	the scope and nature of risk reporting and measurement systems;	Annual Report 2015, Risk Section, pp. 193-194	A monitoring programme is conducted to determine whether the bank still operates within its risk appetite. The frequency of monitoring and reporting by Risk Management on these figures depends on the nature of the risk and its corresponding limit or target.
(d)	the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants;	Annual Report 2015, pp. 139-141, 290-294	BNG Bank applies economic hedging in order to mitigate foreign exchange risks and keep interest rate risks at a desired level. For accounting purposes, BNG Bank processes this hedging relationship under IFRS by applying micro and portfolio fair value hedging, as well as cash flow hedging.
(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 2015, Report of the Executive Board, pp. 58-59, 114	This is part of the overall in control statement which is prepared each year.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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 2015, Risk Section, pp. 189-190	The four components of the risk appetite statement comprise profitability, solvency, liquidity and reputation. The qualitative ambitions have been included in the Annual Report. Quantitative targets are not disclosed due to their confidential nature.
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 2015, Organisation, pp. 16-21	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	Annual Report 2015, Report of the Supervisory Board, pp. 27, 29, 31-33 and website BNG Bank	A short summary of the work performed by the Selection and Appointments Committee in 2015 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 2015, Report of the Supervisory Board, pp. 27, 29, 31-33 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.
(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 2015, Report of the Supervisory Board, pp. 26, 30	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(e)	the description of the information flow on risk to the management body.	Annual Report 2015, Risk Section, pp. 191-194	
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 2015, Report of the Supervisory Board, p. 38	N.V. Bank Nederlandse Gemeenten
(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 2015, Accounting Principles, pp. 128, 384-386	There is no difference in scope of consolidation for accounting and prudential purposes for BNG Bank and BNG Bank consolidates 3 small entities. An overview of these entities is included in Annex A of the Annual Report.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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	
(e)	if applicable, the circumstance of making use of the provisions laid down in Articles 7 and 9.	Annual Report, Risk Section, p. 265	We make 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:		

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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 2015, Risk Section, pp. 267-271	
(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 2015, pp. 146-147, 163-166 and Annex 1	The capital instruments of BNG Bank are limited to share capital and hybrid capital, which are both not publicly traded and lack any complex feautures. BNG Bank has opted for a conscise description of the main features in its Annual Report. For the sake of completeness the 'capital instruments' main features template' as included in the EU Implementing Regulation no 1423/2013 is provided in Annex 1 to this report.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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.
(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 2015, Risk Section, pp. 267-275 and Annex 2	Items included in the table in the Annual Report are limited to those that are relevant for BNG Bank. For the sake of completeness the fully standardized template is included in Annex 2 to this report.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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 2015, Risk Section, pp. 267-275 and Annex 2	Items included in the table in the Annual Report are limited to those that are relevant for BNG Bank. For the sake of completeness the fully 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	
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 2015, Risk Section, pp. 264-275	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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.
(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;	Annual Report 2015, Risk Section, p. 272 and Annex 3	In the risk paragraph an overview is included of the risk weighted exposure amounts for our exposure classes. Adding a separate column with 8% of these risk-weighted amounts seems redundant. However we have included an overview of this in Annex 3 to this report.
(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	n/a	BNG Bank does not apply an Internal Ratings Based Approach when calculating its risk-weighted exposure amounts.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
	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;		
(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.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(f)	own funds requirements calculated in accordance with Part Three, Title III, Chapters 2, 3 and 4 and disclosed separately.	Annual Report 2015, Risk Section, p. 272 and Annex 3	For operational risk the basic indicator approach is applied and the risk weighted exposure is included in the overview in the Annual Report. The corresponding own fund requirement has been 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:		
(a)	a discussion of the methodology used to assign internal capital and credit limits for counterparty credit exposures;	Annual Report 2015, Risk Section, pp. 230-237	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(b)	a discussion of policies for securing collateral and establishing credit reserves;	Annual Report 2015, Risk Section, pp. 230-237	
(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 2015, Risk Section, pp. 230-231	
(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 2015, Risk Section, pp. 234-237	An overview on the netting of financial assets and liabilities has been included in the Risk Section of the Annual Report.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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 2015, Risk Section, pp. 236-237	BNG Bank uses the 'Mark-to-Market'-method to determine the exposure value of all derivative contracts.
(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.
(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	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
440 1	**CAPITAL BUFFERS** 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:		
(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. Details on the geographical distribution of credit exposures are however included within the Risk Section on credit risk.
(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'.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
442	**CREDIT RISK ADJUSTMENTS** Institutions shall disclose the following information regarding the institution's exposure to credit risk and dilution risk:		
(a)	the definitions for accounting purposes of 'past due' and 'impaired';	Annual Report 2015, Risk Section, p. 226	
(b)	a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Annual Report 2015, Risk Section, pp. 229-230	
(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 2015, Risk Section, pp. 202-205	Limited changes in the distribution of exposures in our portfolio makes average amounts redundant.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(d)	the geographic distribution of the exposures, broken down in significant areas by material exposure classes, and further detailed if appropriate;	Annual Report 2015, Risk Section, pp. 207-208	
(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 2015, Risk Section, pp. 211-212	
(f)	the residual maturity breakdown of all the exposures, broken down by exposure classes, and further detailed if appropriate;	Annual Report 2015, Risk Section, pp. 246-250	This is especially relevant for the liquidity and funding risk and a breakdown is included in that section of the Annual Report. Due to the limited number of exposure classes a further breakdown is not material.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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 2015, Risk Section, pp. 226-229	The amount of impaired exposures is very limited for BNG Bank and is hardly material. This is in line with the safe risk profile of BNG Bank.
(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 2015, Risk Section, pp. 226-229	Due to the limited amount of impaired exposures and the limited geographical spread of these impairments a separate break down of geographic areas is not material and therefore not provided.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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; (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.	Annual Report 2015, Notes to Financial Statements, pp. 151-152	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
	Specific credit risk adjustments and recoveries recorded directly to the income statement shall be disclosed separately.	Annual Report 2015, Notes to Financial Statements, pp. 173-174	Material credit risk adjustment in 2015 has been the write-off on Hypo Alpe Adria as further explained in the Annual Report.
443	**UNENCUMBERED ASSETS**		
	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 Aricle 16 of Regulation (EU) No 1093/2010.	Annual Report 2015, Risk Section, pp. 253-254	In conformity with the EBA guidelines (EBA/GL/2014/03) for 2015 averages have been the basis for this table.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
	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. 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.		

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
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 2015, Risk Section, pp. 222-223, 231	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 only enters into transactions with counterparties that have been rated by an external agency. BNG Bank uses S&P, Moody's, Fitch and DBRS for this rating.
(b)	the exposure classes for which each ECAI or ECA is used;	Annual Report 2015, Risk Section, p. 231	The rating agencies are used for exposures to financial counterparties as well as a limited number of investment assets as included in the associated table in the Annual Report.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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 2015, Risk Section, pp. 222-223, 231	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. For counterparties and a limited number of investment assets these external ratings are used to determine the capital requirements.
(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	DESCRIPTION
(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.	Annual Report 2015, Risk Section, pp. 209-210, 216	In the Annual Report an overview is provided for the exposure associated with each individual exposure class, the credit riks mitigation as well as the transfer of exposures from one class to another due to the guarantee structures that are in place. The exposure values after transfer are used to show the exposure values associated with each credit quality step. For securitisations a detailed overview is included.
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 2015, Risk Section, p. 272	BNG Bank has no trading book and there are no own funds requirement as of end-2015.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
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 2015, Risk Section, p. 265	BNG Bank uses the basic indicator approach.
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	DESCRIPTION
(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;	Annual Report 2015, Risk section, pp. 213-214	BNG Bank has a small exposure in equities, which mainly consists of the participations of BNG Gebieds-ontwikkeling in joint ventures.
(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;	Annual Report 2015, Risk section, pp. 213-214	
(c)	the types, nature and amounts of exchange-traded exposures, private equity exposures in sufficiently diversified portfolios, and other exposures;	Annual Report 2015, Risk section, pp. 213-214	
(d)	the cumulative realised gains or losses arising from sales and liquidations in the period; and	Annual Report 2015, Risk section, pp. 213-214	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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.	Annual Report 2015, Risk section, pp. 213-214	
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 2015, Risk Section, pp. 239-241	The bank applies methods regarded as best practices and has implemented a new interest rate risk framework in 2015.
(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 2015, Risk Section, p. 241	The key risk standards applied by BNG Bank consist of susceptibility to interest rate fluctuations per time interval (delta) and earnings at risk analysis. In the Annual Report an outline is provided of the impact of an instantaneous interest rate shock (200bp) at the end of 2015.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
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)[1]	Annual Report 2015, Risk Section, pp. 215-217	BNG Bank has some exposure in a limited number of securitisations. Mostly these relate to the most senior tranches that BNG Banks has acquired for investment purposes. Interest rate risks are hedged and for the credit risk a due diligence is performed.
450	**REMUNERATION POLICY**		

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

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
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)[2]	Annual Report 2015, pp. 35-36, 295-299 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 periode 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.		

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

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
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);	Annual Report 2015, Risk Section, p. 274 and Annex 4	Most relevant information regarding our leverage ratio is included in the Annual Report. The recently approved standardised template for the disclosure of the leverage ratio is included in annex 4 to this report for the sake of completeness.
(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;	Annual Report 2015, Risk Section, p. 273 and Annex 4	
(c)	where applicable, the amount of derecognised fiduciary items in accordance with Article 429(11);	n/a	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(d)	a description of the processes used to manage the risk of excessive leverage;	Annual Report 2015, pp. 14, 26, 69, 264-265, 306 and Annex 4	Due to its materiality reference to the planning for the leverage ratio is made in several sections of the Annual Report.
(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 2015, Risk Section, pp. 264-265 and Annex 4	
452	**USE OF THE IRB APPROACH TO CREDIT RISK**		
		n/a	BNG Bank does not apply the IRB Approach.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
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 2015, Risk Section, pp. 234-237	For annual reporting purposes balance sheet netting is not applied, while for regulatory purposes netting is applied to derivatives exposures.
(b)	the policies and processes for collateral valuation and management;	Annual Report 2015, Risk Section, p. 220	
(c)	a description of the main types of collateral taken by the institution;	Annual Report 2015, Risk Section, pp. 220, 230-231	
(d)	the main types of guarantor and credit derivative counterparty and their creditworthiness;	Annual Report 2015, Risk Section, pp. 220-230	Most loans (approximately 90%) provided by BNG Bank are mitigated by Dutch government guarantee or guarantee funds backed by the Dutch government.

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(e)	information about market or credit risk concentrations within the credit mitigation taken;	Annual Report 2015, Risk Section, pp. 206-212, 217	These guarantees are subject to a high degree of concentration risk to the Dutch State (triple A rated by Moody's, S&P's and Fitch). This is inherent to the bank's mission.
(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;	Annual Report 2015, Risk Section, pp. 201-205	

ARTICLE	REQUIREMENT	REFERENCE	DESCRIPTION
(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.	Annual Report 2015, Risk Section, pp. 201-205, 213-214	
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
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)		XS1329694852
3	Governing law(s) of the instrument	Laws of the Netherlands	Laws of the Netherlands

REGULATORY TREATMENT

4	Transitional CRR rules	Common Equity Tier 1	Additional Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1	Additional Tier 1
6	Eligible at 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

8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date).	EUR 145	EUR 424
9	Nominal amount of instrument	EUR 139	EUR 424
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 100.6139%)
9b	Redemption price	n/a	Subject to write down
10	Accounting classification	Shareholders' equity	Equity
11	Original date of issuance	23 December 1914	16 November 2015
12	Perpetual or dated	Perpetual	Perpetual
13	Original maturity date	No maturity	No maturity
14	Issuer call subject to prior supervisory approval	No	Yes

15	Optional call date, contingent call dates, and redemption amount	n/a	16 May 2021, Tax and/or regulatory event call, Redemption at prevailing principal amount, but for issuer call option only if prevailing principal amount equals original principal amount
16	Subsequent call dates, if applicable	n/a	Interest payment dates (16 May)

COUPONS/DIVIDENDS

17	Fixed or floating dividend/coupon	Floating	Fixed
18	Coupon rate and any related index	n/a	3.622%, resettable on 16 May 2021 and every 5 years afterwards based on 5-year Mid-Swap Rate
19	Existence of a dividend stopper	n/a	n/a
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory

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

31	If write-down, write-down trigger(s)	n/a	CET1 ratio < 5.125%
32	If write-down, fully or partially	n/a	Partially
33	If write-down, permanent or temporary	n/a	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
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1 instruments	Tier 2 instruments
36	Non-compliant transitioned features	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 31/12/2015	(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	2,797	26 (1) (c)	
3	Accumulated other comprehensive income (and any other reserves)	571	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	3,513	

COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS

7	Additional value adjustments (negative amount)	–12	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	36 (1) (c), 38, 472 (5)
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	
11	Fair value reserves related to gains or losses on cash flow hedges	–251	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	–12	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	−59	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)	−59	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	–191		191[1]
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	–191		191

1 As a consequence of CRR the revaluation reserve is gradually phased in, in 2015 40% of the unrealized gains and losses from this revaluation reserve are included. Since BNG Bank has fully included its net gain in its CET1, 60% of this gain is deducted as a regulatory adjustment (EUR 191 mln in 2015). When CRR is fully phased in, this deduction would no longer be necessary and this would lead to a 1.5% 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)	−525	
29	Common Equity Tier 1 (CET1) capital	2,988	

ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS

30	Capital instruments and the related share premium accounts	424	51, 52
31	of which: classified as equity under applicable accounting standards	424	
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	424	

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	424	
45	Tier 1 capital (T1 = CET1 + AT1)	3,412	

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 befor 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)	3,412	
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	12,797		
CAPITAL RATIOS AND BUFFERS				
61	Common Equity Tier 1 (as a percentage of total risk exposure amount	23.3%	92 (2) (a), 465	−1.5%[1]

[1] As a consequence of CRR the revaluation reserve is gradually phased in, in 2015 40% of the unrealized gains and losses from this revaluation reserve are included. Since BNG Bank has fully included its net gain in its CET1, 60% of this gain is deducted as a regulatory adjustment (EUR 191 mln in 2015). When CRR is fully phased in, this deduction would no longer be necessary and this would lead to a 1.5% increase of the capital ratios.

62	Tier 1 (as a percentage of total risk exposure amount	26.7%	92 (2) (b), 465	1.5%[1]
63	Total capital (as a percentage of total risk exposure amount	26.7%	92 (2) (c)	–1.5%[1]
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)	n/a	CRD 128, 129, 140	
65	of which: capital conservation buffer requirement	n/a		
66	of which: countercyclical buffer requirement	n/a		
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	n/a	CRD 131	

[1] As a consequence of CRR the revaluation reserve is gradually phased in, in 2015 40% of the unrealized gains and losses from this revaluation reserve are included. Since BNG Bank has fully included its net gain in its CET1, 60% of this gain is deducted as a regulatory adjustment (EUR 191 mln in 2015). When CRR is fully phased in, this deduction would no longer be necessary and this would lead to a 1,5% increase of the capital ratios.

68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	n/a	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		484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		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	31/12/2015		31/12/2014	
	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	112	9	115	9
Public sector entities	347	28	366	29
Multilateral development banks	0	0	0	0
International organisations	0	0	0	0
Institutions	476	38	385	31
Corporates	7,046	564	7,401	592
Secured by mortgages on immovable property	65	5	77	6
Exposures in default	153	12	86	7
Covered bonds	459	37	525	42
Institutions and corporates with a short-term credit assessment	0	0	0	0
Collective investment undertakings (CIUs)	123	10	124	10
Equity exposures	50	4	57	5
Securitisation positions	1,335	107	1,454	116
Other items	31	2	46	4
	10,197	**816**	**10,636**	**851**

Continued on next page

Continuation of previous page Amounts in millions of euros	31/12/2015		31/12/2014	
	RISK WEIGHTED AMOUNT	CAPITAL REQUIREMENTS	RISK WEIGHTED AMOUNT	CAPITAL REQUIREMENTS
MARKET RISK (STANDARDISED APPROACH)	0	0	0	0
OPERATIONAL RISICO (BASIC INDICATOR APPROACH)	762	61	850	68
CVA CAPITAL CHARGE (STANDARDISED APPROACH)	1,838	147	195	15
TOTAL	**12,797**	**1,024**	**11,681**	**934**

Annex 4 – Leverage ratio disclosure template

Reference date: 31/12/2015
Entity name: N.V. Bank Nederlandse Gemeenten
Level of application: Consolidated
Amounts in millions of euros

TABLE LRSUM:
SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		APPLICABLE AMOUNTS	APPLICABLE AMOUNTS
1	Total assets as per published financial statements	149,511	149,511
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		
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')		
4	Adjustments for derivative financial instruments	−24,064	−24,064
5	Adjustments for securities financing transactions 'SFTs'		
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,282	5,282
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)		

		APPLICABLE AMOUNTS	APPLICABLE AMOUNTS
EU-6b	(Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013)		
7	Other adjustments	–729	–538
8	**TOTAL LEVERAGE RATIO EXPOSURE**	**130,000**	**130,191**

TABLE LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	132,640	132,640
2	(Asset amounts deducted in determining Tier 1 capital)	−729	−538
3	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND FIDUCIARY ASSETS) (SUM OF LINES 1 AND 2)**	**131,911**	**132,102**
DERIVATIVE EXPOSURES			
4	Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	1,301	1,301
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	778	778
EU-5a	Exposure determined under Original Exposure Method		

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
7	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	−9,773	−9,773
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	**TOTAL DERIVATIVE EXPOSURES (SUM OF LINES 4 TO 10)**	**−7,694**	**−7,694**
SECURITIES FINANCING TRANSACTION EXPOSURES			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	501	501
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
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		
15	Agent transaction exposures		
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)		
16	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES (SUM OF LINES 12 TO 15A)**	**501**	**501**
OTHER OFF-BALANCE SHEET EXPOSURES			
17	Off-balance sheet exposures at gross notional amount	13,221	13,221
18	(Adjustments for conversion to credit equivalent amounts)	–7,939	–7,939
19	**OTHER OFF-BALANCE SHEET EXPOSURES (SUM OF LINES 17 TO 18)**	**5,282**	**5,282**

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
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))		
EU-19b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))		
CAPITAL AND TOTAL EXPOSURES			
20	Tier 1 capital	3,412	3,603
21	**TOTAL LEVERAGE RATIO EXPOSURES (SUM OF LINES 3, 11, 16, 19, EU-19A AND EU-19B)**	**130,000**	**130,191**
LEVERAGE RATIO			
22	**LEVERAGE RATIO**	**2.6%**	**2.8%**

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
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		

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

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	132,640	132,640
EU-2	Trading book exposures	0	0
EU-3	Banking book exposures, of which:	132,640	132,640
EU-4	Covered bonds	1,929	1,929
EU-5	Exposures treated as sovereigns	45,295	45,295
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	1,297	1,297
EU-7	Institutions	10,396	10,396
EU-8	Secured by mortgages of immovable properties	228	228
EU-9	Retail exposures	0	0
EU-10	Corporate	56,819	56,819

		CRR LEVERAGE RATIO EXPOSURES	CRR LEVERAGE RATIO EXPOSURES
EU-11	Exposures in default	179	179
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	16,497	16,497

TABLE LRQUA: 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. The minimum level required for this ratio is not expected to be formally determined until 2016. Thus far, a figure of 3% seems most likely and BNG Bank proceeds from this level in its capital planning. If the capital planning for the leverage ratio should necessitate this 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 2015. The possibility of attracting hybrid capital that qualifies as (additional) Tier 1 capital is also part of the migration plan. The preparations for this were completed in 2015, and EUR 424 million was raised in hybrid capital.

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