BNG BANK INTERIM REPORT

2023

Driven by
social impact

INTERIM REPORT 2023

2023

FOREWORD

The first half of 2023 was turbulent, including turmoil on the financial markets. Several banks went bankrupt, and central banks took measures to curb inflation. Global trade slowed, and there was uncertainty around the direction in which the economy would develop. On the European continent, the impact of the war in Ukraine was still clearly evident. Even in turbulent times, we fully support our clients. We aim to be a reliable and predictable partner, helping to ensure our clients can effectively perform their important social tasks so they can make an impact. BNG Bank has been successful in that ambition, in spite of the political, financial and economic uncertainty.

In the past six months, we have been able to provide our clients with the desired loans with attractive terms. BNG Bank has managed to raise sufficient financing and execute good transactions in terms of volume, maturity and price. We continue to hold the highest credit ratings, allowing us to borrow on the international capital markets at favourable rates.

A survey conducted in the first half of the year revealed that clients greatly appreciate our services and loans, particularly the availability and low costs of these loans. Our clients' satisfaction is also evident from the fact that almost two-thirds of all the quotes we issued – and for which there were competitors in the market – were actually converted into loan agreements with BNG Bank. I am extremely proud of that.

In the first half of 2023, we granted EUR 6.0 billion in long-term loans. The long-term loan portfolio remains stable at EUR 87.8 billion. BNG Bank's activities in the past six months have produced a solid interest result. The interest result was EUR 269 million for the first half of 2023 (first half of 2022: EUR 220 million). The net profit was EUR 141 million, representing a decrease in profit of EUR 65 million compared to the first half of 2022. This was mainly caused by a lower result on financial transactions. Unlike last year, market conditions have had a negative impact on the valuation of financial instruments. The capital and liquidity position of BNG Bank remains strong. At the end of June 2023, the Common Equity Tier 1-ratio and the net stable funding ratio were 38.5% and 126.3% respectively. Like the leverage ratio (8.9%), they remained well above the minimum levels set by the regulator. All things considered, I am extremely satisfied with the results achieved by BNG Bank in the first half of 2023.

Once again, we are attracting a large portion of our funding in the form of ESG bonds. In the first half of 2023, the volume of these sustainable bonds increased from EUR 3.5 billion to EUR 4.2 billion, which is 38% of the total amount issued. The importance of these bonds is not only recognized by BNG Bank. International investors no longer look solely at returns; they also consider how their investment contributes to sustainability objectives. BNG Bank's ESG bonds are an attractive instrument in this regard.

In the second half of this year, we will continue on our current path based on *Our Road to Impact*, which sets out our strategy. We will continue to invest in our people and processes, and remain committed to ensuring that our clients have access at all times to the loans they need, on attractive terms. BNG Bank reports annually on the extent to which our loans have contributed to reducing our clients' CO_2 emissions. These days, turnover, margins and returns are no longer the only things that are important; the contribution that organisations make to increasing the sustainability of society is important as well.

Gita Salden
CEO BNG Bank

FIRST HALF YEAR 2023 SELECTED FINANCIAL DATA

Balance sheet total

€ 128.3 billion

Net profit

€ 141 million

Interest result

€ 269 million

Long-term loan portfolio

€ 87.8 billion

Funding

New long-term capital market funding raised in the first half of 2023

€ 11.2 billion

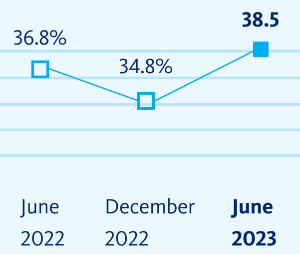
Lending

New long-term loans in the first half of 2023

€ 6 billion

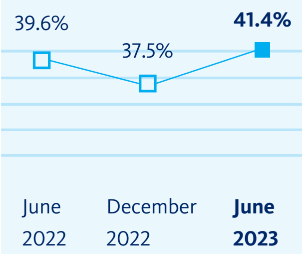
Common Equity Tier 1-ratio

38.5%



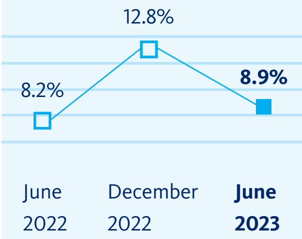
Tier 1-ratio

41.4%



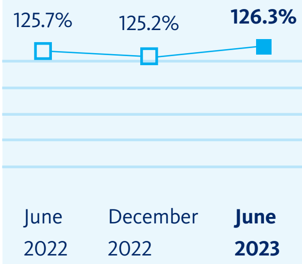
Leverage ratio

8.9%



Net stable funding ratio

126.3%



1. STRONG FIRST HALF IN SPITE OF FINANCIAL MARKET TENSION

The tense situation on the financial markets and geopolitical developments, including worldwide rising inflation and the war in Ukraine, made for a challenging first half of 2023. Once again, thanks to its excellent capital and liquidity position, BNG Bank was able to continue providing its public domain clients with financing at competitive rates. BNG Bank's total long-term lending in the first half of 2023 amounted to EUR 6.0 billion. In addition, as part of its efforts to help its clients achieve maximum social impact, BNG Bank took further steps in the area of sustainability.

In the first few months of the year, energy prices fell from their 2022 levels. However, wage costs increased and inflation remained relatively high. Because of the high inflation in the eurozone, the European Central Bank (ECB) tightened its monetary policy even further. Interest rates for shorter maturities continued to climb, partly as a result of the monetary policy pursued by the ECB.

After an encouraging start, credit demand from municipal authorities in the first half of the year fell to EUR 0.9 billion, compared with EUR 2.4 billion in the first half of 2022. Part of this credit demand had been brought forward last year, in anticipation of interest rate rises. In addition, provincial authorities have lent more of their liquid assets to municipal authorities. Interest rate rises have made this option more attractive for provincial authorities. Credit demand from municipal authorities was further dampened by postponements and delays in construction projects due to rising costs and shortages of personnel and materials and by the continuing uncertainty about the structurally available funds in the coming years.

Lending to housing associations proceeded as anticipated, with EUR 3.6 billion in long-term loans being granted. The associations are implementing the plans to which they have committed, but it appears that the government's desire to build more houses will be difficult for them to achieve. Demand for financing for homes in the mid-market rental segment is increasing. In the first half of 2023, EUR 167 million in this segment was granted. This financing is not guaranteed by the Social Housing Guarantee Fund (WSW).

In the healthcare sector EUR 231 million long-term loans were issued in the first half of 2023. For healthcare and educational institutions in particular, ongoing labour market shortages have led to operational issues. The financial situation in the healthcare sector remains an area of concern.

Eurozone banking sector solid

In the United States, Silicon Valley Bank and two other regional banks found themselves in financial difficulties in spring due to rising interest rates. In Switzerland, Credit Suisse also experienced issues. These banks were ultimately taken over following intervention from monetary authorities. The financial problems in the United States arose in part because the previous US administration had relaxed the regulations that applied to regional banks.

Fears for a new financial crisis were rife, but these developments had no major consequences for banking in the eurozone. This was partly because supervision of smaller banks in the eurozone remains strict. According to reports from the European Banking Authority (EBA), the liquidity and capital position of European banks remains strong.

Significant contribution from ESG bonds to BNG Bank funding

In the first half of 2023, BNG Bank raised EUR 11.2 billion in long-term funding by issuing bonds. Of that figure, EUR 4.2 billion was issued with an ESG (Environmental, Social and Governance) label, including a ten-year EUR benchmark (EUR 1.5 billion), a five-year USD benchmark (USD 1.5 billion) and a seven year CHF benchmark (CHF 200 million). The rest of the bonds issued with an ESG label stemmed from an expansion of outstanding amounts of existing ESG bonds. The bank intends to use the proceeds from the ESG bonds to help its clients finance investments in the area of environmental and social services. This is in line with BNG Bank's strategic objective to maximise the social impact of its activities. There is a trend of increasing numbers of investors wanting to invest sustainably. BNG Bank's ESG bonds satisfy this desire because these bonds are issued under the Sustainable Finance Framework. In this framework loans that the bank provides to municipal authorities and housing associations are linked to the Sustainable Development Goals.

Strategic developments: focus on sustainability

In the first half of the year, BNG Bank remained on track with the implementation of its strategic programme for 2023. It also has been working on the further strengthening of its gatekeeper function.

A great deal of attention was focused on the subject of sustainability during this period. This is an important topic for BNG Bank and is in line with its purpose: driven by social impact. BNG Bank is actively working to achieve its ambitions in this area and is implementing the legal requirements. The ‘Going Green’ climate plan sets out the bank's ambitions in the area of sustainability. BNG Bank includes its climate plan goals as a topic in strategic client conversations.

BNG Bank's strong reputation among stakeholders

In the first half of the year, BNG Bank conducted a stakeholder survey among its clients, investors and strategic contacts. We consider it important to know what our stakeholders expect from the bank and how they rate the bank. The results of the survey will be integrated into the review of the 2024–2026 long-term strategy.

The main result is that BNG Bank has a very strong reputation and enjoys high levels of support among all stakeholder groups. On average, stakeholders gave BNG Bank's reputation a rating of 8.8 (out of ten). They appreciate BNG Bank's stability, reliability and expertise. Key positives include competitive prices, favourable terms, relationships that often last for years and the bank's high level of knowledge of specific sectors. Conversely, digital service delivery is an area of concern for the bank.

Reappointment of Olivier Labe as CFO

The Supervisory Board of BNG Bank has reappointed Olivier Labe as CFO of BNG Bank with effect from 1 May 2023. Olivier Labe (1969) has been a statutory member of BNG Bank's Executive Board since 1 May 2015. Initially primarily responsible for Treasury & Capital Markets and Investor Relations, he has served as Chief Financial Officer since 2018.

Reappointment of Huub Arendse as Supervisory Board member

At the General Meeting of Shareholders on 20 April 2023, Huub Arendse was reappointed as a member of the Supervisory Board for a second four-year term. Among other roles, Arendse has served as Chief Financial Officer and member of the Executive Board of the cooperative insurer Achmea. On the Supervisory Board of BNG Bank, Arendse holds the role of Chair.

2. IMPACTFUL FINANCING IN THE FIRST HALF OF 2023

BNG Bank is financing VRA for zero-emission public transport

In May, BNG Bank signed an agreement to provide financing to VRA, the Amsterdam transport authority. The financing, worth EUR 131.8 million, will enable VRA to deploy around 200 new zero-emission buses, with the aim of improving the sustainability of the bus fleet in Zaanstreek-Waterland.

From 2030, only buses that produce zero CO_2 emissions may be used for public transport in the Netherlands. This will require significant investments. VRA is aiming to make all public transport in its area of responsibility emissions-free by 2025.

BNG Bank supports public transport operators in meeting the challenge of making their operations more sustainable through offering competitive financing solutions. The bank is therefore proud to contribute to a clean and emissions-free Zaanstreek-

De Schaloen project: contributing to the mid-market rental supply

In June, BNG Bank provided Staedion with financing of EUR 95 million for mid-market rental properties in the De Schaloen project. The project is part of an ambitious investment programme – covering both social and mid-market rental housing – and forms part of a larger transformation in Moerwijk-Zuid.

BNG Bank supports the role of housing associations in both social and mid-market rental housing. Staedion's De Schaloen project will see more than 200 units of social housing demolished, to be replaced with as many as 222 units of social housing and 348 private rentals, many of which will be mid-market rentals. In addition to substantial densification, the project will increase the variety of housing types in the neighbourhood and improve the mix of target groups. This will improve the liveability of the neighbourhood.

BNG Bank is supporting the energy transition by providing a credit facility to TenneT

TenneT and the Dutch government are in advanced negotiations with the German government to sell the German part of TenneT's high-voltage network to the German government.

To enable TenneT's investment programme to continue pending completion of the sale, ten banks, including BNG Bank, have jointly provided a credit facility of EUR 8 billion. This will allow for investment to further strengthen the national high-voltage network in both the Netherlands and Germany, as well as investment in converter stations in the North Sea to which offshore wind farms will be connected within a few years.

We are proud to be making this important social contribution to the energy transition.

3. FINANCIAL RESULTS: HIGH INTEREST RESULT

BNG Bank had a good run in the first six months, achieving a net profit of EUR 141 million (first half of 2022: EUR 206 million). The main contribution came from the core result, achieving an interest result of EUR 269 million for the first half of 2023 (first half of 2022: EUR 220 million). The net profit was EUR 65 million lower in the first half of 2022 because the result on financial transactions was EUR 120 million higher last year than this year.

The bank issued EUR 6.0 billion in new long-term loans in the first six months of 2023 (first half of 2022: EUR 6.6 billion). The loans granted to local authorities totalled EUR 1.5 billion less than last year, nevertheless the bank granted EUR 1.0 billion more in credit facilities to other sectors, such as network companies. To meet credit demand, the bank raised EUR 11.2 billion in long-term funding (first half of 2022: EUR 8.8 billion).

The return on equity decreased from 9.5% to 6.3% due to the lower net profit. However, the return was significantly higher than the target of 2.7%. The interest result was EUR 269 million, which is EUR 49 million higher than the result for the first half of 2022. This result was positively affected by clients taking out loans with longer maturities from the bank and higher interest rates.

Compared with the first half of 2022, the fee result increased by EUR 4 million to EUR 13 million. The increase of EUR 4 million can mainly be attributed to fee income from treasury activities. Fee income also includes the fees on payment transactions and commitment fees.

The result on financial transactions was EUR 28 million negative for the first half of 2023 (first half of 2022: EUR 92 million positive). The first half of 2023 showed an increase in credit and liquidity spreads as well as financial turmoil, in particular in the United States. These factors had a negative impact on the valuation of financial instruments. The bank realised negative sales results of EUR 6 million on the liquidity portfolio for the first half of 2023 (first half of 2022: EUR 40 million positive). Finally, a negative result of EUR 10 million was posted for the revaluation of the credit component of interest-bearing securities.

The consolidated operating expenses increased by EUR 10 million to EUR 64 million in the first half of 2023, mainly due to investments in IT and the deployment of additional staff for customer integrity and the overall strengthening of the commercial department.

The impairment result on financial assets amounted to EUR 11 million positive in the reporting period (first half of 2022: EUR 14 million positive). This was mainly due to settlement of a single item. The bank's total expected credit loss allowance decreased by EUR 43 million to EUR 120 million in the first half of 2023, mainly due to a loan being written off. The additional credit loss for the healthcare sector remains in place and the healthcare sector will be subjected to a deep dive in the second half year to determine whether this measure will remain necessary.

As at 30 June 2023, the tax expense was EUR 47 million. This is EUR 19 million lower than last year, which is almost entirely due to the lower profit before tax.

BNG Bank's contribution to the European Resolution Fund for 2023 amounted to EUR 14 million, which was

EUR 6 million less than its 2022 contribution. The lower contribution was partly due to the significantly lower balance sheet values as of 31 December 2021.

Balance sheet developments

The balance sheet total increased by EUR 16.2 billion to EUR 128.3 billion in the first half of 2023, because more short-term liquidity was being carried on the balance sheet than at year-end 2022.

In the reporting period, despite the distributed dividend of EUR 139 million, BNG Bank's equity remained unchanged at EUR 4.6 billion. Furthermore, the risk-weighted assets fell from EUR 11.4 billion to EUR 10.7 billion due to a decrease in the risk-weighted credit risk exposure and the decrease in the credit value adjustment risk of derivatives as a result of the rising interest rates. The bank's Common Equity Tier 1 ratio and Total Tier 1 ratio remained virtually unchanged at 38.5 % and 41.4% respectively. Due to the increase in the balance sheet total, the bank's leverage ratio decreased to 8.9%, from 13.0% at year-end 2022. The bank's liquidity position is very solid which is shown by a Liquidity coverage ratio of 178.6% and a Net stable funding ratio of 126.3%. The capital and liquidity ratios of the bank remain well above the minimum levels set by the regulator.

Outlook

Competition for long-term lending is increasing. We also note that the borrowing requirements of a number of municipal authorities are lower than expected, due to high levels of liquidity and investment delays. Consequently, BNG Bank considers the full-year target of EUR 10 billion in new long-term solvency-free loans to be challenging but achievable. The funding policy will continue to be focused on ensuring permanent access to the money and capital markets for the terms and volumes required at the lowest possible rates.

BNG Bank's consolidated operating expenses will increase in the second half of the year. This increase is due to inflation and the bank's use of external contractors in a tight labour market. IT costs remain high due to extra costs for setting up and expanding IT applications. Finally, the bank levy for 2023 is estimated at EUR 22 million, as a result of the lower balance sheet total as at 31 December 2022.

Future market value changes and the developments of impairments are by definition uncertain. As a consequence, the bank does not consider it wise to make a statement on the expected net profit for 2023.

4. DECLARATION OF RESPONSIBILITY

In the opinion of the statutory board, the Interim Report provides a true and fair view of the assets, liabilities, the financial position and the results of BNG Bank and the subsidiaries included in the consolidation. The Interim Report provides a true and fair view of the position on the balance sheet date, the performance during the first half year and the expected developments of BNG Bank and its consolidated subsidiaries, whose figures have been included in the consolidated Interim Report.

The Hague, 1 September 2023

Statutory board

Gita Salden (CEO)
Olivier Labe (CFO)
Cindy van Atteveldt-Machielsen (CRO)

5. PROFILE

BNG Bank is driven by the creation of social impact. The bank helps its clients in the public domain in the Netherlands to solve social issues. In addition to providing loans to its clients and arranging payment transactions for them, BNG Bank is an expert, sincere and reliable partner that actively reflects with its clients in order to find the best solutions for their social challenges. In doing so, BNG Bank opts to focus on five SDGs:
- SDG 3: Good health and well-being
- SDG 4: Quality education
- SDG 7: Affordable and clean energy
- SDG 11: Sustainable cities and communities
- SDG 13: Climate action

The public domain includes:
- the Dutch central government, provinces, municipalities and water boards;
- organisations that fulfil a public task, such as housing associations, healthcare and educational institutions;
- organisations that have half or more of their share capital supplied by the government and/or activities that are fully guaranteed by the government.

In order to actively manage the increase of social impact, BNG Bank measures and reports annually on the impact it makes together with its clients.

Sustainable Development Goals (SDG's)

SDG 11 Sustainable cities and communities:
- As a partner of social housing associations, BNG Bank contributes to better and liveable communities.
- As a partner of municipalities, BNG Bank contributes to affordable and better public provisions.

SDG 3 Good health and well-being:
- BNG Bank contributes to affordable health care for everyone.
- BNG Bank is a partner in improving sustainability of hospitals and other health care facilities.

SDG 4 Quality education:
- BNG Bank contributes to affordable and high quality school buildings.
- BNG Bank is a partner in improving sustainability of schools and other educational buildings.

SDG 7 Affordable and clean energy:
- BNG Bank contributes to a larger share of renewable energy in the energy mix.
- BNG Bank contributes to energy savings and more energy efficiency.

SDG 13 Climate action:
- BNG Bank contributes to the reduction of greenhouse gases.

Corporate structure

BNG Bank is a public bank that acts as an intermediary between the international money and capital markets and the Dutch public domain. BNG Bank has been providing financing to the public domain since 1914 at competitive terms and conditions and for all maturities, irrespective of the situation on the financial markets. The majority of the portfolio (more than 90 percent) consists of loans that are issued to or guaranteed by government bodies. These solvency-free loans have a risk weighting of 0 percent. The bank also takes care of payment transactions for clients.

BNG Bank is one of the largest issuers of bonds in the Netherlands. The bank is a very safe bank thanks to the shareholding of Dutch public authorities and largely solvency-free lending. BNG Bank has the highest external credit ratings (Moody's: Aaa, FitchRatings: AAA, S&P Global: AAA). This provides the bank with a strong funding position on the international money and capital markets. Short- and long-term funding in various currencies can be raised at low prices, enabling BNG Bank to offer low rates to clients.

BNG Bank is a statutory two-tier public limited company under Dutch law. The bank's shareholders are Dutch public authorities exclusively. Half of the shares are held by municipalities, provinces and a district water board. The Dutch State holds the other half of the shares. BNG Bank is a bank of national systemic importance under the direct supervision of the ECB and its balance sheet total makes it the fourth-largest bank in the Netherlands. BNG Bank has a two-tier governance structure consisting of a Supervisory Board and an Executive Committee (ExCo). The ExCo consists of five directors, three of whom are directors under the articles of association who jointly constitute the board under the articles of association. The ExCo is responsible for the day-to-day management, the general course of affairs and the continuity of BNG Bank. The Supervisory Board's task is to monitor the policy of the ExCo and the general course of affairs in the company and its affiliated enterprise.

6. CONSOLIDATED INTERIM FINANCIAL STATEMENTS

An unqualified independent auditor's report has been issued for the figures as at 31 December 2022 and for the 2022 financial year as a whole. Attached to this report an unqualified review report has been issued for the figures as at 30 June 2023 and for the first half of 2023. An unqualified review report has also been issued for the figures as at 30 June 2022 and for the first half of 2022.

Consolidated balance sheet

Amounts in millions of euros	NOTE	30-6-2023	31-12-2022
Assets			
Cash and balances held with central banks		20,668	6,821
Amounts due from banks		409	346
Cash collateral posted		4,092	4,144
Financial assets at fair value through the income statement		892	901
Derivatives		3,012	3,737
Financial assets at fair value through other comprehensive income		9,074	7,398
Interest-bearing securities at amortised cost		8,774	7,636
Loans and advances at amortised costs		89,546	89,624
Value adjustments on loans in portfolio hedge accounting		-8,286	-8,679
Associates and joint ventures		23	24
Property & equipment		13	13
Current tax assets		2	-
Other assets		99	109
Total assets		**128,318**	**112,074**
Liabilities			
Amounts due to banks		2,780	4,012
Cash collateral received		874	1,173
Financial liabilities at fair value through the income statement		184	185
Derivatives		6,332	6,129
Debt securities	1	107,657	90,774
Funds entrusted		5,626	4,785
Subordinated debts		18	38
Current tax liabilities		-	11
Deferred tax liabilities		7	14
Other liabilities		250	338
Total liabilities		**123,728**	**107,459**
Equity			
Share capital		139	139
Share premium reserve		6	6
Retained earnings		3,972	3,824
Revaluation reserve		23	4
Cash flow hedge reserve		8	14
Own credit adjustment		1	2
Cost of hedging reserve		-9	17
Net profit		141	300
Equity attributable to shareholders		**4,281**	**4,306**
Additional Tier 1 capital		309	309
Total equity		**4,590**	**4,615**
Total liabilities and equity		**128,318**	**112,074**

Consolidated income statement

Amounts in millions of euros	NOTE		first half of 2023		first half of 2022
- Interest revenue calculated using the effective interest method		2,204		2,041	
- Other interest revenue		734		134	
Total interest revenue		2,938		2,175	
- Interest expenses calculated using the effective interest method		2,636		1,915	
- Other interest expenses		33		40	
Total interest expenses		2,669		1,955	
Interest result	2		269		220
- Commission income		14		11	
- Commission expenses		1		2	
Commission result			13		9
Result on financial transactions	3		-28		92
Results from associates and joint ventures			1		10
Other results			0		0
Total income			**255**		**331**
Staff costs			41		35
Other administrative expenses			22		18
Depreciation			1		1
Other operating expenses			0		0
Total operating expenses			**64**		**54**
Net impairment losses on financial assets	4		-11		-14
Net impairment losses on associates and joint ventures			-		-1
Contribution to resolution fund			14		20
Total other expenses			**3**		**5**
Profit before tax			**188**		**272**
Income tax expense			47		66
Net profit			**141**		**206**
- of which attributable to the holders of Additional Tier 1 capital			14		23
- of which attributable to shareholders			127		183

Consolidated statement of comprehensive income

Amounts in millions of euros. All figures in the statement are after taxation.			first half of 2023			first half of 2022
Net profit			**141**			**206**
Recyclable results recognised directly in equity						
Changes in cash flow hedge reserve:						
- Unrealised value changes	-6			5		
- Realised value changes transferred to the income statement	0			0		
		-6			5	
Changes in cost of hedging reserve:						
- Unrealised value changes	-20			-133		
- Realised value changes transferred to the income statement	-6			-1		
		-26			-134	
Changes in the revaluation reserve for financial assets at fair value through other comprehensive income:						
- Unrealised value changes	12			16		
- Realised value changes transferred to the income statement	7			-39		
		19			-23	
Total recyclable results		**-13**			**-152**	
Non-recyclable results recognised directly in equity:						
- Unrealised value changes in OCA	-1			-2		
Total non-recyclable results		**-1**			**-2**	
Results recognised directly in equity			**-14**			**-154**
Total			**127**			**52**
- of which attributable to the holders of Additional Tier 1 capital			14			23
- of which attributable to shareholders			113			29

Consolidated cash flow statement

Consolidated cash flow statement

Amounts in millions of euros	first half of 2023	first half of 2022
Cash flow from operating activities		
Profit before tax	188	272
Adjusted for:		
- Depreciation	1	1
- Impairments	-11	-15
- Unrealised results through the income statement	21	-56
Changes in operating assets and liabilities:		
- Changes in Amounts due from and due to banks (not due on demand)	649	57
- Changes in Cash collateral posted and received	-44	11,048
- Changes in Loans and advances	967	141
- Changes in Funds entrusted	721	2,111
- Changes in Derivatives	406	1,282
- Corporate income tax paid	-60	-73
- Other changes from operating activities	178	-405
Net cash flow from operating activities	**3,016**	**14,363**
Cash flow from investing activities		
Investments and acquisitions pertaining to:		
- Financial assets at fair value through the income statement	-11	-10
- Financial assets at fair value through other comprehensive income	-3,140	-2,778
- Interest-bearing securities at amortised cost	-1,437	-667
- Investments in associates and joint ventures	-	-
- Property & equipment	-1	-
Disposals and redemptions pertaining to:		
- Financial assets at fair value through the income statement	123	65
- Financial assets at fair value through other comprehensive income	1,591	3,202
- Interest-bearing securities at amortised cost	451	565
- Investments in associates and joint ventures	1	3
Net cash flow from investing activities	**-2,423**	**380**
Cash flow from financing activities		
Amounts received on account of:		
- Central bank financing (TLTRO)	-	-
- Financial liabilities at fair value through the income statement	-	-
- Debt securities	265,777	189,038

Consolidated cash flow statement

Amounts paid on account of:		
- Central bank financing (TLTRO)	-2,008	-
- Financial liabilities at fair value through the income statement	-1	-80
- Debt securities	-250,339	-187,067
- Subordinated debt	-21	-1
- Compensation on Additional Tier 1 capital	-15	-23
- Dividend distribution to shareholders	-139	-127
- Repayments on Additional tier 1 capital	-	-424
Net cash flow from financing activities	**13,254**	**1,316**
Net change in cash and cash equivalents	**13,847**	**16,059**
Cash and cash equivalents as at 1 January	6,824	9,286
Cash and cash equivalents as at 30 June	**20,671**	**25,345**
Cash and cash equivalents as at 30 June:		
- Cash and balances held with central banks	20,668	25,350
- Cash equivalents in the Amount due from banks item	4	4
- Cash equivalents in the Amount due to banks item	-1	-9
	20,671	**25,345**
Notes to cash flow from operating activities		
Interest income received	2,789	2,093
Interest expenses paid	-2,078	-1,911
	711	**182**

Consolidated statement of changes in equity

Consolidated statement of changes in equity

first half of 2023

Amounts in millions of euros. All figures in the statement are after taxation.	Share capital	Share premium reserve	Revaluation reserve	Cashflow hedge reserve	Own credit adjustment	Cost of hedging reserve	Retained earnings	Unappropriated profit	Equity attributable to shareholders	Additional Tier 1 capital	Total
Balance as at 01/01/2023	**139**	**6**	**4**	**14**	**2**	**17**	**3,824**	**300**	**4,306**	**309**	**4,615**
Total comprehensive income	-	-	19	-6	-1	-26	-	141	**127**	-	**127**
Repayments on Additional Tier 1 capital	-	-	-	-	-	-	-	-	**-**	-	**-**
Dividend distribution to the bank's shareholders	-	-	-	-	-	-	-139	-	**-139**	-	**-139**
Compensation to holders of Additional Tier 1 capital	-	-	-	-	-	-	-13	-	**-13**	-	**-13**
Appropriation from previous year's profit	-	-	-	-	-	-	300	-300	**-**	-	**-**
Balance as at 30/06/2023	**139**	**6**	**23**	**8**	**1**	**-9**	**3,972**	**141**	**4,281**	**309**	**4,590**

Consolidated statement of changes in equity

first half of 2022

Amounts in millions of euros. All figures in the statement are after taxation.	Share capital	Share premium reserve	Revaluation reserve	Cashflow hedge reserve	Own credit adjustment	Cost of hedging reserve	Retained earnings	Unappropriated profit	Equity attributable to shareholders	Additional tier 1 capital	Total
Balance as at 01/01/2022	**139**	**6**	**83**	**1**	**3**	**125**	**3,736**	**236**	**4,329**	**733**	**5,062**
Total comprehensive income	-	-	-23	5	-2	-134	-	206	**52**	-	**52**
Repayments on Additional Tier 1 capital	-	-	-	-	-	-	-	-	**-**	-424	**-424**
Dividend distribution to the bank's shareholders	-	-	-	-	-	-	-127	-	**-127**	-	**-127**
Compensation to holders of Additional Tier 1 capital	-	-	-	-	-	-	-18	-	**-18**	-	**-18**
Appropriation from previous year's profit	-	-	-	-	-	-	236	-236	**0**	-	**0**
Balance as at 30/06/2022	**139**	**6**	**60**	**6**	**1**	**-9**	**3,827**	**206**	**4,236**	**309**	**4,545**

Accounting principles for the consolidated interim financial statements

General company information

BNG Bank N.V. is a statutory two-tier company under Dutch law, that is driven by social impact. The bank focuses on the public domain and on increasing its social impact. Half of the bank's share capital is held by the Dutch State and the other half by municipal authorities, provincial authorities and a district water board. BNG Bank has its registered office at Koninginnegracht 2, The Hague (listed under Chamber of Commerce number 27008387) in The Netherlands and has no branch offices.

Applicable laws and regulations

The Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU).

These Interim Financial Statements do not include all the information and disclosures required in the Consolidated Financial Statements and should be read in conjunction with the 2022 Consolidated Financial Statements of BNG Bank, which were prepared in accordance with the IFRS as adopted by the EU and the applicable articles of Part 9 of Book 2 of the Dutch Civil Code. The accounting policies used in this report are consistent with those set out in the notes to the 2022 Consolidated Financial Statements of BNG Bank, except for the changes in accounting policies as described in the section Applied accounting standards adopted by the EU effective on or after 1 January 2023.

In general, BNG Bank does not apply new or amended standards and interpretations issued by the IASB if they have not been adopted by the EU. BNG Bank has, in principle, also decided against the early application of the amended standards and interpretations adopted by the EU, whose application is mandatory for the financial years beginning after 1 January 2023.

Application of the following new or amended standards, interpretations and improvements has not led to significant adjustments in this 2023 Interim Report in respect of valuation, the determination of the result and the disclosures of the bank.

Applied accounting standards adopted by the EU effective on or after 1 January 2023

- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 -Comparative information: issued by the IASB on 9 December 2021 and endorsed on 8 September 2022. These amendments are effective as per 1 January 2023. The Bank does not have any insurance contracts with clients, therefore there is no impact on the interim financial statements.
- Amendments to IFRS 8 Accounting policies, Changes in Accounting Estimates and Erros: definition of Accounting Estimates: issued by the IASB on 12 February 2021 and is endorsed by the EU on 2 March 2022. These amendments are effective as per 1 January 2023. This only contains a change in a definition and therefore no impact on the interim financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies: issued by the IASB on 12 February 2021 and is endorsed by the EU on 2 March 2022. These amendments are effective as per 1 January 2023.This will impact the internal process regarding compiling the consolidated interim financial statement, but the impact on the interim financial statements is limited.

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction: issued by the IASB on 7 May 2021 and is endorsed by the EU on 11 August 2022. No impact on the interim financial statements because BNG Bank does not have any exemptions based on IAS 12.15(b) or IAS 12.24.

Accounting standards not yet adopted by the EU which are not yet applied
There are no other standards that are not yet effective that are expected to have material impact on the bank in the current or future reporting periods and on foreseeable transactions.

Critical accounting principles applied for valuation and the determination of the result

The Interim Report is prepared on the basis of the going-concern principle. Most balance sheet items are measured at amortised cost. The balance sheet items Financial assets at fair value through the income statement (FVTPL), Financial assets at fair value through other comprehensive income (FVOCI), Derivatives and Financial liabilities at fair value through the profit and loss (FVTPL) are measured at fair value. The balance sheet item Associates and joint ventures is stated according to the equity method. The balance sheet item Property & equipment is stated at cost less accumulated depreciation. Income is recognised if it is likely that the economic benefits will accrue to BNG Bank and the income can be reliably determined. Expenses are allocated where possible to the period in which the services were provided or to the related income counterbalancing these expenses. For a detailed description, please refer to the accounting principles for the individual balance sheet items.

The euro is the functional and reporting currency used by BNG Bank. All amounts in the consolidated financial statements are stated in millions of euros, unless stated otherwise.

Accounting principles for consolidation

The Interim Financial Statements of the parent company and its subsidiaries, which is used to prepare the Interim Financial Statements, is drawn up on the same reporting date and based on the same uniform principles. All intra-group transactions and balances, including income, expenses and dividends, have been fully eliminated in the Interim Financial Statements. The reporting periods of subsidiaries included in the consolidation coincide with those of BNG Bank.

These Interim Financial Statements comprises the interim figures of the parent company and all the subsidiaries over which BNG Bank has control. Control exists if BNG Bank is exposed as an investor to variable returns due to its involvement and can influence these returns by exercising power over the relevant activities of the investment. Group companies are consolidated in full from the date control has been acquired until such time as control ceases to exist. In determining whether BNG Bank has control over investment funds in which it holds units or shares, the financial interests held by BNG Bank as a participant are taken into consideration.

Changes in presentation of comparative figures

The comparative figures in this Interim Financial Statements do not differ from the figures disclosed in the 2022 Financial Statements and the 2022 Interim Financial Statements.

Impact of events on the Interim Financial Statements

Impact of Ukraine war on Interim Report

In line with 2022, the war between Ukraine and Russia has had little to no direct effect on the bank in the first half year of 2023. BNG Bank does not have direct exposures in Russia and therefore there are no direct consequences on the bank's continuity, business model and financial results. Indirectly, the war has noticeable impact on inflation and other macroeconomic factors.

Segmented information

When deciding on the deployment of resources and performance measurement, BNG Bank distinguishes between lending activities and area development activities. In the management and set-up of its lending operations, BNG Bank does not distinguish between different segments or business units. The bank's area development activities are not material compared to its lending activities. Therefore, no segmented information is included in this Interim Report.

Dividend

For the financial year 2022 a dividend of EUR 139 million was proposed to the General Meeting of Shareholders and was paid on 20 April 2023.

The compensation of EUR 14 million to the holders of Additional Tier 1 capital was distributed in the first half of 2023. This distribution is deductible from corporate income tax. BNG Bank has no plans to pay out an interim dividend on the result for the first half of 2023.

Notes to the consolidated interim financial statements

1 Debt securities

In the first half of 2023 debt securities increased by EUR 16.9 billion to EUR 107.7 billion. This is due to a EUR 3.4 billion increase in long-term funding and a EUR 13.5 billion increase in short-term funding (in the form of Commercial Paper).

With regard to its long-term funding activities, BNG Bank issued EUR 11.2 billion of long-term debt securities in the first half of 2023 (first half of 2022: EUR 8.7 billion). The total redemption value of long-term debt securities amounted to EUR 7.9 billion in the reporting period (first half of 2022: EUR 8.8 billion).

2 Interest result

	first half of 2023		first half of 2022	
Interest revenue				
Interest revenue calculated by using the effective interest method:				
- Financial assets at amortised cost	1,113		866	
- Financial assets at fair value through other comprehensive income	70		24	
- Derivatives involved in hedge accounting	1,007		1,015	
- Interest revenue on financial liabilities	14		136	
		2,204		2,041
Other interest revenue:				
- Financial assets designated at fair value through the income statement	24		31	
- Financial assets mandatory at fair value through the income statement	1		1	
- Derivatives not involved in hedge accounting	216		95	
- Other	493		7	
		734		134
Total interest revenue		**2,938**		**2,175**
Interest expenses				
Interest expenses calculated by using the effective interest method:				
- Financial liabilities at amortised cost	1,493		656	
- Derivatives involved in hedge accounting	1,131		1,120	
- Interest expenses on financial assets	12		139	
		2,636		1,915
Other interest expenses				
- Financial liabilities designated at fair value through the income statement	4		4	
- Derivatives not involved in hedge accounting	23		30	
- Other	6		6	
		33		40
Total interest expenses		**2,669**		**1,955**
Total interest result		**269**		**220**

In June 2023 BNG Bank repaid 2.0 billion of the 3.5 billion outstanding TLTRO-III. The interest expense on the TLTRO-III deposits amounts to EUR 20 million in the first half year of 2023 (first half of 2022: interest revenue EUR 92 million). Since November 2022, interest is paid rather than received on the TLTRO due to changed conditions. EUR 482 million of the increase in "Other interest revenue" is the result of higher interest rate on overnight deposits placed at the ECB.

3 Result on financial transactions

The table below presents a breakdown of the result on financial transactions into realised and unrealised market value changes.

		first half of 2023		first half of 2022
Market value changes in financial assets at fair value through the income statement resulting from changes in credit and liquidity spreads, consisting of:				
- Interest-bearing securities	-5		-4	
- Structured loans	-5		-3	
		-10		-7
Result on hedge accounting				
- Portfolio fair value hedge accounting	25		3	
- Micro fair value hedge accounting	-40		19	
- Micro cash flow hedge accounting	0		0	
		-15		22
Change in counterparty credit risk of derivatives (CVA/DVA)		2		14
Realised sales and buy-out results		-6		40
Other market value changes		1		23
Total		**-28**		**92**

The results on financial transactions was EUR 28 million negative (first half of 2022: EUR 92 million positive). Most of the decrease can be explained by the lower realised result from sale of interest bearing securities from the bank's liquidity portfolio. The impact was EUR 6 million negative in the first half of 2023 (against EUR 40 million same period last year). Market developments in the first half of the year caused a EUR 15 million negative hedge accounting results.

4 Impairments on financial assets and off-balance sheet commitments

Breakdown of financial assets and off-balance sheet commitments into impairment stages

The following tables provide a breakdown of the financial assets and off-balance sheet commitments subject to impairment into the 3 impairment stages:
Stage 1: performing exposures without significant increase in credit risk since initial recognition.
Stage 2: performing exposures with significant increase in credit risk since initial recognition.
Stage 3: non-performing exposures.

30-6-2023

		Gross carrying amount			Allowance for credit loss		
	Carrying amount	Performing		Non-performing	Performing		Non-performing
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets subject to impairment							
Cash and balances held with central banks	20,668	20,668	-	-	-	-	-
Amounts due from banks	409	409	-	-	0	-	-
Cash collateral posted	4,092	4,092	-	-	-	-	-
Financial assets at fair value through other comprehensive income[1]	9,074	9,074	-	-	0	0	-
Interest-bearing securities at amortised cost	8,774	8,699	77	-	-1	-1	-
Loans and advances	89,546	86,739	2,221	701	-6	-20	-89
Total	**132,563**	**129,681**	**2,298**	**701**	**-7**	**-21**	**-89**

1 The allowance for credit loss for financial assets at FVOCI is included in OCI and not in the (net) carrying amount.

30-6-2023

	Nominal amount			Provision		
	Performing		Non-performing	Performing		Non-performing
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Off-balance sheet commitments						
Contingent liabilities	474	3	1	0	0	-1
Revocable facilities	6,633	196	221	-	-	-
Irrevocable facilities	4,526	52	11	0	-1	-1
Total	**11,633**	**251**	**233**	**0**	**-1**	**-2**

31-12-2022

	Carrying amount	Gross carrying amount			Allowance for credit loss		
		Performing		Non-performing	Performing		Non-performing
		Stage 1	Stage 2	Stage 3	Stage	Stage 2	Stage 3
Financial assets subject to impairment							
Cash and balances held with central banks	6,821	6,821	-	-	-	-	-
Amounts due from banks	346	346	0	0	0	0	0
Cash collateral posted	4,144	4,144	-	-	-	-	-
Financial assets at fair value through other comprehensive income[1]	7,398	7,398	0	-	0	0	0
Interest-bearing securities at amortised cost	7,636	7,552	86	-	0	-2	0
Loans and advances	89,624	86,885	2,049	848	-8	-21	-129
Total	**115,969**	**113,146**	**2,135**	**848**	**-8**	**-23**	**-129**

1 The allowance for credit loss for financial assets at FVOCI is included in OCI and not in the (net) carrying amount.

31-12-2022

	Nominal amount			Provision		
	Performing		Non-performing	Performing		Non-performing
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Off-balance sheet commitments						
Contingent liabilities	485	3	1	0	0	-1
Revocable facilities	5,781	228	239	-	-	-
Irrevocable facilities	4,341	43	42	0	-1	-1
Total	**10,607**	**274**	**282**	**0**	**-1**	**-2**

Non-performing exposures totalled EUR 701 million as at 30 June 2023 (year-end 2022: EUR 848 million). The share of non-performing exposures in the total portfolio is 0.5% (year-end 2022: 0.8%) and concerns 29 debtors (year-end 2022: 28 debtors). BNG Bank has received government guarantees totalling EUR 446 million (year-end 2022: EUR 391 million) with respect to non-performing exposures. The following table shows the development of non-performing exposures.

	First half of 2023	2022
Total non-performing exposure as at 1 January	**848**	**549**
Increase in existing non-performing exposures	8	10
Shift from performing to non-performing exposure	26	510
Shift from non-performing to performing exposure	-117	-
Repayments on and settlement of non-performing exposure	-21	-221
Write-off	-43	-
Total non-performing exposure as at end of period	**701**	**848**

Movements in allowances and provisions for expected credit losses

The following tables show the movements in allowances for expected credit losses for financial assets and the provision for expected credit losses for off-balance sheet commitments.

first half of 2023

	Opening balance	Increases due to origination and acquisition	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Closing balance
Allowances					
Cash and balances held with central banks	-	-	-	-	-
Amounts due from banks	0	-	-	0	0
Financial assets at fair value through other comprehensive income	0	0	0	0	0
Interest-bearing securities at amortised cost	2	0	0	0	2
Loans and advances	158	1	-46	2	115
	160	**1**	**-46**	**2**	**117**
Provision					
Off-balance sheet commitments	3	-1	0	1	3

first half of 2022

	Opening balance	Increases due to origination and acquisition	Decrease due to derecognition repayments and disposals	Changes due to change in credit risk (net)	Closing balance
Allowances					
Cash and balances held with central banks	-	-	-	-	-
Amounts due from banks	0	-	-	0	0
Financial assets at fair value through other comprehensive income	0	0	0	0	0
Interest-bearing securities at amortised cost	2	0	0	-1	1
Loans and advances	237	2	-1	-13	225
	239	**2**	**-1**	**-14**	**226**
Provision					
Off-balance sheet commitments	1	0	0	-1	0

Modifications of contractual cash flows

During the first half of 2023, no contractual cash flows of financial assets with a loss allowance based on lifetime expected credit loss (i.e. stage 2 or 3) have been modified. In the first half of 2023, two debtors with financial assets including forbearance measures have been moved from stage 2 to stage 1. This movement did not result in modification of contractual cash flows.

Key inputs and assumptions

The Expected Credit Loss (ECL) of a financial asset is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk (SICR) has occurred. The total ECL is a discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

Probability of default

PDs are used as a key component in the determination of ECLs and SICR. BNG Bank has developed PD-models, largely based on expert judgements, for exposures for which no external rating is available. To ensure IFRS 9 compliance and so-called 'point-in-time' PDs, the bank developed overlay models that include forward-looking information (FLI). For staging purposes, credit ratings are used which are adjusted for FLI. BNG Bank applies three internally developed scenarios based on economic forecasts which are consistent with inputs to other relevant estimates within the financial statements. The proposed macroeconomic forecasts are benchmarked with an external macroeconomic forecast to ensure the external validity of the scenarios. The scenarios are approved in the Asset and Liability Committee (ALCO). In doing so, BNG Bank ensures that the PDs are reasonable and supportable.

Loss given default

Because of its low default credit portfolio and the lack of historical internal LGD data, BNG Bank is not able to create LGD models. Therefore, BNG Bank applies a basic flat LGD approach, with four different LGD percentages for its entire exposure:

- 0% for exposures granted to or guaranteed by (Dutch) central or regional governments;
- 10% for government bonds issued by central or regional governments in the EU;
- 35% for exposure without a guarantee of a central or regional government and senior unsecured bonds; and
- 75% for subordinated loans.

Exposure at default

The EAD for loans and for interest-bearing securities (excluding securitisations) is based on contractual repayments owed by the obligor over a 12-month or lifetime period. Voluntary repayments or early redemptions are not taken into account, as these are historically infrequent. For securitisations, the future contractual repayments are based on estimated Constant Prepayment Rates which are derived from external sources. In case of committed (off-balance sheet) facilities, the maximum exposure is adjusted in order to reflect the expected drawdown behaviour for either a 12-month or lifetime period (in accordance with the impairment stage).

Significant increase in credit risk

BNG Bank applies the Point-in-Time PD, which is adjusted for FLI, as an input parameter for the assessment of significant changes in credit risk since recognition. In addition, the bank uses forbearance measures as well as a 30-day past-due period as backstop criteria to determine a SICR. On the other hand, the bank also applies a low credit risk exemption for monitoring significant changes in credit risk since recognition. In this case, an impairment is measured using the 12-month ECL, without determining if a SICR has occurred. BNG Bank will consider financial assets with an investment grade rating to be of 'low credit risk'. For bonds, BNG Bank considers a BBB– or higher to be an investment grade.

With regards to loans, the bank uses its internal counterparty credit rating to determine whether it is investment grade. Internal counterparty credit ratings are derived from a number of market sector specific internal rating models, which have been externally validated.

BNG Bank applies an expert judgement approach when determining the stage 3 impairment figures. The approach is performed on an instrument level by the Special Management department.

Forward-looking macroeconomic information

Historic analysis is performed to identify the key macroeconomic variables, which are provided on a quarterly basis. Expert judgement is applied and approved by the Asset and Liability Committee (ALCO). The macroeconomic factors applied in determining the probability of default for non-securitisations are the nominal Gross Domestic Product (GDP), the unemployment rate and the employment rate. For securitisations the applied macroeconomic factors are the house price index, the long-term interest rate and debt. The weightings of the scenarios have not been adjusted compared to the 2022 weightings.

Securitisations

Macroeconomic variable	Horizon as at 30/06/2023	Horizon as at 31/12/2022
House price indices in the Euro area (17 countries)	3 years	3 years
Long-term interest rates in the Euro area (19 countries)	3 years	3 years
Debt (Credit to households and NPISHs) in the Euro area[1]	3 years	3 years
Scenario	**Weighting as at 30/06/2023**	**Weighting as at 31/12/2022**
Base scenario	50%	50%
Upward scenario	10%	10%
Downward scenario	40%	40%

1 Non-profit institutions serving households

Non-securitisations

Macroeconomic variable	Horizon as at 30/06/2023	Horizon as at 31/12/2022
Gross Domestic Product (GDP) for The Netherlands	3 years	3 years
Unemployment rate for The Netherlands	3 years	3 years
Employment rate	3 years	3 years
Scenario	**Weighting as at 30/06/2023**	**Weighting as at 31/12/2022**
Base scenario	50%	50%
Upward scenario	10%	10%
Downward scenario	40%	40%

Non-performing exposures

BNG Bank defines a financial instrument as in default, which is fully aligned with its definition of non-performing, when it meets one of the following criteria:
- BNG Bank considers that the obligor is unlikely to pay its credit obligations to the bank; and
- the obligor is past due 90 days or more on any material credit obligation to the bank.

The bank employs the following indicators for 'Unlikeliness to pay':
- the obligor's source of income is considered insufficient to meet its payment obligations;
- there are indications that future cash flows are under pressure;
- the obligor's debt ratio has increased significantly;
- one or more covenants have been breached;
- BNG Bank has called upon a guarantee or seized collateral;
- significant delayed payments to other creditors (recorded in a register);
- there is a crisis in the obligor's market sector, in which the obligor is considered to be a weak party;
- the obligor can no longer be active in its market sector because of its financial difficulties; and
- another creditor has filed for the obligor's bankruptcy.

Sensitivity analysis of credit loss allowances

In order to measure the sensitivity of the credit loss allowances to changes in the input factors, different scenarios are determined to (re)calculate the size of the credit loss allowances.

Scenario A:

In scenario A, the credit rating of all individual exposures subject to impairment are downgraded by 1 notch (e.g. from AAA to AA+). These (lower) credit ratings, as well as the accompanying PDs, are then applied in the staging assessment and the calculation of the credit loss allowances. As a result, a portion of the exposures migrated from stage 1 to stage 2. The EADs and LGDs are unchanged compared with the base line calculation.

Scenario B:

In scenario B, the exposures which normally have an LGD of 0% are assigned a 10% LGD. The LGD of exposures that are normally assigned a 10%, 35% or 75% LGD remain unchanged. The EADs, credit ratings and PDs are also unchanged compared with the base line calculation.

Scenario C:

In scenario C, the calculation of the credit loss allowances is performed using 'Through-the-Cycle' PDs rather than Point-in-Time PDs. In other words, PDs without incorporation of forward-looking macroeconomic information are used in the calculation. The EADs, credit ratings, stage levels and LGDs are unchanged compared with the base line calculation.

The following table shows the sensitivity of the total credit loss allowances of 3 scenarios:

30-6-2023

	Actual Balance	Scenario A (1 notch down)	Scenario B (LGD from 0% to 10%)	Scenario C (through-the-cycle PDs)
Allowances				
Cash and balances held with central banks	-	-	-	-
Amounts due from banks	0	0	0	0
Financial assets at fair value through other comprehensive income	0	0	0	0
Interest-bearing securities at amortised cost	2	4	3	1
Loans and advances	115	122	141	117
	117	**126**	**144**	**118**
Provision				
Off-balance sheet commitments	3	3	3	3

31-12-2022

	Actual Balance	Scenario A (1 notch down)	Scenario B (LGD from 0% to 10%)	Scenario C (through-the-cycle PDs)
Allowances				
Cash and balances held with central banks	-	-	-	-
Amounts due from banks	0	0	0	0
Financial assets at fair value through other comprehensive income	0	0	0	0
Interest-bearing securities at amortised cost	2	3	2	1
Loans and advances	158	165	182	159
	160	**168**	**184**	**160**
Provision				
Off-balance sheet commitments	3	3	3	3

5 Breakdown of financial instruments by category

30-6-2023

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Cash and balances held with central banks	20,668	-	-	20,668
Amounts due from banks	409	-	-	409
Cash collateral posted	4,092	-	-	4,092
Financial assets at fair value through the income statement	-	892	-	892
Derivatives	-	3,012	-	3,012
Financial assets at fair value through other comprehensive income	-	-	9,074	9,074
Interest-bearing securities at amortised cost	8,774	-	-	8,774
Loans and advances	89,546	-	-	89,546
Value adjustments on loans in portfolio hedge accounting	-8,286	-	-	-8,286
Total assets	**115,203**	**3,904**	**9,074**	**128,181**
Amounts due to banks	2,780	-	-	2,780
Cash collateral received	874	-	-	874
Financial liabilities at fair value through the income statement	-	184	-	184
Derivatives	-	6,332	-	6,332
Debt securities	107,657	-	-	107,657
Funds entrusted	5,626	-	-	5,626
Subordinated debt	18	-	-	18
Total liabilities	**116,955**	**6,516**	**-**	**123,471**

31-12-2022

	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total
Cash and balances held with central banks	6,821	-	-	6,821
Amounts due from banks	346	-	-	346
Cash collateral posted	4,144	-	-	4,144
Financial assets at fair value through the income statement	-	901	-	901
Derivatives	-	3,737	-	3,737
Financial assets at fair value through other comprehensive income	-	-	7,398	7,398
Interest-bearing securities at amortised cost	7,636	-	-	7,636
Loans and advances at amortised cost	89,624	-	-	89,624
Value adjustments on loans in portfolio hedge accounting	-8,679	-	-	-8,679
Total assets	**99,892**	**4,638**	**7,398**	**111,928**
Amounts due to banks	4,012	-	-	4,012
Cash collateral received	1,173	-	-	1,173
Financial liabilities at fair value through the income statement	-	185	-	185
Derivatives	-	6,129	-	6,129
Debt securities	90,774	-	-	90,774
Funds entrusted	4,785	-	-	4,785
Subordinated debt	38	-	-	38
Total liabilities	**100,782**	**6,314**	**-**	**107,096**

6 Fair value of financial instruments

The fair value is the transfer price (not adjusted for transaction costs) which, regardless of the intention or capability, would be received if an asset was sold or the price which would be paid if a liability was transferred in an orderly transaction between market participants at the measurement date under the current market conditions. The assumption is that the valuation must be viewed from the perspective of market parties, whereby only the specific characteristics and limitations of the financial instrument are taken into consideration.
A distinction is made between three levels of fair value, with the nature of the input factors and their significance for the total valuation being decisive for the correct classification in the hierarchy.

Fair value hierarchy

- **Level 1:** valuation based on (unadjusted) quoted market prices of the instrument itself or, if unavailable, of identical instruments, in an active market. A financial instrument is regarded as quoted in an active market if the quoted price is regularly available, and if these prices reflect current and regularly occurring arm's length market transactions. The quoted market prices for financial assets and liabilities are based on mid-market prices.
- **Level 2:** valuation based on a valuation technique using directly/indirectly observable market data other than quoted market prices as used at Level 1. This category includes instruments with a valuation that uses quoted prices in an active market for comparable instruments, quoted prices for identical or comparable instruments in markets deemed to be less than active or other valuation techniques whereby all significant input variables are directly or indirectly observable from market data.
- **Level 3:** valuation based on valuation techniques that make significant use of input data that are not publicly observable in the market. This category includes instruments with a valuation technique that uses input variables that are not based on observable market data and whereby the non-observable market data significantly influences the valuation of the instrument. This category also includes the instruments valued in accordance with the quoted prices for comparable instruments whereby significant not publicly observable changes or presumptions are necessary for expressing the differences between the instruments.

Where possible, BNG Bank uses quoted market prices (Level 1) for determining pricing- and funding curves. BNG Bank uses mid-market prices for valuation purposes. Using mid-market prices is permitted if the market risk of the financial assets and liabilities is offset.

In many cases, the bank is reliant on theoretical valuations (Level 2) in respect of its debtors. In such cases, the fair value is determined based on valuation models and techniques that are customarily used in the financial sector. These are mostly models based on net present value calculations and option pricing models. The input for these models is based on direct or indirect objectively observable input data, such as market prices, forward pricing, market-based yield curves for discounting, correlations, volatilities, cross-currency basis spreads, counterparty creditworthiness and other factors, estimates and assumptions which market parties would use to determine the price. The bank uses so-called spread curves to determine the fair value of financial instruments that involve credit and liquidity risk and for which a theoretical valuation is required. These spread curves are constructed based on the relevant interest rate curve and a spread for credit and liquidity risk. The credit risk spread is dependent on the creditworthiness of the debtor, taking into account the collateral received, guarantees and maturities. The liquidity risk spread depends on the degree of marketability of the instrument. The risk profiles of individual clients and financial instruments are assessed at least once per quarter. If necessary, the credit-risk spread will be adjusted.

In a limited number of cases, the valuation of the bank's financial instruments is based to a significant extent on input data and management estimates which are not observable in the market (Level 3).

In determining the fair value of derivative transactions, a credit valuation adjustment (CVA) and a debit valuation adjustment (DVA) are applied to all derivative transactions with all clients and financial counterparties with which the bank does not have an agreement for the daily exchange of collateral. CVA and DVA are also applied to all derivative transactions with clients or counterparties with which the bank has an agreement for the daily exchange of collateral but where significant thresholds are applicable in determining the collateral amount.

The bank applies a spread over the relevant swap curve to determine its own credit risk: the 'own credit adjustment (OCA)'. The OCA only relates to instruments included under Financial liabilities at fair value through the income statement.

Insofar as financial instruments have the character of a forward contract, official forward prices are used, including forward yield curves and forward exchange rates. In the case of complex instruments, the constituent parts of the instrument are measured separately on the basis of the above techniques and models. The fair value of the entire instrument is determined as the sum of the fair values of its constituent parts. BNG Bank applies only recurring fair values, which are measured on an ongoing basis for processing in the financial position at the end of each reporting period.

	30-6-2023		31-12-2022	
	Balance sheet-value	Fair value	Balance sheet-value	Fair value
Cash and balances held with central banks	20,668	20,666	6,821	6,821
Amounts due from banks	409	410	346	346
Cash collateral posted	4,092	4,092	4,144	4,144
Financial assets at fair value through the income statement	892	892	901	901
Derivatives	3,012	3,012	3,737	3,737
Financial assets at fair value through other comprehensive income	9,074	9,074	7,398	7,398
Interest-bearing securities at amortised cost	8,774	8,649	7,636	7,462
Loans and advances	89,546	80,682	89,624	81,162
Total financial assets	**136,467**	**127,477**	**120,607**	**111,971**
Amounts due to banks	2,780	2,771	4,012	4,004
Cash collateral received	874	874	1,173	1,173
Financial liabilities at fair value through the income statement	184	184	185	185
Derivatives	6,332	6,332	6,129	6,129
Debt securities	107,657	107,314	90,774	90,662
Funds entrusted	5,626	5,663	4,785	4,826
Subordinated debt	18	20	38	40
Total financial liabilities	**123,471**	**123,158**	**107,096**	**107,019**

When effecting a transaction, the hierarchical classification of fair value is determined based on the relevant characteristics of the valuation, with the nature of the input factors and their significance for the total valuation being decisive for the classification. The classification takes place based on the lowest input level that is significant for the fair value in the transaction as a whole.

Significance is assessed by determining the influence of non-observable input factors on the outcome of the total valuation, with due regard for the range of possible alternative assumptions concerning those non-observable input factors. Each quarter, the hierarchical classification of each transaction is assessed and adjusted where necessary.

The table below provides an overview of the fair value hierarchy for transactions recognised at fair value.

30-6-2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the income statement	58	825	9	892
Derivatives	-	3,012	-	3,012
Financial assets at fair value through other comprehensive income	8,997	77	-	9,074
Total financial assets	**9,055**	**3,914**	**9**	**12,978**
Financial liabilities at fair value through the income statement	114	70	-	184
Derivatives	-	6,332	-	6,332
Total financial liabilities	**114**	**6,402**	**-**	**6,516**

31-12-2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through the income statement	58	834	9	901
Derivatives	-	3,737	-	3,737
Financial assets at fair value through other comprehensive income	7,322	76	-	7,398
Total financial assets	**7,380**	**4,647**	**9**	**12,036**
Financial liabilities at fair value through the income statement	-	185	-	185
Derivatives	-	6,129	-	6,129
Total financial liabilities	**0**	**6,314**	**-**	**6,314**

As per 30 June 2023 one asset is classified under Level 3. This is a subordinated loan where the interest rate risk has been hedged with a swap. This is a structured interest-bearing security that is rarely traded in the market. Therefore, the observable market data available for similar securities is not fully representative of the current fair value. The fair value of this transaction is determined on the basis of public market data that is adjusted using significant input variables not publicly observable in the market.

Fair value hierarchy of amortised cost transactions

The table below provides an overview of the way in which the fair value is determined for transactions recognised at amortised cost in the balance sheet.

30-6-2023

	Level 1	Level 2	Level 3	Total
Cash and balances held with central banks	266	20,400	-	20,666
Amounts due from banks	4	404	2	410
Cash collateral posted	-	4,092	-	4,092
Interest-bearing securities at amortised cost	1,740	6,650	259	8,649
Loans and advances	377	73,515	6,790	80,682
Total financial assets	**2,387**	**105,061**	**7,051**	**114,499**
Amounts due to banks	1	2,770	-	2,771
Cash collateral received	-	874	-	874
Debt securities	81,249	26,065	-	107,314
Funds entrusted	3,440	1,745	478	5,663
Subordinated debt	-	20	-	20
Total financial liabilities	**84,690**	**31,474**	**478**	**116,642**

31-12-2022

	Level 1	Level 2	Level 3	Total
Cash and balances held with central banks	6,821	-	-	6,821
Amounts due from banks	4	339	3	346
Cash collateral posted	-	4,144	-	4,144
Interest-bearing securities at amortised cost	439	6,760	263	7,462
Loans and advances	590	74,086	6,486	81,162
Total financial assets	**7,854**	**85,329**	**6,752**	**99,935**
Amounts due to banks	1	4,003	-	4,004
Cash collateral received	-	1,173	-	1,173
Debt securities	79,599	11,063	-	90,662
Funds entrusted	3,484	792	550	4,826
Subordinated debt	-	40	-	40
Total financial liabilities	**83,084**	**17,071**	**550**	**100,705**

The financial assets at amortised cost under Level 3 mainly relate to loans and advances subject to capital requirements to BNG Bank's statutory clients. Loans and advances to statutory counterparties under government guarantees are included in Level 2, because of the strong correlation with bonds issued by the Dutch State. The financial liabilities at amortised cost under Level 1 in the Debt securities item relate to negotiable benchmark bonds issued by BNG Bank. Private loans are classified as Level 3 in the Funds entrusted item.

7 Credit risk

Forborne exposures

Forbearance concerns credit agreements for which the credit conditions have been amended in the debtor's favour because of the debtor's precarious financial position, so as to enable it to fulfil its obligations.

30-6-2023	Total exposure	Of which: Forborne Gross of impairment	Of which: Forborne Net of impairment	in % of total
Financial assets (excl. derivatives)				
Cash and balances held with central banks	20,668	-	-	0.0%
Amounts due from banks	409	-	-	0.0%
Cash collateral posted	4,092	-	-	0.0%
Financial assets at fair value through the income statement	892	-	-	0.0%
Financial assets at fair value through other comprehensive income	9,074	-	-	0.0%
Interest-bearing securities at amortised cost	8,774	-	-	0.0%
Loans and advances	89,546	368	315	0.4%
	133,455	**368**	**315**	**0.3%**
Off-balance sheet commitments				
Contingent liabilities	478	2	2	0.4%
Revocable facilities	7,050	23	23	0.3%
Irrevocable facilities	4,589	1	1	0.0%
	12,117	**26**	**26**	**0.2%**

31-12-2022	Total exposure	Of which: Forborne Gross of impairment	Of which: Forborne Net of impairment	in % of total
Financial assets (excl. derivatives)				
Cash and balances held with central banks	6,821	-	-	0.0%
Amounts due from banks	346	-	-	0.0%
Cash collateral posted	4,144	-	-	0.0%
Financial assets at fair value through the income statement	901	-	-	0.0%
Financial assets at fair value through other comprehensive income	7,398	-	-	0.0%
Interest-bearing securities at amortised cost	7,636	-	-	0.0%
Loans and advances	89,624	353	302	0.4%
	116,870	**353**	**302**	**0.3%**
Off-balance sheet commitments				
Contingent liabilities	489	2	2	0.4%
Revocable facilities	6,248	35	35	0.6%
Irrevocable facilities	4,427	-	-	0.0%
	11,164	**37**	**37**	**0.3%**

The financial assets of which the contractual terms have changed as a result of the debtor's unfavourable financial position amounted to EUR 368 million (gross of impairment) at 30 June 2023 (year-end 2022: EUR 353 million). The share of forborne exposure in the total portfolio is 0.3% (year-end 2022: 0.3%) and concerns 14 debtors (year-end 2022: 14 debtors). Forbearance is used as a backstop indicator in the impairment staging assessment, as a result of which all forborne exposures are classified in impairment stage 2.

Non-performing

Please refer to Note 4 (Impairment on financial assets and off-balance sheet commitments) for disclosure of BNG Bank's methodology of non-performing exposures. An exposure classified as non-performing can once again be regarded as performing if all of the following conditions are met:
- the debtor once again complies with all contractual terms (no default);
- the debtor's situation has improved to the extent that the debtor is able to meet payment obligations according to an existing or adjusted payment profile ('likely to pay'); and
- the debtor has no payment arrears exceeding 90 days.

Maturity analysis of performing past due exposures

The figures comprise of past due exposures that are not included in impairment stage 3 under IFRS 9.

	30-6-2023	31-12-2022
Less than 31 days	6	2
31 through 60 days	-	0
61 through 90 days	0	-
Over 90 days	4	-
Closing balance	**10**	**2**

The past due over 90 days exposure EUR 4 million relates to a dispute with a debtor about a repayment scheme of a loan. The debtor as a client is still performing.

Netting of financial assets and financial liabilities (derivatives)

Financial counterparties with which BNG Bank is prepared to conclude derivatives transactions are offered netting agreements to reduce the credit risk. In addition, bilateral collateral agreements are concluded. These ensure that market value developments are mitigated daily by collateral. The agreements are updated where necessary in response to regulatory changes. These agreements are not eligible for balance sheet netting, unless the cash flows are offset through central clearing parties. The following table shows the gross positions before balance sheet netting and if the collateral agreements were taken into account.

30-6-2023

	Derivatives (states as assets)	Derivatives (states as liabilities)	Net
Netting of financial assets and financial liabilities (derivatives)			
Gross value of financial assets and liabilities before balance sheet netting	5,848	-9,168	**-3,320**
Gross value of the financial assets and liabilities to be netted	-2,836	2,836	**0**
Balance sheet value of financial assets and liabilities (after netting)	**3,012**	**-6,332**	**-3,320**
Value of financial netting instrument that does not comply with IAS 32 (netting of derivatives with the same counterparty) for netting purposes	-2,072	2,072	0
Exposure before collateral	**940**	**-4,260**	**-3,320**
Value of financial collateral that does not comply with IAS 32 for netting purposes	-760	4,087	**3,327**
Net exposure	**180**	**-173**	**7**

31-12-2022

	Derivatives (states as assets)	Derivatives (states as liabilities)	Net
Netting of financial assets and financial liabilities (derivatives)			
Gross value of financial assets and liabilities before balance sheet netting	17,203	-19,595	**-2,392**
Gross value of the financial assets and liabilities to be netted	-13,466	13,466	**0**
Balance sheet value of financial assets and liabilities (after netting)	**3,737**	**-6,129**	**-2,392**
Value of financial netting instrument that does not comply with IAS 32 (netting of derivatives with the same counterparty) for netting purposes	-2,134	2,134	**0**
Exposure before collateral	**1,603**	**-3,995**	**-2,392**
Value of financial collateral that does not comply with IAS 32 for netting purposes	-1,173	4,144	**2,971**
Net exposure	**430**	**149**	**579**

At 30 June 2023, the collateral posted for derivatives amounted to EUR 4.4 billion (2022: EUR 4.5 billion). A three-notch downgrade of BNG Bank's credit rating would, as in 2022, not impact this amount. The strength of the bank's liquidity position is sufficient to meet, and to absorb fluctuations in collateral obligations.

30-6-2023

	Reverse repos (assets)	Repos (liabilities)
Netting of reverse repo and repo agreements		
Gross balance sheet value before balance sheet netting	1,264	-1,264
Balance sheet netting of reverse repo and repo agreements	-1,264	1,264
Net balance sheet value of financial assets and liabilities	**0**	**0**

31-12-2022

	Reverse repos (assets)	Repos (liabilities)
Netting of reverse repo and repo agreements		
Gross balance sheet value before balance sheet netting	857	-857
Balance sheet netting of reverse repo and repo agreements	-857	857
Net balance sheet value of financial assets and liabilities	**0**	**0**

Investments in interest-bearing securities (IBS)

BNG Bank's IBS portfolio is held primarily for liquidity management purposes. The portfolio is composed of high-quality bonds, the majority of which are accepted as collateral by the central bank. BNG Bank's total IBS portfolio can be subdivided into a liquidity portfolio and an ALM (Asset & Liability Management) portfolio. The liquidity portfolio consists exclusively of highly negotiable securities and is subdivided according to the various Liquidity Coverage Ratio levels, as shown in the table below. The ALM portfolio is subdivided according to type of security. The portfolio developments are reported on a monthly basis. Using factors such as external ratings and internal ratings, the bank monitors the development on an individual basis. The assets within these portfolios undergo an impairment analysis twice a year.

The amounts shown below per rating category are remaining principal amounts in millions of euros. The total balance sheet value (gross of impairment) is also shown in the final column. The total value of EUR 18,475 million is recognised in the balance sheet items Financial assets at fair value through other comprehensive income (EUR 9,074 million), Interest-bearing securities at amortised cost (EUR 8,711 million) and Financial assets at fair value through the income statement (EUR 627 million).

30-6-2023	**AAA**	**AA**	**A**	**BBB**	**Non-investment grade**	**Total nominal value**	**Total balance sheet value**
Liquidity portfolio							
Level I – Government/ Supranational	4,136	3,077	1,283	46	-	8,542	8,043
Level I B – Covered bonds	2,149	-	-	-	-	2,149	2,061
Level II A – Government/ Supranational	-	58	-	-	-	58	58
Level II A – Covered bonds	295	-	-	-	-	295	286
Level II B – Corporates	-	-	-	-	-	0	0
Level II B – RMBS	1,502	-	131	-	-	1,633	1,651
	8,082	**3,135**	**1,414**	**46**	**-**	**12,677**	**12,099**
ALM portfolio							
RMBS	16	138	53	-	-	207	207
ABS	37	-	15	16	46	114	113
RMBS-NHG	3,288	43	94	-	-	3,425	3,441
Other	1,063	542	629	448	-	2,682	2,615
	4,404	**723**	**791**	**464**	**46**	**6,428**	**6,376**
Total	**12,486**	**3,858**	**2,205**	**510**	**46**	**19,105**	**18,475**

31-12-2022	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Liquidity portfolio							
Level I – Government/ Supranational	3,844	2,739	1083	46	-	7,712	7,018
Level I B – Covered bonds	1,517	-	-	-	-	1,517	1,422
Level II A – Government/ Supranational	-	56	-	-	-	56	58
Level II A – Covered bonds	275	-	-	-	-	275	266
Level II B – Corporates	-	-	-	-	-	-	-
Level II B – RMBS	1,492	-	-	-	-	1,492	1,509
	7,128	**2,795**	**1,083**	**46**	**-**	**11,052**	**10,273**
ALM portfolio							
RMBS	11	168	42	16	-	237	238
ABS	40	-	16	23	48	127	125
RMBS-NHG	3,375	48	101	-	-	3,524	3,536
Other	25	507	521	423	-	1,476	1,493
	3,451	**723**	**680**	**462**	**48**	**5,364**	**5,392**
Total	**10,579**	**3,518**	**1,763**	**508**	**48**	**16,416**	**15,665**

Long-term foreign exposure

The following tables provide an overview of the long-term foreign exposures. Derivatives transactions and short-term transactions (including cash collateral with banks in particular) have not been included. The amounts shown are remaining principal amounts in millions of euros.

30-6-2023	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Supranational institutions	2,839	-	-	-	-	2,839	2,683
Multilateral development banks	205	-	-	-	-	205	202
Austria	-	1,041	-	-	-	1,041	920
Belgium	-	447	-	118	-	565	593
Denmark	36	-	-	-	-	36	35
Finland	-	274	-	-	-	274	235
France	608	1,318	-	-	-	1,926	1,911
Germany	590	152	24	-	-	766	691
Italy	-	-	15	-	46	61	61
Luxembourg	483	-	-	-	-	483	425
Portugal	-	17	17	-	-	34	33
Spain	16	121	114	47	-	298	317
United Kingdom	295	492	138	484	46	1,455	1,435
United States	23	-	-	-	-	23	22
Total	**5,095**	**3,862**	**308**	**649**	**92**	**10,006**	**9,563**

31-12-2022	AAA	AA	A	BBB	Non-investment grade	Total nominal value	Total balance sheet value
Supranational institutions	1,554	-	-	-	-	1,554	1,405
Multilateral development banks	-	-	-	-	-	-	-
Austria	-	896	-	-	-	896	754
Belgium	-	387	-	122	-	509	492
Denmark	36	-	-	-	-	36	34
Finland	-	260	-	-	-	260	210
France	418	1,210	-	5	-	1,633	1,573
Germany	581	130	16	-	-	727	641
Italy	-	1	16	-	48	65	63
Luxembourg	499	-	-	-	-	499	420
Portugal	-	18	19	-	30	67	66
Spain	11	150	101	66	-	328	349
United Kingdom	275	457	130	458	51	1,371	1,397
United States	73	-	-	-	-	73	61
Total	**3,447**	**3,509**	**282**	**651**	**129**	**8,018**	**7,465**

The non-investment grade items (i.e. items with a rating below BBB-) consist of exposures in United Kingdom and Italy. The exposure to Italy consist of a RMBS transaction. The non-investment grade exposure in the United Kingdom concerns a limited number of private project financing schemes in the areas of infrastructure, education, energy and healthcare. The exposure to Portugal is nil after the redemption of the loan. The total fair value of long-term foreign non-investment grade exposures amounted to EUR 82 million (year-end 2022: EUR 116 million).

Off-balance sheet commitments

Contingent assets
Due to an internal procedural error, DNB did not grant BNG Bank the TLTRO-III interest rate rebate related to the period from 24 June 2020 up to and including 23 June 2021 for an amount of EUR 57 million before taxes, despite rectifying measures. Having received legal advice BNG Bank has initiated litigation against this DNB decision. In the first half of 2023 BNG Bank lost the court case and decided to appeal.

Contingent liabilities
This includes all commitments arising from transactions for which the bank has issued guarantees on behalf of a third party. These so called Letters of Credit are covered by deposits or a counter guarantee from public authorities. BNG Bank records contingent liabilities at the underlying principal amount that would need to be paid in the event of the borrower defaulting.

	30-6-2023	31-12-2022
Contingent liabilities	478	489

Revocable facilities
This includes all commitments attributable to revocable current-account facilities.

	30-6-2023	31-12-2022
Revocable facilities	7,050	6,248

Irrevocable facilities
This includes all irrevocable commitments that can lead to the granting of loans and advances. In the table below, these facilities are divided into credit facilities and future disbursements of contracted loans and advances.

	30-6-2023	31-12-2022
Outline agreements concerning the undrawn part of credit facilities	2,024	2,031
Contracted loans and advances to be distributed in the future	2,565	2,396
Total	**4,589**	**4,427**

Events after the balance sheet date

There are no events after the balance sheet date to report that require adjustments of the figures or disclosure in the Interim Report.

The Hague, 1 September 2023

Statutory Board
Gita Salden (CEO)
Olivier Labe (CFO)
Cindy van Atteveldt-Machielsen (CRO)

Supervisory Board
Huub Arendse, Chair
Jan van Rutte, Vice-chair
Karin Bergstein
Johan Conijn
Marlies van Elst
Leonard Geluk
Femke de Vries

REVIEW REPORT

To: the supervisory board and the executive committee of BNG Bank N.V.

Introduction

We have reviewed the accompanying consolidated interim financial information for the six-month period ended 30 June 2023 of BNG Bank N.V., The Hague, which comprises the consolidated balance sheet as at 30 June 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated of cash flow statement for the period then ended and the selected explanatory notes. The statutory board of BNG Bank N.V. is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information for the six-month period ended 30 June 2023 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 1 September 2023

PricewaterhouseCoopers Accountants N.V.

Original has been signed by

M.S. de Bruin RA

BNG Bank
September 2023

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BNG Bank is a trade name
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Chamber of Commerce no. 27008387

BANK

Driven by social impact