

PILLAR 3

JUNE 2021

Disclosure report



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PILLAR 3 INTERIM DISCLOSURE REPORT

BNG BANK JUNE 2021



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INTRODUCTION

This Pillar III Interim Disclosure Report 2021 provides the consolidated disclosure of BNG Bank N.V. required by Capital Requirements Regulations (EU No 575/2013) on prudential requirements for credit institutions and investment firms (Part Eight) and the final draft Implementing Technical Standards (ITS) on public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013.

In 2020, EBA published the final ITS on institutions' public disclosures as per its mandate under Article 434a of the CRR2 to introduce uniform formats and associated instructions for disclosure requirements in order to optimise the Pillar 3 policy framework. The new disclosure requirements apply from 28 June 2021 onwards and this Report has been prepared in accordance with updated regulation.

The scope of this Report includes BNG Bank's two wholly-owned subsidiaries *BNG Gebiedsontwikkeling B.V.* and *Hypotheekfonds voor Overheidspersoneel B.V.* This Report is presented in euros (EUR) which is the functional and reporting currency of BNG Bank. Certain figures in the Report may not tally exactly as a result of rounding.

To comply with the updated requirements, the bank has aligned the frequency of the publication of the Pillar III Disclosures with the bi-annual financial reporting cycle. Note that this is the first time BNG Bank publishes an Interim Disclosure Report. In addition, comparative figures for first-time reporting of new templates or templates adjusted by the final draft ITS are not required to be disclosed. In accordance with Article 423 of the CRR, BNG Bank may omit one or more of the required disclosures where the information provided by those disclosures is not regarded as material or is not applicable to its operations. Information in disclosures shall be regarded as material where its omission or misstatement could change or influence the assessment or decision of a user of that information relying on it for the purpose of making economic decisions.

BNG Bank publishes an interim and an annual report on its website that have been subject to review by an external auditor. Information of this Pillar III report has not been audited.

The templates in Table 1 have been identified as not applicable to BNG Bank and therefore are not included in this Report.

Reference templates	Rationale for exclusion
EU CQ2, CQ6, CQ8 and EU CR2a	The NPL ^[1] ratio of BNG Bank does not exceed 5%. Hence, these templates are not applicable.
EU CR2, EU CR2-A, EU CR6, EU CR7, EU CR7-A, EU CR8, EU CR10, EU CCR4	BNG Bank does not apply IRB approach. As such, these templates are not applicable.
EU CCR6	The Bank does not have credit derivative exposure.
EU CCR7, EU MR4	BNG Bank is not classified as G-SIIs. These templates are therefore not applicable.
EU SEC2	BNG Bank does not have a trading book.
EU SEC3, EU SEC5	The Bank has not acted as an originator or sponsor in transactions with securitisation exposures. BNG Bank only acts as an investor in securitisation transactions.
EU MR2-A, EU MR2-B, EU MR3	The Bank has not adopted the Internal Model Approach (IMA). The templates are not applicable.

Table 1 – Omitted templates and rationale for exclusion

^[1] non-performing loans

COVID-19 Disclosure

In June 2020, EBA published the Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07). These additional reporting and disclosure requirements were introduced on a temporary basis (until 31 December 2021) in order to standardise reporting on exposures with a specific COVID-19 classification. The templates are not included in this report as all requested figures for the reporting period are nil.

DECLARATION OF RESPONSIBILITY

The information disclosed in this Report has been prepared in accordance with the internal control processes and is approved by the Executive Committee. Information considered to be proprietary or confidential is not published, but instead, the bank will provide a generic disclosure.

The Pillar III Interim Disclosure Report was approved by the Executive Committee on 2 November 2021.

Members of the Executive Committee

Gita Salden (CEO), statutory director

Olivier Labe (CFO), statutory director

Cindy van Atteveldt-Machielsen (CRO), statutory director

Jaco van Goudswaard (COO)

Thomas Eterman (CCO)

KEY METRICS AND OVERVIEW OF RWEA (ARTICLE 437 AND 438)

Key metrics template (EU KM1)

	30-6-2021	31-12-2020
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital	4,112	4,050
Tier 1 capital	4,845	4,783
Total capital	4,845	4,783
Risk-weighted exposure amounts		
Total risk-weighted exposure amount	13,437	12,127
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	30.60%	33.40%
Tier 1 ratio (%)	36.06%	39.44%
Total capital ratio (%)	36.06%	39.44%
Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
Additional CET1 SREP requirements (%)	1.27%	1.27%
Additional AT1 SREP requirements (%)	0.42%	0.42%
Additional T2 SREP requirements (%)	0.56%	0.56%
Total SREP own funds requirements (%)	10.25%	10.25%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer (%)	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%
Institution specific countercyclical capital buffer (%)	0.00%	0.00%
Systemic risk buffer (%)	0.00%	0.00%
Global Systemically Important Institution buffer (%)	0.00%	0.00%
Other Systemically Important Institution buffer	1.00%	1.00%
Combined buffer requirement (%)	3.50%	3.50%
Overall capital requirements (%)	13.75%	13.75%
CET1 available after meeting the total SREP own funds requirements (%)	20.35%	n/a
Leverage ratio		
Leverage ratio total exposure measure	48,813	137,526
Leverage ratio	9.93%	3.48%

	30-6-2021	31-12-2020
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)		
Additional CET1 leverage ratio requirements (%)	0.00%	n/a
Additional AT1 leverage ratio requirements (%)	3.74%	n/a
Additional T2 leverage ratio requirements (%)	n/a	n/a
Total SREP leverage ratio requirements (%)	3.74%	n/a
Applicable leverage buffer	0.00%	n/a
Overall leverage ratio requirements (%)	3.74%	n/a
Liquidity Coverage Ratio		
Total high-quality liquid assets (HQLA) (Weighted value - average)	25,419	13,346
Cash outflows - Total weighted value	16,286	12,442
Cash inflows - Total weighted value	2,005	2,435
Total net cash outflows (adjusted value)	14,281	10,008
Liquidity coverage ratio (%)	177.99%	133.35%
Net Stable Funding Ratio		
Total available stable funding	115,221	110,947
Total required stable funding	91,558	91,342
NSFR ratio (%)	125.84%	121.46%

As per 30 June 2021 our CET 1 ratio amounted to 30.60% (2020: 33.40%). The slight decrease is mainly due to the amended capital requirements (CCR2). The leverage ratio increased to 9.93% (2020: 3.48%) caused by the possibility of excluding the bank's promotional loans under the new capital requirement. Without adjustment for promotional loans the leverage ratio would have decreased by 0.22% to 3.26%. All of bank's capital ratios remain well above the minimums set by the regulator.

Overview of risk Weighted exposure amounts (EU OV1)

	30-6-2021	31-12-2020	30-6-2021
	Risk weighted exposure amounts (RWEAs)		Total own funds requirements
Credit risk (excluding CCR)	8,684	8,221	695
- Of which the standardised approach	8,684	8,221	695
- Of which the foundation IRB (FIRB) approach	-	-	-
- Of which: slotting approach	-	-	-
- Of which: equities under the simple riskweighted approach	-	-	-
- Of which the advanced IRB (AIRB) approach	-	-	-
Counterparty credit risk - CCR	3,029	2,155	242
- Of which the standardised approach	1,599	1,165	128
- Of which internal model method (IMM)	-	-	-
- Of which exposures to a CCP	8	37	1
- Of which credit valuation adjustment - CVA	1,385	953	111
- Of which other CCR	37	-	3
Settlement risk	-	-	-
Securitisation exposures in the non-trading book (after the cap)	819	846	66
- Of which SEC-IRBA approach	-	-	-
- Of which SEC-ERBA (including IAA)	819	846	66
- Of which SEC-SA approach	-	-	-
- Of which 1250%/ deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
- Of which the standardised approach	-	-	-
- Of which IMA	-	-	-
Large exposures	-	-	-
Operational risk	905	905	72
- Of which basic indicator approach	-	-	-
- Of which standardised approach	905	905	72
- Of which advanced measurement approach	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	-	-	-
Total	13,437	12,127	1,075

The risk weighted exposure amount increased to EUR 13,437 (2020: EUR 12,127).

OWN FUNDS (ARTICLE 437 CRR)

Composition of regulatory own funds (EU CC1)

Common Equity Tier 1 (CET1) capital: instruments and reserves		30-6-2021
1	Capital instruments and the related share premium accounts	146
	<i>of which: Instrument type 1</i>	146
	<i>of which: Instrument type 2</i>	-
	<i>of which: Instrument type 3</i>	-
2	Retained earnings	3,738
3	Accumulated other comprehensive income (and other reserves)	257
EU-3a	Funds for general banking risk	-
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-
5	Minority interests (amount allowed in consolidated CET1)	-
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	-
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	4,141
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-5
8	Intangible assets (net of related tax liability) (negative amount)	-
9	Empty set in the EU	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-9
12	Negative amounts resulting from the calculation of expected loss amounts	-
13	Any increase in equity that results from securitised assets (negative amount)	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-4
15	Defined-benefit pension fund assets (negative amount)	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-
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)	-
18	Direct, indirect and synthetic holdings by the institution 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)	-
19	Direct, indirect and synthetic holdings by the institution 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)	-
20	Empty set in the EU	-

Common Equity Tier 1 (CET1) capital: instruments and reserves

30-6-2021

EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-
EU-20c	of which: securitisation positions (negative amount)	-
EU-20d	of which: free deliveries (negative amount)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-
22	Amount exceeding the 17,65% threshold (negative amount)	-
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-
24	Empty set in the EU	-
25	of which: deferred tax assets arising from temporary differences	-
EU-25a	Losses for the current financial year (negative amount)	-
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-
26	Empty set in the EU	-
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-
27a	Other regulatory adjustments (<i>including IFRS 9 transitional adjustments when relevant</i>)	-11
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-29
29	Common Equity Tier 1 (CET1) capital	4,112
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	733
31	<i>of which: classified as equity under applicable accounting standards</i>	<i>733</i>
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	-
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	-
EU-33b	Amount of qualifying items referred to in Article 494b(1) subject to phase out from AT1	-
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-
35	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
36	Additional Tier 1 (AT1) capital before regulatory adjustments	733
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	-
38	Direct, indirect and synthetic 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)	-
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)	-
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-
41	Empty set in the EU	-
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-

Common Equity Tier 1 (CET1) capital: instruments and reserves		30-6-2021
42a	Other regulatory adjustments to AT1 capital	-
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-
44	Additional Tier 1 (AT1) capital	<i>733</i>
45	Tier 1 capital (T1 = CET1 + AT1)	4,845
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	-
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	-
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	-
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	-
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-
49	of which: instruments issued by subsidiaries subject to phase out	-
50	Credit risk adjustments	-
51	Tier 2 (T2) capital before regulatory adjustments	-
Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans 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)	
54	Direct and indirect 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)	
54a	Empty set in the EU	
55	Direct and indirect holdings by the institution 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 amount)	
56	Empty set in the EU	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	
56b	Other regulatory adjustments to T2 capital	
57	Total regulatory adjustments to Tier 2 (T2) capital	-
58	Tier 2 (T2) capital	-
59	Total capital (TC = T1 + T2)	4,845
60	Total risk exposure amount	13,437

Common Equity Tier 1 (CET1) capital: instruments and reserves

30-6-2021

Capital ratios and buffers

61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	30.60%
62	Tier 1 (as a percentage of total risk exposure amount)	36.06%
63	Total capital (as a percentage of total risk exposure amount)	36.06%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.27%
65	<i>of which: capital conservation buffer requirement</i>	2.50%
66	<i>of which: countercyclical buffer requirement</i>	0.00%
67	<i>of which: systemic risk buffer requirement</i>	0.00%
EU-67a	<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	0.00%
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	20.35%

Amounts below the thresholds for deduction (before risk weighting)

72	Direct and indirect holdings of own funds and eligible liabilities 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)	-
73	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 (amount below 17.65% thresholds and net of eligible short positions)	-
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-

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)	-
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	413
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-

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	-
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-
82	Current cap on AT1 instruments subject to phase out arrangements	-
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-
84	Current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-

Reconciliation of regulatory own funds to balance sheet in the financial statements (EU CC2)

	Carrying values as reported in published financial statements and for regulatory consolidation	
	30-6-2021	31-12-2020
Assets		
Cash and balances with the central bank	15,713	2,312
Amounts due from banks	127	120
Cash collateral posted	14,544	20,361
Financial assets at FVTPL	1,376	1,452
Derivatives	6,167	8,540
Financial assets at FVOCI	9,474	9,738
Interest-bearing securities at AC	7,704	7,880
Loans and advances	89,230	88,942
Value adjustments on loans involved in portfolio hedge accounting	15,100	20,816
Participating interests	31	31
Property and equipment	16	17
Other assets	347	149
Current tax assets	11	1
Total assets	159,840	160,359
Liabilities		
Amounts due to banks	18,729	12,221
Cash collateral received	1,191	858
Financial liabilities at FVTPL	625	656
Derivatives	18,733	26,965
Debt securities issued	109,026	108,615
Funds entrusted	6,068	5,599
Subordinated debts	35	35
Deferred tax liabilities	85	98
Other liabilities	287	215
Total Liabilities	154,779	155,262
Equity		
Share capital	139	139
Share premium reserve	6	6
Retained earnings	3,740	3,712
Revaluation reserve	60	86
Cash flow hedge reserve	9	11
Own credit adjustment	4	5
Cost of hedging reserve	183	184
Net profit	187	221
Equity attributable to shareholders	4,328	4,364
Hybrid capital	733	733
Total equity	5,061	5,097
Total liabilities and equity	159,840	160,359

The interim consolidated financial statements have been prepared in accordance with IFRS. There is no difference between accounting consolidation and the scope of regulatory consolidation.

COUNTERCYCLICAL CAPITAL BUFFER (ARTICLE 440 CRR)

Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1)

31-12-2021	General credit exposures	Relevant credit exposures - market risk	Securitisation exposure	Total exposure value	Own funds requirements				Risk-weighted exposure amounts	Own funds requirements weight (%)	Counter cyclical buffer rate (%)
	Exposure value SA	Sum of long and short positions of trading book exposures for SA	Exposure value for non-trading book		Relevant credit exposures - Credit risk	Relevant credit exposures - Market risk	Relevant credit exposures - Securitisation positions in the non-trading book	Total			
Belgium	251	-	22	273	20	-	-	20	34	2.02%	0.00%
Germany	212	-	-	212	2	-	-	2	27	0.17%	0.00%
Spain	0	-	269	269	0	-	9	9	34	0.89%	0.00%
France	286	-	42	328	8	-	2	10	41	1.02%	0.00%
Great Britain	2,664	-	-	2,664	100	-	-	100	333	10.05%	0.00%
Ireland	74	-	40	114	2	-	2	4	14	0.34%	0.00%
Italy	1	-	75	76	0	-	1	1	10	0.15%	0.00%
Luxembourg	-	-	19	19	-	-	0	0	2	0.02%	0.50%
Netherlands	24,319	-	4,662	28,981	604	-	51	655	3,623	65.96%	0.00%
Portugal	123	-	5	128	10	-	0	10	16	1.01%	0.00%
Total	27,930	-	5,134	33,064	746	-	65	811	4,133	81.63%	

Amount of institution-specific countercyclical capital buffer (EU CCyB2)

Amount of institution-specific countercyclical capital buffer	30-6-2021	31-12-2020
Total risk exposure amount	13,437	12,127
Institution specific countercyclical buffer rate	0.000%	0.000%
Institution specific countercyclical buffer requirement	0	0

LEVERAGE RATIO (ARTICLE 451 CRR)

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (EU LR1)

30-6-2021

Applicable amounts

1	Total assets as per published financial statements	159,840
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustment for eligible cash pooling transactions	-
8	Adjustments for derivative financial instruments	-3,701
9	Adjustments for securities financing transactions "SFTs"	3
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,720
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-5
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-15,713
12	Other adjustments	-97,332
13	Total leverage ratio exposure	48,813

LRCOM: Leverage ratio common disclosure (EU LR2)

30-6-2021

CRR Leverage ratio exposures

On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	153,881
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-14,543
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-
5	(General credit risk adjustments to on-balance sheet items)	-
6	(Asset amounts deducted in determining Tier 1 capital)	-19
7	Total on-balance sheet exposures (excluding derivatives, SFTs)	139,319
Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1,531
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	2,029
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-
EU-9b	Exposure determined under Original Exposure Method	-
10	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-
11	Adjusted effective notional amount of written credit derivatives	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11	Total derivative exposures	3,560
Securities financing transaction exposures		
14	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	39
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-
16	Counterparty credit risk exposure for SFT assets	3
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-
17	Agent transaction exposures	-

		30-6-2021
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-
18	Total securities financing transaction exposures	42
Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	12,142
20	(Adjustments for conversion to credit equivalent amounts)	-6,422
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-
22	Off-balance sheet exposures	5,720
Excluded exposures		
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-
EU-22b	(Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet))	-15,713
EU-22c	(-) Excluded exposures of public development banks - Public sector investments	-
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-84,116
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-
EU-22k	(Total exempted exposures)	-99,829
Capital and total exposures		
23	Tier 1 capital	4,845
24	Leverage ratio total exposure measure	48,813
Leverage ratio		
25	Leverage ratio	9.93%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	3.65%

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25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.51%
26	Regulatory minimum leverage ratio requirement (%)	3.74%
EU-26	Additional leverage ratio requirements (%)	
27	Required leverage buffer (%)	
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-27	Choice on transitional arrangements for the definition of the capital measure	NA
Disclosure of mean values		
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	275
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	39
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	49,049
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	49,049
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.88%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.88%

The requirements for calculating the exposure measure has been changed under CRR2. The calculation of the exposure measure is now based on the SA-CCR approach.

In accordance with Article 429a(1)(n) of the CRR2 BNG Bank is still allowed to exempt central bank reserves from the exposure measure. The relief originally expired at 27 June 2021. However, due to the exceptional circumstances the ECB decided to extend this relief until end of March 2022. The exemption of central bank reserves has a positive impact, resulting in a leverage ratio of 9.93%. Without this relief the Leverage Ratio would have been 7.51%. The exemption of central bank reserves results in an increase of the minimum requirement for the leverage ratio to 3.74% from 3.00%.

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. However, due to the exemption of promotional loans under the new CRR2, the leverage ratio increased significantly.

LRSpl: Split-up of on balance sheet exposures (EU LR3)

30-6-2021
CRR Leverage ratio
exposures

On-balance sheet exposures (excluding derivatives and SFTs)		
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	39,510
EU-2	Trading book exposures	-
EU-3	Banking book exposures, of which:	39,510
EU-4	Covered bonds	1,486
EU-5	Exposures treated as sovereigns	5,608
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	520
EU-7	Institutions	804
EU-8	Secured by mortgages of immovable properties	111
EU-9	Retail exposures	-
EU-10	Corporate	8,519
EU-11	Exposures in default	410
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	22,052

LIQUIDITY REQUIREMENTS (ARTICLES 435 AND 451A)

Quantitative information of LCR (EU LIQ1)

Scope of consolidation (consolidated)		Total unweighted value				Total weighted value			
		30-06 -2021	31-03 -2021	31-12 -2020	30-09 -2020	30-06 -2021	31-03 -2021	31-12 -2020	30-09 -2020
Currency and units (EUR million)									
Number of data points used in the calculation of averages		12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					25,869	24,446	25,256	23,462
Cash-outflows									
2	Retail deposits and deposits from small business customers, of which:								
3	- Stable deposits	-	-	-	-	-	-	-	-
4	- Less stable deposits	-	-	-	-	-	-	-	-
5	Unsecured wholesale funding	18,013	17,204	11,411	10,252	15,949	14,750	10,204	9,103
6	- Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	- Non-operational deposits (all counterparties)	6,213	6,745	3,141	2,816	4,149	4,291	1,934	1,667
8	- Unsecured debt	11,800	10,459	8,271	7,436	11,800	10,459	8,271	7,436
9	Secured wholesale funding	-	-	-	-	-	-	-	-
10	Additional requirements	16,195	16,277	17,314	17,156	7,688	8,442	8,164	7,692
11	- Outflows related to derivative exposures and other collateral requirements	6,584	6,587	6,993	6,486	6,584	7,314	6,993	6,486
12	- Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	- Credit and liquidity facilities	9,611	9,690	10,321	10,670	1,105	1,128	1,172	1,206
14	Other contractual funding obligations	24	120	102	103	23	120	101	101
15	Other contingent funding obligations	1,549	1,558	1,091	711	84	79	55	36
16	Total cash outflows					23,744	23,391	18,524	16,932
Cash-inflows									
17	Secured lending (eg reverse repos)	380	380	-	-	110	-	-	-
18	Inflows from fully performing exposures	3,101	3,417	3,815	4,013	1,670	1,861	2,089	2,194
19	Other cash inflows	920	1,746	1,879	1,700	920	1,746	1,905	1,747
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions)					-	-	-	-

Scope of consolidation (consolidated)		Total unweighted value				Total weighted value			
EU-19b	in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) (Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	4,402	5,544	5,694	5,712	2,700	3,607	3,994	3,941
EU-20a	Fully exempt inflows	-	-	-	-	46	46	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	4,021	5,163	5,694	5,712	2,590	3,607	3,994	3,941
21	Liquidity buffer					28,763	27,577	25,066	22,885
22	Total net cash outflows					21,108	19,738	16,684	14,830
23	Liquidity coverage ratio (%)					138%	143%	157%	161%

The table provides an overview of the LCR during the first half of 2021. For disclosure purposes, our LCR is based on the average of 12 data points for each quarter. The LCR remains well above the regulatory minimum requirements. As of the end of June 2021 the LCR ratio amounted to 178% (31-12-2020: 158%), the NSFR ratio amounted to 126% (31-12-2020: 122%).

Funding outflows and outflows related to derivative exposures and collateral requirements are the main drivers for the liquidity outflow. The main items that affect the inflows of the LCR are the payments from fully performing exposures. The figures in LCR are steady for over a year and there are no significant changes.

The majority of funding is acquired from international capital markets. BNG Bank distinguishes between short-term and long-term funding (turning point: 1 year). The bank maintains a number of issuance programmes that enable it to have access to funding at all times at competitive levels. The bank pursues proactive investor relations which support these efforts.

The liquidity buffer is composed of cash and high-quality securities. At BNG Bank, this buffer consists mainly of Level 1 high quality liquid assets.

BNG Bank uses derivatives (interest rate swaps and cross currency swaps) to mitigate its interest rate risk and currency risk. The additional collateral requirements in the event of a decline in fair value of derivatives are based on historical lookback approach.

The main currencies for BNG Bank are euro and US dollar. The liquidity buffer consists almost entirely of cash and securities in euros.

Net Stable Funding Ratio (EU LIQ2)

30-6-2021		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
1	Capital items and instruments	4,112	424	309	-	4,112
2	- <i>Own funds</i>	4,112	424	309	-	4,112
3	- <i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits	-	-	-	-	-
5	- <i>Stable deposits</i>	-	-	-	-	-
6	- <i>Less stable deposits</i>	-	-	-	-	-
7	Wholesale funding:		20,199	9,300	104,998	111,109
8	- <i>Operational deposits</i>	-	-	-	-	-
9	- <i>Other wholesale funding</i>	-	20,199	9,300	104,998	111,109
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities:	-	367	-	-	-
12	- <i>NSFR derivative liabilities</i>	-	-	-	-	-
13	- <i>All other liabilities and capital instruments not included in the above categories</i>	-	367	-	-	-
14	Total available stable funding (ASF)					115,221

30-6-2021		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
15	Total high-quality liquid assets (HQLA)					3,134
EU						
-15a	Assets encumbered for more than 12m in cover pool	-	-	-	-	-
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:		8,521	5,141	80,514	77,548
18	- <i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>	-	-	-	-	-
19	- <i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>	-	120	0	54	896
20	- <i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		8,328	5,038	75,408	72,968
21	- <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		3,948	2,269	29,450	30,329
22	- <i>Performing residential mortgages, of which:</i>		-	-	-	-
23	- <i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		-	-	-	-

30-6-2021	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>				
		73	50	4,249	3,684
25	Interdependent assets				-
26	Other assets:				
		32,143	4	185	10,729
27	<i>Physical traded commodities</i>				-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>				-
29	<i>NSFR derivative assets</i>				2,006
				1,584	
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>				
				14,684	734
31	<i>All other assets not included in the above categories</i>				
		15,876	4	185	7,989
32	Off-balance sheet items				147
		1,094	117	1,276	
33	Total RSF				91,558
34	Net Stable Funding Ratio (%)				125.84%

CREDIT QUALITY (ARTICLE 442)

Credit quality of forbore exposures (EU CQ1)

30-6-2021

	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
	Performing forbore	Non-performing forbore		On performing forbore exposures	On non-performing forbore exposures		Of which: collateral and financial guarantees received on non-performing exposures with forbearance measures	
		Of which: defaulted	Of which: impaired					
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	146	159	159	159	-6	-21	246	138
of which:								
- Central banks	-	-	-	-	-	-	-	-
- General governments	-	-	-	-	-	-	-	-
- Credit institutions	-	-	-	-	-	-	-	-
- Other financial corporations	14	-	-	-	-0	-	13	-
- Non-financial corporations	128	159	159	159	-5	-21	232	138
- Households	4	-	-	-	-0	-	-	-
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	8	-	-	-	-	-	-	-
Total	154	159	159	159	-6	-21	246	138

Quality of non-performing exposures by geography (EU CQ4)

30-6-2021

	Gross carrying amount/nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which: defaulted			
On balance sheet exposures	122,665	410	-213		-
Netherlands	100,048	410	-206		-
United Kingdom	3,758	-	-2		-
France	4,386	-	-0		-
Belgium	2,129	-	-0		-
United States	5,588	-	-0		-
Other countries	6,756	-	-4		-
Off balance sheet exposures	12,142	13	0	0	-
Netherlands	10,623	13		0	
United Kingdom	4	-		-	
United States	1,472	-		-	
Belgium	41	-		0	
Germany	1	-		-	
Other countries	-	-		-	
Total	134,807	424	-213	0	-

The table includes the total performing and non-performing exposure amounts based the top 5 countries, all other countries are stated under 'Other countries'.

Credit quality of loans and advances by industry (EU CQ5)

30-6-2021

	Gross carrying amount/nominal amount		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which: defaulted		
Agriculture, forestry and fishing	0	-	-0	-
Mining and quarrying	-	-	-	-
Manufacturing	8	-	-0	-
Electricity, gas, steam and air conditioning supply	906	41	-7	-
Water supply	1,417	42	-6	-
Construction	1,192	-	-1	-
Wholesale and retail trade	235	166	-152	-
Transport and storage	908	-	-2	-
Accommodation and food service activities	0	-	-0	-
Information and communication	77	-	-0	-
Real estate activities	43,542	-	-2	-
Financial and insurance activities	215	-	-0	-
Professional, scientific and technical activities	604	127	-27	-
Administrative and support service activities	41	-	-0	-
Public administration and defense, compulsory social security	-	-	-	-
Education	19	-	-	-
Human health services and social work activities	2,748	4	-5	-
Arts, entertainment and recreation	74	-	-0	-
Other services	129	-	-0	-
Total	52,116	381	-203	-

The total NPL amounts to approximately 0.70% of the total performing and non-performing exposure amounts to non-financial corporations.

Collateral obtained by taking possession and execution processes (EU CQ7)

	30-6-2021		31-12-2020	
	Collateral obtained by taking possession		Collateral obtained by taking possession	
	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
Property, plant and equipment (PP&E)	-	-	-	-
Other than PP&E, of which:				
- Residential immovable property	-	-	-	-
- Commercial immovable property	-	-	-	-
- Movable property (auto, shipping, etc.)	-	-	-	-
- Equity and debt instruments	-	-	-	-
- Other	-	-	-	-
Total	-	-	-	-

CREDIT RISK (ARTICLES 442, 444 AND 453 CCR)

Performing and non-performing exposures and related provisions (EU CR1)

30-6-2021	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
	Of which: Stage 1	Of which: stage 2		Of which: stage 2	Of which: stage 3		Of which: Stage 1	Of which: stage 2		Of which: stage 2	Of which: stage 3			
Cash balances at central banks and other demand deposits	15,716	15,716	0	-	-	-	0	0	-	-	-	-	-	-
Loans and advances	104,254	102,730	966	410	-	410	-19	-6	-13	-189	-	-189	51,553	175
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General														
governments	33,746	33,630	38	-	-	-	-3	-1	-2	-	-	-	596	-
Credit institutions	13,110	13,110	-	-	-	-	0	0	-	-	-	-	383	-
Other financial corporations	2,373	2,270	104	-	-	-	-1	0	-1	-	-	-	491	-
Non-financial corporations	51,736	50,721	535	381	-	381	-13	-4	-9	-189	-	-189	47,343	145

	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received	
30-6-2021														
<i>of which SMEs</i>	13,061	12,784	180	122	-	122	-2	0	-2	-15	-	-15	12,977	106
Households	3,289	2,999	290	30	-	30	-2	-1	-1	-	-	-	2,740	30
Debt Securities	18,001	17,050	132	-	-	-	-4	0	-3	-	-	-	3,493	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General														
governments	8,761	8,656	62	-	-	-	0	0	-	-	-	-	102	-
Credit institutions	2,155	2,075	-	-	-	-	0	0	-	-	-	-	1,911	-
Other financial														
corporations	5,382	5,311	70	-	-	-	-4	0	-3	-	-	-	330	-
Non-financial														
corporations	1,703	1,008	-	-	-	-	0	0	-	-	-	-	1,150	-
Off-balance-sheet exposures	12,129	11,983	145	13	-	13	0	0	0	-	-	-	2,756	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General														
governments	4,367	4,366	1	-	-	-	0	0	0	-	-	-	37	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial														
corporations	2,170	2,118	52	-	-	-	0	0	-	-	-	-	1,498	-
Non-financial														
corporations	5,135	5,082	53	13	-	13	0	0	0	-	-	-	1,204	-
Households	457	417	40	-	-	-	0	0	0	-	-	-	17	-
Total	134,383	131,764	1,243	424	-	424	-23	-6	-16	-189	-	-189	57,802	175

There is no accumulated partial write-off, to increase the clarity of the table above the relevant column is hidden.

Maturity of exposures (EU CR1-A)

	Net exposure value					Total
	30-6-2021	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	
Loans and advances	4,489	3,506	12,498	68,391	15,369	104,254
Debt securities	3,309	2,722	8,747	3,222	-	18,001
Total	7,798	6,229	21,245	71,614	15,369	122,255

CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (EU CR3)

	Unsecured carrying amount	Secured carrying amount			of which secured by credit derivatives
			of which secured by collateral	of which secured by financial guarantees	
30-6-2021					
Loans and advances	68,654	51,727	115	51,612	-
Debt Securities	14,508	3,493	-	3,493	-
Total	83,162	55,220	115	55,105	-
Of which non-performing exposures	236	174	-	174	-
- of which defaulted	236	174	-	174	-

Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects (EU CR4)

	Exposures before CCF and CRM				RWAs and RWA density	
	CRM		Exposures post CCF and CRM		RWA	RWA density
	On-balance	Off-balance	On-balance	Off-balance		
Central governments or central banks	20,666	0	67,214	1,177	-	0.00%
Regional governments or local authorities	32,657	3,967	35,835	1,916	62	0.17%
Public sector entities	2,870	354	2,664	55	366	13.44%
Multilateral Development Banks	170	-	170	-	-	0.00%
International Organisations	1,572	-	1,572	-	-	0.00%
Institutions	804	-	762	1	593	77.80%
Corporates	58,093	7,660	8,605	357	8,727	97.38%
Retail	-	-	-	-	-	0.00%
Secured by mortgages on immovable property	111	-	76	-	76	100.00%
Exposures in default	221	13	187	-	187	100.00%
Items associated with particularly high risk	-	-	-	-	-	0.00%
Covered bonds	1,486	-	1,486	-	131	8.80%
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.00%
Collective investments undertakings (CIU)	-	-	-	-	-	0.00%
Equity	31	-	31	-	31	100.00%
Other items	15,463	-	15,463	-	155	1.00%
Total	134,144	11,994	134,065	3,506	10,328	7.51%

Guarantees provided by governments, WSW and WfZ are an important part in the determination of the credit risk profile of BNG Bank. This results in a decline of 86% of the corporate exposures (post CCF and CRM). The table shows the effect of all CRM techniques. RWA density provides a synthetic metric on the portfolio that remains after the application of CRM techniques.

Standardised approach (EU CR5)

30-6-2021	Risk weight:										Of which:	
	0%	2%	10%	20%	35%	50%	100%	150%	Others	Total	unrated	
Central governments or central banks	68,391	-	-	-	-	-	-	-	-	-	68,391	68,391
Regional governments or local authorities	38,089	-	-	165	-	-	29	-	-	-	38,283	38,168
Public sector entities	924	-	-	1,828	-	-	-	-	-	-	2,752	2,752
Multilateral Development Banks	170	-	-	-	-	-	-	-	-	-	170	170
International Organisations	1,572	-	-	-	-	-	-	-	-	-	1,572	1,572
Institutions	-	62	-	1,688	-	212	148	-	-	-	2,110	77
Corporates	-	319	-	1,533	-	842	7,993	-	-	-	10,687	7,597
Retail	-	-	-	-	-	-	-	-	-	-	-	-
Secured by mortgages on immovable property	-	-	-	-	-	-	76	-	-	-	76	76
Exposures in default	-	-	-	-	-	-	187	-	-	-	187	187
Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
Covered bonds	178	-	1,308	-	-	-	-	-	-	-	1,486	178
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
Unit or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	31	-	-	-	31	31
Other items	15,100	-	-	260	-	-	103	-	-	-	15,463	15,463
Total credit risk exposure	124,424	381	1,308	5,474	-	1,054	8,567	-	-	-	141,208	134,662

COUNTERPARTY CREDIT RISK (ARTICLE 439 CRR)

Counterparty credit risk means the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. The exposure to counterparty credit risk pertains to exposures arising from derivatives, repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions and margin lending transactions.

Due to the CRR2 implementation in June 2021 the Mark-to-Market method (MtM) migrated to the Standardised Approach for Counterparty Credit Risk (SA-CCR).

Analysis of the counterparty credit risk (CCR) exposure by approach (EU CCR1)

30-6-2021

	Replacement cost (RC)	Potential future credit exposure (PFE)	Alpha used for computing regulatory exposure value	Exposure value pre- CRM	Exposure value post- CRM	Exposure value	RWEA
EU - Original Exposure Method (for derivatives)	-	-	1.4	-	-	-	-
EU - Simplified SA-CCR (for derivatives)	-	-	1.4	-	-	-	-
SA-CCR (for derivatives)	1,186	1,114	1.4	3,220	3,220	3,220	1,599
IMM (for derivatives and SFTs)			-	-	-	-	-
Of which securities financing transactions netting sets			-	-	-	-	-
Of which derivatives and long settlement transactions netting sets			-	-	-	-	-
Of which from contractual cross- product netting sets			-	-	-	-	-
Financial collateral simple method (for SFTs)				-	-	-	-
Financial collateral comprehensive method (for SFTs)				39	39	39	37
VaR for SFTs				-	-	-	-
Total				3,259	3,259	3,259	1,636

Transactions subject to own funds requirements for credit valuation adjustment (CVA) risk (EU CCR2)

30-6-2021	Exposure value	RWEA
Total transactions subject to the Advanced method	-	-
(i) VaR component (including the 3× multiplier)	-	-
(ii) stressed VaR component (including the 3× multiplier)	-	-
Transactions subject to the Standardised method	1,329	1,385
Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-
Total transactions subject to own funds requirements for CVA risk	1,329	1,385

Standardised approach – CCR exposures by regulatory exposure class and risk weights (EU CCR3)

	Risk weight											Total exposure value	
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional government or local authorities	533	-	-	-	-	-	-	-	-	-	-	-	533
Public sector entities	-	-	-	-	31	-	-	-	-	-	-	-	31
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions	-	2	-	-	944	194	-	-	148	-	-	-	1,288
Corporates	-	319	-	-	64	319	-	-	1,024	-	-	-	1,726
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total exposure value	533	321	-	-	1,039	513	-	-	1,172	-	-	-	3,578

Composition of collateral for counterparty credit risk(EU CCR5)

Collateral type	Collateral used in derivative transactions				Collateral used in securities finance transactions			
	Fair value of collateral received		Fair value of collateral posted		Fair value of collateral received		Fair value of collateral posted	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash – domestic currency	0	1,195	-	16,230	-	12	-	3
Cash – other currencies	-	-	-	14	-	-	-	-
Domestic sovereign debt	-	-	-	-	-	-	-	-
Other sovereign debt	-	-	2,021	-	-	-	68	-
Government agency debt	-	-	279	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	654
Equity securities	-	-	-	-	-	-	-	-
Other collateral	-	-	80	-	-	1,072	-	342
Total	0	1,195	2,381	16,243	-	1,084	68	999

Exposures to central counterparties (EU CCR8)

BNG Bank only has exposures with QCCPS, therefore items regarding exposures to non-QCCPS are not mentioned in the table below.

30-6-2021	Exposure value	RWEA
Exposures to QCCPS (total)		8
Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	378	8
<i>(i) OTC derivatives</i>	378	8
<i>(ii) Exchange traded derivatives</i>	-	-
<i>(iii) SFT's</i>	-	-
<i>(iv) Netting sets where cross-product netting has been approved</i>	-	-
Segregated initial margin	-	-
Non-segregated initial margin	-	-
Prefunded default fund contributions	-	-
Unfunded default fund contributions	-	-

EXPOSURES TO SECURITISATION POSITIONS (ARTICLE 449 CRR)

With regard to securitisations BNG Bank only acts as investor. For the clarity of the tables below only the columns regarding 'acting as investor' are stated. Also, only the relevant regulatory approach are mentioned in table EU SEC4.

Securitisation exposures in the non-trading book (EU SEC1)

	Institution acts as investor			
	Traditional		Synthetic	Sub-total
	STS	non-STs		
Total exposures	3,291	1,843	-	5,134
Retail (total)	-	-	-	-
- residential mortgage	-	-	-	-
- credit card	-	-	-	-
- other retail exposures	-	-	-	-
- re-securitisation	-	-	-	-
Wholesale (total)	-	-	-	-
- loans to corporates	-	-	-	-
- commercial mortgage	-	-	-	-
- lease and receivables	-	-	-	-
- other wholesale	-	-	-	-
- re-securitisation	-	-	-	-

MARKET RISK (ARTICLE 445 CRR)

Market risk under the standardised approach (EU MR1)

	30-6-2021 REWEAs	31-12-2020 REWEAs
Outright products		
Interest rate risk (general and specific)	-	-
Equity risk (general and specific)	-	-
Foreign exchange risk	-	-
Commodity risk	-	-
Options		
Simplified approach	-	-
Delta-plus method	-	-
Scenario approach	-	-
Securitisation (specific risk)	-	-
Total	-	-

At 30 June 2021 and 31 December 2020 this position resulted in no capital requirement because our exposure on foreign exchange risk is below the threshold of 2% of eligible capital.

Qualitative information on interest rate risks of non-trading book activities

All interest rate (IRR) positions of BNG Bank in the total banking book are either hedged externally or transferred to the 'Treasury Book' portfolio by using internal swap transactions. This explains why the portfolio 'Treasury Book' represents the total IRRBB position of BNG Bank, regarding economic value of equity (EVE). Next to that, the interest rate position of ALCO is equal to the (modelled) investment of own equity in Dutch State 10 years moving average. The bank has adopted two methodologies to manage its IRRBB risks. The Internal IRRBB approach is mainly based on the view that includes own equity. In addition to this, the bank also adopts the Outlier Criterion whereby own equity is excluded. The net interest income (NII) methodology conducts calculations based on all books and portfolios, as a static balance sheet assumption is implemented.


IRRBB is managed in the 'Treasury book'. Treasury is authorized to operate (by means of executing mainly interest rate swaps) within a limited bandwidth, which allows among others efficient hedging and flexibility for clients.

The bank monitors the interest rate risk and its impact on positions and movements on a daily basis, which includes the EVE impact of the supervisory standard, internal shocks and corresponding limits. In addition, the actual positions and sensitivities are measured against limits, targets or early warnings. The NII impact of the supervisory standard and internal shocks is calculated and reported on a monthly basis.

The NII computations assume a static balance sheet and are based on all books and portfolios. The NII functionality is able to apply a dynamic balance sheet, but the parameters are set to have a static balance sheet. Parallel interest-rate shocks are applied in accordance with regulatory requirements and include an instantaneous shock (-/+ 200bps) without an interest rate floor. Furthermore, BNG bank uses several (internal) shocks, both gradual and instantaneous, to estimate the NII. Regarding EVE shocks, BNG bank includes the 6 BCBS scenarios, several internal scenarios and a reverse scenario. The EVE impact is determined by applying full revaluation at the level of individual transactions. The computation for the economic value of the banking book is based on the Treasury Book, which includes interest rate swap transactions and internal swaps representing the interest rate risk position of assets and liabilities in the banking book (e.g. margin book). The bank uses OIS discounting for calculating the present values as well as for the full revaluation of the products under the given shocks.

All IRR positions in the margin books are either hedged externally immediately (micro hedging) or transferred internally to the Treasury book using internal interest rate swaps. The remaining interest position in the "Treasury book" is managed by the treasury department and hedged within limits by macro hedging. Both micro and macro hedging is conducted on accrual basis. All non-EUR cash flows are cash flow hedged. It should be noted that embedded options are always hedged directly conform the policy of the bank.

Non maturity deposits (NMDs), which include current accounts, collateral deposits and an ECB account have short-term repricing dates (shorter than one year, but predominantly shorter than one month) and therefore have a low EVE sensitivity. There is no spread component present since repricing is linked to 1-month EURIBOR or EONIA. NMD repricing dates are assumed to fall within the buckets with the shortest maturity. Since NMDs are assumed to have a negligible EVE impact they are excluded in the IRRBB cash flows in IRRBB1 (EVE part). Regarding implied zero percent floors, this is relevant for investments in residential mortgage-backed securities and for some Design Build Finance Maintain Operate contracts (DBFMO) and is therefore taken into account.



The outcome of Earnings at risk is limited and well within our risk appetite. This also holds for EVE and moreover the outlier criterium is respected.

Interest rate risks of non-trading book activities (EU IRRBB1)

	Changes of the economic value of equity		Changes of the net interest income	
	30-6-2021	31-12-2020	30-6-2021	31-12-2020
Parallel up	-414	-434	-16	123
Parallel down	120	58	84	-56
Steeper	-42	-68		
Flattener	-30	-28		
Short rates up	-154	-141		
Short rates down	95	57		

Please note results for up and down scenario are not symmetric due to the following reasons. For 'Changes of the economic value of equity' the main reasons are convexity (second order effects) and the floor in the scenarios. For 'Changes of the net interest income' the main reasons are floored floating assets and the participation in TLTRO.

